

Request for Proposal: Trustee Services

Multiple Purpose Bonds, Mortgage Revenue Bonds (Mortgage Backed Securities Program), & TBA Program

VERMONT HOUSING FINANCE AGENCY
164 Saint Paul Street
Burlington, Vermont 05401

November 15, 2018

Proposals must be submitted no later than 5:00 p.m., Eastern Daylight Time,
Tuesday, December 11, 2018

RESPONSE SUBMISSIONS
FinRFP@VHFA.org

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Section 1 — Guidelines for Request for Proposals

1.1 Introduction

Vermont Housing Finance Agency (“VHFA” or the “Agency”) is seeking proposals from a qualified corporate trustee, which may be a trust company or bank having the power of a trust company within or outside of the State of Vermont, to provide trustee services for the bond issues of the Agency as specified in this Request for Proposal (“RFP”). The trustee must be qualified and the trust services provided must be performed in accordance with a trust indentures securing the Multiple Purpose Bonds and the Mortgage Revenue Bonds and the related supplemental resolutions “the Indentures”. The single family and multifamily bonds may be secured by mortgage backed securities (FNMMAs, FHLMCs and GNMMAs), and/or by whole loans. The bonds may include tax-exempt and/or taxable bonds. Debt service will generally be paid semi-annually. Redemptions may occur on non-debt service dates.

Official Statements for Multiple Purpose Bonds and the Mortgage Revenue Bonds and the issued under a trust indentures dated as of July 1, 2007 and December 1, 2009 can be found on the Municipal Securities Rulemaking Board Electronic Municipal Market Access (“EMMA”) website or on VHFA’s website, www.vhfa.org. A list of the current outstanding bonds under the indenture is attached as Schedule A-1. VHFA anticipates issuing additional series of bonds under the Indenture but can provide no assurance as to the number of issues or timing of issuances.

VHFA intends to select a Trustee who will consult with VHFA staff, bond counsel, VHFA’s underwriters and VHFA counsel and any other parties necessary to create, sell and service the Agency’s bond issues. The period during which the selected institution will continue as Trustee is indefinite subject to the terms of the Indenture. The Indentures under which the selected institution will act as Trustee is set forth in Exhibit A.

1.2 Eligible Institutions

Eligible institutions shall include any bank, trust company or national banking association having trust powers and having either (i) a combined capital and surplus of not less than \$75,000,000 or (ii) \$500,000,000 of assets under trust.

1.3 Schedule of Events

VHFA has established the following schedule for selection of the Trustee:

<u>Event</u>	<u>Date</u>
RFP issuance date	Thursday, November 15, 2018
Written Questions from Potential Offerors	Tuesday, November 27, 2018
VHFA Responses to Questions	Tuesday, December 4, 2018
Proposals due	Tuesday, December 11, 2018, 5:00 pm (EST)
Possible interviews	Monday – Wednesday, December 17-19
Completion of evaluations	Friday, December 21, 2018
Confirmed selection by VHFA Board	Monday, January 7, 2019
Agreement for Services executed	Monday, January 14, 2019
Start date of Services	TBD – target date Friday, March 1, 2019

The above schedule is subject to change upon written notice from VHFA to all firms to which VHFA has provided these materials.

1.4 Questions or Requests for Additional Information

VHFA will accept questions and inquiries from all potential offerors. All inquiries must be submitted by email, citing the particular proposal section and paragraph number. All questions and requests for additional information must be submitted to VHFA on or before Tuesday, November 27, 2018 by 5:00 pm.

Potential offerors may submit questions or inquiries via email to:

Email: FinRFP@VHFA.org (Subject: Trustee RFP)

VHFA reserves the right to decline to respond to any question or inquiry that will cause an undue burden or expense for VHFA. Questions submitted after the deadline will not receive a response.

VHFA will post all questions or inquiries with answers on its Web site at www.VHFA.org/RFP by December 4, 2018.

1.5 Submission of Proposals

To be considered, written proposals responding to the questions and requests for information in the manner specified in this Request for Proposal (“RFP”), should be delivered electronically to VHFA no later than Tuesday, December 11, 2018, 5:00 pm (EST).

Proposals may be delivered electronically to FinRFP@VHFA.org.

Or, a proposal may be uploaded to VHFA’s secure ShareFile site. A ShareFile set up request may be e-mailed to FinRFP@VHFA.org and include:

- Subject: Trustee RFP ShareFile Set up Request
- Company Name
- Employee Name
- Title
- Email

Proposals received after the specified date and time will not be eligible for consideration. Any offeror wishing to confirm receipt of its proposal may contact FinRFP@VHFA.org.

1.6 Right to Request Additional Information

VHFA reserves the right to request any additional information to assist in the review process, including requiring oral presentations of proposals to VHFA staff members, VHFA’s selection committee and/or the VHFA Board of Commissioners.

1.7 Right to Reject Proposals and Cancel RFP

VHFA reserves the right to reject any and all proposals at any time. VHFA reserves the right to cancel, withdraw, modify or reissue this RFP at any time for any reason.

1.8 Reservations of Rights

VHFA reserves the right to use alternative indentures or other financing approaches to finance its single family homeownership and multifamily program loans. VHFA reserves the right to use other trustees or finance firms and institutions for these purposes.

1.9 Award of Contract

The Contract will be awarded to the firm that gives VHFA the most effective combination of qualifications, services to be provided, understanding of the trust services needed, demonstration of the ability to identify and analyze key issues, experience with similar projects, proximity of corporate offices, assurances and availability of key personnel, and costs. VHFA will post on its website the firm selected to be awarded the contract after formal approval by January 8, 2019.

While VHFA is conscious of costs and costs will be one of the factors VHFA will consider in its selection, VHFA reserves the right to award the engagement to a respondent that does not propose the lowest cost to the Agency if other factors override the higher costs.

VHFA Board will award the contract in a public meeting and VHFA will post on its Website the offeror selected.

1.10 Engagement Letter

The firm selected to provide the trust services described in this RFP would be expected to complete and submit an agreed upon Engagement Letter covering the scope and terms of service as required in this RFP.

Section 2 — Scope of Services

VHFA is seeking a qualified financial institution to serve as the Trustee for bonds issued or to be issued by VHFA. The qualified institution will have extensive experience managing single family mortgage revenue bonds and multifamily housing bonds, including the administration and accounting for multiple investments of such bond proceeds.

2.1 Traditional Trust Services

Provide traditional trust services as they relate to these instruments: single family mortgage revenue bonds and multifamily housing bonds. Traditional trust services include, but are not limited to, the following:

- A) Participate in any and all meetings, on an as needed basis, relating to the planning and structuring of new bond issues.

- B) Review and provide input regarding all transaction documents, including, but not limited to, the Official Statement, General or Supplemental Indentures, Resolutions or Certificates, Bond Purchase Agreements, Mortgage Origination Agreements, Repurchase Agreements and other Investment Agreements, Master Servicer Agreements and Interest Rate Swap Agreements.
- C) Provide day to day administration of the single family mortgage revenue bonds and multi-family housing bonds (i.e., how the firm communicates internally regarding the recordkeeping requirements for the bonds).
- D) Institute procedures designed to ensure (i) funds are directed into accounts as described in the General or Supplemental Indentures, Resolutions or Certificates and any VHFA instructions; and (ii) transactions are reconciled and monitored to ensure compliance with any General or Supplemental Indentures, Resolutions or Certificates and any VHFA instructions.
- E) Perform paying agent functions including disbursement of funds and payment of all bond interest and principal payments to The Depository Trust Company (DTC), any other successor depository or to bondholders in the event the services provided by DTC are discontinued for any reason.
- E) Provide information to bondholders regarding bond issues.
- F) Comply with dissemination requirements set forth in the transaction documents.

2.2 Traditional Trust Services with VHFA Specific Requirements

Customize your services to meet VHFA specific requirements including, but not limited to, the following:

Bonds

- A) Enter into or undertake duties under bond documents governed by Vermont law. **(All of VHFA's existing Trust Agreements and Bond Resolutions are governed by Vermont law.)**
- B) Provide redemption notices and other notices and post to the Electronic Municipal Market Access ("EMMA") as required under the Securities and Exchange Commission ("SEC") secondary market disclosure rules.
- C) Provide copies of redemption notices to VHFA for all bond calls. (VHFA's financial advisor, Piper Jaffray, determines bond redemption amounts, maturities to call and sinking fund calculations.)
- D) Produce and submit "Bond Call History" and "Flow of Funds" reports to meet VHFA's specifications on bond payment dates and on an as needed basis.

- E) Furnish trust transactions and balance information in electronic format to financial advisors, bond underwriters, rebate analysts and independent auditors as directed by VHFA. (VHFA has contracted with BLX to monitor VHFA's compliance with Arbitrage Rebate. BLX will require online access to VHFA's accounts to assist in gathering data for calculations.)

Loans and Mortgage Backed Securities

- A) Review all documents relating to whole loans and Ginnie Mae, Freddie Mac and Fannie Mae Mortgage Backed Securities (the "Certificates") for accuracy.
- B) Work with VHFA and Master Servicer to purchase the Certificates. Reconcile reports prepared by Master Servicer to ensure Certificates are purchased and principal and interest payments are recorded correctly.
- C) Provide Custodial Services for Whole Loan documents (mortgage loan notes and 2nd notes), if applicable
- D) Maintain current wiring instructions for VHFA participating Lenders and disburse funds to participating lenders as directed by VHFA. (In 2009, VHFA discontinued originating single family whole loans. At present, VHFA pools and securitizes all single family loans.)
- F) Receive and accurately deposit funds received from multiple servicers including master servicers. Accept and report data from VHFA's single family participating servicers via email from the servicers to the Trustee.
- G) Receive and accurately deposit funds received from loan insurers.
- H) Process all receipts and disbursements under the Indenture as directed by VHFA, including ACH and other electronic fund transfers, wire transfers and checks.

Investments

- A) Determine the fair market value of the investments held by VHFA, either as whole investments or the subject of amounts held under repurchase agreements, on a daily, weekly or monthly basis.
- B) Provide interest rates to VHFA on a daily, weekly or monthly basis on all variable rate investments held in the trust accounts.
- C) Determine if investments meet permitted investment and quality requirements of Agency's enabling legislation and General or Supplemental Trust Agreements or Resolutions.
- D) Each individual account will need to be set up with an automatic sweep vehicle. The Trustee will be responsible for automatically sweeping the balances in all accounts daily to an investment option.

- E) Process security trades, fixed income investments and savings certificates such as Certificates of Deposit (“CD”) per instructions received by authorized persons. Each purchase of the same security (CUSIP) is tracked as a separate investment.
- F) Assume the obligations of the Trustee under the investment agreements, repurchase agreements and similar investment agreements the Agency’s trustee previously has entered without any revisions, modifications or other amendments to the existing documents in the event that the Agency decides to replace its existing trustee. VHFA’s current Investment Policy as set forth in Exhibit F.
- G) Provide monthly reconciliation of investments.

2.3 Reporting Requirements

- A) Provide trust statements electronically. VHFA will require the selected trustee to provide trust statements in an electronic format on a monthly basis within 3 business days of month end.
- B) Provide hard copy July 1 through June 30 fiscal year-end recap statements to VHFA’s auditors and to VHFA at fiscal year-end.
- C) Provide other reports on an as needed basis.
- D) Provide an annual SOC 1 Report (Service Organization Controls Report) report, or equivalent information. If the entire period of the June through July fiscal year is not covered by the report, a bridge letter for the period not covered must be provided. **The inability to provide the SOC 1 Report, or equivalent information, on an annual basis will disqualify your firm from being appointed as trustee.**

2.4 Electronic Capabilities

- A) Provide access to an on-line reporting platform that would provide VHFA current day and historical information as it relates to fund balances, investment balances, investment types, and daily activity.
- D) Utilize the Depository Trust Company (“DTC”) FAST procedures.
- E) Deliver a daily EDI file to VHFA. On a daily basis, VHFA retrieves an EDI via a File Transfer Protocol (FTP) or by downloading a file from a Data Transmission Secure Server. Daily transactions are uploaded into the Agency’s Mitas Cash Management System. At month end, the Agency uploads asset market values.
- F) Accept and process instructions, transfers and other transactions requested by VHFA.

Section 3 — Required Information to be provided in Response to Proposal

3.1 Scope of Services

- A) Describe the various offices and functions regarding initial setup for a new issue, monitoring of key dates and compliance issues, procedures for accurate and timely debt service payments, and compliance with reporting requirements.
- B) Describe your system capabilities to provide VHFA current day and month-to-date information as it relates to fund balances, investment balances, investment types, and daily activity. Describe limitations, if any, to setting up users. Please confirm VHFA can permit third party providers, such as rebate arbitrage analysts, access to VHFA accounts on the online platform.
- C) Describe in detail the types of reports and information available from your on-line site and the ability for VHFA to download information and convert to a usable format (i.e., CSV, Excel). If possible, provide a CD or a link to a site that VHFA can access to view your on-line reporting platform.
- D) Please describe whether your firm delivers a customizable EDI file or a standard EDI file. If the EDI file should require customization, please describe the approximate amount of time needed to comply with customization and associated costs, if any.
- E) Describe your system ability to enter data in a narrative or transaction description field in a specified format. (VHFA provides instructions to the Trustee to include a numeric General Ledger account code in a transaction description field. The 3 digit code can appear at the beginning of the data field, at the end of the data field, or preceded by a special character.)
- F) Please provide a list of data fields included in an EDI file. Explain in detail the fields that are available for adaption to VHFA specific needs and the flexibility and characters available for description of transactions.
- G) Describe availability of your on-line system; hours of availability, down time for maintenance or upgrades; multiple users and access from sites other than our main office.
- H) Indicate how long on-line transactions and balance information will remain available for VHFA to access electronically.
- I) Provide us with your turnaround time for processing disbursement requests and receipts. Describe the procedures in place for immediate access of funds and other time sensitive transactions.
- J) Provide us with your lead time required to process bond redemptions.
- K) Indicate your firm's ability to wire funds and any related fees, costs or time constraints.
- L) Indicate your firm's ability to send funds via ACH and any related fees, costs or time constraints
- M) Indicate whether investments can be purchased directly and/or from a brokerage firm.

- N) Describe availability of sweep options, and if a money market fund or similar interest-bearing account is used, provide a website link to a prospectus.
- O) VHFA currently uses trust services for certain funds and accounts not pledged to the bondholders. These accounts currently include a Down Payment Assistance program and a TBA program. Explain your trust department's ability to maintain these custody accounts. Please provide a separate fee schedule for accounts not related to an indenture.
- P) Describe any compromises to your firm's data integrity or security over the last 5 years.
- Q) Describe any failure to file redemption notices on EMMA or remit payment to bondholders within the last 3 years. Describe what controls are in place to minimize continuing disclosure errors.
- R) VHFA forwards instructions to the Trustee using the secure transmission service ShareFile. Describe your ability to receive instructions via secure transmission services.

3.2 Description of Firm

Please describe your firm's experience serving as the trustee for single family mortgage revenue bonds and multifamily housing bonds or similar instruments. In this description of your firm, include the following:

- A) Number of years of operation of your corporate trust department.
- B) Amount of assets held or administered by your corporate trust department.
- C) Percentage of assets representing single family mortgage revenue bond and multifamily housing bonds assets.
- D) The ratings of your financial institution by national rating agencies.
- E) Trust department's organizational structure. Describe how many professionals are assigned to an account and how many are assigned to state housing agencies. Describe changes in staffing relating to how many professionals provide coverage today versus three years ago.
- F) List the number and dollar volume of housing bonds your firm has serviced as the trustee for the last 3 years. Include the name of the issuer of the housing bonds, providing separate lists for single family and multifamily bonds.
- G) Describe the various types of bond structures your staff has administered and the number of issues for each type. The description requested should include, but is not limited to, whether the bond structures were variable rate, fixed rate, hedged, unhedged, taxable and/or tax exempt.
- H) Provide a list of your existing State Housing Agency clients.

- I) Provide information regarding any State Housing Agency accounts from which the offeror was terminated as trustee in the last three years including the reason for termination.
- J) In the event your company plans to subcontract any of the services required to be provided as trustee and paying agent, please indicate which service, if any, will be subcontracted. Identify the subcontract firm(s) proposed and describe the subcontractor's experience with the service provider. Use of a subcontract to provide any services for the Indenture is subject to prior written approval by VHFA.
- L) Professional Liability Insurance. Describe the type and amount of fidelity bond coverage and professional liability insurance your company carries with respect to its corporate trustee and paying agent services.
- M) Security Policies. Describe the security policies and procedures your company has in place to protect VHFA and bondholder records and assets from unauthorized disclosure, misuse, alteration, destructions or other compromise of information. Provide details regarding your company's procedures to detect and prevent fraud and unauthorized transactions as well as details regarding your company's procedures to detect, prevent and respond to attacks, intrusions, or other systems failures.
- N) Disaster Recovery. Describe the disaster recovery procedures; the projected response time to catastrophic events; and the frequency, extent, and results of testing of these procedures. In the event of a disaster that requires reliance on these procedures, describe the impacts VHFA would experience as a result.

3.3 Firm References

Please provide 3 references from issuers that have utilized your firm to provide trust services for housing bonds in the past 3 years. If your firm has serviced less than 3 housing bond issuers, you may provide references from governmental issuers issuing bonds other than housing bonds.

3.4 Staff Qualifications

Identify the specific key individuals who would be assigned to work with VHFA and specify which person would be the primary contact person with VHFA. Describe the level of staffing and service that VHFA would receive, including the nature of the work that each person would perform and his/her related professional experience with housing issues.

Specify which person will be the primary contact person with VHFA.

Describe your company's customer service model.

Describe your firm's plan to make sure appropriate back-up will be provided at all times.

3.5 Locations

Identify the location of all of your offices where the servicing of the VHFA accounts would take place.

3.6 Cost Proposal

Provide a proposal for how your institution proposes to charge the Agency for the services that it will provide. Provide detail as to how charges will be computed. Include any transition fees that you would propose to charge. A suggested template of a fee schedule is set forth as Schedule A-2.

- A) Indicate any related fees or costs associated with arbitrage rebate compliance, requisition processing, tender agent services, changes to credit facilities, amendments to documents, interim bond calls, rate mode changes, physical bond transfers, rating agency questionnaires, IRS audit requests, auditors requests, default administration, and the publication of redemption or other notices
- B) Indicate any termination fees if all outstanding bonds are defeased or called in full prior to their stated maturity, or the trustee engagement is otherwise terminated prior to the stated maturity date. Indicate whether fees paid in advance are refundable upon termination.
- C) Indicate any related fees or costs associated with forward delivery agreements, Guaranteed Investment Contracts, Master Repurchase Agreements, mode changes, changes to credit facilities, supplements, amendments or waivers, or similar events. In addition, indicate whether fees will be associated should any investment agreement be substituted, collateralized, or amended.
- D) Indicate all anticipated expenses to be incurred by your firm for which you expect reimbursement. This includes any trustee fees, transaction fees, wire fees, asset management fees, 12b-1 or sweep fees you anticipate will be charged to the account. Indicate brokerage fees related to and any limits on the purchase of investments.
- E) If not using the suggested template of a fee scheduled as set forth as Schedule A-2, please provide a table to detail the proposed fee arrangement per bond series and any minimum fee levels. VHFA preference is for a fee schedule that is understood to be inclusive and include all anticipated fees and expenses.

3.7 Implementation after Selection

If selected to be the Trustee, please estimate amount of time needed to become familiar with the bond indentures. Please include a detailed implementation and transition schedule for conversion from an existing Trustee.

3.8 Litigation, Administrative Proceedings, Investigations

Please describe any pending or resolved material litigation, arbitration, administrative proceedings or investigations in which your corporate trust department has been involved in the previous five year period.

3.9 Defaulted or Defeased Bond Issues

Describe your procedures for handling defaults or defeasance. Provide a list of any defaulted or defeased bond issues your firm has participated in. For any defaults, describe the circumstances of the default. Describe a recent workout situation your firm has administered.

3.10 Additional Information

Include a copy or a website link to the most recent annual audited financial statements and provide a copy of the most recent SOC 1 Report, or equivalent information.

3.11 Other Qualifications

List any other qualifications that should be considered.

Section 4 — Evaluation Process

4.1 Minimum Evaluation Requirements

VHFA's Review Committee will evaluate the responses to this RFP. Each proposal will be evaluated to ensure that the offeror has complied with each section of this RFP and followed the organizational and submission requirements as described in this RFP. All proposals meeting the mandatory requirements of this RFP will be evaluated with respect to each of the factors specified in Section 1.7. Proposals will not be scored. **Proposals not meeting any mandatory requirements of this RFP will be disqualified and will receive no further evaluation or consideration for award of the Contract.**

The inability to provide the SOC 1 Report, or equivalent information, on an annual basis (Section 2.3.D) and/or the inability to provide the electronic extract in the required format (Section 2.4.D and Section 2.4.E) will disqualify your proposal **from further evaluation or consideration for award of the Contract.**

4.2 Basis for Selection

The selection will be made by VHFA based upon the input of the Review Committee, senior staff and the VHFA Board of Commissioners. The selection will be based upon the factors set forth in Section 1.9. **The decision of VHFA as to the ultimate selection will be final.**

Section 5 — Preparing and Submitting the Proposal

5.1 Proposal Organization and Format

All proposals must be submitted in the following format:

- A) Proposals will be organized and presented in order with the section headings and numbers as assigned in the RFP. Each heading will be clearly labeled.
- B) Each response to this RFP will include as the second page a Table of Contents.

5.2 Submitting the Proposal

By submitting a proposal, the offeror agrees to the following:

- A) All materials submitted become the property of VHFA and shall be public information unless a statutory exception exists which would thereby determine that such information cannot be released to the public. If you have information in your proposal that you believe is an exemption to the Vermont Public Records Laws, you must identify each and every occurrence of the information in the proposal on a separate page titled “Exemptions to the Public Records Law”.
- B) Offerors will respond to all requirements in this RFP and comply with any terms and conditions outlined in the RFP. Failure to do so may result in disqualification of the proposal.
- C) All costs incurred in preparation of a proposal shall be borne by the offeror. Proposal preparation costs are not recoverable under the Agreement for Services. VHFA shall not contribute in any way to recovering the cost of proposal preparation.
- D) If during the evaluation process it becomes necessary to make further distinctions between certain offerors, VHFA may request certain offerors make oral presentations of proposals to VHFA staff members, and/or the VHFA Review Committee.
- E) Proposals received after the deadline will not be reviewed. Offerors are advised that there will be no opportunity to correct mistakes or deficiencies in the proposals after the submission deadline. Proposals that are missing required information may not be evaluated. It is the sole responsibility of the offeror to ensure its proposal is complete, accurate, responsive to the requirements, and received on time. Proposals not complying with the requirements of the RFP may not be further evaluated or considered.

Section 6 – RFP Exhibits

6.1 Exhibits and Schedules incorporated into RFP

Exhibit A	Bonds Outstanding Principal amount by Issue/Series
Exhibit B	Volume Schedule
Exhibit C	Fee Schedule Template
Exhibit D	Multiple Purpose Indenture
Exhibit E	Mortgage Revenue Bonds (Mortgage Backed Securities Program) Indenture
Exhibit F	VHFA Investment Policy

Exhibit A
Multiple Purpose Bonds as of December 31, 2018

Bond Issue	Number of Open Trust Accounts	Series				CUSIP	Bonds Outstanding
2012 ABC	3	Series A	Non-AMT	Fixed	Single Family	924190EH0	1,540,000
		Series B	AMT	Fixed	Single Family	924190EL1	10,255,000
		Series C	Non-AMT	Fixed	Single Family	924190EW7	7,180,000
2013 ABC	3	Series A	AMT	Variable*	Single Family	924190FS5	3,550,000
		Series B	AMT	Fixed	Multifamily	924190FP1	1,875,000
		Series C	Non-AMT	Fixed	Single Family	924190FR7	8,645,000
2014 AB	3	Series A	AMT	Fixed	Single Family	924190GP0	14,465,000
		Series B	Non-AMT	Fixed	Single Family	924190GT2	14,195,000
2015 ABCDE	5	Series A	AMT	Fixed	Multifamily	924190GU9	590,000
		Series B	AMT	Fixed	Single Family	924190HG9	13,175,000
		Series C	Non-AMT	Fixed	Multifamily	924190HL8	4,250,000
		Series D	Non-AMT	Fixed	Single Family	924190HM6	6,675,000
		Series E	Taxable	Fixed	Multifamily	924190HV6	250,000
2015 FG	3	Series F	AMT	Fixed	Single Family	924190HZ7	5,970,000
		Series G	Non-AMT	Fixed	Single Family	924190JS1	10,610,000
2016 AB	3	Series A	AMT	Fixed	Single Family	924190KG5	9,085,000
		Series B	Non-AMT	Fixed	Single Family	924190KW0	12,030,000
2016 CD	3	Series C	AMT	Fixed	Single Family	924190KZ3	8,405,000
		Series D	Non-AMT	Fixed	Single Family	924190LY5	15,720,000
2017 AB	3	Series A	AMT	Fixed	Single Family	924190MD0	9,425,000
		Series B	Non-AMT	Fixed	Single Family	924190MX6	14,970,000
2017 CD	5	Series C	AMT	Fixed	Single Family & Multifamily	924190NA5	5,850,000
		Series D	Non-AMT	Fixed	Single Family	924190PA3	24,110,000
2018 A	5	Series A	Non-Amt	Fixed	Single Family	924190QC8	34,950,000
2018 BC DEFG**	9	Series B	AMT	Fixed	Single Family	924190RC7	3,085,000
		Series C	Non-AMT	Fixed	Single Family	924190QT1	30,260,000
		Series D	AMT	Fixed	Multifamily	924190QW4	2,015,000
		Series E	Non-AMT	Fixed	Multifamily	924190RA1	1,740,000
		Series F	Taxable	Fixed	Multifamily	924190RB9	250,000
		Series G	Taxable	Fixed	Multifamily	924190RF0	3,750,000
TOTAL	45						278,870,000

*MP 2013 Series A - variable rate bonds with swap

Exhibit A
Mortgage Revenue Bonds as of December 31, 2018

Bond Issue	No. of Open Trust Accounts				CUSIP	Bonds Outstanding
2010 A &	2	Non-AMT	Fixed	Single Family	92419PAM8	2,305,000
2009 Subseries A-1		Non-AMT	Fixed	Single Family	92419PAX4	8,510,000
2011 A &	2	Non-AMT	Fixed	Single Family	92419PBX3	4,435,000
2009 Subseries A-2		Non-AMT	Fixed	Single Family	92419PBA3	10,160,000
2009 Subseries A-3	2	Non-AMT	Fixed	Single Family	92419PCB0	31,090,000
TOTAL	6					56,500,000

Exhibit B
Volume Schedule

Multiple Purpose Bonds
As of September 30, 2018

	MBS & Amortizing Whole Loans Outstanding	Number of Amortizing Whole Loans Outstanding	Number of Pools Outstanding
MBS - Program	144,121,690		231
MBS - Reserves	3,786,801		26
Whole Loans Single Family	94,481,289	1,512	
Whole Loans Multifamily	16,248,449	27	
TOTAL	\$258,638,229		

- Schedule does not include 0% loans.

Mortgage Revenue Bonds
As of September 30, 2018

	MBS Outstanding	Number of Pools Outstanding
TOTAL	\$57,449,533	192

Exhibit C
Fee Schedule Template
Trustee Fee Services

Acceptance fee & registration fee – an aggregate initial set up fee for each series. The fee is a one-time fee payable at bond closing. The fee is to include all fees and disbursements of the trustee and trustee’s counsel, for review of documents, investment agreements, attendance at VHFA and conferences prior to bond closing, attendance at bond closing, initial certification and authentication of bonds at closing and setting-up trustee records, accounts and procedures.

Annual fee: This fee covers all the on-going fees for the trustee, registrar and paying agent duties described in the governing documents. The fee includes all fees and disbursements of the trustee and its counsel *except* fees and disbursements of trustee’s counsel incurred in connection with events of default or extraordinary events by VHFA under the Indenture. The fee may be expressed as a percentage of the principal amount of each series of bonds outstanding. The trustee is not expected to perform rebate calculations.

Transition or set up fee	() per bond issue	() per series in a bond issue	\$ _____
Acceptance fee & registration fee related to bond issuance	() per bond issue	() per series in a bond issue	\$ _____
Counsel fees, new bond issues	() per bond issue	() per series in a bond issue	\$ _____
Administration fee			Annual
Fixed fee	() per bond issue	() per series in a bond issue	\$ _____
Or, percentage fee based on principal outstanding	() per bond issue	() per series in a bond issue	_____ %
If percentage, minimum fee		() per series in a bond issue	\$ _____
If applicable, maximum fee	() per bond issue	assumes multiple series	\$ _____
Fees paid			
Payable by VHFA	() annually	() semi-annually	() quarterly
Paid	() in advance	() in arrears	
Refundable, if paid in advance	() yes	() no	
Affirm whether these services are included in the administration fee			
• Requisition processing	() Yes	() No	
• Publication of redemption or other notices	() Yes	() No	
• Interim bond call redemptions	() Yes	() No	
• Scheduled bond call redemptions	() Yes	() No	
• Changes to remarketing agents	() Yes	() No	
• Changes to liquidity or credit facilities	() Yes	() No	
• Amendments to bond documents	() Yes	() No	
• Rate mode changes	() Yes	() No	
Other fees, if applicable			
Interim bond calls	() per bond issue	() per series in a bond issue	\$ _____
Scheduled bond calls	() per bond issue	() per series in a bond issue	\$ _____
Termination fees	() per bond issue	() per series in a bond issue	\$ _____

continuation of Fee Schedule Template

Bond Issue	Series	Bonds Outstanding	Successorship Fee (to convert Trust Services)	Admin. Fee - \$ Fixed	Admin. Fee – \$ amount as % of bonds	Admin. Fee – \$ Minimum
2012ABC	Series A	1,540,000				
	Series B	10,255,000				
	Series C	7,180,000				
2013 ABC	Series A	3,550,000				
	Series B	1,875,000				
	Series C	8,645,000				
2014 AB	Series A	14,465,000				
	Series B	14,195,000				
2015 ABCDE	Series A	590,000				
	Series B	13,175,000				
	Series C	4,250,000				
	Series D	6,675,000				
	Series E	250,000				
2015 FG	Series F	5,970,000				
	Series G	10,610,000				
2016 AB	Series A	9,085,000				
	Series B	12,030,000				
2016 CD	Series C	8,405,000				
	Series D	15,720,000				
2017 AB	Series A	9,425,000				
	Series B	14,970,000				
2017 CD	Series C	5,850,000				
	Series D	24,110,000				
2018 A	Series A	34,950,000				
2018 BCDEFG	Series B	3,085,000				
	Series C	30,260,000				
	Series D	2,015,000				
	Series E	1,740,000				
	Series F	250,000				
	Series G	3,750,000				
TOTAL		278,870,000				

continuation of Fee Schedule Template

Bond Issue	Bonds Outstanding	Successorship Fee (to convert Trust Services)	Admin. Fee - \$ Fixed	Admin. Fee – \$ amount as % of bonds	Admin. Fee – \$ Minimum
2010 Series A	2,305,000				
2009 Subseries A-1	8,510,000				
2010 Series A	4,435,000				
2009 Subseries A-2	10,160,000				
2009 Subseries A-3	31,090,000				
TOTAL	56,500,000				
TBA Program	Securities Acquired		Annual Fee - \$ Fixed	Transaction Fee – \$ Fixed	
FY 2018	37				
TOTAL MRB & TBA					

As outlined in Section 3.6 describe the following:

- extraordinary services not included in the administrative fee
- the process for determining any costs that cannot be quoted
- any limits on requisition processing
- fees related to change in remarketing agents
- fees related to change in liquidity or credit facilities
- fees related to changes in rate mode
- fees related to amendments to bond documents
- wire fees, ACH fees, 12b-1 fees, investment sweep fees, or other transfer fees
- any restrictions on use and types of sweep funds
- whether bond account balances are required to be held in a specific type of fund
- custodial fees or fees for safekeeping of whole loan documents

Exhibit A

TRUST INDENTURE

by and between

VERMONT HOUSING FINANCE AGENCY

and

[_____],
as Trustee

Securing
Multiple Purpose Bonds

Dated as of _____ 1, 2007

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TRUST INDENTURE

THIS TRUST INDENTURE, dated as of _____ 1, 2007 (this “Indenture”), is by and between **VERMONT HOUSING FINANCE AGENCY**, a body politic and corporate organized and existing under the Vermont Housing Finance Agency Act, as amended (the “Agency”), and [_____], a national banking association organized and existing under the laws of the United States of America, as trustee (the “Trustee”).

