



# **BOARD OF DIRECTORS**

Agenda Item 12

**Brenda Evans, Program Administrator**

**October 10, 2012**

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## LOUISIANA HOUSING CORPORATION

The following resolution was offered by Director \_\_\_\_\_ and seconded by Director \_\_\_\_\_:

### RESOLUTION

A resolution accepting the parameter term proposal for the purchase of not exceeding Thirty Million Dollars (\$30,000,000) of Louisiana Housing Corporation Single Family Mortgage Revenue Refunding Bonds, Series 2012A in one or more sub-series; fixing the parameter terms of said bonds and otherwise providing with respect to said bonds; approving the form and directing the execution of the Bond Purchase Agreement for said Bonds; and providing for other matters in connection with the foregoing.

WHEREAS, the Board of Directors (the “**Board**”) of the Louisiana Housing Corporation (the “**Corporation**”) on September 12, 2012, adopted a resolution approving and authorizing the issuance of not exceeding Thirty Million Dollars (\$30,000,000) of Louisiana Housing Corporation Single Family Mortgage Revenue Refunding Bonds, Series 2012A in one or more sub-series (the “**Bonds**”) and authorized the publication of a Notice of Intention to Sell at Private Sale (the “**Notice**”) in connection therewith; and

WHEREAS, as set forth in said resolution, the Notice of Sale was published on October 2, 2012, in “The Advocate” and on October 1, 2012 in the “Daily Journal of Commerce” for an amount not to exceed Thirty Million Dollars (\$30,000,000); and

WHEREAS, in accordance with the aforesaid resolution adopted by the Corporation on September 12, 2012, the sale of the Bonds was scheduled for October 10, 2012 pursuant to the provisions of Chapter 3-G of Title 40 of the Louisiana Revised Statutes of 1950, as amended (the “**Act**”) and Chapter 14-A of Title 39 of the Louisiana Revised Statutes of 1950, as amended (the “**Refunding Act**”); and

WHEREAS, the Corporation did meet on October 10, 2012, at 10:00 a.m., Louisiana time, for the purpose of receiving and considering the proposal of JPMorgan Securities, L.L.C., Raymond James | Morgan Keegan, and George K. Baum & Company as purchasers (the “**Underwriters**”) and taking action with respect to the parameter sale of not exceeding Thirty Million Dollars (\$30,000,000) of the Bonds pursuant thereto;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Louisiana Housing Corporation, acting as the governing authority of said Corporation, that:

SECTION 1. The parameter written terms submitted this day by the Underwriters for the purchase of bonds designated “Louisiana Housing Corporation Single Family Mortgage Revenue Refunding Bonds, Series 2012A” in the aggregate principal amount of not exceeding par amount of Thirty Million Dollars (\$30,000,000), in one or more sub-series at an interest rate not exceeding 8% per annum, and for a

maturity not exceeding 32 years, authorized under and pursuant to the provisions of a Bond Trust Indenture (the “**Indenture**”), by and between Whitney Bank, a state banking corporation, as trustee (the “**Trustee**”), and the Corporation be, and the same are hereby awarded to the Underwriters in accordance with the terms of the Bond Purchase Agreement referred to in Section 3 hereof. The sale and delivery of the Bonds are further conditioned upon approval by the Louisiana State Bond Commission and compliance with any and all approvals and/or certifications required by the Louisiana Attorney General. The sale of the Bonds in accordance with said Bond Purchase Agreement is hereby authorized and approved. The Chairman, Vice Chairman, Secretary of the Board, and/or Executive Director are hereby authorized and directed, on behalf of and in the name of the Corporation, to execute, deliver, and approve such instruments, documents, and certificates as may be required or necessary, convenient, or appropriate to the financing described herein. The aforesaid officers are additionally authorized to approve any changes in the aforementioned documents provided such changes are in accordance with the Act and with the approval of Counsel to the Corporation or Bond Counsel.

By virtue of the Corporation’s application for, acceptance and utilization of the benefits of the Louisiana State Bond Commission’s approval resolved and set forth herein, the Corporation resolves that it understands and agrees that such approvals are expressly conditioned upon, and the Corporation further resolves that it understands, agrees, and binds itself, its successors and assigns to, full and continuing compliance with the, “State Bond Commission Policy on Approval of Proposed Swaps, or other forms, or Derivative Products Hedges, Etc.”, adopted by the Commission on July 20, 2006, as to borrowings and other matters subject to approvals, including subsequent application and approval under said Policy of the implementation or use of any swaps or other products or enhancements covered thereby.

SECTION 2. Whitney Bank, a state banking corporation, shall be designated as Trustee and Paying Agent with respect to the Bonds.

SECTION 3. In order to accomplish the sale of the Bonds in accordance with the terms of this resolution, either the Chairman or Vice Chairman of the Board and/or the Executive Director, be and

they are hereby authorized and directed to execute and deliver, for and on behalf of the Corporation, the Bond Purchase Agreement in substantially the form thereof which is now before this Board and filed with the Secretary of this Board.

SECTION 4. The Bonds will be dated, will be in the denominations and will have all the terms set forth in the Indenture and the Bond Purchase Agreement. The Bonds shall be secured by the Trust Estate as defined in the Indenture, inclusive of mortgage-backed securities transferred (the “**Transferred Securities**”) from indentures of prior bonds which are being refunded by the Bonds and shall be subject to redemption in accordance with the Indenture.

SECTION 5. The Costs of Issuance schedule attached hereto as Exhibit “A” is approved.

SECTION 6. The contents of the Official Statement with respect to the Bonds, copies of the form of which have been placed on file with the Corporation, are hereby approved substantially in such form.

SECTION 7. The Chairman, Vice Chairman, Secretary of the Board and/or Executive Director are hereby approved, authorized, and directed to execute and deliver or cause to be executed and delivered all documents required to be executed on behalf of the Corporation and delivered to effect delivery of the Bonds to the Purchaser or deemed by any of them necessary or advisable to implement this resolution, the Indenture or the Bond Purchase Agreement, or to facilitate the sale of the Bonds.

SECTION 8. The Chairman, Vice Chairman, Secretary of the Board and/or Executive Director shall cause to be executed for and on behalf of the Corporation the aforementioned Bonds in accordance with the Indenture, and shall effect the delivery thereof to the Purchaser in accordance with the Bond Purchase Agreement. The Corporation shall receive from the Purchaser for the account of the Corporation the purchase price of the Bonds and shall deposit the same with the Trustee under the Indenture in accordance with the provisions thereof.

SECTION 9. This resolution shall take effect immediately.

This resolution having been submitted to a vote, the vote thereon was as follows:

YEAS:

NAYS:

ABSENT:

And the resolution was declared adopted on this, the 10<sup>th</sup> day of October, 2012.

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Chairman

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Secretary

**STATE OF LOUISIANA  
PARISH OF EAST BATON ROUGE**

I, the undersigned Secretary of the Board of Directors of the Louisiana Housing Corporation (the **“Board”**), do hereby certify that the foregoing four (4) pages constitute a true and correct copy of a resolution adopted by said Board on October 10, 2012, entitled, “A resolution accepting the parameter term proposal for the purchase of not exceeding Thirty Million Dollars (\$30,000,000) of Louisiana Housing Corporation Single Family Mortgage Revenue Refunding Bonds, Series 2012A in one or more sub-series; fixing the parameter terms of said bonds and otherwise providing with respect to said bonds; approving the form and directing the execution of the Bond Purchase Agreement for said Bonds; and providing for other matters in connection with the foregoing.”

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of the Agency on this, the 10<sup>th</sup> day of October, 2012.

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Secretary

(SEAL)

## (Not-to-Exceed Costs of Issuance - 2012A)

			<b>2012A Program Bonds</b>		<b>2012B Refunding Bonds</b>		<b>2012AB TOTAL</b>	
			<b>20,000,000</b>		<b>30,000,000</b>		<b>50,000,000</b>	
			<b>PER BOND</b>	<b>AMOUNT</b>	<b>PER BOND</b>	<b>AMOUNT</b>	<b>PER BOND</b>	<b>AMOUNT</b>
<b>Underwriter's Discount</b>								
	GK Baum / JP Morgan / Morgan Keegan							
Structuring Fee			1.25	25,000.00			0.50	25,000.00
Management Fee					1.25	37,500.00	0.75	37,500.00
Takedown/Selling Fee			-		6.83	205,000.00	4.10	205,000.00
Underwriter's Counsel	BSW		-		1.17	35,000.00	0.70	35,000.00
Expenses			0.13	2,500.00	0.75	22,500.00	0.50	25,000.00
SUB-TOTAL			1.38	27,500.00	10.00	300,000.00	6.55	327,500.00
<b>Other Costs of Issuance</b>								
Bond Counsel	Foley & Judell		0.65	13,000.00	1.14	34,200.00	0.94	47,200.00
Bond Counsel	BDDSW / Peck		0.65	13,000.00	1.14	34,200.00	0.94	47,200.00
Expenses			0.05	1,000.00	0.05	1,500.00	0.05	2,500.00
GSE Counsel	Greenberg Traurig		0.38	7,500.00	-		0.15	7,500.00
Financial Advisor	Government Consultants		2.00	40,000.00	2.00	60,000.00	2.00	100,000.00
Bond Trustee Acceptance	Whitney Bank		0.13	2,500.00	0.08	2,500.00	0.10	5,000.00
Annual	Whitney Bank		0.25	5,000.00	0.25	7,500.00	0.25	12,500.00
Counsel	Jacob S. Capraro		0.20	4,000.00	0.13	4,000.00	0.16	8,000.00
State Bond Comission			0.54	10,775.00	0.51	15,275.00	0.52	26,050.00
Rating Agency	Moody's		1.00	20,000.00	1.00	30,000.00	1.00	50,000.00
Official Statement Printing	Imagemaster		0.25	5,000.00	0.17	5,000.00	0.20	10,000.00
Cash Flow Verification			0.18	3,500.00	0.12	3,500.00	0.14	7,000.00
LHC Expenses Publishing/Recording/Advertising			0.05	1,000.00	0.05	1,500.00	0.05	2,500.00
Program Admin./Marketing			0.50	10,000.00	0.50	15,000.00	0.50	25,000.00
Misc.			0.09	1,825.00	0.13	3,825.00	0.11	5,650.00
SUB-TOTAL			6.91	138,100.00	7.27	218,000.00	7.12	356,100.00
<b>TOTAL TRANSACTION COSTS</b>			8.28	165,600.00	17.27	518,000.00	13.67	683,600.00

\* This schedule has been prepared on a not-to-exceed basis. It is expected that the actual amount of Refunding Bonds will be lower than \$30,000,000 and that actual fees will be based upon the actual amount of bonds issued in accordance with applicable agreement/contract stipulations.



*In the opinion of Foley & Judell, L.L.P., Bond Counsel, and The Godfrey Firm, PLC, Co-Bond Counsel, interest on the Program Bonds prior to their applicable Release Date (defined below) will be subject to federal income taxation. Bond Counsel and Co-Bond Counsel are further of the opinion that the Program Bonds and the interest thereon are exempt from all State and local taxes in Louisiana. No opinion is expressed with respect to Program Bonds on and after the Release Date applicable to such Program Bonds. See "TAX AND OTHER MATTERS" herein and the proposed form of opinion of Bond Counsel and Co-Bond Counsel attached hereto as "Appendix C".*

**\$120,000,000**  
**LOUISIANA HOUSING FINANCE AGENCY**  
**GSE Program Single Family Mortgage Revenue Bonds**  
**(Mortgage-Backed Securities Program)**

**Dated: December 21, 2009**  
**(Interest to accrue from**  
**December 23, 2009)**

**PRICE: 100.0%**

**CUSIP NO.: 54627A GR2**

**Maturity Date: December 1, 2041,**  
**subject to interest rate conversion**  
**as described herein**

The Louisiana Housing Finance Agency (the "Issuer") is issuing the \$120,000,000 Louisiana Housing Finance Agency GSE Program Single Family Mortgage Revenue Bonds (Mortgage-Backed Securities Program) (the "Program Bonds"), pursuant to and secured by an Indenture of Trust dated as of December 1, 2009 (the "Trust Indenture"), as amended by a Supplemental Indenture Appendix for Use with Single Family Escrow Bonds for the HFA Initiative New Issue Bond Program attached thereto as Appendix A (the "Appendix," and, together with the Trust Indenture, the "Indenture"), by and between the Issuer and Hancock Bank of Louisiana (the "Trustee"). The Program Bonds will mature on December 1, 2041.

The Program Bonds are registered bonds, without coupons, in denominations of \$10,000 and any integral multiple thereof (the "Authorized Denominations"). The Program Bonds shall initially be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), as one fully registered Bond in the aggregate principal amount of the Program Bonds. On the Release Date of all or a portion of the Program Bonds, the Trustee may either accept a replacement bond certificate with respect to the corresponding Program Bond subject to release or make an appropriate notation thereon of the principal amount of such Program Bond certificate and the Permanent Rate (as defined below) to which such Program Bonds will be converted and the Conversion Date (as hereinafter defined) applicable thereto.

Although the Program Bonds will be dated December 21, 2009, on December 23, 2009 (the "Settlement Date"), the net proceeds of the Program Bonds and, on December 18, 2009, the Shortfall Amount (as hereinafter defined) (collectively, the "Escrowed Proceeds") will be deposited into the GSE Escrow Fund created and established pursuant to the Indenture (the "GSE Escrow Fund"). The Program Bonds are subject to conversion from a Short-Term Rate (as defined below) to a Permanent Rate. Prior to Conversion (as hereinafter defined), the Program Bonds shall constitute Pre-Conversion Bonds. Pre-Conversion Bonds prior to their Release Date (defined below) are secured solely by the Escrowed Proceeds deposited into the GSE Escrow Fund and bear interest at the applicable Short-Term Rate until their Conversion Date, and thereafter, will bear interest at the Permanent Rate. The Escrowed Proceeds are pledged exclusively to the payment of the Pre-Conversion Bonds prior to the Release Date applicable to such Program Bonds.

The Program Bonds will initially be dated December 21, 2009, and will bear interest from the Settlement Date at the applicable Short-Term Rate, payable on (i) the Release Date but only with respect to the portion of Program Bonds with respect to which such Escrowed Proceeds are subject to release on such Release Date, (ii) each Conversion Date with respect to the portion of Pre-Conversion Bonds which are to become, as of such date, Converted Bonds, and (iii) each redemption date.

The Program Bonds are subject to redemption prior to maturity on the terms described herein. See **"THE PROGRAM BONDS – Special Redemptions"** herein.

"Short-Term Rate" means (i) for the period from the Settlement Date to the applicable Release Date, the interest rate which produces an interest payment on such Release Date relative to the Program Bonds with respect to which Escrowed Proceeds are subject to release on such Release Date equal to Investment Earnings, and (ii) from the Release Date to the Conversion Date, an interest rate equal to the sum of 60 bps (.60%) plus the lesser of (A) the Four Week T-Bill Rate as of the Business Day prior to the Release Date or (B) the Permanent Rate less 60 bps (.60%). "Investment Earnings" means total investment earnings on the portion of the GSE Escrow Fund related to Program Bonds with respect to which a Release Date is occurring.

"Permanent Rate" means 3.28%, plus the Spread.

A "Release Date" is defined under the Indenture as the date or dates (not to exceed three (3) dates) on or prior to December 31, 2010 on which dates the proceeds of the related Market Bonds (as hereinafter defined) are delivered to the Trustee and other requirements under the Indenture are satisfied. See **"THE PROGRAM BONDS - Release and Conversion"** herein. On each related Release Date with respect Program Bonds undergoing Conversion, the proceeds of such Program Bonds undergoing Conversion and a portion of the Shortfall Amount will be transferred by the Trustee from the GSE Escrow Fund and deposited into the Acquisition Account of the Program Fund created and established by the Indenture. Program Bond proceeds deposited to the Acquisition Fund will be used to acquire fully modified mortgage-backed securities of Fannie Mae, Freddie Mac and/or GNMA backed by First Mortgage Loans (as hereinafter defined) made by lending institutions to qualified persons or families of low or moderate income to finance the purchase of single-family residences for use as the primary residence of such persons in the State of Louisiana. **No such fully modified mortgage-backed securities of Fannie Mae, Freddie Mac and/or GNMA will be purchased prior to each related Release Date described herein.**

The Program Bonds are subject to optional redemption and mandatory redemption prior to their maturity as described under the caption **"THE PROGRAM BONDS - "Special Redemptions," "Redemption Restrictions and Recycling Prohibition" and "Redemption of Program Bonds After the Release Date"** herein.

**ON AND BEFORE EACH RELATED RELEASE DATE, THE PRE-CONVERSION BONDS THAT HAVE NOT BEEN THE SUBJECT OF A RELEASE DATE WILL BE SECURED SOLELY BY THE ESCROWED PROCEEDS ON DEPOSIT IN THE GSE ESCROW FUND. AS OF A RELEASE DATE, THE PROGRAM BONDS THAT HAVE BEEN THE SUBJECT OF A RELEASE DATE, ALONG WITH THE MARKET BONDS, WILL BE SECURED SOLELY BY THE TRUST ESTATE UNDER THE INDENTURE, OTHER THAN THE ESCROWED PROCEEDS REMAINING ON DEPOSIT IN THE GSE ESCROW FUND. THE PROGRAM BONDS DO NOT CONSTITUTE AN OBLIGATION, EITHER GENERAL OR SPECIAL, OF THE STATE, ANY MUNICIPALITY OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE. SEE "THE BONDS – LIMITED OBLIGATIONS" AND "SECURITY FOR THE BONDS – GENERAL" HEREIN.**

THIS OFFICIAL STATEMENT CONTAINS INFORMATION RELATING TO THE PROGRAM BONDS PRIOR TO CONVERSION. PROSPECTIVE INVESTORS SHOULD NOT RELY ON THE INFORMATION IN THIS OFFICIAL STATEMENT WITH RESPECT TO THE TERMS OR CONDITIONS OF THE PROGRAM BONDS ON AND AFTER THEIR APPLICABLE CONVERSION DATE. **DISCLOSURE WITH RESPECT TO THE PROGRAM BONDS UPON EACH APPLICABLE RELEASE DATE WILL BE PROVIDED IN A SUPPLEMENT TO THIS OFFICIAL STATEMENT TO BE DISTRIBUTED IN CONJUNCTION WITH EACH SUCH RELEASE DATE.**

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. THIS COVER PAGE IS NOT INTENDED TO BE A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Program Bonds are to be issued subject to the approving opinion of Foley & Judell, L.L.P., New Orleans, Louisiana, Bond Counsel, and The Godfrey Firm, PLC, New Orleans, Louisiana, Co-Bond Counsel, and certain other conditions. The Issuer's Special Advisor is Morgan Keegan & Company, Inc. Certain legal matters will be passed upon for the Issuer's Special Advisor by Breazeale, Sachse & Wilson, L.L.P. and the Law Offices of Bernard L. Charbonnet, Jr., New Orleans, Louisiana. It is expected that the Program Bonds will be available for delivery in book-entry only form to DTC in New York, New York, on or about December 21, 2009, against payment therefor, on the Settlement Date.

The date of this Official Statement is December 9, 2009.

The information set forth herein has been obtained from the Issuer and other sources which are believed to be reliable. The Issuer, the Special Advisor and Counsel to the Special Advisor have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but neither the Special Advisor nor the Counsel to the Special Advisor guarantees the accuracy or completeness of such information. The information regarding DTC and DTC's book-entry system has been obtained from DTC, but is not guaranteed as to accuracy or completeness by the Issuer or the Special Advisor. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or DTC since the date hereof. This Official Statement does not constitute a contract between the Issuer or the Special Advisor and any one or more of the purchasers or registered owners of the Program Bonds.

All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Program Bonds are qualified in their entirety by reference to the form thereof included in the Indenture and the provisions with respect thereto included in the aforesaid documents and agreements.

THE PROGRAM BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTION 3(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE PROGRAM BONDS IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE SECURITIES HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE JURISDICTIONS NOR ANY OF THEIR AGENCIES HAVE GUARANTEED OR PASSED UPON THE MERITS OR SAFETY OF THE PROGRAM BONDS AS AN INVESTMENT, UPON THE PROBABILITY OF ANY EARNINGS THEREON OR UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

#### FORWARD LOOKING STATEMENTS

This Official Statement contains statements which should be considered "forward-looking statements," meaning they refer to possible future events or conditions. Such statements are generally identifiable by the words such as "plan," "expect," "estimate," "budget," "project" or similar words.

The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Issuer 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.

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## **APPENDICES**

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APPENDIX C - Proposed Form of Opinion of Bond Counsel and Co-Bond Counsel

APPENDIX D - Summary of Certain Provisions of the Continuing Disclosure Agreement

## **OFFICIAL STATEMENT**

**\$120,000,000**

### **LOUISIANA HOUSING FINANCE AGENCY GSE Program Single Family Mortgage Revenue Bonds (Mortgage-Backed Securities Program)**

## **INTRODUCTION**

The purpose of this Official Statement, which includes the cover page and the Appendices hereto, is to set forth certain information in connection with the sale, issuance and delivery by the Louisiana Housing Finance Agency (the “Issuer”) of its GSE Program Single Family Mortgage Revenue Bonds (Mortgage-Backed Securities Program) in an aggregate principal amount of \$120,000,000 (the “Program Bonds”).

The Program Bonds are issued pursuant to the provisions of the Act and the Indenture of Trust dated as of December 1, 2009 (the “Trust Indenture”), as amended by a Supplemental Indenture Appendix for Use with Single Family Escrow Bonds for the HFA Initiative New Issue Bond Program attached thereto as Appendix A (the “Appendix,” and, together with the Trust Indenture, the “Indenture”), by and between the Issuer and Hancock Bank of Louisiana, as trustee (the “Trustee”).

On December 23, 2009 (the “Settlement Date”), the net proceeds of the Program Bonds and, on December 18, 2009, the Shortfall Amount (as hereinafter defined) (collectively, the “Escrowed Proceeds”) will be deposited into the GSE Escrow Fund created and established pursuant to the Indenture and held on behalf of the Owners of the Program Bonds by the Trustee. The Program Bonds are subject to conversion from a Short-Term Rate (defined below) to a Permanent Rate (defined below). The Indenture prescribes requirements (the “Conversion Requirements”) for Program Bonds to be converted to a Permanent Rate (the “Converted Bonds”). Prior to Program Bonds being converted to a Permanent Rate, such Program Bonds are herein described as “Pre-Conversion Bonds.”

The Escrowed Proceeds are pledged exclusively to the payment of the Pre-Conversion Bonds that have not been the subject of a Release Date. The Issuer is required under the Indenture to issue bonds (the “Market Bonds”) not later than December 31, 2010 in an amount necessary to permit net proceeds of the Market Bonds to be in an amount not less than two-thirds (2/3) of the applicable amount of the Program Bonds in order to cause the release and transfer of the Escrowed Proceeds with respect to Pre-Conversion Bonds that are being Converted from the GSE Escrow Fund to the Acquisition Account of the Program Fund. Neither Market Bonds nor Program Bonds that have been subject to a Release Date have a lien on or security interest in the Escrowed Proceeds deposited into the GSE Escrow Fund. On or before each Release Date, an Official Statement describing the details of the Market Bonds and a Supplemental Official Statement describing the details of the Program Bonds being released from the GSE Escrow Fund on such Release Date will be made available to purchasers of Market Bonds and to the owner of the Program Bonds.

“Short-Term Rate” means (i) for the period from the Settlement Date to the applicable Release Date, the interest rate which produces an interest payment on such Release Date relative to the Program Bonds with respect to which Escrowed Proceeds are subject to release on such Release Date equal to Investment Earnings, and (ii) from the Release Date to the Conversion Date, an interest rate equal to the sum of 60 bps (.60%), plus the lesser of (A) the Four Week T-Bill Rate as of the Business Day prior to the Release Date or (B) the Permanent Rate less 60 bps (.60%). “Investment Earnings” means total investment earnings on the portion of the Escrow Fund related to Program Bonds with respect to which a Release Date is occurring.

“Permanent Rate” means 3.28%, plus the Spread.

A “Release Date” is defined under the Indenture as the date or dates (not to exceed three (3) dates) on or prior to December 31, 2010 on which dates the proceeds of the related Market Bonds are delivered to the Trustee and other requirements under the Indenture are satisfied. See **“THE PROGRAM BONDS - Release and Conversion”** herein. On each related Release Date with respect Program Bonds undergoing Conversion, the proceeds of such Program Bonds undergoing Conversion, together with a portion of the Shortfall Amount, will be transferred by the Trustee from the GSE Escrow Fund and deposited into the Acquisition Account of the Program Fund created and established by the Indenture. Program Bond proceeds deposited to the Acquisition Fund will be used to acquire fully modified mortgage-backed securities of Fannie Mae, Freddie Mac and/or GNMA backed by First Mortgage Loans (as hereinafter defined) made by lending institutions to qualified persons or families of low or moderate income to finance the purchase of single-family residences for use as the primary residence of such persons in the State of Louisiana.

On each related Release Date, the Program Bonds undergoing Conversion, Converted Bonds and the Market Bonds are secured on a *pari passu* basis by the Trust Estate.

### **Proceeds Available to Purchase of Guaranteed Mortgage Securities.**

The Escrowed Proceeds will initially be deposited into the GSE Escrow Fund created and established pursuant to the provisions of the Indenture, and held by the Trustee on behalf of and solely for the benefit of the owners of the Pre-Conversion Bonds that are not undergoing Conversion.

On each related Release Date, all or a portion of the proceeds of the Pre-Conversion Bonds undergoing Conversion and a portion of the Shortfall Amount will be released from the GSE Escrow Fund and will be deposited to the Acquisition Account of the Program Fund to be used to purchase or to reimburse the Issuer for the prior purchase of GNMA Certificates, Fannie Mae Certificates and/or FHLMC Certificates, in each case backed by pools of qualifying mortgage loans (the “First Mortgage Loans”) made by the Lenders to qualified persons or families of low or moderate income to finance the purchase of single-family residences for use as the primary residence of such persons in the State of Louisiana (the “State”). The GNMA Certificates will be backed by pools of mortgage loans which must be FHA Insured, VA Guaranteed or RD Guaranteed. The Fannie Mae Certificates and the FHLMC Certificates will be backed by pools of mortgage loans which must be FHA Insured, VA Guaranteed or Conventional Mortgage Loans. **No GNMA Certificates, Fannie Mae Certificates and/or**

**FHLMC Certificates will be purchased with proceeds of the Program Bonds until amounts on deposit in the GSE Escrow Fund are released on the Release Date as described herein.** Investment Earnings from the investment of the money in the Escrow Fund in Permitted Escrow Investments will be used to pay interest on the Program Bonds released on the applicable Release Date.

This Official Statement contains information relating to the Program Bonds prior to Conversion. Prospective investors should not rely on the information in this Official Statement with respect to the terms or conditions of the Program Bonds on and after their applicable Conversion Date. Disclosure with respect to the Program Bonds upon each related Release Date will be provided in a Supplement to the Official Statement to be distributed in conjunction with each such Release Date.

**Certain capitalized terms used and not defined elsewhere in this Official Statement are defined hereinafter in Appendix A. For the purposes of this Official Statement, capitalized terms used but not defined in this Official Statement shall have the meanings ascribed thereto in the Indenture.**

## **THE ISSUER**

The Issuer was created and organized pursuant to and in accordance with the provisions of the Constitution and laws of the State, particularly Chapter 3-A of Title 40 of the Louisiana Revised Statutes of 1950, as amended (R.S. 40:600.1 through R.S. 40:600.24) (the "Act"). The Issuer is empowered by the Act to finance mortgage loans with respect to residential real property for low and moderate income families and to issue revenue bonds which provide financing for such mortgage loans.

In accordance with the Act, the powers of the Issuer are vested in fifteen (15) commissioners, two (2) of whom are ex-officio commissioners, eleven (11) of whom are appointed by the Governor of the State, one (1) of whom is appointed by the President of the State Senate and one of whom is appointed by the Speaker of the State House of Representatives. Of the gubernatorial appointments, eight (8) must be from statutorily designated industrial and commercial fields, while three (3) are from the general public. Each appointment by the Governor must be submitted to the State Senate for confirmation and resubmitted for confirmation by the State Senate every two years. The Chairman and Vice Chairman are selected by the Issuer from among its members. The Issuer is authorized to elect or appoint a president to act as chief executive officer, a vice president who acts as assistant chief executive officer and a secretary, who may be the same person as the president or vice president, and to employ technical experts and other officers, agents and employees, permanent and temporary, and to determine their qualifications, duties and compensation. The Issuer is charged with the responsibility of establishing policy for housing finance for all units, divisions, agencies, public corporations, and instrumentalities of the State involved directly or indirectly in financing single family or multifamily housing. The Issuer is not a budget unit of the State, although the Issuer may receive State appropriations at any time deemed advisable by the State Legislature. The Issuer has no taxing power.

The following individuals are the Issuer's current commissioners:



Name	Position	Occupation
Wayne E. Woods <sup>(1)</sup>	Chairman	Attorney at Law New Orleans, Louisiana
Allison A. Jones	Vice Chairman	Attorney at Law Shreveport, Louisiana
John N. Kennedy	Ex-Officio Commissioner	State Treasurer Baton Rouge, Louisiana
Susan W. Sonnier	Ex-Officio Commissioner	Deputy Secretary, Department of Social Services Baton Rouge, Louisiana
Michael Airhart	Commissioner	President, Louisiana Mortgage Lenders, LLC Baton Rouge, Louisiana
Katie Anderson	Commissioner	Executive Director, DeRidder Housing Authority DeRidder, Louisiana
Jerome S. Boykin, Sr.	Commissioner	Businessman Houma, Louisiana
Mayson Foster	Commissioner	Mayor, City of Hammond Hammond, Louisiana
Walter Guillory	Commissioner	Lafayette Housing Authority, Executive Director Lafayette, Louisiana
J. Mark Madderra	Commissioner	Mortgage Banker Metairie, Louisiana
Neal Miller	Commissioner	Business Agent Baton Rouge, Louisiana
Joey M. Scontrino, III	Commissioner	Landcraft, Inc. LaPlace, Louisiana
Guy T. Williams	Commissioner	President and Chief Executive Officer, Gulf Coast Bank New Orleans, Louisiana
Tyrone Wilson	Commissioner	Realtor New Orleans, Louisiana
Elsenia Young	Commissioner	Realtor Baton Rouge, Louisiana

(1) On December 3, 2009, the Speaker of the State House of Representatives, who appointed Mr. Woods to the Board of Commissioners, rescinded such appointment effective immediately. It is expected that the Speaker of the State House of Representatives will appoint a replacement in the near future. Accordingly, there is now one (1) vacancy on the Board of Commissioners.

