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# Louisiana Housing Finance Agency



## Single Family Committee

Brenda Evans, Program Administrator  
Mary Antoon, Program Manager

October 29, 2009

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## MEMORANDUM

**TO:** Commissioner Michael Airhart, Chairman  
Commissioner Mayson Foster  
Commissioner Allison A. Jones  
Commissioner John N. Kennedy  
Commissioner Tyrone Wilson

**From:** Brenda Evans, Program Administrator

**Date:** 10/29/2009

**Re:** Single Family Committee Meeting

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Notice is hereby given of a regular meeting of the Single Family Committee to be held on Tuesday, November 10, 2009 at 9:30 a.m. at Louisiana Housing Finance Agency, in Committee Room 2, located at 2415 Quail Drive, Baton Rouge, LA by order of the Chairperson.

Approval of the minutes for October 14, 2009 Single Family Committee Meeting.

Updates will be provided on the 2008A, 2009E, 2009A, and Whole Loan Report.

Discussion and Resolution accepting the parameter term proposal for the purchase of not exceeding Three Hundred Million (\$300,000,000)\* of Single Family Mortgage Revenue Bonds of the Louisiana Housing Finance Agency (2009C), and providing for other matters in connection therewith.

Discussion regarding GSE Initiative.

Discussion regarding LHFA's Line of Credit with Federal Home Loan Bank.

Other Business

October 29, 2009

## **SINGLE FAMILY COMMITTEE MEETING**

Notice is hereby given of a regular meeting of the Single Family Committee to be held on Tuesday, November 10, 2009 at 9:30 a.m. at Louisiana Housing Finance Agency, in Committee Room 2, located at 2415 Quail Drive, Baton Rouge, LA by order of the Chairperson.

### **Agenda**

1. Call to order, roll call, and introduction of guests.
2. Approval of the minutes for the October 14, 2009 Single Family Committee Meeting.
3. Updates will be provided on the 2008A, 2009E, 2009A, and Whole Loan Report.
4. Discussion and Resolution accepting the parameter term proposal for the purchase of not exceeding Three Hundred Million (\$300,000,000)\* of Single Family Mortgage Revenue Bonds of the Louisiana Housing Finance Agency (2009C), and providing for other matters in connection therewith.
5. Discussion regarding GSE Initiative.
6. Discussion regarding LHFA's Line of Credit with Federal Home Loan Bank.
7. Other Business

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Milton J. Bailey, President

Pursuant to the provisions of LSA-R.S. 42:6.1, upon two-thirds vote of the members present, the Board of Commissioners of the Louisiana Housing Finance Agency may choose to enter Executive Session, and by this notice, the Agency reserves its right to go into Executive Session as provided by law.

**Louisiana Housing Finance Agency  
Single Family Committee Meeting Minutes  
October 14, 2009  
2415 Quail Drive  
Committee Room I  
Baton Rouge, LA 70808  
11:00 A.M.**

**Commissioners Present**

Michael Airhart  
Mayson Foster  
Joseph M. Scontrino, III

**Commissioners Absent**

John Kennedy  
Tyrone Wilson

**Legal Counsels Present**

Wayne Neveu, Foley and Judell, L.L.P  
Jarrell Godfrey, Godfrey Firm

**Staff Present**

Brenda Evans  
Mary Antoon  
Amy York  
Kesha Clark  
Jason Fowler  
Keith Cunningham  
Sydney Edmonston  
Tracey Roberts

**Others Present**

Richard Wolcott, Standard Mortgage  
Larry Englande, G. K. Baum  
Richard Allen, Standard Mortgage  
Levi Davis, Siebert Brandford Shank  
Tim Rittenhouse, CSG Advisors  
Princes Fredman, RF Developers  
Terri Baptiste Fram, Regions Bank  
Carliss Knesel, Hancock Bank  
Jeanie Yarbrough, CSG Advisors  
Buck Landry, Morgan Keegan  
Billy Gauthier, EBRMFA  
Nnamdi Thompson, Government Consultants

**Others Present (Continued)**

Glen Weller, Standard Mortgage

**Minutes**

The Single Family Committee meeting was called to order by Commissioner Michael Airhart on October 14, 2009, at 10:09 A.M. in the Committee Room 1 at Louisiana Housing Finance Agency, located at 2415 Quail Drive, Baton Rouge, LA.

The approval of the September 9, 2009 Single Family Committee Meeting Minutes were motioned by Commissioner Mayson Foster and seconded by Commissioner Joseph Scontrino, III.

Updates on the 2008A, 2009E, 2009A and the Whole Loan Report were given by Mary Antoon, Single Family Program Manager. Mary stated in 2008A there is approximately \$900 thousand remaining and should be closed out with the next pool that comes in from Bill. She stated there had been some loans from 2009E that had been pooled into 2008A and that the balance would be pooled into 2009A. She also stated we are going to exercise the board approved authority to over reserve Assisted loans by \$5 million and the reservations will begin this morning from the waiting list. Mary continued by saying we currently have about \$4.4 million on the Assisted waiting list allowing for all borrowers to be reserved. Additionally Mary said after reviewing the remaining funds available by program we were able to reserve the balance of the Jefferson Parish CDBG/MRB funds along with one Low Rate loan and a couple of HOME/MRB which will leave us basically fully originated for the 2009A bond issue. Mary stated there were no changes to the Whole Loan Report and the only update is the property in North Louisiana was finally settled and Hancock Bank, trustee sent a final check to International Mortgage settling for \$1673. Mary completed by saying the only other property we have is the lot in New Orleans that has not sold to date.

Chairman Michael Airhart stated that is good, we issued 2009A approximately 45 days ago and it has fully originated, which tells me that the need is there for the product.

Mary Antoon, Program Manager stated that we would like to obtain approval so we could move forward with the sale for 2009B by the end of this month.

Chairman Airhart stated that we need to have 2009B and 2009C ready because 2009A did originate quickly; we want to be ready and have the authority to proceed. He stated my guess is that the State Bond Commission will not have a December meeting because it will be the holiday's so it's a good reason to be prepared and ready just in case they don't have a meeting we will have authority to proceed. Chairman Airhart stated the 2009B resolution has been prepared giving authority to issue bonds in the event we have some other extraneous factors that we cannot control. He said we want to have the authority to go out and issue these bonds.

Buck Landry, Morgan Keegan stated that the market has improved significantly since the last time we were in the market. Mr. Landry stated a Housing Federal Purchase Program probably could provide a 5.75% rate with 4% assistance which would be .35% basis points improvement. He stated if you continue to originate 6.10% mortgages, we could just blend them into the new deal; if the Federal Purchase Program kicks in, it will be toward the end of the month around the 27<sup>th</sup> or 28<sup>th</sup> of October and that rate will go down probably into the lower fives. Mr. Landry continued to say the rumor is that the purchase will be three basis points above the ten year treasury which would be under 4% right now, which means that the bond cost will go down significantly.

Chairman Airhart stated that he believes that is why there is a need for the 2009C resolution.

Buck Landry stated that if we are ready to go to market and there is a program in place we can sale under 2009B, with 60% of the term bonds to Fannie Mae and Freddie Mac. Chairman Airhart stated that the resolution only stated for series 2009C.

Mr. Landry stated lets back up; if the program is announced and in affect and we price 2009B then we can sale term bonds too. He stated what you are doing in 2009C is basically getting ready to capture all the allocations before the end of December.

Renee Landry, Agency CFO stated that he had a clarifying question for Wayne Neveu regarding the amount the Bond Commission wanted to include in the premium now.

Wayne Neveu, Foley and Judell, L.L.P stated he had a conversation with Lee on yesterday, but he had not talked to Whit yet. Mr. Neveu said Whit is going to ask for an AG opinion and that he did not have to add the premium on 2009B. Chairman Airhart questioned, is the premium included in the cap and Mr. Neveu stated that it has always been included in the cap. He continued to say we thought of that historically, but apparently there is some issue in his mind as to whether or not the Bond Commission must approve the premium for our deals; which we report on the application by showing as a source, but we do specifically a 'not to exceed premium' in our resolution. Wayne stated that it never showed it and most governmental issuers don't show it as well because there's a rule just as an educational point for you. He continued to say Government sale bonds sometimes competitively use bidder options that permit investors like Morgan Keegan to buy the Bonds on the short end of maturity scale at a premium to pay for insurance and that is not known until the Bonds are

Single Family Committee Meeting Minutes

October 14, 2009

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sold, but to all of a sudden impose those requirements that have never been imposed is a concern. He stated Whit is apparently going to ask AG whether or not he has to do it, so at this point he is deferring on this prior request which is a good thing. Wayne stated that he is still satisfying his request by showing a not to exceed premium which is pretty high at 10% of what we reasonably expect to issue. So if this is questioned we are covered and will be prepared if it becomes an issue, we are just like every issuer throughout the State.