WITNESSETH:

WHEREAS, pursuant to the Constitution and the laws of the State of Vermont, particularly the Vermont Housing Finance Agency Act, being No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended (the “Act”), the Agency is authorized to carry out the public purposes described in the Act by issuing its general obligation bonds and by entering into any agreements made in connection therewith; and

WHEREAS, to provide a source of funds for its programs authorized by the Act, the Agency has determined to authorize the issuance of its general obligation Multiple Purpose Bonds (the “Bonds”) pursuant to this Indenture and one or more supplemental indentures or series certificates (“Supplemental Indentures”) and to enter into this Indenture to secure the Bonds as hereafter described; and

WHEREAS, all things necessary to make the Bonds, when authenticated by the Trustee and issued as in this Indenture and the related Supplemental Indentures 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 other obligations secured hereunder, and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of the Bonds, subject to the terms hereof and of the related Supplemental Indentures, have in all respects been duly authorized; and

WHEREAS, the Trustee has accepted the trusts created by this Indenture and in evidence thereof has joined in the execution hereof;

NOW, THEREFORE, THIS TRUST 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 to be issued hereunder from time to time by the holders 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, interest and redemption premium, if any on the Bonds and other obligations secured hereunder 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 and other obligations secured hereunder, does hereby, on the terms herein provided and subject to the provisions hereof

permitting the application of amounts held hereunder and the exercise of rights in connection with the following properties, pledge and assign all right, title and interest of the Agency in and to the following unto the Trustee, and its successors in trust and assigns forever, for the securing of the performance of the obligations of the Agency hereinafter set forth and for the equal and proportionate benefit and security, from time to time, of the owners of the Bonds or any other creditors secured hereunder, without preference, priority or distinction as to lien or otherwise, except as otherwise hereinafter provided, of any one Bond over any other Bond or any other creditor secured hereunder, by reason of priority in the issue, sale or negotiation thereof or otherwise, all in accordance with the terms hereof:

All moneys and securities, including Bond proceeds (other than proceeds deposited in trust for the retirement of any outstanding Bonds or other indebtedness of the Agency), and other assets from time to time held by the Trustee under and subject to the terms of this Indenture or any Supplemental Indenture (other than amounts held in the Rebate Fund, if any) 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 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;

TO HAVE AND TO HOLD all and singular the trust estate (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 for the equal and proportionate benefit and security of all present and future owners of all Bonds without preference of any Bond over any other Bond or any other creditor secured hereunder, except as otherwise herein provided, and for enforcement of the payment of the Bonds or any other creditors secured hereunder 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, premium, if any, and interest on the Bonds or any other obligations due or to become due thereon, at the times and in the manner mentioned in the Bonds or such obligations according to the true intent and meaning thereof, and shall cause the payments to be made as required under Article VII hereof, 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 and each and every Supplemental Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due in accordance with the terms and provisions hereof and each and every

Supplemental Indenture, then upon such final payments this Indenture and each and every Supplemental Indenture and the rights hereby and thereby granted shall cease, terminate and be void; otherwise this Indenture and each and every Supplemental Indenture to be and remain in full force and effect;

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds or other obligations issued and secured hereunder and under each and every Supplemental Indenture are to be issued, authenticated and delivered, and all said property, rights and interests, including, without limitation, the amounts hereby assigned and pledged, are to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter and in the related Supplemental Indenture expressed, and the Agency has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective owners from time to time, or at any time, of the Bonds, or any part thereof, as follows (subject, however, to the provisions of Section 1.02 hereof):

ARTICLE I

DETERMINATIONS AND DEFINITIONS

Section 1.01. Authority and Purpose. This Indenture is entered into under authority and in accordance with the provisions of the Act, for the purpose of effectuating the public purposes as set forth in the Act; and for the purpose of establishing covenants, agreements and procedures to assure that amounts will be sufficient for the repayment of money borrowed for this purpose, and that any amounts pledged hereunder exceeding the amounts needed for this purpose will be applied in accordance with law for other purposes authorized by the Act.

Section 1.02. Contract With Trustee and Bondholders. As provided in the Act and in consideration of the acceptance by the Trustee of the trusts herein created and of the purchase and acceptance of Bonds issued hereunder by any who shall from time to time be holders thereof and of any other obligations of the Agency secured hereunder:

(a) the provisions of this Indenture shall be a contract of the Agency with the holders of the Bonds and any other obligations secured hereunder;

(b) the Agency pledges to the Trustee for the payment of the principal of, premium, if any, and interest on the Bonds, and the Sinking Fund Installments for the retirement thereof, if any, and any other obligations secured hereunder, at the times and in the manner provided in this Indenture and any Supplemental Indenture, and grants a security interest in, all money, Permitted Investments and other assets and income held in and receivable by the Funds and Accounts (except the Rebate Fund, if any) established by or pursuant to this Indenture and any Supplemental Indenture, subject to the right of the Agency to direct withdrawals of amounts from said Funds and Accounts upon the conditions set forth in this Indenture, which pledge constitutes a first lien on such pledged moneys and revenues;

(c) the pledge made and security interests granted herein and the covenants and agreements herein set forth shall be for the equal benefit, protection and security of

holders of any and all such Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any Bond over any other Bond, and any other obligations secured hereunder, except as expressly provided or permitted herein;

(d) this pledge is valid and binding from the time when made, and the property so pledged and hereafter received by the Agency shall immediately be subject to the lien thereof without any physical delivery or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Agency, whether or not such parties have notice thereof, and neither this Indenture nor any other instrument by which such pledge is created need be recorded;

(e) the Bonds are general obligations of the Agency, for which its full faith and credit are pledged, and are payable from any of the Agency's revenues, assets or moneys, subject only to agreements made with holders of notes and bonds or other indebtedness, other than the Bonds, pledging particular revenues, moneys or assets for the payment thereof. The Bonds will not constitute a debt of the State or any political subdivision thereof, and neither the State nor any of its political subdivisions are liable thereon. The Bonds will not constitute a debt or liability or obligation or a pledge of the faith and credit of the State but will be payable solely from the revenues or assets of the Agency. The State is not liable on the Bonds and the Bonds are not a debt of the State and neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of or the interest on the Bonds; and

(f) the State has agreed that it will not limit or restrict the rights vested in the Agency to perform its obligations and to fulfill the terms of any agreement made with the Holders of the Bonds, or in any way impair the rights and remedies of the Bondholders, until the Bonds, together with the interest thereon and interest on any unpaid installments of interest, are fully met, paid and discharged.

Section 1.03. Definitions. In this Indenture, unless a different meaning clearly appears from the context, the following terms have the following respective meanings:

“Accountant” means the accountant or firm of accountants who regularly audit the books and accounts of the Agency.

“Accountant’s Certificate” means an opinion or report signed by any Accountant.

“Accounts” means the Accounts established pursuant to this Indenture or any Supplemental Indenture.

“Act” means the Vermont Housing Finance Agency Act, No. 260 of Vermont Acts of 1973, Adjourned Session, as amended from time to time.

“Agency” shall mean the Vermont Housing Finance Agency and any successor thereto.

“*Amortized Value*” means, for securities purchased at a premium above or a discount below par, the value as of any given date obtained by amortizing the premium or discount over the period from the date of such purchase to the date of calculation at the original yield to maturity.

“*Appreciated Amount*” means with respect to a Deferred Interest Bond, (a) as of any date of computation with respect to any Deferred Interest Bond up to the date, *if any*, set forth in the Supplemental Indenture authorizing such Deferred Interest Bond as the date on which such Deferred Interest Bond shall commence to bear interest payable thereafter on applicable Interest Payment Dates, an amount equal to the initial principal amount of such Deferred Interest Bond plus the interest accrued on such Deferred Interest Bond from the date of original issuance of such Deferred Interest Bond to the applicable Interest Payment Date next preceding the date of computation or the date of computation if an applicable Interest Payment Date, such increased amount to accrue at the rate per annum set forth in the Supplemental Indenture authorizing such Deferred Interest Bonds, compounded on each applicable Interest Payment Date, plus, if such date of computation shall not be an applicable Interest Payment Date, a portion of the difference between the Appreciated Amount as of the immediately preceding applicable Interest Payment Date (or the date of original issuance if the date of computation is prior to the first applicable Interest Payment Date succeeding the date of original issuance) and the Appreciated Amount as of the immediately succeeding applicable Interest Payment Date, calculated based upon an assumption that the Appreciated Amount accrues in equal daily amounts on the basis set forth in the Supplemental Indenture authorizing such Deferred Interest Bonds; and (b) as of any date of computation on and after the date, if any, set forth in the Supplemental Indenture authorizing such Deferred Interest Bond as the date on which such Deferred Interest Bond shall commence to bear interest payable thereafter on applicable Interest Payment Dates, the Appreciated Amount as of such current interest payment commencement date.

For the purposes of (a) actions, requests, notifications, consents or directions of Bondowners under this Indenture, (b) required payment upon default or anticipated default pursuant to acceleration of maturity or otherwise as described in Article VIII hereof, the calculation of the Appreciated Amount shall be as of the applicable Interest Payment Dates for such Deferred Interest Bond, as specified in a Supplemental Indenture, preceding such date of calculation (unless such date of calculation shall be an Interest Payment Date, in which case, as of the date of calculation).

“*Authorized Officer*” means the Chair, Vice Chair, Executive Director and Secretary, Chief Financial Officer and Treasurer, and Chief of Program Operations of the Agency or any other person authorized by resolution of the Agency to perform an act or sign a document.

“*Bond*” or “*Bonds*” means any Bond or Bonds authorized and issued pursuant to this Indenture and a Supplemental Indenture.

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

“*Bond Year*” means a 12-month period (or shorter initial or ending year period) commencing on July 1 in each year that Bonds are Outstanding and ending on June 30 of the succeeding year.

“*Book Entry System*” means such system for registering the Bonds of one or more Series set forth in a Supplemental Indenture.

“*Business Day*” means any day other than a Saturday, Sunday, a day on which the offices of the Agency are closed, or any other day on which the New York Stock Exchange or banks are authorized or obligated by law or executive order to close in New York, New York or in any city in which is located the corporate trust operations office of the Trustee or such other date as set forth in a Supplemental Indenture.

“*Cash Equivalent*” means a letter of credit, insurance policy, surety, guarantee or other security arrangement (as defined and provided for in a Supplemental Indenture), which Cash Equivalent shall have such terms necessary to maintain the Rating of the Bonds.

“*Certificate*” means a certificate of an Authorized Officer.

“*Code*” means the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder; each reference to a Section of the Code herein shall be deemed to include the United States Treasury regulations proposed or in effect thereunder and applied to the Bonds or the use of the proceeds thereof, and also includes all amendments and successor provisions unless the context requires otherwise.

“*Counsel*” means 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 other connections) licensed to practice in the state in which he/she or it maintains an office (and if the opinion is with respect to an interpretation of federal tax laws or regulations or with respect to the issuance of an additional Series of Bonds or interpretation or application of this Indenture, is also a nationally recognized attorney or firm of attorneys experienced in such matters), selected or employed by the Agency.

“*Counsel’s Opinion*” means an opinion signed by any Counsel.

“*Current Interest-Bearing Bonds*” means Bonds as to which interest is payable on each Interest Payment Date.

“*Date of Original Issuance*” means, with respect to a particular Series of Bonds, the date on which the Agency initially issues such Series of Bonds.

“*Debt Service Fund*” means the Fund so designated which is established by Section 5.01 hereof.

“*Deferred Interest Bonds*” means the Bonds so designated in a Supplemental Indenture but shall not include any such Bond from and after the date, if any, on which such Bond will bear interest that is payable to the holder of such Bond prior to its scheduled maturity.

“*Depository*” means any bank or trust company or national banking association selected by the Agency as a depository of moneys or securities held under the provisions of this Indenture and may include the Trustee and any Paying Agent.

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

“*Excess Earnings*” means excess investment earnings, net of any credits or offsets thereto, which must be rebated to the United States of America pursuant to Section 143(g) of the Code.

“*Executive Director*” means the Executive Director of the Agency appointed pursuant to the Act, or his or her designee.

“*Executive Director’s Determination*” means a Certificate signed by the Executive Director, delivered to the Trustee and the Rating Agency, reflecting modifications to this Indenture with respect to one or more Series of Bonds, as permitted or required by the express terms of this Indenture or the Supplemental Indenture related to such Series.

“*FDIC*” means the Federal Deposit Insurance Corporation or any successor thereto.

“*Federal Agency Obligations*” means bonds, debentures or other obligations issued by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Farm Credit Bank, any Federal Home Loan Bank, the Student Loan Marketing Association (more commonly known as Sallie Mae), the Resolution Funding Corporation, the Tennessee Valley Authority, any Federal Loan Bank or the Government National Mortgage Association and any other obligations of any agency controlled or supervised by and acting as an instrumentality of the United States Government pursuant to authority granted by the Congress of the United States.

“*Federal Obligations*” means direct obligations of the United States or other obligations the timely payment of principal and interest of which is fully and unconditionally guaranteed by the United States.

“*Fiduciary*” means the Trustee and any Paying Agent.

“*Fiscal Year*” means the period of 12 calendar months commencing on July 1 in any calendar year and ending on June 30 in the following year.

“*Hedge Agreement*” means a payment exchange agreement, swap agreement, forward purchase agreement or any other hedge agreement entered into by the Agency providing for payments between the parties based on levels of, or changes in, interest rates or other indices or contracts to exchange cash flows or a series of payments or contracts, including, without limitation, interest rate floors, or caps, options, puts or calls, which allows the Agency to manage or hedge payment, rate, spread or similar risk with respect to all or a portion of any Series of Bonds or any assets pledged under this Indenture.

“*HUD*” means the Department of Housing and Urban Development and any successor thereto and shall include FHA, as dictated by context.

“*Indenture*” means this Trust Indenture dated as of _____, 1, 2007 between the Agency and the Trustee, as amended and supplemented from time to time in accordance with its terms.

“*Interest Payment Date*” means any date upon which interest on Bonds is payable in accordance with their terms and the terms of this Indenture or any Supplemental Indenture.

“*Interest Period*” means the period or periods specified in a Supplemental Indenture.

“*Notice Address*” means the address designated in writing by the Agency, the Trustee or the Rating Agency to the other party to which subsequent notices, certificates or other communications hereunder shall be sent.

“*Original Principal Amount*” shall mean the aggregate original amount at which each maturity of the Deferred Interest Bonds of any Series shall initially be offered to the public, as set forth in the Supplemental Indenture.

“*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 cash funds or Federal Obligations or any combination thereof shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds); provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee;

(c) Bonds in lieu of which other Bonds have been executed and delivered under Section 3.09 hereof; and

(d) Bonds otherwise specified in a Supplemental Indenture.

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

“*Permitted Investments*” means any of the following which at the time are legal investments under the law of the State for funds held under the Indenture which are then proposed to be invested hereunder: (a) Federal Obligations; (b) obligations of any state of the United States of America or any political subdivision of such a state (such obligations of which are rated in the highest long-term rating category by the Rating Agency); (c) Federal Agency

Obligations; (d) repurchase agreements collateralized by securities described in (a), (b) or (c) above with any institution that will not adversely affect the Rating of the Bonds at the time of purchase; (e) investment agreements, secured or unsecured as required by the Agency, with any institution that will not adversely affect the Rating of the Bonds at the time of execution; (f) any of the following obligations that would not adversely affect the Rating of the Bonds at the time of purchase: (i) time deposits, certificates of deposit or any other deposit with federally or state-chartered banks (including the Trustee and its affiliates), the deposits of which are fully insured by the FDIC, (ii) commercial paper, (iii) shares of a money market mutual fund or other collective investment fund registered under the Investment Company Act of 1940, as amended, whose shares are registered under the Securities Act of 1933, as amended, having assets of at least \$100 million, and (iv) any other investment with a financial institution, provided that it is expressly understood that the definition of Permitted Investments shall be, and be deemed to be, expanded, or new definitions and related provisions shall be added to the Indenture, thus permitting investments with different characteristics from those permitted which the Executive Director deems from time to time to be in the interest of the Agency to include as Permitted Investments, as reflected in an Executive Director's Determination, or in a Supplemental Indenture if at the time of inclusion such inclusion will not, in and of itself, adversely affect the then current Rating on the Bonds.

“Principal” or *“principal”* means (a) unless otherwise provided herein or in a Supplemental Indenture, as such term references the principal amount of a Deferred Interest Bond or Deferred Interest Bonds, the Appreciated Amount thereof, and (b) as such term references the principal amount of any other Bond or Bonds, the principal amount at maturity of such Bond or Bonds.

“Program Fund” means the Fund so designated which is established by Section 5.01 hereof.

“Provider” means any person or entity providing a Qualified Hedge Agreement pursuant to agreement with or upon the request of the Agency.

“Qualified Hedge Agreement” means a Hedge Agreement which meets the tests of Section 1.04(a).

“Qualified Institution” means (a) a bank, a trust company, a national banking association, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any state of the United States of America, a corporation, a trust, a partnership, an unincorporated organization, or a government or an agency, instrumentality, program, account, fund, political subdivision or corporation thereof, in each case the unsecured or uncollateralized long-term debt obligations of which, or obligations secured or supported by a letter of credit, contract, agreement or surety bond issued by any such organization, at the time a Qualified Hedge Agreement is entered into by the Agency are either (i) rated at least as high as the Bonds by each Rating Agency which rates such obligations or (ii) such that entering into a Qualified Hedge Agreement with such entity will not adversely affect the then current Ratings, if

any, assigned to the Bonds by each Rating Agency or (b) the Government National Mortgage Association or any successor thereto, the Federal National Mortgage Association or any successor thereto, or any other federal agency or instrumentality the obligations of which are backed by the full faith and credit of the United States of America.

“*Rating*” means, with respect to any Series of Bonds, the then-current rating or ratings assigned by the Rating Agency pursuant to the request of the Agency without regard to the benefit of any bond insurance or other credit enhancement relating to any Bond.

“*Rating Agency*” means a nationally recognized organization that has an outstanding rating on the Bonds pursuant to the request of the Agency.

“*Rebate Fund*” means the Fund so designated which is established, if so elected by the Agency, pursuant to Section 5.01 hereof.

“*Record Date*” means any Regular Record Date, Special Record Date or Redemption Record Date.

“*Redemption Record Date*” means the date or dates set forth in the Supplemental Indenture authorizing the particular Series of Bonds.

“*Refunding Issue*” means any Bonds delivered pursuant to Section 2.03 hereof.

“*Regular Record Date*” means the date or dates set forth in the Supplemental Indenture authorizing the particular Series of Bonds.

“*Reserve Fund*” means the Fund so designated which is established by Section 5.01 hereof.

“*Reserve Requirement*” means, as of any particular date of calculation, the aggregate of the amounts specified, if any, as the Reserve Requirement in the Supplemental Indentures authorizing the outstanding Series of Bonds.

“*Revenue Fund*” means the Fund so designated which is established by Section 5.01 hereof.

“*Serial Bonds*” means the Bonds which are so designated as Serial Bonds in a Supplemental Indenture.

“*Series*” means, unless otherwise specified in a Supplemental Indenture, all of the Bonds authenticated and delivered on original issuance in a simultaneous transaction pursuant to a Supplemental Indenture, and any Bonds thereafter delivered in lieu of or in substitution for such Bonds pursuant to Article III, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

“*Sinking Fund Installment*” means any amount of money required by or pursuant to this Indenture or a Supplemental Indenture to be paid on a specified date toward the retirement of any particular Term Bonds of a Series before maturity.

“*Special Program Fund*” means the Fund so designated which is established, if so elected by the Agency, pursuant to Section 5.01 hereof.

“*Special Record Date*” means the date described in Section 3.01 hereof.

“*State*” means the State of Vermont.

“*Supplemental Indenture*” means an indenture supplemental to or amendatory of this Indenture, adopted by the Agency in accordance with Article IX.

“*Term Bonds*” means that portion of a Series of Bonds so designated in a Supplemental Indenture as Term Bonds.

“*Trustee*” means _____, a national banking association, its successor or successors and any other corporation or association which may at any time be substituted in its place pursuant to this Indenture.

Section 1.04. Hedging Transaction.

(a) A Hedge Agreement is a Qualified Hedge Agreement if (i) the Provider of the Hedge Agreement is a Qualified Institution or the Provider’s obligations under the Hedge Agreement are unconditionally guaranteed by a Qualified Institution and (ii) the Agency designates it as such by a certificate of an Authorized Officer.

(b) If the Agency shall enter into any Qualified Hedge Agreement with respect to any Bonds and the Agency has made a determination that the Qualified Hedge Agreement was entered into for the purpose of hedging or managing the interest due with respect to specified Bonds, then during the term of the Qualified Hedge Agreement and so long as the Provider of the Qualified Hedge Agreement is not in default:

(i) for purposes of any calculation of debt service, the interest rate on the Bonds with respect to which the Qualified Hedge Agreement applies shall be determined as if such Bonds had interest payments equal to the interest payable on those Bonds less any payments reasonably expected to be made to the Agency by the Provider and plus any payments reasonably expected to be made by the Agency to the Provider in accordance with the terms of the Qualified Hedge Agreement (other than fees or termination payments payable to such Provider for providing the Qualified Hedge Agreement);

(ii) any such payments (other than fees and termination payments) required to be made by the Agency to the Provider pursuant to such Qualified Hedge Agreement shall be made from amounts on deposit in the Debt Service Fund pursuant to Section 5.05(a) or (b), unless otherwise specified by the Agency to be paid from other moneys;

(iii) any such payments received by or for the account of the Agency from the Provider pursuant to such Qualified Hedge Agreement shall be deposited in the Revenue Fund; and

(iv) fees not equivalent to regular Bond debt service payments and termination payments, if any, payable to the Provider may be deemed to be debt service and paid from amounts on deposit in the Revenue Fund but subordinate to payment of principal, interest and Sinking Fund Installments on the Bonds (and amounts equivalent to such payments payable to a Provider under a Hedge Agreement) or such funds in Section 5.03(e) as are specifically designated by the Agency in each case if and to the extent expressly provided in the Qualified Hedge Agreement or applicable Supplemental Indenture (otherwise such fees and termination payments shall be payable solely from amounts on deposit in the Reserve Fund not needed to restore the Reserve Fund to the Reserve Requirement).

Section 1.05. Interpretation. The following principles govern the interpretation of other words and phrases used in this Indenture and any Supplemental Indenture:

(a) Articles, sections, paragraphs and clauses mentioned by number only are those so numbered which are contained in this Indenture;

(b) Captions, titles or headings preceding any article or section herein, and any table of contents or index attached hereto, are solely for convenience of reference and are not part of this Indenture and shall not affect its meaning, construction or effect;

(c) Terms such as “herein,” “hereunder,” “hereby,” “hereto” and “hereof” refer to this Indenture, or when used in conjunction with a subsection refer to the Section of which such subsection is a part and not to any particular section hereof unless so indicated, and “heretofore” and “hereafter” mean before and after the date of execution and delivery of this Indenture, respectively;

(d) Words importing the masculine gender include the feminine and neuter genders;

(e) Words importing persons include firms, associations, corporations and any other legal entities;

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

(g) Words importing the singular number include the plural number, and vice versa; and

(h) Except as otherwise specifically provided herein, all references to a particular time shall be to New York City time.

ARTICLE II

ISSUANCE OF BONDS

Section 2.01. Authorization.

(a) To provide sufficient funds to carry out its public purposes and programs as set forth in the Act and to refund outstanding bonds and other obligations of the Agency, Bonds may be issued under and secured by this Indenture subject to the provisions of this Article. The Agency has ascertained and it is hereby determined and declared that the execution and delivery of this Indenture is necessary to carry out the powers and duties expressly provided by the Act, that each and every act, matter, thing or course of conduct as to which provision is made herein is necessary or convenient in order to carry out and effectuate the purposes of the Agency in accordance with the Act and to carry out powers expressly given in the Act, and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Bonds and is a contract or agreement necessary, useful and convenient to carry out and effectuate the purposes of the Agency under the Act.

The Bonds issued hereunder, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any Bond over any other Bond, except as expressly provided or permitted herein. There is hereby created, in the manner and to the extent provided herein, a continuing pledge and lien on the Trust Estate to secure the full and final payment of the principal and redemption price of and interest on all the Outstanding Bonds. The aggregate principal amount of the Bonds which may be executed, authenticated and delivered under this Indenture is not limited except as is or may hereafter be provided in this Indenture, any Supplemental Indenture or as may be limited by law.

The Bonds may, if and when authorized pursuant to one or more Supplemental Indentures, be issued in one or more Series, and the designation thereof, in addition to the name "Vermont Housing Finance Agency Multiple Purpose Bonds," shall include such further appropriate particular designation, added to or incorporated in such title for the Bonds of any particular Series, as specified in such Supplemental Indenture or Supplemental Indentures. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

(b) The Bonds shall be general obligations of the Agency, for which its full faith and credit are pledged, and are payable from any of the Agency's revenues, assets or moneys, subject only to agreements made with Holders of notes and bonds or other indebtedness, other than the Bonds, pledging particular revenues, moneys or assets for the payment thereof. The Bonds will not constitute a debt of the State of Vermont or any political subdivision thereof, and neither said State nor any of its political subdivisions are liable thereon. The Bonds will not constitute a debt or liability or obligation or a pledge of the faith and credit of the State of Vermont or of any political subdivision thereof but will be payable solely from the revenues or assets of the Agency. The State of Vermont is not liable on the Bonds and the Bonds are not a debt of the State of

Vermont or of any political subdivision thereof and neither the faith and credit nor the taxing power of the State of Vermont or of any political subdivision thereof is pledged to the payment of the principal of or the interest on the Bonds and the Bonds of each Series shall contain on the face thereof substantially the following statement: THIS BOND IS A GENERAL OBLIGATION OF THE AGENCY FOR WHICH ITS FULL FAITH AND CREDIT ARE PLEDGED, AND IS PAYABLE FROM ANY OF THE AGENCY'S REVENUES, ASSETS OR MONEYS, SUBJECT ONLY TO AGREEMENTS MADE WITH HOLDERS OF OTHER NOTES AND BONDS OF THE AGENCY PLEDGING PARTICULAR REVENUES, MONEYS OR ASSETS FOR THE PAYMENT THEREOF. THE AGENCY HAS NO TAXING POWER. THIS BOND DOES NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OF VERMONT OR OF ANY POLITICAL SUBDIVISION THEREOF OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF VERMONT OR OF ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF VERMONT OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND.

Section 2.02. Conditions Precedent to the Issuance of Bonds.

(a) All (but not less than all) of the Bonds of each Series, except in connection with a Refunding Issue, shall be executed by the Agency for issuance and delivery under this Indenture, delivered to the Trustee for authentication and, upon authentication by the Trustee, delivered upon order of the Agency, but only upon receipt by the Trustee of:

(i) A Counsel's Opinion, dated the date of delivery thereof, with respect to the issuance of the Bonds in a form acceptable to the Agency as specified in the Supplemental Indenture.

(ii) A request and authorization to the Trustee on behalf of the Agency, signed by an Authorized Officer, to authenticate and deliver such Bonds to the purchaser or purchasers therein identified upon payment to the Trustee for the account of the Agency of the purchase price therefor.

(iii) A copy of the Supplemental Indenture authorizing such Bonds, which shall specify:

(A) The authorized principal amount and Series designation of such Bonds;

(B) The purpose or purposes for which such Series of Bonds is being issued;

(C) The Date or Dates of Original Issuance, the maturity date or dates and amounts of each maturity (or the method of determining the

same) and, if interest is to be paid, the Interest Payment Dates and the first Interest Payment Date of the Bonds of such Series;

(D) The interest rate or rates (if any) or the maximum interest rate of the Bonds of such Series, or the manner of determining such rate or rates;

(E) The portion, if any, of the Series of Bonds that is Term Bonds, that is Serial Bonds or that is otherwise designated by a specific name or term;

(F) The amount and due date of each Sinking Fund Installment, if any, or the method of determining the same, for the Term Bonds or other Bonds subject to a Sinking Fund Installment;

(G) The denominations of, and the manner of dating, numbering and lettering, the Bonds of such Series, the forms of the Bonds and the Record Date or Dates and Redemption Record Dates for such Series of Bonds;

(H) The provisions of the Trustee's certificate of authentication;

(I) If not already determined pursuant hereto, the Paying Agent or Paying Agents, Depositories, market agents, auction agents, securities depository, if any, and the place or places of payment of the principal and redemption price, if any, of the Bonds of such Series;

(J) The redemption price or prices, if any, and, subject to Article IV hereof, the redemption terms (including the time or times and the terms and conditions upon which the Bonds of such Series may be redeemed prior to their maturities, including, without limitation, the method of selection for redemption as among maturities and Series), if any, for the Bonds of such Series;

(K) The use of the proceeds of the Bonds of such series, including the amounts (if any) to be deposited in any Fund or Account from the proceeds of the Bonds of such Series or otherwise;

(L) The Reserve Requirement for such Series and the amount, if any, necessary for deposit in the Reserve Fund in order that amounts therein equal or exceed the Reserve Requirement;

(M) The time, place and manner of the sale for the Bonds of such Series, as provided in the Act;

(N) Whether Bonds of such Series are to be secured by credit enhancement and, if so, the form of credit enhancement to be obtained, the identity of the credit enhancement agency and the substantial form of the significant documents relating to the credit enhancement;

(O) Whether Bonds of such Series are to contain any tender or put options or the like and, if so, whether and to what extent such tender or put option will be secured by a liquidity facility and any alternative liquidity facility, whether such Bonds are to be remarketed following or in connection with such tender or put and, if so, the identity of any remarketing agent and the substantial form of any remarketing agreement relating to such Bonds, and whether and upon what terms such Bonds may be converted to fixed interest rates;

(P) Whether interest on the Bonds of such Series is intended to be excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Code or any successor statute thereto;

(Q) Such additional matters as may be necessary or appropriate to cause interest on the Bonds of the Series to be issued pursuant to such Supplemental Indenture to be excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Code if it is intended that interest on the Bonds be so exempt and to prevent the issuance of such Series from adversely affecting the federal income tax treatment of any Outstanding Bonds and the interest thereon intended to be so exempt; and

(R) Any other provisions deemed advisable by the Agency as shall not conflict with the provisions of this Indenture or the Act.

(iv) A Certificate stating that (A) the principal amount of the Bonds then to be issued, together with the principal amount of the Bonds, notes and other obligations theretofore issued pursuant to the Act, will not exceed in aggregate principal amount any limitation thereon imposed herein or by law; (B) upon the issuance and delivery of such Bonds, the Reserve Requirement will be met; and (C) except in the case of Refunding Bonds, at the time of issuance of such additional Bonds, the Agency shall not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in this Indenture.

(v) With respect to each Series of Bonds issued pursuant to this Indenture (other than the initial Series of Bonds), evidence that the Rating Agency has confirmed that such Series will have a Rating no lower than the Rating assigned to Bonds issued prior to the issuance of such Series of Bonds to be issued.

(vi) If such Series of Bonds is to have the benefit of a liquidity facility or be secured by credit enhancement, the executed liquidity facility or credit enhancement or evidence that all conditions precedent to the issuance of such liquidity facility or credit enhancement have been met as of the date of issuance of such Series of Bonds.

(vii) Such further documents and moneys as are required by the provisions of Article IX or any related Supplemental Indenture adopted pursuant to Article IX.

(b) All the Bonds of each Series shall be in fully registered form and, to the extent so provided herein and in the related Supplemental Indenture, may be issued in book-entry form only. After the original issuance of Bonds of any Series, no Bonds of such Series shall be issued except in exchange or transfer for other Bonds of such Series pursuant to Article III.

Section 2.03. Provisions for Refunding Issue.

(a) Subject to the laws of the State, including, but not limited to, the Act, as amended from time to time, Bonds of one or more Series may be issued and delivered, in accordance with the terms and conditions of this Section 2.03, for the purpose of refunding any Bonds then Outstanding or any other bonds of the Agency. The Supplemental Indenture authorizing each such Series of Bonds of a Refunding Issue shall set forth that the purposes for which such Series of Bonds is issued are the payment or redemption of any part or all of the Bonds of any one or more Series then Outstanding, and, if the expenses of such issuance and payment or redemption are not otherwise provided for, the payment of the expenses of such issuance and redemption, and shall contain a description of the bonds so to be redeemed.

(b) The Bonds of the Series of a Refunding Issue may be issued, and authenticated by the Trustee, only if:

(i) There shall thereupon be deposited with the Trustee either:

(A) moneys in an amount sufficient to effect payment at the applicable maturity or redemption price of the Bonds to be refunded, together with accrued interest on such Bonds to the maturity or redemption date, which moneys shall be held by the Trustee in a separate account irrevocably in trust for the holders of Outstanding Bonds being refunded; or

(B) Permitted Investments in such principal amounts, having such maturities, bearing such interest and otherwise having such terms and qualifications as shall be required to pay the applicable maturity or redemption price of the Bonds to be refunded, together with accrued interest on such Bonds to the maturity or redemption date, which

Permitted Investments shall be held in trust for the holders of Outstanding Bonds being refunded;

(ii) The Trustee has received instructions, satisfactory to it, to give due notice of redemption of all the Bonds so to be redeemed on a redemption date specified in such instructions, as such date may be revised in a Certificate, and to give notice in the manner provided in Section 4.05 that the moneys payable upon such redemption will be available on said redemption date for payment to the holders of the Bonds entitled thereto;

(iii) The Trustee shall furnish to the Agency at the time of delivery of the Series of Bonds of the Refunding Issue a certificate or other evidence satisfactory to the Trustee stating that it holds or there is being held in trust the Permitted Investments and/or moneys required to effect such redemption; and

(iv) The requirements set forth in Section 2.02 hereof have been satisfied.