Milton J. Bailey has served as President of the Issuer since August 9, 2006. Mr. Bailey served as Executive Director of the District of Columbia Housing Finance Agency (the “HFA”), from August, 2001, until January, 2006. Mr. Bailey previously served as the HFA’s Executive Director from February, 1994, until May, 2000. Mr. Bailey served as Director of the District of Columbia Department of Housing and Community Development from June, 2000 until August, 2001, and as Deputy Director for the District of Columbia Department of Housing and

Community Development from 1993 through 1994. Between 1991 and 1993, Mr. Bailey was an Associate Vice President for Public Finance with the investment banking firm of Legg Mason Wood Walker, Incorporated. Between 1982 and 1991, Mr. Bailey established and managed the District of Columbia's Public and Private Activity Revenue Bond Program. Mr. Bailey was born in Karlsruhe, Germany and attended schools in Baghdad, Iraq; Tehran, Iran; and Bangkok, Thailand. He completed his undergraduate work at Boston University in 1976 and Harvard University's John F. Kennedy School of Government Senior Executives in State and Local Government Program as a Fannie Mae Fellow in 1996.

Alesia Wilkins-Braxton has served as Vice-President of the Issuer since June 1, 2009. Prior to accepting this position, Mrs. Wilkins-Braxton served as General Counsel to the Louisiana Recovery Authority. In this role, Mrs. Wilkins-Braxton provided legal counsel to the Louisiana Recovery Authority Board of Directors on a wide array of disaster recovery issues. She also served as Deputy Secretary of the Louisiana Department of Labor, where she developed strategic plans and operational budgets and oversaw the State's unemployment compensation, workers compensation, and workforce training programs. Mrs. Wilkins-Braxton was raised in Louisiana and received her undergraduate degree in Economics from Southern University. In 1994, she was awarded her Juris Doctorate from Southern University Law Center and earned a Master's Degree in Public Administration from Louisiana State University in 2003.

### **Information Concerning Prior Programs of Issuer**

Since 1995, the Issuer has offered Low Rate Program Loans, Assisted Program Loans and/or HOME-Assisted Program Loans (as defined in the Master Indenture) in connection with prior program installments, the most recent thirty (30) of which were funded with proceeds of the Outstanding Senior Parity Bonds (as defined in the Master Indenture) issued under the Master Indenture (as hereinafter defined).

Certain information, as of November 1, 2009, concerning such prior program installments of the Issuer is set forth below:

#### **Program Installments Funded with Proceeds of Bonds Issued Under Prior Bond Trust Indentures**

<b>Series of Bonds</b>	<b>Proceeds Available to Purchase Certificates</b>	<b>Amounts Expended for Purchase of Certificates</b>	<b>Program Loan Type</b>	<b>Original Interest Rates</b>
1995C	\$39,725,000	\$39,627,000 (99.8%)	Low Rate Assisted	6.25% 7.25%
1996B	\$36,180,000	\$36,060,280 (99.9%)	HOME-Assisted Low Rate Assisted	5.75% 6.75% 7.75%
1996D	\$36,800,000	\$35,434,192 (96.3%)	HOME-Assisted Low Rate Assisted	5.75% 6.75% 7.75%
1997A	\$34,340,000	\$32,179,687 (97.1%)	HOME-Assisted Low Rate Assisted	5.50% 6.50% 7.50%

1997B	\$46,195,000	\$45,872,187 (99.39%)	HOME-Assisted Low Rate Assisted	5.20% 6.20% 7.20%
1997C	\$46,995,000	\$46,104,753 (98.10%)	HOME-Assisted Low Rate Assisted	5.25% 6.35% 7.25%

**Program Installments Funded with Proceeds of Bonds  
Issued Under the Master Indenture**

Series of Bonds	Proceeds Available to Purchase Certificates	Amounts Expended for Purchase of Certificates	Program Loan Type	Original Interest Rates
1998A	\$63,550,000	\$63,527,349 (99.96%)	HOME-Assisted Low Rate Assisted	5.15% 6.15% 7.15%
1998B	\$74,413,000	\$74,358,403 (99.93%)	HOME-Assisted Low Rate Assisted	4.95% 5.95% 6.70%
1999A	\$45,715,000	\$45,521,127 (99.58%)	HOME-Assisted Low Rate Assisted	4.80% 5.80% 6.80%
1999B	\$55,715,000	\$55,487,553 (99.59%)	HOME-Assisted Low Rate Assisted	5.15% 6.15% 7.15%
1999D	\$44,150,000	\$44,150,000 (100.0%)	HOME-Assisted Low Rate Assisted	5.65% 6.65% 7.65%
2000A	\$45,717,000	\$45,480,892 (99.48%)	HOME-Assisted Low Rate Assisted	6.00% 7.00% 8.00%
1999C/2000B	\$57,165,000	\$54,156,690 (94.71%)	HOME-Assisted Low Rate Assisted	6.10% 6.90% 8.10%
2000D	\$30,764,000	\$27,280,785 (88.6%)	HOME-Assisted Low Rate Assisted	5.75% 6.75% 7.75%
2001A	\$45,500,000	\$41,805,949 (91.8%)	HOME-Assisted Low Rate Assisted	5.25% 6.10% 6.95%
2001B	\$30,432,000	\$29,154,601 (96.0%)	HOME-Assisted Low Rate Assisted	5.09% 6.09% 7.09%
2001D	\$30,500,000	\$30,040,128 (98.5%)	HOME-Assisted Low Rate Assisted	5.05% 5.90% 7.00%
2002	\$30,792,000	\$25,668,738 (83.36%)	HOME-Assisted Low Rate Assisted	4.99% 5.99% 6.99%
2002A	\$50,000,000	\$39,770,000 (79.54%)	HOME-Assisted Low Rate Assisted	5.00% 6.30% 6.98%
2002B	\$25,000,000	\$22,998,583 (91.99%)	Low Rate Assisted	5.65% 6.25%

2003A	\$35,000,000	\$34,800,977 (99.43%)	HOME-Assisted Low Rate Assisted	3.95% 5.35% 5.80%
2003B	\$20,000,000	\$18,936,793 (94.68%)	HOME-Assisted Low Rate Assisted	4.11% 5.21% 5.81%
2004A	\$20,000,000	\$19,489,845 (97.45%)	HOME-Assisted Assisted	4.05% 5.55%
2004B	\$20,000,000	\$19,035,000 (95.18%)	HOME-Assisted Teacher Assisted Assisted	4.79% 6.04% 6.29%
2004C	\$20,000,000	\$17,837,236 (89.37%)	HOME-Assisted Teacher Assisted Assisted	4.35% 5.60% 5.85%
2005A	\$30,000,000	\$24,785,000 (82.62%)	HOME-Assisted Teacher Assisted Assisted Low Rate Assisted	4.50% 4.90% 6.15% 5.50% 5.95%
2006A	\$36,000,000	\$35,855,381 (99.59%)	HOME-Assisted Teacher Assisted Assisted Low Rate Police Assisted Low Rate	3.85% 5.10% 5.35% 4.85% 5.35% 5.35%
2006B	\$50,000,000	\$45,000,000 (90.0%)	HOME-Assisted Teacher Assisted Assisted Low Rate Supplemental Assisted	4.56% 5.91% 5.99% 5.56% 6.14%
2006C	\$50,000,000	\$50,000,000 (100.0%)	HOME-Assisted Teacher Assisted Assisted Low Rate	4.55% 5.70% 5.98% 5.55%
2006D	\$100,000,000	\$99,910,000 (99.91%)	HOME-Assisted Teacher Assisted Assisted Low Rate Taxable	4.50% 5.65% 5.86% 5.50% 5.55%
2007A	\$100,000,000	\$100,000,000 (100.0%)	HOME-Assisted Teacher Assisted Assisted Low Rate	4.50% 5.75% 5.99% 5.60%
2007B	\$100,000,000	\$100,000,000 (100.0%)	HOME-Assisted Teacher Assisted Assisted Low Rate	4.84% 6.09% 6.34% 5.84%
2007C	\$100,000,000	\$100,000,000 (100.0%)	HOME-Assisted Teacher Assisted Assisted Low Rate	4.85% 6.25% 6.50% 5.95%
2008A	\$45,000,000	\$45,000,000 (100.0%)	HOME-Assisted CDBG-Assisted Assisted Low Rate	5.00% 4.95% 6.625% 6.00%
2008B	\$30,000,000	\$25,400,000 (84.6%)	HOME-Assisted CDBG-Assisted Assisted	5.49% 5.44% 6.99%

2009A <sup>(1)</sup>	\$25,000,000	\$24,215,838 (96.8%)	HOME-Assisted CDBG-Assisted Assisted Low Rate	4.10% 4.11% 6.10% 5.60%
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<sup>(1)</sup> The Origination Period commenced on September 15, 2009, and ends on July 15, 2010. It is expected that all proceeds of the Series 2009A Bonds will be expended for the purchase of certificates.

## CONTINUING DISCLOSURE

The Issuer will enter into a Continuing Disclosure Agreement with the Trustee (the “Continuing Disclosure Agreement”) for the benefit of the owners, including beneficial owners, of the Program Bonds to provide certain financial information and operating data relating to the Issuer to certain financial information repositories annually and to provide notice to the Electronic Municipal Market Access system operated by the Municipal Securities Rulemaking Board, and a state information depository, if any, of certain events, pursuant to the requirements of Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. Part 240, § 240.15c2-12) (the “Rule”) not later than one-hundred eighty (180) days after the end of the Issuer's fiscal year, commencing with a report following the Issuer's fiscal year ending June 30, 2010. See **“APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE CONTINUING DISCLOSURE AGREEMENT.”** A failure by the Issuer to comply with the Continuing Disclosure Agreement will not constitute an Event of Default under the Indenture (although Bondholders will have any available remedy at law or in equity). Nevertheless, such a failure must be reported in accordance with the terms of the Continuing Disclosure Agreement and must be considered by a broker-dealer or municipal securities dealer before recommending the purchase or sale of the Program Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Program Bonds and their market price.

## THE TRUSTEE

The Issuer has appointed Hancock Bank of Louisiana as trustee bank under the Indenture. Hancock Bank of Louisiana is a banking corporation organized and existing under the laws of the State of Louisiana, with its principal corporate trust office located in Baton Rouge, Louisiana.

## THE PROGRAM BONDS

The following terms shall have the following meanings in this Official Statement:

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

*“Annual Filing”* means the annual financial information required to be provided by the Issuer pursuant to a continuing disclosure undertaking of the Issuer pursuant to Rule 15c2-12,

which information shall be provided to the GSEs pursuant to the provisions of the Indenture as and when required by Rule 15c2-12, whether or not Rule 15c2-12 applies to the Program Bonds.

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

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

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

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

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

*“Conversion”* or *“Converting”* or *“Converted”* means the conversion or the converting of the interest rate on all or a portion of the Pre-Conversion Bonds from a Short-Term Rate to a Permanent Rate as provided in the Indenture and as described herein under the caption **“THE BONDS - Release and Conversion.”**

*“Conversion Date”* means, with respect to all or a portion of Pre-Conversion Bonds that are converting to a Permanent Rate, the date two (2) months after the related Release Date; provided that there shall be no more than three (3) Conversion Dates.

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

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

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

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

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

“GSE Escrow Fund” or “Escrow Fund” means the escrow fund created and established by the Indenture as a separate, noncommingled fund in which the Trustee will hold the Escrowed Proceeds until the applicable Release Date or until such Program Bonds are redeemed.

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

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

“Interest Payment Date” means, with respect to Pre-Conversion Bonds, each Release Date (but such Release Date shall be an Interest Payment Date only for that portion of Pre-Conversion Bonds with respect to which Escrowed Proceeds are subject to release on such date), each Conversion Date (but such Conversion Date shall be an Interest Payment Date only with respect to those Pre-Conversion Bonds which are to become, as of such date, Converted Bonds), and each redemption date. Interest Payment Dates for each Converted Bond shall be the first Business Day of each month.

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

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

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

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

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

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

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

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

“*Permanent Rate*” means an interest rate per annum certified to the Trustee by the Special Permanent Rate Advisor on or prior to the Release Date, which shall be equal to the sum of (i) 3.28%, plus (ii) the Spread.

“*Permanent Rate Calculation Date*” means the date on which the Permanent Rate is calculated with respect to all or a portion of the Program Bonds, which shall be, with respect to each applicable portion of the Pre-Conversion Bonds, a date acceptable to the GSEs selected by the Issuer on or prior to December 31, 2010 on which Market Bonds are priced, provided that a bond purchase agreement must be executed with respect to the Market Bonds on such date for such Permanent Rate to be effective.

“*Permitted Escrow Investments*” means the investments represented and provided pursuant to that certain Global Escrow Agreement, by and among the GSEs, the Trustee and U.S. Bank National Association, as escrow agent, in connection with the Program Bonds.

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

“*Placement Agreement*” means the Placement Agreement among the Issuer and the GSEs, concerning the acquisition of the Program Bonds from the Issuer.

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

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

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

“*Program Bonds*” means the Program Bonds authorized to be issued pursuant to the Indenture and the Appendix, and includes Pre-Conversion Bonds and Converted Bonds.



“*Related Documents*” means the Appendix, the Program Bonds and the Indenture, as the same may be amended or modified from time to time in accordance with their respective terms.

“*Release Date*” means such date or dates (not to exceed three (3) dates) on or prior to December 31, 2010 and which dates are acceptable to the GSEs, on which dates the proceeds of the related Market Bonds are delivered to the Trustee and the other requirements under the Indenture, as described herein under the caption “**THE PROGRAM BONDS - Release and Conversion,**” are satisfied, including, without limitation, delivery of the Market Bond Ratio Requirement Compliance Certificate attached as Exhibit B to the Appendix.

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

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

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

“*Short-Term Rate*” means, (i) for the period from the Settlement Date to the applicable Release Date, the interest rate which produces an interest payment on such Release Date relative to the Program Bonds with respect to which Escrowed Proceeds are subject to release on such Release Date equal to Investment Earnings and (ii) from the Release Date to the Conversion Date, an interest rate equal to the sum of 60 bps (.60%) plus the lesser of (A) the Four Week T-Bill Rate as of the Business Day prior to the Release Date or (B) the Permanent Rate less 60 bps (.60%). For purposes of this provision, “*Investment Earnings*” means total investment earnings on the portion of the Escrow Fund related to Program Bonds with respect to which a Release Date is occurring.

“*Single Family Program Bond Limit*” means the amount of \$120,000,000 that has been allocated to the Issuer with respect to the Program Bonds.

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

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

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

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

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

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

### **Limited Obligations**

ON AND BEFORE EACH RELATED RELEASE DATE, THE PRE-CONVERSION BONDS THAT HAVE NOT BEEN THE SUBJECT OF A RELEASE DATE WILL BE SECURED SOLELY BY THE ESCROWED PROCEEDS ON DEPOSIT IN THE GSE ESCROW FUND. AS OF A RELEASE DATE, THE PROGRAM BONDS THAT HAVE BEEN THE SUBJECT OF A RELEASE DATE WILL BE SECURED ALONG WITH THE MARKET BONDS SOLELY BY THE TRUST ESTATE UNDER THE INDENTURE, OTHER THAN THE ESCROWED PROCEEDS REMAINING ON DEPOSIT IN THE GSE ESCROW FUND. THE MARKET BONDS AND PROGRAM BONDS (COLLECTIVELY, THE “BONDS”) DO NOT CONSTITUTE AN OBLIGATION, EITHER GENERAL OR SPECIAL, OF THE STATE, ANY MUNICIPALITY OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE. THE PROGRAM BONDS ARE PAYABLE SOLELY FROM THE MONEYS AND ASSETS OF THE ISSUER PLEDGED THEREFOR AND DO NOT CONSTITUTE A DEBT OR GENERAL OBLIGATION NOR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF BUT CONSTITUTE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE MONEYS AND PROPERTY SPECIFICALLY PLEDGED TO THE PAYMENT OF THE BONDS UNDER THE INDENTURE, AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE SUBJECT TO PECUNIARY LIABILITY THEREON NOR SHALL ANY OF THE BONDS CONSTITUTE A CHARGE, LIEN OR ENCUMBRANCE UPON ANY PROPERTY OF THE ISSUER, THE STATE OR POLITICAL SUBDIVISION THEREOF OTHER THAN THE MONEYS AND PROPERTY SPECIFICALLY PLEDGED TO THE PAYMENT OF THE BONDS, AND NO OWNER OF ANY BOND SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO PAY THE SAME OR THE INTEREST THEREON. THE ISSUER HAS NO TAXING POWER. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA OR ANY AGENCY THEREOF OR GNMA, FANNIE MAE OR FREDDIE MAC AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA.

### **Payment of Debt Service**

Except as otherwise provided in the section entitled **“THE PROGRAM BONDS - Book-Entry Only System”** herein, the principal of the Program Bonds shall be payable in lawful money of the United States of America at the operations office of the Trustee, or its successors, upon presentation of such Program Bonds. Payment of interest on the Program

Bonds shall be paid by check mailed to the registered owner thereof at his address as it appears on the registration books of the Issuer maintained by the Trustee on the Record Date or at such other address as is furnished to the Trustee in writing by such owner, or upon request of a holder of at least \$1,000,000 aggregate principal amount of Program Bonds (at the expense of such holder), principal of or interest on the Program Bonds shall be paid by wire transfer in immediately available funds to an account designated by such holder if such holder shall have requested in writing payment by such method and shall have provided the Trustee with an account number and other necessary information for such purposes at least 15 days before the applicable Record Date. Except as provided in the next succeeding sentence, a holder of at least \$1,000,000 aggregate principal amount of Program Bonds may request in writing that the Trustee provide a payment record (at the expense of such holder) that includes the CUSIP number and dollar amount of each payment of principal of and interest on the Program Bonds attributable to such CUSIP number. The initial owner of the Program Bonds shall not be required to make such request to receive payment by wire transfer. All payments of principal of and interest on the Program Bonds shall be identified by CUSIP number. The Trustee shall maintain a record of the amount and date of any payment of principal and/or interest on the Bonds (whether on the maturity date, Release Date, Conversion Date or redemption date prior to maturity or upon maturity thereof by declaration or otherwise), which records shall be conclusive evidence as to the principal or interest remaining due on the Program Bonds. Notwithstanding the foregoing, the payment of principal and interest on the Program Bonds shall be in accordance with the Placement Agreement and the Appendix.

### **Description of the Program Bonds**

The Program Bonds are dated December 21, 2009, will mature on December 1, 2041, and shall bear interest at the applicable Short-Term Rate from the Settlement Date, and will be payable (i) with respect to Pre-Conversion Bonds, on each Release Date (but such Release Date shall be an Interest Payment Date only for that portion of Pre-Conversion Bonds with respect to which Escrowed Proceeds are subject to release on such date), (ii) on each Conversion Date (but such Conversion Date shall be an Interest Payment Date only with respect to those Pre-Conversion Bonds which are to become, as of such date, Converted Bonds), and (iii) on each redemption date. Interest Payment Dates for each Converted Bond will be the first Business Day of each month.

The Program Bonds bear interest from the Settlement Date through the Conversion Date as described above, and thereafter from the Interest Payment Date next preceding the date of registration thereof, unless it is registered on an Interest Payment Date, in which case it shall bear interest from such Interest Payment Date, or unless it is registered as of a day during the period from the Record Date immediately preceding a Interest Payment Date to such Interest Payment Date, inclusive, in which event it will bear interest from such Interest Payment Date. If, as of the date of registration of any Program Bond, interest is in default on the Program Bonds, such Program Bonds will bear interest from the Interest Payment Date to which interest previously has been paid or made available for payment on the Outstanding Program Bonds.

From and after the applicable Release Date, the Program Bonds shall bear interest on the basis of a 360-day year consisting of twelve 30-day months.

## Release and Conversion

(a) **General.** A Conversion may involve all or only a portion of the Pre-Conversion Bonds, provided that such Pre-Conversion Bonds may only be Converted in integral multiples of \$10,000. Any particular Pre-Conversion Bond may be Converted to a Permanent Rate only once. The Issuer may exercise its right of Conversion on no more than three (3) occasions and must cause each related Release Date to occur on or prior to December 31, 2010.

(b) **Release Requirements.**

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

(A) On or prior to the date which is fourteen (14) days prior to a proposed Permanent Rate Calculation Date, the Issuer shall notify the Trustee, the Notice Parties (at the Notice Parties' addresses) and the Rating Agencies pursuant to Exhibit A of the Appendix, of (I) the proposed Release Date, (II) the proposed Conversion Date, (III) the principal amount of Pre-Conversion Bonds to be Converted on such Conversion Date, (IV) the proposed Permanent Rate Calculation Date, and (V) the Bond Rating anticipated to be in effect on the Release Date.

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

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

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

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

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

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

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

(F) net proceeds of the Market Bonds, which proceeds (together with any amounts deducted from proceeds for underwriting fees and expenses) shall be in an amount not less than two thirds (2/3) of the applicable portion of the principal amount of the Program Bonds being Converted;

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

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

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

### **Taxable Bond Representation**

The Issuer represents and warrants in the Indenture that (i) it reasonably expects to have Volume Cap, to the extent necessary for the Program Bonds to be tax exempt, on a timely basis and in a manner which shall permit the release of all Escrowed Proceeds by December 31, 2010 and the Conversion of all Program Bonds to a Permanent Rate, and (ii) the Issuer shall use its best efforts to obtain such Volume Cap, if necessary. The Issuer further represents and warrants in the Indenture that all tax exempt Program Bonds issued under the Indenture shall be qualified mortgage bonds within the meaning of Section 143 of the Internal Revenue Code of 1986. The

Issuer agrees and acknowledges in the Indenture that the adjustment of interest on Program Bonds from taxable status to tax exempt status may not be accomplished through a refunding and remarketing of the Program Bonds, and the Issuer represents and warrants in the Indenture that the conversion of such Program Bonds to tax exempt status will not be accomplished by such means.

## **Special Redemptions**

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

(i) *Failure to Convert.* Any Pre-Conversion Bonds with respect to which a Release Date has not occurred prior to January 1, 2011 are subject to mandatory redemption on February 1, 2011 (or an earlier date selected by the Issuer), at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.

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

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

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

## **Redemption Restrictions and Recycling Prohibition**

Except as limited by tax law requirements, the Issuer shall apply the following exclusively to the redemption of Program Bonds, (i) all proceeds of the Program Bonds, to the extent not used to acquire mortgage loans or MBS, refund outstanding bond issues as provided in the Indenture, pay Program Bond issuance expenses or fund related reserve accounts and (ii) as long as any Market Bonds remain Outstanding, at least 60%, and after no Market Bonds remain Outstanding, 100%, of all principal prepayments and recoveries of principal received with respect to the mortgage loans or MBS acquired or financed with the proceeds of the Program Bonds and the Market Bonds, to the extent not used to pay scheduled principal, interest or

sinking fund redemptions on Program Bonds, Market Bonds or other bonds issued in conjunction with and secured by the Trust Estate on a parity with the Program Bonds. Amounts set forth in clause (ii) are required to be applied to the redemption of Program Bonds promptly and as provided above shall not be recycled into new mortgage loans or MBS.

### **Mandatory Sinking Fund Redemption**

Program Bonds may be subject to mandatory sinking fund redemption in the amounts and on the dates to be established by the Issuer not later than the final Release Date and which will be set forth in the Official Statement Supplement. The Issuer has covenanted in the Indenture to establish such sinking fund schedules as provided in the Indenture. Each such redemption shall be at a price of par, plus accrued interest to the redemption date. The schedules referenced above shall take into account anticipated underlying mortgage loan amortization, and standard and customary practices of the Issuer in connection with combined serial bond and term bond issuances.

### **Optional Redemption**

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

### **Changes Permitted Upon Conversion**

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

### **Redemption Notice Requirements**

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

### **Redemption of Program Bonds after the Release Date**

(a) The Program Bonds are redeemable in whole or in part (in minimum denominations of \$10,000 and integral multiples of \$10,000 in excess thereof). Redemptions of Program Bonds may be made without premium or penalty.

(b) Except as limited by tax law requirements, all proceeds of the Program Bonds, to the extent not used to acquire mortgage loans or mortgage backed securities, refund outstanding bond issues as permitted by the Indenture, pay Program Bond issuance expenses, fund downpayment assistance loans or fund related reserve accounts, must be applied exclusively to the redemption of Program Bonds.

(c) Except as limited by tax law requirements, a pro rata portion of all principal payments, principal prepayments and other recoveries of principal received with respect to the mortgage loans or mortgage backed securities financed with the proceeds of the Program Bonds must be applied to the redemption of the Program Bonds, to the extent not used to pay scheduled principal, interest, or sinking fund redemptions on Program Bonds or other bonds issued and secured by the Trust Estate on a parity with the Program Bonds.

### **Redemption of Program Bonds following Release Date from Pro Rata Principal Payments and Prepayments**

Notwithstanding anything to the contrary in this Official Statement, the Program Bonds shall be subject to mandatory redemption on any redemption date from not less than a pro rata share of all principal payments and repayments in accordance with the Market Bond Term Sheet.

### **Selection of Market Bonds or Portions of Market Bonds To Be Redeemed**

Subject to satisfying requirements set forth above under the caption “Redemption of Program Bonds following Release Date from Pro Rata Principal Payments and Prepayments, with respect to the Program Bonds, the Market Bonds shall be redeemed in accordance with the Permanent Rate Term Sheet.

### **DTC Provisions**

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

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

If less than all of the Pre-Conversion Bonds are the subject of a particular Release Date, the Issuer and the Trustee may arrange for the delivery of a new Program Bond certificate in an aggregate principal amount equal to the principal amount of Program Bonds for which a Release Date was established, as well as either a notation of a reduction of the principal amount of the Program Bond representing Escrowed Proceeds or the delivery of a new Bond in such reduced principal amount representing Escrowed Proceeds. If a new Program Bond at such a reduced



principal amount representing Escrowed Proceeds is so delivered, it shall be exchanged for the existing Program Bond representing Escrowed Proceeds. The Issuer shall arrange for a CUSIP number applicable to each Release Date, which CUSIP number the Trustee shall also note on the Program Bond certificate.

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

THE ISSUER, THE TRUSTEE AND THE SPECIAL ADVISOR CANNOT AND DO NOT GIVE ANY ASSURANCES THAT THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE PROGRAM BONDS, (i) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE PROGRAM BONDS, (ii) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN THE PROGRAM BONDS, OR (iii) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNERS OF THE PROGRAM BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC OR DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

NEITHER THE ISSUER, THE TRUSTEE NOR THE SPECIAL ADVISOR WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH DTC PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE PROGRAM BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (3) THE PAYMENT BY ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON THE PROGRAM BONDS; (4) THE DELIVERY BY ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO HOLDERS OF THE PROGRAM BONDS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE PROGRAM BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER OF THE PROGRAM BONDS.

### **Market Bond Requirements**

(a) **General.** The Issuer is required to issue Market Bonds under the Indenture in connection with the Program Bonds in order to cause the release of Escrowed Proceeds of Program Bonds as described herein. All Market Bonds must be issued by December 31, 2010. The Issuer represents and warrants in the Indenture that it reasonably expects to issue Market

Bonds on or before December 31, 2010 in a principal amount which will satisfy the Market Bond Ratio Requirement. The Issuer further represents and warrants that it reasonably expects to meet all other requirements contained in the Appendix relative to the release of Escrowed Proceeds of all Program Bonds issued under the Indenture.

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

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

## **PROCEEDS OF PROGRAM BONDS**

### **Escrow of Proceeds of Program Bonds**

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

If the Trustee has received a Certificate of Adverse Change, all the proceeds of the Program Bonds, together with the Shortfall Amount, shall be retained in the Escrow Fund until either the written waiver required under the Indenture is delivered or the Program Bonds are redeemed as provided in the Appendix.

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

(b) ***Conversion and Release of Escrowed Proceeds.*** Upon the satisfaction of the requirements of the Indenture as described herein under the caption “**THE BONDS - Release and Conversion**” and to the extent provided therein, the released Escrowed Proceeds shall be transferred to the Acquisition Account of the Program Fund.

### **Use of Proceeds of Program Bonds**

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

(i) to acquire and finance the holding of single family loans or single family MBS which are either newly originated or refinanced, so long as all such loans are

eligible to be financed on a tax exempt basis under applicable federal income tax law (“eligible loans”);

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

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

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

(b) ***Taxable Bonds.*** Proceeds of Program Bonds issued as taxable bonds as described herein may not be released from the Escrow Fund unless and until there is delivered to the Trustee and the GSEs the opinion of Bond Counsel required pursuant to the provisions of the Indenture described herein under the caption “THE PROGRAM BONDS - Release and Conversion.”

## SOURCES AND USES OF FUNDS

The following table sets forth the sources and uses of funds of the Program Bonds. See “APPENDIX B – Summary of Certain Provisions of the Indenture of Trust –Proceeds Account of the Program Fund.”

### Sources

Program Bond Proceeds	\$120,000,000
Issuer Contribution (including Shortfall Amount and legal deposit)	<u>332,150<sup>(1)</sup></u>
<b>TOTAL SOURCES OF FUNDS</b>	<b><u>\$120,332,150</u></b>

### Uses

Deposit to Escrow Fund	\$120,000,000	
GSE Securitization Fee		120,000
GSE Counsel Fee		52,500
Deposit to Account of the Costs of Issuance Fund		<u>159,650</u>
<b>TOTAL FUNDS APPLIED</b>		<b><u>\$120,332,150</u></b>

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<sup>(1)</sup> The Issuer has previously paid \$25,000 for a portion of the Shortfall Amount.

## **SECURITY FOR THE BONDS**

### **Pledge**

The Program Bonds are limited obligations of the Issuer and are secured prior to their applicable Release Date solely by the Escrowed Proceeds on deposit in the GSE Escrow Fund pursuant to the provisions of the Indenture. On and after their applicable Release Date, Program Bonds shall have no lien on or security interest in the GSE Escrow Fund, and such Program Bonds, along with the Market Bonds, will be secured solely by the Trust Estate, other than the GSE Escrow Fund, under the Indenture.