Buck Landry questioned, when the Bond Commission meets this month are we asking for \$25 million? Wayne stated that we are asking for \$25 million but we are also including in the resolution a Bond premium not to exceed \$2 million so if it were an issue we would be covered. Wayne stated that he was told yesterday that Whit had backed away from his demand and is now going to seek AG opinion on this issue.

Mr. Landry stated he had one other point that needed to be stated for the record, that when we go to the Bond Commission and request a not to exceed amount on the cost of issuance and that there has been discussion on negotiating fees. He stated we just want to point out that if there is private placement with one of the federal supported agencies that the fee will be negotiated and the Financial Advisor will discuss with the Underwriter and come to terms on the fees.

Buck Landry stated on that point, the rumor is that since the federal government is going to buy the bonds and it used to be that we did have a placement fee when we placed Bonds with Fannie Mae; we really don't know what they are going to do, they could say we can't have a fee and all you can charge is a management fee, but the rumor is that they are not going to allow the underwriting fee. Wayne stated that would be consistent with everything that is coming out of the Recovery Act with TCAP funds, 1602 Exchange funds and anything relating to how governments and agencies like Louisiana Housing Finance Agency has to administer or pay for its' professionals cannot be recovered within the Bond issuance or within the financing itself. He stated those funds have to come from unrelated sources; it's a very narrowly tailored set of rules to avoid problems in the government paying administrative expenses or cost.

Buck Landry stated just for the record, we can always obtain a not to exceed from the Bond Commission and Tim always negotiates down the Underwriter fees below that. Mr. Landry continued to say we have records of the fact that we have always come under what the not to exceed has been.

Chairman Airhart moved back to item number four, the resolution accepting the parameter term proposal for the purchase of not exceeding \$25 million of Louisiana Housing Finance Agency Single Family Mortgage Revenue Bonds, Series 2009B, and providing for other matters in connection therewith.

***Commissioner Mayson Foster entertained a motion recommending the approval of the parameter term proposal for the purchase of 2009B Bond Issuance not to exceed Twenty Five Million dollars (\$25,000,000) to the Full Board. It was seconded by Commissioner Joseph Scontrino, III.***

RESOLVED: A resolution recommending the approval of the parameter term proposal for the purchase of 2009B Bond Issuance not to exceed Twenty Five Millions dollars (\$25,000,000) to the Full Board.

Chairman Michael Airhart stated a resolution has been put forth to provide the capacity to the Agency, not that we are going to need it but it will give the Agency the authority if treasury comes in to support and buy these Bonds. He stated we want to be ready because rates can drop significantly due to this and if the government quits buying Fannie Mae Bonds for the other MBS program, conforming rates are going to shoot up. Mr. Airhart continued to say Housing Finance Agencies' bond loan rates will go down making for a huge demand of our product. He stated the resolution passed out increases 2009C from \$25 million to \$200 million is probably not necessary; however we want the authority to be able to move forward and be ready with the mechanics of getting it to the State Bond Commission.

Wayne stated that he had a conversation with the Bond Commission regarding increasing the resolution from \$25 million to \$200 million and that we would break out into separate series. He stated he was advised that in so submitting the application, we should give a reasonable estimate of each series with a cost of issuance for each series to eliminate returning to the Bond Commission as we have in the past. Mr. Neveu stated this type of situation has delayed issues in the pass because of this requirement. He continued to say what needs to happen is the Agency needs to consider the size of the issues over the next year. He stated if we obtain \$200 million we may want to increase \$300 million or more but we need to determine how many series three, four, or five and consider the cost for each series and submit the documents for one approval and then we are done.

Buck Landry stated there is \$11 billion dollars set aside for the entire United States and if they calculate by population our HFA would receive 1.4% or \$154 million. He said asking for \$200 million is more than we need but is better since we don't know how they are going to allocate the funds. Mr. Landry said there could be a larger allocation provided for the poorer states if they calculated on a per capita income basis. He continued to say which means our allocation would go up, but we are also hearing if they announce the Treasury Purchase Program, you're going to have to capture all of the allocation prior to December 31, 2009, which that could be done in a convertible option bond. He continue saying this is like putting it on the shelf and they will buy the convertible option bonds and the Agency will

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not have any negative arbitrage. Mr. Landry said the Federal Government will hold the convertible option bonds and the Agency will have the opportunity to roll them out three times in 2010 on three specific dates. He said if that is the case, we have \$120 million left by the time we finish the year then we would have to roll out three \$40 million deals. He said \$40 million which is only 60% of the deal because they only purchasing 60% of the deal. He continued to say the short bonds, serial bonds, term bonds, and the pack bonds will be starter points.

Tim Rittenhouse, CSG Advisors stated as Chairman Airhart pointed out, where we are right now the Federal Government is ready to buy \$1.2 trillion dollars from Fannie Mae and Freddie Mac on a market which has forced the conventional market down into very low interest rates and that will end by 1<sup>st</sup> quarter 2010. When that ends, conventional rates are going to go up 200 basis points; if we get this allocation our rates will be a lot lower where they should be historically.

Chairman Airhart stated that he just asked those questions due to the fact that the treasury is inventing the wheel here and what we're asking for is the authority to be able to react once they release the program. Mr. Airhart said thank you staff for putting this resolution together because we are in unprecedented times and we don't know what the treasury will release or what we will receive but we need the authority to act should the December 28<sup>th</sup> date be effective for all 50 HFAs' to close on the \$11 billion. He said the Agency needs the authority to act quickly.

Commissioner Scontrino stated given your understanding of what the Bond Commission wants, do we need to submit a request that includes the other 40%? Wayne Neveu stated, yes. Commissioner Scontrino stated, if we are really expecting to sale \$200 million to the Feds then we need to be at \$300 million. Wayne stated that is a good point; however the question regarding reasonable expectation and the capacity to originate all products within not necessarily a year, but we will have up to 42 months. He said the issue is if they only buy fixed rate bonds in 2010 are we going to convert and that is when the reasonable expectation test comes into play, what do we reasonably expect to originate for each series that will be delivered in 2010?

Larry England stated, what was our best year in the last five years? Wayne stated, the Agency did really well right after the storm, one issuance we did about \$100 million. Brenda stated the Agency did about \$300 million in 2007. Larry England stated that we can justify \$300 million. Richard Wolcott, Standard Mortgage stated that you will need a market to go with that. Commissioner Scontrino stated if we are doing \$200 million with the 60% it looks as if it should \$333 million total. Wayne stated that he will defer until the Financial Advisors review, but a part of that would include series 2009C that will be delivered this year if we price at the end of November. Chairman Michael Airhart stated the resolution is for

\$200 million and the professionals that handle the deal can work out all the mechanics on what the amount needs to be, but that is essentially dealing with whatever treasury releases when they do release it. Wayne stated that we need to increase that amount. Chairman Airhart stated that he understands that but the resolution put forth is only for \$200 million.

Keith Cunningham, Agency Attorney stated we can amend the resolution to reflect whatever happens in Board. He said the discussion of a resolution regarding 2009C is on the agenda and that the exact dollar amount can be changed. He continued to state we have met the notice requirements.

Rene' Landry stated if we get the allocation and we sale \$200 million to the Feds on convertible option bonds and then hypothetically we use all the funds, but if we don't use all the funds what happens then? Wayne stated a non-origination call. Rene' questioned is that what the convertible options is all about? Wayne stated no, if we have to deliver all product this year this is where we are talking about this tax analysis of the sale to treasury and then withholding the sale of the public offered bonds. Wayne continued to state I understand you to say three times next year there will be a conversion to fixed rate of the bonds held by government. He said at that point how we convert may simply be to trigger a reissuance of the government bonds to integrate with the public offered bonds so that we won't have a tax problem. That would work but then the question is how much are they willing to commit to on each of those three dates? Wayne stated, that he does not feel that is an issue now that is something that we can deal with as it comes, but he does feel that it is important for the committee and the board to reflect upon what Tim said about the amount and that \$200 million may not be the right amount and you might want to increase it to not exceed \$300 million. Wayne continued to state that the point he was trying to make is the Bond Commission is asking that we do this once and we need to show how many series we are going to convert, so given this discussion between now and the full board we need to estimate how many series.