Section 2.04. Other Obligations. So long as any Bonds are Outstanding, the Agency hereby covenants that it will not create or permit the creation of or issue any obligations or create any additional indebtedness (other than additional Series of Bonds) which will be secured by a superior or equal charge or superior or equal lien on the amounts pledged hereunder or will be payable, on an equal or superior basis, from any of the Funds or Accounts established and created by or pursuant to this Indenture. The Agency may, however, issue evidences of indebtedness (including general obligations of the Agency) not issued and secured under this Indenture.

ARTICLE III

GENERAL BOND PROVISIONS

Section 3.01. Medium of Payment; Form and Date.

(a) The Bonds shall be payable, with respect to interest, principal and premium, if any, 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, or in such other coin or currency as set forth in a Supplemental Indenture. Payment of interest (other than at a stated maturity date) and premium, if any, on, and principal (payable upon redemption) of, the Bonds will be made by wire transfer to the person in whose name each Bond is registered at the close of business on the Regular Record Date or the Redemption Record Date, as the case may be, so long as ownership of such Bond is registered in book-entry form; provided, however, that, if the event of a default in the payment of interest due on any Interest Payment Date, such interest shall cease to be payable to the person in whose name such Bond was registered on such Record Date and shall be payable, when and if paid, to the person in whose name such Bond is registered at the close of business on the record date fixed therefor by the Trustee (each a "Special Record Date"), which shall not be more than 15 days and not less than 10 days prior to the date of the proposed payment. Interest on the Bonds shall be paid when due, if

ownership of such Series of the Bonds is not maintained in book-entry form, by check or draft drawn on the Trustee and mailed by the Trustee to the registered owner at the address shown on the registration books of the Trustee as of the Record Date. Payment of principal and interest on the stated maturity date on each of the Series of Bonds will be made upon presentation and surrender of each Bond of such Series, at the office of the Trustee or the Paying Agent maintained for that purpose. CUSIP number identification with appropriate dollar amount of payment pertaining to each CUSIP number (if such payment represents payment on more than one Bond identified by a particular CUSIP number) shall accompany all payments of principal of, premium, if any, and interest on the Bonds.

(b) Current Interest-Bearing Bonds of each Series issued prior to the first Interest Payment Date thereof shall be dated as of the date or dates specified in the Supplemental Indenture authorizing the issuance thereof. Bonds issued on or subsequent to the first Interest Payment Date shall be dated as of the date of authentication of the Bonds and interest shall be paid from the Interest Payment Date next preceding the date of authentication, unless such date of delivery shall be an Interest Payment Date in which case they shall be dated as of such date of delivery; provided, however, that if, as shown by the records of the Trustee, interest on the Bonds of any Series shall be in default, the Bonds of such Series issued in lieu of Bonds surrendered for transfer or exchange shall be dated as of the date to which interest has been paid in full on the Bonds surrendered. Deferred Interest Bonds of any Series shall be dated as of the date or dates specified in the Supplemental Indenture authorizing the issuance thereof. Except as set forth in a Supplemental Indenture, Bonds of each Series shall bear interest from their dated date until the first Interest Payment Date and thereafter from the Interest Payment Date next preceding the date of their authentication by the Trustee (unless authenticated on an Interest Payment Date, in which case they shall bear interest from such Interest Payment Date or, in the case of Bonds issued while interest on the Bonds shall be in default, from the date to which interest has been paid in full).

(c) For all purposes of the Act relating to or dealing with the date of the Bonds, Bonds of any Series shall be deemed to be dated as of the Date of Original Issuance specified for the Bonds of such Series in the Supplemental Indenture authorizing the issuance thereof.

(d) All Bonds of each Series shall mature or be subject to a Sinking Fund Installment, if any, on the date or dates fixed by a Supplemental Indenture. Interest on all Current Interest-Bearing Bonds of each Series shall be payable on the dates set forth in the applicable Supplemental Indenture. The first installment of interest due on the Bonds of a Series may be for such period as set forth in a Supplemental Indenture. Interest on any Deferred Interest Bonds of a Series shall be payable as set forth in a Supplemental Indenture (which may be upon maturity or earlier redemption of such Bonds or such date or dates prior to maturity or earlier redemption of such Bonds as specified in a Supplemental Indenture).

Section 3.02. Legends. The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Indenture as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto or as may be authorized by the Agency prior to the delivery thereof.

Section 3.03. Execution and Authentication.

(a) The Bonds of each Series shall be signed by, or bear the facsimile signature of, the Chair or Vice Chair and attested by the Secretary or such other person or persons designated in the applicable Supplemental Indenture, and, if required by the Act or other applicable law, the seal of the Agency or a facsimile thereof shall be impressed or imprinted on the Bonds. In case any officer who shall have signed any of the Bonds or whose signature appears on any of the Bonds shall cease to be such officer before the Bonds are actually delivered, such Bonds may, nevertheless, be delivered as herein provided, and may be issued as if the persons who signed them or whose signatures appear thereon had not ceased to hold such office or be so employed. Any Bond of a Series may be signed by such persons as at the actual time of the execution of such Bond shall be duly authorized or shall be the proper officers to sign such Bond, although on the Date of Original Issuance of a Series of Bonds such persons may not have been such officers.

(b) Only such of the Bonds as shall have endorsed thereon a certificate of authentication substantially in the form set forth in the applicable Supplemental Indenture, duly executed by the Trustee, shall be entitled to any benefit or security under this Indenture. No Bond shall be valid or obligatory for any purpose or 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 3.04. Interchangeability. Bonds, upon surrender thereof at the principal office of the Trustee, with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount or Original Principal Amount, as the case may be, of Bonds of the same Series, maturity and interest rate, subject to any provisions contained in the applicable Supplemental Indenture relating to the registration of a Series of Bonds pursuant to a Book Entry System.

Section 3.05. Negotiability and Registry. All the Bonds issued pursuant to this Indenture shall be negotiable as provided in Article 8 of the Uniform Commercial Code, as adopted by the State, subject to the provisions for registration and transfer contained in the Bonds and this Indenture and applicable State law. So long as any of the Bonds shall remain

Outstanding, the Trustee shall maintain and keep, for the benefit of the Agency, at the corporate trust operations office of the Trustee, books for the registration and transfer of Bonds which books shall be open to inspection by the Agency; and, upon presentation thereof for such purpose at said office, subject to any provisions in a Supplemental Indenture relating to the registration of a Series of Bonds pursuant to a Book Entry System, the Agency shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable requirements as it or the Trustee may prescribe, any Bond entitled to registration or transfer. So long as any of the Bonds remain Outstanding, the Agency shall make all necessary provisions to permit the exchange of Bonds at the corporate trust operations office of the Trustee, subject to any provisions contained in a Supplemental Indenture relating to the registration of a Series of Bonds pursuant to a Book Entry System.

Section 3.06. Transfer of Bonds. Subject to any provisions contained in a Supplemental Indenture relating to the registration of a Series of Bonds pursuant to a Book Entry System, each Bond shall be transferable only upon the books of the Agency kept for registration of transfers of Bonds, at the corporate trust operations office of the Trustee, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney. Upon the surrender for transfer of any such Bond, the Agency shall execute and the Trustee shall authenticate and deliver in the name of the transferee a new registered Bond or Bonds of the same Series, aggregate principal amount or Original Principal Amount, interest rate and maturity as the surrendered Bond.

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

The transfer of Bonds of a particular Series may be further limited as provided in the Supplemental Indenture relating thereto.

Section 3.07. Regulations for Exchange and Transfer. Subject to any provisions contained in a Supplemental Indenture relating to the registration of a Series of Bonds pursuant to a Book Entry System and Section 3.06, in all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Agency shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Indenture and the Supplemental Indenture under which any such Bond is issued. All Bonds surrendered in any such exchanges or transfers shall be cancelled by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the Agency or, at the direction of the Agency, the Trustee may make a charge to the Bondholder sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the Agency nor the Trustee shall be obligated to make any such exchange or transfer of

Bonds called for redemption or, in the case of any proposed redemption of Bonds, during the 15 days prior to the first mailing of notice calling such Bonds or portions thereof for redemption as herein provided.

Section 3.08. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Trustee shall authenticate and deliver, in accordance with the laws of the State, including, but not limited to, the Act, as amended from time to time, and, to the extent not inconsistent therewith, the provisions of this Section, a new Bond of like Series, maturity, interest rate and principal amount or Original Principal Amount, as the case may be, as the Bond, if any, so mutilated, destroyed, stolen or lost, provided, however, that in the case of any mutilated Bond, the mutilated Bond must first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there must be first furnished to the Agency and the Trustee evidence satisfactory to them of the ownership of the Bond, and of the loss, theft or destruction, together with indemnity satisfactory to the Agency and the Trustee and compliance with such other reasonable requirements as the Agency and the Trustee may prescribe and paying such expenses as the Agency or the Trustee may incur in connection therewith. All Bonds so surrendered to the Trustee shall be cancelled by it.

Upon the issuance of any new Bond under this Section, the Agency or, at the direction of the Agency, the Trustee may require the payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto and any other expenses, including counsel fees, of the Agency, any Paying Agent or the Trustee connected therewith.

Section 3.09. Preparation of Definitive Bonds; Temporary Bonds. Until the definitive Bonds of any Series are prepared, there may be executed, and, upon request of an Authorized Officer, the Trustee shall authenticate and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, except as to the denominations thereof, one or more temporary Bonds, substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in any authorized denominations, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Agency shall cause to be prepared and to be executed and delivered to the Trustee, upon the surrender of such temporary Bonds deliver in exchange therefor, at the corporate trust operations office of the Trustee, definitive registered Bonds, of the same Series, aggregate principal amount or Original Principal Amount, as the case may be, interest rate and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds issued and authenticated pursuant to this Indenture. All temporary Bonds surrendered in exchange for a definitive Bond or Bonds shall be forthwith cancelled by the Trustee. No charge for taxes or governmental charges shall be made against the owner upon an exchange of a temporary Bond for a definitive Bond.

Section 3.10. Extension of Payment of Bonds. The Agency shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds, or the time of payment of any claims for interest by the purchase or funding of such Bonds or claims for interest, or by any other arrangement; in case the maturity of any of the Bonds or the time for payment of any such claims for interest shall be extended, such Bonds, or claims for interest

shall not be entitled, in case of any default under this Indenture, to the benefit of this Indenture or the Funds or Accounts (except funds held in trust for the payment of particular Bonds) held by the Trustee or any Paying Agent, except after the payment of the principal of all Bonds issued and Outstanding the maturity of which has occurred and has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest. Nothing herein shall be deemed to limit the right of the Agency to enter into agreements with particular Bondholders as provided in Section 9.04 hereof or to issue refunding Bonds as provided in Article II hereof, and such issuance shall not be deemed to constitute an extension of the maturity of any Bond or of the time of payment of any claim for interest.

Section 3.11. Money Held for Particular Bonds. The amounts held for the payment of the interest, principal, Appreciated Amount or premium, if any, due on any date with respect to particular Bonds shall be held by the Paying Agent and shall, pending such payment, be held in trust by it for the owners of the Bonds entitled thereto and the Paying Agent shall maintain adequate records for the purpose of segregating the funds, and for the purposes of this Indenture, such interest, principal or premium, after the due date thereof, shall no longer be considered to be unpaid. The Trustee shall notify the Agency of any moneys so held for the payment of interest or principal or premium due with respect to particular Bonds which remain in the custody of the Trustee or Paying Agent on the date which is two years after the date on which such Bonds matured or were redeemed (or 90 days prior to the day such moneys would, under the laws of the State, escheat or be required to be paid to the State, if either of such dates is earlier) and, upon a written request from the Agency, shall return such funds to the State upon such request, and the owners of such Bonds shall thereafter look only to the State for payment and then only to the extent of the funds so received from the Trustee without any interest thereon.

Section 3.12. Cancellation of Bonds. All Bonds purchased, redeemed or paid shall be cancelled upon the purchase, redemption or payment of such Bonds. No such Bonds shall be deemed Outstanding under this Indenture and no Bonds shall be issued in lieu thereof. All such Bonds cancelled under any of the provisions of this Indenture shall be destroyed in accordance with the Act, as amended, or the applicable laws of the State, and notice thereof delivered to the Agency upon request.

Section 3.13. Book-entry Form of Bonds. Notwithstanding anything herein to the contrary, the Agency may elect, in the related Supplemental Indenture, that Bonds for a particular Series be registered pursuant to a Book Entry System, without certificates being provided or available to the registered owner thereof.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Procedure and Prices. Bonds of a Series redeemable prior to maturity pursuant to a Supplemental Indenture shall be subject to redemption upon notice as provided in this Article, at such times, at such redemption prices and upon such terms in addition to the

terms contained in this Article IV as may be specified in the Supplemental Indenture authorizing such Series.

Section 4.02. Redemption at the Election or Direction of Agency. In the case of any redemption of Bonds at the election or direction of the Agency, the Agency shall give written notice to the Trustee of its election or direction so to redeem, of the redemption date, of the Series, and of the principal amounts of the Bonds of each maturity of such Series to be redeemed, which Series maturities and principal amounts thereof to be redeemed shall be determined by the Agency in its sole discretion, subject to any limitations with respect thereto contained in the applicable Supplemental Indenture or in this Indenture. Such notice shall be given at least 30 days but no more than 60 days prior to the redemption date or such shorter period as shall be acceptable to the Trustee or contained in the applicable Supplemental Indenture. In the event notice of redemption shall have been given as provided in Section 4.05 (except for a conditional notice as authorized by the last paragraph thereof), there shall be paid on or prior to the redemption date (but not necessarily prior to the date on which notice of redemption shall have been given as provided in Section 4.05) to the appropriate Paying Agents, an amount in cash which, in addition to other moneys, if any, available therefor held by such Paying Agents, will be sufficient to redeem on the redemption date at the redemption price thereof, plus interest accrued and unpaid to the redemption date, all of the Bonds to be redeemed. The Agency shall promptly notify the Trustee in writing of all such payments by it to a Paying Agent.

Section 4.03. Redemption Otherwise Than at Agency's Election or Direction. Whenever, by the terms of this Indenture and pursuant to a Supplemental Indenture, the Trustee is required or authorized to redeem Bonds other than at the election or direction of the Agency, the Trustee shall select the Bonds to be redeemed, give the notice of redemption and pay out of moneys available therefor (or pay to any Paying Agent, if applicable) the redemption price thereof, plus interest accrued and unpaid to the redemption date, to the appropriate Paying Agents in accordance with the terms of this Article IV and the terms of the applicable Supplemental Indenture.

Section 4.04. Selection of Bonds To Be Redeemed. In the event of redemption of less than all of the Outstanding Bonds of like Series, interest rate and maturity, the Bonds to be redeemed in part shall be selected pursuant to the written notice described in Section 4.02 hereof, or if not so provided, randomly in such manner as the Trustee in its discretion deems fair, unless otherwise specified in the Supplemental Indenture authorizing such Series of Bonds.

Section 4.05. Notice of Redemption. This Section shall govern the provision of notice of redemption *unless* otherwise provided in a Supplemental Indenture, provided, however, that if any terms set forth in this Section or in any Supplemental Indenture are inconsistent with the laws of the State, including, but not limited to, the Act, as amended from time to time, the laws of the State shall govern, and provided that the Trustee shall not be responsible for and shall be held harmless for any failure to comply with laws of the State that are inconsistent with this Indenture or any Supplemental Indenture unless the Agency shall have provided the Trustee with written notice of such laws. When the Trustee shall be required or authorized to redeem Bonds, the Trustee shall, in accordance with the terms and provisions of the Bonds and of this Indenture,

give notice (which notice shall be dated the date given) of the redemption of Bonds, which notice shall specify (a) the name of the Bonds, (b) the Series, (c) the date of issue, (d) the redemption price, (e) the maturities, interest rates and CUSIP numbers of the Bonds to be redeemed, (f) the redemption date and the place or places where amounts due upon such redemption will be payable (including name and address of the Trustee or redemption agent, with contact person and telephone number), (g) if less than all of the Bonds of any like Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed (i.e., certificate numbers), (h) in the case of a Bond to be redeemed in part only, such notice shall also specify the portion of the principal amount or Original Principal Amount, as the case may be, thereof to be redeemed and (i) such other information as may be specified in a Supplemental Indenture with respect to a particular Series of Bonds. Such notice shall further state that, except as otherwise provided in the last paragraph of this Section, on the Redemption Date there shall become due and payable upon each Bond to be redeemed the redemption price thereof, or the redemption price of the specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, with interest accrued and unpaid to such date, and that from and after such date, interest thereon shall cease to accrue and be payable. Such notice shall be given by mailing a copy of such notice, first-class mail, postage prepaid, at least 30 days but no more than 60 days prior to such Redemption Date, to the registered owner of any Bond, all or a portion of which is to be redeemed, at his last address, if any, appearing upon the registry books, but failure so to mail any such notice or any defect in such notice shall not be a condition precedent to or affect the validity of any proceedings for the redemption of other Bonds.

In addition, the Trustee will send (no more than 60 days after the date for redemption) a further notice of redemption to each registered owner who has not presented his or her Bond for redemption within 30 days subsequent to the Redemption Date. Each such notice will be sent by first-class mail, postage prepaid.

Any notice of redemption pursuant to this Section may, if directed by the Agency, be given specifying that the redemption of the Bonds so called for redemption is made conditional upon the deposit of sufficient amounts to pay the redemption price therefor on the Redemption Date and, if amounts are not so available, such notice of redemption shall be cancelled and be null and void and the Bonds so called for redemption and subject to such conditional redemption notice shall continue to remain Outstanding.

Section 4.06. Payment and Cancellation of Bonds Redeemed and Purchased. Notice having been given in the manner provided in Section 4.05, the Bonds or portions thereof called for redemption and specified in said notice shall, except as provided in Section 4.05, become due and payable on the Redemption Date specified in said notice at the redemption prices thereof applicable on such date, plus unpaid interest on said Bonds or portions thereof accrued to such date, and upon presentation and surrender thereof at the place or places specified in said notice, said Bonds or portions thereof shall be paid at the said redemption prices, plus unpaid interest on said Bonds or portions thereof accrued to such date. CUSIP number identification with appropriate dollar amounts for each CUSIP number shall accompany all redemption payments and interest payments, whether by check or by wire transfer. If there shall be so called for redemption less than all of a Bond, the Agency shall execute and the Trustee shall authenticate

and deliver, upon the surrender of such Bond to the Trustee, without charge to the owner thereof, for the unredeemed balance of the principal amount or Original Principal Amount of the Bond so surrendered, Bonds of like Series, designation, interest rate and maturity. If, on such redemption date, money for the redemption of all the Bonds or portions thereof of any like Series and maturity to be redeemed, together with interest thereon accrued and unpaid to such date, shall be held by or on behalf of the Trustee so as to be available therefor on such date, and if notice of redemption thereof shall have been given as aforesaid, then from and after such redemption date, interest on the Bonds or portions thereof of such maturity so called for redemption shall cease to accrue and become payable, and said Bonds or portions of Bonds shall no longer be considered Outstanding hereunder.

Section 4.07. Redeemed Bonds as Satisfaction of Sinking Fund Installments. Upon any purchase or redemption of Bonds of any Series and maturity for which Sinking Fund Installments shall have been established pursuant to a Supplemental Indenture (other than by application of Sinking Fund Installments), an amount equal to the applicable redemption prices thereof (as specified in a Supplemental Indenture) shall be credited toward a part of all or any one or more of such Sinking Fund Installments, as directed by the Agency in a Certificate delivered to the Trustee by the fortieth day preceding the next date a Sinking Fund Installment is due or as directed in a Supplemental Indenture, or, failing any such direction, toward such Sinking Fund Installments on a proportionate basis. Such applicable redemption prices shall be the respective redemption prices which would be applicable upon the redemption of such Bonds from the respective Sinking Fund Installments on the due dates thereof. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of the calculation of principal installments due on a future date.

Section 4.08. Purchase of Bonds; Tenders. Unless expressly provided otherwise herein, if at any time moneys are held in any Fund or Account hereunder or in a Supplemental Indenture to be used to redeem Bonds, in lieu of such redemption the Agency may direct the Trustee to use part or all of such moneys to purchase Bonds of the respective Series, interest rates and maturities that would otherwise be subject to redemption from such moneys. The purchase price of such Bonds shall not exceed the applicable redemption price of the Bonds which would be redeemed but for the operation of this Section (accrued interest to be paid from the same Fund or Account from which accrued interest would be paid upon the redemption of such Bonds); provided, however, that the purchase price of such Bonds may include a premium if the payment thereof does not adversely affect the Rating of the Bonds. Any such purchase must be completed prior to the time notice would otherwise be required to be given to redeem the related Bonds. All Bonds so purchased shall be cancelled by the Trustee and applied as a credit against the obligation to redeem such Bonds from such moneys. Savings resulting from the purchase of Bonds at less than their respective redemption prices shall be used to purchase or redeem additional Bonds to the extent permitted by the provisions hereof and the relevant Supplemental Indenture or, at the request of the Agency, and upon receipt of a Counsel's Opinion that such action will not adversely affect the tax-exempt status of interest on the tax-exempt Bonds, withdrawn and paid to the Agency free and clear of the lien of this Indenture.

The Agency may direct the Trustee, on behalf of the Agency, to request the submission of tenders following notice requesting such submission prior to making the purchases authorized pursuant to the preceding paragraph. The Agency may specify the maximum and minimum periods of time which shall transpire between the date upon which such notice is to be given and the date upon which such tenders are to be accepted. No tenders shall be considered or accepted at any price exceeding the price specified in the preceding paragraph for the purchase of Bonds. The Agency shall accept bids with the lowest price and in the event the moneys available for purchase pursuant to such tenders are not sufficient to permit acceptance of all tenders and if there shall be tenders at an equal price above the amount of moneys available for purchase, then the Agency shall select randomly, or in such manner as it shall determine in its discretion, the Bonds tendered which shall be purchased.

ARTICLE V

ESTABLISHMENT OF FUNDS AND ACCOUNTS AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts and Application of Bond Proceeds.

(a) The following special Funds shall be held by the Trustee or by a Fiduciary, in segregated accounts, in the name of the Trustee to account for funds to be deposited therein pursuant to the terms hereof or of any Supplemental Indenture or as directed by a Certificate:

- (i) a Program Fund;
- (ii) a Revenue Fund;
- (iii) a Debt Service Fund;
- (iv) a Reserve Fund;
- (v) a Special Program Fund; and
- (vi) a Rebate Fund.

The designation of each such Fund set forth above shall include the term “Vermont Housing Finance Agency, Multiple Purpose Bonds,” which term shall precede the designation as set forth above.

No amounts may be withdrawn, transferred or paid out of any of the above Funds except as provided in this Article or in a Supplemental Indenture.

(b) The Trustee shall also establish such other special funds, accounts or subaccounts as the Agency may direct pursuant to any Supplemental Indenture or any Certificate, including but not limited to a capitalized interest account, and moneys deposited therein shall be used and pledged only as provided in such Supplemental

Indenture or Certificate. Each such fund, account and subaccount shall be held by the Trustee, in trust, separate and apart from all other funds of the Agency, for the purposes provided in this Indenture and any Supplemental Indenture.

(c) Unless otherwise provided in a Supplemental Indenture or a Certificate, the Trustee shall establish in each Fund a separate Account for each Series of Bonds. Except as otherwise provided, the proceeds of a particular Series of Bonds issued pursuant to a Supplemental Indenture and the earnings on investments of moneys in the Funds or Accounts relating to a particular Series of Bonds, when required to be deposited in any Fund, shall be deposited or credited to the Account established therein for that particular Series of Bonds. Withdrawals from Funds and Accounts in connection with a particular Series of Bonds may be made and used (including for purposes of redemption) for such Series of Bonds as well as any other Series of Bonds unless specifically prohibited in a related Supplemental Indenture. For purposes of investment, the Trustee and the Agency may consolidate the Accounts required to be established in a particular Fund into one Fund so long as adequate records are maintained as to the amounts held in each such Fund allocable to each Series of Bonds.

(d) The proceeds from any Series of Bonds shall be deposited in the Funds and Accounts established under this Indenture in accordance with the terms of this Article V and of the Supplemental Indenture authorizing such Series of Bonds. The Trustee shall also deposit in the Funds and Accounts established under this Indenture such other moneys or assets of the Agency as the Agency may direct by a Certificate.

Section 5.02. Program Fund.

(a) At the direction of an Authorized Officer, the Trustee shall from time to time pay out, or permit the withdrawal of, money from the Program Fund, for any purpose set forth in a Supplemental Indenture.

(b) The Trustee shall, to the extent amounts are insufficient in the Revenue Fund to pay principal of or interest on the Bonds or any Sinking Fund Installment when due, transfer (after transferring amounts in any capitalized interest account established in connection with a Supplemental Indenture, the Special Program Fund and the Reserve Fund) moneys from the Program Fund (to the extent of amounts available therein) to the Revenue Fund to pay principal of or interest on the Bonds and any Sinking Fund Installments.

(c) Any investment earnings on moneys held in the Program Fund shall be credited to and retained in the Revenue Fund upon receipt unless directed by a Certificate to be transferred or credited by the Trustee to another Fund or Account or to the Agency upon receipt.

(d) Amounts or assets credited to the Program Fund may, upon the direction of an Authorized Officer, be transferred or credited by the Trustee to the Revenue Fund or another Fund or Account or to the Agency at such times as directed by such Authorized Officer.

Section 5.03. Revenue Fund.

(a) All moneys and amounts pledged hereunder shall, promptly upon receipt by the Agency, be deposited in the Revenue Fund. Such amounts which have been received by persons collecting them on behalf of the Agency but have not yet been paid over directly to the Agency by such persons shall not be required to be so deposited until so paid over; provided, however, that such amounts shall be deemed to have been received by the Agency for purposes of Section 1.02 hereof.

(b) On or before each Interest Payment Date for the Outstanding Bonds, or on such other dates as may be directed in any Supplemental Indenture, the Trustee shall apply the balance on deposit in the Revenue Fund as follows and in the following order of priority (provided that if the Agency by Supplemental Indenture shall have created one or more additional funds and accounts or subaccounts within Funds and Accounts in accordance with Section 5.01(b) hereof, the Agency may by Supplemental Indenture modify the priority set forth in this subsection after satisfaction of the requirements of clauses (i) and (ii) of this subsection);

(i) To the Debt Service Fund, an amount equal to the unpaid interest due on the Bonds on that date, and on any redemption date or purchase date pursuant to Section 4.08 hereof, an amount equal to the unpaid interest due on the Bonds to be paid, redeemed or purchased, and any amounts required to be paid to the Provider of a Qualified Hedge Agreement (other than fees or termination payments payable to such Provider of the Qualified Hedge Agreement) equivalent to interest;

(ii) To the Debt Service Fund, (A) an amount equal to the principal amount of the Outstanding Bonds, if any, due (whether by maturity, redemption or otherwise) on that date, and any amounts required to be paid to the Provider of a Qualified Hedge Agreement (other than fees or termination payments payable to such Provider of the Qualified Hedge Agreement) equivalent to principal, if any, and (B) an amount equal to the Sinking Fund Installment, if any, due on that date; and

(iii) To the Reserve Fund, if and to the extent required so that the amount therein shall equal the Reserve Requirement.

(c) Any investment earnings on moneys held in the Revenue Fund shall remain in the Revenue Fund, unless directed by a Certificate to be transferred or credited by the Trustee to another Fund or Account or to the Agency.

(d) Amounts or assets in the Revenue Fund may, on and after each Interest Payment Date upon the direction of an Authorized Officer, be transferred or credited by the Trustee to another Fund or Account or to the Agency at such times as directed by such Authorized Officer.

(e) The Trustee shall, to the extent the amount in the Revenue Fund and the Debt Service Fund is insufficient to pay principal of or interest on the Bonds or amounts owed to a Provider under a Hedge Agreement equivalent to principal and interest (other than fees or termination payments, except as otherwise provided in Section 1.04) or any Sinking Fund Installment when due, transfer the amount of such deficiency from the following funds in the following order: (i) any amounts in any capitalized interest account established pursuant to a Supplemental Indenture, (ii) the Special Program Fund, if any, to the extent of amounts available therein and therefor, (iii) the Reserve Fund, to the extent of amounts available therein, and (iv) the Program Fund, to the extent of amounts available therein and therefor. In the event that the amount in such funds is insufficient, the Trustee shall immediately provide written notice thereof to the Agency, and the Agency shall transfer, or cause to be transferred, to the Trustee for deposit to the Revenue Fund an amount sufficient and available, when added to amounts in the Debt Service Fund, to pay principal of or interest on the Bonds or amounts owed to a Provider under a Hedge Agreement equivalent to principal and interest (other than fees or termination payment, except as otherwise provided in Section 1.04) or any Sinking Fund Installment when due.

(f) Fees and termination payments payable to the Provider under a Hedge Agreement shall be payable in accordance with Section 1.04 hereof.

(g) As long as no Event of Default shall have occurred and be continuing, the Trustee shall be entitled to rely on a certificate of an Authorized Officer as to the proper amounts to be deposited in the various Funds and Accounts as required by this Section. The Agency agrees to furnish the Trustee with such a certificate prior to each time the Trustee is required or directed to allocate amounts from the Revenue Fund. Such certificate shall identify separately all amounts so to be allocated as may be required by any applicable Supplemental Indenture, setting forth the Series of Bonds to which such amounts are attributable. The Trustee shall retain copies of such certificates while any of such Bonds remain Outstanding and shall also maintain appropriate records of the interest and other income earned on investment or deposit of all such amounts while held hereunder in any Fund or Account identifying the Series of Bonds to which such interest and other income is attributable.

(h) Notwithstanding anything in this Section to the contrary, so long as there shall be held in the Debt Service Fund an amount sufficient to fully pay all Outstanding Bonds in accordance with their terms (including Principal Amount or Redemption Price and interest) and all amounts due the Provider of a Qualified Hedge Agreement pursuant to subsection (b) above, no deposits shall be required to be made into the Debt Service Fund.

Section 5.04. Debt Service Deposits. On or before the fifth Business Day preceding each Interest Payment Date and any other date on which principal of or interest on or any Sinking Fund Installment with respect to the Bonds is due, if the Trustee does not have on deposit in the Revenue Account and the Debt Service Fund an amount sufficient and available to pay the interest, principal or Sinking Fund Installment due on such Interest Payment Date or

other date, the Trustee shall give the Agency notice of the amount so on deposit and the amount of the insufficiency; provided, however, that the failure by the Trustee to give such notice shall not relieve the Agency of the obligation to make or cause the transfers required in the immediately succeeding paragraph. Upon receipt of such notice, on or before the third Business Day preceding each Interest Payment Date and any other date on which principal of or interest on or any Sinking Fund Installment with respect to the Bonds is due, the Agency shall transfer, or cause to be transferred, to the Trustee for deposit to the Revenue Fund an amount sufficient and available to pay the interest, principal or Sinking Fund Installment due on such Interest Payment Date or other date for application as provided in Section 5.03 hereof.

Section 5.05. Debt Service Fund.

(a) On each Interest Payment Date and any other date on which interest on the Bonds is payable, the Trustee shall withdraw from the Debt Service Fund an amount equal to the unpaid interest due on the Bonds on that date, and on any redemption date or purchase date pursuant to Section 4.08 hereof, an amount equal to the unpaid interest due on the Bonds to be paid, redeemed or purchased, and any amounts required to be paid to the Provider of a Qualified Hedge Agreement (other than fees or termination payments payable to such Provider of the Qualified Hedge Agreement) equivalent to interest and shall cause it to be applied to the payment of said interest or amount when due, or shall transmit it to one or more Paying Agents, who shall apply it to such payment.

(b) The Trustee shall withdraw from the Debt Service Fund on each date on which principal of the Bonds is payable (i) an amount equal to the principal amount of the Outstanding Bonds, if any, due (whether by maturity, redemption or otherwise) on that date, and any amounts required to be paid to the Provider of a Qualified Hedge Agreement (other than fees or termination payments payable to such Provider of the Qualified Hedge Agreement) equivalent to principal, if any, which shall be applied to the payment or purchase of the principal of said Bonds or amount when due or transmitted to one or more Paying Agents who shall apply it to such payment and (ii) an amount equal to the Sinking Fund Installment, if any, due on that date, which shall be applied to the redemption of Bonds to be redeemed on that date or transmitted to one or more Paying Agents who shall apply it to such redemption.