### **General**

**ON AND BEFORE EACH RELATED RELEASE DATE, THE PRE-CONVERSION BONDS THAT HAVE NOT BEEN THE SUBJECT OF A RELEASE DATE WILL BE SECURED SOLELY BY THE ESCROWED PROCEEDS ON DEPOSIT IN THE GSE ESCROW FUND. AS OF A RELEASE DATE, THE PROGRAM BONDS THAT HAVE BEEN THE SUBJECT OF SUCH RELEASE DATE WILL BE SECURED, ALONG WITH THE MARKET BONDS, SOLELY BY THE TRUST ESTATE UNDER THE INDENTURE, OTHER THAN THE ESCROWED PROCEEDS REMAINING ON DEPOSIT IN THE GSE ESCROW FUND. THE PROGRAM BONDS DO NOT CONSTITUTE AN OBLIGATION, EITHER GENERAL OR SPECIAL, OF THE STATE, ANY MUNICIPALITY OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE. THE BONDS ARE PAYABLE SOLELY FROM THE MONEYS AND ASSETS OF THE ISSUER PLEDGED THEREFOR AND DO NOT CONSTITUTE A DEBT OR GENERAL OBLIGATION NOR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF BUT CONSTITUTE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE MONEYS AND PROPERTY SPECIFICALLY PLEDGED TO THE PAYMENT OF THE BONDS UNDER THIS INDENTURE, AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE SUBJECT TO PECUNIARY LIABILITY THEREON NOR SHALL ANY OF THE BONDS CONSTITUTE A CHARGE, LIEN OR ENCUMBRANCE UPON ANY PROPERTY OF THE ISSUER, THE STATE OR POLITICAL SUBDIVISION THEREOF OTHER THAN THE MONEYS AND PROPERTY SPECIFICALLY PLEDGED TO THE PAYMENT OF THE BONDS, AND NO OWNER OF ANY BOND SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO PAY THE SAME OR THE INTEREST THEREON. THE ISSUER HAS NO TAXING POWER. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA OR ANY AGENCY THEREOF OR GNMA, FANNIE MAE OR FREDDIE MAC AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA.**

### **Additional Bonds**

The Issuer may not issue additional series of bonds under the Indenture.

## **SPECIAL GSE RIGHTS**

### **Removal of Trustee**

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

### **GSEs as Third Party Beneficiaries**

Each GSE is intended to be and shall be a third party beneficiary of the Indenture, including the Appendix, and each GSE shall have the right (but not the obligation) to enforce, separately or jointly with the Trustee or cause the Trustee to enforce, the provisions set forth under the captions **"Special Issuer Covenants," "Covenants Regarding Administration of Indenture and Program Bonds"** and **"Reporting Requirements"** below.

## **COVENANTS**

### **Special Issuer Covenants**

The Issuer covenants in the Appendix that, so long as the Program Bonds are Outstanding, it shall:

- (a) use its reasonable best efforts to obtain Volume Cap allocations as needed to convert the taxable Program Bonds to tax-exempt status on each applicable Release Date for such Program Bonds in 2010;
- (b) not permit the aggregate principal amount of the Program Bonds issued under the Indenture to exceed the Single Family Program Bond Limit;
- (c) not allow the aggregate principal amount of Market Bonds and Program Bonds to exceed the reasonable expectations requirement applicable to tax exempt mortgage revenue bonds;
- (d) not exercise any rights it may have to make voluntary withdrawals of cash or other assets from the lien of the Indenture except under the following circumstances and within the following limits:
  - (i) the Issuer may withdraw cash from the Indenture to pay ordinary and customary administrative and operating expenses of the Issuer, ordinary and customary operating expenses of any of the indentures of the Issuer (such as, for example, fees and payments due on an interest rate swap entered into by the Issuer) and to fund or reimburse the cost of programs sponsored by the Issuer, subject to each of the following requirements:

- (A) either:

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

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

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

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

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

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

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

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

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

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

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

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

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

(f) not issue any bonds senior in priority to the Program Bonds and the Issuer has represented and warranted that the Program Bonds are at least equal in priority with respect to payment and security to the most senior Outstanding Bonds under the Indenture.

### **Covenants Regarding Administration of Indenture and Program Bonds**

The Issuer has covenanted in the Indenture, so long as the Program Bonds remain Outstanding, that it shall:

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

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

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

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

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

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

## **Reporting Requirements**

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

(b) **Non-Public Information.** As used in this Section, “Information” means any information described in Subsection (c) and “Non-Public Information” means any of the Information that, as of the date that such Information is due to be provided to the GSEs pursuant to subsection (c), the Issuer has not released to the general public or otherwise is not in the public domain. To the extent that any of the Information described in Subsection (c) is Non-Public Information each of the following shall apply:

(i) The Issuer may provide such Non-Public Information to the GSEs, but, subject to (ii) below, is not obligated to do so. If the Issuer elects not to provide Non-Public Information, it shall identify the categories of Information that are then Non-Public Information and so inform the GSEs of that fact at the time such information is otherwise due to be provided under Subsection (c).

(ii) If the Issuer elects not to provide Non-Public Information as stated in (i) above, but a GSE determines that the absence of any such information is a material impairment to its obligation to conduct its business in a safe and sound manner or is inconsistent with the requirements of applicable law or regulation, then the Issuer will provide such Information to that GSE at the times and as otherwise required by Subsection (c).

(iii) To the extent that the Issuer actually provides Non-Public Information pursuant to Subsection (c), the Issuer will label such information as Non-Public Information and will segregate all Non-Public Information so that a GSE which elects not to look at the Non-Public Information can do so;

(c) **Information.** The Issuer agrees to furnish to each GSE a copy of each of the following:



(i) on the date that is the earlier of (i) ninety (90) days after the end of each quarter of each fiscal year of the Issuer and (ii) the day such information is first made available to the general public, the Issuer shall provide to each GSE the financial statements of the Issuer consisting of a balance sheet of the Issuer as at the end of such period, a statement of operations and a statement of cash flows of the Issuer for such period and, with respect to the report provided after the end of each fiscal year, there shall also be included a statement of the changes in net assets of the Issuer for such period. The financial statements referred to above shall be set forth in reasonable detail and shall be accompanied by, in the case of the annual statements, an audit report of the Issuer's auditor or nationally recognized independent certified public accountants stating that they have (except as noted therein) been prepared in accordance with generally accepted accounting principles consistently applied (provided that such audit report need not be submitted until one hundred eighty (180) days after the end of the relevant fiscal year);

(ii) on the date that is the earlier of (i) ninety (90) days after the end of each quarter of each fiscal year of the Issuer and (ii) the day such information is first made available to the general public, the Issuer shall provide to each GSE financial statements of the Issuer specific to the Indenture pursuant to which Program Bonds are outstanding consisting of a statement of operations and a statement of cash flows under the Indenture for such period and, with respect to the report provided after the end of each fiscal year, there shall also be included a statement of the changes in net assets under the Indenture for such period. The financial statements referred to above shall be set forth in reasonable detail and shall be accompanied by, in the case of the annual statements, an audit report of the Issuer's auditor or nationally recognized independent certified public accountants stating that they have (except as noted therein) been prepared in accordance with generally accepted accounting principles consistently applied (provided that such audit report need not be submitted until one hundred eighty (180) days after the end of the relevant fiscal year);

(iii) immediately after any officer of the Issuer obtains knowledge thereof, a certificate of the Issuer setting forth the occurrence of any default or Event of Default under the Indenture, the details thereof and the action which the Issuer is taking or proposes to take with respect thereto;

(iv) quarterly, at the time each of the financial statements referenced in (a) above is provided, and otherwise at the request of a GSE the information set forth in Schedule A to the Appendix, and the information set forth in Schedule A to the Appendix, a certificate of the Issuer (i) stating whether there exists on the date of such certificate any default or Event of Default under the Indenture and, if so, the details thereof and the action which the Issuer is taking or proposes to take with respect thereto and (ii) setting forth a description in reasonable detail of the amounts held in the Revenue Fund and other accounts in the Indenture;

(v) simultaneously with their release to the general public, disclosure statements of any kind prepared by the Issuer which disclose such matters as quarterly or other interim financial statements relating to the Indenture, portfolio composition information regarding the Indenture such as the percentage of loans insured under FHA,

HUD, RDA and VA programs and any pooled mortgage insurance program or securitization by GNMA or a GSE, or portfolio performance information detailing such matters as delinquencies, foreclosures and real estate owned properties;

(vi) promptly upon receipt of notice by the Issuer of any such default, the occurrence of any material event of default by any counterparty to a Related Document;

(vii) at the request of a GSE, copies of any information or request for information concerning the Appendix or any of the Related Documents as and when provided to the Trustee;

(viii) promptly after the receipt or giving thereof, copies of all notices of resignation by or removal of the Trustee, which are received or given by the Issuer;

(ix) promptly after the adoption thereof, copies of any amendments to the Indenture, any of the other Related Documents (including replacement of or any new Related Document), the Official Statement relative to the Program Bonds;

(x) within thirty (30) days of the issuance of any public issuance of indebtedness of the Issuer payable from the Revenues under the Indenture, copies of any disclosure documents distributed in connection therewith;

(xi) any Annual Filing or Material Event Filing shall be delivered to the GSEs on the day it becomes available to the general public or the Bondholders or would be required to become available if Rule 15c2-12 were applicable to the Program Bonds;

(xii) simultaneously with the delivery of each set of the financial statements and the annual filing referred to in clauses (i) and (xi) above and otherwise at the request of the GSEs, or with respect to (iii) whenever prepared and available, (i) a copy of the most recent rating letter received relating to the Bond Rating and/or the Indenture rating, (ii) a certificate of the Issuer stating that the Issuer is in compliance with all financial covenants set forth in the Indenture; and (iii) a copy of the most recent cash flow certificates, financial reports and statements, and annual budget (including portfolio performance reports detailing delinquencies and foreclosure rates, and percentage of loans insured under FHA, HUD, RDA and VA programs and any pooled mortgage insurance program, and the percentage of uninsured loans;

(xiii) immediately upon receipt by the Issuer, any rating report or other rating action relative to the Issuer, the Program Bonds or any other bonds issued under the Indenture;

(xiv) immediately upon any such transfer, notice of any extraordinary payment or transfer of funds from the Indenture;

(xv) in a timely manner, at the request of a GSE, any data or information required by a GSE for use in calculating performance under the Federal Housing Finance

Agency's housing goal regulations or for use in complying with any other regulatory or legal requirement; and

(xvi) such other information, whether such information is published or unpublished, respecting the affairs, condition and/or operations, financial or otherwise, of the Issuer as a GSE may from time to time reasonably request (including, without limitation, data, including loan level data, required by the GSEs with respect to any asset management surveillance and/or disclosure requirement).

### **Covenant Enforcement by GSEs**

Only the GSEs may enforce, or cause the Trustee to enforce, the provisions set forth under the captions **"Special Issuer Covenants," "Covenants Regarding Administration of Indenture and Program Bonds"** and **"Reporting Requirements"** above.

### **Special Notices**

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

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

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

## **TAX AND OTHER MATTERS**

Interest on Pre-Conversion Bonds will be subject to federal income taxation until the Release Date applicable to such Pre-Conversion Bonds. No opinion is expressed by Bond Counsel or Co-Bond Counsel with respect to Pre-Conversion Bonds on and after the Release Date applicable to such Pre-Conversion Bonds. On or prior to the applicable Release Date, the Issuer shall cause to be delivered to the Trustee, among other items contained in the Conversion Requirements specified under the caption **"THE BONDS - Release and Conversion"** herein, (i) the Official Statement for the Market Bonds and the Official Statement Supplement relative to the Program Bonds, and (ii) (I) an opinion or opinions of counsel and a certificate of an authorized officer of the Issuer to the effect that nothing has come to their attention that the Official Statement Supplement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances in which there were made, not misleading and (II) a letter or letters from the counsel referenced in the foregoing clause (I) addressed to the GSEs stating that the GSEs may rely on such opinion as though it was addressed to them and (iii) an opinion of Bond Counsel dated as of the applicable Release Date to the effect that the applicable Program Bonds have been duly and validly issued

and are enforceable obligations of the Issuer and that interest payable on such Program Bonds is exempt from federal income taxation under Section 103 of the Code.

Pursuant to the provisions of the Act, Bond Counsel and Co-Bond Counsel are of the opinion that the Program Bonds and the interest thereon are exempt from all State and local taxes in Louisiana.

### **ABSENCE OF LITIGATION**

There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body where service of process has been effectuated on the Issuer or, to the knowledge of the Issuer, threatened against or affecting the Issuer or, to its knowledge, any basis therefor, where an unfavorable in decision, ruling or finding would adversely affect the transactions contemplated by this Official Statement, the validity or enforceability of the Program Bonds, the Indenture, the Origination Agreements, the Servicing Agreement, the Continuing Disclosure Agreement or any agreement or instrument to which the Issuer is a party and which is used or contemplated for use in the transactions contemplated by this Official Statement.

### **APPROVAL OF LEGAL PROCEEDINGS**

Certain legal matters incident to the authorization, issuance, sale and delivery of the Program Bonds will be passed upon by Foley & Judell, L.L.P., New Orleans, Louisiana, Bond Counsel, and The Godfrey Firm, PLC, New Orleans, Louisiana, Co-Bond Counsel, on the date of the issuance of the Program Bonds. Certain legal matters in connection with the issuance of the Program Bonds will be passed upon for the Special Advisor by the Breazeale, Sachse & Wilson, L.L.P., Baton Rouge, Louisiana, and the Law Offices of Bernard L. Charbonnet, Jr., New Orleans, Louisiana.

### **SPECIAL ADVISOR**

The Special Advisor will be paid a Fee in the amount of \$25,000 in connection with the placement of the Program Bonds.

### **FINANCIAL ADVISOR**

CSG Advisors Incorporated and Government Consultants of Louisiana, Inc. serve as independent co-financial advisors to the Issuer (collectively, the "Financial Advisors"). The Financial Advisors have not been engaged, nor have they undertaken, to independently verify the accuracy of information contained in the Official Statement. Neither of the Financial Advisors is a public accounting firm and neither has been engaged by the Issuer to compile, review, examine or audit any information in the Official Statement in accordance with generally accepted accounting standards.

### **RATING**

Moody's Investors Service, Inc. has assigned the Program Bonds a rating of "Aaa." Such rating reflects only the view of the rating agency at the time such rating was issued, and an

explanation of the significance of such rating may be obtained from Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Telephone (212) 553-0300. There is no assurance that the rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price or value of the Program Bonds and could result in the redemption of all of the Program Bonds if such downgrade or withdrawal occurs prior to the Release Date for the Program Bonds.

### **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 Issuer and the purchasers or owners of any of the Program Bonds.

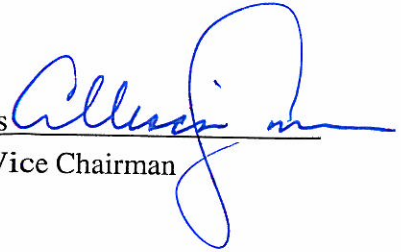
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The execution and delivery of this Official Statement have been duly authorized by the Issuer.

LOUISIANA HOUSING FINANCE AGENCY

By: /s/ Allison A. Jones

Allison A. Jones, Vice Chairman



## APPENDIX A

### DEFINITIONS OF CERTAIN TERMS

Set forth below are definitions of certain terms used in this Official Statement, which definitions are generally used in the Indenture. The definitions of such terms are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms.

**“Acquisition Account”** means the Account by that name established within the Program Fund pursuant to the Indenture.

**“Act”** means the Louisiana Housing Finance Agency Act contained in Chapter 3-A of Title 40 of the Louisiana Revised Statutes of 1950, as amended, comprising R.S. 40:600.1 through R.S. 40:600.25.

**“Authorized Officer”** means, with respect to the Issuer, the Chairman, Vice Chairman, President, Secretary and any other officer or employee of the Issuer authorized by resolution of the Issuer to perform the act or sign the document in question.

**“Bond Counsel”** means the firm of bond attorneys whose opinion is set forth on the Bonds, or their successors appointed by the Issuer. In the event that the firm of bond attorneys whose opinion is set forth on the Bonds resigns or is removed by the Issuer and the Issuer has not appointed its successor, then the term “Bond Counsel” shall mean a firm of nationally recognized attorneys at law, approved by the Issuer and experienced in the financing of mortgage loans through the issuance of tax-exempt mortgage revenue bonds under the provisions of Section 143 of the Code and any other applicable provisions of the Code.

**“Bondholder,” “Bondowner” or “Owner” or “owner”** or any similar terms (when used with respect to Bonds) mean the registered owner of any Outstanding Bond or Bonds.

**“Bonds”** means, collectively, the Market Bonds and the Program Bonds.

**“Business Day”** means any day other than (i) a Saturday or Sunday or (ii) a day on which banking institutions in New York, New York or Baton Rouge, Louisiana are authorized or obligated by law or executive order to be closed for business.

**“Code”** means the Internal Revenue Code of 1986, as amended, together with corresponding and applicable final, temporary or proposed regulations and revenue rulings issued or amended with respect thereto by the United States Treasury Department or Internal Revenue Service, to the extent applicable to the Bonds or the First Mortgage Loans.

**“Conventional First Mortgage Loan”** means a first mortgage loan originated in accordance with either the Fannie Mae Guides or the Freddie Mac Guide and other than a loan (i) insured by the Federal Housing Administration (FHA) or (ii) guaranteed originated by the Veterans Administration (VA) that is pooled under a Fannie Mae Security or Freddie Mac Security.

***“Fannie Mae Security”*** means a Fannie Mae Security which is 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 Trustee or its nominee, guaranteed as to timely payment of principal and interest by Fannie Mae and backed by Conventional First Mortgage Loans in the related Fannie Mae Pool.

***“FHA”*** means the Federal Housing Administration of the United States Department of Housing and Urban Development, or other agency or instrumentality created or chartered by the United States of America to which the powers of the Federal Housing Administration have been transferred.

***“FHA Insured”*** means insured under FHA Insurance.

***“First Mortgage Loans”*** means the GNMA Securities, Fannie Mae Securities and/or Freddie Mac Securities, in each case backed by pools of qualifying mortgage loans purchased with a portion of the proceeds of the Program Bonds and the Market Bonds.

***“Fiscal Year”*** or ***“fiscal year”*** means each twelve month period beginning July 1 of each calendar year.

***“Freddie Mac”*** means the Federal Home Loan Mortgage Corporation.

***“Freddie Mac Security”*** means a mortgage participation certificate issued by Freddie Mac, and representing an undivided interest in a pool of Conventional First Mortgage Loans, registered or recorded in book entry form in the name of the Trustee or its nominee, guaranteed as to timely payment of principal and interest by Freddie Mac.

***“GNMA”*** means the Governmental National Mortgage Association, a wholly-owned corporate instrumentality of the United States within the Department of Housing and Urban Development, or any successor to its functions. Its powers are prescribed generally by Title III of the National Housing Act, as amended (12 U.S.C. 1716, et seq. and any successor to its functions).

***“GNMA Security”*** means GNMA Security which is a certificate issued by a Servicer, registered in the name of Trustee and guaranteed by GNMA pursuant to GNMA's GNMA I or II mortgage backed securities program under Section 306(g) and other related provisions of the National Housing Act of 1934, as amended, and based on and backed by mortgage loans as provided in the GNMA Guide.

***“GNMA Guide”*** means the GNMA I Mortgage-Backed Security Guide or the GNMA II Mortgage-Backed Security Guide, as applicable, as amended from time to time.

***“Issuer”*** means the Louisiana Housing Finance Agency, a public body corporate and politic of the State constituting a governmental instrumentality, or any body, issuer or instrumentality which will hereafter succeed to the powers, duties and functions of the Issuer.

***“Market Bonds”*** means the \$80,000,000 Louisiana Housing Finance Agency GSE Market Single Family Mortgage Revenue Bonds (Mortgage-Backed Securities Program).



**“National Housing Act”** means the National Housing Act of 1937, as amended, 12 U.S.C. § 1716 et seq.

**“Outstanding”** or **“Bonds Outstanding”** means all Program Bonds which have been authenticated and delivered by the Trustee under the Indenture, except:

- (a) Program Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;
- (b) Program Bonds for the payment or redemption of which have been provided pursuant to the provisions of the Indenture; and
- (c) Bonds in lieu of which other Bonds have been authenticated under the Indenture.

**“Owner”** means the registered owner of any Outstanding Bond or Bonds as shown on the registration books kept by the Trustee.

**“Paying Agent”** means the Trustee, acting as paying agent, or any other bank, trust company or national banking association designated or appointed pursuant to the provisions of the Indenture to act as a paying agent for the Bonds, and each successor or successors and any other bank, trust company or national banking association at any time substituted in its place pursuant to the Indenture.

**“Permanent Rate Term Sheet”** means the term sheet to be provided on or before the Release Date establishing the terms of the GSE Market Bonds and supplementing, if necessary, the terms of the GSE Program Bonds that are no longer secured by the GSE Escrow Fund and the terms and conditions under which the Securities will be purchased by the Trustee, all in accordance with the Appendix.

**“Prepayments”** means any principal payments received on any Securities other than regularly scheduled principal payments thereon.

**“Program”** means the Issuer's program of financing home ownership for qualified borrowers with the proceeds of the Program Bonds.

**“Program Bonds”** means the \$120,000,000 Louisiana Housing Finance Agency GSE Program Single Family Mortgage Revenue Bonds (Mortgage-Backed Securities Program).

**“Rating Agency”** means Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc. and/or Moody's Investors Service, Inc., to the extent that either such rating agency has assigned a rating to any Bonds Outstanding as requested by or on behalf of the Issuer, and which rating is then currently in effect, or any successor(s) to their respective functions.

**“Record Date”** means the fifteenth (15th) day of each month immediately preceding each Interest Payment Date.

***“Residential Housing Unit”*** means real property and the improvements situated thereon or an interest therein upon which is located or is to be constructed or located a work or structure with a permanent foundation to which it is permanently fixed, designed and to be used as a residence for a maximum of one family, including, without limitation, a condominium and a Planned Unit Development, each unit of which is designed and to be used as a residence for a maximum of one family (i) which is determined by qualified appraisal to have an expected useful life of not less than thirty (30) years, (ii) which will be occupied by the Mortgagor as his or her principal residence within a reasonable time (not to exceed sixty (60) days) after financing is provided, and (iii) the land appurtenant to which reasonable maintains the basic livability of the residence and does not provide, other than incidentally, a source of income to Mortgagor, including child care services on a regular basis of compensation. A Residential Housing Unit does not include rental houses, vacation homes or factory-made housing and mobile homes that are not permanently affixed to real property and not deemed real property under the laws of the State.

***“Securities”*** or ***“MBS”*** means, collectively, the GNMA Securities, the Fannie Mae Securities and the Freddie Mac Securities.

***“Securities Depository”*** means The Depository Trust Company or any other securities depository selected by the Issuer which agrees to follow the procedures required to be followed by a securities depository in connection with a Series of Bonds as provided in a Series Supplement.

***“State”*** means the State of Louisiana.

***“Trust Estate”*** means the property, rights, moneys, securities and other amounts pledged and assigned to the Trustee pursuant to the GRANTING CLAUSES of the Indenture.

***“Trustee”*** means Hancock Bank of Louisiana, appointed pursuant to the Indenture to act as trustee under the Indenture, and its successor or successors and any other bank or trust company at any time substituted in its place pursuant to the Indenture, including any Series Supplement.

***“VA”*** means the Veterans Administration, an agency of the United States of America, or any successors to its functions.

***“VA Guaranteed”*** means guaranteed by the VA under the Serviceman's Readjustment Act of 1994, as amended.

**APPENDIX B**

**SUMMARY OF CERTAIN PROVISIONS OF THE  
INDENTURE OF TRUST**

The following is a summary of certain provisions of the Indenture. For a description of certain provisions of the Indenture relating to the Program Bonds, see **“THE PROGRAM BONDS”** in this Official Statement.

**Mutilated, Lost, Stolen or Destroyed Bonds**

In the event any Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and the Trustee may authenticate a new Bond of like series, date, maturity and denomination as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Issuer, and, in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Issuer and the Trustee evidence of such loss, theft or destruction satisfactory to the Issuer and the Trustee, together with any indemnity satisfactory to them. Further, in the case of a past due or a matured, lost, stolen or destroyed Bond, the Trustee shall pay the face amount of such past due or matured Bond upon delivery to the Issuer and the Trustee of evidence of such loss, theft or destruction satisfactory to the Trustee and the Issuer together with any indemnity satisfactory to them. The Issuer and the Trustee may charge the registered owner of such Bond their reasonable fees, expenses, any tax or other governmental charge required to be paid in this connection.

**Registration and Exchange of Bonds; Persons Treated as Owners**

(a) The Issuer shall cause books for the registration and for the transfer of the Program Bonds as provided in the Indenture to be kept by the Trustee which is hereby constituted and appointed the bond registrar of the Issuer. At reasonable times and under reasonable regulations established by the Trustee, said list may be inspected and copied by the Issuer.

(b) Upon surrender for transfer of any Program Bond at such office, the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Program Bond or Program Bonds of authorized denomination of the same series and maturity for the aggregate principal amount which the registered owner is entitled to receive. Program Bonds to be exchanged shall be surrendered at the principal corporate trust office of the Trustee and the Trustee shall authenticate and deliver in exchange therefor the Program Bond or Program Bonds which the Bondholder making the exchange shall be entitled to receive. All Program Bonds delivered in exchange shall be so dated that neither gain nor loss in interest shall result from the transfer or exchange.

(c) All Program Bonds presented for transfer, exchange, registration, discharge from registration, redemption or payment (if so required by the Issuer or the Trustee) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Trustee, duly executed by the registered owner or by his duly authorized attorney.

(d) Neither the Issuer nor the Trustee shall be required (i) to transfer or exchange Program Bonds for a period of fifteen (15) calendar days next preceding an Interest Payment Date on the Program Bonds or a period of fifteen (15) calendar days next preceding any selection of Program Bonds to be redeemed or thereafter until after the first mailing of any notice of redemption or (ii) to transfer or exchange any Program Bonds previously called for redemption.

(e) New Program Bonds delivered upon any transfer or exchange shall be valid obligations of the Issuer, evidencing the same debt as the Program Bonds surrendered, shall be secured by the Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the Program Bonds surrendered.

(f) The person in whose name any registered Program Bond is registered may be deemed the registered owner thereof by the Issuer and the Trustee, and any notice to the contrary shall not be binding upon the Issuer or the Trustee.

### **Destruction of Program Bonds**

Whenever any outstanding Program Bond shall be delivered to the Trustee for cancellation pursuant to the Indenture, upon payment of the principal amount or interest represented thereby or for replacement pursuant to the provisions of the Indenture or transfer or exchange pursuant to the provisions of the Indenture, such Program Bond shall be canceled and destroyed by the Trustee and counterparts of a certificate of destruction evidencing such destruction shall be furnished by the Trustee to the Issuer.

### **Nonpresentment of Program Bonds**

In the event any Program Bond shall not be presented for payment when the principal or payment amount thereof becomes due, either at the stated maturity or otherwise or at the date fixed for redemption thereof, if money sufficient to pay such Program Bond shall have been deposited with the Trustee, all liability of the Issuer to the owner thereof for the payment of such Program Bond shall forthwith cease, terminate, and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such money, without liability for interest thereon to the Issuer, any Bondholder, or any other Person for the benefit of the owner of such Bond who shall thereafter be restricted exclusively to such money, for any claim of whatever nature on his or her part under this Indenture or on, or with respect to, said Bond.

Any money so deposited with and held by the Trustee not so applied to the payment of Program Bonds shall be applied in accordance with the unclaimed property laws of the State.

### **Cancellation**

All Program Bonds which have been redeemed, paid or retired or received by the Trustee for exchange shall not be reissued but shall be canceled and destroyed by the Trustee.

### **Payment of Principal and Interest**

(a) The Issuer covenants that it will promptly pay the principal of and interest on every Program Bond issued under the Indenture at the place, on the dates and in the manner

provided in the Indenture and in said Program Bonds according to the true intent and meaning thereof, provided that the principal and interest with respect to the Program Bonds are payable by the Issuer solely from the Trust Estate.

(b) The Issuer further covenants that, except with respect to the Issuer Contribution, at no time that the Program Bonds are outstanding will it commingle any of its moneys (from whatever source) with the Trust Estate.

### **Performance of Covenants; Authority**

The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Indenture, in any and every Program Bond executed, authenticated and delivered under the Indenture and in all of its proceedings pertaining thereto. The Issuer covenants that it is duly authorized under the Constitution and laws of the State, including particularly the Act, to issue the Program Bonds authorized under the Indenture and to execute the Indenture, to purchase, or cause to be purchased the Securities, to pledge the amounts pledged under the Indenture in the manner and to the extent set forth in the Indenture; that all action on its part for the issuance of the Program Bonds and the execution and delivery of the Indenture has been duly and effectively taken, and that the Program Bonds in the hands of the registered owners thereof are and will be valid and enforceable, limited and special obligations of the Issuer according to the terms thereof and under the Indenture.

### **Discharge of Lien of Indenture**

If the Issuer will pay or cause to be paid, or there will otherwise be paid, to the Owners of the Bonds then Outstanding, the principal or Redemption Price, if any, and interest to become due thereon at the times and in the manner stipulated therein and in the Indenture, and to the Trustee all Trustee's Fees then the pledge made by the Indenture and all other obligations of the Issuer to the Bondowners will be discharged and satisfied and the Trustee, upon request of the Issuer and subject to a lien in favor of the Trustee, will pay over to the Issuer all money or securities held under the Indenture not required for payment or redemption of Bonds that were not surrendered for payment or redemption. The Bonds will be deemed paid under the terms of the Indenture upon the satisfaction of certain conditions set forth in the Indenture.

### **Defaults; Events of Default**

If any of the following events occur, subject to the notice and cure provisions set forth in the Indenture, it is defined as and declared to be and to constitute an “event of default”:

- (a) Default by the Issuer in the due and punctual payment of any interest on any Bond;
- (b) Default by the Issuer in the due and punctual payment of the principal of any Senior Bond, whether at the stated maturity thereof or when called for redemption; or
- (c) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Issuer contained in the Indenture or in the

Bonds, and failure to remedy the same after notice thereof pursuant to the provisions of the Indenture.