Chairman Airhart stated that there has been an idea to move this number to \$300 million in regards to the resolution authorizing and approving the issuance for 2009C and that the attorneys for the Agency will modify the resolution with the correct amount for full board. Mr. Airhart said we will go ahead and meet whatever treasury comes out with and amend the resolution to not to exceed \$300 million and at this time we will entertain movement on that.

***Commissioner Joseph Scontrino, III entertained a motion recommending the approval and authorization of the issuance not exceeding Three Hundred Million dollars (\$300,000,000) for the 2009C Bond Issuance to the Full Board. It was seconded by Commissioner Mayson Foster.***

RESOLVED: A resolution recommending the approval and authorization of the issuance not exceeding Three Hundred Million dollars (\$300,000,000) for 2009C Bond Issuance to the Full Board.

Chairman Airhart stated let's move to the next item on the agenda, discussion and resolution approving RFP for Financial Advisors. He asked Mary Antoon to discuss and bring the committee up to date. Mary stated we have put together a resolution on page SF 46 and the final RFP is on page SF 49. She stated we have sent per instruction of the committee the RFP to all appropriate parties including legal for their input and the final copy will be going out. She continued to say we have a copy of the most recent issue of *The Bond Buyer's Municipal Marketplace Directory* that lists all the financial advisors throughout the United States.

Chairman Airhart stated that it was recommended by Commissioner Foster that committee review and selections be made by Board Chairman as the appointee, Chairman of the Single Family committee, Chairman of Multi Family committee, board member and State Treasury John Kennedy, and LHFA President Milton Bailey as the review committee, therefore the RFP was modified to include the new review committee members. Mr. Airhart said it has been suggested by several board members throughout 2009 that we go back and look at all contracts and vendors to ensure we are receiving the appropriate and professional fees charged within the market. Commissioner Foster had suggested we go back through the RFP process for the entire Single Family Financial Team about once every four years.

Commissioner Scontrino questioned what impact would it have on the outstanding Board issues if changes were made with members of the Finance Team? Keith Cunningham stated that the traditional method is to identify when the transition will happen keeping current Financial Advisors and Finance Team members in place until we reach that line in the sand. Keith stated we have not identified that date yet, that will be a process that staff in conjunction with the remaining members of the team will deal with when and if the need to start transitioning certain pieces becomes an issue.

***Commissioner Mayson Foster entertained a motion approving and authorizing the RFP for Financial Advisors and proposed timeline for RFP's for members of the Finance Team to the Full Board. It was seconded by Commissioner Joseph Scontrino, III.***

RESOLVED: A resolution recommending the approval and authorization the RFP for Financial Advisors and proposed timeline for RFP's for members of the Finance Team to the Full Board.

### **Other Business**

There was no further business to come before the Committee. The meeting was motioned to be adjourned by Commissioner Michael Airhart at 11:55 A.M.

**Program Pipeline Stages View  
2008A, 2009E, 2009A  
10/29/2009**

Agency Name	Allocation	Preliminary	Underwriter	Compliance	Closed File	Mortgage	Pooled	Delivered
	Name	File Received	Certification	Approved	Received/Review	Approved/Purchased		to Trustee
Program Name : 2009A ASSISTED								
	2009A SF MRB	\$5,060,979.86	\$3,384,587.00	\$441,792.00	\$5,469,873.00	\$0.00	\$0.00	\$0.00
	\$5,060,979.86	\$3,384,587.00	\$441,792.00	\$5,469,873.00	\$0.00	\$0.00	\$0.00	\$0.00
Program Name : 2009A CDBG								
	2009A SF MRB	\$846,469.00	\$468,247.00	\$142,373.00	\$727,576.00	\$0.00	\$0.00	\$0.00
	\$846,469.00	\$468,247.00	\$142,373.00	\$727,576.00	\$0.00	\$0.00	\$0.00	\$0.00
Program Name : 2009A HOME								
	2009A SF MRB	\$1,842,078.00	\$609,515.00	\$0.00	\$461,061.00	\$0.00	\$0.00	\$0.00
	\$1,842,078.00	\$609,515.00	\$0.00	\$461,061.00	\$0.00	\$0.00	\$0.00	\$0.00
Program Name : 2009A Low Rate - HTCP								
	2009A SF MRB	\$806,231.00	\$354,950.00	\$0.00	\$667,296.00	\$0.00	\$0.00	\$0.00
	\$806,231.00	\$354,950.00	\$0.00	\$667,296.00	\$0.00	\$0.00	\$0.00	\$0.00
Program Name : 2009AR Assisted								
	2009A SF MRB	\$4,496,733.00	\$265,501.90	\$83,460.00	\$152,192.00	\$0.00	\$0.00	\$0.00
	\$4,496,733.00	\$265,501.90	\$83,460.00	\$152,192.00	\$0.00	\$0.00	\$0.00	\$0.00
Program Name : 2009E CDBG/MRB								
	2009E SF MRB	\$252,344.00	\$140,000.00	\$0.00	\$1,027,735.00	\$0.00	\$0.00	\$0.00
	\$252,344.00	\$140,000.00	\$0.00	\$1,027,735.00	\$0.00	\$0.00	\$0.00	\$0.00
Program Name : 2009E MRB								
	2009E SF MRB	\$441,893.00	\$72,659.00	\$0.00	\$2,078,746.00	\$0.00	\$0.00	\$0.00
	\$441,893.00	\$72,659.00	\$0.00	\$2,078,746.00	\$0.00	\$0.00	\$0.00	\$0.00
Program Name : CDBG MRB Blend								
	2008A SF MRB	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$266,134.00
	\$0.00	\$0.00	\$0.00	\$418,283.00	\$630,318.00	\$0.00	\$1,493,865.00	\$2,084,880.00
Program Name : HOME								
	2008A SF MRB	\$0.00	\$161,172.00	\$0.00	\$83,460.00	\$0.00	\$0.00	\$81,908.00
	\$0.00	\$161,172.00	\$0.00	\$83,460.00	\$0.00	\$0.00	\$81,908.00	\$0.00
Program Name : HOME MRB Blend								
	2008A SF MRB	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,785,915.00
	\$0.00	\$0.00	\$0.00	\$0.00	\$156,617.00	\$0.00	\$354,362.00	\$21,353,933.00
	2008A SF MRB	\$134,518.00	\$0.00	\$0.00	\$0.00	\$127,000.00	\$163,280.00	\$0.00
	\$134,518.00	\$0.00	\$0.00	\$1,211,009.00	\$997,817.00	\$281,579.00	\$1,133,565.00	\$249,083,595.00
Program Name : MRB								
	2009A SF MRB	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
		\$13,891,245.86	\$5,456,631.90	\$667,625.00	\$12,317,231.00	\$1,784,752.00	\$281,579.00	\$3,063,700.00
								\$272,522,408.00

**Program Pipeline Sources View 2008A, 2009A,2009E  
10/29/2009**

Agency Name	Source	Source Allocated	Source Unallocated	Program Allocated	Program Used (Loan)	Program Used + Fees	Prog.Alloc.Available	Source Type	Active/Inactive	Loans
Program Name : 2008A SF MRB PROGRAM										
	CDBG	\$9,808,251.00	\$7,308,251.00	\$0.00	\$133,067.00	\$0.00	-\$133,067.00	CDBG	Active	3
	HOME	\$15,340,848.00	\$13,355,933.00	\$0.00	\$2,219,497.50	\$0.00	-\$2,219,497.50	CDBG	Active	38
	MRB	\$313,966,951.75	\$284,528,773.75	\$0.00	\$35,600,976.50	\$0.00	-\$35,600,976.50	CDBG	Active	288
\$339,116,050.75	\$305,192,957.75	\$0.00	\$37,953,541.00	\$0.00	-\$37,953,541.00	329				
Program Name : 2009A SF MRB PROGRAM										
	CDBG	\$9,808,251.00	\$7,308,251.00	\$2,500,000.00	\$1,092,332.50	\$0.00	\$1,407,667.50	CDBG	Active	17
	HOME	\$15,340,848.00	\$13,355,933.00	\$1,694,915.00	\$1,449,956.50	\$0.00	\$244,958.50	CDBG	Active	27
	MRB	\$313,966,951.75	\$284,528,773.75	\$29,438,178.00	\$23,738,625.76	\$0.00	\$5,699,552.24	CDBG	Active	203
\$339,116,050.75	\$305,192,957.75	\$33,633,093.00	\$26,280,914.76	\$0.00	\$7,352,178.24	247				
Program Name : 2009E SF MRB Program										
	Board Authority - CDBG	\$1,031,460.50	\$0.00	\$1,031,460.50	\$701,841.00	\$0.00	\$329,619.50	CDBG	Active	11
	Board Authority - MRB	\$5,610,538.00	\$0.00	\$5,610,538.00	\$3,311,536.00	\$0.00	\$2,299,002.00	Bonds proceeds (MRB)	Active	33
\$6,641,998.50	\$0.00	\$6,641,998.50	\$4,013,377.00	\$0.00	\$2,628,621.50	44				
		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-\$269,420,081.26			2,758