(c) Unless other dates are specified in the Supplemental Indenture authorizing a Series of Bonds, on or before the thirty-first day prior to each such date on which a Sinking Fund Installment is due, the Trustee shall proceed to select for redemption in the manner provided in this Section from all Outstanding Bonds of the Series subject to redemption from such Sinking Fund Installment an amount of such Bonds, equal to the aggregate principal amount of such Bonds redeemable with such Sinking Fund Installment, and shall call such Bonds for redemption from such Sinking Fund Installment on the next succeeding date for redemption, and give notice of such call in accordance with this Indenture. On or before the fortieth day next preceding any date on which a Sinking Fund Installment is due, the Agency, by a Certificate, may (i) deliver to the Trustee for cancellation Bonds which are subject to redemption from such Sinking Fund Installment, or portions thereof, in any aggregate principal amount desired or

(ii) receive a credit in respect of its Sinking Fund Installment obligation for any such Bonds, which prior to said date have been delivered to the Trustee for cancellation or redeemed (otherwise than through redemption from a Sinking Fund Installment) and canceled by the Trustee and not theretofore applied as a credit against any Sinking Fund Installment obligation. Each Bond or portion thereof so delivered or previously redeemed shall be credited by the Trustee at the principal amount thereof on the obligation with respect to such Sinking Fund Installments as the Certificate shall direct and the principal amount of such Bonds to be redeemed by such Sinking Fund Installment shall be accordingly reduced.

(d) Any investment earnings on moneys held in the Debt Service Fund shall be transferred to the Revenue Fund, unless directed by a Certificate to be transferred or credited by the Trustee to another Fund or Account or to the Agency.

(e) Amounts or assets in the Debt Service Fund may, on and after each Interest Payment Date upon the direction of an Authorized Officer, be transferred or credited by the Trustee to another Fund or Account or to the Agency at such times as directed by such Authorized Officer.

Section 5.06. Reserve Fund.

(a) There shall be maintained in the Reserve Fund, from the proceeds of the sale of the Bonds or such other sources as specified by a direction of an Authorized Officer, an amount equal to the Reserve Requirement.

(b) The Trustee shall, to the extent the amount in the Revenue Fund is insufficient to pay principal of and interest on the Bonds and any Sinking Fund Installments and any amounts required to be paid to the Provider of a Hedge Agreement (other than fees or termination payments payable to such Provider) unless otherwise provided in such Hedge Agreement or any related Supplemental Indenture, transfer from the Reserve Fund (after transferring any amounts in any capitalized interest account established pursuant to a Supplemental Indenture or the Special Program Fund (to the extent of amounts available therein and therefor)) to the Revenue Fund to pay the principal of and interest on the Bonds and any Sinking Fund Installments and any amounts required to be paid to the Provider of a Hedge Agreement (other than fees or termination payments payable to such Provider) unless otherwise provided in such Hedge Agreement or any related Supplemental Indenture. The Trustee shall notify the Agency in writing prior to any such withdrawal from the Reserve Fund. Within six months of any such withdrawal, the Agency shall, if permitted under the Act or applicable laws of the State, deposit in the Reserve Fund an amount sufficient to replenish the Reserve Fund to the Reserve Requirement.

(c) So long as any such credit or transfer does not reduce the amount in the Reserve Fund below the Reserve Requirement, any investment earnings on moneys held in the Reserve Fund shall be credited to the Revenue Fund, unless directed by a Certificate to be transferred or credited by the Trustee to another Fund or Account or to the Agency at such times as directed by such Authorized Officer.

(d) Any balance in the Reserve Fund in excess of the Reserve Requirement shall, upon the direction of a Certificate, be transferred or credited by the Trustee to the Revenue Fund or other Fund or Account or to the Agency at such times as directed by such Authorized Officer.

(e) The Reserve Requirement with respect to the applicable Series of Bonds may be funded through Cash Equivalents. In connection with any discussion in this Indenture of “moneys” on deposit in or held for the credit of the Reserve Fund, “moneys” shall be deemed to include said Cash Equivalents.

Section 5.07. Rebate Fund.

(a) There shall be deposited in the Rebate Fund, as directed by a Certificate of an Authorized Officer, such amounts determined by the Agency as are necessary to satisfy any “arbitrage rebate requirements” to comply with the requirements of Section 148 of the Code.

(b) Payments shall be made from the Rebate Fund, as directed by a Certificate of an Authorized Officer, at such times and in such amounts as are necessary to comply with the requirements of Section 148 of the Code.

(c) Any investment earnings on moneys held in the Rebate Fund shall remain in the Rebate Fund, unless directed by a Certificate to be transferred or credited by the Trustee to another Fund or Account or to the Agency.

Section 5.08. Special Program Fund.

(a) If and to the extent directed by a Certificate of an Authorized Officer, the Trustee shall create the Special Program Fund, or accounts therein, and from time to time (i) pay out money from the Special Program Fund for any purpose permitted under the Act and (ii) transfer funds to the Agency free and clear of the lien of this Indenture.

(b) The Trustee shall, to the extent the amount in the Revenue Fund is insufficient to pay the principal of and interest on the Bonds and any Sinking Fund Installment when due and any amounts required to be paid to the Provider of a Hedge Agreement (other than fees or termination payments payable to such Provider) unless otherwise provided in such Hedge Agreement or any related Supplemental Indenture, transfer (after transferring amounts in any capitalized interest account established in connection with a Supplemental Indenture) moneys from the Special Program Fund, to the extent of amounts therein which are not otherwise restricted for specific purposes, to the Revenue Fund to pay the principal of and interest on the Bonds and any Sinking Fund Installment and any amounts required to be paid to the Provider of a Hedge Agreement (other than fees or termination payments payable to such Provider) unless otherwise provided in such Hedge Agreement or any related Supplemental Indenture.

(c) Any investment earnings on moneys held in the Special Program Fund shall remain in the Special Program Fund, unless directed by a Certificate to be transferred or credited by the Trustee to another Fund or Account or to the Agency.

ARTICLE VI

COVENANTS

Section 6.01. General. The Agency hereby particularly covenants and agrees with the Trustee and with the holders of the Bonds of each Series and makes provisions which shall be a part of its contract with such holders, to the effect and with the purpose set forth in the following provisions and Sections of this Article. The provisions of this Article shall be effective from and after the time of the delivery of the Bonds of each Series issued under this Indenture.

Section 6.02. Payment of Bonds. The Agency shall duly and punctually pay or cause to be paid (from the Trust Estate and any other of the Agency's revenues, assets or moneys, subject only to agreements now or hereafter made with holders of notes and bonds, other than the Bonds, pledging particular revenues, moneys or assets for the payment thereof) the principal amount of and interest on the Bonds, at the dates and places and in the manner mentioned in the Bonds, according to the true intent and meaning thereof, and shall duly and punctually pay or cause to be paid (from the Trust Estate and any of the Agency's other revenues, assets or moneys, subject only to agreements now or hereafter made with holders of notes and bonds, other than the Bonds, pledging particular revenues, moneys or assets for the payment thereof) to the Trustee any part of any and all Sinking Fund Installments required pursuant to any provision of this Indenture and the related Supplemental Indentures.

Section 6.03. Personnel and Servicing of Programs. In accordance with the laws of the State and the Act, the Agency shall at all times appoint, retain and employ competent personnel for the purpose of carrying out its respective programs and shall establish and enforce reasonable rules, regulations, tests and standards governing the employment of such personnel at reasonable compensation, salaries, fees and charges, and all persons employed by the Agency shall be qualified for their respective positions.

Section 6.04. Tax Covenants.

(a) Subject to subsection (b) of this Section, the Agency shall at all times do and perform all acts and things necessary and may otherwise act as permitted by law in order to assure that interest paid on the Bonds shall, for the purposes of federal income taxation, be excludable from the gross income of the owners thereof and exempt from such taxation, except in the event that such recipient is a "substantial user" or "related person" within the meaning of the Code.

(b) Notwithstanding the foregoing, the Agency hereby reserves the right to elect to issue Bonds the interest on which is not exempt from federal income taxation, if such election is made prior to the issuance of such Bonds and, to the extent applicable, the requirements of the Act or similar law in effect are satisfied with respect to such election and the covenants contained in this Section shall not apply to such Bonds.

Section 6.05. Accounts and Reports. The Agency shall keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all its transactions relating to the Bonds and all Funds and Accounts established by or pursuant to this Indenture or any Supplemental Indenture, which shall at all reasonable times be subject to the inspection of the Trustee or of the holders (or beneficial owners if their names and addresses have been filed with the Trustee for such purposes) of an aggregate of not less than 5% in principal amount of Bonds then Outstanding or their representatives duly authorized in writing.

The Agency shall annually, within 270 days after the close of each Fiscal Year, prepare financial statements for such Fiscal Year. The financial statements shall be accompanied by the report of an Accountant stating that the financial statements examined present fairly the financial position of the Agency at the end of the Fiscal Year, the results of its operations and changes in financial position for the period examined, in conformity with generally accepted accounting principles, with such exceptions as may be noted in such report.

Any such financial statements may be presented with respect to the accounts for the Bonds or on a consolidated or combined basis with other reports of the Agency.

A copy of such financials and any Accountant's report relating thereto shall be mailed promptly thereafter by the Agency to each Bondowner who shall have filed his name and address with the Agency for such purposes.

Section 6.06. Compliance With Conditions Precedent. Upon the date of execution and delivery of a Series of Bonds, all conditions, acts and things required by law or by this Indenture to exist, to have happened or to have been performed precedent to or in the issuance of such Bonds shall exist, have happened and have been performed, and such Bonds, together with all other indebtedness of the Agency, shall be within every debt and other limit prescribed by law.

Section 6.07. Further Assurance. At any and all times, the Agency shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary and may otherwise act as permitted by law for the better assuring, conveying, granting, assigning or confirming all and singular the rights, Funds and Accounts and assets pledged, assigned and established pursuant to this Indenture, including the moneys, securities and Permitted Investments hereby pledged or assigned, or assigned in trust, or intended so to be, or which the Agency may hereafter become bound to pledge or assign in trust.

Section 6.08. Powers as to Bonds and Pledge. The Agency is duly authorized, pursuant to law, to authorize and issue Bonds, to enter into this Indenture and to pledge the assets and revenues purported to be pledged by this Indenture, in the manner and to the extent provided in this Indenture and in any Supplemental Indenture. The assets and revenues so pledged and so held in trust are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and assignment in trust created by this Indenture, and all corporate action on the part of the Agency to that end has been duly and validly taken. Each Series of Bonds and the provisions of this Indenture are and will be the valid and legally enforceable general obligations of the Agency in

accordance with their terms and the terms of this Indenture and the related Supplemental Indenture subject only to agreements now or hereafter made with holders of notes and bonds, other than the Bonds pledging particular revenues, moneys or assets for the payment thereof. The Agency shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the assets and revenues so pledged under this Indenture and all the rights of the Bondholders or any other creditors secured under this Indenture, against all claims and demands of all persons whomsoever.

ARTICLE VII

DISCHARGE OF LIEN

If the Agency shall pay or cause to be paid, or there shall otherwise be paid or provision for payment made, to the holders of the Bonds the principal amount of, premium, if any, and interest due or to become due thereon at the times and in the manner stipulated therein, then unless there shall be delivered to the Trustee a Certificate to the contrary, these presents and the 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 release the lien hereof, and reconvey, release, assign and deliver unto the Agency any and all the estate, right, title and interest in and to any and all rights or property assigned or pledged to the Trustee or otherwise subject to the lien of this Indenture, except cash held by the Trustee or any Paying Agent for the payment of the principal amount of, premium, if any, and interest on any Series of Bonds.

Any Bond shall be deemed to be paid within the meaning of this Article and for all purposes of this Indenture and any Supplemental Indenture when payment of the principal amount of and premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided herein), either (a) shall have been made or caused to be made in accordance with the terms thereof or (b) shall have been provided by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment (i) moneys sufficient to make such payment and/or (ii) Federal Obligations (which may be subject to redemption prior to maturity only if such terms of redemption do not adversely affect the Rating of the Bonds) maturing as to principal and interest in such amount and at such time as will ensure the availability of sufficient moneys to make such payment. 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 Federal Obligations.

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 instruction:

- (i) stating the date when the principal amount (and premium, if any) of each such Bond is to be paid, whether at maturity or on a redemption date;

(ii) to call for redemption pursuant to this Indenture (and at such times as notice thereof may be given in accordance with this Indenture) any Bonds to be redeemed prior to maturity pursuant to in clause (b) of the preceding paragraph hereof; and

(iii) to mail, as soon as practicable, in the manner prescribed by Article IV hereof, a notice to the holders of such Bonds and to each Rating Agency that the deposit required by clause (b) of the preceding paragraph 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 amount or redemption price, if applicable, on said Bonds as specified in (i) hereof and, if a maturity date is stated, whether or not such Bonds continue to be subject to redemption.

All moneys so deposited with the Trustee as provided in this Article may at the direction of the Agency also be invested and reinvested in Federal Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Federal Obligations in the hands of the Trustee pursuant to this Article which is not required for the payment of the Bonds and interest and premium, if any, 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 such an application as are other moneys deposited in such Fund.

Notwithstanding any provision of any other Article of this Indenture which may be contrary to the provisions of this Article, all moneys or Federal Obligations set aside and held in trust pursuant to the provisions of this Article for the payment of Bonds (including interest and premium thereon, if any) shall be applied to and used solely for the payment of the particular Bonds (including interest and premium thereof, if any) with respect to which such moneys and Federal Obligations have been so set aside in trust.

Anything in Article IX hereof to the contrary notwithstanding, if moneys or Federal 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 holder of each Bond affected thereby.

ARTICLE VIII

DEFAULTS AND REMEDIES

Section 8.01. Events of Default. Each of the following shall constitute an event of default under this Indenture and is herein called an “Event of Default”:

(a) Interest on any of the Bonds is not paid on any date when due or the principal of any Bonds is not paid at maturity or the redemption price of any Bond is not paid at a Redemption Date at which such Bonds have been called for redemption;

(b) If there is a default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Agency in this Indenture, in any

Supplemental Indenture or in the Bonds contained, and such default is not remedied within 60 days after notice thereof pursuant to Section 8.10 hereof; or

(c) The Agency files a petition seeking a composition of indebtedness under the federal bankruptcy laws or under any applicable law or statute of the United States of America or of the State, or if the State has limited or altered the rights of the Agency pursuant to the Act, as in force on the date of this Indenture, to fulfill the terms of any agreements made with the Holders of Bonds or in any way impaired the rights and remedies of Holders of Bonds while any Bonds are Outstanding.

Upon the occurrence of an Event of Default as set forth above and of which the Trustee has knowledge, and upon the cure, if any, of any such Event of Default, the Trustee shall provide written notice thereof to the Agency and the holders of the Bonds outstanding (and each beneficial owner who has filed a written notice with the Trustee requesting the same) within 10 days of learning of the Event of Default or the occurrence of such Event of Default.

Section 8.02. Remedies; Rights of Bondholders. Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy under the Act, at law or in equity, to enforce the payment of the principal of, premium, if any, and interest on the Bonds then Outstanding, and any other creditors secured hereunder, including, without limitation, the following:

(a) The Trustee may declare the principal amount of all Bonds Outstanding and the interest accrued thereon to be immediately due and payable, whereupon such principal amount and interest shall thereupon become immediately due and payable, if an Event of Default pursuant to Section 8.01(a) has occurred;

(b) The books and records of the Agency relating to the Bonds shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys, but only to the extent that such inspection and use does not challenge, in the Agency's discretion, the confidentiality of such books and records as well as other related communications of the Agency; and

(c) The Agency, whenever the Trustee shall demand, will account as if it were the trustee of an express trust for all money, securities and Funds and Accounts pledged or held under this Indenture for such period as shall be stated in such demand.

If an Event of Default shall have occurred and, if requested so to do by the holders of not less than a majority in aggregate principal amount of Bonds then Outstanding or, if such Event of Default is an Event of Default described in clause (a) of Section 8.01 hereof, by the holders of not less than a majority in the aggregate principal amount of Bonds then Outstanding of the Series with respect to which such Event of Default has occurred, and indemnified by such holders in a manner acceptable to the Trustee, the Trustee shall be obligated to exercise one or more of the rights and powers conferred by this Section, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bondholders.

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.

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 expedient.

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 holders of a majority in aggregate principal amount of Bonds then 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. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, following the satisfaction of any payments due the Trustee under the provisions of Sections 11.02 and 11.07 hereof, be deposited in the Revenue Fund and all moneys in the Revenue Fund (other than moneys held for redemption of Bonds duly called for redemption) shall be applied as follows:

(a) Unless the principal amount of all the Bonds shall have become or shall have been declared 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 amount of any of the Bonds which shall have become due (other than

Bonds 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 the Bonds and, if the amount available shall not be sufficient to pay in full 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 amount 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 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.

(b) If the principal amount of all the Bonds shall have become or shall have been declared due, all such moneys shall be applied to the payment of the principal amount and interest then due and unpaid upon the Bonds, without preference or priority of principal amount over interest or of interest over principal amount, 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 amount and interest, to the persons entitled thereto without any discrimination or privilege.

(c) If the principal amount of all the Bonds shall have been declared due and payable, and if such Supplemental Indenture shall thereafter have been rescinded and annulled under the provisions of this Article then, subject to the provisions of subsection (b) of this Section in the event that the principal amount of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of subsection (a) of this Section.

With respect to the foregoing, amounts due under a Qualified Hedge Agreement which are equivalent to Bond interest or principal shall be treated as Bond interest or principal under the counterparty under the Qualified Hedge Agreement is in default thereunder.

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. The deposit of such money with any Paying Agent, or otherwise setting aside such money, in trust for the proper purpose shall constitute proper application by the Trustee. The Trustee shall incur no liability to the Agency, to any Bondholder or to any other person for any delay in applying any such money, so long as the Trustee acts with reasonable diligence having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall 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 principal amount 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 holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all principal amounts of and interest on all Bonds have been paid under the provisions of this Section and all fees, expenses and charges of the Trustee and any Paying Agent have been paid, any balance remaining in the Revenue Fund shall be paid to the Agency.

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 holder of the Bonds, and any recovery of judgment shall be for the equal and ratable benefit of the holders of the Outstanding Bonds.

Section 8.07. Rights and Remedies of Bondholders. No holder 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 (a) a default has occurred of which the Trustee has been notified as provided in Section 11.03 hereof, or of which by said Section 11.03 it is deemed to have notice, (b) such default shall have become an Event of Default and the owners of not less than a majority in aggregate principal amount of Bonds then Outstanding or, if such Event of Default is an Event of Default described in clause (a) of Section 8.01 hereof, by the owners of not less than a majority in aggregate principal amount of Bonds then Outstanding of the Series with respect to which such Event of Default has happened, shall have given 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, (c) such Bondholders have offered to the Trustee indemnity as provided in Article XI hereof and (d) 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 holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by his 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 holders of all Bonds then Outstanding, subject to the provisions of this Indenture. However, nothing contained in this Indenture shall affect or impair the right of any holder to enforce the payment of the principal of and interest on any Bond it owns at and after the maturity or upon the redemption thereof, or the

obligation of the Agency to pay the principal of and interest on any such Bond issued hereunder to the holder thereof at the time, place, from the source and in the manner in the Bonds expressed, but in any case only from the Trust Estate.

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, subject to any final determination in such proceeding, 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 hereunder and its consequences, and shall do so upon the written request of the holders of (a) more than 66-2/3% in aggregate principal amount of all the Bonds then Outstanding in respect of which default in the payment of principal amount or interest, or both, exists or (b) at least a majority in aggregate principal amount of all Bonds then Outstanding in the case of any other default; provided, however, that there shall not be waived (i) any Event of Default in the payment of the principal amount of any Outstanding Bonds at the date of maturity or sinking fund redemption date specified therein or (ii) any default in the payment when due of the interest on any such Bonds unless, prior to such waiver or rescission, all arrears of interest or all arrears of payments of principal amount when due, as the case may be, with interest on overdue principal at the rate borne by the Bonds, and all reasonable fees and expenses of the Trustee in connection with such default shall have been paid or provided for. In case of any such waiver or rescission, 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(b); Opportunity of the Agency To Cure Such Defaults. Anything herein to the contrary notwithstanding, no default under Section 8.01(b) 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 holders of not less than a majority in aggregate principal amount of all 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.

ARTICLE IX

SUPPLEMENTAL INDENTURES

Section 9.01. Supplemental Indentures Effective Upon Filing. Without the consent of or notice to any of the Bondholders, for any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture of the Agency supplementing this Indenture may be adopted, which Supplemental Indenture, upon filing with the Trustee of a copy thereof certified by an Authorized Officer, shall be fully effective in accordance with its terms:

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

(b) (i) to add to the covenants or agreements of the Agency in this Indenture other covenants or agreements to be observed by the Agency which are not contrary to or inconsistent with this Indenture as theretofore in effect or (ii) to make any change (other than a change requiring the consent of the holders of all Outstanding Bonds pursuant to Section 9.03 hereof) which is not materially adverse to the security of the Bondholders;

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

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

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

(f) to make any changes which, in the opinion of Counsel, are necessary to preserve the tax-exempt status of the interest on the Bonds;

(g) to make such changes to obtain or maintain the Rating on the Bonds, provided such changes do not result in a downgrade or withdrawal of the current Rating;

(h) to modify any of the provisions of this Indenture in any respect whatever, provided that (i) such modifications shall be, and be expressed to be, effective only after all Bonds of any Series Outstanding at the date of the adoption of such Supplemental Indenture shall cease to be Outstanding and (ii) such Supplemental Indenture shall be specifically referred to in the text of all Bonds of any Series delivered after the date of the adoption of such Supplemental Indenture and of Bonds issued in exchange therefor or in place thereof;

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

(j) to authorize Bonds of a Series and, in connection therewith, specify and determine the matters and things referred to in Section 2.02, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with this Indenture as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first delivery of such Bonds; and

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

Section 9.02. Supplemental Indentures Requiring Consent of Bondholders.

Exclusive of Supplemental Indentures covered by Section 9.01 hereof and subject to the terms and provisions contained in this Section, and not otherwise, (a) the holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding at the time such consent is given and (b) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, the holders of not less than a majority in aggregate principal amount of the Bonds of the particular Series Outstanding affected at the time such consent is given 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 indentures supplemental hereto as shall be deemed necessary and desirable by the Agency 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 Indentures; provided, however, that, except as set forth in Section 9.03 hereof, nothing in this Section contained shall permit, or be construed as permitting, without the consent of the holders of all Outstanding Bonds, (i) an extension of the maturity or mandatory sinking fund redemption date of the principal of or the time for payment of the interest on any Bond issued hereunder, (ii) a reduction in the principal amount of any Bond or the rate of interest (except as otherwise provided in a Supplemental Indenture), or sinking fund redemption requirements, thereon, (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, (iv) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture, or (v) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee without the written consent of the Trustee.

For the purposes of this Section, Bonds of any particular Series shall be deemed to be affected by a modification or amendment of this Indenture if the same materially or adversely affects or diminishes the rights of the holders of Bonds of such Series. The Trustee, relying upon Counsel's opinion, may determine whether or not, in accordance with the foregoing powers of amendment, Bonds of any particular Series or maturity would be affected by a modification or amendment of the Indenture, and any such determination shall be binding and conclusive on the Agency and all holders of Bonds. With respect to matters affecting the security for the Bonds, the Trustee may conclusively rely upon written evidence from each Rating Agency that a change will not adversely affect the Rating on the Outstanding Bonds.

Section 9.03. Modifications by Unanimous Consent. Notwithstanding anything contained in the foregoing provisions of this Article, the terms and provisions of this Indenture, and the rights and obligations of the Agency and the holders of the Bonds, in any particular, may be modified or amended in any respect upon the execution by the Agency and filing in accordance with the provisions of this Article of a Supplemental Indenture of the Agency making such modification or amendment and the consent to such Supplemental Indenture of the holders of all of the Bonds then Outstanding, such consent to be given and proved as provided in Section 9.04, except that no notice to Bondholders, either by mailing or publication, shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights, obligations, duties, remedies, immunities and privileges of the Trustee without the written consent of the Trustee.

In addition, the Agency may enter into an agreement with any Bondholder restricting one or more rights of such Bondholder, provided that such agreement shall affect only such Bondholder (or assigns) and such agreement shall not grant such Bondholder any rights or privileges not afforded other Bondholders.

Section 9.04. Consent of Bondholder. The Agency may at any time execute and file a Supplemental Indenture from the Agency making a modification or amendment permitted by the provisions of Section 9.02 or 9.03, to take effect when and as provided in this Section. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in form approved by the Agency), together with a request to the Bondholders for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Agency to the Bondholders. Such Supplemental Indenture shall not be effective unless and until, and shall take effect in accordance with its terms when, (a) there shall have been filed with the Trustee (i) the written consent of the holders of the percentage of Outstanding Bonds specified in Section 9.02 or 9.03, as the case may be and (ii) a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully adopted by the Agency in accordance with the provisions of this Indenture, is authorized or permitted by the provisions of this Indenture, and, when effective, will be valid and binding upon the Agency and enforceable in accordance with its terms and (b) a notice shall have been given as hereinafter provided in this Section. Each such consent shall be effective only if executed by a holder of Bonds as of the date such consent is given.

In connection with this Section 9.04, any such consent shall be binding upon the holder of the Bonds giving such consent and upon any subsequent holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent holder thereof has notice thereof), but, notwithstanding the provisions of Section 12.01, such consent may be revoked in writing by the filing with the Trustee, not later than the time when the written statement of the Trustee hereinafter in this Section provided for is filed. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee to the effect that no revocation thereof is on file with the Trustee.

The Agency may establish a record date for purposes of the solicitation of consents from the holders of Bonds and shall give the Trustee notice thereof.

At any time after the holders of the required percentage of Bonds shall have filed their consents to such Supplemental Indenture, the Trustee shall make and file with the Agency a

written statement that the holders of such required percentage of Bonds have filed and given such consents and that proof of the holding of such Bonds has been examined and found sufficient by the Trustee. Such written statement shall be conclusive that such consents have been so filed and have been given. At any time thereafter notice, stating in substance that such Supplemental Indenture (which may be referred to as a Supplemental Indenture adopted by the Agency on a stated date, a copy of which is on file with the Trustee) has been consented to by the holders of the required percentage of Bonds and will be effective as provided in this Section, shall be mailed to Bondholders. The Agency shall file with the Trustee proof of the mailing thereof. A record, consisting of the papers required or permitted by this Section to be made by or filed with the Trustee, shall be proof of the matters therein stated.

Section 9.05. Authorization to Trustee. The Trustee is authorized to accept the delivery of a certified copy of any Supplemental Indenture of the Agency referred to and permitted or authorized by Section 9.01, 9.02, 9.03 or 9.04, upon satisfaction of any requirements with respect thereto, to consent to such indenture as provided in such Section and to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such actions, shall be fully protected in relying on a Counsel's Opinion that such Supplemental Indenture is authorized or permitted by the provisions of this Indenture or contains no provisions which are contrary to or inconsistent with this Indenture as theretofore in effect.

Section 9.06. Exclusion of Bonds. Bonds owned or held by or for the account of the Agency shall be excluded and shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article, and the Agency shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article. At the time of any consent or other action under this Article, the Agency shall furnish the Trustee a Certificate, upon which the Trustee may rely, describing all Bonds so to be excluded.

Section 9.07. Notation on Bonds. Bonds delivered after the effective date of any action taken as in this Article provided may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the Agency and the Trustee as to such action. If the Agency or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Agency to conform to such action may be prepared and delivered, and upon demand of the holder of any Bond then Outstanding may be exchanged, without cost to such Bondholder, for Bonds of the same designation, maturity and interest rate then Outstanding, upon surrender of such Bonds. Every holder of any Outstanding Bond shall, however, by his purchase and retention of such Bond, be deemed to consent to be bound by every modification and amendment of this Indenture adopted in accordance with the provisions of this Article, whether or not noted or endorsed on or incorporated in such Bond.

Section 9.08. Copies of Supplemental Indentures. The Agency shall forward a copy of any Supplemental Indenture (in substantially final form) to the Rating Agency.

ARTICLE X

DEPOSITARIES OF MONEYS AND INVESTMENT OF FUNDS

Section 10.01. Depositaries. All moneys held by the Trustee under the provisions of this Indenture shall be deposited with the Trustee or one or more Fiduciaries in trust for the Trustee. All moneys deposited under the provisions of this Indenture with the Trustee or any Fiduciary shall be held in trust and applied only in accordance with the provisions of this Indenture and any related Supplemental Indenture, and each of the Funds and the Accounts, and any subaccounts, established by this Indenture shall be a trust fund for the purposes thereof. The Trustee and the Agency shall not permit the deposit of any moneys with any Fiduciary in an amount exceeding the amount insured by the FDIC, unless secured by Permitted Investments.

Section 10.02. Investment of Funds and Accounts Held by Trustee. Except as otherwise provided in this Indenture, the Agency may direct the Trustee to, and in the absence of direction the Trustee shall, invest moneys in the Funds and the Accounts held by the Trustee in Permitted Investments, the maturity or redemption date at the option of the holder of which shall not exceed the date or dates on which moneys in said Fund or Account for which the investments were made are reasonably expected to be required for the purposes provided in this Indenture and any related Supplemental Indenture. The Trustee agrees to take such actions, including, but not limited to, the giving of timely notices for payment, as are required pursuant to the terms of any Permitted Investment or any guarantee related thereto.

Obligations purchased as an investment of moneys in any Fund or Account held by the Trustee under the provisions of this Indenture shall be deemed at all times to be a part of such Fund or Account. Moneys in separate Funds and Accounts may be commingled for the purpose of investment or deposit, subject to instructions from an Authorized Officer, to the extent possible in conformity with the provisions of this Section, so long as adequate records are maintained as to the amounts held in each such Fund or Account allocable to each Series of Bonds.

In computing the amount in any Fund or Account held by the Trustee under the provisions of this Indenture, obligations purchased by the Trustee or transferred by the Agency to the Trustee as an investment of moneys therein shall be valued at the Amortized Value, plus the amount of accrued interest, except that securities covered by repurchase agreements shall be valued at market price. Where market prices for obligations held by the Trustee are not readily available, the Trustee may determine the market price for such obligations in such manner as it deems reasonable. To the extent that moneys are invested pursuant to an Investment Agreement, such Investment Agreement shall be valued at par, unless the provider of the Investment Agreement is in default of its payments thereunder in which case it shall be valued as provided in the immediately preceding sentence.

At the direction of an Authorized Officer, the Trustee shall sell outright or pursuant to a repurchase agreement at the best price reasonably obtainable, or present for redemption, any obligation purchased by it as an investment whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the Fund or Account for which such investment was made. When transferring moneys from one Fund or Account to another, investments need

not be liquidated, and all or a portion of such invested moneys may be credited to a particular Fund or Account from another.

At the direction of an Authorized Officer, the Trustee may sell Permitted Investments hereunder and purchase any Permitted Investments in exchange therefor.

Investments authorized to be made by the Trustee pursuant to this Article X may be made by the Trustee through its own bond or investment departments or any affiliates or subsidiaries wholly owned by the entity which wholly owns the Trustee.

The Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory authority grant the Agency the right to receive brokerage confirmations of security transactions as they occur, the Agency specifically waives receipt of such confirmations to the extent permitted by law. The Trustee shall have no liability or responsibility for any loss or for failure to maximize earnings resulting from any investments made in accordance with the provisions of this Section. The Trustee shall be entitled to assume, absent receipt by the Trustee of written notice to the contrary, that any investment which at the time of purchase is Permitted Investment remains a Permitted Investment thereafter.

ARTICLE XI

THE FIDUCIARIES

Section 11.01. Trustee and Depositaries; Appointment and Acceptance.

(a) Any entity appointed as the Trustee hereunder shall be a bank, trust company or national banking association having trust powers and having either (i) a combined capital and surplus of not less than \$75,000,000 or (ii) \$500,000,000 of assets under trust, and shall have delivered to the Trustee a copy of this Indenture, certified by an Authorized Officer. The Trustee shall be and is hereby vested with all the property, rights, powers and duties granted, pledged and assigned to it by this Indenture, in trust for the Bondholders.

(b) The Agency, consistent with the laws of the State and the Act, may appoint Fiduciaries as depositaries of money held under the provisions of this Indenture and shall further advise such Fiduciaries as to any requirements with respect to such moneys. Each Fiduciary shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing and delivering to the Agency and the Trustee written acceptance thereof.

Section 11.02. Paying Agents. The Agency hereby appoints the Trustee as the Paying Agent for the Bonds and may, at any time or from time to time by a Supplemental Indenture, appoint one or more other Paying Agents for such Bonds. Each Paying Agent shall be a bank, trust company or national banking association, having trust powers and having a capital and surplus aggregating at least \$15,000,000, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture. Each Paying

Agent, other than the Trustee, shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing and delivering to the Agency and the Trustee a written acceptance thereof. The Trustee may be appointed and may act as a Paying Agent.

Section 11.03. Responsibilities of Fiduciaries. The recitals of fact herein and in the Bonds contained shall be taken as the statements of the Agency, and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations for the validity or sufficiency of this Indenture or any Bonds issued hereunder or in respect of the security afforded by this Indenture, and no Fiduciary shall incur any responsibility in respect thereof. No Fiduciary shall be under any responsibility or duty with respect to the issuance of the Bonds for value or the application of the proceeds thereof or the application of any moneys paid to the Agency or others in accordance with this Indenture, except the Trustee to the extent such proceeds are paid to the Trustee in its capacity as Trustee. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability, to institute or defend any action or suit in respect of this Indenture or Bonds, or to advance any of its own moneys, unless properly indemnified. No Fiduciary shall be liable in connection with the performance of its duties hereunder, except for its own negligence or willful default.