### **Remedies; Rights of Bondholders**

(a) Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the Bonds, including enforcement of any rights of the Issuer under the Servicing Agreement; provided, that, the Trustee shall not accelerate payment of principal and interest on the Bonds upon a default described in (c) under the caption **“Defaults; Events of Default”** above except upon approval of the owners of 100% in principal amount of the Outstanding Bonds.

(b) If an Event of Default shall have occurred and, if requested so to do by the owners of not less than a majority in aggregate principal amount of the Outstanding Bonds and, if indemnified as provided in the Indenture, the Trustee shall exercise such of the rights and powers conferred by the Indenture as the Bondholders making such request shall direct.

(c) During the continuation of an Event of Default, the Trustee may, and upon the written request of the owners of 100% in aggregate principal amount of the Outstanding Bonds and if indemnified as provided in the Indenture shall, declare the principal of all Outstanding Bonds and interest accrued thereon immediately due and payable, and the same shall thereupon become and be due and payable and interest shall no longer accrue thereon. Notwithstanding the foregoing, no such declaration shall be made following an Event of Default described in (c) under the caption **“Defaults; Events of Default”** above unless at the time of such declaration, the Trustee holds sufficient funds to pay all principal or redemption price of and interest on all Outstanding Bonds plus any fees and expenses that will be due and owing upon such declaration.

(d) No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to 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 any other remedy given to the Trustee or to the Bondholders under the Indenture or now or hereafter existing at law or in equity or by statute.

(e) No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein; and every such right and power may be exercised from time to time as often as may be deemed in the best interest of the Bondholders.

(f) No waiver of any default or Event of Default under the Indenture, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

### **Right of Bondholders To Direct Proceedings**

Anything in the Indenture to the contrary notwithstanding, the registered owners of a majority in aggregate principal amount of Bonds Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the

method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings under the Indenture; provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

### **Rights and Remedies of Owners**

No registered owner of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust of the Indenture or for the appointment of a receiver or any other remedy under the Indenture, unless (1) a default has occurred of which the Trustee has been notified as provided in the provisions of the Indenture relating to the Trustee's acceptance of the trusts created by the Indenture, (2) such default shall have become an event of default and the registered owners of not less than a majority of the aggregate principal amount of the Bonds Outstanding shall have made written notice to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in their own name or names, (3) they have offered to the Trustee indemnity as provided in the Indenture, and (4) the Trustee shall thereafter fail or refuse to exercise the powers granted in the Indenture, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy under the Indenture; it being understood and intended that no one or more registered owners of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Indenture by its, his or their action or to enforce any right under the Indenture except in the manner provided in the Indenture, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Indenture and for the equal and ratable benefit of the owners of all Bonds then Outstanding. However, nothing contained in the Indenture shall affect or impair the right of any Bondholders to enforce the payment of the principal of and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of and interest on each of the Bonds issued under the Indenture to the respective owners thereof at the time, place, from the source and in the manner in the Bonds expressed.

### **Supplemental Indentures**

Except as provided below, the Issuer and the Trustee may, without the consent of the Owners of the Market Bonds, but only upon written notification of such supplemental indenture to the rating agencies if the Bonds are then rated, enter into indentures, supplemental to the Indenture, for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in the Indenture so long as such cure does not adversely affect the security of the Bondholders;
- (b) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to

or conferred upon the Bondholders or the Trustee, or to make any change which, in the judgment of the Trustee, is not to the prejudice of the Bondholders;

(c) to make any changes which, in the judgment of the Trustee, is not materially adverse to the interest of the Bondholders;

(d) to subject to the Indenture additional revenues, properties or collateral;

(e) to modify, amend or supplement the Indenture or any bond indenture supplemental to the Indenture in such manner as to permit the qualification of the Indenture under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States of America, and, if they so determine, to add to the Indenture or any bond indenture supplemental to the Indenture such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute;

(f) to evidence the appointment of a separate or Co-Trustee or the succession of a new Trustee or paying agent under the Indenture;

(g) to make any modification required in order to obtain, achieve or maintain the rating on the Bonds;

(h) as determined by Bond Counsel to be desirable in order to establish and preserve the excludability from gross income of interest on the Bonds from federal income taxation on and after the Release Date; or

(i) to provide for the details of the Market Bonds on and after the Release Date.

### **Supplemental Indentures Effective with Consent of Owners**

Subject to the requirements of the Appendix, exclusive of certain supplemental indentures covered under Supplemental Indentures above and subject to the terms and provisions contained in this paragraph, and not otherwise, the registered owners of not less than 66-2/3% of the aggregate principal amount of Bonds Outstanding shall have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the Issuer and the Trustee of such other indenture or indentures supplemental to the Indenture as shall be deemed necessary and desirable by the Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture; provided, however, that nothing under this caption shall be construed as permitting, without the consent of the owners of all Bonds Outstanding, (a) an extension of the maturity or any redemption date of the principal of or the interest on any Bond issued under the Indenture, or (b) a reduction in the principal amount of any Bond or the rate of interest, or redemption requirements thereon, or (c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (d) a reduction in the aggregate principal



amount of the Bonds required for consent to such supplemental indenture, or (e) the creation of any lien other than a lien ratably securing all of the Bonds at any time outstanding under the Indenture, or (f) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee (but such modification shall not be made without the written consent of the Trustee). Copies of any such amendments or supplements shall be furnished to the Rating Agency.

### **Resignation or Removal of Trustee; Successor Trustee**

Subject to the requirements of the Appendix, the Trustee and any successor Trustee may at any time resign from the trusts under the Indenture by giving 30 days' written notice by registered or certified mail to the Issuer and by first-class mail (postage prepaid) to the registered owner of each Bond and such resignation shall take effect upon the appointment of a successor Trustee, as provided in the Indenture and acceptance of such appointment by each successor by the Bondholders or by the Issuer.

Subject to the requirements of Article IV of the Appendix, in case the Trustee under the Indenture shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting under the Indenture, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the owners of a majority in aggregate principal amount of the Bonds Outstanding, by an instrument or concurrent instruments in writing signed by such registered owners, or by their attorneys in fact, duly authorized and a copy of which shall be delivered personally or sent by registered mail to the Issuer. Nevertheless, in case of such vacancy, the Issuer by resolution and upon written notice to the Program Administrator, the Rating Agency and each Servicer may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondholders in the manner above provided; and any such temporary Trustee so appointed by the Issuer shall immediately and without further act be superseded by the Trustee so appointed by such Bondholders. If a successor Trustee does not take office within thirty (30) days after the retiring Trustee resigns, the retiring Trustee may petition any court of competent jurisdiction for the appointment of as successor Trustee. Notice of the appointment of a successor Trustee shall be given in the manner provided in the Indenture with respect to the resignation of a Trustee. Every such Trustee appointed pursuant to the provisions of the Indenture shall be a trust company or bank in good standing having a reported capital and surplus of not less than \$50,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

### **Compensation and Expenses of Trustee**

To secure the payment of the Trustee's Fee, the Trustee shall have a lien on all money or property held or collected by the Trustee under the Indenture, excluding money on deposit or to be deposited to the Rebate Fund, the GSE Escrow Fund and excluding amounts held by the Trustee for the payment of particular Bonds to be redeemed. The Trustee's right to payment of its fees and expenses shall survive the Trustee's resignation or removal and final payment or defeasance of the Bonds. Notwithstanding any provision to the contrary in the Indenture, the lien of the Trustee on the Trust Estate for fees and expenses shall be subordinate to the debt

service on the Bonds except in the event of a default in the due and punctual payment of the principal of and interest on the Bonds.

### **Responsibilities of Trustee**

The Trustee is required to provide the Issuer, with certain reports pursuant to the Indenture. Except as specifically required by the Indenture, the Trustee shall be under no obligation to perform any act which would involve it in expenses or liability or to initiate or defend any suit, or to advance any of its own funds, unless properly indemnified. The Trustee shall not be liable in connection with the performance of its duties under the Indenture except for its own negligence or willful misconduct.

## APPENDIX C

### PROPOSED FORM OF OPINION OF BOND COUNSEL AND CO-BOND COUNSEL

**FOLEY & JUDELL, L.L.P.**  
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December 23, 2009

Honorable Board of Commissioners  
Louisiana Housing Finance Agency  
Baton Rouge, Louisiana

\$ \_\_\_\_\_  
**LOUISIANA HOUSING FINANCE AGENCY**  
**GSE PROGRAM SINGLE FAMILY MORTGAGE REVENUE BONDS**  
**(MORTGAGE-BACKED SECURITIES PROGRAM)**

Ladies and Gentlemen:

We have acted as bond counsel to the Louisiana Housing Finance Agency (the "**Agency**"), a public body corporate and politic constituting a political subdivision and instrumentality of the State of Louisiana (the "State") created by Act 707 of the 1980 Louisiana Legislature which enacted the Louisiana Housing Finance Act, contained in Chapter 3-A of Title 40 of the Louisiana Revised Statutes of 1950, as amended (the "**Act**"), in connection with the authorization and issuance by the Agency of \$\_\_\_\_\_ Louisiana Housing Finance Agency GSE Program Single Family Mortgage Revenue Bonds (Mortgage-Backed Securities Program) (the "Program Bonds").

The Program Bonds have been issued by the Agency pursuant to (i) the Act and other constitutional and statutory authority, (ii) an Indenture of Trust dated as of December 1, 2009 (the "**Trust Indenture**"), by and between the Agency and Hancock Bank of Louisiana, as trustee (the "**Trustee**"), as amended by the Supplemental Indenture Appendix for Use with Single Family Escrow Bonds for the HFA Initiative New Issue Bond Program (the "**Appendix**",

together with said Trust Indenture, the "**Indenture**"), and (iii) resolutions adopted by the Board of Commissioners of the Agency.

Capitalized terms used herein which are not otherwise defined have the meanings ascribed thereto in the Indenture.

The Program Bonds are registered bonds, without coupons, in authorized denominations of \$5,000 or any integral multiple thereof (the "**Authorized Denominations**"). The Program Bonds shall initially be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York, as one fully registered Bond in the aggregate principal amount of the Program Bonds. On the Release Date of all or a portion of the Program Bonds, the Trustee may either accept a replacement bond certificate or make an appropriate notation thereon of the principal amount of such Program Bond certificate and the Permanent Rate defined below to which such Bonds have been converted and the Conversion Date applicable thereto. On or prior to a Release Date, the Issuer shall deliver to the Trustee in accordance with the Conversion Requirements specified in the Indenture, among other items, an opinion of Bond Counsel dated the Release Date to the effect that the applicable Program Bonds have been duly and validly issued and enforceable obligations of the Issuer and that interest payable on such Program Bonds is exempt from federal income taxation under Section 103 of the Internal Revenue Code of 1986, as amended.

Upon delivery, the proceeds of the Program Bonds and a Shortfall Amount (together, the "**Escrowed Proceeds**") will be deposited into the GSE Escrow Fund created and established pursuant to the Indenture. The Program Bonds are subject to conversion from a Short-Term Rate to a Permanent Rate. Prior to Conversion, the Program Bonds shall constitute Pre-Conversion Bonds. Pre-Conversion Bonds prior to their Release Date are secured solely by the Escrow Proceeds deposited to the GSE Escrow Fund and bear interest at the applicable Short Term Rate until their Conversion Date and thereafter will bear interest at the Permanent Rate. The Escrowed Proceeds are pledged exclusively to the payment of the Pre-Conversion Bonds prior to the Release Date applicable to such Program Bonds.

The Program Bonds will initially be dated December 21, 2009, and will bear interest from December 23, 2009 (the "**Settlement Date**"), and will bear interest from the Settlement Date at the Short-Term Rate, payable on the (i) Release Date but only with respect to the portion of Pre-Conversion Bond proceeds with respect to which subject Escrowed Proceeds are subject to release on such Release Date, (ii) each Conversion Date with respect to the portion of Pre-Conversion Bonds which are to become, as of such date, Converted Bonds and (iii) each redemption date. Interest Payment Dates for each Converted Bond will be the first Business Day of each month. The Program Bonds are subject to redemption prior to maturity on the terms described in the Indenture.

We have examined (i) the Constitution and statutes of the State, including the Act, (ii) a certified transcript of the proceedings of the Agency in connection with the issuance of the Program Bonds, (iii) executed counterparts of the Indenture and (iv) such other documents, instruments, papers and matters of law as we have considered necessary or appropriate for the purposes of this opinion.

On the basis of the foregoing examinations, we are of the opinion as of the date hereof and under existing law that:

(1) The Agency is a duly created and validly existing public body corporate and politic constituting a political subdivision and instrumentality of the State with full power and authority to issue the Program Bonds.

(2) The Indenture has been duly authorized, executed and delivered by the Agency and creates a valid pledge and assignment of the Escrowed Proceeds to Pre-Conversion Bonds prior to the Release Date applicable to such Pre-Conversion Bonds.

(3) The Program Bonds have been duly authorized, executed and delivered and constitute valid and binding limited and special obligations of the Agency as provided in the Indenture. The Program Bonds do not constitute an obligation, either general or special, of the State, any municipality or any other political subdivision of the State or constitute or give rise to a pecuniary liability of the State, any municipality or any other political subdivision of the State. The Agency does not have the power to pledge the general credit or taxing power of the State, any municipality nor any other political subdivision of the State.

(4) Prior to the Release Date, interest on Pre-Conversion Bonds will be subject to federal income taxation until the Release Date applicable to such Pre-Conversion Bonds.

(5) Under the Act, the Program Bonds and the interest thereon are exempt from all State and local taxes in Louisiana.

We have relied on the opinion of Jacob S. Capraro, Counsel to the Trustee, with respect to the corporate power of the Trustee to enter into and the due authorization, execution and delivery by the Trustee of the document described above to which it is a party and the binding effect thereof on the Trustee.

Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on or disposition of the Program Bonds. No opinion is expressed with respect to the Pre-Conversion Bonds on and after the Release Date applicable to such Pre-Conversion Bonds.

The foregoing opinion is qualified to the extent that the rights of the owners of the Program Bonds and the enforceability of the Program Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of the sovereign police powers of the State, or its governmental bodies, and the exercise of judicial discretion in appropriate cases.

For the purposes of this opinion, our services as bond counsel have not extended beyond the examinations and expressions of the conclusions referred to above.

Respectfully submitted,

## **APPENDIX D**

### **SUMMARY OF CERTAIN PROVISIONS OF THE CONTINUING DISCLOSURE AGREEMENT**

#### **Definitions**

“Annual Bond Disclosure Report” shall mean any Annual Bond Disclosure Report provided by the Issuer pursuant to, and as described in, the Disclosure Agreement.

“Continuing Disclosure Agreement” shall mean the Continuing Disclosure Agreement dated as of December 1, 2009, by and between the Issuer and the Trustee.

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

“EMMA” shall mean the internet-based portal referred to as the Electronic Municipal Market Access system operated by the Municipal Securities Rulemaking Board. The online address of EMMA is [www.emma.msrb.org](http://www.emma.msrb.org).

“Listed Events” shall mean any of the events listed below under “Reporting of Significant Events.”

“Repository” shall mean EMMA and each State Repository.

“Rule” shall mean Rule 15c2-12(b)(5) 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 Depository” shall mean any public or private repository or entity designated by the State of Louisiana as a state depository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of the Continuing Disclosure Agreement, there is no State Depository.

#### **Provision of Annual Bond Disclosure Reports**

The Issuer shall provide, or shall cause the Dissemination Agent to provide, not later than six months after the end of the Issuer's fiscal year (which currently ends June 30), commencing with the report following the fiscal year ending June 30, 2010, to each Repository an Annual Bond Disclosure Report which is consistent with the requirements of the Continuing Disclosure Agreement.

If the Trustee is unable to verify that an Annual Bond Disclosure Report has been provided to Repositories by the date specified in the preceding paragraph, the Trustee shall promptly send a notice to EMMA, the Municipal Securities Rulemaking Board and to the State Repository, if any, stating that such Annual Bond Disclosure Report has not been timely

completed and, if known, stating the date by which the Trustee anticipates such Annual Bond Disclosure Report will be filed.

### **Content of Annual Bond Disclosure Reports**

Each Annual Bond Disclosure Report of the Issuer shall contain or incorporate by reference the following:

1. The audited financial statements for the Issuer for the most recently ended fiscal year, prepared in accordance with generally accepted accounting principles applicable from time to time to the Issuer.
2. Tables setting forth the following information, as of the end of such fiscal year:
  - (a) For each maturity of the Bonds, the interest rate, original aggregate principal amount and principal amount remaining Outstanding.
  - (b) During the acquisition period for Securities, the principal amount of First Mortgage Loans expected to be financed, the total principal amount of First Mortgage Loans approved, the total principal amount of First Mortgage Loans purchased, and the unreserved amount. This information will not be provided after the acquisition period.
  - (c) The amounts credited to the Acquisition Account of the Program Fund, the Revenue Account of the Revenue Fund, the Debt Service Account of the Debt Service Fund, the Sinking Fund Installment Account of the Debt Service Fund, the Accumulation Account of the Accumulation Fund, and the Redemption Account of the Redemption Fund.
  - (d) The aggregate principal amount of each type (i.e., GNMA, Fannie Mae or Freddie Mac) of Guaranteed Mortgage Security purchased, the aggregate principal balance of each type of Guaranteed Mortgage Security remaining outstanding, and the aggregate principal balance of Guaranteed Mortgage Securities 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 Issuer or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.



## Reporting of Significant Events

Any of the following events shall be considered a Listed Event:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.<sup>(1)</sup>
4. Unscheduled draws on credit enhancements reflecting financial difficulties.<sup>(1)</sup>
5. Substitution of credit or liquidity providers, or their failure to perform.<sup>(1)</sup>
4. Adverse tax opinions or events adversely affecting the tax-exempt status of the Bonds.
5. Modifications to rights of Bondholders.
6. Bond calls.
7. Defeasances.
8. Release, substitution, or sale of property securing repayment of the security.
9. Rating changes.
10. Failure to provide any Annual Bond Disclosure Report when due.

Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, it shall determine if such event would constitute material information to the holders or beneficial owners of the Bonds. If the Issuer determines that knowledge of the event would be material, it shall promptly notify the Trustee in writing and shall timely file a notice of such occurrence with EMMA, the Municipal Securities Rulemaking Board and the State Repository, if any.

## Termination of Reporting Obligation

The Issuer's obligations under the Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

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<sup>(1)</sup> Not Applicable.

## **Dissemination Agent**

The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Continuing Disclosure Agreement, and may discharge any such agent, with or without appoint a successor Dissemination Agent. The initial Dissemination Agent shall be the Trustee.

## **Amendment; Waiver**

The Issuer and the Trustee may amend the Continuing Disclosure Agreement (and the Trustee shall not unreasonably withhold its consent to any amendment so requested by the Issuer), and any provision of the Continuing Disclosure Agreement may be waived, only upon satisfaction of the applicable provisions of the Continuing Disclosure Agreement.

## **Additional Information**

Nothing in the Continuing Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in the Continuing 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 the Continuing Disclosure Agreement. If the Issuer 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 the Continuing Disclosure Agreement, the Issuer shall have no obligation under the Continuing Disclosure Agreement to update such information or include it in any future Annual Bond Disclosure Report or notice of occurrence of a Listed Event.

## **Default**

In the event of a failure of the Issuer or the Trustee to comply with any provision of the Continuing Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Bonds, and upon receiving adequate indemnity against costs and expenses, shall), or any holder or beneficial owner may, take such actions as may be necessary and appropriate to cause the Issuer or the Trustee, as the case may be, to comply such actions as may be necessary and appropriate to cause the Issuer or the Trustee with its obligations under the Continuing Disclosure Agreement. A default under the Continuing Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under the Continuing Disclosure Agreement in the event of any failure of the Issuer or the Trustee to comply with the Continuing Disclosure Agreement shall be an action to compel performance.

## **Beneficiaries**

The Continuing Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee, the Dissemination Agent and the holders or beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

**LOUISIANA HOUSING FINANCE AGENCY**

**as Issuer**

**HANCOCK BANK OF LOUISIANA**

**as Trustee**

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**INDENTURE OF TRUST**  
**Dated as of December 1, 2009**

---

**securing**

**\$120,000,000**

**Louisiana Housing Finance Agency**  
**GSE Program Single Family Mortgage Revenue Bonds**  
**(Mortgage-Backed Securities Program)**

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## INDENTURE OF TRUST

**THIS INDENTURE OF TRUST**, dated as of December 1, 2009 together with the *Supplemental Indenture Appendix for Use with Single Family Escrow Bonds for the HFA Initiative New Issue Bond Program* attached hereto as Exhibit D, and any additional amendments or supplements hereto, this “**Indenture**”) is made by and between the **LOUISIANA HOUSING FINANCE AGENCY** (together with any successor to its rights, duties and obligations hereunder, the “**Agency**”), a public body corporate and politic constituting a political subdivision and instrumentality of the State of Louisiana (the “**State**”) created and organized pursuant to and in accordance with the provisions of Chapter 3-A of Title 40 of the Louisiana Revised Statutes of 1950 (R.S. 40:600.1 through R.S. 40:600.24, inclusive), as amended (the “**Act**”), and **HANCOCK BANK OF LOUISIANA** (together with any successor trustee hereunder, the “**Trustee**”), a state banking corporation (All capitalized terms used in these preambles and the granting clauses hereof which are not otherwise defined herein shall have the meanings assigned thereto in Article I hereof.)

### WITNESSETH:

**WHEREAS**, pursuant to the Act, the Louisiana Constitution of 1974, as amended (the “**Constitution**”) and other applicable laws of the State, and pursuant to duly adopted Resolutions of the Agency dated October 14, 2009 and November 10, 2009, the Agency is authorized to issue its revenue bonds for the purpose of making available additional funds for the purpose of financing mortgage loans made by certain lending institutions to low- and moderate-income persons or families to finance single-family residences located throughout the State; and

**WHEREAS**, proceeds of Bonds will be applied to pay certain costs of issuance of the Bonds, to finance the purchase, without recourse, of GNMA Securities, Fannie Mae Securities and/or 2009 Freddie Mac Securities, in each case backed by pools of qualifying mortgage loans (the “**First Mortgage Loans**”), which First Mortgage Loans will be originated by certain mortgage-lending institutions (the “**Participants**”) that customarily provide services or otherwise aid in the financing of mortgage loans on single family residential facilities property located in the State to be owned and occupied by low- and moderate-income families or persons residing in the Parish; and

**WHEREAS**, to provide more adequate residential housing facilities for persons and families of low- and moderate-income residing within the boundaries of the State, the Agency desires to issue its \$120,000,000 GSE Program Single Family Mortgage Revenue Bonds (Mortgage-Backed Securities Program) (the “**GSE Program Bonds**”) and issue on each Release Date GSE Market Single Family Mortgage Revenue Bonds (Mortgage-Backed Securities Program) in an amount not less than the amount necessary to satisfy the Market Bond Ratio Requirement (the “**GSE Market Bonds**” and together with the GSE Program Bonds, the “**Bonds**”); and

**WHEREAS**, the United States Congress, in enacting the Housing and Economic Recovery Act of 2008, the Emergency and Economic Stabilization Act of 2008, the American Recovery and Reinvestment Act of 2009 and other legislation, provided the United States



Department of the Treasury (“**Treasury**”) and other agencies of government with the authority, funding, and direction to undertake credit support programs, with many of these programs directed specifically at supporting housing markets and housing finance; and

**WHEREAS**, state and local housing finance agencies such as the Agency have a core mission of providing affordable mortgage financing for low and moderate income households, especially first-time homebuyers;

**WHEREAS**, Treasury, the Federal Housing Finance Agency, Fannie Mae and Freddie Mac entered into a Memorandum of Understanding, dated October 19, 2009, that sets forth the mutual understandings and intentions of such parties with respect to the establishment of a program pursuant to which the Agency may issue single-family bonds such as the GSE Program Bonds for purchase by Treasury in accordance with the terms of a Placement Agreement attached hereto as Exhibit B (the “**Placement Agreement**”), (ii) GSEs will securitize such GSE Program Bonds and issue GSE Securities (as defined in the Placement Agreement) evidencing beneficial ownership of such GSE Program Bonds and (iii) Treasury will purchase the GSE Securities (the “**New Issue Bond Program**”); and

**WHEREAS**, the GSE Program Bonds will initially be delivered as taxable variable rate bonds and will bear interest at the Short-Term Rate as defined in the Appendix and will convert to the Permanent Rate as defined in the Appendix on the Conversion Date as defined in the Appendix; and

**WHEREAS**, the GSE Market Bonds will be sold and delivered as tax-exempt fixed rate bonds within a prescribed period in advance of the Release Date as determined by bond counsel to the Agency; and

**WHEREAS**, to alleviate the shortage of decent, safe and sanitary housing, and the shortage of funds to provide such housing, for persons or families of low or moderate income within the State, the Agency has determined that it is in the public interest to issue the GSE Program Bonds in accordance with the requirements of the New Issue Bond Program and to issue the GSE Market Bonds in accordance with the requirements of the New Issue Bond Program and the *Supplemental Indenture Appendix for Use with Single Family Escrow Bonds for the HFA Initiative New Issue Bond Program* attached hereto as Exhibit D; and

**WHEREAS**, the Agency will use a portion of the proceeds of the Bonds deposited to the Acquisition Account of the Program Fund to reimburse itself for the purchase of certain mortgage-backed securities which were purchased with general funds of the Agency (the “**Purchased Securities**”) and the Purchased Securities will be transferred to the Trustee as security for the payment of the Bonds;

**WHEREAS**, the First Mortgage Loans will be originated by the Participants pursuant to substantially identical Mortgage Origination Agreements (each an “**Origination Agreement**” and collectively, the “**Origination Agreements**”), and serviced by Standard Mortgage Corporation (the “**Servicer**”) pursuant to a Master Servicing Agreement (the “**Servicing Agreement**”); and

**WHEREAS**, the Agency has now determined to enter into this Indenture to secure the Bonds by a pledge and assignment of and grant a security interest in the hereinafter identified Trust Estate; and

**WHEREAS**, the Agency has further determined to incorporate into this Indenture the provisions of the “*Supplemental Indenture Appendix for Use with Single Family Issue Escrow Bonds for the HFA Initiative New Issue Bond Program*” attached hereto as Exhibit D; and

**WHEREAS**, the forms of the Bonds, the Legal Opinion Certificate and the Trustee's Certificate of Authentication to be endorsed on such Bonds are all to be in substantially the form set forth in Exhibit A hereto, with necessary and appropriate variations, omissions and insertions as are permitted or required by this Indenture; and

**WHEREAS**, all things necessary to make the Bonds, when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal obligations of the Agency according to the import thereof, and to constitute this Indenture a valid assignment and pledge of the amounts pledged to the payment of principal of and interest on the Bonds and a valid pledge and assignment of the rights of the Agency in the GNMA Securities, the Fannie Mae Securities, the Freddie Mac Securities and the Pledged Revenues and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized;

**NOW, THEREFORE, THIS INDENTURE  
WITNESSETH:**

**GRANTING CLAUSES**

The Agency, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the registered owners thereof, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of and interest on the Bonds according to their tenor and effect and to secure the performance and observance by the Agency of all the covenants expressed or implied herein and in the Bonds, does hereby irrevocably pledge and assign and grant a security interest unto Hancock Bank of Louisiana., as Trustee hereunder, and its successors in trust and assigns forever, all and singular the property hereinafter described (the “**Trust Estate**”):

**GRANTING CLAUSE FIRST**

All right, title and interest of the Agency in and to the general intangibles and proceeds of the general intangibles relating to the Program (as hereinafter defined).

**GRANTING CLAUSE SECOND**

All right, title and interest of the Agency in and to the GNMA Securities, the Fannie Mae Securities, the Freddie Mac Securities, the Pledged Revenues, any rights of the Agency under a GNMA guaranty agreement, Fannie Mae guaranty agreement or Freddie Mac guaranty

agreement with respect to any GNMA Security, Fannie Mae Security or Freddie Mac Security held under this Indenture, including all extensions and renewals of any of the terms thereof, if any, including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive and receipt for any income, revenues, receipts, issues, proceeds and profits and other sums of money payable or receivable by the Agency under the GNMA Securities, the Fannie Mae Securities and the Freddie Mac Securities, whether payable pursuant to the GNMA Securities, the Fannie Mae Securities and the Freddie Mac Securities or otherwise, to bring actions and proceedings under the GNMA Securities, the Fannie Mae Securities or the Freddie Mac Securities, or for the enforcement thereof, to do any and all things which the Agency is or may become entitled to do under the GNMA Securities, the Fannie Mae Securities or the Freddie Mac Securities. **Notwithstanding the foregoing, the proceeds of the GSE Program Bonds together with the Shortfall Amount deposited to the GSE Escrow Fund are pledged exclusively to the payment of the GSE Program Bonds prior to the Release Date applicable to such GSE Program Bonds. GSE Market Bonds and GSE Program Bonds on and after the Release Date relating thereto have no lien on or security interest in the GSE Escrow Fund.**

### **GRANTING CLAUSE THIRD**

All moneys and securities or other investments (including, without limitation, the Investment Agreements) from time to time held by the Trustee under and subject to the terms of this Indenture (but excluding money and securities in the Rebate Fund) and any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned, made subject to a security interest or transferred as and for additional security hereunder by the Agency, or by anyone in its behalf or with its written consent, to the Trustee which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof. **Notwithstanding the foregoing, the proceeds of the GSE Program Bonds together with the Shortfall Amount deposited to the GSE Escrow Fund are pledged exclusively to the payment of the GSE Program Bonds prior to the Release Date of such GSE Program Bonds. GSE Market Bonds and GSE Program Bonds on and after the Release Date relating thereto have no lien on or security interest in the GSE Escrow Fund.**

**TO HAVE AND TO HOLD** all and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its respective successors in trust and assigns forever;

**IN TRUST NEVERTHELESS**, upon the terms and trusts herein set forth (except as provided below) for the equal and proportionate benefit and security of all present and future registered owners of the Bonds without preference of any Bond over any other, and for enforcement of the payment of the Bonds in accordance with their terms, and all other sums payable hereunder or on the Bonds and for the performance of and compliance with the obligations, covenants and conditions of this Indenture, as if all the Bonds at any time outstanding had been authenticated, executed and delivered simultaneously with the execution and delivery of this Indenture, all as herein set forth.