**LOUISIANA HOUSING FINANCE AGENCY  
WHOLE LOAN MONTHLY STATUS REPORT**

<b>SINGLE FAMILY</b>		<b>8.50%</b>
<b>TOTAL DELINQUENCIES</b>		<b>1984/98</b>
<b>AS OF OCTOBER 20, 2009</b>		<b>PROGRAM</b>
<b>CURRENT</b>	<b># OF LOANS</b>	<b>27</b>
<b>(CURRENT + 20 DAYS)</b>	<b>\$ AMOUNT</b>	<b>\$515,313.66</b>
	<b>% of \$</b>	<b>91.5%</b>
	<b>% OF LOANS</b>	<b>93.1%</b>
<b>30 - 50 DAYS DELINQUENT</b>	<b># OF LOANS</b>	<b>0</b>
	<b>\$ AMOUNT</b>	<b>\$0.00</b>
	<b>% of \$</b>	<b>0.0%</b>
	<b>% OF LOANS</b>	<b>0.0%</b>
<b>60 - 80 DAYS DELINQUENT</b>	<b># OF LOANS</b>	<b>0</b>
	<b>\$ AMOUNT</b>	<b>\$0.00</b>
	<b>% of \$</b>	<b>0.0%</b>
	<b>% OF LOANS</b>	<b>0.0%</b>
<b>&gt; 90 DAYS DELINQUENT</b>	<b># OF LOANS</b>	<b>1</b>
	<b>\$ AMOUNT</b>	<b>\$18,255.65</b>
	<b>% of \$</b>	<b>3.2%</b>
	<b>% OF LOANS</b>	<b>3.4%</b>
<b>BANKRUPTCY</b>	<b># OF LOANS</b>	<b>0</b>
	<b>\$ AMOUNT</b>	<b>\$0.00</b>
	<b>% of \$</b>	<b>0.0%</b>
	<b>% OF LOANS</b>	<b>0.0%</b>
<b>FORECLOSED</b>	<b># OF LOANS</b>	<b>0</b>
	<b>\$ AMOUNT</b>	<b>\$0.00</b>
	<b>% of \$</b>	<b>0.0%</b>
	<b>% OF LOANS</b>	<b>0.0%</b>
<b>REO</b>	<b># OF LOANS</b>	<b>1</b>
	<b>\$ AMOUNT</b>	<b>\$29,424.38</b>
	<b>% of \$</b>	<b>5.2%</b>
	<b>% OF LOANS</b>	<b>3.4%</b>
<b>TOTAL</b>	<b># OF LOANS</b>	<b>29</b>
	<b>\$ AMOUNT</b>	<b>\$562,963.69</b>

10/28/2009

<b>2008A Program</b>			
<b>Lender</b>	<b>Total # of Loans</b>	<b>Total Loan Amount</b>	<b>Average Loan Amount</b>
A-1 Mortgage Services	4	\$336,802.00	\$84,200.50
Amcor Mortgage	1	\$122,612.00	\$122,612.00
American South Financial Svcs.	2	\$297,800.00	\$148,900.00
America's Mortgage Resource	14	\$1,843,548.00	\$131,682.00
Assurance Financial Group	4	\$401,668.00	\$100,417.00
Bancorp South	3	\$342,168.00	\$114,056.00
Capital Lending	24	\$2,836,608.00	\$118,192.00
Capital One Bank, N.A.	1	\$47,000.00	\$47,000.00
Chase Manhattan Mortgage	8	\$910,807.00	\$113,850.88
Coast Capital Mortgage	18	\$2,182,633.00	\$121,257.39
Countrywide Bank	15	\$2,057,954.00	\$137,196.93
Covenant Mortgage	1	\$121,438.00	\$121,438.00
Essential Mortgage Co.	12	\$1,432,418.00	\$119,368.17
Eustis Mortgage Corp.	6	\$801,228.00	\$133,538.00
Fakouri Mortgage	1	\$70,200.00	\$70,200.00
First Choice Mortgage	8	\$1,108,823.00	\$138,602.88
First Mortgage Services	3	\$381,258.00	\$127,086.00
First National Bank USA	3	\$441,469.00	\$147,156.33
GMFS,LLC	1	\$121,450.00	\$121,450.00
Gulf Coast Bank & Trust	11	\$1,461,502.00	\$132,863.82
Hancock Mortgage Corp.	1	\$136,517.00	\$136,517.00
Homebuyers Resource Group	5	\$835,143.00	\$167,028.60
Hope Community Credit Union	3	\$344,624.00	\$114,874.67
Iberia Bank	11	\$1,216,520.00	\$110,592.73
International Mortgage Corp.	1	\$223,847.00	\$223,847.00
Johnson Mortgage Corp.	24	\$3,716,674.00	\$154,861.42
Landmark Mortgage Corporation	1	\$117,075.00	\$117,075.00
Liberty Bank & Trust	8	\$1,007,171.00	\$125,896.38
Louisiana Real Estate Finance	4	\$658,103.00	\$164,525.75
Miller Home Mortgage	1	\$118,437.00	\$118,437.00
Mortgage Factory	1	\$84,099.00	\$84,099.00
Mortgage Market, Inc.	5	\$743,495.00	\$148,699.00
New South Federal Savings	9	\$1,276,066.00	\$141,785.11
NOLA Lending Group	4	\$644,585.00	\$161,146.25
Omni Bank	1	\$121,600.00	\$121,600.00
Priority Mortgage Lending	2	\$216,096.00	\$108,048.00
Red River Bank	2	\$161,533.00	\$80,766.50
Regions Mortgage	11	\$1,472,133.00	\$133,830.27
Sabine State Bank & Trust Co.	3	\$318,504.00	\$106,168.00
SB Hardie Financial	4	\$632,987.00	\$158,246.75
Standard Mortgage Corp. (Lender)	18	\$2,446,237.00	\$135,902.06
SWBC Mortgage Corporation	13	\$1,663,371.00	\$127,951.62
The Mortgage Lending Group	3	\$309,559.00	\$103,186.33
The Mortgage Link	1	\$166,250.00	\$166,250.00
Universal Lending Services	2	\$247,418.00	\$123,709.00
Wells Fargo	4	\$552,378.00	\$138,094.50
Whitney National Bank	9	\$1,203,733.00	\$133,748.11
<b>TOTAL</b>	<b>291</b>	<b>\$37,953,541.00</b>	

10/28/2009

<b>2009E Program</b>			
<b>Lender</b>	<b>Total # of Loans</b>	<b>Total Loan Amount</b>	<b>Average Loan Amount</b>
A-1 Mortgage Services	3	\$256,271.00	\$85,423.67
Bank of America Home Loans	1	\$127,645.00	\$127,645.00
Capital Lending	2	\$239,580.00	\$119,790.00
Cross Country Equity, LLC	6	\$607,123.00	\$101,187.17
Eustis Mortgage Corp.	3	\$387,793.00	\$129,264.33
First Choice Funding	2	\$266,760.00	\$133,380.00
First Choice Mortgage	2	\$253,326.00	\$126,663.00
First Mortgage Services	1	\$140,409.00	\$140,409.00
Gulf Coast Bank & Trust	1	\$109,971.00	\$109,971.00
Johnson Mortgage Corp.	4	\$574,176.00	\$143,544.00
Liberty Bank & Trust	3	\$356,914.00	\$118,971.33
NOLA Lending Group	1	\$164,050.00	\$164,050.00
Regions Mortgage	2	\$224,359.00	\$112,179.50
SWBC Mortgage Corporation	2	\$305,000.00	\$152,500.00
<b>TOTAL</b>	<b>33</b>	<b>\$4,013,377.00</b>	