In addition, no Fiduciary shall be under any obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the Agency, or to report, or make or file claims or proof of loss for, any loss or damage insured against or which may occur, or to keep itself informed or advised as to the payment of any taxes or assessments, or to require any such payment to be made. No Fiduciary shall be under any obligation to see that any duties herein imposed upon the Agency or any party other than itself, or any covenants herein contained on the part of any party other than itself to be performed, shall be done or performed, and no Fiduciary shall be under any obligation for failure to see that any such duties or covenants are so done or performed. No Fiduciary shall be liable or responsible because of the failure of the Agency or of any of its employees or agents to make any collections or deposits or to perform any act herein required of the Agency.

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 person would exercise or use under the circumstances in the conduct of his own affairs.

The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified above, provided that the immunities and exemptions from liability of the Trustee hereunder shall extend to such agents, receivers and employees, 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,

subject to Section 11.07 hereof. The Trustee may act upon the opinion or advice of any attorneys (who may but need not be the attorney or attorneys for the Agency) 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.

Unless an officer of the corporate trust department of the Trustee shall have actual knowledge thereof, the Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except defaults under Section 8.01(a) hereof unless the Trustee shall be specifically notified in writing of such default by the Agency or a court of law or by any owner of the Bonds. Except as otherwise specifically provided for in this Indenture, all notices or other instruments required by this Indenture to be delivered to the Trustee must, to be effective, be delivered at the 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.

The permissive right of the Trustee to do things enumerated in this Indenture shall not, unless otherwise provided herein, be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct or failure to perform obligations under this Indenture.

At any and all reasonable times, the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right to inspect any and all of the books, papers and records of the Agency pertaining to the receipts under the Bonds, and to duplicate such memoranda in regard thereto as may be desired, provided that such inspection and duplication does not challenge, in the Agency's discretion, the confidentiality of such books, papers and records as well as other related communications of the Agency.

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.

Notwithstanding anything elsewhere in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, or any action whatsoever within the purview of this Indenture, 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.

Section 11.04. Funds Held in Trust. All money held by any Fiduciary, as such, at any time pursuant to the terms of this Indenture shall be and is hereby assigned, transferred and set over unto such Fiduciary in trust for the purposes and under the terms and conditions of this Indenture.

Section 11.05. Evidence on Which Fiduciaries May Act. Each Fiduciary shall be protected in acting upon any notice, resolution, request, consent, order, certificate, opinion, bond or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or

may not be of counsel to the Agency, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith. Whenever any Fiduciary shall deem it necessary or desirable that a fact or matter be proved or established prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate stating the same, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Indenture, but in its discretion the Fiduciary may, in lieu thereof, accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by or on behalf of the Agency to any Fiduciary shall be sufficiently executed if executed by an Authorized Officer.

Section 11.06. Preservation and Inspection of Documents. All reports, certificates, statements and other documents received by any Fiduciary under the provisions of this Indenture shall be retained in its possession and shall be available at all reasonable times for inspection by the Agency, any other Fiduciary or any Bondholder, and their agents and their representatives, any of whom may make copies thereof, but any such reports, certificates, statements or other documents may, at the election of such Fiduciary, be destroyed or otherwise disposed of at any time six years after such date as the pledge created by this Indenture shall be discharged as provided in Article VII.

Section 11.07. Compensation and Expenses. Subject to the provisions of any contract between the Agency and each Fiduciary relating to the compensation of such Fiduciary, the Agency shall pay, from moneys available in the Trust Estate, to such Fiduciary reasonable compensation for all services performed by it hereunder and also all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees incurred in and about the administration and execution of the trusts hereby created and the performance of its powers and duties hereunder, and, from such source only and to the extent permitted by law, shall indemnify and save each Fiduciary harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to its negligence or willful misconduct. Each Fiduciary accepting appointment hereunder agrees, as a condition to such appointment, to indemnify and save the Agency harmless against any liabilities which the Agency may incur as a result of the failure of such Fiduciary's negligence or willful misconduct.

Section 11.08. Certain Permitted Acts. Any Fiduciary may become the owner of or may deal in Bonds or transact other bank or trust business with the Agency as fully and with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depositary for, and permit any of its officers or executive directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not any such committee shall represent the holders of a majority in principal amount of the Bonds Outstanding.

Section 11.09. Resignation of Fiduciary. A Fiduciary, or any successor thereof, may at any time resign and be discharged of its duties and obligations created by this Indenture by giving not less than 60 days' written notice to the Agency and delivering notice thereof to the Bondholders, specifying the date when such resignation shall take effect. Such resignation shall take effect upon the day specified in such notice, but only if a successor has been appointed to succeed such Fiduciary, unless prior to the date specified in such notice a successor shall have been appointed by the Agency or Bondholders as herein provided, in which event such resignation shall take effect immediately on the appointment of such successor. Notwithstanding the above, the resignation of the Trustee shall not be effective unless a successor Trustee has been appointed and has accepted the duties of the Trustee.

Section 11.10. Removal. A Fiduciary, or any successor thereof, may be removed at any time by the Agency (if the Agency is not in default hereunder) or by the holders of not less than a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Agency, by, in the case of removal by the Bondholders, an instrument or concurrent instruments in writing signed and duly acknowledged by such Bondholders or by their attorneys duly authorized in writing and delivered to the Agency and by, in the case of removal by the Agency, notice thereof to the Trustee. Copies of each such instrument shall be delivered by the Agency to each Fiduciary and any successor thereof. Notwithstanding the above, the removal of the Trustee shall not be effective unless a successor Trustee has been appointed and has accepted the duties of the Trustee.

Section 11.11. Appointment of Successor Fiduciary. In case at any time a Fiduciary, or any successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent or if a receiver, liquidator or conservator of such Fiduciary or of its property shall be appointed or if any public office or officer shall take charge or control of such Fiduciary or of its property or affairs, a successor may be appointed by the Agency or, if the Agency fails to act, by the holders of not less than a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Agency, by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to such successor Fiduciary, notification thereof being given to the Agency, the predecessor Fiduciary and any other Fiduciaries. Pending such appointment, the Agency shall forthwith appoint a Fiduciary to fill such vacancy until a successor Fiduciary shall be appointed by Bondholders as herein authorized. The Agency shall deliver notice to the Bondholders of any such appointment within 20 days after such appointment and shall give notice of such appointment to the Rating Agency. Any successor Fiduciary appointed by the Agency shall, immediately and without further act, be superseded by a Fiduciary appointed by Bondholders. If in a proper case no appointment of a successor Fiduciary shall be made pursuant to the foregoing provisions of this Section within 45 days after the Fiduciary shall have given to the Agency written notice as provided in Section 11.09 or after notice received pursuant to Section 11.10 or after the occurrence of any other event requiring or authorizing such appointment, the Fiduciary or any other Fiduciary or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Said court may thereupon, after such notice, if any, as said court may deem proper and prescribe, appoint such successor Fiduciary. Any Fiduciary appointed under the provisions of this Section shall have the qualifications prescribed for its predecessor in Section 11.01 or Section 11.02.

Section 11.12. Transfer of Rights and Property to Successor Fiduciary. Any successor Fiduciary appointed hereunder shall execute, acknowledge and deliver to its predecessor Fiduciary, and also to the Agency, an instrument accepting such appointment, and thereupon such successor Fiduciary, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Fiduciary, with like effect as if named herein as such Fiduciary, but the Fiduciary ceasing to act shall, nevertheless, on the written request of the Agency or of the Successor Fiduciary, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Fiduciary all the right, title and interest of the predecessor Fiduciary in and to any property held by it under this Indenture and shall pay over, assign and deliver to the successor Fiduciary any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Agency be required by such successor Fiduciary for more fully and certainly vesting in and confirming to such successor Fiduciary any such moneys, estates, properties, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Agency to the extent allowed by law. Any such successor Fiduciary shall promptly notify the other Fiduciaries of its appointment as such Fiduciary.

Section 11.13. Merger or Consolidation. Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which such Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a financial institution which is qualified to be a successor to such Fiduciary under Section 11.01 or Section 11.02 and shall be authorized by law to perform all the duties imposed upon it by this Indenture, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

Unless an Event of Default, or an event which with notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing, in the event of an acquisition, merger or sale of a Fiduciary or the sale or assignment by a Fiduciary of its rights and duties hereunder, the Agency in its sole discretion shall have the right to remove the Fiduciary at any time upon filing with the Fiduciary an instrument in writing declaring such removal.

Section 11.14. Appointment of Co-Trustee. 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, and in particular in case of the enforcement of such instrument or agreement upon 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, the Trustee may appoint an additional individual or institution as a separate or Co-Trustee, in which event 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. In the event of such an appointment, Trustee shall notify the Agency of the appointment of such Co-Trustee and any reasonable fees and expenses of such Co-Trustee shall be payable solely from the Trust Estate as described in Section 11.07 hereof.

Should any deed, conveyance or 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 deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the Agency to the extent allowed by law. 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.

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 (other than an assignment of a Bond) 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 holding the same shall be proved by the registration books of the Agency maintained by the Trustee pursuant to this Indenture.

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, any Supplemental Indenture or the Bonds is intended or shall be construed to give to any person other than the Agency, the Fiduciaries and the holders of the Bonds, any legal or equitable right,

remedy or claim under or in respect to this Indenture or any Supplemental Indenture or any covenants, conditions and provisions herein contained; this Indenture, all Supplemental Indentures and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the Agency, the Fiduciaries and the holders of the Bonds as herein provided.

Section 12.03. Severability. If any provision of this Indenture or any Supplemental 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 or therein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 12.04. Payments Due on Saturdays, Sundays and Holidays. In any case where the date of maturity of interest on or principal of, 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 12.05. Applicable Provisions of Law. This Indenture and each Supplemental Indenture shall be governed by and construed in accordance with the laws of the State without regard to principles of conflicts of laws. If any terms set forth in this Indenture are inconsistent with the laws of the State, the laws of the State shall govern. In the event any action, claim or other legal proceeding arising out of this Indenture is filed, such proceeding shall be brought in the Superior Court of Chittenden County, Vermont, or, if a federal forum is required, in the Federal Courts of Vermont; provided, however, the Agency does not waive any immunities related to jurisdiction of the federal courts that may be available to it.

Section 12.06. No Recourse on Bonds. No recourse shall be had for the payment of the principal of, premium, if any, or the interest on the Bonds or for any claim based thereon or on this Indenture or any Supplemental Indenture against any officer, employee or agent of the Agency or any person executing the Bonds.

Section 12.07. Maximum Interest Rate. In no event shall the interest rate for the Bonds exceed the maximum rate permitted by applicable law.

Section 12.08. 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. The Agency 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 12.09. 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.

[SIGNATURE PAGE TO TRUST INDENTURE]

Executed as of this 1st day of _____, 2007.

VERMONT HOUSING FINANCE AGENCY

By _____
Its _____

[_____], as Trustee

By _____
Its _____

TRUST INDENTURE

by and between

VERMONT HOUSING FINANCE AGENCY

and

[
as Trustee],

Securing
Mortgage Revenue Bonds
(Mortgage Backed Securities Program)

Dated as of December 1, 2009

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TRUST INDENTURE

THIS TRUST INDENTURE, dated as of December 1, 2009 (this “Indenture”), is by and between **VERMONT HOUSING FINANCE AGENCY**, a body politic and corporate organized and existing under the Vermont Housing Finance Agency Act, as amended (the “Agency”), and [] a national banking association organized and existing under the laws of the United States of America, as trustee (the “Trustee”).

WITNESSETH:

WHEREAS, pursuant to the Constitution and the laws of the State of Vermont, particularly the Vermont Housing Finance Agency Act, being No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended (the “Act”), the Agency is authorized to carry out the public purposes described in the Act by issuing its special obligation bonds and by entering into any agreements made in connection therewith; and

WHEREAS, to provide a source of funds for its programs authorized by the Act, the Agency has determined to authorize the issuance of its special obligation Mortgage Revenue Bonds (Mortgage Backed Securities Program) (the “Bonds”) pursuant to this Indenture and one or more supplemental indentures (“Supplemental Indentures”) and to enter into this Indenture to secure the Bonds as hereafter described; and

WHEREAS, all things necessary to make the Bonds, when authenticated by the Trustee and issued as provided in this Indenture and the related Supplemental Indentures, 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 other obligations secured hereunder, and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of the Bonds, subject to the terms hereof and of the related Supplemental Indentures, have in all respects been duly authorized; and

WHEREAS, the Trustee has accepted the trusts created by this Indenture and in evidence thereof has joined in the execution hereof;

NOW, THEREFORE, THIS TRUST 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 to be issued hereunder from time to time by the holders 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, interest and redemption premium, if any, on the Bonds and other obligations secured hereunder 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 and other obligations secured hereunder, does hereby, on the terms herein provided and subject to the provisions hereof

permitting the application of amounts held hereunder and the exercise of rights in connection with the following properties, pledge and assign all right, title and interest of the Agency in and to the following unto the Trustee, and its successors in trust and assigns forever, for the securing of the performance of the obligations of the Agency hereinafter set forth and for the equal and proportionate benefit and security, from time to time, of the owners of the Bonds or any other creditors secured hereunder, without preference, priority or distinction as to lien or otherwise, except as otherwise hereinafter provided, of any one Bond over any other Bond or any other creditor secured hereunder, by reason of priority in the issue, sale or negotiation thereof or otherwise, all in accordance with the terms hereof:

(a) Revenues, (b) Federal Agency Certificates deposited in the Indenture, (c) Additional Security, if any, and (d) all moneys and securities held in funds and accounts of this Indenture, including Bond proceeds (other than proceeds deposited (i) in trust for the retirement of any outstanding Bonds or other indebtedness of the Agency or (ii) in an escrow account where such the funds of such account are designated in any Supplemental Indenture as security solely for the payment of any Bonds related to the proceeds in such escrow account), and other assets from time to time held by the Trustee under and subject to the terms of this Indenture or any Supplemental Indenture (other than amounts held in the Rebate Fund, if any);

TO HAVE AND TO HOLD all and singular the trust estate (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 for the equal and proportionate benefit and security of all present and future owners of all Bonds without preference of any Bond over any other Bond or any other creditor secured hereunder, except as otherwise herein provided, and for enforcement of the payment of the Bonds or any other creditors secured hereunder 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, premium, if any, and interest on the Bonds or any other obligations due or to become due thereon, at the times and in the manner mentioned in the Bonds or such obligations according to the true intent and meaning thereof, and shall cause the payments to be made as required under Article VII hereof, 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 and each and every Supplemental Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due in accordance with the terms and provisions hereof and each and every Supplemental Indenture, then upon such final payments this Indenture and each and every Supplemental Indenture and the rights hereby and thereby granted shall cease, terminate and be

void; otherwise this Indenture and each and every Supplemental Indenture to be and remain in full force and effect;

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds or other obligations issued and secured hereunder and under each and every Supplemental Indenture are to be issued, authenticated and delivered, and all said property, rights and interests, including, without limitation, the amounts hereby assigned and pledged, are to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter and in the related Supplemental Indenture expressed, and the Agency has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective owners from time to time, or at any time, of the Bonds, or any part thereof, as follows (subject, however, to the provisions of Section 1.02 hereof):

ARTICLE I

DETERMINATIONS AND DEFINITIONS

Section 1.01. Authority and Purpose. This Indenture is entered into under authority and in accordance with the provisions of the Act, for the purpose of effectuating the public purposes as set forth in the Act; and for the purpose of establishing covenants, agreements and procedures to assure that amounts will be sufficient for the repayment of money borrowed for this purpose, and that any amounts pledged hereunder exceeding the amounts needed for this purpose will be applied in accordance with law for other purposes authorized by the Act.

Section 1.02. Contract With Trustee and Bondholders. As provided in the Act and in consideration of the acceptance by the Trustee of the trusts herein created and of the purchase and acceptance of Bonds issued hereunder by any who shall from time to time be holders thereof and of any other obligations of the Agency secured hereunder:

(a) the provisions of this Indenture shall be a contract of the Agency with the holders of the Bonds and any other obligations secured hereunder;

(b) the Agency pledges to the Trustee for the payment of the principal of, premium, if any, and interest on the Bonds, and the Sinking Fund Installments for the retirement thereof, if any, and any other obligations secured hereunder, at the times and in the manner provided in this Indenture and any Supplemental Indenture, and grants a security interest in, all money, Permitted Investments and other assets and income held in and receivable by the Funds and Accounts established by or pursuant to this Indenture and any Supplemental Indenture (other than proceeds deposited (i) in trust for the retirement of any outstanding Bonds or other indebtedness of the Agency, (ii) in an escrow account where such the funds of such account are designated in any Supplemental Indenture as security solely for the payment of any Bonds related to the proceeds in such escrow account, and (iii) the Rebate Fund, if any), subject to the right of the Agency to direct withdrawals of amounts from said Funds and Accounts upon the conditions set forth in this Indenture, which pledge constitutes a first lien on such pledged moneys and revenues;

(c) the pledge made and security interests granted herein and the covenants and agreements herein set forth shall be for the equal benefit, protection and security of holders of any and all such Bonds, and Providers of Qualified Hedge Agreements if so provided in a Supplemental Indenture, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any Bond over any other Bond, and any other obligations secured hereunder, except as expressly provided or permitted herein;

(d) this pledge is valid and binding from the time when made, and the property so pledged and hereafter received by the Agency shall immediately be subject to the lien thereof without any physical delivery or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Agency, whether or not such parties have notice thereof, and neither this Indenture nor any other instrument by which such pledge is created need be recorded;

(e) the Bonds and obligations pursuant to Qualified Hedge Agreements are special obligations of the Agency, payable solely from and secured solely by a pledge of (a) Revenues, (b) Federal Agency Certificates deposited in the Indenture, (c) Additional Security, if any, and (d) all funds and accounts established under the Indenture (other than (i) the Rebate Fund established for any Series of Bonds or (ii) amounts held in an escrow fund where such deposits are designated in any Supplemental Indenture as security solely for the payment of any Bonds related to the proceeds in such escrow account). The Bonds and obligations pursuant to Qualified Hedge Agreements will not constitute a debt of the State or any political subdivision thereof, and neither the State nor any of its political subdivisions are liable thereon. The Bonds and obligations pursuant to Qualified Hedge Agreements will not constitute a debt or liability or obligation or a pledge of the faith and credit of the State but will be payable solely from certain Revenues, Federal Agency Certificates deposited in the Indenture, and funds and accounts established under the Indenture. The State is not liable on the Bonds and obligations pursuant to Qualified Hedge Agreements and the Bonds and obligations pursuant to Qualified Hedge Agreements are not a debt of the State and neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of or the interest on the Bonds and obligations pursuant to Qualified Hedge Agreements; and

(f) the State has agreed that it will not limit or restrict the rights vested in the Agency to perform its obligations and to fulfill the terms of any agreement made with the Holders of the Bonds or Providers, or in any way impair the rights and remedies of the Bondholders or Providers, until the Bonds and Providers of Qualified Hedge Agreements if so provided in a Supplemental Indenture, together with the interest thereon and interest on any unpaid installments of interest, are fully met, paid and discharged.

Section 1.03. Definitions. In this Indenture, unless a different meaning clearly appears from the context, the following terms have the following respective meanings:

“*Accountant*” means the accountant or firm of accountants who regularly audit the books and accounts of the Agency.

“*Accountant’s Certificate*” means an opinion or report signed by any Accountant.

“*Accounts*” means the Accounts established pursuant to this Indenture or any Supplemental Indenture.

“*Act*” means the Vermont Housing Finance Agency Act, No. 260 of Vermont Acts of 1973, Adjourned Session, as amended from time to time.

“*Additional Security*” shall have the meaning given such term in any Supplemental Indenture.

“*Agency*” means the Vermont Housing Finance Agency and any successor thereto.

“*Amortized Value*” means, for securities purchased at a premium above or a discount below par, the value as of any given date obtained by amortizing the premium or discount over the period from the date of such purchase to the date of calculation at the original yield to maturity.

“*Appreciated Amount*” means with respect to a Deferred Interest Bond, (a) as of any date of computation with respect to any Deferred Interest Bond up to the date, *if any*, set forth in the Supplemental Indenture authorizing such Deferred Interest Bond as the date on which such Deferred Interest Bond shall commence to bear interest payable thereafter on applicable Interest Payment Dates, an amount equal to the initial principal amount of such Deferred Interest Bond plus the interest accrued on such Deferred Interest Bond from the date of original issuance of such Deferred Interest Bond to the applicable Interest Payment Date next preceding the date of computation or the date of computation if an applicable Interest Payment Date, such increased amount to accrue at the rate per annum set forth in the Supplemental Indenture authorizing such Deferred Interest Bonds, compounded on each applicable Interest Payment Date, plus, if such date of computation shall not be an applicable Interest Payment Date, a portion of the difference between the Appreciated Amount as of the immediately preceding applicable Interest Payment Date (or the date of original issuance if the date of computation is prior to the first applicable Interest Payment Date succeeding the date of original issuance) and the Appreciated Amount as of the immediately succeeding applicable Interest Payment Date, calculated based upon an assumption that the Appreciated Amount accrues in equal daily amounts on the basis set forth in the Supplemental Indenture authorizing such Deferred Interest Bonds; and (b) as of any date of computation on and after the date, if any, set forth in the Supplemental Indenture authorizing such Deferred Interest Bond as the date on which such Deferred Interest Bond shall commence to bear interest payable thereafter on applicable Interest Payment Dates, the Appreciated Amount as of such current interest payment commencement date.

For the purposes of (a) actions, requests, notifications, consents or directions of Bondowners under this Indenture, (b) required payment upon default or anticipated default pursuant to acceleration of maturity or otherwise as described in Article VIII hereof, the calculation of the Appreciated Amount shall be as of the applicable Interest Payment Dates for such Deferred Interest Bond, as specified in a Supplemental Indenture, preceding such date of

calculation (unless such date of calculation shall be an Interest Payment Date, in which case, as of the date of calculation).

“*Authorized Officer*” means the Chair, Vice Chair, Executive Director and Secretary, Chief Financial Officer and Treasurer, and Chief of Program Operations of the Agency or any other person authorized by resolution of the Agency to perform an act or sign a document.

“*Bond*” or “*Bonds*” means any Bond or Bonds authorized and issued pursuant to this Indenture and a Supplemental Indenture.

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

“*Bond Year*” means a 12-month period (or shorter initial or ending year period) commencing on July 1 in each year that Bonds are Outstanding and ending on June 30 of the succeeding year.

“*Book Entry System*” means such system for registering the Bonds of one or more Series set forth in a Supplemental Indenture.

“*Business Day*” means any day other than a Saturday, Sunday, a day on which the offices of the Agency are closed, or any other day on which the New York Stock Exchange or banks are authorized or obligated by law or executive order to close in New York, New York or in any city in which is located the corporate trust operations office of the Trustee or such other date as set forth in a Supplemental Indenture.

“*Cash Equivalent*” means a letter of credit, insurance policy, surety, guarantee or other security arrangement (as defined and provided for in a Supplemental Indenture), which Cash Equivalent shall have such terms necessary to maintain the unenhanced Rating of the Bonds.

“*Certificate*,” “*Statement*,” “*Request*,” “*Requisition*” and “*Order*” mean, respectively, a written certificate, statement, request, requisition or order executed as follows: (a) if by the Agency, any person as may be designated and authorized to sign for the Agency and (b) if by a Lender or a Servicer, by such person as may be designated and authorized to sign for such Lender or Servicer, as applicable. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

“*Code*” means the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder; each reference to a Section of the Code herein shall be deemed to include the United States Treasury regulations proposed or in effect thereunder and applied to the Bonds or the use of the proceeds thereof, and also includes all amendments and successor provisions unless the context requires otherwise.

“*Conventional Mortgage Loan*” means a Mortgage Loan, including a participation interest therein, other than an FHA-Insured Mortgage Loan or a VA Mortgage Loan, which

meets the requirements of the Operating Agreements and Fannie Mae or Freddie Mac, as applicable.

“*Costs of Issuance*” means the Agency’s administrative fee, if any, and all items of expense directly or indirectly payable by or reimbursable to the Agency and related to the authorization, issuance, sale, delivery and/or remarketing of a Series of Bonds.

“*Cost of Issuance Fund*” means the fund established by Section 5.01 hereof.

“*Counsel*” means 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 other connections) licensed to practice in the state in which he/she or it maintains an office (and if the opinion is with respect to an interpretation of federal tax laws or regulations or with respect to the issuance of an additional Series of Bonds or interpretation or application of this Indenture, is also a nationally recognized attorney or firm of attorneys experienced in such matters), selected or employed by the Agency.

“*Counsel’s Opinion*” means an opinion signed by any Counsel.

“*Current Interest-Bearing Bonds*” means Bonds as to which interest is payable on each Interest Payment Date.

“*Date of Original Issuance*” means, with respect to a particular Series of Bonds, the date on which the Agency initially issues such Series of Bonds.

“*Debt Service Fund*” means the Fund so designated which is established by Section 5.01 hereof.

“*Deferred Interest Bonds*” means the Bonds so designated in a Supplemental Indenture but shall not include any such Bond from and after the date, if any, on which such Bond will bear interest that is payable to the holder of such Bond prior to its scheduled maturity.

“*Depository*” means any bank or trust company or national banking association selected by the Agency as a depository of moneys or securities held under the provisions of this Indenture and may include the Trustee and any Paying Agent.

“*Delivery Period*” means the period specified in a Supplemental Indenture during which the Trustee shall purchase Federal Agency Certificates from the Servicer.

“*Escrow Payment*” shall have the meaning set forth in any Supplemental Indenture.

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

“*Excess Earnings*” means excess investment earnings, net of any credits or offsets thereto, which must be rebated to the United States of America pursuant to Section 143(g) of the Code.

“*Executive Director*” means the Executive Director of the Agency appointed pursuant to the Act, or his or her designee.

“*Executive Director’s Determination*” means a Certificate signed by the Executive Director, delivered to the Trustee and each Rating Agency, reflecting modifications to this Indenture with respect to one or more Series of Bonds, as permitted or required by the express terms of this Indenture or the Supplemental Indenture related to such Series.

“*Fannie Mae*” means Fannie Mae, a government sponsored enterprise organized and existing under the Federal National Mortgage Association Charter Act (12 U.S.C. Section 1716 et seq.), and any successor thereto.

“*Fannie Mae Certificate*” means a single pool, guaranteed mortgage, pass-through certificate, including a participation interest therein, bearing interest at the Pass-Through Rate, issued by Fannie Mae, guaranteed as to timely payment of interest and principal by Fannie Mae and backed by Conventional Mortgage Loans, which will mature not later than the date set forth in the applicable Supplemental Indenture.

“*Fannie Mae Certificate Purchase Price*” means the percentage of the principal balance of the applicable pool of Mortgage Loans on record at Fannie Mae on the first day of the month of purchase as set forth in the applicable Supplemental Indenture.

“*FDIC*” means the Federal Deposit Insurance Corporation or any successor thereto.

“*Federal Agency Certificates*” means, collectively, the GNMA Certificates, the Fannie Mae Certificates and the Freddie Mac Certificates.

“*Federal Agency Obligations*” means bonds, debentures or other obligations issued by Fannie Mae, Freddie Mac, the Federal Farm Credit Bank, any Federal Home Loan Bank, the Resolution Funding Corporation, the Tennessee Valley Authority, any Federal Loan Bank or GNMA and any other obligations of any agency controlled or supervised by and acting as an instrumentality of the United States Government pursuant to authority granted by the Congress of the United States.

“*Federal Obligations*” means direct obligations of the United States or other obligations the timely payment of principal and interest of which is fully and unconditionally guaranteed by the United States.

“*FHA*” means the Federal Housing Administration of the United States Department of Housing and Urban Development, or any successor to its functions.

“*FHA-Insured Mortgage Loan*” means a Home Mortgage Loan insured by FHA in accordance with the provisions of the Operating Agreements.

“*Fiduciary*” means the Trustee and any Paying Agent.

“*Fiscal Year*” means the period of 12 calendar months commencing on July 1 in any calendar year and ending on June 30 in the following year.

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

“*Freddie Mac Certificate*” means a mortgage participation certificate, including a participation interest therein, issued by Freddie Mac and representing an undivided interest in a pool of Conventional Mortgage Loans identified by a particular alphanumeric number and CUSIP number, guaranteed as to timely payment of principal and interest by Freddie Mac and bearing interest at the Pass-Through Rate, which will mature not later than the date set forth in the applicable Supplemental Indenture.

“*Freddie Mac Certificate Purchase Price*” means the percentage of the principal balance of the applicable pool of Mortgage Loans on record at Freddie Mac on the first day of the month of purchase as set forth in the applicable Supplemental Indenture.

“*GNMA*” means the Government 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 Certificate*” means a fully modified, mortgage-backed security (which may be issued under either the GNMA I Program or the GNMA II Program), including a participation interest therein, bearing interest at the Pass-Through Rate, issued by a Servicer, registered in the name of the Trustee and guaranteed as to timely payment of principal and interest by GNMA pursuant to Section 306(g) of Title III of the National Housing Act of 1934 and the regulations promulgated thereunder backed by FHA-Insured Mortgage Loans or VA Guaranteed Mortgage Loans made by a Lender and purchased by a Servicer, which will mature not later than the date set forth in the applicable Supplemental Indenture.

“*GNMA Certificate Purchase Price*” means the percentage of the principal balance of the applicable pool of Mortgage Loans on record at GNMA on the first day of the month of purchase, as set forth in the applicable Supplemental Indenture.

“*GNMA Guaranty Agreement*” means the one or more guaranty agreements in the form set forth in the GNMA Guide between each Servicer and GNMA now or hereafter in effect pursuant to which GNMA has agreed or will agree to guarantee GNMA Certificates backed by Mortgage Loans.

“*GNMA Guide*” means the GNMA Mortgage-Backed Securities Guide Section 5500.3, as amended from time to time.

“*Hedge Agreement*” means a payment exchange agreement, swap agreement, forward purchase agreement or any other hedge agreement entered into by the Agency providing for payments between the parties based on levels of, or changes in, interest rates or other indices or contracts to exchange cash flows or a series of payments or contracts, including, without limitation, interest rate floors, or caps, options, puts or calls, which allows the Agency to manage or hedge payment, rate, spread or similar risk with respect to all or a portion of any Series of Bonds or any assets pledged under this Indenture.

“*Home*” means real property and improvements thereon consisting of a single dwelling unit and which is owned by a Mortgagor who occupies or intends to occupy such unit, including a condominium unit, mobile home, or, to the extent authorized by the Agency, any dwelling structure consisting of two-, three- or four-family dwelling units, one unit of which (unless such Homes are financed exclusively with the proceeds of Taxable Bonds) is occupied by the owner of the units, and which units were first occupied as homes at least five years before the Home Mortgage Loan with respect to the owner-occupied unit is executed.

“*HUD*” means the Department of Housing and Urban Development and any successor thereto and shall include FHA, as dictated by context.

“*Indenture*” means this Trust Indenture dated as of December 1, 2009 between the Agency and the Trustee, as amended and supplemented from time to time in accordance with its terms.

“*Interest*” or “*interest*” means, with respect to any Bonds, the amount of interest specified with respect thereto by the Supplemental Indenture authorizing the issuance thereof, and, in reference to debt service on the Bonds, shall include regular payments (but not termination payments or other fees or expenses) required of the Agency for any related Qualified Hedge Agreement to the extent so specified in the Supplemental Indenture authorizing the same.

“*Interest Account*” means the interest account within the Debt Service Fund established by Section 5.01 hereof.

“*Interest Payment Date*” means any date upon which interest on Bonds is payable in accordance with their terms and the terms of this Indenture or any Supplemental Indenture.

“*Interest Period*” means the period or periods specified in a Supplemental Indenture.

“*Lender*” means a lending institution executing the Operating Agreement and meeting the criteria established by the Program.

“*Mortgage*” means a deed of trust, mortgage or other similar instrument or instruments creating a lien on real property and the improvements thereon securing a Mortgage Loan.

“*Mortgage Loan*” or “*Home Mortgage Loan*” means a loan, including a participation interest therein, made by a Lender on behalf of the Agency with respect to a Home pursuant to and in accordance with the Act, the applicable Operating Agreement, this Indenture and the Program, evidenced by a Note and secured by a Mortgage, which, together with the applicable Mortgagor and Home, meets the applicable requirements of the Act, such Operating Agreement, this Indenture and the Program.

“*Mortgagor*” means the maker of, and any other party obligated on, a Note in connection with the acquisition of a Home through the borrowing of money pursuant to a Mortgage Loan and includes, where appropriate, a subsequent owner of such Home who purchases such Home subject to the related Mortgage or who assumes such Note, and who, in each case, meets the applicable requirements of the Act, the Operating Agreements, this Indenture and the Program.