**PROVIDED, HOWEVER,** that if the Agency, its successors or assigns shall well and truly pay, or cause to be paid, the principal of and interest on the Bonds due or to become due thereon, at the times and in the manner mentioned in the Bonds according to the true intent and meaning thereof, and shall cause the payments to be made as required under the provisions of this Indenture, or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee and the Paying Agent all sums of money due or to become due in accordance with the terms and provisions hereof, then upon such final payments this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture to be and remain in full force and effect.

**THIS INDENTURE FURTHER WITNESSETH,** and it is expressly declared, that all Bonds issued and secured hereunder, are to be issued, authenticated and delivered on the Issuance Date and will be secured hereunder, and all said property, rights and interests, including, without limitation, the amounts hereby assigned and pledged, and a security interest granted therein are to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and the Agency has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective registered owners, from time to time, of the Bonds, as follows (subject, however, to the provisions of Section 2.03 hereof):

## **ARTICLE I DEFINITIONS**

**Section 1.01. Definitions.** If any capitalized terms defined below are inconsistent with any capitalized term defined in the Appendix, the capitalized terms in the Appendix shall control. The following words and phrases shall have the following meanings:

**“Acquisition Account”** means the account by that name in the Program Fund created pursuant to Section 5.01 hereof, including all subaccounts created thereunder.

**“Act”** shall mean Chapter 3-A of Title 40 of the Louisiana Revised Statutes of 1950 (R.S. 40:600.1 through R.S. 40:600.24, inclusive), as amended.

**“Administrative Account”** means the account by that name created pursuant to Section 5.01 hereof.

**“Agency”** means Louisiana Housing Finance Agency, its successors and assigns.

**“Agency Contribution”** means an amount to be paid by the Agency on the Issuance Date.

**“Agency Fee”** means the fee payable to the Agency in accordance with the Permanent Rate Term Sheet.

**“Appendix”** means the *“Supplemental Indenture Appendix for use with Single Family Escrow Bonds for the HFA Initiative New Issue Bond Program”* attached hereto as Exhibit D.

**“Bond Counsel”** means such attorney or firm of attorneys of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds (who may be employed by or of counsel to the Agency or an attorney or firm of attorneys retained by it in other connections) licensed to practice in the State in which he or it maintains an office, selected or employed by the Agency. Initially, the Agency has designated Foley & Judell, New Orleans, Louisiana, and The Godfrey Firm, PLC., as Co-Bond Counsel.

**“Bond Fund”** means the fund by that name created pursuant to Section 5.01 hereof and any Accounts and subaccounts therein.

**“Bond Year”** means the annual period commencing on December 1 of any calendar year and ending on the next succeeding November 30<sup>th</sup>, provided that the first Bond Year shall commence on the first Release Date and shall end on November 30, 2010.

**“Bondholder”** or **“holder of Bonds”** or **“owner of Bonds”** or **“registered owner of Bonds”** means the registered owner of any Bond.

**“Bonds”** means the GSE Program Bonds and the GSE Market Bonds.

**“Business Day”** means any day other than (i) a Saturday or Sunday or (ii) a day on which banking institutions in New York, New York or Baton Rouge, Louisiana are authorized or obligated by law or executive order to be closed for business.

**“Certificates”** means the Securities.

**“Code”** means the Internal Revenue Code of 1986, as amended, and any rules or regulations promulgated thereunder.

**“Conventional First Mortgage Loan”** means a first mortgage loan originated in accordance with either the Fannie Mae Guides or the Freddie Mac Guide and other than a loan (i) insured by the Federal Housing Administration (FHA) or (ii) guaranteed originated by the Veterans Administration (VA) that is pooled under a Fannie Mae Security or Freddie Mac Security.

**“Conversion Date”** shall have the meaning ascribed to such term in the Appendix.

**“Costs of Issuance Account”** means the account by that name created pursuant to Section 5.01 hereof.

**“Costs of Issuance”** means all items of expense, directly or indirectly payable or reimbursable and related to the authorization, sale and issuance of the Bonds, including, but not limited to, printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of any fiduciary, legal fees and charges, fees and disbursements of consultants and professionals, costs of credit ratings, fees and charges for

preparation, execution, transportation and safekeeping of the Bonds, the Bonds, if any, and any other cost, charge or fee in connection with the original issuance of the Bonds including the fees and expenses described in the Placement Agreement.

**“Counsel's Opinion”** means an opinion signed by any attorney or firm of attorneys (who may be employed by or of counsel to the Agency or an attorney or firm of attorneys retained by it in connection with other matters) (and if the opinion is with respect to an interpretation of federal tax laws or regulations or any pledge under or amendment of the Indenture, is also a nationally recognized attorney or firm of attorneys experienced in such matters), selected by or employed on behalf of the Agency.

**“Default”** or **“Event of Default”** means any occurrence or event specified in Section 8.01 hereof.

**“DTC”** means The Depository Trust Company, New York, New York, a limited-purpose trust company organized under the laws of the state of New York, and its successors or assigns.

**“DTC Participant”** means the securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of whom (and/or their representatives) own DTC, and such organizations will serve as the DTC Participants for the book entry only system described in Section 2.12.

**“Fannie Mae”** means the Federal National Mortgage Association or any successor thereto.

**“Fannie Mae Guides”** means the Fannie Mae Selling and Servicing Guides, as amended from time to time, as modified by the Pool Purchase Contract.

**“Fannie Mae Pool”** means a Pool of Conventional First Mortgage Loans held in connection with a Fannie Mae Security.

**“Fannie Mae Security”** means a Fannie Mae Security which is a single pool, guaranteed mortgage pass-through Fannie Mae mortgage-backed security, bearing interest at a rate per annum equal to the applicable Pass-Through Rate, issued by Fannie Mae in book-entry form, recorded in the name of Trustee or its nominee, guaranteed as to timely payment of principal and interest by Fannie Mae and backed by Conventional First Mortgage Loans in the related Fannie Mae Pool. Such Fannie Mae Securities shall (i) provide for the final regularly scheduled payment thereunder to be made not later than the date specified in Exhibit C and (ii) be purchased at the Security Purchase Price and bear interest at the Pass-Through Rate set forth in Exhibit C. Exhibit C shall be appended to this Indenture on or before the date the applicable Release Date and such Exhibit C may be supplemented from time to time if there is more than one Release Date.

**“Float Fund Investment Agreement”** means the Investment Agreement (Float Fund), by and between the Investment Agreement Provider and the Trustee, with respect to amounts on deposit in the Revenue Fund and the Bond Fund, as well as any substitute investment agreement, the form and substance of which must be acceptable to the Rating Agency.

**“Freddie Mac”** means the Federal Home Loan Mortgage Corporation or any successor thereto.

**“Freddie Mac Purchase Agreement”** means the Freddie Mac Purchase Agreement entered into by Freddie Mac and the Servicer relating to the sale by the Servicer of First Mortgage Loans to Freddie Mac and the servicing thereof.

**“Freddie Mac Security”** means a mortgage participation certificate issued by Freddie Mac, bearing interest at the applicable Pass Through Rate, and representing an undivided interest in a pool of Conventional First Mortgage Loans, registered or recorded in book entry form in the name of the Trustee or its nominee, guaranteed as to timely payment of principal and interest by Freddie Mac, which certificate will (i) provide for the final regularly scheduled payment thereunder to be made not later than the date specified in Exhibit C and (ii) be purchased at the Security Purchase Price and bear interest at the Pass-Through Rate set forth in Exhibit C. Exhibit C shall be appended to this Indenture on or before the applicable Release Date and such Exhibit C may be supplemented from time to time if there is more than one Release Date.

**“Freddie Mac Seller/Servicer Guide”** or **“Freddie Mac Guide”** means the Freddie Mac Single Family Seller/Servicer Guide, as amended from time to time, as modified by the Freddie Mac Purchase Agreement.

**“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.

**“GNMA Commitment”** means a Commitment to Guarantee Mortgage-Backed Securities from GNMA.

**“GNMA Guaranty Agreement”** means the one or more Guaranty Agreements between a Servicer and GNMA, with respect to GNMA Securities issued under the GNMA I Program, and the one or more GNMA Forms 1705, with respect to GNMA Securities issued under the GNMA II Program, and the GNMA Guide, now or hereafter in effect pursuant to which GNMA has agreed or will agree to guarantee GNMA Securities.

**“GNMA Guide”** means either the GNMA I or GNMA II Mortgage-Backed Securities Guide, as applicable, in effect on the date of issuance of a GNMA Security.

**“GNMA Pool”** means a Pool of First Mortgage Loans held in connection with a GNMA Security.

**“GNMA Security”** means GNMA Security which is a certificate issued by a Servicer, registered in the name of Trustee and guaranteed by GNMA pursuant to GNMA's GNMA I or II mortgage-backed securities program under Section 306(g) and other related provisions of the National Housing Act of 1934, as amended, and based on and backed by mortgage loans as provided in the GNMA Guide, which certificate shall unconditionally obligate applicable Servicer to remit monthly to the owner thereof (or, in the case of a GNMA II mortgage-backed security only, to J.P. Morgan Chase Bank, as Central Paying and Transfer Agent), its pro rata

share of (x) principal payments and prepayments made in respect of the pool of mortgage loans represented by the GNMA Security and (y) interest received in an amount equal to the Pass-Through Rate with respect to which, pursuant to the GNMA Guaranty Agreement, GNMA shall guarantee to the owner of each GNMA Security (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 Security 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 Security. GNMA Securities purchased with amounts on deposit in the Acquisition Account of the Acquisition Account. Such GNMA Securities shall (i) provide for the final regularly scheduled payment thereunder to be made not later than the date specified in Exhibit C and (ii) be purchased at the Security Purchase Price and bear interest at the Pass-Through Rate set forth in Exhibit C. Exhibit C shall be appended to this Indenture on or before the applicable Release Date and such Exhibit C may be supplemented from time to time if there is more than one Release Date.

**“Government Obligations”** means (i) direct, general obligations of the United States of America, (ii) any obligations unconditionally guaranteed as to the timely payment of principal and interest by the full faith and credit of the United States of America or (iii) any money market mutual fund that limits its investments to (i) and/or (ii) above, provided that such mutual fund shall be rated “Aaa” by the Rating Agency.

**“GSE Escrow Fund”** means the fund created by Section 5.01 hereof.

**“GSE Market Bonds”** means the Agency’s GSE Market Single Family Mortgage Revenue Bonds (Mortgage-Backed Securities Program) to be issued on each Release Date in a principal amount not less than the amount necessary to satisfy the Market Bond Ratio Requirement.

**“GSE Program Bonds”** means the Agency’s \$120,000,000 GSE Program Single Family Mortgage Revenue Bonds (Mortgage-Backed Securities Program).

**“GSE Program Documents”** shall mean the Placement Agreement, the Settlement Agreement, the Appendix, the Official Statement and a 10b-5 Certificate.

**“Interest Account”** means the account by that name created by Section 5.01 hereof.

**“Interest Payment Date”** shall have the meaning ascribed to such term in the Appendix.

**“Investment Agreements”** means, collectively, the Float Fund Investment Agreement and the Program Fund Investment Agreement.

**“Investment Agreement Provider”** means the provider of and investment agreement that does not have an adverse effect upon the rating assigned to the Bonds.

**“Investment Securities”** means any of the following which are at the time of investment legal investments under State law for the investment of Agency funds:



- (a) Government Obligations;
- (b) Federal Housing Administration debentures which must not be redeemable prior to their stated maturity;
- (c) obligations of the Farm Credit System with a rating sufficient to maintain the then current rating on the Bonds as established by the Rating Agency;
- (d) obligations of Federal Home Loan Banks with a rating sufficient to maintain the then current rating on the Bonds as established by the Rating Agency;
- (e) certificates of deposit issued by a state or national bank domiciled in the State (including those of the Trustee) or a savings and loan association domiciled in the State, provided that such certificate of deposit is fully insured by the Federal Deposit Insurance Corporation or its successor and that such banking institution is rated at a level sufficient to maintain the then-current rating on the Bonds as established by the Rating Agency;
- (f) bankers' acceptances which (i) have a stated maturity not later than the first Interest Payment Date following the date of its issuance, (ii) will be, in accordance with their terms, liquidated in full at maturity, (iii) are eligible collateral for borrowing from a Federal Reserve Bank, and (iv) are issued by a bank organized and existing under the laws of the United States or of any state, if the short term obligations of the bank, or of a bank holding company of which the bank is the largest subsidiary, are rated at a level sufficient to maintain the then-current rating on the Bonds as established by the Rating Agency;
- (g) deposits which are fully insured by the Federal Deposit Insurance Corporation ("FDIC"); provided that such deposits are with a banking institution rated at a level sufficient to maintain the then-current rating on the Bonds as established by the Rating Agency;
- (h) commercial paper which (i) has a stated maturity not later than the first Interest Payment Date following the date of its issuance and (ii) is rated at a level sufficient to maintain the then-current rating on the Bonds as established by the Rating Agency;
- (i) U.S. Treasury STRIPS, REFCORP STRIPS (stripped by the Federal Reserve Bank of New York), and any stripped securities assessed or rated in the highest applicable rating category by the Rating Agency at the time of such purchase;
- (j) any investment agreement that shall not have an adverse effect upon the rating assigned to the Bonds;
- (k) a money market fund of the Trustee or its affiliates that is rated by the Rating Agency in its highest rating category; and

(l) any other investment which in Counsel's Opinion is at the time permitted by then applicable law for the investment of the Agency's funds and which would not adversely affect the then current rating on the Bonds.

Investment Securities shall additionally be limited to those investments that have a pre determined dollar amount of principal due at maturity that cannot vary or change. Interest on an Investment Security shall be tied to a single interest rate index plus a single fixed spread, if any, and move proportionately with that index.

Notwithstanding the foregoing, proceeds of the GSE Program Bonds and the Shortfall Amount on deposit in the GSE Escrow Fund shall be invested in Permitted Escrow Investments as defined in the Appendix.

**"Issuance Date"** means (i) December 23, 2009 with respect to the GSE Program Bonds; provided, however, that the Issuance Date of the GSE Program Bonds shall be deemed re-issued as of the Release Date and dated as of the Release Date and (ii) the date that the GSE Market Bonds are authenticated by the Trustee.

**"Notice Address"** shall mean the addresses of the Notice Parties identified in the Appendix and shall also mean:

(a) ***As to the Agency:***

Louisiana Housing Finance Agency  
2415 Quail Drive  
Baton Rouge, Louisiana 70808  
Attention: President

(b) ***As to the Trustee:***

Hancock Bank of Louisiana  
4545 Veterans Memorial Boulevard, Suite 125  
Metairie, Louisiana 70006  
Attention: Corporate Trust Services

(c) ***As to the Servicer:***

The Notice Address which appears  
in the Servicing Agreement

(d) ***As to the Financial Advisor:***

CSG Advisors Incorporated  
1314 W. McDermott Drive, Suite 106, #709  
Allen, Texas 75013  
Attention: Jeanie F. Yarbrough

(e) ***As to the Rating Agency:***

Moody's Investors Service, Inc.  
99 Church Street  
New York, New York 10007  
Attention: Public Finance Local Housing Group

(f) ***As to the Special Advisor and Underwriter:***

Morgan Keegan & Company, Inc.  
909 Poydras Street, Suite 1300  
New Orleans, Louisiana 70112  
Attention: Buck Landry

George K. Baum & Company  
717 17<sup>th</sup> Street  
Denver, Colorado 80202-3354  
Attention: Guy Yandel

Siebert Brandford Shank & Co., L.L.C.  
16300 Addison Road, Suite 300  
Addison, Texas 75001  
Attention: Levi H. Davis

***“Origination Agreement”*** means each Mortgage Origination Agreement by and among the Agency, the Servicer and the related Participant, including any and all appendices, exhibits, supplements, addendums and amendments thereto in connection with the Program.

***“Outstanding”*** or ***“Bonds Outstanding”*** means all Bonds which have been authenticated and delivered by the Trustee under this Indenture, except:

(a) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;

(b) Bonds for the payment or redemption of which have been provided pursuant to Article VII hereof; and

(c) Bonds in lieu of which other Bonds have been authenticated under Section 2.07 hereof.

**“Participant”** means each home mortgage lending institution executing an Origination Agreement.

**“Pass-Through Rate”** means the interest rate borne by each Security as set forth in the Schedule of Pass-Through Rates and Security Purchase Prices to be attached hereto as Exhibit C.

**“Paying Agent”** means any bank or trust company designated pursuant to this Indenture to serve as a paying agency or place of payment for the Bonds, and any successors designated pursuant to this Indenture.

**“Permanent Rate”** shall have the meaning ascribed to such term in the Appendix.

**“Permanent Rate Term Sheet”** means the term sheet to be provided on or before the Release Date establishing the terms of the GSE Market Bonds and supplementing, if necessary, the terms of the GSE Program Bonds that are no longer secured by the GSE Escrow Fund and the terms and conditions under which the Securities will be purchased by the Trustee, all in accordance with the Appendix.

**“Person”** means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

**“Placement Agreement”** means the Placement Agreement dated as of December 9, 2009 by and among Fannie Mae, Freddie Mac and the Agency.

**“Pledged Revenues”** means (i) all payments of principal of and interest on the Certificates, (ii) income or interest earned and gains realized in excess of losses suffered on Investment Securities and (iii) all sums held by the Trustee under and subject to the terms of this Indenture other than amounts on deposit in the Rebate Fund; provided that the net proceeds of the GSE Program Bonds, together with the Shortfall Amount, deposited in the GSE Escrow Fund and invested in Permitted Escrow Investments secure only Pre-Conversion Bonds prior to their Release Date.

**“Pool Purchase Contract”** means each Fannie Mae Pool Purchase Contract between the Servicer and Fannie Mae relating to the sale by such Servicer of Conventional First Mortgage Loans to Fannie Mae and the servicing thereof.

**“Prepayments”** means any principal payments received on any Certificates other than regularly scheduled principal payments thereon.

**“Principal Account”** means the account by that name created by Section 5.01 hereof.

**“Program”** means the financing of the purchase of single-family residences in the State through the issuance of the Bonds which will be used to purchase Securities.

***“Program Expenses”*** means the fees and expenses incurred with respect to the Program, or any other program of the Agency, including, but not limited to, (i) the fees and expenses of the Trustee and the Agency (ii) the amounts necessary to pay expenses incurred by the Agency or the Trustee in connection with the protection and enforcement of its rights in the Certificates, and (iii) the amounts reasonably necessary to carry out and administer the Agency's powers, duties and functions as authorized by the Act, including the reasonable fees incurred in connection with the calculation of the Rebate Requirement.

***“Program Fund”*** means the fund by that name created pursuant to Section 5.01 hereof.

***“Program Fund Investment Agreement”*** means the Investment Agreement (Program Fund), by and between the Investment Agreement Provider and the Trustee, with respect to amounts on deposit in the Acquisition Account of the Program Fund, as well as any substitute investment agreement, the form and substance of which must be acceptable to the Rating Agency.

***“Proportionate Basis”*** means that the principal amount of Bonds of each maturity to be redeemed shall be determined as nearly as practicable by multiplying the total amount of funds available for redemption by the ratio which the principal amount of Bonds of each maturity then Outstanding bears to the principal amount of all such Bonds then Outstanding; provided that if the amount available for the redemption of Bonds of any maturity is insufficient to redeem an integral multiple of \$10,000 (\$5,000 for GSE Market Bonds) principal amount of such maturity, such amount shall be applied, to the extent possible, using integral multiples of \$10,000 (\$5,000 for GSE Market Bonds) principal amount, to the redemption of such Bonds in inverse order of maturity, in such manner that, over time, such Bonds redeemed on a “Proportionate Basis” shall, to the extent practicable, remain Outstanding in the same proportions as originally issued.

***“PSA Prepayment Model”*** means the prepayment standard or model published by the Securities Industry and Financial Markets Association (formerly known as the Public Security Association) with respect to an assumed rate of prepayment each month of the then unpaid principal balance of the mortgage loans.

***“Purchased Securities”*** means a Fannie Mae Security, Freddie Mac Security or GNMA Security purchased from the Issuer and not from the Servicer.

***“Rating”*** means the then current ratings assigned to the Bonds by the Rating Agency.

***“Rating Agency”*** means Moody's Investors Service, Inc., its successors and assigns and any other recognized municipal bond rating service then maintaining a rating on the Bonds at the request of the Agency.

***“Rebate Analyst”*** means a certified public accountant, financial analyst, or bond counsel, or any firm of the foregoing or financial institution experienced in making the arbitrage and rebate calculations required pursuant to section 148 of the Code and retained by the Agency to make the computations and give the directions required hereunder.

***“Rebate Fund”*** means the fund of that name created pursuant to Section 5.01 hereof.

**“Record Date”** means the fifteenth (15th) day of each month immediately preceding each Interest Payment Date.

**“Redemption Account”** means the account by that name created pursuant to Section 5.01 hereof and any subaccounts therein.

**“Redemption Price”** means, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, and accrued interest payable upon redemption therein.

**“Release Date”** shall have the meaning ascribed to such term in the Appendix.

**“Resolution”** means the duly adopted resolutions of the Agency dated October 14, 2009 and November 10, 2009.

**“Revenue Fund”** means the fund by that name created pursuant to Section 5.01 hereof and any subaccounts therein.

**“Schedule of Pass-Through Rates and Security Purchase Prices”** means the schedule to be included herein as Exhibit C on the Release Date specifying the applicable Pass-Through Rate and Security Purchase Price of the Securities.

**“Securities”** means, collectively, the GNMA Securities, the Fannie Mae Securities and the Freddie Mac Securities.

**“Security Purchase Date”** means the date on which the purchase of a Security occurs.

**“Security Purchase Price”** means, with respect to each Security, the applicable purchase price, expressed as a percentage (as specified on the Schedule of Pass-Through Rates and Security Purchase Prices to be included herein as Exhibit C) of the principal balance of the related underlying GNMA Pool, Fannie Mae Pool or Freddie Mac Pool, as the case may be, on record as of the applicable Security Purchase Date, plus accrued interest thereon at the applicable Pass-Through Rate (as set forth in Exhibit C hereto) to the Security Purchase Date.

**“Servicer”** means Standard Mortgage Corporation, in its capacity as servicer pursuant to the Servicing Agreement, and its respective successors and assigns.

**“Servicing Agreement”** means the Servicing Agreement by and among the Agency, the Servicer and the Participants.

**“Shortfall Amount”** means \$147,500.

**“Short-Term Rate”** shall have the meaning ascribed to such term in the Appendix.

**“Sinking Fund Payment Date”** means any of the dates set forth in Section 3.01(d) for the making of Sinking Fund Payments.

***“Sinking Fund Payments”*** means the amounts established in accordance with the Permanent Rate Term Sheet and the Appendix.

***“Special Advisor”*** means, collectively, Morgan Keegan & Company, Inc., George K. Baum & Company, Inc. and Siebert Brandford Shank & Co., L.L.C.

***“State”*** means the State of Louisiana.

***“Tax Agreement”*** means the Tax Certificate of the Agency dated the Release Date.

***“Trust Estate”*** means the property, rights, moneys, securities and other amounts pledged and assigned to the Trustee pursuant to the GRANTING CLAUSES hereof.

***“Trustee”*** means Hancock Bank of Louisiana and its successor or successors and any other bank or trust company at any time substituted in its place pursuant to this Indenture.

***“Trustee Fee”*** means (i) until the Release Date, \$5,000 and (ii) after the Release Date, an annual fee of the Trustee in an amount equal to 0.015% of the Outstanding principal amount of the sum of the GSE Market Bonds and Converted Bonds payable semiannually in advance on June 1 and December 1; provided, however, that the minimum annual fee shall be \$3,000 and provided further that any Trustee Fee in excess of amounts available in the Administrative Account of the Program Fund shall be paid by the Agency.

***“Underwriter”*** means, collectively, Morgan Keegan & Company, Inc., George K. Baum & Company, Inc. and Siebert Brandford Shank & Co., L.L.C.

**Section 1.02. Authority for Indenture.** This Indenture is executed and delivered pursuant to the provisions of the Act.

[End of Article I]

## **ARTICLE II THE BONDS**

**Section 2.01. Authorized Amount of Bonds.** No Bonds may be issued under the provisions of this Indenture except in accordance with this Article and the Appendix. The total principal amount of Bonds that may be issued and authenticated hereunder is hereby expressly limited to the principal amount of the GSE Program Bonds and the GSE Market Bonds necessary to satisfy the Market Bond Ratio Requirement, except as provided in Section 2.07 hereof.

### **Section 2.02. Issuance of Bonds.**

(a) There is hereby created and there shall be two (2) series of bonds designated (i) “Louisiana Housing Finance Agency GSE Program Single Family Mortgage Revenue Bonds (Mortgage-Backed Securities Program)” in an aggregate principal amount of \$120,000,000 and (ii) “Louisiana Housing Finance Agency GSE Market Single Family Mortgage Revenue Bonds (Mortgage-Backed Securities Program)” in an aggregate principal amount of not less than the amount necessary to satisfy the Market Bond Ratio Requirement. No GSE Market Bonds shall be delivered until the Rating Agency has provided a rating on such GSE Market Bonds at a level equal to the original rating on the GSE Bond Program.

(b) The GSE Program Bonds shall bear interest at the applicable Short-Term Rate until the Conversion Date. On and after the Conversion Date, the GSE Program Bonds shall bear interest at the Permanent Rate.

(c) The GSE Market Bonds shall bear interest at fixed rates of interest as shall be specified in Permanent Rate Term Sheet.

(d) The GSE Program Bonds shall be dated their Issuance Date and bear interest from December 23, 2009. Each Bond shall bear interest thereafter from the Interest Payment Date next preceding its date of authentication, unless authenticated on an Interest Payment Date, in which case it shall bear interest from said Interest Payment Date, or unless any such Bond is authenticated on a date during the period from a Record Date to the Interest Payment Date immediately thereafter, in which case it shall bear interest from such Interest Payment Date. If, at the time of authentication of any Bond, the interest thereon is in default, such Bond will bear interest from the date to which interest was paid in full. Interest on each Bond shall be calculated on the basis of twelve 30-day months and a 360 day year.

(e) The Bonds shall be issued solely as registered Bonds without coupons in the minimum denomination of \$5,000 principal amount or any integral multiple thereof.

(f) All GSE Program Bonds prior to the applicable Release Date are secured by the moneys and Permitted Escrow Investments on deposit in the GSE Escrow Fund. The Bonds shall be issued as parity bonds on a *pari passu* basis and each series of Bonds,



other than the GSE Program Bonds secured by the GSE Escrow Fund, will have an equal first priority lien on the Trust Estate other than the GSE Escrow Fund.

(g) Subject to the provisions of Section 2.11, the principal of the Bonds shall be payable in lawful money of the United States of America at the operations office of the Trustee, or its successors, upon presentation of such Bonds. Payment of interest on the Bonds shall be paid by check mailed to the registered owner thereof at his address as it appears on the registration books of the Agency maintained by the Trustee on the Record Date or at such other address as is furnished to the Trustee in writing by such owner, or upon request of a holder of at least \$1,000,000 aggregate principal amount of Bonds (at the expense of such holder), principal of, premium, if any, or interest on the Bonds shall be paid by wire transfer in immediately available funds to an account designated by such holder if such holder shall have requested in writing payment by such method and shall have provided the Trustee with an account number and other necessary information for such purposes at least 15 days before the applicable Record Date. Except as provided in the next succeeding sentence, a holder of at least \$1,000,000 aggregate principal amount of Bonds may request in writing that the Trustee provide a payment record (at the expense of such holder) that includes the CUSIP number and dollar amount of each payment of principal of and interest on the Bonds, and premium, if any, attributable to such CUSIP number. The initial owner of the GSE Program Bonds shall not be required to make such request to receive payment by wire transfer. All payments of principal of and interest on the Bonds, and premium, if any, shall be identified by CUSIP number. The Trustee shall maintain a record of the amount and date of any payment of principal and/or interest on the Bonds (and premium, if any, whether on the maturity date, Release Date, Conversion Date or redemption date prior to maturity or upon maturity thereof by declaration or otherwise) which records shall be conclusive evidence as to the principal or interest remaining due on the Bonds. Notwithstanding the foregoing, the payment of principal and interest on the GSE Program Bonds shall be in accordance with the Placement Agreement and the Appendix.

**Section 2.03. Execution; Limited Obligation.** The Bonds shall be executed on behalf of the Agency by the Chairman or Vice Chairman of the Agency and the Secretary or President of the Agency, by their manual or facsimile signatures, and the official seal of the Agency shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the Agency had been manually impressed upon each of the Bonds. In the event that any officer of the Agency whose manual or facsimile signature shall appear on the Bonds shall cease to be such officer before the authentication of such Bonds or before the delivery of such Bonds, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in such office.

**THE BONDS ARE PAYABLE SOLELY FROM THE MONEYS AND ASSETS OF THE ISSUER PLEDGED THEREFOR AND DO NOT CONSTITUTE A DEBT OR GENERAL OBLIGATION NOR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF BUT CONSTITUTE**

**LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE MONEYS AND PROPERTY SPECIFICALLY PLEDGED TO THE PAYMENT OF THE BONDS UNDER THIS INDENTURE, AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE SUBJECT TO PECUNIARY LIABILITY THEREON NOR SHALL ANY OF THE BONDS CONSTITUTE A CHARGE, LIEN OR ENCUMBRANCE UPON ANY PROPERTY OF THE ISSUER, THE STATE OR POLITICAL SUBDIVISION THEREOF OTHER THAN THE MONEYS AND PROPERTY SPECIFICALLY PLEDGED TO THE PAYMENT OF THE BONDS, AND NO OWNER OF ANY BOND SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO PAY THE SAME OR THE INTEREST THEREON. THE ISSUER HAS NO TAXING POWER. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA OR ANY AGENCY THEREOF OR GNMA, FANNIE MAE OR FREDDIE MAC AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA.**

**Section 2.04. Authentication.** No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Indenture unless and until a certificate of authentication on such Bond shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer or signatory of the Trustee, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds issued hereunder.

**Section 2.05. Form of Bonds.** The GSE Program Bonds issued under this Indenture shall be substantially in the form set forth in Exhibit A, with such variations, omissions and insertions as are permitted or required by this Indenture. The GSE Market Bonds issued under this Indenture shall be in the form approved by Bond Counsel on or before the Release Date.