10/28/2009

<b>2009A Program</b>			
<b>Lender</b>	<b>Total # of Loans</b>	<b>Total Loan Amount</b>	<b>Average Loan Amount</b>
A-1 Mortgage Services	7	\$813,133.00	\$116,161.86
America's Mortgage Resource	2	\$243,529.00	\$121,764.50
Assurance Financial Group	7	\$948,185.00	\$135,455.00
Bank of America Home Loans	19	\$2,505,358.90	\$131,860.99
Capital Lending	8	\$1,074,671.00	\$134,333.88
Chase Manhattan Mortgage	6	\$867,185.00	\$144,530.83
Coast Capital Mortgage	2	\$238,246.00	\$119,123.00
Cross Country Equity, LLC	12	\$1,206,918.00	\$100,576.50
Dryades Bank	1	\$117,826.00	\$117,826.00
Essential Mortgage Co.	3	\$312,257.00	\$104,085.67
Eustis Mortgage Corp.	13	\$1,734,269.00	\$133,405.31
FBT Mortgage, LLC.	1	\$147,184.00	\$147,184.00
First Choice Funding	1	\$139,550.00	\$139,550.00
First Choice Mortgage	15	\$2,074,165.00	\$138,277.67
First Mortgage Services	6	\$878,376.00	\$146,396.00
Gulf Coast Bank & Trust	9	\$1,208,356.00	\$134,261.78
Home Mortgage Association, Inc	1	\$119,182.00	\$119,182.00
Johnson Mortgage Corp.	26	\$3,326,937.00	\$127,959.12
Liberty Bank & Trust	15	\$1,683,961.00	\$112,264.07
Miller Home Mortgage	1	\$173,794.00	\$173,794.00
NOLA Lending Group	7	\$1,184,690.00	\$169,241.43
Patterson State Bank	2	\$210,767.00	\$105,383.50
Pinnacle Mortgage Group, LLC	3	\$392,367.00	\$130,789.00
Priority Mortgage Lending	1	\$152,192.00	\$152,192.00
Red River Bank	1	\$160,783.00	\$160,783.00
Regions Mortgage	9	\$1,037,130.86	\$115,236.76
St. Tammany Homestead	6	\$850,114.00	\$141,685.67
Standard Mortgage Corp. (Lender)	5	\$526,681.00	\$105,336.20
SWBC Mortgage Corporation	11	\$1,476,621.00	\$134,238.27
The Mortgage Lending Group	1	\$101,000.00	\$101,000.00
Whitney National Bank	3	\$337,095.00	\$112,365.00
<b>TOTAL</b>	<b>204</b>	<b>\$26,242,523.76</b>	

10/28/2009

COUNTY	LOANS	AMOUNT	AVG	% OF TOTAL
Acadia	2	\$177,190.00	\$88,595.00	0.47%
Ascension	16	\$2,408,792.00	\$150,549.50	6.35%
Avoyelles	1	\$96,900.00	\$96,900.00	0.26%
Caddo	9	\$973,580.00	\$108,175.56	2.57%
Calcasieu	1	\$50,611.00	\$50,611.00	0.13%
East Baton Rouge	65	\$8,015,443.00	\$123,314.51	21.12%
East Feliciana	1	\$128,468.00	\$128,468.00	0.34%
Evangeline	1	\$36,083.00	\$36,083.00	0.10%
Iberia	2	\$234,002.00	\$117,001.00	0.62%
Iberville	2	\$271,989.00	\$135,994.50	0.72%
Jefferson	44	\$5,617,952.00	\$127,680.73	14.80%
Lafayette	22	\$2,556,911.00	\$116,223.23	6.74%
Lafourche	2	\$284,652.00	\$142,326.00	0.75%
Livingston	19	\$2,728,417.00	\$143,600.89	7.19%
Orleans	55	\$7,827,420.00	\$142,316.73	20.62%
Rapides	4	\$383,137.00	\$95,784.25	1.01%
St. Bernard	6	\$833,889.00	\$138,981.50	2.20%
St. Charles	7	\$859,543.00	\$122,791.86	2.26%
St. James	2	\$223,947.00	\$111,973.50	0.59%
St. John the Baptist	12	\$1,730,038.00	\$144,169.83	4.56%
St. Landry	1	\$196,023.00	\$196,023.00	0.52%
St. Tammany	8	\$1,070,768.00	\$133,846.00	2.82%
Tangipahoa	6	\$819,267.00	\$136,544.50	2.16%
Terrebonne	1	\$145,800.00	\$145,800.00	0.38%
Vermilion	1	\$132,855.00	\$132,855.00	0.35%
West Baton Rouge	1	\$149,864.00	\$149,864.00	0.39%
<b>TOTAL</b>	<b>291</b>	<b>\$37,953,541.00</b>	<b>\$130,424.54</b>	<b>100.00%</b>

<b>COUNTY</b>	<b>LOANS</b>	<b>AMOUNT</b>	<b>AVG</b>	<b>% OF TOTAL</b>
Caddo	8	\$831,482.00	\$103,935.25	20.72%
East Baton Rouge	7	\$903,457.00	\$129,065.29	22.51%
Jefferson	11	\$1,407,024.00	\$127,911.27	35.06%
Livingston	3	\$335,804.00	\$111,934.67	8.37%
Orleans	2	\$322,251.00	\$161,125.50	8.03%
St. Helena	1	\$72,659.00	\$72,659.00	1.81%
St. Tammany	1	\$140,700.00	\$140,700.00	3.51%
<b>TOTAL</b>	<b>33</b>	<b>\$4,013,377.00</b>	<b>\$121,617.48</b>	<b>100.00%</b>

COUNTY	LOANS	AMOUNT	AVG	% OF TOTAL
Ascension	1	\$133,438.00	\$133,438.00	0.51%
Assumption	1	\$137,365.00	\$137,365.00	0.52%
Bossier	2	\$252,214.00	\$126,107.00	0.96%
Caddo	14	\$1,333,471.00	\$95,247.93	5.08%
Calcasieu	1	\$112,244.00	\$112,244.00	0.43%
De Soto	1	\$156,120.00	\$156,120.00	0.59%
East Baton Rouge	52	\$6,860,313.00	\$131,929.10	26.14%
Iberia	1	\$173,577.00	\$173,577.00	0.66%
Iberville	2	\$218,313.86	\$109,156.93	0.83%
Jefferson	46	\$6,005,787.00	\$130,560.59	22.89%
Lafayette	8	\$1,066,303.00	\$133,287.88	4.06%
Livingston	14	\$1,984,237.00	\$141,731.21	7.56%
Orleans	41	\$5,305,901.90	\$129,412.24	20.22%
Plaquemines	1	\$173,794.00	\$173,794.00	0.66%
Rapides	1	\$160,783.00	\$160,783.00	0.61%
St. Bernard	2	\$201,186.00	\$100,593.00	0.77%
St. Charles	1	\$155,138.00	\$155,138.00	0.59%
St. John the Baptist	1	\$136,482.00	\$136,482.00	0.52%
St. Tammany	7	\$861,245.00	\$123,035.00	3.28%
Tangipahoa	1	\$132,554.00	\$132,554.00	0.51%
Vermilion	1	\$119,182.00	\$119,182.00	0.45%
West Baton Rouge	5	\$562,875.00	\$112,575.00	2.14%
<b>TOTAL</b>	<b>204</b>	<b>\$26,242,523.76</b>	<b>\$128,639.82</b>	<b>100.00%</b>

**LOUISIANA HOUSING FINANCE AGENCY**

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

**RESOLUTION**

A resolution accepting the parameter term proposal for the purchase of not exceeding Three Hundred Million Dollars (\$300,000,000) of Louisiana Housing Finance Agency Single Family Mortgage Revenue Bonds, in one or more series or 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 Commissioners (the "Board") of the Louisiana Housing Finance Agency (the "Agency") adopted a resolution on October 14, 2009 approving and authorizing the issuance of not exceeding Three Hundred Million Dollars (\$300,000,000) of Louisiana Housing Finance Agency Single Family Mortgage Revenue Bonds, in one or more series or sub-series, including Series 2009C (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 22, 2009, in "The Advocate" and on October 21, 2009 in "The Daily Journal of Commerce" for an amount not to exceed \$25,000,000; and

WHEREAS, in accordance with the aforesaid resolution adopted by the Agency on October 14, 2009, the sale of the Bonds was scheduled for November 11, 2009; and