“*Note*” means the promissory note or other document or documents evidencing the obligation of a Mortgagor to repay a Mortgage Loan.

“*Notice Address*” means the address designated in writing by the Agency, the Trustee or any Rating Agency to the other party to which subsequent notices, certificates or other communications hereunder shall be sent.

“*Operating Agreements*” means the Master Operating Agreements, in each case by and between the Agency and a Lender, and all amendments or supplements thereto.

“*Original Principal Amount*” means the aggregate original amount at which each maturity of the Deferred Interest Bonds of any Series shall initially be offered to the public, as set forth in the Supplemental Indenture.

“*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 cash funds or Federal Obligations or any combination thereof shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds); provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee;

(c) Bonds in lieu of which other Bonds have been executed and delivered under Section 3.09 hereof; and

(d) Bonds otherwise specified in a Supplemental Indenture.

“*Parity Certificate*” means a certificate of the Agency giving effect to any action contemplated to be taken in connection with the filing thereof, showing that (a) the sum of (i) the moneys, Permitted Investments and cash then credited to the Program Fund, the Revenue Fund, and the Debt Service Fund and any accrued interest on any of the foregoing, (ii) the unpaid principal amount of all Federal Agency Certificates credited to the Program Fund and any accrued interest thereon and (iii) such additional Series Revenues, if any, as may be specified by a Supplemental Indenture exceeds (b) an amount equal to 100% (or such higher percentage as may be specified in a Supplemental Indenture) of the Principal Amount of Outstanding Bonds of all Series plus accrued interest to the date of calculation. The Parity Certificate requirement of 100% is for the date of calculation and throughout the life of the Bonds based upon cash flow stress test scenarios provided by any Rating Agency maintaining a rating on the Bonds at the request of the Agency.

“*Pass-Through Rate*” means the rate of interest on a Federal Agency Certificate equal to the rate set forth in the applicable Supplemental Indenture.

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

“*Permitted Investments*” means any of the following which at the time are legal investments under the law of the State for funds held under the Indenture which are then proposed to be invested hereunder: (a) Federal Obligations; (b) obligations of any state of the United States of America or any political subdivision of such a state (such obligations of which are rated in the highest long-term rating category by each Rating Agency); (c) Federal Agency Obligations; (d) repurchase agreements collateralized by securities described in (a), (b) or (c) above with any institution that will not adversely affect the Rating of the Bonds at the time of purchase; (e) investment agreements, secured or unsecured as required by the Agency, with any institution that will not adversely affect the Rating of the Bonds at the time of execution; (f) any of the following obligations that would not adversely affect the Rating of the Bonds at the time of purchase: (i) time deposits, certificates of deposit or any other deposit with federally or state-chartered banks (including the Trustee and its affiliates), the deposits of which are fully insured by the FDIC, (ii) commercial paper, (iii) shares of a money market mutual fund or other collective investment fund registered under the Investment Company Act of 1940, as amended, whose shares are registered under the Securities Act of 1933, as amended, having assets of at least \$100 million, and (iv) any other investment with a financial institution; provided that, for the purposes of (d), (e) or (f) above, unless otherwise notified by a Rating Agency, if the general unsecured obligation of an institution is rated by such Rating Agency at a level which is not lower than one rating below the unenhanced Rating on the Bonds, any agreement constituting a general unsecured obligation of such an institution shall not be treated as adversely affecting the Rating of the Bonds; and further provided that it is expressly understood that the definition of Permitted Investments shall be, and be deemed to be, expanded, or new definitions and related provisions shall be added to the Indenture, thus permitting investments with different characteristics from those permitted which the Executive Director deems from time to time to be in the interest of the Agency to include as Permitted Investments, as reflected in an Executive Director’s Determination, or in a Supplemental Indenture if at the time of inclusion such inclusion will not, in and of itself, adversely affect the then current Rating on the Bonds.

“*Prepayment Account*” means the account established by Section 5.01 hereof.

“*Prepayments*” means any moneys received or recovered by the Agency or the Trustee from any unscheduled payment of or with respect to principal on any Federal Agency Certificate prior to the scheduled payments of principal called for by such Federal Agency Certificates, whether (a) by voluntary prepayment made by the Mortgagor, (b) as a consequence of the damage, destruction or condemnation of the Home or any part thereof or (c) in the event of a default thereon by the Mortgagor.

“*Principal*” or “*principal*” means (a) unless otherwise provided herein or in a Supplemental Indenture, as such term references the principal amount of a Deferred Interest Bond or Deferred Interest Bonds, the Appreciated Amount thereof, and (b) as such term references the principal amount of any other Bond or Bonds, the principal amount at maturity of such Bond or Bonds.

“*Program*” means the program of financing Mortgage Loans pursuant to the Act, this Indenture, the Operating Agreements and the Servicing Agreement.

“*Program Expense Fund*” means the fund of such name established by Section 5.01 hereof.

“*Program Expenses*” means any fee, premium or other item of expense directly or indirectly payable by or reimbursable to the Agency and related to (a) the compensation and expenses of the Trustee and any other paying agents, (b) the servicing of loans (singular or pooled) financed by or pledged to secure Bonds (whether by the Agency or mortgage lenders or others), (c) the maintenance in full force and effect of any additional security for the Bonds, (d) any policy or policies of insurance on or relating to loans maintained by the Agency pursuant to any supplemental indenture (e) any fees or termination payments which (i) are not equivalent to regular Bond debt service payments and (ii) are due and payable to any Provider pursuant to a Qualified Hedge Agreement and (f) reasonable costs and expenses incurred by the Agency in connection with the administration of the Agency’s programs pursuant to which the Federal Agency Certificates are financed or its ownership, preservation, rehabilitation or disposition of property acquired by the Agency through the protection or enforcement of its rights conferred by law under the applicable loan.

“*Program Fund*” means the Fund so designated which is established by Section 5.01 hereof.

“*Projection of Revenues*” means a certificate of an Authorized Officer setting forth for the current and each succeeding Fiscal Year in which Bonds are scheduled to be Outstanding the Agency’s estimate of:

(i) the Revenues, other than Federal Agency Certificate prepayments, reasonably expected to be received on all Federal Agency Certificates purchased or Federal Agency Certificates expected to be purchased with funds in or to be in the Program Fund;

(ii) the aggregate amount of Federal Agency Certificate prepayments, if any, which the Agency expects to receive and the amount of such Federal Agency Certificate prepayments and other Revenues which will be applied to the purchase of Federal Agency Certificates;

(iii) all other Revenues, including the interest to be earned and other income to be derived from investment of amounts held or to be held under the General Indenture or otherwise with respect to the programs financed thereby and the rates or yields used in estimating such amounts;

(iv) the amounts, if any, expected by the Agency to be withdrawn from the Reserve Fund but only if the amount on deposit in the Reserve Fund is expected to at least equal the Reserve Requirement immediately after such withdrawal;

(v) other funds expected by the Agency to be available for and applied to the payment of aggregate debt service on all Outstanding Bonds and Program Expenses;

(vi) the aggregate debt service on all Bonds expected by the Agency to be Outstanding during such Fiscal Year;

(vii) the Agency's Program Expenses for such Fiscal Year based upon the Agency's previous experience;

(viii) the Rebate Requirement, if any, for all Series of Bonds expected by the Agency to be Outstanding during such Fiscal Year and the funds expected to be available in the Rebate Fund or otherwise for and applied to the satisfaction of such Rebate Requirement, if any; and

(ix) such other amounts, funds, projections or calculations as may be required by any Supplemental Indenture.

In such certificate the Agency shall take into account its prior experience with respect to the origination, purchase and prepayment of Federal Agency Certificates. Except when issuing a Series of Bonds, the Agency shall not estimate Revenues from Federal Agency Certificates expected to be purchased in the future by application of the proceeds of Bonds which have not been issued. Every Projection of Revenues shall set forth in reasonable detail the relevant financial and other assumptions on which it is based.

It shall be sufficient, if a Projection of Revenues has been filed with the same person within the preceding 12 months, to file a certificate of an Authorized Officer stating that (A) the expectations and assumptions reflected in the most recent Projection of Revenues filed with such person have not materially changed and (B) either the transaction then being requested was expected and reflected in all material respects in such Projection of Revenues or the transaction then being requested will not materially change the expectations and assumptions reflected in such Projection of Revenues.

"Projection of Revenues Certificate" means a certificate from an Authorized Officer to the effect that the action proposed to be taken is consistent with the assumptions set forth in the last Projection of Revenues filed with the Trustee.

"Provider" means any person or entity providing a Hedge Agreement pursuant to an agreement with or upon the request of the Agency.

"Purchase Date" means the first Business Day of each month and any other day acceptable to the Trustee and the Servicer and on which the Servicer delivers Federal Agency Certificates to the Trustee for purchase, with moneys on deposit in the Program Fund, as provided in the applicable Supplemental Indenture.

"Qualified Hedge Agreement" means a Hedge Agreement which meets the tests of Section 1.04(a).

"Qualified Institution" means (a) a bank, a trust company, a national banking association, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America,

a savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any state of the United States of America, a corporation, a trust, a partnership, an unincorporated organization, or a government or an agency, instrumentality, program, account, fund, political subdivision or corporation thereof, in each case the unsecured or uncollateralized long-term debt obligations of which, or obligations secured or supported by a letter of credit, contract, agreement or surety bond issued by any such organization, at the time a Qualified Hedge Agreement is entered into by the Agency are either (i) rated at least as high as the Bonds by each Rating Agency which rates such obligations or (ii) such that entering into a Qualified Hedge Agreement with such entity will not adversely affect the then current unenhanced Ratings, if any, assigned to the Bonds by each Rating Agency or (b) GNMA or any successor thereto, Fannie Mae or any successor thereto, Freddie Mac or any successor thereto, or any other federal agency or instrumentality the obligations of which are backed by the full faith and credit of the United States of America.

“*Rating*” means, with respect to any Series of Bonds, the then-current rating or ratings assigned by each Rating Agency pursuant to the request of the Agency without regard to the benefit of any bond insurance or other credit enhancement relating to any Bond.

“*Rating Agency*” means a nationally recognized organization that has an outstanding rating on the Bonds pursuant to the request of the Agency.

“*Rebate Fund*” means the Fund so designated which is established, if so elected by the Agency, pursuant to Section 5.01 hereof.

“*Record Date*” means any Regular Record Date, Special Record Date or Redemption Record Date.

“*Redemption Account*” means the redemption account of the Debt Service Fund established by Section 5.01 hereof.

“*Redemption Record Date*” means the date or dates set forth in the Supplemental Indenture authorizing the particular Series of Bonds.

“*Refunding Issue*” means any Bonds delivered pursuant to Section 2.03 hereof.

“*Regular Record Date*” means the date or dates set forth in the Supplemental Indenture authorizing the particular Series of Bonds.

“*Reserve Fund*” means the Fund so designated which is established by Section 5.01 hereof.

“*Reserve Requirement*” means, as of any particular date of calculation, the aggregate of the amounts specified, if any, as the Reserve Requirement in the Supplemental Indentures authorizing the outstanding Series of Bonds.

“*Revenue Fund*” means the Fund so designated which is established by Section 5.01 hereof.

“*Revenues*” means (i) all amounts received as repayment of principal, interest and all other charges received for, and all other income and receipts derived by the Agency from deposited Federal Agency Certificates or any way in connection therewith, (ii) moneys deposited in a sinking, redemption or reserve fund or other Fund or Account to secure Bonds or to provide for the payment of the principal of, premium or interest on Bonds and (iii) to the extent hereinafter provided, interest earnings or income received on moneys so deposited in any Fund or Account pursuant to this Indenture (other than the Rebate Fund established for any Series of Bonds) and all other payments and receipts received with respect to Federal Agency Certificates, including the proceeds of insurance claims (but excluding Servicing Fees and Escrow Payments).

“*Serial Bonds*” means the Bonds which are so designated as Serial Bonds in a Supplemental Indenture.

“*Series*” means, unless otherwise specified in a Supplemental Indenture, all of the Bonds authenticated and delivered on original issuance in a simultaneous transaction pursuant to a Supplemental Indenture, and any Bonds thereafter delivered in lieu of or in substitution for such Bonds pursuant to Article III, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

“*Servicer*” means one or more servicers which have entered into Servicing Agreements with the Agency, or their successors and assigns or any substitute entity therefor, as identified in a Supplemental Indenture.

“*Servicing Agreement*” means an agreement between the Agency and a Servicer, as identified in a Supplemental Indenture.

“*Servicing Fees*” means (a) any fees paid to or retained by a Servicer servicing Mortgage Loans pursuant to a Servicing Agreement and (b) any fees retained by the Agency with respect to Mortgage Loans owned and serviced by the Agency.

“*Sinking Fund Installment*” means any amount of money required by or pursuant to this Indenture or a Supplemental Indenture to be paid on a specified date toward the retirement of any particular Term Bonds of a Series before maturity.

“*Special Record Date*” means the date described in Section 3.01 hereof.

“*State*” means the State of Vermont.

“*Supplemental Indenture*” means an indenture supplemental to or amendatory of this Indenture, adopted by the Agency in accordance with Article IX.

“*Targeted Area*” means any of those census tracts and other areas in the State as identified by the Agency.

“*Targeted Area Mortgage Loan*” means a Mortgage Loan which was originated to finance the acquisition or construction of a Home located within a Targeted Area.

“*Term Bonds*” means that portion of a Series of Bonds so designated in a Supplemental Indenture as Term Bonds.

“*Trustee*” means [_____], a national banking association, its successor or successors and any other corporation or association which may at any time be substituted in its place pursuant to this Indenture.

“*USDA/RD*” or “*RD*” means the United States Department of Agriculture: Rural Development (formerly known as Farmers Home Loan Administration), or any successor thereto.

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

“*VA Mortgage Loan*” means a Home Mortgage Loan, including a participation interest therein, guaranteed by VA in accordance with the provisions of the Operating Agreements.

Section 1.04. Hedging Transaction.

(a) A Hedge Agreement is a Qualified Hedge Agreement if, at the time of execution of such Hedge Agreement, (i) the Provider of the Hedge Agreement is a Qualified Institution or the Provider’s obligations under the Hedge Agreement are unconditionally guaranteed by a Qualified Institution and (ii) the Agency designates it as such by a certificate of an Authorized Officer.

(b) If the Agency shall enter into any Qualified Hedge Agreement with respect to any Bonds and the Agency has made a determination that the Qualified Hedge Agreement was entered into for the purpose of hedging or managing the interest due with respect to specified Bonds, then during the term of the Qualified Hedge Agreement and so long as the Provider of the Qualified Hedge Agreement is not in default:

(i) so long as the Provider of the Qualified Hedge Agreement is not in default, for purposes of any calculation of debt service, the interest rate on the Bonds with respect to which the Qualified Hedge Agreement applies shall be determined as if such Bonds had interest payments equal to the interest payable on those Bonds less any payments reasonably expected to be made to the Agency by the Provider and plus any payments reasonably expected to be made by the Agency to the Provider in accordance with the terms of the Qualified Hedge Agreement (other than fees, expenses or termination payments payable to such Provider for providing the Qualified Hedge Agreement);

(ii) any such payments (other than fees and termination payments) required to be made by the Agency to the Provider pursuant to such Qualified Hedge Agreement shall be made from amounts on deposit in the Debt Service Fund pursuant to Section 5.05(a) or (b), unless otherwise specified by the Agency to be paid from other moneys; and

(iii) any such payments received by or for the account of the Agency from the Provider pursuant to such Qualified Hedge Agreement shall constitute Revenues and be deposited in the Revenue Fund.

(c) The Agency shall give notice to any Rating Agency of entry into a Qualified Hedge Agreement; such notice shall be provided prior to entering into such Agreement.

Section 1.05. Interpretation. The following principles govern the interpretation of other words and phrases used in this Indenture and any Supplemental Indenture:

(a) Articles, sections, paragraphs and clauses mentioned by number only are those so numbered which are contained in this Indenture;

(b) Captions, titles or headings preceding any article or section herein, and any table of contents or index attached hereto, are solely for convenience of reference and are not part of this Indenture and shall not affect its meaning, construction or effect;

(c) Terms such as “herein,” “hereunder,” “hereby,” “hereto” and “hereof” refer to this Indenture, or when used in conjunction with a subsection refer to the Section of which such subsection is a part and not to any particular section hereof unless so indicated, and “heretofore” and “hereafter” mean before and after the date of execution and delivery of this Indenture, respectively;

(d) Words importing the masculine gender include the feminine and neuter genders;

(e) Words importing persons include firms, associations, corporations and any other legal entities;

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

(g) Words importing the singular number include the plural number, and vice versa; and

(h) Except as otherwise specifically provided herein, all references to a particular time shall be to New York City time.

ARTICLE II

ISSUANCE OF BONDS

Section 2.01. Authorization.

(a) To provide sufficient funds to carry out its public purposes and programs as set forth in the Act and to refund outstanding bonds and other obligations of the

Agency, Bonds may be issued under and secured by this Indenture subject to the provisions of this Article. The Agency has ascertained and it is hereby determined and declared that the execution and delivery of this Indenture is necessary to carry out the powers and duties expressly provided by the Act, that each and every act, matter, thing or course of conduct as to which provision is made herein is necessary or convenient in order to carry out and effectuate the purposes of the Agency in accordance with the Act and to carry out powers expressly given in the Act, and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Bonds and is a contract or agreement necessary, useful and convenient to carry out and effectuate the purposes of the Agency under the Act.

The Bonds issued hereunder, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any Bond over any other Bond, except as expressly provided or permitted herein. There is hereby created, in the manner and to the extent provided herein, a continuing pledge and lien on the Trust Estate to secure the full and final payment of the principal and redemption price of and interest on all the Outstanding Bonds. The aggregate principal amount of the Bonds which may be executed, authenticated and delivered under this Indenture is not limited except as is or may hereafter be provided in this Indenture, any Supplemental Indenture or as may be limited by law.

The Bonds may, if and when authorized pursuant to one or more Supplemental Indentures, be issued in one or more Series, and the designation thereof, in addition to the name "Vermont Housing Finance Agency Mortgage Revenue Bonds (Mortgage Backed Securities Program)," shall include such further appropriate particular designation, added to or incorporated in such title for the Bonds of any particular Series, as specified in such Supplemental Indenture or Supplemental Indentures. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

(b) The Bonds shall be special obligations of the Agency, payable solely from and secured solely by a pledge of (i) Revenues, (ii) Federal Agency Certificates deposited in the Indenture, (iii) all Additional Security, if any, and (iv) all funds and accounts established under the Indenture (other than (A) the Rebate Fund established for any Series of Bonds or (B) amounts held in an escrow fund where such deposits are designated in any Supplemental Indenture as security solely for the payment of any Bonds related to the proceeds in such escrow account). The Bonds will not constitute a debt of the State of Vermont or any political subdivision thereof, and neither said State nor any of its political subdivisions are liable thereon. The Bonds will not constitute a debt or liability or obligation or a pledge of the faith and credit of the State of Vermont or of any political subdivision thereof but will be payable solely from the revenues or assets of the Agency. The State of Vermont is not liable on the Bonds and the Bonds are not a debt of the State of Vermont or of any political subdivision thereof and neither the faith and credit nor the taxing power of the State of Vermont or of any political subdivision thereof is pledged to the payment of the principal of or the interest on the Bonds and the Bonds of each Series shall contain on the face thereof substantially the following statement: THIS BOND IS A SPECIAL OBLIGATION OF THE AGENCY PAYABLE SOLELY FROM AND SECURED SOLELY BY A PLEDGE OF REVENUES OF THE

INDENTURE, FEDERAL AGENCY CERTIFICATES DEPOSITED IN THE INDENTURE, ADDITIONAL SECURITY, IF ANY, AND FUNDS AND ACCOUNTS ESTABLISHED UNDER THE INDENTURE (OTHER THAN THE REBATE FUND ESTABLISHED FOR ANY SERIES OF BONDS). THE AGENCY HAS NO TAXING POWER. THIS BOND DOES NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OF VERMONT OR OF ANY POLITICAL SUBDIVISION THEREOF OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF VERMONT OR OF ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF VERMONT OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND.

Section 2.02. Conditions Precedent to the Issuance of Bonds.

(a) All (but not less than all) of the Bonds of each Series, except in connection with a Refunding Issue, shall be executed by the Agency for issuance and delivery under this Indenture, delivered to the Trustee for authentication and, upon authentication by the Trustee, delivered upon order of the Agency, but only upon receipt by the Trustee of:

(i) A Counsel's Opinion dated the date of delivery thereof, with respect to the issuance of the Bonds in a form acceptable to the Agency as specified in the Supplemental Indenture.

(ii) A request and authorization to the Trustee on behalf of the Agency, signed by an Authorized Officer, to authenticate and deliver such Bonds to the purchaser or purchasers therein identified upon payment to the Trustee for the account of the Agency of the purchase price therefor.

(iii) A copy of the Supplemental Indenture authorizing such Bonds, which shall specify:

(A) The authorized principal amount and Series designation of such Bonds;

(B) The purpose or purposes for which such Series of Bonds is being issued;

(C) The Date or Dates of Original Issuance, the maturity date or dates and amounts of each maturity (or the method of determining the same) and, if interest is to be paid, the Interest Payment Dates and the first Interest Payment Date of the Bonds of such Series;

(D) The interest rate or rates (if any) or the maximum interest rate of the Bonds of such Series, or the manner of determining such rate or rates;

(E) The portion, if any, of the Series of Bonds that is Term Bonds, that is Serial Bonds or that is otherwise designated by a specific name or term;

(F) The amount and due date of each Sinking Fund Installment, if any, or the method of determining the same, for the Term Bonds or other Bonds subject to a Sinking Fund Installment;

(G) The denominations of, and the manner of dating, numbering and lettering, the Bonds of such Series, the forms of the Bonds and the Record Date or Dates and Redemption Record Dates for such Series of Bonds;

(H) The provisions of the Trustee's certificate of authentication;

(I) If not already determined pursuant hereto, the Paying Agent or Paying Agents, Depositaries, market agents, auction agents, securities depository, if any, and the place or places of payment of the principal and redemption price, if any, of the Bonds of such Series;

(J) The redemption price or prices, if any, and, subject to Article IV hereof, the redemption terms (including the time or times and the terms and conditions upon which the Bonds of such Series may be redeemed prior to their maturities, including, without limitation, the method of selection for redemption as among maturities and Series), if any, for the Bonds of such Series;

(K) The use of the proceeds of the Bonds of such series, including the amounts (if any) to be deposited in any Fund or Account from the proceeds of the Bonds of such Series or otherwise;

(L) The Reserve Requirement for such Series and the amount, if any, necessary for deposit in the Reserve Fund in order that amounts therein equal or exceed the Reserve Requirement;

(M) The time, place and manner of the sale for the Bonds of such Series, as provided in the Act;

(N) Whether Bonds of such Series are to be secured by credit enhancement and, if so, the form of credit enhancement to be obtained, the identity of the credit enhancement agency and the substantial form of the significant documents relating to the credit enhancement;

(O) Whether Bonds of such Series are to contain any tender or put options or the like and, if so, whether and to what extent such tender or put option will be secured by a liquidity facility and any alternative liquidity facility, whether such Bonds are to be remarketed following or in

connection with such tender or put and, if so, the identity of any remarketing agent and the substantial form of any remarketing agreement relating to such Bonds, and whether and upon what terms such Bonds may be converted to fixed interest rates;

(P) Whether interest on the Bonds of such Series is intended to be excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Code or any successor statute thereto;

(Q) Such additional matters as may be necessary or appropriate to cause interest on the Bonds of the Series to be issued pursuant to such Supplemental Indenture to be excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Code if it is intended that interest on the Bonds be so exempt and to prevent the issuance of such Series from adversely affecting the federal income tax treatment of any Outstanding Bonds and the interest thereon intended to be so exempt; and

(R) Any other provisions deemed advisable by the Agency as shall not conflict with the provisions of this Indenture or the Act.

(iv) A Certificate stating that (A) the principal amount of the Bonds then to be issued, together with the principal amount of the Bonds, notes and other obligations theretofore issued pursuant to the Act, will not exceed in aggregate principal amount any limitation thereon imposed herein or by law; (B) upon the issuance and delivery of such Bonds, the Reserve Requirement will be met; and (C) except in the case of Refunding Bonds, at the time of issuance of such additional Bonds, the Agency shall not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in this Indenture.

(v) With respect to each Series of Bonds issued pursuant to this Indenture (other than the initial Series of Bonds), evidence that each Rating Agency has confirmed that such Series will have a Rating no lower than the Rating assigned to Bonds issued prior to the issuance of such Series of Bonds to be issued.

(vi) If such Series of Bonds is to have the benefit of a liquidity facility or be secured by credit enhancement, the executed liquidity facility or credit enhancement or evidence that all conditions precedent to the issuance of such liquidity facility or credit enhancement have been met as of the date of issuance of such Series of Bonds.

(vii) Such further documents and moneys as are required by the provisions of Article IX or any related Supplemental Indenture adopted pursuant to Article IX.

(b) All the Bonds of each Series shall be in fully registered form and, to the extent so provided herein and in the related Supplemental Indenture, may be issued in

book-entry form only. After the original issuance of Bonds of any Series, no Bonds of such Series shall be issued except in exchange or transfer for other Bonds of such Series pursuant to Article III.

Section 2.03. Provisions for Refunding Issue.

(a) Subject to the laws of the State, including, but not limited to, the Act, as amended from time to time, Bonds of one or more Series may be issued and delivered, in accordance with the terms and conditions of this Section 2.03, for the purpose of refunding any Bonds then Outstanding or any other bonds of the Agency. The Supplemental Indenture authorizing each such Series of Bonds of a Refunding Issue shall set forth that the purposes for which such Series of Bonds is issued are the payment or redemption of any part or all of the Bonds of any one or more Series then Outstanding, and, if the expenses of such issuance and payment or redemption are not otherwise provided for, the payment of the expenses of such issuance and redemption, and shall contain a description of the bonds so to be redeemed.

(b) The Bonds of the Series of a Refunding Issue may be issued, and authenticated by the Trustee, only if:

(i) There shall thereupon be deposited with the Trustee either:

(A) moneys in an amount sufficient to effect payment at the applicable maturity or redemption price of the Bonds to be refunded, together with accrued interest on such Bonds to the maturity or redemption date, which moneys shall be held by the Trustee in a separate account irrevocably in trust for the holders of Outstanding Bonds being refunded; or

(B) Permitted Investments in such principal amounts, having such maturities, bearing such interest and otherwise having such terms and qualifications as shall be required to pay the applicable maturity or redemption price of the Bonds to be refunded, together with accrued interest on such Bonds to the maturity or redemption date, which Permitted Investments shall be held in trust for the holders of Outstanding Bonds being refunded;

(ii) The Trustee has received instructions, satisfactory to it, to give due notice of redemption of all the Bonds so to be redeemed on a redemption date specified in such instructions, as such date may be revised in a Certificate, and to give notice in the manner provided in Section 4.05 that the moneys payable upon such redemption will be available on said redemption date for payment to the holders of the Bonds entitled thereto;

(iii) The Trustee shall furnish to the Agency at the time of delivery of the Series of Bonds of the Refunding Issue a certificate or other evidence satisfactory to the Trustee stating that it holds or there is being held in trust the Permitted Investments and/or moneys required to effect such redemption; and

(iv) The requirements set forth in Section 2.02 hereof have been satisfied.

Section 2.04. Other Obligations. So long as any Bonds or Hedge Agreements are Outstanding, the Agency hereby covenants that it will not create or permit the creation of or issue any obligations or create any additional indebtedness (other than additional Series of Bonds or Hedge Agreements) which will be secured by a superior or equal charge or superior or equal lien on the amounts pledged hereunder or will be payable, on an equal or superior basis, from any of the Funds or Accounts established and created by or pursuant to this Indenture. The Agency may, however, issue evidences of indebtedness (including general obligations of the Agency) not issued and secured under this Indenture, which evidences of indebtedness may be secured by a lien on particular revenues, moneys or assets not already pledged hereunder.

ARTICLE III

GENERAL BOND PROVISIONS

Section 3.01. Medium of Payment; Form and Date.

(a) The Bonds shall be payable, with respect to interest, principal and premium, if any, 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, or in such other coin or currency as set forth in a Supplemental Indenture. Payment of interest (other than at a stated maturity date) and premium, if any, on, and principal (payable upon redemption) of, the Bonds will be made by wire transfer to the person in whose name each Bond is registered at the close of business on the Regular Record Date or the Redemption Record Date, as the case may be, so long as ownership of such Bond is registered in book-entry form; provided, however, that, in the event of a default in the payment of interest due on any Interest Payment Date, such interest shall cease to be payable to the person in whose name such Bond was registered on such Record Date and shall be payable, when and if paid, to the person in whose name such Bond is registered at the close of business on the record date fixed therefor by the Trustee (each a "Special Record Date"), which shall not be more than 15 days and not less than 10 days prior to the date of the proposed payment. Interest on the Bonds shall be paid when due, if ownership of such Series of the Bonds is not maintained in book-entry form, by check or draft drawn on the Trustee and mailed by the Trustee to the registered owner at the address shown on the registration books of the Trustee as of the Record Date. Payment of principal and interest on the stated maturity date on each of the Series of Bonds will be made upon presentation and surrender of each Bond of such Series, at the office of the Trustee or the Paying Agent maintained for that purpose. CUSIP number identification with appropriate dollar amount of payment pertaining to each CUSIP number (if such payment represents payment on more than one Bond identified by a particular CUSIP number) shall accompany all payments of principal of, premium, if any, and interest on the Bonds.

(b) Current Interest-Bearing Bonds of each Series issued prior to the first Interest Payment Date thereof shall be dated as of the date or dates specified in the

Supplemental Indenture authorizing the issuance thereof. Bonds issued on or subsequent to the first Interest Payment Date shall be dated as of the date of authentication of the Bonds and interest shall be paid from the Interest Payment Date next preceding the date of authentication, unless such date of delivery shall be an Interest Payment Date in which case they shall be dated as of such date of delivery; provided, however, that if, as shown by the records of the Trustee, interest on the Bonds of any Series shall be in default, the Bonds of such Series issued in lieu of Bonds surrendered for transfer or exchange shall be dated as of the date to which interest has been paid in full on the Bonds surrendered. Deferred Interest Bonds of any Series shall be dated as of the date or dates specified in the Supplemental Indenture authorizing the issuance thereof. Except as set forth in a Supplemental Indenture, Bonds of each Series shall bear interest from their dated date until the first Interest Payment Date and thereafter from the Interest Payment Date next preceding the date of their authentication by the Trustee (unless authenticated on an Interest Payment Date, in which case they shall bear interest from such Interest Payment Date or, in the case of Bonds issued while interest on the Bonds shall be in default, from the date to which interest has been paid in full).

(c) For all purposes of the Act relating to or dealing with the date of the Bonds, Bonds of any Series shall be deemed to be dated as of the Date of Original Issuance specified for the Bonds of such Series in the Supplemental Indenture authorizing the issuance thereof.

(d) All Bonds of each Series shall mature or be subject to a Sinking Fund Installment, if any, on the date or dates fixed by a Supplemental Indenture. Interest on all Current Interest-Bearing Bonds of each Series shall be payable on the dates set forth in the applicable Supplemental Indenture. The first installment of interest due on the Bonds of a Series may be for such period as set forth in a Supplemental Indenture. Interest on any Deferred Interest Bonds of a Series shall be payable as set forth in a Supplemental Indenture (which may be upon maturity or earlier redemption of such Bonds or such date or dates prior to maturity or earlier redemption of such Bonds as specified in a Supplemental Indenture).

Section 3.02. Legends. The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Indenture as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto or as may be authorized by the Agency prior to the delivery thereof.

Section 3.03. Execution and Authentication.

(a) The Bonds of each Series shall be signed by, or bear the facsimile signature of, the Chair or Vice Chair and attested (by manual or facsimile signature) by the Secretary or such other person or persons designated in the applicable Supplemental Indenture, and, if required by the Act or other applicable law, the seal of the Agency or a facsimile thereof shall be impressed or imprinted on the Bonds. In case any officer who shall have signed any of the Bonds or whose signature appears on any of the Bonds shall cease to be such officer before the Bonds are actually delivered, such Bonds may,

nevertheless, be delivered as herein provided, and may be issued as if the persons who signed them or whose signatures appear thereon had not ceased to hold such office or be so employed. Any Bond of a Series may be signed by such persons as at the actual time of the execution of such Bond shall be duly authorized or shall be the proper officers to sign such Bond, although on the Date of Original Issuance of a Series of Bonds such persons may not have been such officers.

(b) Only such of the Bonds as shall have endorsed thereon a certificate of authentication substantially in the form set forth in the applicable Supplemental Indenture, duly executed by the Trustee, shall be entitled to any benefit or security under this Indenture. No Bond shall be valid or obligatory for any purpose or 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 3.04. Interchangeability. Bonds, upon surrender thereof at the principal office of the Trustee, with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount or Original Principal Amount, as the case may be, of Bonds of the same Series, maturity and interest rate, subject to any provisions contained in the applicable Supplemental Indenture relating to the registration of a Series of Bonds pursuant to a Book Entry System.