**Section 2.06. Delivery of GSE Program Bonds and GSE Market Bonds.**

(a) Upon the execution and delivery of this Indenture, the Agency shall execute and deliver to the Trustee and the Trustee shall authenticate the GSE Program Bonds and deliver them in accordance with the provisions of the Placement Agreement subject to receipt of items (i), (ii), (iii), (v), (vi), (vii) and (viii) in paragraph (b) below. On or prior to the delivery date of the GSE Market Bonds, the Trustee shall receive items (b)(iv), (v), (vi), (vii) and (viii). The GSE Market Bonds shall be authenticated and delivered to the original purchasers thereof as directed by the Agency as hereinafter in this Section provided.

(b) Prior to the authentication and delivery by the Trustee of any of the GSE Market Bonds on the Issuance Date there shall be filed or deposited with the Trustee:

(i) A copy, duly certified by the Secretary of the Agency of the Resolution authorizing the issuance of the Bonds and the execution and delivery of this Indenture, an executed counterpart of this Indenture;

(ii) A request and authorization to the Trustee on behalf of the Agency and signed by the Chairman or Vice Chairman of the Board of Commissioners or other authorized officer of the Agency to authenticate and deliver the Bonds to the original purchasers therein identified upon payment to the Trustee, but for the account of the Agency, of a sum specified in such request and authorization. The proceeds of such payment shall be paid over to the Trustee and deposited in the various funds and accounts specified in, and pursuant to, Articles II and V hereof;

(iii) An opinion of Bond Counsel to the effect that the Bonds have been validly issued by the Agency;

(iv) An opinion of Bond Counsel that, subject to customary limitations, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes,

(v) An opinion of Bond Counsel that the Indenture creates a valid pledge and assignment of the Trust Estate;

(vi) Evidence that the Bonds have been rated “Aaa” by the Rating Agency;

(vii) Executed counterpart of the Continuing Disclosure Agreement dated the Issuance Date, by the Agency pursuant to Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 (the “Continuing Disclosure Agreement”); and

(viii) Any other documents, certificates or opinions which the Trustee may reasonably request.

Upon receipt of these documents, the Trustee shall authenticate and deliver the Bonds to or upon the order of the purchasers thereof but only upon payment to the Trustee of the purchase price of the Bonds, together with accrued interest thereon, if any.

**Section 2.07. Mutilated, Lost, Stolen or Destroyed Bonds.** In the event any Bond is mutilated, lost, stolen or destroyed, the Agency may execute and the Trustee may authenticate a new Bond of like series, date, maturity and denomination as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Agency, and, in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Agency and the Trustee evidence of such loss, theft or destruction satisfactory to the Agency and the Trustee, together with any indemnity satisfactory to them. Further, in the case of a past due or a matured, lost, stolen or destroyed Bond, the Trustee shall pay the face amount of such past due or matured Bond upon delivery to the Agency and the Trustee of evidence of such loss, theft or destruction satisfactory to the Trustee and the Agency

together with any indemnity satisfactory to them. The Agency and the Trustee may charge the registered owner of such Bond their reasonable fees, expenses, any tax or other governmental charge required to be paid in this connection.

**Section 2.08. Registration and Exchange of Bonds; Persons Treated as Owners.**

(a) The Agency shall cause books for the registration and for the transfer of the Bonds as provided in this Indenture to be kept by the Trustee which is hereby constituted and appointed the bond registrar of the Agency. At reasonable times and under reasonable regulations established by the Trustee, said list may be inspected and copied by the Agency.

(b) Upon surrender for transfer of any Bond at such office, the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of authorized denomination of the same series and maturity for the aggregate principal amount which the registered owner is entitled to receive. Bonds to be exchanged shall be surrendered at the principal corporate trust office of the Trustee and the Trustee shall authenticate and deliver in exchange therefor the Bond or Bonds which the Bondholder making the exchange shall be entitled to receive. All Bonds delivered in exchange shall be so dated that neither gain nor loss in interest shall result from the transfer or exchange.

(c) All Bonds presented for transfer, exchange, registration, discharge from registration, redemption or payment (if so required by the Agency or the Trustee) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Trustee, duly executed by the registered owner or by his duly authorized attorney.

(d) Neither the Agency nor the Trustee shall be required (i) to transfer or exchange Bonds for a period of fifteen (15) calendar days next preceding an Interest Payment Date on the Bonds or a period of fifteen (15) calendar days next preceding any selection of Bonds to be redeemed or thereafter until after the first mailing of any notice of redemption or (ii) to transfer or exchange any Bonds previously called for redemption.

(e) New Bonds delivered upon any transfer or exchange shall be valid obligations of the Agency, evidencing the same debt as the Bonds surrendered, shall be secured by this Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

(f) The person in whose name any registered Bond is registered may be deemed the registered owner thereof by the Agency and the Trustee, and any notice to the contrary shall not be binding upon the Agency or the Trustee.

**Section 2.09. Destruction of Bonds.** Whenever any outstanding Bond shall be delivered to the Trustee for cancellation pursuant to this Indenture, upon payment of the principal amount or interest represented thereby or for replacement pursuant to Section 2.07 hereof or transfer or exchange pursuant to Section 2.08 hereof, such Bond shall be canceled and

destroyed by the Trustee and counterparts of a certificate of destruction evidencing such destruction shall be furnished by the Trustee to the Agency.

#### **Section 2.10. Application of Bond Proceeds.**

(a) GSE Program Bonds: On December 23, 2009, the Settlement Date of the GSE Program Bonds, the net proceeds of the sale of the GSE Program Bonds (\$119,852,500) together with the previously deposited Shortfall Amount shall be deposited with the Trustee and credited to the GSE Escrow Fund. On the Release Date applicable to all or a portion of the Pre-Conversion Bonds, the Pre-Conversion Bonds undergoing Conversion shall be deemed reissued and dated as of the Release Date. On the Release Date, the net proceeds of the Pre-Conversion Bonds undergoing Conversion together with the applicable Shortfall Amount allocable to such Pre-Conversion Bonds undergoing Conversion shall be transferred from the GSE Escrow Fund to the Acquisition Account of the Program Fund. Investment earnings will be applied on the Release Date to pay interest on the GSE Program Bonds in accordance with the Appendix.

(b) GSE Market Bonds: On the Issuance Date of the GSE Market Bonds, the net proceeds of the sale of the GSE Market Bonds shall be deposited with the Trustee and credited to the Acquisition Account of the Program Fund.

**Section 2.11. Nonpresentment of Bonds.** In the event any Bond shall not be presented for payment when the principal or payment amount thereof becomes due, either at the stated maturity or otherwise or at the date fixed for redemption thereof, if money sufficient to pay such Bond shall have been deposited with the Trustee, all liability of the Agency to the owner thereof for the payment of such Bond shall forthwith cease, terminate, and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such money, without liability for interest thereon to the Agency, any Bondholder, or any other Person for the benefit of the owner of such Bond who shall thereafter be restricted exclusively to such money, for any claim of whatever nature on his or her part under this Indenture or on, or with respect to, said Bond.

Any money so deposited with and held by the Trustee not so applied to the payment of Bonds shall be applied in accordance with the unclaimed property laws of the State.

#### **Section 2.12. Book Entry Only System.**

(a) The Bonds of each series shall be initially issued in the form of a single certificated fully registered bond and shall be held by the Trustee on behalf of the purchaser thereof in physical form. The Bonds of each series shall be numbered consecutively from R-1 and upwards and may be in typewritten form. The Bonds initially shall be registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as nominee of DTC.

(b) With respect to Bonds registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, the Agency, the Trustee, the

Bond Registrar, and the Paying Agent shall have no responsibility or obligation to any DTC Participant or to any Person on behalf of which a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the Agency, the Paying Agent, and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other Person, other than a Bondholder, as shown in the registration books kept by the Trustee, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other Person, other than a Bondholder, as shown in the registration books kept by the Trustee, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The Agency, the Paying Agent, and the Trustee shall treat and consider the Person in whose name each Bond is registered in the registration books kept by the Trustee as the holder and absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Bondholders, as shown in the registration books kept by the Trustee, or their respective attorneys duly authorized in writing, as provided in Section 2.02, and all such payments shall be valid and effective to fully satisfy and discharge the Agency's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No Person other than a Bondholder, as shown in the registration books kept by the Trustee, shall receive a certificated Bond evidencing the obligation of the Agency to make payments of principal, premium, if any, and interest pursuant to this Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the word Cede & Co. in this Indenture shall refer to such new nominee of DTC.

(c) (i) DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the Agency and the Trustee and discharging its responsibilities with respect thereto under applicable law.

(ii) The Agency, according to the procedures of DTC and with the express written consent of each GSE with respect to the GSE Program Bonds, may terminate the services of DTC with respect to the Bonds if the Agency determines that:

(A) DTC is unable to discharge its responsibilities with respect to the Bonds, or

(B) a continuation of the requirements that the Bonds be registered in the registration books kept by the Trustee in the name of Cede & Co., or any other nominee of DTC, is not in the best interest of the beneficial owners of the Bonds.

(iii) Upon the termination of the services of DTC with respect to the Bonds pursuant to subsection 2.12(c)(ii)(B), or upon the discontinuance or termination of the services of DTC with respect to the Bonds pursuant to subsection 2.12(c)(i) or subsection 2.12(c)(ii)(A) after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the Agency, is willing and able to undertake such functions upon reasonable and customary terms, the Agency is obligated to deliver certificated Bonds at the expense of the beneficial owners of the Bonds, as described in this Indenture, and the Bonds shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede & Co. as nominee of DTC, but may be registered in whatever name or names Bondholders transferring or exchanging Bonds shall designate, in accordance with the provisions of this Indenture. Upon discontinuance, for any reason, of DTC's services with respect to the Bonds, DTC shall be responsible for providing a list of the DTC Participants (and a contact at each) to the Trustee in order that the DTC Participants may provide the Trustee with a list of the beneficial owners in order that the beneficial owner may receive a certificated Bond or notice of the substitute securities depository willing to undertake the functions of DTC as provided in this Indenture.

(d) Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bond, and premium, if any, on such Bond and all notices with respect to such Bond shall be made and given, in the manner agreed to with DTC.

[End of Article II]

### **ARTICLE III REDEMPTION OF BONDS**

**Section 3.01. Privilege of Redemption and Redemption Price.** Bonds subject to redemption prior to maturity shall be redeemable, upon notice as provided in this Article, except as otherwise provided for in the Appendix:

(a) Redemption of GSE Program Bonds: Prior to the Release Date, the GSE Program Bonds are subject to redemption in accordance with the provisions of the Appendix. On and after the Release Date, the GSE Program Bonds are subject to redemption in accordance with the provisions of the Appendix and the Permanent Rate Term Sheet.

(b) Redemption of GSE Market Bonds: The GSE Market Bonds shall be subject to redemption in accordance with the provisions of Permanent Rate Term Sheet pursuant to the provisions of a Supplemental Indenture, if necessary, to reflect the details of such redemption.

**Section 3.02. Redemption of GSE Program Bonds following Release Date from Pro Rata Principal Payments and Prepayments.** Notwithstanding anything to the contrary in this Indenture as amended or supplemented, the GSE Program Bonds shall be subject to mandatory redemption on any redemption date from not less than a pro rata share of all principal payments and repayments in accordance with the Permanent Term Sheet and the Appendix.

**Section 3.03. Selection of GSE Market Bonds or Portions of GSE Market Bonds To Be Redeemed.** Subject to satisfying requirements of Section 3.02 with respect to the GSE Program Bonds, the GSE Market Bonds shall be redeemed in accordance with the Permanent Rate Term Sheet.

#### **Section 3.04. Notice of Redemption; Notice of Payment.**

(a) Notice of Redemption of the Bonds shall be given as directed herein and the Appendix. When the Trustee shall receive notice from the Agency of its election or direction to redeem Bonds, the Trustee, in accordance with the provisions of this Indenture and the Permanent Rate Term Sheet, shall select the Bonds to be redeemed and shall give notice (which notice may be conditioned upon the occurrence of certain events on or prior to the redemption date, and, in such case, such redemption notice shall clearly state that such call for redemption is conditional), in the name of the Agency, of the redemption of Bonds, which notice shall specify the following: (1) the maturities of the Bonds to be redeemed, (2) the CUSIP number, if any, of the Bonds to be redeemed, (3) the date of such notice, (4) the issuance date for such Bonds, (5) the interest rate of the Bonds to be redeemed, (6) the redemption date, (7) the place or places where amounts due upon such redemption will be payable, (8) if less than all of the Bonds of a maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, (9) in the case of a registered Bond to be redeemed in part only, the portion of the principal amount thereof to be redeemed, (10) the redemption price,



(11) the Trustee's name and address with a contact person and a phone number, and (12) that on the redemption date there shall become due and payable upon each Bond to be redeemed the amount of the principal and redemption premium, if any, thereon (or of the specified portion of the principal and redemption premium, if any, thereon in the case of a Bond to be redeemed in part only), together with interest accrued to the redemption date, and that from and after the redemption date interest thereon shall cease to accrue and be payable.

(b) The Trustee shall mail a copy of such notice, by first class mail, postage prepaid (certified mail, return receipt requested or overnight courier with respect to Owners in an aggregate principal amount of at least \$1,000,000), not less than 10 days and not more than 45 days before such redemption date, to the Owners of any Bonds, all or a portion of which are to be redeemed, at the last address, if any, appearing upon the registration books maintained by the Bond Registrar; provided, however, that while the Bonds are registered in the name of DTC, or its nominee, all notices of redemption shall be mailed to DTC and the Trustee shall request that DTC cause such notice to be further disseminated to DTC Participants for further dissemination to Beneficial Owners. Failure to give such notice by mail to any Bondholder, or any defect therein, shall not affect the validity of any proceedings for the redemption of the Bonds.

The Trustee also shall mail a copy of such notice by registered or certified mail or overnight delivery service for receipt not less than 10 days before such redemption date to the following to the extent the following are still operating municipal bond call services: The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Attention: Call Notification; Kenny Information Systems, 65 Broadway, 16<sup>th</sup> Floor, New York, New York 10006; Financial Information, Inc., Attention: Called Bond Service Edition, 30 Montgomery Street, Jersey City, New Jersey 07302; Standard & Poor's Called Bond Record, 55 Water Street, New York, New York 10041; and Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007, Attention: Call Bonds Section. The Trustee also shall submit notice of such redemption at the times set forth in this paragraph to the Municipal Securities Rulemaking Board (the "**MSRB**") through its EMMA website in such form as shall be required by the MSRB. The mailing or submission of notices as provided in this paragraph shall not be a condition precedent to such redemption and failure so to mail or submit any such notice shall not affect the validity of any proceedings for the redemption of Bonds.

The Trustee shall mail a second notice of redemption in the manner and form described in paragraph (a) above, to any Owner who has not delivered Bonds for redemption within 60 days after the redemption date.

Any notice mailed as provided in this Section 3.04 shall be conclusively presumed to have been given upon mailing, whether or not the Owner thereof or such other intended recipient receives such notice.

**Section 3.05. Payment of Redeemed Bonds.** Notice having been given in the manner provided in Section 3.04 hereof, the Bonds or portion thereof so called for redemption shall become due and payable on the redemption date so designated at the redemption price, plus

interest accrued and unpaid, if any, to the redemption date, and upon presentation and surrender thereof at the offices specified in such notice, together with, in the case of Bonds presented by other than the registered Owner, a written instrument of transfer duly executed by the registered Owner or his duly authorized attorney; provided, however, that so long as the Bonds are registered in the name of DTC, payment for such redeemed Bonds shall be made in accordance with the procedures of DTC. If there shall be called for redemption less than all of a Bond, the Agency shall execute and deliver, upon the surrender of such Bond, without charge to the Owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, Bonds in authorized denominations. If, on the redemption date, moneys for the redemption of all the Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

**Section 3.06. Cancellation.** All Bonds which have been redeemed, paid or retired or received by the Trustee for exchange shall not be reissued but shall be canceled and destroyed by the Trustee.

[End of Article III]

## **ARTICLE IV GENERAL COVENANTS**

### **Section 4.01. Payment of Principal and Interest.**

(a) The Agency covenants that it will promptly pay the principal of and interest on every Bond issued under this Indenture at the place, on the dates and in the manner provided herein and in said Bonds according to the true intent and meaning thereof, provided that the principal and interest with respect to the Bonds are payable by the Agency solely from the Trust Estate.

(b) The Agency further covenants that, except with respect to the Agency Contribution, at no time that the Bonds are outstanding will it commingle any of its moneys (from whatever source) with the Trust Estate.

**Section 4.02. Performance of Covenants; Authority.** The Agency covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto. The Agency covenants that it is duly authorized under the Constitution and laws of the State, including particularly the Act, to issue the Bonds authorized hereby and to execute this Indenture, to execute and deliver the Origination Agreements and the Servicing Agreement, to purchase, or cause to be purchased the Securities, to pledge the amounts hereby pledged in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken, and that the Bonds in the hands of the registered owners thereof are and will be valid and enforceable, limited and special obligations of the Agency according to the terms thereof and hereof.

**Section 4.03. Instruments of Further Assurance.** The Agency agrees that the Trustee may defend its rights to the payments and other amounts due under the Certificates, for the benefit of the registered owners of the Bonds, against the claims and demands of all persons whomsoever. The Agency covenants that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such bond indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, pledging, assigning and confirming unto the Trustee all and singular the rights assigned hereby and the amounts pledged hereby to the payment of the principal of and interest on the Bonds and the Agency hereby agrees that it will refrain from taking any action which would impair any such payment.

**Section 4.04. Recording and Filing.** The Agency and the Trustee will cause all documents related to this Indenture and all supplements hereto and such other documents as may be, in the opinion of counsel acceptable to the Trustee (which opinion shall be a Program Expense), necessary to be kept and filed in such manner and in such places as may be required

by law in order to preserve and protect fully the security of the registered owners of the Bonds and the rights of the Trustee hereunder.

**Section 4.05. The Servicing Agreement.** The Servicing Agreement set forth the covenants and obligations of the Servicers with respect to the Certificates and reference is hereby made to the Servicing Agreement for a detailed statement of said covenants and obligations of the Servicers thereunder. The Agency agrees that the Trustee in its name or (to the extent required by law) in the name of the Agency may enforce all rights of the Agency and all obligations of the Servicers under and pursuant to the Servicing Agreement, for and on behalf of the Bondholders whether or not the Agency is in default hereunder.

**Section 4.06. Books and Accounts.**

(a) The Agency and the Trustee covenant and agree that all books and documents in their possession relating to the Certificates and the Bonds and to the distribution of proceeds thereof shall at all times during regular business hours after reasonable notice be open to inspection by such accountants or other agencies as the other party may from time to time designate. The Agency directs the Trustee to comply with, and the Trustee shall not be required to make such records available except in compliance with, the Public Records Law of the State, being Chapter 1 of Title 44 of the Louisiana Revised Statutes of 1950, as amended, La. R.S. 44:1-42, inclusive (the “Public Records Law”) in connection with the Bonds. The Agency agrees to timely provide to the Trustee upon written request, written instructions regarding compliance with the Public Records Law.

(b) The Agency (or the Trustee on its behalf) shall keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all its transactions relating to the Program and all funds and accounts established by or pursuant to this Indenture.

(c) On a monthly basis, the Trustee shall prepare and file with the Agency and quarterly with any beneficial owner of the Bonds who so requests and provides the Trustee with evidence satisfactory to the Trustee of such holder’s beneficial ownership of the Bonds, at such holder’s own expense, a report setting forth: (i) amounts withdrawn from and deposited in each Fund; (ii) the balance on deposit in each Fund as of the date for which such report is prepared; (iii) a brief description of all obligations held as investments in each Fund; and (iv) the amount applied to the payment or redemption of Bonds.

**Section 4.07. List of Bondholders.** The Trustee or other bond registrar appointed pursuant to this Indenture will keep on file a list of names and addresses of the owners of all Bonds as shown on the registration books of the Agency maintained by the Trustee or other bond registrar.

#### **Section 4.08 Certificates.**

(a) The Certificates acquired by, or transferred to, the Trustee on behalf of the Agency shall be held by the Trustee in trust for the benefit of the owners of the Bonds and shall be held in book entry form as described in this subsection. A Certificate will be issued in book entry form through the book entry system of the Federal Reserve System, pursuant to which the Certificate shall have been registered on the books of the appropriate Branch of the Federal Reserve Bank in the name of the Trustee or a depository acting on its behalf (in either case, acting as a “participant” as defined in CFR§357.2, as made applicable to 24 CFR Part 81); and if held by a depository, the Trustee shall have received confirmation in writing that the Depository is holding such Certificate on behalf of, and has identified such Certificate on its records as belonging to, the Trustee. If the Trustee does not receive a payment or advice of payment on a GNMA Security when due by the close of business on the 20th day of any month (or the next Business Day if the 20th day is not a Business Day), the Trustee shall notify, and demand payment from JP Morgan Chase Bank, as paying agent for GNMA. If the Trustee does not receive payment or advice of payment with respect to a Fannie Mae Security or Freddie Mac Security when due by the close of business on the 25th day of any month (or the next Business Day if the 25th day is not a Business Day), the Trustee shall demand payment from Fannie Mae or Freddie Mac, as applicable, in connection with the guaranty of timely payments of principal and interest by Fannie Mae or Freddie Mac.

(b) Notwithstanding anything to the contrary contained herein, the Agency and the Trustee hereby agree that the Fannie Mae Securities and Freddie Mac Securities shall not be sold or transferred except as provided in the Pool Purchase Contract or Freddie Mac Purchase Agreement, as applicable, and that this Section 4.08(b) shall only be amended, modified, or supplemented with the consent of Fannie Mae and Freddie Mac.

(c) The Agency and the Trustee hereby acknowledge that a Fannie Mae Prospectus Supplement may not be prepared or available as to the Fannie Mae Securities.

(d) There shall be no sale, assignment, transfer, or other disposition of any of the Certificates unless the Rating Agency has been notified.

**Section 4.09. Enforcement of Certificates.** Subject to the provisions of Article IX hereof, the Trustee shall diligently enforce and take all reasonable steps, actions, and proceedings necessary for the enforcement of all terms, covenants, and conditions of all Certificates. The Agency and the Trustee shall at all times, to the extent permitted by law, defend, enforce, preserve, and protect the rights and privileges of the Trustee and of the Bondholders under or with respect to the Certificates.

**Section 4.10. Covenants to Maintain Tax Exempt Status of GSE Market Bonds and GSE Program Bonds after Applicable Release Date.**

(a) Agency covenants not to commit or fail to commit any act within the control of the Agency that would alter the status or character of the Bonds or, following the Release Date, the interest to be paid in respect of the Bonds for purposes of federal taxation. After the Release Date, the Agency shall at all times use its best efforts to do and perform all acts and things permitted by law and this Indenture which are necessary or desirable in order to assure that interest paid on the Bonds shall not be includable in gross income for federal income tax purposes, and the Trustee shall cooperate with the Agency to such end.

(b) In particular, the Agency covenants as follows with respect to the Bonds following the Release Date: (i) that the Agency will attempt in good faith to meet all mortgagor eligibility requirements imposed by section 143 of the Code (see Article II of the Agreement) with respect to all of the First Mortgage Loans, before the mortgages are executed, by placing restrictions in the Agreement that permit the financing of First Mortgage Loans only in accordance with such requirements and by establishing reasonable procedures to ensure compliance with such requirements, including reasonable investigations by the Agency or its agents to determine that the First Mortgage Loans satisfy such requirements; (ii) that the Agency will use all due diligence to assure that all the lendable proceeds of the Bonds that are devoted to owner financing under the Program shall be devoted to residences as to which, at the time the mortgages are executed or assumed, all such mortgagor eligibility requirements are met; and (iii) that the Agency shall correct any and all failures to meet such mortgagor eligibility requirements within a reasonable time after such failure is discovered by, for example, causing the nonqualifying First Mortgage Loan to be called or to be replaced with a First Mortgage Loan meeting such requirements.

(c) The Agency represents and covenants that the issuance of the Bonds as of the Release Date in the initial aggregate principal amount specified in this Indenture does not exceed the limitations imposed by section 146 of the Code and applicable regulations thereunder.

(d) The Agency represents and covenants that it will file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Release Date is determined, an information statement concerning the Bonds, all under and in accordance with section 149(e) of the Code and applicable regulations thereunder, and that it will file or cause to be filed such additional information reports as may be required by the Code and applicable regulations thereunder.

(e) The Agency represents and covenants that the applicable elected representative of the State(after a public hearing following reasonable public notice) approved the issuance of the Bonds, all under and in accordance with section 147(f) of the Code and applicable regulations thereunder.

(f) The Agency represents and covenants as of the Release Date that no portion of the proceeds of the Bonds will be invested (directly or indirectly) in federally insured accounts except as provided in the Tax Agreement.

(g) The Agency certifies as of the Release Date that based upon all facts and estimates now known or reasonably expected to be in existence on the Release Date, the Agency reasonably expects that neither the proceeds of the Bonds nor any other money will be used in a manner that would cause the Bonds to be arbitrage bonds under sections 143(g) and 148 of the Code, and the applicable regulations. Moreover, the Agency covenants that, as of the Release Date, it shall make such use of the proceeds of the Bonds, regulate investments of proceeds of the Bonds, and take such other and further action as may be required so that the Bonds shall not be arbitrage bonds under sections 143(g) and 148 of the Code and the regulations prescribed from time to time thereunder.

(h) In particular, the Agency represents, covenants, and agrees that no mortgagor (nor any “related person” to a mortgagor as defined in section 144(a)(3) of the Code, or any comparable provisions thereto) shall, pursuant to an arrangement, formal or informal, purchase or be required to purchase Bonds in an amount related to the amount of First Mortgage Loans to be acquired under the Program from such mortgagor. In particular, but not by way of limitation, the Agency represents, covenants, and agrees that to the extent necessary, if any, the Agency will establish or continue a program for making additional loans for the same general purposes specified in the Program so as to ensure compliance with the covenants of the immediately preceding sentence.

(i) The Agency represents and covenants that it has attempted in good faith by taking all reasonable steps to ensure that the Bonds comply with the requirements of sections 143, 146, 147, 148, and 149 of the Code and applicable regulations thereunder as of the Release Date. The Agency covenants that: (i) the effective rate of interest on the First Mortgage Loans as determined in accordance with section 143(g) of the Code, shall not exceed the yield on the Bonds (as described in the Tax Agreement) by more than 1.125%; and (ii) all amounts to be rebated to the United States in accordance with sections 143(g) and 148 of the Code shall be paid to the United States in accordance with the Tax Agreement.

**Section 4.11. Program Covenants.** The Agency shall from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act, the Program, this Indenture, and all other applicable laws and regulations, use and apply the amounts available hereunder to acquire Certificates as provided in this Indenture; shall to the extent practicable do all such acts and things necessary to provide revenues sufficient to pay when due the principal of and interest on the Bonds; and shall take all steps, actions, and proceedings reasonably necessary in the judgment of the Agency to enforce the terms, covenants, and conditions of the Certificates and the Agreement.

**Section 4.12. Notices to Rating Agency.** The Trustee shall notify the Rating Agency of any substitution of the Servicer, the Program Administrator, or the Trustee; redemption of the Bonds in whole; defeasance of the Bonds; or amendments to this Indenture or the Agreement. The Trustee shall provide the Rating Agency with any information that it may reasonably request in connection with the Bonds.

At the written request of the Rating Agency, the Trustee shall provide to the Rating Agency a listing of the amounts then on deposit in each of the funds and accounts created hereunder and a statement of the then Outstanding principal amount of the Bonds.

[End of Article IV]



## **ARTICLE V REVENUES AND FUNDS**

### **Section 5.01.** Establishment of Funds and Accounts.

(a) The Agency hereby establishes and creates the following funds and accounts with respect to the Bonds as special trust funds:

- (i) Revenue Fund;
- (ii) Program Fund, including
  - (A) Costs of Issuance Account,
  - (B) Acquisition Account, and
  - (C) Administrative Account
- (iii) Bond Fund, including
  - (A) Principal Account,
  - (B) Interest Account,
  - (C) Redemption Account, including
    - (1) GSE Program Subaccount, and
    - (2) GSE Market Subaccount,
- (iv) Reserve Fund;
- (v) Rebate Fund; and
- (vi) GSE Escrow Fund

(b) All of said funds and accounts shall be held by the Trustee. All moneys or securities deposited with the Trustee pursuant to this Indenture shall be held in trust and applied in accordance with the provisions hereof.

### **Section 5.02. Program Fund, Acquisition Account**

The Trustee shall deposit moneys in the Acquisition Account as provided in Section 2.10 hereof. The Trustee shall withdraw moneys from the Acquisition Account to pay the Security Purchase Price of Securities, from time to time, provided however, that the accrued interest portion of the Security Acquisition Price of each Security shall be paid from amounts on deposit in the Reserve Fund. The Trustee shall transfer moneys to the appropriate Subaccount of the Redemption Account for the redemption of Bonds pursuant to Section 3.02 and as specified in the Permanent Rate Term Sheet.

The Trustee is hereby directed to invest the moneys in the Acquisition Account in the Program Fund Investment Agreement. If the Program Fund Investment Agreement terminates with respect to the amounts on deposit in the Acquisition Account prior to the date on which Securities are to be purchased, the Trustee, at the direction of the Agency, shall invest such moneys in other Investment Securities at a yield sufficient to enable the Agency to deliver a cash flow certificate based upon the same assumptions and scenarios that were provided the Rating Agency as of the Release Date, which cash flow certificate reflects that, after giving effect to the proposed investment, (1) the assets of the Program will be equal to or greater than the liabilities of the Program and (2) sufficient revenue will be generated in all periods to meet expenses and debt service requirements on the Bonds. If the Trustee is unable to make such an investment, the Trustee shall purchase any Securities then available for purchase at such time and apply the balance of such moneys to redeem Bonds pursuant to Permanent Rate Term Sheet. The Trustee shall notify the Rating Agency of any such investment or purchase.

The Trustee shall not disburse any amounts on deposit under this Indenture to purchase a Security unless the requirements of the Permanent Rate Term Sheet have been satisfied and each of the following conditions has been satisfied:

(A) The par amount of the principal portion of the Security Acquisition Price shall be equal to the aggregate of the principal components of the First Mortgage Loans in the Pool represented by such Security.