WHEREAS, a Supplemental Notice of Sale was published on [November 3], 2009, in "The Advocate" and on [November 2], 2009 in "The Daily Journal of Commerce" for an amount not to exceed \$300,000,000 changing the sale of the Bonds from November 11, 2009 to November 10, 2009; and

WHEREAS, the Agency did meet on [November 10], 2009, at 10:00 a.m., Louisiana time, for the purpose of receiving and considering the proposal of Morgan Keegan & Company, Inc., George K. Baum & Company and Siebert Brandford Shank & Co., LLC., as purchasers (the "Underwriters") and taking action with respect to the parameter sale of not exceeding Three Hundred Million Dollars (\$300,000,000) of the Bonds pursuant thereto;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Louisiana Housing Finance Agency, acting as the governing authority of said Agency, that:

SECTION 1. The parameter written terms submitted this day by the Underwriters for the purchase of bonds designated "Louisiana Housing Finance Agency Single Family Mortgage Revenue Bonds", in one or more series or sub-series, in the aggregate principal amount of not exceeding par amount of \$300,000,000 plus a premium estimated not-to-exceed \$30,000,000 in one or more series or sub-series at an interest rate not exceeding 12% per annum, and for a maturity not exceeding 42 years from their date of delivery, authorized under and pursuant to the provisions of a Bond Trust Indenture (the "Indenture") by and between Hancock Bank of Louisiana N.A., as trustee (the "Trustee") and the Agency are hereby awarded to the Underwriters in accordance with the terms of the Bond Purchase Agreement referred to in Section 3 hereof. Notwithstanding the foregoing, up to but not exceeding sixty percent (60%) of the Bonds may be delivered as Program Bonds pursuant to the "Term Sheet for Single Family New issue Bond Program-HPA Initiatives" (the "Term Sheet") attached hereto as Exhibit A. The sale and delivery of the Bonds are further conditioned upon approval by the 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 and the Term Sheet is hereby authorized and approved. The Chairman, Vice Chairman, President, Vice President and/or Secretary of this Board are hereby authorized and directed for, on behalf of and in the name of the Agency, 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 Agency or Bond Counsel.

By virtue of the Agency's application for, acceptance and utilization of the benefits of the Louisiana State Bond Commission's approval resolved and set forth herein, the Agency resolves that it understands and agrees that such approvals are expressly conditioned upon, and the Agency 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. Hancock Bank of Louisiana 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 this Agency or the President or Vice President, be and they are hereby authorized and directed to execute and deliver, for and on behalf of the Agency, the Bond Purchase Agreement in substantially the form thereof which is now before this Agency and filed with the Secretary of this Board of Commissioners and the Placement Agreement referenced in the Term Sheet.

SECTION 4. The Bonds will be dated, will be in the denominations and will have all the terms set forth in the Indenture, the Bond Purchase Agreement and the Placement Agreement.

SECTION 5. The Bonds shall be subject to redemption in accordance with the Indenture and the Term Sheet.

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

SECTION 7. The Chairman, Vice Chairman, President, Vice President and/or Secretary, be and they 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 Agency 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, President, Vice President and/or Secretary of the Agency shall cause to be executed for and on behalf of the Agency the aforementioned Bonds in accordance with the Indenture, and shall effect the delivery thereof to the Purchaser in accordance with the

Bond Purchase Agreement and the Placement Agreement. The Secretary of the Agency shall receive from the Purchaser for the account of the Agency 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 10th day of November, 2009.

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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 Commissioners of the Louisiana Housing Finance Agency (the "Agency"), do hereby certify that the foregoing four (4) pages constitute a true and correct copy of a resolution adopted by said Board of Commissioners on November 10, 2009, entitled: "A resolution accepting the parameter term proposal for the purchase of not exceeding Three Hundred Million Dollars (\$300,000,000) of Louisiana Housing Finance Agency Single Family Mortgage Revenue Bonds, in one or more series or 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 10th day of November, 2009.

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Secretary

(SEAL)

## TERM SHEET FOR SINGLE FAMILY NEW ISSUE BOND PROGRAM

### HFA INITIATIVES

#### SUMMARY OF TERMS AND CONDITIONS

#### GENERAL

- ISSUER:** A housing finance agency created by any of the States of the United States or any possession, territory or commonwealth of the United States, or any political subdivision thereof.
- PROGRAM BONDS:** Tax-exempt and taxable bonds issued by an Issuer for the financing of single family loans or the refunding of bonds issued to finance such loans, all as described in “Bond Eligibility Requirements” below.
- ACQUISITION OF GSE SECURITIES:** Fannie Mae and Freddie Mac (together, the “GSEs”) will exchange the Program Bonds for securities issued by the GSEs (“GSE Securities”) backed by the Program Bonds. The GSEs will deliver the GSE Securities to the Issuer (or its designee) as described under “Settlement”. Simultaneously, the United States Department of Treasury (“Treasury”) will purchase the related GSE Securities from the Issuer.

#### BOND ELIGIBILITY REQUIREMENTS

##### **TAX STATUS:**

- TAX-EXEMPT:** All Program Bonds must be issued on a tax-exempt basis except as set forth in “Taxable” and “Volume Cap” below.
- TAXABLE:** Program Bonds may be issued on a taxable basis only if the requirements set forth in “Volume Cap” below are met at the time of issuance.
- VOLUME CAP:** The Issuer must apply or carryforward all of its available tax-exempt bond volume cap allocation to the Program Bonds.

The Issuer will be permitted to issue the Program Bonds as taxable bonds only to the extent and only upon the Issuer’s certification at the time of issuance of the Program Bonds that the Issuer reasonably expects to have volume cap on a timely basis and in a manner which will permit the release of all Escrowed Proceeds (as defined below) by December 31, 2010, and the Issuer covenants that it will use its reasonable best efforts to obtain such volume cap if necessary.

<b>USE OF PROCEEDS:</b>	<p>Proceeds of Program Bonds must be used by the Issuer to:</p> <p>(a) acquire and finance the holding of single family loans 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 (“<b>eligible loans</b>”);</p> <p>(b) make supplemental loans to underlying borrowers for downpayment assistance but only from extra premium proceeds relating to the issuance of premium bonds (see “Premium Bonds” below); or</p> <p>(c) refund, as fixed rate bonds, any of the Issuer’s variable rate debt (including auction rate securities) issued and outstanding prior to October 19, 2009, so long as such debt was, in turn, issued to acquire and finance the holding of eligible loans. The use of proceeds for a refunding purpose is limited to 30% of the net proceeds of the Program Bonds.</p> <p>Proceeds may also be spent to fund reasonably required reserves and pay costs of issuance of the Program Bonds in accordance with the requirements and limitations of applicable tax law.</p>
<b>MINIMUM RATING:</b>	<p>As a condition to issuance, Program Bonds must have a long-term credit rating of ‘Baa3’/‘BBB-’ or better. To the extent that this minimum rating threshold is not maintained with respect to the Program Bonds while the proceeds thereof are Escrowed Proceeds, all proceeds that are still held in an Escrow (as defined below) shall be used immediately to redeem a corresponding amount of Program Bonds.</p>
<b>MAXIMUM TERM:</b>	<p>The maximum maturity of the Program Bonds is thirty-two years from date of issuance.</p>
<b>PROGRAM BONDS MUST BE STRUCTURED AS TERM BONDS:</b>	<p>Program Bonds must be structured as term bonds with a stated maturity date of not less than ten years after the date of issuance.</p>
<b>PROGRAM BOND SINKING FUND REQUIREMENT:</b>	<p>Program Bonds are subject to mandatory sinking fund redemption to be established by the Issuer (i) with respect to Program Bonds that have no Escrowed Proceeds, on the date of issuance of the Program Bonds and (ii) with respect to Program Bonds with any Escrowed Proceeds, on the date of pricing of the final issue of Market Bonds (see “Market Bonds” below). This schedule must 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.</p>
<b>MARKET BONDS:</b>	<p>Except as provided in “Small Issue Program Bonds” below, Program Bonds may not be more than 60% of the overall issuance measured by principal (“<b>Market Bond Ratio Requirement</b>”). To satisfy this requirement, the Issuer will be required to offer serial bonds and/or</p>

term bonds for public or private sale to investors in accordance with standard bond underwriting practices (“**Market Bonds**”).

Market Bonds may have stated maturity dates of less than, equal to or greater than ten years.

The Program Bonds and Market Bonds of the same issue must be equal in priority (with respect payment and security) to each other and to the most senior bond issued under the related indenture.