Section 3.05. Negotiability and Registry. All the Bonds issued pursuant to this Indenture shall be negotiable as provided in Article 8 of the Uniform Commercial Code, as adopted by the State, subject to the provisions for registration and transfer contained in the Bonds and this Indenture and applicable State law. So long as any of the Bonds shall remain Outstanding, the Trustee shall maintain and keep, for the benefit of the Agency, at the corporate trust operations office of the Trustee, books for the registration and transfer of Bonds which books shall be open to inspection by the Agency; and, upon presentation thereof for such purpose at said office, subject to any provisions in a Supplemental Indenture relating to the registration of a Series of Bonds pursuant to a Book Entry System, the Agency shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable requirements as it or the Trustee may prescribe, any Bond entitled to registration or transfer. So long as any of the Bonds remain Outstanding, the Agency shall make all necessary provisions to permit the exchange of Bonds at the corporate trust operations office of the Trustee, subject to any provisions contained in a Supplemental Indenture relating to the registration of a Series of Bonds pursuant to a Book Entry System.

Section 3.06. Transfer of Bonds. Subject to any provisions contained in a Supplemental Indenture relating to the registration of a Series of Bonds pursuant to a Book Entry System, each Bond shall be transferable only upon the books of the Agency kept for registration

of transfers of Bonds, at the corporate trust operations office of the Trustee, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney. Upon the surrender for transfer of any such Bond, the Agency shall execute and the Trustee shall authenticate and deliver in the name of the transferee a new registered Bond or Bonds of the same Series, aggregate principal amount or Original Principal Amount, interest rate and maturity as the surrendered Bond.

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

The transfer of Bonds of a particular Series may be further limited as provided in the Supplemental Indenture relating thereto.

Section 3.07. Regulations for Exchange and Transfer. Subject to any provisions contained in a Supplemental Indenture relating to the registration of a Series of Bonds pursuant to a Book Entry System and Section 3.06, in all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Agency shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Indenture and the Supplemental Indenture under which any such Bond is issued. All Bonds surrendered in any such exchanges or transfers shall be cancelled by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the Agency or, at the direction of the Agency, the Trustee may make a charge to the Bondholder sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the Agency nor the Trustee shall be obligated to make any such exchange or transfer of Bonds called for redemption or, in the case of any proposed redemption of Bonds, during the 15 days prior to the first mailing of notice calling such Bonds or portions thereof for redemption as herein provided.

Section 3.08. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Trustee shall authenticate and deliver, in accordance with the laws of the State, including, but not limited to, the Act, as amended from time to time, and, to the extent not inconsistent therewith, the provisions of this Section, a new Bond of like Series, maturity, interest rate and principal amount or Original Principal Amount, as the case may be, as the Bond, if any, so mutilated, destroyed, stolen or lost, provided, however, that in the case of any mutilated Bond, the mutilated Bond must first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there must be first furnished to the Agency and the Trustee evidence satisfactory to them of the ownership of the Bond, and of the loss, theft or destruction, together with indemnity satisfactory to the Agency and the Trustee and compliance with such other reasonable requirements as the Agency and the Trustee may

prescribe and paying such expenses as the Agency or the Trustee may incur in connection therewith. All Bonds so surrendered to the Trustee shall be cancelled by it.

Upon the issuance of any new Bond under this Section, the Agency or, at the direction of the Agency, the Trustee may require the payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto and any other expenses, including counsel fees, of the Agency, any Paying Agent or the Trustee connected therewith.

Section 3.09. Preparation of Definitive Bonds; Temporary Bonds. Until the definitive Bonds of any Series are prepared, there may be executed, and, upon request of an Authorized Officer, the Trustee shall authenticate and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, except as to the denominations thereof, one or more temporary Bonds, substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in any authorized denominations, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Agency shall cause to be prepared and to be executed and delivered to the Trustee, upon the surrender of such temporary Bonds deliver in exchange therefor, at the corporate trust operations office of the Trustee, definitive registered Bonds, of the same Series, aggregate principal amount or Original Principal Amount, as the case may be, interest rate and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds issued and authenticated pursuant to this Indenture. All temporary Bonds surrendered in exchange for a definitive Bond or Bonds shall be forthwith cancelled by the Trustee. No charge for taxes or governmental charges shall be made against the owner upon an exchange of a temporary Bond for a definitive Bond.

Section 3.10. Extension of Payment of Bonds. The Agency shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds, or the time of payment of any claims for interest by the purchase or funding of such Bonds or claims for interest, or by any other arrangement; in case the maturity of any of the Bonds or the time for payment of any such claims for interest shall be extended, such Bonds, or claims for interest shall not be entitled, in case of any default under this Indenture, to the benefit of this Indenture or the Funds or Accounts (except funds held in trust for the payment of particular Bonds) held by the Trustee or any Paying Agent, except after the payment of the principal of all Bonds issued and Outstanding the maturity of which has occurred and has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest. Nothing herein shall be deemed to limit the right of the Agency to enter into agreements with particular Bondholders as provided in Section 9.04 hereof or to issue refunding Bonds as provided in Article II hereof, and such issuance shall not be deemed to constitute an extension of the maturity of any Bond or of the time of payment of any claim for interest.

Section 3.11. Money Held for Particular Bonds. The amounts held for the payment of the interest, principal, Appreciated Amount or premium, if any, due on any date with respect to particular Bonds shall be held by the Paying Agent and shall, pending such payment, be held in trust by it for the owners of the Bonds entitled thereto and the Paying Agent shall maintain adequate records for the purpose of segregating the funds, and for the purposes of this Indenture, such interest, principal or premium, after the due date thereof, shall no longer be considered to be

unpaid. The Trustee shall notify the Agency of any moneys so held for the payment of interest or principal or premium due with respect to particular Bonds which remain in the custody of the Trustee or Paying Agent on the date which is two years after the date on which such Bonds matured or were redeemed (or 90 days prior to the day such moneys would, under the laws of the State, escheat or be required to be paid to the State, if either of such dates is earlier) and, upon a written request from the Agency, shall return such funds to the State upon such request, and the owners of such Bonds shall thereafter look only to the State for payment and then only to the extent of the funds so received from the Trustee without any interest thereon.

Section 3.12. Cancellation of Bonds. All Bonds purchased, redeemed or paid shall be cancelled upon the purchase, redemption or payment of such Bonds. No such Bonds shall be deemed Outstanding under this Indenture and no Bonds shall be issued in lieu thereof.

Section 3.13. Book-entry Form of Bonds. Notwithstanding anything herein to the contrary, the Agency may elect, in the related Supplemental Indenture, that Bonds for a particular Series be registered pursuant to a Book Entry System, without certificates being provided or available to the registered owner thereof.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Procedure and Prices. Bonds of a Series redeemable prior to maturity pursuant to a Supplemental Indenture shall be subject to redemption upon notice as provided in this Article, at such times, at such redemption prices and upon such terms in addition to the terms contained in this Article IV as may be specified in the Supplemental Indenture authorizing such Series.

Section 4.02. Redemption at the Election or Direction of Agency. In the case of any redemption of Bonds at the election or direction of the Agency, the Agency shall give written notice to the Trustee of its election or direction so to redeem, of the redemption date, of the Series, and of the principal amounts of the Bonds of each maturity of such Series to be redeemed, which Series maturities and principal amounts thereof to be redeemed shall be determined by the Agency in its sole discretion, subject to any limitations with respect thereto contained in the applicable Supplemental Indenture or in this Indenture. Such notice shall be given at least 20 days, or such other shorter period as allowed by the Bond Depository (as defined in any Supplemental Indenture), but no more than 30 days prior to the redemption date or such shorter period as shall be acceptable to the Trustee or contained in the applicable Supplemental Indenture. In the event notice of redemption shall have been given as provided in Section 4.05 (except for a conditional notice as authorized by the last paragraph thereof), there shall be paid on or prior to the redemption date (but not necessarily prior to the date on which notice of redemption shall have been given as provided in Section 4.05) to the appropriate Paying Agents, an amount in cash which, in addition to other moneys, if any, available therefor held by such Paying Agents, will be sufficient to redeem on the redemption date at the redemption price thereof, plus interest accrued and unpaid to the redemption date, all of the Bonds to be redeemed. The Agency shall promptly notify the Trustee in writing of all such payments by it to a Paying Agent.

Section 4.03. Redemption Otherwise Than at Agency's Election or Direction.

Whenever, by the terms of this Indenture and pursuant to a Supplemental Indenture, the Trustee is required or authorized to redeem Bonds other than at the election or direction of the Agency, the Trustee shall select the Bonds to be redeemed, give the notice of redemption and pay out of moneys available therefor (or pay to any Paying Agent, if applicable) the redemption price thereof, plus interest accrued and unpaid to the redemption date, to the appropriate Paying Agents in accordance with the terms of this Article IV and the terms of the applicable Supplemental Indenture.

Section 4.04. Selection of Bonds To Be Redeemed. In the event of redemption of less than all of the Outstanding Bonds of like Series, interest rate and maturity, the Bonds to be redeemed in part shall be selected pursuant to the written notice described in Section 4.02 hereof, or if not so provided, randomly in such manner as the Trustee in its discretion deems fair, unless otherwise specified in the Supplemental Indenture authorizing such Series of Bonds.

Section 4.05. Notice of Redemption. This Section shall govern the provision of notice of redemption *unless* otherwise provided in a Supplemental Indenture, provided, however, that if any terms set forth in this Section or in any Supplemental Indenture are inconsistent with the laws of the State, including, but not limited to, the Act, as amended from time to time, the laws of the State shall govern, and provided that the Trustee shall not be responsible for and shall be held harmless for any failure to comply with laws of the State that are inconsistent with this Indenture or any Supplemental Indenture unless the Agency shall have provided the Trustee with written notice of such laws. When the Trustee shall be required or authorized to redeem Bonds, the Trustee shall, in accordance with the terms and provisions of the Bonds and of this Indenture, give notice (which notice shall be dated the date given) of the redemption of Bonds, which notice shall specify (a) the name of the Bonds, (b) the Series, (c) the date of issue, (d) the redemption price, (e) the maturities, interest rates and CUSIP numbers of the Bonds to be redeemed, (f) the redemption date and the place or places where amounts due upon such redemption will be payable (including name and address of the Trustee or redemption agent, with contact person and telephone number), (g) if less than all of the Bonds of any like Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed (i.e., certificate numbers), (h) in the case of a Bond to be redeemed in part only, such notice shall also specify the portion of the principal amount or Original Principal Amount, as the case may be, thereof to be redeemed and (i) such other information as may be specified in a Supplemental Indenture with respect to a particular Series of Bonds. Such notice shall further state that, except as otherwise provided in the last paragraph of this Section, on the Redemption Date there shall become due and payable upon each Bond to be redeemed the redemption price thereof, or the redemption price of the specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, with interest accrued and unpaid to such date, and that from and after such date, interest thereon shall cease to accrue and be payable. Such notice shall be given by mailing a copy of such notice, first-class mail, postage prepaid, at least 20 days, or such other shorter period as allowed by the Bond Depository (as defined in any Supplemental Indenture), but no more than 60 days prior to such Redemption Date, to the registered owner of any Bond, all or a portion of which is to be redeemed, at his last address, if any, appearing upon the registry books, but failure so to mail any such notice or any defect in such notice shall not be a condition precedent to or affect the validity of any proceedings for the redemption of other Bonds.

In addition, the Trustee will send (no more than 30 days after the date for redemption) a further notice of redemption to each registered owner who has not presented his or her Bond for redemption within 20 days subsequent to the Redemption Date. Each such notice will be sent by first-class mail, postage prepaid.

Any notice of redemption pursuant to this Section may, if directed by the Agency, be given specifying that the redemption of the Bonds so called for redemption is made conditional upon the deposit of sufficient amounts to pay the redemption price therefor on the Redemption Date and, if amounts are not so available, such notice of redemption shall be cancelled and be null and void and the Bonds so called for redemption and subject to such conditional redemption notice shall continue to remain Outstanding.

Section 4.06. Payment and Cancellation of Bonds Redeemed and Purchased. Notice having been given in the manner provided in Section 4.05, the Bonds or portions thereof called for redemption and specified in said notice shall, except as provided in Section 4.05, become due and payable on the Redemption Date specified in said notice at the redemption prices thereof applicable on such date, plus unpaid interest on said Bonds or portions thereof accrued to such date, and upon presentation and surrender thereof at the place or places specified in said notice, said Bonds or portions thereof shall be paid at the said redemption prices, plus unpaid interest on said Bonds or portions thereof accrued to such date. CUSIP number identification with appropriate dollar amounts for each CUSIP number shall accompany all redemption payments and interest payments, whether by check or by wire transfer. If there shall be so called for redemption less than all of a Bond, the Agency shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond to the Trustee, without charge to the owner thereof, for the unredeemed balance of the principal amount or Original Principal Amount of the Bond so surrendered, Bonds of like Series, designation, interest rate and maturity. If, on such redemption date, money for the redemption of all the Bonds or portions thereof of any like Series and maturity to be redeemed, together with interest thereon accrued and unpaid to such date, shall be held by or on behalf of the Trustee so as to be available therefor on such date, and if notice of redemption thereof shall have been given as aforesaid, then from and after such redemption date, interest on the Bonds or portions thereof of such maturity so called for redemption shall cease to accrue and become payable, and said Bonds or portions of Bonds shall no longer be considered Outstanding hereunder.

Section 4.07. Redeemed Bonds as Satisfaction of Sinking Fund Installments. Upon any purchase or redemption of Bonds of any Series and maturity for which Sinking Fund Installments shall have been established pursuant to a Supplemental Indenture (other than by application of Sinking Fund Installments), an amount equal to the applicable redemption prices thereof (as specified in a Supplemental Indenture) shall be credited toward a part of all or any one or more of such Sinking Fund Installments, as directed by the Agency in a Certificate delivered to the Trustee by the fortieth day preceding the next date a Sinking Fund Installment is due or as directed in a Supplemental Indenture, or, failing any such direction, toward such Sinking Fund Installments on a proportionate basis. Such applicable redemption prices shall be the respective redemption prices which would be applicable upon the redemption of such Bonds from the respective Sinking Fund Installments on the due dates thereof. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have

been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of the calculation of principal installments due on a future date.

Section 4.08. Purchase of Bonds; Tenders. Unless expressly provided otherwise herein, if at any time moneys are held in any Fund or Account hereunder or in a Supplemental Indenture to be used to redeem Bonds, in lieu of such redemption the Agency may direct the Trustee to use part or all of such moneys to purchase Bonds of the respective Series, interest rates and maturities that would otherwise be subject to redemption from such moneys. The purchase price of such Bonds shall not exceed the applicable redemption price of the Bonds which would be redeemed but for the operation of this Section (accrued interest to be paid from the same Fund or Account from which accrued interest would be paid upon the redemption of such Bonds); provided, however, that the purchase price of such Bonds may include a premium if the payment thereof does not adversely affect the Rating of the Bonds. Any such purchase must be completed prior to the time notice would otherwise be required to be given to redeem the related Bonds. All Bonds so purchased shall be cancelled by the Trustee and applied as a credit against the obligation to redeem such Bonds from such moneys. Savings resulting from the purchase of Bonds at less than their respective redemption prices shall be used to purchase or redeem additional Bonds to the extent permitted by the provisions hereof and the relevant Supplemental Indenture or, at the request of the Agency, and upon receipt of a Counsel's Opinion that such action will not adversely affect the tax-exempt status of interest on the tax-exempt Bonds, withdrawn and paid to the Agency free and clear of the lien of this Indenture.

The Agency may direct the Trustee, on behalf of the Agency, to request the submission of tenders following notice requesting such submission prior to making the purchases authorized pursuant to the preceding paragraph. The Agency may specify the maximum and minimum periods of time which shall transpire between the date upon which such notice is to be given and the date upon which such tenders are to be accepted. No tenders shall be considered or accepted at any price exceeding the price specified in the preceding paragraph for the purchase of Bonds. The Agency shall accept bids with the lowest price and in the event the moneys available for purchase pursuant to such tenders are not sufficient to permit acceptance of all tenders and if there shall be tenders at an equal price above the amount of moneys available for purchase, then the Agency shall select randomly, or in such manner as it shall determine in its discretion, the Bonds tendered which shall be purchased.

ARTICLE V

ESTABLISHMENT OF FUNDS AND ACCOUNTS AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts and Application of Bond Proceeds.

(a) The following special Funds shall be held by the Trustee or by a Fiduciary, in segregated accounts, in the name of the Trustee to account for funds to be deposited therein pursuant to the terms hereof or of any Supplemental Indenture or as directed by a Certificate:

- (i) a Program Fund including a Targeted Area Program Account therein;
- (ii) a Revenue Fund; including a Prepayment Account and a Capitalized Interest Account therein;
- (iii) a Debt Service Fund including a Redemption Account therein;
- (iv) a Reserve Fund;
- (v) a Rebate Fund;
- (vii) a Cost of Issuance Fund; and
- (viii) a Program Expense Fund

The designation of each such Fund set forth above shall include the term “Vermont Housing Finance Agency, Mortgage Revenue Bonds (Mortgage Backed Securities Program),” which term shall precede the designation as set forth above.

No amounts may be withdrawn, transferred or paid out of any of the above Funds except as provided in this Article or in a Supplemental Indenture.

(b) The Trustee shall also establish such other special funds, accounts or subaccounts as the Agency may direct pursuant to any Supplemental Indenture or any Certificate, including but not limited to a capitalized interest account and a Bond Purchase Fund, and moneys deposited therein shall be used and pledged only as provided in such Supplemental Indenture or Certificate. Each such fund, account and subaccount shall be held by the Trustee, in trust, separate and apart from all other funds of the Agency, for the purposes provided in this Indenture and any Supplemental Indenture.

(c) Unless otherwise provided in a Supplemental Indenture or a Certificate, the Trustee shall establish in each Fund a separate Account for each Series of Bonds. Except as otherwise provided, the proceeds of a particular Series of Bonds issued pursuant to a Supplemental Indenture and the earnings on investments of moneys in the Funds or Accounts relating to a particular Series of Bonds, when required to be deposited in any Fund, shall be deposited or credited to the Account established therein for that particular Series of Bonds. Withdrawals from Funds and Accounts in connection with a particular Series of Bonds may be made and used (including for purposes of redemption) for such Series of Bonds as well as any other Series of Bonds unless specifically prohibited in a related Supplemental Indenture. For purposes of investment, the Trustee and the Agency may consolidate the Accounts required to be established in a particular Fund into one Fund so long as adequate records are maintained as to the amounts held in each such Fund allocable to each Series of Bonds.

(d) The proceeds from any Series of Bonds shall be deposited in the Funds and Accounts established under this Indenture in accordance with the terms of this Article V and of the Supplemental Indenture authorizing such Series of Bonds. The

Trustee shall also deposit in the Funds and Accounts established under this Indenture such other moneys or assets of the Agency as the Agency may direct by a Certificate.

Section 5.02. Deposit of Series Revenues.

(a) The Agency will cause all Revenues to be deposited with the Trustee. Investment earnings (net of losses) on each Fund and Account established pursuant to this Indenture (other than the Rebate Fund and the Cost of Issuance Fund) shall be credited to the Revenue Fund except as otherwise provided in this Article V.

(b)(i) The GNMA Certificates acquired by the Trustee on behalf of the Agency shall be held at all times by the Trustee in trust for the benefit of the Owners and shall be registered in the name of the Trustee or its nominee or held in book-entry form as described in this subsection. GNMA Certificates may be acquired in the form of Participants Trust Co. (“PTC”) book-entry interests, provided that:

(A) if GNMA Certificates are acquired in book-entry form, the Trustee shall receive confirmation from a PTC participant acting as agent or custodian for the Trustee that PTC has made appropriate entries in its records of the issuance of such book-entry GNMA Certificates to the account of a PTC participant acting as agent or custodian for the Trustee;

(B) before accepting GNMA Certificates in physical form or in book-entry form, the Trustee shall, upon payment for the GNMA Certificates, acquire an ownership interest, as Trustee, of the GNMA Certificates free and clear of any PTC clearing liens;

(C) the Trustee shall deliver to PTC an irrevocable instruction to the effect that all fees arising in connection with the transfer are to be charged to another account maintained by PTC;

(D) PTC delivers to the Trustee a certificate to the effect that, based on the instruction regarding payment of its fees, PTC will not charge the Trustee for so long as the instruction remains in effect. The certificate may make exceptions (as provided in the amended PTC rules) to charge the Trustee for the recovery of securities or cash credited to the Trustee by mistake and to secure and repay any advance of principal and interest made by PTC; and

(E) if the Trustee does not receive payment or advice from the depository of payment with respect to a GNMA Certificate when due by the close of business on the day on which payments are required to be submitted to the Trustee, the Trustee shall demand by telephone payment from GNMA in immediately available funds in connection with the guaranty of timely payments of principal and interest by GNMA in accordance with the terms of the GNMA Certificates.

In lieu of compliance with the requirements of paragraphs (C) and (D) above, the Agency may provide other evidence acceptable to the Rating Agency that PTC will not exercise rights of setoff against the Series Revenues for its fees and charges.

(ii) The Fannie Mae Certificates acquired by the Trustee on behalf of the Agency shall be held at all times by the Trustee or its nominee in trust for the benefit of the Owners and shall be held in book-entry form as described in this subsection. A Fannie Mae Certificate will be issued in book-entry form through a book-entry system of the Federal Reserve System and transferred to the Trustee. If the Trustee does not receive payment or advice from the depository of payment with respect to a Fannie Mae Certificate when due by the close of business on the twenty-fifth day of any month (or the next business day if the twenty-fifth day is not a business day), the Trustee shall demand by telephone payment from Fannie Mae in immediately available funds in connection with the guaranty of timely payments of principal and interest by Fannie Mae in accordance with the terms of the Fannie Mae Certificates.

(iii) The Freddie Mac Certificates acquired by the Trustee on behalf of the Agency shall be held at all times by the Trustee or its nominee in trust for the benefit of the Owners and shall be held in book-entry form as described in this subsection. A Freddie Mac Certificate will be issued in book-entry form through a book-entry system of the Federal Reserve System and transferred to the Trustee. If the Trustee does not receive payment or advice from the depository of payment with respect to a Freddie Mac Certificate when due by the close of business on the twenty-fifth day of any month (or the next business day if the twenty-fifth day is not a business day), the Trustee shall demand by telephone payment from Freddie Mac in immediately available funds in connection with the guaranty of timely payments of principal and interest by Freddie Mac in accordance with the terms of the Freddie Mac Certificates.

Section 5.03. Program Fund.

The Trustee shall deposit moneys in the applicable subaccount of the Program Fund and the Targeted Area Program Account of the Program Fund as provided in the applicable Supplemental Indenture. Moneys in the applicable subaccount of the Program Fund (other than moneys deposited in the applicable subaccount of the Targeted Area Program Account) shall be withdrawn solely for (i) the acquisition of Federal Agency Certificates (including Federal Agency Certificates backed by Mortgage Loans on Homes located in Targeted Areas if no funds remain on deposit in the applicable subaccount of the Targeted Area Program Account) from the Servicer pursuant to the Servicing Agreement on each Purchase Date (and to make the transfer to the applicable subaccount of the Revenue Fund as described below), (ii) deposit to the applicable subaccount of the Redemption Account of the Debt Service Fund for the redemption of Bonds pursuant to the applicable Supplemental Indenture and (iii) transfers to the applicable subaccount of the Rebate Fund pursuant to Section 5.07.

Moneys in the applicable subaccount of the Targeted Area Program Account shall be withdrawn solely for (A) the acquisition of that portion of Federal Agency Certificates backed by Mortgage Loans on Homes located in Targeted Areas from the Servicer

pursuant to the Servicing Agreement on each Purchase Date (and to make the transfer to the applicable subaccount of the Revenue Fund as described below), (B) the redemption of Bonds pursuant to the applicable Supplemental Indenture, (C) upon receipt by the Trustee of a request of the Agency accompanied by an opinion of Bond Counsel to the effect that such action will not adversely affect the exclusion from gross income of interest on the related Series of Bonds for federal income tax purposes, the acquisition of that portion of Federal Agency Certificates backed by Mortgage Loans on homes located in non-Targeted Areas from the Servicer pursuant to the Servicing Agreement on each Purchase Date (and to make the transfer to the applicable subaccount of the Revenue Fund as described below) and (D) transfers to the applicable subaccount of the Rebate Fund pursuant to Section 5.07.

On each Purchase Date, the Trustee shall acquire Federal Agency Certificates from the Servicer as provided in the Servicing Agreement and this Indenture. The purchase price of each Federal Agency Certificate acquired from the Servicer on a Purchase Date shall be the GNMA Certificate Purchase Price, the Fannie Mae Certificate Purchase Price or the Freddie Mac Certificate Purchase Price, as applicable. If so specified in the related Supplemental Indenture, the Trustee shall transfer from the applicable subaccount of the Program Fund or the Targeted Area Program Account, as applicable, to the applicable subaccount of the Revenue Fund a percentage, as specified in the applicable Supplemental Indenture, of the outstanding principal amount of each Federal Agency Certificate so purchased. If not otherwise restricted by any Supplemental Indenture hereto, the Trustee shall release to the Agency from time to time amounts on deposit in the applicable subaccount of the Program Fund and the Targeted Area Program Account if the Agency shall have filed with the Trustee: (i) a Request of the Agency specifying the amount of funds to be released; (ii) a Projection of Revenues Certificate and a Parity Certificate; (iii) an opinion of Bond Counsel to the effect that such action will not adversely affect the exclusion from gross income of interest on the related Series of Bonds for federal income tax purposes; and (iv) a confirmation from the Rating Agency that such action shall not alter the rating on the related Series of Bonds. If the Trustee receives an interest payment on a Federal Agency Certificate representing interest accrued prior to the date such Federal Agency Certificate was purchased by the Trustee with amounts on deposit in the Program Fund or the Targeted Area Program Account, the Trustee shall remit such amount to the Servicer when received, unless otherwise specified in a Supplemental Indenture.

The Trustee shall not disburse moneys from the Program Fund or the Targeted Area Program Account for the acquisition of a Federal Agency Certificate unless (i) such Federal Agency Certificate shall be acquired in accordance with this Section 5.03(a), (ii) such Federal Agency Certificate will bear interest at the applicable Pass-Through Rate and (iii) the Federal Agency Certificate will be held by the Trustee as described in Section 5.02(b) hereof.

(a) On such dates as set forth in the applicable Supplemental Indenture, the Trustee shall transfer to the applicable subaccount of the Redemption Account of the Debt Service Fund all amounts remaining in such Fund and such Account to be applied to the redemption of Bonds of the related Series on such date. Such transfer may be made

on a date or dates after the date or dates set forth in the applicable Supplemental Indenture, as to all or part of amounts remaining in the Program Fund or the Targeted Area Program Account if the Agency shall have filed with the Trustee on or prior to the Business Day which is 30 days prior to the scheduled date of transfer (i) a Request of the Agency specifying the amount to be retained in the applicable subaccount of the Program Fund or the Targeted Area Program Account and the proposed later date of transfer, (ii) a Projection of Revenues Certificate, (iii) an opinion of Bond Counsel to the effect that the failure to transfer such amounts to the Redemption Account of the Debt Service Fund on such date will not adversely affect the exclusion of interest on such Series of Bonds from gross income for federal income tax purposes and (iv) a confirmation from the Rating Agency that such action shall not adversely affect the rating on the related Series of Bonds.

(b) If not otherwise restricted by any Supplemental Indenture hereto, Federal Agency Certificates credited to the Program Fund may be released to the Agency, free and clear of the lien of this Indenture, upon the filing of a certificate of an Authorized Officer directing the same and filing with the Trustee (i) a Projection of Revenues Certificate, (ii) a Parity Certificate, (iii) a Counsel's Opinion that the release of such Federal Agency Certificates will not adversely affect the tax-exempt status of interest on the Bonds and (iv) a confirmation from the Rating Agency that such action shall not adversely affect the rating on the related Series of Bonds.

Section 5.04. Revenue Fund.

(a) Except as otherwise provided in Section 5.02 hereof, and except as otherwise provided in a Supplemental Indenture, Revenues shall be deposited in the Revenue Fund as and when received by the Trustee; provided that Prepayments shall be deposited in the applicable subaccount of the Prepayment Account of the Revenue Fund. If the Trustee receives an interest payment on a Federal Agency Certificate representing interest accrued prior to the date such Federal Agency Certificate was purchased by the Trustee with amounts on deposit in the Program Fund, the Trustee will remit such amount to the Servicer. On the dates specified in the related Supplemental Indenture, and except as otherwise provided in a Supplemental Indenture, the Trustee shall transfer from the Revenue Fund and deposit into one or more of the following Funds and pay to the entities entitled to payment, the amounts set forth below and in the following order of priority:

(i) To the Debt Service Fund, an amount sufficient, together with money on deposit therein, to pay the interest on the Bonds of such Series due on such Interest Payment Date or date of redemption of all or a portion of the Bonds, or to make payments to any Provider of a Qualified Hedge Agreement (other than fees, expenses or termination payments payable to such Provider, which are designated as Program Expenses hereunder) if so required pursuant to the terms of any Qualified Hedge Agreement entered into with respect to a Series of Bonds, and to the Redemption Account of the Debt Service Fund an amount sufficient, together with money on deposit therein, to pay the principal of Bonds due on the next Principal Payment Date;

(ii) At the direction of the Agency, to the Rebate Fund, if and to the extent required by the Rebate Analyst;

(iii) After providing for the payments required by (i) and (ii) above, to the related subaccount of the Program Expense Fund the amount necessary to pay Program Expenses then due and payable with respect to such Series;

(iv) If so specified by the related Supplemental Indenture, to the related subaccount of Program Fund for the purchase of Federal Agency Certificates pursuant to Section 5.03;

(v) If so specified by the related Supplemental Indenture and not otherwise restricted by any other Supplemental Indenture, to release to the Agency free and clear of the lien of this Indenture upon the filing by the Agency with the Trustee of (A) a request signed by an Authorized Officer of the Agency and (B) a Parity Certificate; and

(vi) Commencing with the Interest Payment Date specified in the applicable Supplemental Indenture, to the applicable subaccount of the Redemption Account of the Debt Service Fund the amounts in excess of \$10,000 remaining in the applicable subaccount of the Revenue Fund following the payments required to be made pursuant to clauses (i) through (v) above for redemption of the related Series of Bonds, or if no Bonds of such Series remain Outstanding, to such other subaccount of the Redemption Account of the Debt Service Fund specified in a Certificate of the Agency delivered to the Trustee.

Amounts on deposit in the applicable subaccount of the Prepayment Account of the Revenue Fund shall be transferred to the applicable subaccount of the Redemption Account of the Debt Service Fund of the Debt Service Fund at the times specified in the related Supplemental Indenture.

(b) Prior to the date no moneys remain on deposit in the applicable subaccount of the Program Fund or the Targeted Area Program Account, moneys in the applicable subaccount of the Capitalized Interest Account shall be withdrawn solely for transfer to the applicable subaccount of the Rebate Fund or the Debt Service Fund or to the Redemption Account of the Debt Service Fund (but only to make the payment required pursuant to the provisions of the applicable Supplemental Indenture regarding mandatory redemption) in the event other moneys on deposit in the applicable subaccount of the Revenue Fund are insufficient to make required deposits into such funds pursuant to Section 5.04 or in the event that amounts on deposit in the Redemption Account of the Debt Service Fund are insufficient to make the payments required pursuant to the applicable Supplemental Indenture's provisions regarding mandatory redemption. Unless a later date is specified in a Supplemental Indenture, on the first Interest Payment Date following the date no moneys remain on deposit in the applicable subaccount of the Program Fund or the Targeted Area Program Account, the Trustee shall transfer all other moneys remaining on deposit in the applicable subaccount of the Capitalized Interest Account to the applicable subaccount of the Revenue Fund or shall transfer such amounts

to the Agency, if not otherwise restricted by any Supplemental Indenture hereto and the Agency shall have filed with the Trustee (i) a Request of the Agency specifying the amount of funds to be released, (ii) a Projection of Revenues Certificate and (iii) if required by the related Supplemental Indenture, a confirmation from the Rating Agency that such action shall not adversely affect the rating on the related Series of Bonds.

Section 5.05. Debt Service Fund.

The Debt Service Fund is comprised of an Interest Account and a Redemption Account of the Debt Service Fund.

(a) With respect to the Interest Account:

(i) The Trustee shall withdraw from the applicable subaccount of the Interest Account on each Interest Payment Date or redemption date, an amount equal to the unpaid interest due on the related Series of Bonds Outstanding on such Interest Payment Date or redemption date, as applicable, and shall cause such amount to be applied to the payment of such interest when due.

(ii) If Bonds are to be redeemed on any day other than an Interest Payment Date, the Trustee will withdraw from the applicable subaccount of the Interest Account on the date of such redemption, an amount equal to the interest due and payable on such date and cause such amount to be applied to the payment of said interest when due.