(B) The Security shall mature not later than the date specified in the Permanent Rate Term Sheet (or a later date with the approval of the Rating Agency) and the interest rate borne by the Security is equal to the applicable Pass-Through Rate.

(C) With respect to each Security (A) either the Trustee, or its custodial agent has actual physical possession of the Security and such Security is registered in the name of the Trustee, as trustee under this Indenture or its nominee or (B) the GNMA Security shall be credited to the account of the Trustee, as trustee under this Indenture or its nominee, at a clearing corporation, as defined under and pursuant to the Uniform Commercial Code applicable to the clearing corporation, and the clearing corporation is registered as a clearing agency under the Securities Exchange Act of 1934, or (C) a combination of (A) and (B), so that at all times the Trustee has a priority perfected security interest in such GNMA Security or (D) the Fannie Mae Security or Freddie Mac Security acquired by the Trustee shall be held at all times by the Trustee in trust for the benefit of the Bondholders and shall be held in book-entry form through the book-entry system of the Federal Reserve System, pursuant to which the Fannie Mae Security or Freddie Mac Security shall have been registered on the books of the Federal Reserve Bank in the name of the Trustee (acting as a “depository” within the meaning of 24 C.F.R. Section 81.44(b)), the Trustee shall have received confirmation in writing

that the depository is holding such Fannie Mae Security or Freddie Mac Security on behalf of, and has identified such Fannie Mae Security or Freddie Mac Security on its records as belonging to the Trustee and if the Trustee does not receive payment, or advice from the depository of payment, with respect to a Fannie Mae Security or Freddie Mac Security when due by the close of business on the twenty-fifth day of any month (or the next Business Day if the twenty-fifth is not a Business Day), the Trustee shall be entitled to demand payment from Fannie Mae or Freddie Mac, as applicable, in connection with its guaranty of timely payments of principal and interest.

(D) The Trustee shall determine that immediately following such purchase, the sum of (A) the aggregate principal amount of all Securities outstanding (including the Securities to be purchased on the date of calculation) together with accrued interest thereon and (B) the amounts on deposit in all Funds or Accounts hereunder (other than the Cost of Issuance Account, the GSE Escrow Fund and the Rebate Fund) including interest earnings thereon, shall equal or exceed the principal amount of Bonds Outstanding other than the GSE Program Bonds secured by the GSE Escrow Fund.

(E) Sufficient amounts are available in the Acquisition Account of the Program Account to pay the principal portion of the Security Acquisition Price. The Trustee shall, not later than the date required under the Program Fund Investment Agreement, notify the Investment Agreement Provider of the amount to be withdrawn from the Acquisition Account of the Program Fund and the Reserve Fund, as applicable, to be applied toward payment of the Security Acquisition Price on the date of purchase thereof.

**Section 5.03. Agency Deposits.** On or prior to the date the GSE Program Bonds are authenticated and the proceeds thereof deposited to the GSE Escrow Fund, the Trustee shall deposit \$159,650 into the Costs of Issuance Account from amounts made available by the Agency. In addition, the Agency will deposit the Shortfall Amount \$147,500 into the GSE Escrow Fund. On or prior to the Release Date, the Trustee shall deposit an amount into the Costs of Issuance Account as made available by the Agency to pay for the costs associated with the Release Rate, the Conversion Date and the issuance costs of the GSE Market Bond. Amounts in the Costs of Issuance Account shall be disbursed, on the written direction of the Agency, to pay the Costs of Issuance upon receipt by the Trustee of a requisition, signed by an authorized representative of the Agency, identifying generally the nature and amount of such Costs of Issuance.

**Section 5.04. Administration Account.** Subject to satisfying the requirements of Section 5.1(f) of the Appendix, amounts on deposit in the Administrative Account within the Program Fund shall, at the written direction of the Agency, be disbursed to pay Program Expenses when due.

#### **Section 5.05. Revenue Fund.**

(a) The Agency will cause all Pledged Revenues derived from the GNMA Securities including payments from GNMA pursuant to the GNMA Guaranty Agreement, to be deposited with the Trustee on or before (a) the fifteenth day of each month with respect to the GNMA Securities issued with respect to the GNMA I Program and (b) the third Business Day following the twentieth day of each month with respect to GNMA Securities issued under the GNMA II Program. The Agency will cause all Pledged Revenues derived from Fannie Mae Securities and Freddie Mac Securities, including payments from Fannie Mae or Freddie Mac pursuant to their respective guarantees thereof, to be deposited with the Trustee on or before the twenty-fifth day of each month. The Agency shall cause each Servicer to designate to the Trustee whether such moneys are derived from regularly scheduled principal payments, Prepayments, interest on First Mortgage Loans or other moneys with respect to the Certificates no later than three Business Days prior to the date of such payment.

Investment earnings (net of losses) on each Fund and Account established pursuant to this Indenture (other than the Rebate Fund and the GSE Escrow Fund) shall be credited to the Revenue Fund.

(b) Amounts on deposit in the Revenue Fund shall be transferred by the Trustee in the following amounts, on the following dates and in the following order of priority:

(i) On the Business Day that is 35 days preceding each Interest Payment Date or date of redemption of all or a portion of the Bonds (other than the Bonds secured by the GSE Escrow Fund prior to the Release Date), there shall be transferred (by ledger entry) into the Interest Account of the Bond Fund an amount sufficient, together with money on deposit therein, to pay the interest on the Bonds due on such Interest Payment Date or date of redemption of all or a portion of the Bonds;

(ii) On the Business Day that is 35 days preceding each Interest Payment Date, an amount sufficient to pay the principal on the Bonds (other than the Bonds secured by the GSE Escrow Fund prior to the Release Date) maturing or subject to sinking fund redemption on such Interest Payment Date shall be transferred to the Principal Account of the Bond Fund to pay the principal on such Bonds due on such Interest Payment Date;

(iii) At the direction of the Agency, (i) to the Rebate Fund, if and to the extent required by the Rebate Analyst and (ii) on the first Business Day of each month, to the Administrative Account of the Program Fund, one-sixth of the Trustee's Fee due and payable on the next subsequent Interest Payment Date;

(iv) On the Business Day that is 35 days preceding each Interest Payment Date, after providing for the payments required by (i) through (iii)

above, the Trustee shall transfer (by ledger entry) into the Administrative Account of the Program Fund the amount necessary to pay the Agency's Fee and the Program Administrator's Fee due and payable on such Interest Payment Date to the extent sufficient funds are not already on deposit therein; and

(c) On the Business Day that is 35 days preceding each Interest Payment Date, the balance, if any, for such Interest Payment Date shall be transferred (by ledger entry) on a Proportionate Basis to the GSE Program Subaccount and GSE Market Account of the Redemption Account.

(d) In the event of any deficiency in the amount required to pay principal of or interest on the Bonds on any Interest Payment Date, the Trustee shall withdraw funds on deposit in the following funds in the following order of priority: first, the Reserve Fund, then the Administrative Account of the Program Fund and then each Subaccount of the Redemption Account on a Proportionate Basis but only if no notice of redemption has been given pursuant to Section 3.04 hereof.

(e) All payments received on the Certificates, subsequent to discharge of this Indenture, and all moneys held hereunder on such date of discharge shall be paid to the Agency subject to any liens thereon by the applicable Servicer.

#### **Section 5.06. Bond Fund.**

(a) On each Interest Payment Date, the Trustee shall apply the funds in the Principal Account and the Interest Account of the Bond Fund to pay the principal of and interest due on the Bonds (other than the GSE Program Bonds secured by the GSE Escrow Fund prior to the Release Date) on such Interest Payment Date.

(b) Amounts on deposit in the GSE Program Subaccount of the Redemption Account shall be applied to the redemption or purchase of Bonds that are subject to redemption or purchase pursuant to Article III hereof and the Appendix hereof.

(c) Amounts of deposit in the GSE Market Subaccount of the Redemption Account shall be applied to the redemption or purchase of GSE Market Bonds pursuant to Article III hereof and the Appendix hereof.

(d) If on any Interest Payment Date the amount on deposit in the Principal Account or the Interest Account of the Bond Fund shall be less than the amount required to pay debt service on the Bonds on that date, the Trustee shall satisfy any such deficiency with a withdrawal from, first, the Reserve Fund and, second, (to the extent that notice of redemption has not been sent pursuant to Section 3.04 hereof) each Subaccount of the Redemption Account on a proportionate basis.

**Section 5.07. Reserve Fund.** On the Issuance Date of the GSE Market Bonds, the Trustee shall deposit an amount made available to the Trustee in accordance with the Permanent Rate Term Sheet as required by the Rating Agency. Amounts on deposit in the Reserve Fund will be expended to pay regularly scheduled principal of and interest on the Bonds on any

Interest Payment Date or redemption date on which there are insufficient moneys on deposit in the Interest Account, the Principal Account and the Revenue Fund and to pay the accrued interest portion of the Security Acquisition Price. On the date of purchase of each Security, a portion of such amount on deposit in the Reserve Fund equal to the accrued interest component of such Security shall be immediately withdrawn from the Reserve Fund and paid to the Servicer as accrued interest. Amounts on deposit in the Reserve Fund shall also be used to cure any cash deficiencies in the GSE Escrow Fund

#### **Section 5.08. Rebate Fund.**

(a) Amounts on deposit in the Rebate Fund shall not be subject to the pledge of this Indenture.

(b) The Trustee shall (i) make information regarding the Bonds and investments hereunder available to the Rebate Analyst at the request of such Rebate Analyst or the Agency prior to the end of each Bond Year determined as of the Release Date, (ii) make deposits and disbursements from the Rebate Fund in accordance with the directions received from the Rebate Analyst and (iii) invest moneys in the Rebate Fund pursuant to directions of the Agency.

(c) If a deposit to the Rebate Fund is required as a result of the computations made annually as of the end of each Bond Year by the Rebate Analyst and upon receipt of notice thereof from the Rebate Analyst, the Trustee shall transfer such amount calculated by the Rebate Analyst for deposit in the Rebate Fund from the Revenue Fund as the Agency shall direct. If moneys on deposit in the Revenue Fund are insufficient to cause such deposit, the Agency shall pay the Trustee such amounts as are necessary to make such deposit. Records of the actions required to be taken by the Trustee by this Section 5.10 must be retained by the Trustee until six years after the last Bond is no longer Outstanding.

(d) Not later than 30 days after the end of the fifth Bond Year and every fifth Bond Year thereafter, the Trustee shall, at the written direction of the Agency, pay to the United States of America at least 90% of the amount specified in writing by the Rebate Analyst required to be on deposit in the Rebate Fund as of such payment date and 100% of the investment earnings with respect to amounts on deposit in the Rebate Fund as of such payment date. Not later than 60 days after the final retirement of the Bonds, the Trustee shall pay to the United States of America 100% of the balance remaining in the Rebate Fund. Each payment required to be paid to the United States of America pursuant to this Section 5.10 shall be filed with the Internal Revenue Service Center, Ogden, Utah 84201. Each payment shall be accompanied by a copy provided by the Agency of the Form 8038 originally filed with respect to the Bonds and a statement prepared by the Rebate Analyst and provided by the Agency to the Trustee summarizing the determination of the amount to be paid to the United States of America.

(e) Notwithstanding the foregoing, subsequent to the end of the fifth Bond Year, the Agency may direct the Trustee to withdraw any amounts on deposit in the

Rebate Fund and transfer such amounts to the Agency free and clear of the lien of this Indenture upon receipt of (i) a report from the Rebate Analyst evidencing that no rebate obligation is then due and payable, and (ii) an opinion of Bond Counsel to the effect that such withdrawal will not adversely impact the exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes.

**Section 5.09. GSE Escrow Fund.** Proceeds of the GSE Program Bonds deposited to the GSE Escrow Fund shall be held therein and invested in Permitted Escrow Investments until the Release Date in accordance with the Appendix and shall be exclusively pledged to such GSE Program Bonds. On the Release Date, the Trustee shall transfer amounts from the GSE Escrow Fund other than investment earnings to be used to pay interest on the GSE Program Bonds to the Acquisition Account in amounts specified in the Permanent Rate Term Sheet

**Section 5.10. Creation of Additional Accounts and Subaccounts.** The Trustee may establish within any fund such accounts in addition to the accounts herein established as the Trustee shall deem appropriate and shall in like manner establish within any account such additional subaccounts for the purposes of such account.

**Section 5.11. Certain Verifications.** The Agency or the Trustee from time to time may cause a financial consulting firm, independent certified public accountants or other entity acceptable to the Agency and the Trustee to supply the Agency with such information as the Agency or the Trustee may request in order to determine in a manner reasonably satisfactory to the Agency or the Trustee, as the case may be, all matters relating to (a) the sufficiency of projected cash flow receipts and disbursements on the Certificates and other funds on deposit to pay the principal of and interest on the Bonds and (b) the actuarial yields on the First Mortgage Loans and on the Bonds as the same may relate to any data or conclusions necessary to verify that the Bonds are not arbitrage bonds within the meaning of Section 148 or 143(g) of the Code. Payment for costs and expenses incurred in connection with supplying the foregoing information shall be paid by the Agency.

**Section 5.12. Trustee's Maintenance of Records on Payment of Bonds.** In connection with the payment, redemption or purchase of all Bonds under the provisions of this Indenture, the Trustee shall keep accurate records of the source of the moneys used to pay, redeem or purchase such Bonds (whether derived from any balance remaining in any Fund or Account under this Indenture or otherwise).

**Section 5.13. Transfer of Moneys to Redemption Fund.** Whenever amounts held in the Revenue Fund, the Interest Account of the Bond Fund, the Principal Account of the Bond Fund and the Redemption Fund, valuing all Investment Securities held in such funds (other than the Certificates) as provided in Section 6.01 hereof, are sufficient to redeem 100% of the principal amount of all Outstanding Bonds, plus accrued interest, if any, on the earliest practicable date for which notice of redemption may still be given pursuant to Section 3.04 hereof and to pay the Trustee's Fee, all such amounts may be transferred to the appropriate Subaccount of the Redemption Account and all such Investment Securities may be liquidated to the extent necessary to provide moneys sufficient for such redemption. The Trustee shall not give notice of such redemption, however, until all amounts necessary for such redemption shall

have been transferred to the appropriate Subaccount of the Redemption Account and all Investment Securities shall have been liquidated to the extent necessary to provide moneys sufficient for such redemption.

**Section 5.14. Amounts Remaining in Funds and Accounts.** Any amounts remaining in any fund or account and any revenues derived from the Certificates after full payment of the Bonds, the fees, charges and expenses of the Trustee, the Servicer and the GSEs and its counsel as provided herein, and all other amounts required to be paid hereunder and, after compliance with the provisions of Section 5.10 hereof regarding moneys in the Rebate Fund, shall be paid to the Agency to be used by the Agency for housing purposes or any proper public purpose.

[End of Article V]



## ARTICLE VI INVESTMENT OF MONEYS

**Section 6.01. Investment of Funds or Accounts Held by the Trustee.** The Trustee hereby is directed to enter into the Investment Agreements specified in the Permanent Rate Term Sheet and to make deposits under the Investment Agreements as provided therein. All amounts credited from time to time to the Revenue Fund and the Bond Fund shall be invested pursuant to the Float Fund Investment Agreement and all amounts credited from time to time to the Acquisition Account of the Program Fund and the Reserve Fund shall be invested pursuant to the Program Fund Investment Agreement. If not invested in the Investment Agreements, any moneys held as part of any Fund or Account created under this Indenture shall be invested or reinvested, from time to time, by the Trustee in Investment Securities selected by the Agency having a maturity (at the date of acquisition) that does not exceed, the date on which such funds will be required hereunder. Notwithstanding the foregoing and prior to the Release Date, funds deposited to the GSE Escrow Fund shall only be invested in Permitted Escrow Investments. The investments so made shall be held by the Trustee and shall be deemed at all times to be a part of the Fund or Account in which such moneys were held; provided that for the purpose of investment, moneys held in any of the Funds and Accounts established hereunder may be commingled. Earnings on investments (net of losses) of moneys in all Funds and Accounts established hereunder (except the Rebate Fund and the GSE Escrow Fund) shall be credited to the Revenue Fund. Any losses on investments shall be charged against the particular Fund from which such investment was made. The Trustee is directed to sell and reduce to cash a sufficient amount of such investment in a timely manner whenever the cash balance in any Fund shall be insufficient to cover a proper disbursement therefrom. Moneys shall be invested in Investment Securities at the oral or written direction of the Agency and, if oral, immediately confirmed in writing. The Trustee may make any and all investments through its bond or investment department or the bond or investment department of any bank or trust company controlling, controlled by or under common control with the Trustee.

For the purpose of determining the amount in any Fund or Account, all Investment Securities (other than the Investment Agreements) credited to such Fund or Account shall be valued at the lesser of (a) the average of the bid and asked prices most recently published prior to the date of determination for those Investment Securities, the bid and asked prices of which are published on a regular basis in *The Wall Street Journal*, or, if not there, in *The New York Times*; or (b) the average bid price as of the date of determination by any two nationally recognized government securities dealers selected by the Trustee for those Investment Securities the bid and asked prices of which are not published on a regular basis as set forth in subsection (a) above; or (c) par value (plus, prior to the first payment of interest following purchase, the amount of any accrued interest paid as part of the purchase price) for Investment Securities which are certificates of deposit and bankers acceptances; or (d) for all other Investment Securities the lesser of cost or market value (exclusive of accrued interest paid as part of the purchase price after the first payment of interest following purchase); provided, however, that any repurchase agreements or investment agreements shall be valued, respectively, at the unpaid repurchase price or principal balance collectible pursuant thereto.

**Section 6.02. Liability of the Trustee for Investments.** The Trustee shall not be liable or responsible for the making of any investment at the direction of the Agency authorized by the provisions of this Article or the Tax Agreement of the Agency executed in connection with the issuance of the Bonds, in the manner provided in this Article or such Tax Agreement, or for any loss resulting from any such investment so made.

**Section 6.03. Limitation on Trustee's Responsibilities Respecting Arbitrage.** Notwithstanding any provision of this Indenture to the contrary, unless otherwise agreed in a separate agreement, the Trustee shall not be liable or responsible for any calculation or determination which may be required in connection with the Bonds for the purposes of complying with Sections 143 and 148 of the Code or any applicable Treasury Regulations, including, without limitation, the calculation of the amount of rebate payable under the provisions of said Sections 143 and 148 of the Code and the applicable Treasury Regulations, the maximum amount which may be invested in "nonpurpose obligations" as defined in the Code and the fair market value of any investments made hereunder. The sole obligation of the Trustee with respect to this Article VI shall be to invest the moneys received by the Trustee in Investment Securities pursuant to the instructions of the Agency in accordance with the provisions of Section 6.01 hereof, to make the deposits to and withdrawals from the Rebate Fund pursuant to the directions of the Rebate Analyst in accordance with the provisions of Section 5.10 hereof and to deliver to the United States of America the funds and certificates specified in written directions furnished to the Trustee pursuant to Section 5.10 hereof.

[End of Article VI]

## **ARTICLE VII DISCHARGE OF INDENTURE**

### **Section 7.01. Discharge of Indenture.**

(a) If the Agency shall pay or cause to be paid, or there shall be otherwise paid or provision for payment made, to or for the registered owners of the Bonds principal of and interest due or to become due thereon at the times and in the manner stipulated therein, and shall pay or cause to be paid to the Trustee all sums of moneys due or to become due according to the provisions hereof including any and all Program Expenses, then these presents and the Trust Estate and rights hereby granted shall cease, determine and be void, whereupon the Trustee shall cancel and discharge the lien of this Indenture, and execute and deliver to the Agency such instruments in writing as shall be requisite to cancel and discharge the lien hereof, and release, assign and deliver unto the Agency any and all the Trust Estate, right, title and interest in and to any and all rights assigned or pledged and a security interest granted to the Trustee or otherwise subject to the lien of this Indenture, except moneys or securities held by the Trustee for the payment of the principal of and interest on the Bonds and except moneys or securities in the Rebate Fund required to be paid to the United States of America.

(b) Notwithstanding the foregoing, the Trustee shall not release any of the Trust Estate pledged hereunder unless and until it has received written verification from a certified public accounting firm acceptable to the Rating Agency that the deposit described in Section 7.02 is sufficient to pay all amounts required under subsection (a) above.

### **Section 7.02. Deposit With Trustee.**

(a) Any Bond shall be deemed to be paid within the meaning of this Article when payment of the principal of such Bond, plus interest thereon to the maturity date or, at the sole discretion of the Agency, an earlier redemption date thereof (including sinking fund redemption dates), either (i) shall have been made or caused to have been made in accordance with the terms thereof, or (ii) shall have been provided by irrevocably depositing with the Trustee, in trust and irrevocably setting aside exclusively for such payment, (A) moneys sufficient to make such payment, (B) fixed rate, noncallable, non-pass-through Government Obligations, maturing as to principal and interest in such amount and at such times as will ensure the availability of sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the Trustee pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee or (c) a combination of money and such Government Obligations shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or

entitled to the benefits of this Indenture, except for the purposes of any such payment from such moneys or Government Obligations.

(b) Notwithstanding the foregoing, in the case of Bonds which by their terms may be redeemed prior to their stated maturity, no deposit under the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until the Agency shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions:

(i) stating the date when the principal of each such Bond is to be paid, whether at maturity or on a redemption date (which shall be any redemption date permitted by this Indenture);

(ii) to instruct the Trustee to call for redemption pursuant to this Indenture any Bonds to be redeemed prior to maturity pursuant to (a)(i) above; and

(iii) to instruct the Trustee to mail, as soon as practicable, in the manner prescribed by Article III hereof, a notice to the registered owners of such Bonds that the deposit required by (a)(ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Article and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, on said Bonds.

Any moneys so deposited with the Trustee as provided in this Article may at the direction of the Agency also be invested and reinvested in Government Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Government Obligations in the hands of the Trustee pursuant to this Article which is not required for the payment of the Bonds and interest thereon with respect to which such moneys shall have been so deposited, shall be deposited in the Revenue Fund as and when realized and collected for use and application as are other moneys deposited in that fund.

(c) No such deposit under this Article shall be made or accepted hereunder and no use made of any such deposit unless the Trustee and the Rating Agency shall have received an opinion of counsel of recognized standing, in each case acceptable to the Rating Agency, on the subject of (i) municipal bonds and federal arbitrage regulations to the effect that (A) such deposit and use would not cause the Bonds to be treated as arbitrage bonds within the meaning of the Code and (B) the Bonds have been defeased in accordance with this Section 7.02 and (ii) federal bankruptcy matters to the effect that such deposit would not constitute a voidable “preference” within the meaning of the United States Bankruptcy Code unless the Rating Agency shall not require such opinion.

(d) Notwithstanding any provision of any other Article of this Indenture which may be contrary to the provisions of this Article, all moneys or Government Obligations set aside and held in trust pursuant to the provisions of this Article for the payment of Bonds (including interest thereon) shall be applied to and used solely for the

payment of the particular Bonds (including interest thereon) with respect to which such moneys or Government Obligations have been so set aside in trust.

(e) Anything in Article X hereof to the contrary notwithstanding, if moneys or Government Obligations have been deposited or set aside with the Trustee pursuant to this Article for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment to the provisions of this Article shall be made without the consent of the owner of each Bond affected thereby.

[End of Article VII]

## **ARTICLE VIII DEFAULT AND REMEDIES**

**Section 8.01. Defaults; Events of Default.** If any of the following events occur, subject to the provisions of Section 8.10 hereof, it is hereby defined as and declared to be and to constitute an “event of default”:

- (a) Default by the Agency in the due and punctual payment of any interest on any Bond;
- (b) Default by the Agency in the due and punctual payment of the principal of any Senior Bond, whether at the stated maturity thereof or when called for redemption; or
- (c) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Agency contained in this Indenture or in the Bonds, and failure to remedy the same after notice thereof pursuant to Section 8.10 hereof.

**Section 8.02. Remedies; Rights of Bondholders.**

- (a) Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the Bonds, including enforcement of any rights of the Agency under the Servicing Agreement; provided, that, the Trustee shall not accelerate payment of principal and interest on the Bonds upon a default described in Section 8.01(c) except upon approval of the owners of 100% in principal amount of the Outstanding Bonds.
- (b) If an Event of Default shall have occurred and, if requested so to do by the owners of not less than a majority in aggregate principal amount of the Outstanding Bonds and, if indemnified as provided in Section 9.01(m), the Trustee shall exercise such of the rights and powers conferred by this Section as the Bondholders making such request shall direct.
- (c) During the continuation of an Event of Default, the Trustee may, and upon the written request of the owners of 100% in aggregate principal amount of the Outstanding Bonds and if indemnified as provided in Section 9.01(m) shall, declare the principal of all Outstanding Bonds and interest accrued thereon immediately due and payable, and the same shall thereupon become and be due and payable and interest shall no longer accrue thereon. Notwithstanding the foregoing, no such declaration shall be made following an Event of Default described in Section 8.01(c) unless at the time of such declaration, the Trustee holds sufficient funds to pay all principal or redemption price of and interest on all Outstanding Bonds plus any fees and expenses that will be due and owing upon such declaration.

(d) No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to 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 any other remedy given to the Trustee or to the Bondholders hereunder or now or hereafter existing at law or in equity or by statute.

(e) No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein; and every such right and power may be exercised from time to time as often as may be deemed in the best interest of the Bondholders.

(f) No waiver of any default or Event of Default hereunder, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

**Section 8.03. Right of Bondholders To Direct Proceedings.** Anything in this Indenture to the contrary notwithstanding, the registered owners of a majority in aggregate principal amount of Bonds Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

**Section 8.04. Appointment of Receivers.** Upon the occurrence of an event of default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate and of the revenues, issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

**Section 8.05. Application of Moneys.**

(a) Except for moneys deposited to the GSE Escrow Fund which shall be used solely and exclusively to pay debt service on the GSE Program Bonds secured by the GSE Escrow Fund prior to the Release Date, all moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article or by virtue of action taken under provisions of the Certificates or the Servicing Agreement shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees of, and the expenses, liabilities and advances incurred or made by, the Trustee, be deposited in the Revenue Fund (other than moneys held for redemption of Bonds duly called for redemption) shall be applied as follows:

(i) Such money shall first be applied to the payment of the costs and expenses of the proceedings resulting in the collection of such money and of the

fees of, and the expenses, liabilities, and advances incurred or made by, the Trustee (including all accrued and unpaid Trustee Fees and the fees and expenses of its attorneys).

(ii) Unless the principal on the Bonds shall have become due and payable, all such moneys shall be applied:

FIRST - To the payment to the Persons entitled thereto of all interest then due on the Bonds in the order of the maturity of such interest and, if the amount available shall not be sufficient to pay in full said amount, then to the payment ratably, according to the amounts due to the Persons entitled thereto, without any discrimination or privilege;

SECOND - To the payment to the Persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than the Bonds or portions thereof matured or called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest on such Bonds from the respective dates upon which they became due at the rate borne by such Bonds and, if the amount available shall not be sufficient to pay in full the Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto without any discrimination or privilege; and

THIRD - To be held for the payment to the Persons entitled thereto as the same shall become due of the principal of and interest on the Bonds which may thereafter become due either at maturity or upon call for redemption prior to maturity and, if the amount available shall not be sufficient to pay in full the Bonds due on any particular date, together with interest then due and owing thereon, payment shall be made ratably according to the amount of principal due on such date to the Persons entitled thereto without any discrimination or privilege.

(iii) If the principal of all the Bonds shall have become due, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or privilege.

(b) Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the



date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal of the Bonds to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

(c) Whenever all principal of and interest on all Bonds have been paid under the provisions of this Section and all expenses and charges of the Trustee and any paying agent have been paid, any balance remaining in any Fund or Account shall be paid to the Agency as provided in Article V hereof.

**Section 8.06. Remedies Vested in Trustee.** All rights of action (including the right to file proof of claims) under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding related thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as the Trustee without the necessity of joining as plaintiffs or defendants any owner of the Bonds, and any recovery of judgment shall be for the equal and ratable benefit of the registered owners of the outstanding Bonds.

**Section 8.07. Rights and Remedies of Bondholders.** No registered owner of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless (1) a default has occurred of which the Trustee has been notified as provided in Section 9.01(i) hereof, or of which by said subsection it is deemed to have notice, (2) such default shall have become an event of default and the registered owners of not less than a majority of the aggregate principal amount of the Bonds Outstanding shall have made written notice to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in their own name or names, (3) they have offered to the Trustee indemnity as provided in Section 9.01(m) hereof, and (4) the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more registered owners of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by its, his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal and ratable benefit of the owners of all Bonds then Outstanding. However, nothing contained in this Indenture shall affect or impair the right of any Bondholders to enforce the payment of the principal of and interest on any Bond at and after the maturity thereof, or the obligation of the Agency to pay the principal of and interest on each of the Bonds issued

hereunder to the respective owners thereof at the time, place, from the source and in the manner in the Bonds expressed.

**Section 8.08. Termination of Proceedings.** In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Agency, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, with regard to the property herein subject to this Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

**Section 8.09. Waivers of Events of Default.** The Trustee may, at its discretion, waive any event of default which has been remedied and its consequences and shall waive any other event of default only upon the written request of the owners of (1) more than 66-2/3% of the aggregate principal amount of the Bonds Outstanding in respect of which default in the payment of principal or interest, or both, exists, or (2) more than 50% of the aggregate principal amount of the Bonds Outstanding in the case of any other default; provided, however, that there shall not be waived (a) any event of default in the payment of the principal of any outstanding Bonds at maturity or on any redemption date or (b) any default in the payment when due of the interest on any Bonds unless, prior to such waiver or rescission, all arrears of interest or all arrears of payments of principal when due, as the case may be, with interest on overdue principal at the rate borne by the Bonds, and all expenses of the Trustee in connection with such default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceedings taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Agency, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

**Section 8.10. Notice of Defaults Under Section 8.01(c); Opportunity of Agency To Cure Such Defaults.** Anything herein to the contrary notwithstanding, no default under Section 8.01(c) hereof shall constitute an event of default until actual notice of such default by first-class mail (postage prepaid) shall be given to the Agency by the Trustee or by the owners of not less than a majority of the aggregate principal amount of the Bonds Outstanding and the Agency shall have had 60 days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period; provided, however, if said default be such that it cannot be corrected within the applicable period, it shall not constitute an event of default if corrective action is instituted by the Agency within the applicable period and diligently pursued until the default is corrected.