**SMALL ISSUE  
PROGRAM BONDS:**

Excluded from the Market Bond Ratio Requirement are Program Bonds of a bond issue composed entirely of Program Bonds having an aggregate principal amount not exceeding \$25 million (“**Small Issue Program Bonds**”) if (i) 100% of the mortgage assets held under the indenture are mortgage-backed securities backed by single family mortgage loans (“**MBS**”), (ii) the outstanding bonds under the indenture have a long-term credit rating of ‘Aaa’/‘AAA’ and (iii) it is the customary business practice of the Issuer to not issue serial bonds in connection with such a financing.

**WHEN MARKET BONDS  
MUST BE ISSUED:**

The Market Bonds may be issued at the same time as the Program Bonds but may also be issued later. All Market Bonds must be issued by December 31, 2010. The Market Bonds need not be issued all at once, but must not be issued on more than three separate occasions. The issuance of Market Bonds at the same time as the Program Bonds does not count for purposes of this limitation.

**CONSEQUENCES OF  
NOT ISSUING MARKET  
BONDS WITH  
PROGRAM BONDS:**

If the Market Bond Ratio Requirement is not satisfied when the Program Bonds are issued, a portion of the net proceeds of the Program Bonds (“**Escrowed Proceeds**”) must be set aside with the bond indenture trustee in an escrow held under the bond indenture (“**Escrow**”) pending the issuance of Market Bonds.

**ESCROW  
REQUIREMENT:**

The amount that must be escrowed will be the result of (i) multiplying the amount of the net proceeds of the Market Bonds (if any) issued simultaneously with the Program Bonds by 1.5 and (ii) subtracting the amount calculated in (i) above from the net proceeds of the Program Bonds.

**INVESTMENT OF  
ESCROWED PROCEEDS:**

Escrowed Proceeds must be invested in government or agency securities rated in the highest short-term rating category (‘A-1’/‘P-1’) (“**Permitted Escrow Investments**”), with a maturity date of one year or less, with the specified maturities selected to match the anticipated draw down of funds from Escrow by the Issuer. Permitted Escrow Investments must be pledged exclusively to the repayment of the Program Bonds.

**CONDITIONS TO  
RELEASE OF  
ESCROWED PROCEEDS:**

At such time as Market Bonds are issued and the Issuer delivers to the bond indenture trustee and the GSEs a related certificate of Market Bond issuance and calculation of the release amount pursuant to the Market Bond Ratio Requirement (each, a “**Release Date**”), Escrowed Proceeds will be released simultaneously from the Escrow in an amount equal to the net proceeds of the Market Bonds then issued

**REQUIRED  
CONVERSION OF  
TAXABLE TO TAX-  
EXEMPT:**

multiplied by 1.5.

To the extent the Program Bonds are initially issued as taxable bonds, it shall be an additional condition to the establishment of a Release Date that the Issuer deliver a bond counsel opinion that interest on the Program Bonds related to the Escrowed Proceeds to be released is tax-exempt.

**UNUSED ESCROW  
PROCEEDS;  
REDEMPTION OF  
PROGRAM BONDS:**

If any Escrowed Proceeds remain in the Escrow on January 1, 2011, such remaining Escrowed Proceeds must be used to redeem outstanding Program Bonds at par (adjusted for any unamortized premium or discount) on the next available redemption date under the indenture.

**ISSUANCE  
LIMITATION:**

The Program Bonds may only be issued in an amount which, when added to the Market Bonds and sized in accordance with the Market Bond Ratio Requirement, will result in a total bond issue amount which does not exceed the reasonable expectations requirement applicable to tax-exempt mortgage revenue bonds. In no event may the principal amount of the Issuer's Program Bonds exceed the amount that has been allocated to the Issuer under the Single Family New Issue Bond Program.

**PREMIUM BONDS:**

The Issuer may elect to issue its Program Bonds at a maximum premium of 103%, based upon the par yield and a PSA of 250% (based on the assumption, whether ultimately accurate or not, that the underlying mortgage loans would be originated on January 1, 2010) in order to obtain extra proceeds only to be used to make supplemental loans to borrowers for downpayment assistance.

The Issuer cannot issue Program Bonds at a premium in connection with any Escrowed Proceeds.

The aggregate principal amount of premium bonds may not exceed 20% of the aggregate principal amount of Program Bonds at the time of issuance of the premium bonds.

**PRICING**

**INTEREST RATE –  
GENERAL:**

Except as provided for Program Bonds with Escrowed Proceeds as set out below, Program Bonds must bear a fixed rate of interest.

**INTEREST RATE –  
PROCEEDS NOT IN  
ESCROW:**

The interest rate per annum on a Program Bond (to the extent the proceeds of such bond are not held in an Escrow) and the Reset Rate for each tranche of Escrowed Proceeds of a Program Bond released from Escrow will be the sum of (i) the 10-year Constant Maturity Treasury (“**10-Year CMT**”) rate as reported by Treasury as of the close of business on the day immediately before the day the interest rate is established and (ii) a Spread (as defined below). The 10-Year CMT will be established by reference to the Daily Treasury Yield Curve Rates published by Treasury, currently available on its website at:

<http://www.ustreas.gov/offices/domestic-finance/debt->

**INTEREST RATE –  
PROCEEDS HELD IN  
ESCROW:**

If any proceeds of a Program Bond are held in Escrow, the Program Bond will bear interest as follows:

- (a) The portion, if any, of principal of the Program Bond that is not Escrowed Proceeds will bear interest as set out above.
- (b) The portion, if any, of principal of the Program Bond that is Escrowed Proceeds will bear interest at the Variable Rate (see “Variable Rate” below) from the date of issue of the Program Bond.
- (c) Any tranche of the Escrowed Proceeds released from Escrow will bear interest from (and including) the Release Date to (but excluding) the date which is two (2) months (or three (3) months in connection with Small Issue Program Bonds) after the Release Date (“Reset Date”) at the Variable Rate plus the applicable Spread, based on the rating then in effect.
- (d) For each tranche of the Escrowed Proceeds released from Escrow, the principal of such tranche will bear interest from (and including) its Reset Date to maturity, at its Reset Rate (see “Reset Rate” below).

**VARIABLE RATE:**

The Variable Rate is a floating rate equal to the bond equivalent of the 28-day Treasury Bill discount rate.

**RESET RATE:**

If any of the proceeds of the Program Bond are to be held in Escrow, then at the time of issue of the Program Bond, the Issuer must select the Reset Rate method to apply to the Program Bond as follows:

- (a) The Reset Rate may be a single fixed rate of interest which applies to all tranches of the Program Bond from their respective Reset Dates determined in accordance with “Interest Rate—Proceeds not in Escrow” above before the issuance of the Program Bonds; or
- (b) The Reset Rate may be a fixed rate of interest determined as described in “Interest Rate—Proceeds not in Escrow” for the tranche of the Program Bond. Under this option, the Reset Rate for a tranche will be set (by certification of the Reset Rate by Treasury’s agent) on the same day that the Issuer prices the Market Bonds associated with such release.

**SPREAD:**

Each time a rate of interest is set, whether at original issuance of the Program Bonds or with respect to a Reset Date, the spread will be as follows (as based upon the lowest rating if ratings are split):

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

If a Reset Rate is to be determined for a tranche of Escrowed Proceeds

at the time of release from Escrow, the Spread will also be determined at that time based on the rating then in effect.

**NO LOCK OUT AND NO REDEMPTION PREMIUM:**

The Program Bonds will be redeemable in whole or in part (in minimum denominations of \$10,000 and integral multiples of \$10,000 in excess thereof) on the first day of each month from the date of issuance. Redemptions shall be made without any redemption premium; provided, however, that the redemption price for any portion of the Program Bonds purchased at a premium or a discount from the stated principal amount of the bonds will be adjusted for any unamortized premium or discount as set forth in a fixed schedule; provided, further, that special redemptions related to prepayments and recoveries of principal on underlying mortgage loans may be at par.

**NO CROSS-CALLS OUT OF PROGRAM BONDS AND NO RECYCLING PERMITTED:**

The Issuer will be required to apply the following exclusively to the redemption of Program Bonds, with respect to (a) below, and the Program Bonds and the related Market Bonds on a pro rata basis, with respect to (b) below: (a) all proceeds of the Program Bonds, to the extent not used to acquire mortgage loans, pay Program Bond issuance expenses or fund reserve accounts and (b) all principal payments, principal prepayments and other recoveries of principal received with respect to the mortgage loans financed with the proceeds of the Program Bonds. Amounts set forth in (b) above will NOT be permitted to be recycled into new mortgage loans.

The Issuer will not be permitted to issue Market Bonds with “super sinker”, planned amortization classes or other priority allocation class rights. Mortgage loan prepayments received with respect to mortgage loans financed with proceeds of the Program Bonds and the related Market Bonds must be applied on a pro rata basis to the Program Bonds and the Market Bonds.

**FEES**

**INITIAL SECURITIZATION FEE:**

The Issuer will pay an Initial Securitization Fee to the GSEs at the time of Settlement of the Program Bonds and the GSE Securities. The Initial Securitization Fee payable to each GSE will be the greater of (i) 10 bps of the principal of the Program Bonds securitized by that GSE or (ii) \$50,000 per issuance of Program Bonds securitized by that GSE. The Initial Securitization Fee will be payable as a deduction from the purchase price paid by Treasury for the GSE Securities backed by the Program Bonds. A reduced Initial Securitization Fee for smaller transactions is under consideration by Treasury, the Federal Housing Finance Agency and the GSEs.

**LEGAL EXPENSES:**

The Issuer will pay all of its own legal fees and expenses related to the issuance of the Program Bonds. The Issuer will also pay the legal fees and out-of-pocket expenses of the GSEs’ joint counsel for the review, discussion and, as applicable, preparation of the indenture, any supplemental indenture, bond forms, related closing documents and all other documents relating to the Program Bonds, including the

Placement Agreement and the closing of the Program Bond transaction (“GSE Legal Fees”). The GSEs will pay their own legal fees related to the securitization of the Program Bonds.

**ADMINISTRATIVE  
FEES:**

Amendments, transfers, waivers or consents: \$2,500 per GSE plus attorney’s fees and expenses.

**TIMING/  
COMPUTATION OF  
PAYMENTS:**

All fees are non-refundable. The GSE Legal Fees are payable at Settlement in immediately available funds. Additionally, the Issuer shall pay the GSE Legal Fees regardless of whether the transaction is closed, provided that a failure of the transaction to close, if any, occurs through no fault of the GSEs.

**SELECTED COVENANTS  
OF THE ISSUER**

- (1) Apply volume cap allocations as set forth under “Tax Status – Volume Cap” above.
- (2) Not have any lock-out provisions or premium for the tender or redemption of the Program Bonds, and adjust tender or redemption price for any unamortized premium or discount.
- (3) Not issue new bonds on a variable rate demand, adjustable rate or auction rate basis under the same indenture pursuant to which the Program Bonds are issued other than Escrowed Proceeds at the Variable Rate.
- (4) Limit withdrawals of or pledges of money, mortgage loans or other assets from the indenture (other than for scheduled debt service on bonds issued under that indenture and the costs of administering the mortgage loan program and the bond financing), or otherwise pledged or hypothecated, unless such funds are used to redeem Program Bonds associated with the related indenture, in accordance with Single Family New Issue Bond Program guidelines.
- (5) With respect to the purchase, origination, enforcement and servicing of mortgage loans and MBS:
  - (a) originate or cause to be originated, 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;
  - (b) cause all mortgage loans to be serviced pursuant to the servicing requirements of the Issuer, GNMA, Fannie Mae and Freddie Mac, as applicable, or any other party providing credit support in respect of any mortgage loans held under the indenture;
  - (c) 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

(d) 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 bonds.

**SETTLEMENT**

On December 21, 2009 for the December Securitization Settlement and on December 30, 2009 for the January Securitization Settlement (see “Key Dates” below), the Issuer or its agent will deliver the Program Bonds by such date to be securitized for free\* via DTC to a settlement agent as agreed upon by the GSEs and Treasury (the “Settlement Agent”), which will act as an independent settlement agent for the securitization of the Program Bonds and purchase of the GSE Securities. The Settlement Agent will manage and control the Settlement for the benefit of all parties and deliver such receipts and documents as required by the Delivery, Custody, Disbursement and Release Agreement (“**Settlement Agreement**”) among the Issuer, the GSEs and Treasury, or its agent.

The Settlement Agreement will instruct the Settlement Agent at Settlement to release the Program Bonds to the GSEs and their document custodian, release or direct the release of the purchase proceeds for the GSE Securities to the Issuer and release the GSE Securities to Treasury or its agent.

If the securitization of the Program Bonds is not consummated, the Settlement Agreement will require the Settlement Agent to return the Program Bonds to the Issuer, return the GSE securities to each GSE and return or direct the return of the purchase funds to Treasury.

**KEY DATES**

**GENERAL:**

The following sets forth the timing requirements of the Issuer for the issuance of the Program Bonds. In order to fulfill and implement this Program the below timeline must be satisfied. **THESE DATES ARE NOT NEGOTIABLE; NO EXCEPTIONS CAN BE MADE.**

**DECEMBER  
SECURITIZATION  
SETTLEMENT:**

December 1-8, 2009	Rate Setting for December Securitization
December 9, 2009	Execution of Placement Agreement (Issuer and GSEs)  Delivery by Issuer of its final Official Statement with respect to the Program Bonds

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\* Free means no funds will be exchanged at the time of delivery of the Program Bonds to the Settlement Agent. Funds will only be disbursed to the Issuer at Settlement as described above.

	Delivery by Issuer of its 10b-5 certificate on Official Statement
	Delivery of New Issue Bond Program Agreement (Treasury and GSEs)
	Delivery of Delivery, Custody, Disbursement and Release Agreement
December 17, 2009	Printing of GSE Private Placement Memorandum
December 21, 2009	Receipt of Program Bonds by the Settlement Agent
	Receipt of other closing items by the GSEs
December 23, 2009	Issuance of Program Bonds and Settlement/Issuance of GSE Securities
<b>JANUARY SECURITIZATION SETTLEMENT:</b>	
December 21-29, 2009	Rate Setting for January Securitization
December 30, 2009	Execution of Placement Agreement (Issuer and GSEs)
	Receipt of Program Bonds by the Settlement Agent
	Receipt of other closing items by the GSEs
	Delivery by Issuer of its final Official Statement with respect to Program Bonds
	Delivery by Issuer of its 10b-5 certificate on Official Statement
	Delivery of New Issue Bond Program Agreement (Treasury and GSEs)
	Delivery of Delivery, Custody, Disbursement and Release Agreement
January 13, 2010	Printing of GSE Private Placement Memorandum
On or before January 20, 2010	Issuance of Program Bonds and Settlement/Issuance of GSE Securities

## **PRINCIPAL SECURITIZATION DOCUMENTS**

<b>PLACEMENT AGREEMENT:</b>	The Placement Agreement is the securitization agreement between the Issuer and the GSEs which provides for the exchange of the Program Bonds for the GSE Securities backed by the Program Bonds and the delivery of the GSE Securities to the Issuer's designee (Treasury's agent). The Placement Agreement will be unconditional and will include certain warranties and representations and covenants of the Issuer about the Program Bonds, the reporting requirements related to the Program Bonds that must be satisfied by each Issuer or its agents following securitization and certain other administrative functions.
<b>NEW ISSUE BOND PROGRAM AGREEMENT:</b>	The New Issue Bond Program Agreement is an agreement between the GSEs and Treasury which provides for the creation of the New Issue Bond Program, the purchase by Treasury of the GSE Securities backed by the Program Bonds and certain other programs related to assisting the housing finance markets, and contains Treasury's agreement to purchase the GSE Securities related to the Program Bonds from the Issuer.
<b>DELIVERY, CUSTODY, DISBURSEMENT AND RELEASE AGREEMENT:</b>	The agreement among Treasury, the Issuer, each GSE and the Settlement Agent related to the Settlement.
<b>NO DOCUMENTATION MODIFICATION:</b>	No substantive changes will be allowed to the Single Family New Issue Bond Program documents.

## **DUE DILIGENCE**

The Issuer will be required to provide, on a timely basis, additional documentation and information to the GSEs as reasonably requested by the GSEs and GSEs' legal counsel, both prior to and subsequent to Settlement.

## **PROGRAM MODIFICATION**

This Term Sheet is not a commitment or an offer to purchase, does not create any legal obligation on the part of the GSEs, and should not be construed as an attempt to establish all of the terms and conditions relating to the contemplated transaction including, but not limited to, final approval of the contemplated transaction by (i) Treasury, (ii) Fannie Mae and (iii) Freddie Mac. It is intended only to be indicative of certain terms and conditions around which the contemplated transaction could be structured and not to preclude negotiations within the general scope of these terms and conditions.