[End of Article VIII]

## **ARTICLE IX TRUSTEE**

**Section 9.01. Acceptance of the Trusts.** The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee agrees to accept the Certificates delivered in accordance with the terms of this Indenture.

(b) The Trustee, prior to the occurrence of an event of default and after the curing of all events of default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an event of default has occurred (which has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified below, and shall be entitled to advice of counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof, but the Trustee shall have no responsibility for the conduct of its agents to the extent selected by the Trustee with reasonable care. The Trustee may act upon the opinion or advice of any attorneys (who may be the attorney or attorneys for the Agency or the Servicers) approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or nonaction in good faith in reliance upon such opinion or advice.

(d) The Trustee shall not be responsible for any recital herein, or in the Bonds, or for the validity of the execution by the Agency of this Indenture or of any supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder (including, particularly, the Investment Agreements, the terms of which were approved by the Agency) or intended to be secured hereby. Except as otherwise provided in Section 8.02 hereof, the Trustee shall have no obligation to perform any of the duties of the Agency under the Servicing Agreement or hereunder.

(e) The Trustee shall not be accountable for the use of the proceeds of any Bonds authenticated or delivered hereunder. The Trustee may become the registered owner of Bonds secured hereby with the same rights which it would have if not the Trustee.

(f) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be

genuine and correct and to have been signed or sent by the proper Person or Persons. The Trustee shall not withhold unreasonably its consent, approval or action to any reasonable request of the Agency. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any Person who at the time of making such request or giving such authority or consent is the owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(g) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed by an authorized officer of the Agency or any Servicer as sufficient evidence of the facts therein contained and prior to the occurrence of a default of which the Trustee has been notified as provided in subsection (i) of this Section, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may, at its discretion, secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the Chairman or Vice Chairman of the Board of Commissioners of the Agency or the Secretary under its seal to the effect that a resolution in the form therein set forth has been adopted by the Agency as conclusive evidence that such resolution has been duly adopted, and is in full force and effect.

(h) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct.

(i) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure by the Agency to cause to be made any of the payments to the Trustee required to be made by Article IV hereof or the failure of the Agency to file with the Trustee any document required by this Indenture to be so filed subsequent to the issuance of the Bonds, unless the Trustee shall be specifically notified in writing of such default by the Agency or by the registered owners of at least 25% of the principal amount of Bonds Outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the principal corporate trust office of the Trustee, and, in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid.

(j) At any and all reasonable times, the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect any and all of the property herein conveyed, including all books, papers and records of the Agency pertaining to the revenues and receipts under the Second Mortgage Loans, the Certificates and the Bonds, and to take such memoranda from and in regard thereto as may be desired.

(k) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(l) Notwithstanding anything elsewhere in this Indenture contained, in respect of the authentication of any Bonds, the withdrawal of any cash, or any action whatsoever within the purview of this Indenture, the Trustee shall have the right, but shall not be required, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the Agency to the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(m) Before taking any action under this Indenture, the Trustee may require that a satisfactory indemnity be furnished for the reimbursement of all expenses to which the Trustee may be put and to protect the Trustee against all liability, except liability which is adjudicated to have resulted from its negligence or willful default by reason of any action so taken.

(n) All moneys received by the Trustee or any paying agent shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law. Neither the Trustee nor any paying agent shall be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

(o) The Trustee shall supply the Rating Agency with any periodic information available to the Trustee that the Rating Agency reasonably requests.

**Section 9.02. Trustee Fees.** Subject to the terms of any contract with the Trustee and to the extent permitted by law, the Agency shall pay or cause to be paid to the Trustee from time to time, solely from the money available in the Administrative Account of the Program Fund, the Trustee's Fee. The Agency further agrees, to the extent permitted by law and limited by Section 12.10 hereof, to indemnify and save the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers, functions, and duties under this Indenture, which are not due to its own negligence or willful misconduct. The removal or resignation of the Trustee pursuant this Indenture shall be without prejudice to the rights of the Trustee under this Section 9.02 to be indemnified by the Agency, subject to the express limitations of Section 12.10 hereof, and to charge and be reimbursed by the Agency for expenditures theretofore incurred herewith.

**Section 9.03. Notice to Bondholders if Default Occurs.** If a default occurs of which the Trustee is by Section 9.01(i) hereof required to take notice or if notice of default be given as in Section 9.01(f) hereof provided, then the Trustee shall promptly give written notice thereof by registered or certified mail to the owners of all Bonds then outstanding, shown by the list of Bondholders required by Section 4.07 hereof to be kept at the office of the Trustee.

**Section 9.04. Intervention by Trustee.** In any judicial proceeding concerning the issuance or the payment of the Bonds to which the Agency is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of owners of the Bonds, the Trustee may intervene on behalf of Bondholders and shall do so if requested in writing by the

owners of at least 25% of the aggregate principal amount of Bonds Outstanding and if indemnified as provided in Section 9.01(m) hereof.

**Section 9.05. Successor Trustee.** Subject to the requirements of Article IV of the Appendix, any corporation, association, bank or trust company into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto shall be and become successor the Trustee hereunder and vested with all of the title to the Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

**Section 9.06. Resignation by Trustee.** Subject to the requirements of Article IV of the Appendix, the Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving 30 days' written notice by registered or certified mail to the Agency and by first-class mail (postage prepaid) to the registered owner of each Bond and such resignation shall take effect upon the appointment of a successor Trustee, as hereinafter provided and acceptance of such appointment by each successor by the Bondholders or by the Agency.

**Section 9.07. Removal of Trustee.** Subject to the requirements of Article IV of the Appendix, the Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Trustee and to the Agency and signed by the owners of a majority of the aggregate principal amount of Bonds Outstanding; provided, such removal shall only take effect upon the appointment of a successor Trustee, as hereinafter provided and acceptance of such appointment by the Agency.

**Section 9.08. Appointment of Successor Trustee by the Bondholders; Temporary Trustee.** Subject to the requirements of Article IV of the Appendix, in case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the owners of a majority in aggregate principal amount of the Bonds Outstanding, by an instrument or concurrent instruments in writing signed by such registered owners, or by their attorneys in fact, duly authorized and a copy of which shall be delivered personally or sent by registered mail to the Agency. Nevertheless, in case of such vacancy, the Agency by resolution and upon written notice to the Program Administrator, the Rating Agency and each Servicer may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondholders in the manner above provided; and any such temporary Trustee so appointed by the Agency shall immediately and without further act be superseded by the Trustee so appointed by such Bondholders. If a successor Trustee does not take office within thirty (30) days after the retiring Trustee resigns, the retiring Trustee may petition any court of competent jurisdiction for the appointment of as successor Trustee. Notice of the appointment of a successor Trustee shall be given in the same manner as provided by Section 9.06 hereof with respect to the resignation of a Trustee. Every such Trustee appointed pursuant to the provisions

of this Section shall be a trust company or bank in good standing having a reported capital and surplus of not less than \$50,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

**Section 9.09. Concerning Any Successor Trustee.** Subject to the requirements of Article IV of the Appendix, every successor Trustee appointed hereunder shall deliver an opinion of counsel to the effect that it is permitted to invest any moneys hereunder in the same manner as such moneys were invested by the predecessor Trustee and execute, acknowledge and deliver to its or his predecessor and also to the Agency an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the written request of the Agency, or of its successor, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its or his successor. Should any instrument in writing from the Agency be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Agency. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be filed or recorded by the successor Trustee in each recording office where this Indenture shall have been filed or recorded.

**Section 9.10. Designation and Succession of Paying Agent/Registrar.**

(a) Subject to the requirements of Article IV of the Appendix, the Trustee is hereby appointed as paying agent/registrar hereunder. Any bank or trust company with or into which any paying agent/registrar may be merged or consolidated, or to which the assets and business of such paying agent may be sold, shall be deemed the successor of such paying agent/registrar for the purposes of this Indenture. If the position of paying agent/registrar shall become vacant for any reason, the Agency shall, within 30 days thereafter, appoint a bank or trust company located in the same city as such paying agent to fill such vacancy; provided, however, that if the Agency shall fail to appoint such paying agent or registrar within said period, the Trustee shall make such appointment. Other paying agents, fiscal agents or registrars may be appointed pursuant to Article X hereof by the Agency if in its discretion additional paying agents, fiscal agents or registrars are deemed advisable.

(b) The paying agents and registrars shall enjoy the same protective provisions in the performance of their duties hereunder as are specified in Section 9.01 hereof with respect to the Trustee insofar as such provisions may be applicable.

(c) Notice of the appointment of additional paying agents, fiscal agents or registrars shall be given in the same manner as provided by Section 9.08 hereof with respect to the appointment of a successor Trustee.

### **Section 9.11. Appointment of Co-Trustee.**

(a) It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that, in case of litigation under this Indenture, the Servicing Agreement, the Certificates and, in particular, in case of the enforcement thereof on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint, with the approval of the Agency, an additional individual or institution as a separate or Co-Trustee. The following provisions of this Section are adopted to these ends.

(b) In the event that the Trustee appoints an additional individual or institution as a separate or Co-Trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or Co-Trustee but only to the extent necessary to enable such separate or Co-Trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or Co-Trustee shall run to and be enforceable by either of them. Any fees payable to or reimbursement of expenses incurred by such separate or Co-Trustee shall be paid by the Agency.

(c) Should any instrument in writing from the Agency be required by the separate or Co-Trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Agency. In case any separate or Co-Trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate or Co-Trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new Trustee or successor to such separate or Co-Trustee.

**Section 9.12. Lien of Trustee on the Trust Estate.** To secure the payment of the Trustee's Fee, the Trustee shall have a lien on all money or property held or collected by the Trustee hereunder, excluding money on deposit or to be deposited to the Rebate Fund, the GSE Escrow Fund and excluding amounts held by the Trustee for the payment of particular Bonds to be redeemed. The Trustee's right to payment of its fees and expenses shall survive the Trustee's resignation or removal and final payment or defeasance of the Bonds. Notwithstanding any provision herein to the contrary, the lien of the Trustee on the Trust Estate for fees and expenses



shall be subordinate to the debt service on the Bonds except in the event of a default in the due and punctual payment of the principal of and interest on the Bonds.

[End of Article IX]

## **ARTICLE X SUPPLEMENTAL INDENTURES**

### **Section 10.01. Supplemental Indentures Not Requiring Consent of Bondholders.**

Subject to the requirements of Section 5.2 of the Appendix, the Agency and the Trustee may, without the consent or notice to the owners of the GSE Market Bonds, enter into an indenture or indentures supplemental to this Indenture as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Indenture so long as such cure does not adversely affect the security of the Bondholders;
- (b) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Bondholders or the Trustee, or to make any change which, in the judgment of the Trustee, is not to the prejudice of the Bondholders;
- (c) to make any changes which, in the judgment of the Trustee, is not materially adverse to the interest of the Bondholders;
- (d) to subject to this Indenture additional revenues, properties or collateral;
- (e) to modify, amend or supplement this Indenture or any bond indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States of America, and, if they so determine, to add to this Indenture or any bond indenture supplemental hereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute;
- (f) to evidence the appointment of a separate or Co-Trustee or the succession of a new Trustee or paying agent hereunder;
- (g) to make any modification required in order to obtain, achieve or maintain the rating on the Bonds;
- (h) as determined by Bond Counsel to be desirable in order to establish and preserve the excludability from gross income of interest on the Bonds from federal income taxation on and after the Release Date; or
- (i) to provide for the details of the Bonds on and after the Release Date.

## **Section 10.02. Supplemental Indentures Requiring Consent of Bondholders.**

(a) Subject to the requirements of Section 5.2 of the Appendix, exclusive of supplemental indentures covered by Section 10.01 hereof and subject to the terms and provisions contained in this Section, and not otherwise, the registered owners of not less than 66-2/3% of the aggregate principal amount of Bonds Outstanding shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the Agency and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing in this Section contained shall permit, or be construed as permitting, without the consent of the owners of all Bonds Outstanding, (a) an extension of the maturity or any redemption date of the principal of or the interest on any Bond issued hereunder, or (b) a reduction in the principal amount of any Bond or the rate of interest, or redemption requirements thereon, or (c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (d) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture, or (e) the creation of any lien other than a lien ratably securing all of the Bonds at any time outstanding hereunder or (f) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee (but such modification as provided in this subsection (f) shall not be made without the written consent of the Trustee). Copies of any such amendments or supplements shall be furnished to the Rating Agency.

(b) Subject to the requirements of Section 5.2 of the Appendix, if at any time the Agency shall request the Trustee to enter into any such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be mailed by registered or certified mail to each owner of a Bond as shown on the list of Bondholders required by Section 4.07 hereof. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal office of the Trustee for inspection by all Bondholders. If, within 60 days or such longer period as shall be prescribed by the Agency following such notice, the owners of not less than 66-2/3% of the aggregate principal amount of Bonds Outstanding at the time of the execution of any such supplemental bond indenture shall have consented to and approved the execution thereof as herein provided, no owner of any Bond shall have any right to object to any of the terms and provisions contained herein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Agency from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section

permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

[End of Article X]

**ARTICLE XI**  
**AMENDMENT OF SERVICING AGREEMENT**

**Section 11.01. Amendments, etc., to Servicing Agreement Not Requiring Consent of Bondholders.** The Agency and the Trustee shall, without the consent of or notice to the Bondholders, consent to any amendment, change or modification of the Servicing Agreement on and after the Release Date, as may be required (a) by the provisions of a Servicing Agreement or this Indenture, (b) for the purpose of curing any ambiguity or formal defect or omission, (c) so as to add additional Bondholder rights acquired in accordance with the provisions of a Servicing Agreement, or (d) in connection with any other change therein which, in the judgment of the Agency, is not to the prejudice of the Trustee or the owners of the Bonds.

**Section 11.02. Amendments, etc., to Servicing Agreement Requiring Consent of Bondholders.** Except for the amendments, changes or modifications as provided in Section 11.01 hereof, neither the Agency nor the Trustee shall consent to any other amendment, change or modification of a Servicing Agreement without the publication of notice and the written approval or consent of the owners of not less than 66-2/3% of the aggregate principal amount of Bonds Outstanding given and procured as in this Section provided. If at any time the Agency shall request the consent of the Trustee to any such proposed amendment, change or modification of a Servicing Agreement, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be published and mailed in the same manner as provided by Section 10.02 hereof with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file with the Trustee for inspection by all Bondholders. Nothing contained in this Section shall permit, or be construed as permitting, a reduction of the aggregate principal amount the owners of which are required to consent to any amendment, change or modification of a Servicing Agreement, or a reduction in, or a postponement of, the payments under the Certificates, without the consent of the owners of all of the Bonds Outstanding.

[End of Article XI]

## **ARTICLE XII MISCELLANEOUS**

**Section 12.01. Consents, etc., of Bondholders.** Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the Bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee and any paying agent with regard to any action taken by it under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by an affidavit of any witness to such execution.

(b) The fact of ownership of Bonds and the amount or amounts, numbers and other identification of Bonds, and the date of owning the same shall be proved by the registration books of the Agency maintained by the Trustee pursuant to Section 2.08 hereof.

**Section 12.02. Limitation of Rights.** With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any person or company other than the parties hereto, and the owners of the Bonds, any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions herein contained; this Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the owners of the Bonds as herein provided.

**Section 12.03. Severability.** If any provision of this Indenture shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

**Section 12.04. Notices.** Any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, or sent by telegram, addressed to the appropriate Notice Address, except that notice to the Trustee shall be effective only upon receipt by an officer of the Trustee responsible for the administration of trusts under this Indenture. The Agency, the Servicer, the Rating Agency, the Program Administrator and the Trustee may, by

notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

**Section 12.05. Payments Due on Sundays and Holidays.** In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bond shall not be a Business Day, then payment of interest or principal may be made on the succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption.

**Section 12.06. Counterparts.** This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 12.07. Applicable Provisions of Law.** This Indenture shall be governed by and construed in accordance with the laws of the State.

**Section 12.08. Captions.** The captions or headings in this Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Indenture.

**Section 12.09. No Discrimination.** The Trustee shall not discriminate in its employment practices against any employee or applicant for employment because of the applicants race, creed, religion, national origin, sex, age, or physical handicap. All subcontracts awarded under this Indenture shall contain a like provision.

**Section 12.10. Immunity of Trustees, Officers, and Agents of Agency.** No recourse shall be had for the enforcement of any obligation, covenant, promise or agreement of the Agency contained in this Indenture or in any Bond or for any claim based hereon or otherwise in respect of this Indenture or upon any obligation, covenant, promise or agreement of the Agency contained in any agreement, instrument or certificate executed in connection with the Program or the issuance and sale of the Bonds, against any member of the Board of Commissioners, its officers, counsel, or agents, as such, either in such persons individual or official capacity, past, present, or future, of the Agency or of any successor corporation, whether by virtue of any Constitutional provision, statute, or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that no personal liability whatsoever shall attach to, or be incurred by, any member of the Board of Commissioners, officers, counsel, or agents, as such, either in such persons individual or official capacity, past, present, or future, of the Agency or of any successor corporation, either directly or by reason of any of the obligations, covenants, promises or there from as being supplemental hereto or thereto, and that all personal liability of that character against every such director, officer, counsel, financial advisor, or agent, is, by the execution of the Bonds, the Servicing Agreement, and this Indenture, and as a condition of, and as part of the consideration for, the execution of the Bonds, the Servicing Agreement, and the Indenture, expressly waived and released.

[End of Article XII]

IN WITNESS WHEREOF, the Agency has caused this Indenture to be signed, sealed and attested and the Trustee has caused this Indenture to be signed, on their behalf by their duly authorized representatives, all on this \_\_\_\_ day of December, 2009, to be effective as of the date first hereinabove written.

LOUISIANA HOUSING FINANCE AGENCY

Attest:

By \_\_\_\_\_  
Vice Chairman

By \_\_\_\_\_  
Secretary

[SEAL]

HANCOCK BANK OF LOUISIANA.  
as Trustee

By: \_\_\_\_\_  
Name: Carliss Knesel  
Title: Vice President and Trust Officer



EXHIBIT A  
FORM OF BOND

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Agency or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge, or other use hereof for value or otherwise by or to any person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

As provided in the Indenture referred to herein, until the termination of the system of book entry only transfers through DTC, and notwithstanding any other provision of the Indenture to the contrary, this Bond may be transferred, in whole but not in part, only to a nominee of DTC, or by a nominee of DTC to DTC or a nominee of DTC, or by DTC or a nominee of DTC to any successor securities depository or any nominee thereof.

No. R-1

\$120,000,000

**UNITED STATES OF AMERICA  
STATE OF LOUISIANA  
LOUISIANA HOUSING FINANCE AGENCY  
GSE PROGRAM SINGLE FAMILY MORTGAGE REVENUE BONDS  
(MORTGAGE-BACKED SECURITIES PROGRAM)**

<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Dated Date</b>	<b>Settlement Date</b>	<b>CUSIP</b>
December 1, 2041	Pre-Conversion Date: <b>Short- Term Rate</b>  Permanent Rate: [TBD as of Release Date]	December 21, 2009	December 23, 2009	54627A GR2

Registered Owner: Cede & Co.

Trustee and Paying Agent: Hancock Bank of Louisiana

Principal Sum: One Hundred Twenty Million Dollars (\$120,000,000)

The LOUISIANA HOUSING FINANCE AGENCY (the "**Agency**") is a public body corporate and politic constituting a political subdivision and instrumentality of the State of Louisiana duly created and organized pursuant to and in accordance with the provisions of Chapter 3-A of Title 40 of the Louisiana Revised Statutes of 1950 (R.S. 40:600.1 through R.S. 40:600.24, inclusive), as amended (the "**Act**") and other applicable laws of the State of

Louisiana. All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the hereinafter defined Indenture.

The Agency for value received, promises to pay (i) until the Release Date with respect to the portion of this Bond constituting a Pre-Conversion Bond, but only from the income, revenue, and receipts derived from the net proceeds of GSE Program Bonds and the Shortfall Amount deposited to GSE Escrow Fund and invested in Permitted Escrow Investments and (ii) on and after the Release Date applicable to all or a portion of this Bond undergoing Conversion, but only from the income, revenue and receipts delivered from Pledged Revenues, and not otherwise, to the registered owner named above, or registered assigns, the principal sum (shown on the cover), on the maturity date specified above or prior redemption date, and to pay interest on said principal sum to the registered owner of this Bond issued under and pursuant to that certain Indenture of Trust dated as of December 1, 2009, including the “*Supplemental Indenture Appendix for Use with Single Family Escrow Bonds for the HFA Initiative New Issue Bond Program*” attached thereto (together, the “**Indenture**”) by and between the Agency and Hancock Bank of Louisiana, as trustee (the “**Trustee**”) from December 23, 2009 until the Agency’s obligation with respect to the payment of said principal sum shall be discharged. The interest on this Bond shall accrue (i) at the applicable Short-Term Rate as defined in the Indenture until the Conversion Date applicable to all or a portion of Pre-Conversion Bonds as defined in the Indenture and (ii) on and after the Conversion Date, at the Permanent Rate payable on the Interest Payment Date specified in the Indenture computed on the basis of a 360 day year consisting of twelve 30 day months. The principal and redemption price of this Bond are payable at the designated corporate trust office the Trustee. Payment of interest on this Bond shall be paid by check mailed to the registered owner hereof at his address as it appears on the registration books of the Agency maintained by the Trustee on the Record Date or at such other address as is furnished to the Trustee in writing by such owner, or upon request of a holder of at least \$1,000,000 aggregate principal amount of Bonds (at the expense of such holder), principal of or interest on the Bonds shall be paid by wire transfer in immediately available funds to an account designated by such holder if, except as provided in the Indenture, such holder shall have requested in writing payment by such method and shall have provided the Trustee with an account number and other necessary information for such purposes at least 15 days before the applicable Record Date. If the specified date for any payment hereon shall be a day other than a Business Day, then such payment shall be made on the next succeeding Business Day without additional interest and with the same force and effect as if made on the specified date for such payment. Payment of the principal of and interest on this Bond shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This Bond is authorized and issued under and in full compliance with the laws of the State, including particularly the Act, and pursuant to duly adopted resolutions of the Agency. This Bond in the Series designated on the cover page hereof is one of the Agency’s following designated Series:

\$120,000,000 GSE Program Single Family Revenue Bonds (Mortgage-Backed Securities Program) (the “**GSE Program Bonds**”)

GSE Market Single Family Revenue Bonds (Mortgage-Backed Securities Program) (the “**GSE Market Bonds**”) to be issued on each Release Date in a principal amount necessary to satisfy the Market Bond Ratio Requirement

Prior to their Release Date as defined in the Indenture, the GSE Program Bonds are secured solely and exclusively by proceeds and other amounts deposited to the GSE Escrow Fund and the Trust Estate. On and after the Release Date, the Converted Bonds are on a *pari passu* basis with the GSE Market Bonds and each series of GSE Market Bonds and Converted Bonds will have an equal first priority lien on the Trust Estate other than the GSE Escrow Fund. GSE Market Bonds and GSE Program Bonds undergoing Conversion, after the applicable Release Date, have no lien on or security interest in the GSE Escrow Fund.

The GSE Program Bonds and the GSE Market Bonds are issued under and are secured by and entitled to the protection and benefits of the Indenture. On and after a Release Date, the GSE Market Bonds and Converted Bonds will provide funds to finance the acquisition of fully modified mortgage backed securities guaranteed as to timely payment of principal and interest by GNMA, Freddie Mac and Fannie Mae, respectively (collectively, the “**Certificates**,”) which Certificates secure the payment of principal and interest on the Bonds and pursuant to the Indenture. The Certificates are secured by certain mortgage notes secured by mortgages given to evidence loans made to finance the acquisition of owner occupied residential real property owned by persons of low or moderate income in the jurisdiction of the Agency.

This Bond and the interest hereon shall be a limited and special obligation of the Agency, the principal of, premium (if any) and interest on which are payable solely from and secured by the Trust Estate as described in the Indenture all as described in and subject to limitations set forth in the Indenture. Reference is made to the Indenture for a description of the Trust Estate and for the provisions thereof with respect to the nature and extent of the security granted by the Agency to the Trustee thereunder, the rights, duties and obligations of the Agency and the Trustee, the rights of the registered Bondholders, the terms on which the Bonds are issued and secured, and the conditions upon which the Bonds will be deemed to be paid, at or prior to stated maturity or earlier redemption of the Bonds, upon the making of provision for the payment thereof in the manner set forth in the Indenture, to all of which provisions, and to all other provisions of the Indenture, the owner of this Bond by the acceptance of this Bond assents.

THE BONDS ARE PAYABLE SOLELY FROM THE MONEYS AND ASSETS OF THE ISSUER PLEDGED THEREFOR AND DO NOT CONSTITUTE A DEBT OR GENERAL OBLIGATION NOR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF BUT CONSTITUTE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE MONEYS AND PROPERTY SPECIFICALLY PLEDGED TO THE PAYMENT OF THE BONDS UNDER THIS INDENTURE, AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE SUBJECT TO PECUNIARY LIABILITY THEREON NOR SHALL ANY OF THE BONDS CONSTITUTE A CHARGE, LIEN OR ENCUMBRANCE UPON ANY PROPERTY OF THE ISSUER, THE STATE OR POLITICAL SUBDIVISION THEREOF OTHER THAN THE MONEYS AND PROPERTY SPECIFICALLY PLEDGED TO THE PAYMENT OF THE BONDS, AND NO OWNER OF ANY BOND SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO PAY THE SAME OR THE INTEREST THEREON. THE ISSUER HAS NO TAXING POWER. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA OR ANY AGENCY THEREOF OR GNMA, FANNIE MAE OR FREDDIE MAC AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA.

The Bonds are issuable only as fully registered Bonds. This Bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing at the designated office of the Trustee, but only in the manner, subject to the limitations, and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer, a new Bond or Bonds of the same series, stated maturity date and interest rate and of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the transferee in exchange therefor.

The Agency and the Trustee shall deem and treat the Person in whose name this Bond is registered in the registration books maintained by the Trustee as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and neither the Agency nor the Trustee shall be affected by any notice to the contrary.

The Agency and the Trustee shall not be required (a) to issue, register, transfer or exchange any Bonds during a period beginning at the opening of business on any date of selection of Bonds to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is given, (b) to register, transfer or exchange any Bonds selected, called or being called for redemption in whole or in part except, in the case of any Bond to be redeemed in part, that portion thereof not so to be redeemed, or (c) to register, transfer or exchange Bonds during the period from the opening of business on a Record Date to the close of business on the related Interest Payment Date.

The Bonds shall be subject to optional and mandatory redemption in accordance with the Indenture.

The registered owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in, or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. The Indenture prescribes the manner in which this Bond may be discharged.

The Indenture permits, with certain exceptions and consents as therein provided, the amendment thereof and the modification of the rights and obligations of the Agency and the rights of the registered owners of the Bonds at any time by the Agency with the consent or waiver of the owners of two thirds in aggregate principal amount of the Bonds Outstanding. Any such consent or waiver by the registered owners shall be binding upon all future registered owners of this Bond and of any Bond issued upon the transfer or exchange of this Bond whether or not notation of such consent or waiver is made upon this Bond. The Indenture also contains provisions permitting the Trustee to waive certain past Defaults under the Indenture and their consequences.

Neither the members, officers, agents, employees or representatives of the Agency nor any person executing this Bond shall be personally liable hereon or be subject to any personal liability by reason of the issuance hereof, whether by virtue of any liability by reason of the issuance hereof, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the execution of the Indenture and the issuance of this Bond.

The Agency hereby certifies, recites and declares that all acts, conditions and things required to exist, happen and be performed precedent to the execution and delivery of the Indenture and issuance of this Bond, do exist, have happened and have been performed in due time, form and manner as required by law and that the issuance of this Bond and the issue of Bonds of which it is a part, together with all other obligations of the Agency, do not exceed or violate any constitutional or statutory limitation applicable to the Agency.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been dated and signed by the Trustee.

IN WITNESS WHEREOF, the Agency has caused this Bond to be executed in its name by its Authorized Officer, all as of the Dated Date set forth above.

LOUISIANA HOUSING FINANCE  
AGENCY, as Issuer

By: \_\_\_\_\_  
Vice Chairman

ATTEST:

By: \_\_\_\_\_  
Secretary

[SEAL]

[Form of Trustee's Certificate of Authentication]

This Bond is one of the Bonds of the issue described in the within mentioned Indenture.

HANCOCK BANK OF LOUISIANA., as  
Trustee

By \_\_\_\_\_  
Authorized Officer

\_\_\_\_\_  
Date of Authentication

### LEGAL OPINION CERTIFICATE

I, the undersigned Secretary of the Louisiana Housing Finance Agency, do hereby certify that the opinions attached hereto are true copies of the complete legal opinion of Foley & Judell, L.L.P. and The Godfrey Firm, P.L.C., the originals of which were manually executed, dated and issued as of the date of payment for and delivery of this Bond.

I further certify that an executed copy of the legal opinion is on file in my office and that an executed copy of each opinion has been furnished to the Trustee for this Bond.

\_\_\_\_\_  
Secretary

## TRANSFER

FOR VALUE RECEIVED, the undersigned ("Transferor"), hereby sells, assigns, and transfers unto \_\_\_\_\_ ("Transferee") (Social Security or Federal Employer Identification No. \_\_\_\_\_) the within Bond and all right thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ as attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises; provided, however, that if any default with respect to the Bonds shall have occurred prior to the date of this transfer, the within Bond shall not be registered, and Transferee shall be entitled to receive payment with respect to the within Bond upon presentation thereof as assignee of Transferor.

Date: \_\_\_\_\_

Signature Guaranteed: \_\_\_\_\_

NOTICE: No transfer will be registered and no new Bond will be issued in the name of Transferee, unless the signature to this assignment corresponds with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever and the Social Security or Federal Employer Identification No. of Transferee is supplied.

NOTICE: Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements include membership or participation in STAMP or such other "signature guaranty program" as may be determined by the Trustee in addition to or in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT B

FORM OF PLACEMENT AGREEMENT



EXHIBIT C

SCHEDULE OF PASS-THROUGH RATES AND 2009  
SECURITY PURCHASE PRICES

EXHIBIT D

GSE SUPPLEMENTAL INDENTURE APPENDIX FOR USE WITH SINGLE FAMILY  
ESCROW BONDS FOR THE HFA NEW ISSUE BOND PROGRAM