(iii) All withdrawals and transfers from the Interest Account under the provisions of this Section 5.05 shall be made not earlier than the Interest Payment Date or redemption date to which they relate, and the amounts so withdrawn or transferred shall, for all purposes of this Indenture, be deemed to remain in and be part of the Interest Account of the Debt Service Fund until such Interest Payment Date or redemption date.

(iv) Any investment earnings (net of losses) on moneys held in the Interest Account shall be credited to, and any losses charged against, the related subaccount of the Revenue Fund upon receipt.

(b) With respect to the Redemption Account of the Debt Service Fund:

(i) The Trustee shall apply all amounts deposited in the applicable subaccount of the Redemption Account of the Debt Service Fund to pay the principal of the related Series of Bonds (whether at maturity or by sinking fund redemption), and redeem such Bonds in the manner and upon the terms and conditions specified in the applicable Supplemental Indenture at the next succeeding practicable permitted date of redemption for which, at the time of such deposit, notice of redemption can be but has not been given in accordance with the applicable Supplemental Indenture; provided, however, that prior to giving such notice of redemption, the Trustee shall, at the direction of the Agency, apply the amount in the applicable subaccount of the Redemption Account of the Debt

Service Fund (or in the applicable subaccount of the Revenue Fund to the extent the Trustee determines that such amounts would otherwise be transferred to the applicable subaccount of the Redemption Account of the Debt Service Fund on the following Interest Payment Date) to the purchase of Bonds of the related Series at public or private sale as and when and at such price (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account of the Debt Service Fund) as the Agency may, in its discretion, determine; provided, however, such purchase price (plus any commission) shall not exceed the par value of such Bonds. All Bonds so purchased or redeemed shall be cancelled and destroyed by the Trustee (unless otherwise directed by the Agency).

(ii) Investment earnings (net of losses) on all moneys on deposit in the Redemption Account of the Debt Service Fund shall be credited to the applicable subaccount of the Revenue Fund.

Section 5.06. Reserve Fund.

(a) There shall be maintained in the Reserve Fund, from the proceeds of the sale of the Bonds or such other sources as specified by a direction of an Authorized Officer, an amount equal to the Reserve Requirement.

(b) The Trustee shall, to the extent the amount in the Revenue Fund is insufficient to pay principal of and interest on the Bonds and any Sinking Fund Installments and any amounts required to be paid to the Provider of a Hedge Agreement (other than fees or termination payments payable to such Provider) unless otherwise provided in such Hedge Agreement or any related Supplemental Indenture, transfer from the Reserve Fund (after transferring any amounts in any capitalized interest account established pursuant to a Supplemental Indenture (to the extent of amounts available therein and therefor)) to the Revenue Fund to pay the principal of and interest on the Bonds and any Sinking Fund Installments and any amounts required to be paid to the Provider of a Hedge Agreement (other than fees or termination payments payable to such Provider) unless otherwise provided in such Hedge Agreement or any related Supplemental Indenture. The Trustee shall notify the Agency in writing prior to any such withdrawal from the Reserve Fund. Within six months of any such withdrawal, the Agency shall, if permitted under the Act or applicable laws of the State, deposit in the Reserve Fund an amount sufficient to replenish the Reserve Fund to the Reserve Requirement.

(c) So long as any such credit or transfer does not reduce the amount in the Reserve Fund below the Reserve Requirement, any investment earnings on moneys held in the Reserve Fund shall be credited to the Revenue Fund, unless directed by a Certificate to be transferred or credited by the Trustee to another Fund or Account or to the Agency at such times as directed by such Authorized Officer.

(d) Any balance in the Reserve Fund in excess of the Reserve Requirement shall, upon the direction of a Certificate, be transferred or credited by the Trustee to the

Revenue Fund or other Fund or Account or to the Agency at such times as directed by such Authorized Officer.

(e) The Reserve Requirement with respect to the applicable Series of Bonds may be funded through Cash Equivalents. In connection with any discussion in this Indenture of “moneys” on deposit in or held for the credit of the Reserve Fund, “moneys” shall be deemed to include said Cash Equivalents.

Section 5.07. Rebate Fund.

(a) There shall be deposited in the Rebate Fund, as directed by a Certificate of an Authorized Officer, such amounts determined by the Agency as are necessary to satisfy any “arbitrage rebate requirements” to comply with the requirements of Section 148 of the Code.

(b) Payments shall be made from the Rebate Fund, as directed by a Certificate of an Authorized Officer, at such times and in such amounts as are necessary to comply with the requirements of Section 148 of the Code.

(c) Any investment earnings on moneys held in the Rebate Fund shall remain in the Rebate Fund, unless directed by a Certificate to be transferred or credited by the Trustee to another Fund or Account or to the Agency.

Section 5.08. Cost of Issuance Fund. Amounts on deposit in the applicable subaccount of the Cost of Issuance Fund shall be expended only to pay Costs of Issuance upon receipt of written instructions from the Agency. If not otherwise restricted by any Supplemental Indenture hereto, any moneys remaining in the applicable subaccount of the Cost of Issuance Fund on such dates as set forth in the applicable Supplemental Indenture and not specifically committed to the payment of such costs shall be transferred to the Agency to be used for any public purposes of the Agency. Investment earnings (net of losses) on any moneys on deposit in the Cost of Issuance Fund shall be credited to the Agency.

Section 5.09. Program Expense Fund. Moneys in the applicable subaccount of the Program Expense Fund shall be used solely to pay Program Expenses for the related Series of Bonds on the date such fees are due and payable.

Section 5.10. Deficiencies in the Interest Account or Redemption Account of the Debt Service Fund.

(a) In the event that the amount in the Interest Account is insufficient to pay interest on the Bonds when due, the Trustee shall transfer to the Interest Account the amount of such deficiency by withdrawing said amount from the following Funds (first, from the applicable subaccounts established for the related Series of Bonds, and only if such insufficiency persists thereafter from subaccounts related to any other Series of Bonds), at the direction of the Agency, in the following order of priority: (i) the Revenue Fund, including the Prepayment Account therein, (ii) the Capitalized Interest Account,

(iii) any other Fund or Account established pursuant to this Indenture other than (A) the Rebate Fund and (B) the Redemption Account to the extent that moneys therein have been set aside for the redemption of Bonds with respect to which notice of redemption has previously been given, and (iv) the Reserve Fund.

(b) In the event that the amount in the Redemption Account is insufficient to pay the principal of the Bonds when due, the Trustee shall transfer to the Redemption Account the amount of such deficiency by withdrawing said amount from the following Funds (first, from the applicable subaccounts established for the related Series of Bonds, and only if the insufficiency persists thereafter from subaccounts related to any other Series of Bonds), at the direction of the Agency, in the following order of priority: (i) the Revenue Fund, including the Prepayment Account therein, (ii) the Capitalized Interest Account, (iii) any other Fund or Account established pursuant to this Indenture except (A) the Interest Account and (B) the Rebate Fund and (iv) the Reserve Fund.

Section 5.11. 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 under this Indenture or otherwise).

Section 5.12. Transfer of Moneys to Redemption Account. Whenever amounts held in the related subaccounts of the Revenue Fund, the Interest Account and the Redemption Account, valuing all Permitted Investments held in such Funds (other than the Federal Agency Certificates) as provided in Section 6.01 hereof, are sufficient to redeem 100% of the Principal Amount of all Outstanding Bonds of the related Series, plus accrued interest on the earliest practicable date for which notice of redemption may still be given and to pay the Trustee's Fees, all such amounts shall be transferred to the related subaccount of the Redemption Account and all such Permitted Investments shall 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 Redemption Account and all Permitted Investments shall have been liquidated to the extent necessary to provide moneys sufficient for such redemption.

ARTICLE VI

COVENANTS

Section 6.01. General. The Agency hereby particularly covenants and agrees with the Trustee and with the holders of the Bonds of each Series, and each Provider of a Qualified Hedge Agreement, and makes provisions which shall be a part of its contract with such holders and Providers, to the effect and with the purpose set forth in the following provisions and Sections of this Article. The provisions of this Article shall be effective from and after the time of the delivery of the Bonds of each Series issued under this Indenture.

Section 6.02. Payment of Bonds. The Agency shall duly and punctually pay or cause to be paid (from the Trust Estate and any other of the Agency's revenues, assets or moneys, subject

only to agreements now or hereafter made with holders of notes and bonds, other than the Bonds, pledging particular revenues, moneys or assets for the payment thereof) the principal amount of and interest on the Bonds, and any payments due to a Provider of a Qualified Hedge Agreement (other than fees, expenses and termination payments), at the dates and places and in the manner mentioned in the Bonds or Hedge Agreement, as the case may be, according to the true intent and meaning thereof, and shall duly and punctually pay or cause to be paid (from the Trust Estate and any of the Agency's other revenues, assets or moneys, subject only to agreements now or hereafter made with holders of notes and bonds, other than the Bonds, pledging particular revenues, moneys or assets for the payment thereof) to the Trustee any part of any and all Sinking Fund Installments, and any payments due to a Provider of a Qualified Hedge Agreement (other than fees, expenses and termination payments), required pursuant to any provision of this Indenture and the related Supplemental Indentures.

Section 6.03. Personnel and Servicing of Programs. In accordance with the laws of the State and the Act, the Agency shall at all times appoint, retain and employ competent personnel for the purpose of carrying out its respective programs and shall establish and enforce reasonable rules, regulations, tests and standards governing the employment of such personnel at reasonable compensation, salaries, fees and charges, and all persons employed by the Agency shall be qualified for their respective positions.

Section 6.04. Tax Covenants.

(a) Subject to subsection (b) of this Section, the Agency shall at all times do and perform all acts and things necessary and may otherwise act as permitted by law in order to assure that interest paid on the Bonds shall, for the purposes of federal income taxation, be excludable from the gross income of the owners thereof and exempt from such taxation, except in the event that such recipient is a "substantial user" or "related person" within the meaning of the Code.

(b) Notwithstanding the foregoing, the Agency hereby reserves the right to elect to issue Bonds the interest on which is not exempt from federal income taxation, if such election is made prior to the issuance of such Bonds and, to the extent applicable, the requirements of the Act or similar law in effect are satisfied with respect to such election and the covenants contained in this Section shall not apply to such Bonds.

Section 6.05. Accounts and Reports. The Agency shall keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all its transactions relating to the Bonds and all Funds and Accounts established by or pursuant to this Indenture or any Supplemental Indenture, which shall at all reasonable times be subject to the inspection of the Trustee or of the holders (or beneficial owners if their names and addresses have been filed with the Trustee for such purposes) of an aggregate of not less than 5% in principal amount of Bonds then Outstanding or their representatives duly authorized in writing.

The Agency shall annually, within 270 days after the close of each Fiscal Year, prepare financial statements for such Fiscal Year. The financial statements shall be accompanied by the report of an Accountant stating that the financial statements examined present fairly the financial position of the Agency at the end of the Fiscal Year, the results of its operations and changes in

financial position for the period examined, in conformity with generally accepted accounting principles, with such exceptions as may be noted in such report.

Any such financial statements may be presented with respect to the accounts for the Bonds or on a consolidated or combined basis with other reports of the Agency.

A copy of such financials and any Accountant's report relating thereto shall be mailed promptly thereafter by the Agency to each Bondowner who shall have filed his name and address with the Agency for such purposes.

Section 6.06. Compliance With Conditions Precedent. Upon the date of execution and delivery of a Series of Bonds, all conditions, acts and things required by law or by this Indenture to exist, to have happened or to have been performed precedent to or in the issuance of such Bonds shall exist, have happened and have been performed, and such Bonds, together with all other indebtedness of the Agency, shall be within every debt and other limit prescribed by law.

Section 6.07. Further Assurance. At any and all times, the Agency shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary and may otherwise act as permitted by law for the better assuring, conveying, granting, assigning or confirming all and singular the rights, Funds and Accounts and assets pledged, assigned and established pursuant to this Indenture, including the moneys, securities and Permitted Investments hereby pledged or assigned, or assigned in trust, or intended so to be, or which the Agency may hereafter become bound to pledge or assign in trust.

Section 6.08. Powers as to Bonds and Pledge. The Agency is duly authorized, pursuant to law, to authorize and issue Bonds, to enter into this Indenture, to enter into Hedge Agreements and to pledge the assets and revenues purported to be pledged by this Indenture, in the manner and to the extent provided in this Indenture and in any Supplemental Indenture. The assets and revenues so pledged and so held in trust are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and assignment in trust created by this Indenture, and all corporate action on the part of the Agency to that end has been duly and validly taken. Each Series of Bonds, the Agency's payment obligations under Qualified Hedge Agreements and the provisions of this Indenture are and will be the valid and legally enforceable special obligations of the Agency in accordance with their terms and the terms of this Indenture and the related Supplemental Indenture subject only to agreements now or hereafter made with holders of notes and bonds, other than the Bonds pledging particular revenues, moneys or assets for the payment thereof. The Agency shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the assets and revenues so pledged under this Indenture and all the rights of the Bondholders or any other creditors secured under this Indenture (including Providers), against all claims and demands of all persons whomsoever.

Section 6.09. Program Covenants.

(a) By Certificate of the Agency, the Agency shall cause the Trustee to, 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, all other applicable laws and regulations and with sound banking practices and principles, use and apply the amounts held in the Program Fund to purchase Federal Agency Certificates and do all such acts and things necessary to produce 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 cause the Trustee to enforce the terms, covenants and conditions of the Federal Agency Certificates, each Operating Agreement, the Servicing Agreement and any Investment Security.

The Agency shall supervise, or cause to be supervised, each Lender's compliance with its Operating Agreement. In the event any Operating Agreement shall be cancelled or terminated as to the Lender for any reason, the Agency shall take all steps necessary to replace such Lender with successor parties, in accordance with the provisions of the Operating Agreement and the requirements of GNMA, Fannie Mae or Freddie Mac, as applicable, but subject to the approval of the Agency.

(b) The Agency shall not, without the written consent of the Trustee, alter, modify or cancel, or agree to consent to alter, modify or cancel, any agreement which relates to or affects the security for the Bonds. The Trustee shall not consent to any change in the maturity of any Federal Agency Certificate.

(c) The Agency shall not consent to the modification of, or modify, the rate or rates of interest, or the amount or time of payment of any installment of interest or principal, or the security for or any of the terms or provisions of any Mortgage Loan or any insurance on or with respect thereto in any manner which would materially impair the security of the Bonds.

The Agency shall not amend, modify or supplement the Operating Agreement or the Servicing Agreement or consent to any such amendment, modification or supplementation without the written consent of the Trustee. The Trustee shall give such written consent only if the Trustee first obtains the written consent of the Owners of a majority in Principal Amount of the Bonds to such amendment, modification or supplement or if, based on the Counsel's Opinion, either (i) such changes will not materially adversely affect the interests of the Owners or result in any material impairment of the security hereby given for the payment of the Bonds or (ii) such amendment is necessary to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds.

Section 6.10. Amendment of Mortgage Loans or Federal Agency Certificates; Disposition of Federal Agency Certificates. The Agency shall not consent to or agree to or permit any amendment or modification of any Mortgage Loan or Federal Agency Certificate which will in any manner impair or materially adversely affect the rights or security of the Bondholders or the Trustee under this Indenture. In determining whether any amendment or

modification will in any manner impair or materially adversely affect the rights or security of the Bondholders or the Trustee under this Indenture, the Agency may rely on a Counsel's Opinion.

The Agency may at any time, consistent with the other provisions of this Indenture, sell, transfer, assign, dispose of or otherwise release from the lien of this Indenture a Federal Agency Certificate:

(a) in order to realize the benefit of any insurance or guarantee with respect to such Federal Agency Certificate or any covenant of a Lender under an Operating Agreement or a Servicer under any Servicing Agreement;

(b) in order to provide funds for the redemption or purchase of a principal amount of Bonds corresponding to the unpaid principal amount of such Federal Agency Certificate, if (i) a Projection of Revenues and (ii) a confirmation from the Rating Agency that such transfer will not alter the rating on the related Series of Bonds shall be filed with the Trustee giving effect to the proposed sale thereof and the application of the proceeds of such sale; provided, however, that no such certificate or confirmation shall be necessary if all Outstanding Bonds are simultaneously defeased pursuant to Article VIII hereof;

(c) upon payment in full of such Federal Agency Certificate; or

(d) as provided in Section 5.03(b) hereof.

The Agency may also sell any Mortgage Loan, Federal Agency Certificate or other obligation evidencing or securing a Mortgage Loan made or purchased by the Agency if it is necessary for the Agency to take such action in order to maintain the tax exemption on any Series of Bonds pursuant to the Code.

ARTICLE VII

DISCHARGE OF LIEN

If the Agency shall pay or cause to be paid, or there shall otherwise be paid or provision for payment made, to the holders of the Bonds the principal amount of, premium, if any, and interest due or to become due thereon, and to Providers amounts due under a Qualified Hedge Agreement secured hereby, at the times and in the manner stipulated therein, then unless there shall be delivered to the Trustee a Certificate to the contrary, these presents and the 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 release the lien hereof, and reconvey, release, assign and deliver unto the Agency any and all the estate, right, title and interest in and to any and all rights or property assigned or pledged to the Trustee or otherwise subject to the lien of this Indenture, except cash held by the Trustee or any Paying Agent for the payment of the principal amount of, premium, if any, and interest on any Series of Bonds.

Any Bond shall be deemed to be paid within the meaning of this Article and for all purposes of this Indenture and any Supplemental Indenture when payment of the principal

amount of and premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided herein), either (a) shall have been made or caused to be made in accordance with the terms thereof or (b) shall have been provided by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment (i) moneys sufficient to make such payment and/or (ii) Federal Obligations (which may be subject to redemption prior to maturity only if such terms of redemption do not adversely affect the Rating of the Bonds) maturing as to principal and interest in such amount and at such time as will ensure the availability of sufficient moneys to make such payment. 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 Federal Obligations.

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 instruction:

(i) stating the date when the principal amount (and premium, if any) of each such Bond is to be paid, whether at maturity or on a redemption date;

(ii) to call for redemption pursuant to this Indenture (and at such times as notice thereof may be given in accordance with this Indenture) any Bonds to be redeemed prior to maturity pursuant to in clause (b) of the preceding paragraph hereof; and

(iii) to mail, as soon as practicable, in the manner prescribed by Article IV hereof, a notice to the holders of such Bonds and to each Rating Agency that the deposit required by clause (b) of the preceding paragraph 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 amount or redemption price, if applicable, on said Bonds as specified in (i) hereof and, if a maturity date is stated, whether or not such Bonds continue to be subject to redemption.

All moneys so deposited with the Trustee as provided in this Article may at the direction of the Agency also be invested and reinvested in Federal Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Federal Obligations in the hands of the Trustee pursuant to this Article which is not required for the payment of the Bonds and interest and premium, if any, 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 such an application as are other moneys deposited in such Fund.

Notwithstanding any provision of any other Article of this Indenture which may be contrary to the provisions of this Article, all moneys or Federal Obligations set aside and held in trust pursuant to the provisions of this Article for the payment of Bonds (including interest and premium thereon, if any) shall be applied to and used solely for the payment of the particular Bonds (including interest and premium thereof, if any) with respect to which such moneys and Federal Obligations have been so set aside in trust.

Anything in Article IX hereof to the contrary notwithstanding, if moneys or Federal 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 holder of each Bond affected thereby.

ARTICLE VIII

DEFAULTS AND REMEDIES

Section 8.01. Events of Default. Each of the following shall constitute an event of default under this Indenture and is herein called an “Event of Default”:

(a) Interest on any of the Bonds is not paid on any date when due or the principal of any Bonds is not paid at maturity or the redemption price of any Bond is not paid at a Redemption Date at which such Bonds have been called for redemption, or regular payments (excluding fees, expenses or termination payments) on a Qualified Hedge Agreement are not paid when due;

(b) If there is a default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Agency in this Indenture, in any Supplemental Indenture or in the Bonds contained, and such default is not remedied within 60 days after notice thereof pursuant to Section 8.10 hereof; or

(c) The Agency files a petition seeking a composition of indebtedness under the federal bankruptcy laws or under any applicable law or statute of the United States of America or of the State, or if the State has limited or altered the rights of the Agency pursuant to the Act, as in force on the date of this Indenture, to fulfill the terms of any agreements made with the Holders of Bonds or in any way impaired the rights and remedies of Holders of Bonds while any Bonds are Outstanding.

Upon the occurrence of an Event of Default as set forth above and of which the Trustee has knowledge, and upon the cure, if any, of any such Event of Default, the Trustee shall provide written notice thereof to the Agency and the holders of the Bonds outstanding (and each beneficial owner who has filed a written notice with the Trustee requesting the same) within 10 days of learning of the Event of Default or the occurrence of such Event of Default.

Section 8.02. Remedies; Rights of Bondholders. Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy under the Act, at law or in equity, to enforce the payment of the principal of, premium, if any, and interest on the Bonds then Outstanding, and any other creditors secured hereunder, including, without limitation, the following:

(a) The Trustee may declare the principal amount of all Bonds Outstanding and the interest accrued thereon to be immediately due and payable, whereupon such principal amount and interest shall thereupon become immediately due and payable, if an Event of Default pursuant to Section 8.01(a) has occurred;

(b) The books and records of the Agency relating to the Bonds shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys, but only to the extent that such inspection and use does not challenge, in the Agency's discretion, the confidentiality of such books and records as well as other related communications of the Agency; and

(c) The Agency, whenever the Trustee shall demand, will account as if it were the trustee of an express trust for all money, securities and Funds and Accounts pledged or held under this Indenture for such period as shall be stated in such demand.

If an Event of Default shall have occurred and, if requested so to do by the holders of not less than a majority in aggregate principal amount of Bonds then Outstanding or, if such Event of Default is an Event of Default described in clause (a) of Section 8.01 hereof, by the holders of not less than a majority in the aggregate principal amount of Bonds then Outstanding of the Series with respect to which such Event of Default has occurred, and indemnified by such holders in a manner acceptable to the Trustee, the Trustee shall be obligated to exercise one or more of the rights and powers conferred by this Section, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bondholders.

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.

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 expedient.

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 holders of a majority in aggregate principal amount of Bonds then 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. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, following the satisfaction of any payments due the Trustee under the provisions of Sections 11.02 and 11.07 hereof, be deposited in the Revenue Fund and all moneys in the Revenue Fund (other than moneys held for redemption of Bonds duly called for redemption) shall be applied as follows:

(a) Unless the principal amount of all the Bonds shall have become or shall have been declared 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 (including regular payments due under a Qualified Hedge Agreement which are equivalent to Bond interest, but not including fees, expenses or termination payments), 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 amount of any of the Bonds which shall have become due (other than Bonds 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 the Bonds and, if the amount available shall not be sufficient to pay in full 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;

THIRD, to be held for the payment to the persons entitled thereto as the same shall become due of the principal amount of and interest (including regular payments due under a Qualified Hedge Agreement which are equivalent to Bond interest, but not including fees, expenses or termination payments) 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 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; and

FOURTH, fees, expenses and termination payments due and payable under any Hedge Agreement.

(b) If the principal amount of all the Bonds shall have become or shall have been declared due, all such moneys shall be applied, first, to the payment of the principal amount and interest (including regular payments due under a Qualified Hedge Agreement

which are equivalent to Bond interest, but not including fees, expenses or termination payments) then due and unpaid upon the Bonds, without preference or priority of principal amount over interest or of interest over principal amount, 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 amount and interest, to the persons entitled thereto without any discrimination or privilege, and, second, to fees, expenses and termination payments due and payable under a Hedge Agreement.

(c) If the principal amount of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article then, subject to the provisions of subsection (b) of this Section in the event that the principal amount of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of subsection (a) of this Section.

With respect to the foregoing, amounts due under a Qualified Hedge Agreement which are equivalent to Bond interest shall be treated as Bond interest.

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. The deposit of such money with any Paying Agent, or otherwise setting aside such money, in trust for the proper purpose shall constitute proper application by the Trustee. The Trustee shall incur no liability to the Agency, to any Bondholder or to any other person for any delay in applying any such money, so long as the Trustee acts with reasonable diligence having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall 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 principal amount 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 holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all principal amounts of and interest on all Bonds have been paid under the provisions of this Section and all fees, expenses and charges of the Trustee and any Paying Agent have been paid, any balance remaining in the Revenue Fund shall be paid to the Agency.

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 holder of the Bonds, and any recovery of judgment shall be for the equal and ratable benefit of the holders of the Outstanding Bonds.

Section 8.07. Rights and Remedies of Bondholders. No holder 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 (a) a default has occurred of which the Trustee has been notified as provided in Section 11.03 hereof, or of which by said Section 11.03 it is deemed to have notice, (b) such default shall have become an Event of Default and the owners of not less than a majority in aggregate principal amount of Bonds then Outstanding or, if such Event of Default is an Event of Default described in clause (a) of Section 8.01 hereof, by the owners of not less than a majority in aggregate principal amount of Bonds then Outstanding of the Series with respect to which such Event of Default has happened, shall have given 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, (c) such Bondholders have offered to the Trustee indemnity as provided in Article XI hereof and (d) 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 holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by his 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 holders of all Bonds then Outstanding, subject to the provisions of this Indenture. However, nothing contained in this Indenture shall affect or impair the right of any holder to enforce the payment of the principal of and interest on any Bond it owns at and after the maturity or upon the redemption thereof, or the obligation of the Agency to pay the principal of and interest on any such Bond issued hereunder to the holder thereof at the time, place, from the source and in the manner in the Bonds expressed, but in any case only from the Trust Estate.

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, subject to any final determination in such proceeding, 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 hereunder and its consequences, and shall do so upon the written request of the holders of (a) more than 66-2/3% in aggregate principal amount of all the Bonds then Outstanding in respect of which default in the payment of principal amount or interest, or both, exists or (b) at least a majority in aggregate principal amount of all Bonds then Outstanding in the case of any other default; provided, however, that there shall not be waived (i) any Event of Default in the payment of the principal amount of any Outstanding Bonds at the date of maturity or sinking fund redemption date specified therein or (ii) any default in the payment when due of

the interest on any such Bonds unless, prior to such waiver or rescission, all arrears of interest or all arrears of payments of principal amount when due, as the case may be, with interest on overdue principal at the rate borne by the Bonds, and all reasonable fees and expenses of the Trustee in connection with such default shall have been paid or provided for. In case of any such waiver or rescission, 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(b); Opportunity of the Agency To Cure Such Defaults. Anything herein to the contrary notwithstanding, no default under Section 8.01(b) 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 holders of not less than a majority in aggregate principal amount of all 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.

ARTICLE IX

SUPPLEMENTAL INDENTURES

Section 9.01. Supplemental Indentures Effective Upon Filing. Without the consent of or notice to any of the Bondholders, for any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture of the Agency supplementing this Indenture may be adopted, which Supplemental Indenture, upon filing with the Trustee of a copy thereof certified by an Authorized Officer, shall be fully effective in accordance with its terms:

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

(b) (i) to add to the covenants or agreements of the Agency in this Indenture other covenants or agreements to be observed by the Agency which are not contrary to or inconsistent with this Indenture as theretofore in effect or (ii) to make any change (other than a change requiring the consent of the holders of all Outstanding Bonds pursuant to Section 9.03 hereof) which is not materially adverse to the security of the Bondholders;

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

(d) to surrender any right, power or privilege reserved to or conferred upon the Agency by this Indenture, but only if the surrender of such right, power or privilege is

not contrary to or inconsistent with the covenants and agreements of the Agency contained in this Indenture;

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

(f) to make any changes which, in the opinion of Counsel, are necessary to preserve the tax-exempt status of the interest on the Bonds;

(g) to make such changes to obtain or maintain the Rating on the Bonds, provided such changes do not result in a downgrade or withdrawal of the current Rating;

(h) to modify any of the provisions of this Indenture in any respect whatever, provided that (i) such modifications shall be, and be expressed to be, effective only after all Bonds of any Series Outstanding at the date of the adoption of such Supplemental Indenture shall cease to be Outstanding and (ii) such Supplemental Indenture shall be specifically referred to in the text of all Bonds of any Series delivered after the date of the adoption of such Supplemental Indenture and of Bonds issued in exchange therefor or in place thereof;

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

(j) to authorize Bonds of a Series and, in connection therewith, specify and determine the matters and things referred to in Section 2.02, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with this Indenture as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first delivery of such Bonds; and

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

Section 9.02. Supplemental Indentures Requiring Consent of Bondholders.

Exclusive of Supplemental Indentures covered by Section 9.01 hereof and subject to the terms and provisions contained in this Section, and not otherwise, (a) the holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding at the time such consent is given and (b) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, the holders of not less than a majority in aggregate principal amount of the Bonds of the particular Series Outstanding affected at the time such consent is given 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 indentures supplemental hereto as shall be deemed necessary and desirable by the Agency 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 Indentures; provided, however, that, except as set forth in Section 9.03 hereof, nothing in this Section contained shall permit, or be construed as permitting, without the consent of the holders of all Outstanding

Bonds, (i) an extension of the maturity or mandatory sinking fund redemption date of the principal of or the time for payment of the interest on any Bond issued hereunder, (ii) a reduction in the principal amount of any Bond or the rate of interest (except as otherwise provided in a Supplemental Indenture), or sinking fund redemption requirements, thereon, (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, (iv) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture, or (v) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee without the written consent of the Trustee.

For the purposes of this Section, Bonds of any particular Series shall be deemed to be affected by a modification or amendment of this Indenture if the same materially or adversely affects or diminishes the rights of the holders of Bonds of such Series. The Trustee, relying upon Counsel's opinion, may determine whether or not, in accordance with the foregoing powers of amendment, Bonds of any particular Series or maturity would be affected by a modification or amendment of the Indenture, and any such determination shall be binding and conclusive on the Agency and all holders of Bonds. With respect to matters affecting the security for the Bonds, the Trustee may conclusively rely upon written evidence from each Rating Agency that a change will not adversely affect the Rating on the Outstanding Bonds.

Section 9.03. Modifications by Unanimous Consent. Notwithstanding anything contained in the foregoing provisions of this Article, the terms and provisions of this Indenture, and the rights and obligations of the Agency and the holders of the Bonds, in any particular, may be modified or amended in any respect upon the execution by the Agency and filing in accordance with the provisions of this Article of a Supplemental Indenture of the Agency making such modification or amendment and the consent to such Supplemental Indenture of the holders of all of the Bonds then Outstanding, such consent to be given and proved as provided in Section 9.04, except that no notice to Bondholders, either by mailing or publication, shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights, obligations, duties, remedies, immunities and privileges of the Trustee without the written consent of the Trustee.

In addition, the Agency may enter into an agreement with any Bondholder restricting one or more rights of such Bondholder, provided that such agreement shall affect only such Bondholder (or assigns) and such agreement shall not grant such Bondholder any rights or privileges not afforded other Bondholders.

Section 9.04. Consent of Bondholder. The Agency may at any time execute and file a Supplemental Indenture from the Agency making a modification or amendment permitted by the provisions of Section 9.02 or 9.03, to take effect when and as provided in this Section. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in form approved by the Agency), together with a request to the Bondholders for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Trustee to the Bondholders. Such Supplemental Indenture shall not be effective unless and until, and shall take effect in accordance with its terms when, (a) there shall have been filed with the Trustee (i) the written consent of the holders of the percentage of Outstanding Bonds specified in Section 9.02 or 9.03, as the case may be and (ii) a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully adopted by the Agency in accordance with the provisions of this

Indenture, is authorized or permitted by the provisions of this Indenture, and, when effective, will be valid and binding upon the Agency and enforceable in accordance with its terms and (b) a notice shall have been given as hereinafter provided in this Section. Each such consent shall be effective only if executed by a holder of Bonds as of the date such consent is given.

In connection with this Section 9.04, any such consent shall be binding upon the holder of the Bonds giving such consent and upon any subsequent holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent holder thereof has notice thereof), but, notwithstanding the provisions of Section 12.01, such consent may be revoked in writing by the filing with the Trustee, not later than the time when the written statement of the Trustee hereinafter in this Section provided for is filed. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee to the effect that no revocation thereof is on file with the Trustee.

The Agency may establish a record date for purposes of the solicitation of consents from the holders of Bonds and shall give the Trustee notice thereof.

At any time after the holders of the required percentage of Bonds shall have filed their consents to such Supplemental Indenture, the Trustee shall make and file with the Agency a written statement that the holders of such required percentage of Bonds have filed and given such consents and that proof of the holding of such Bonds has been examined and found sufficient by the Trustee. Such written statement shall be conclusive that such consents have been so filed and have been given. At any time thereafter notice, stating in substance that such Supplemental Indenture (which may be referred to as a Supplemental Indenture adopted by the Agency on a stated date, a copy of which is on file with the Trustee) has been consented to by the holders of the required percentage of Bonds and will be effective as provided in this Section, shall be mailed to Bondholders. The Agency shall file with the Trustee proof of the mailing thereof. A record, consisting of the papers required or permitted by this Section to be made by or filed with the Trustee, shall be proof of the matters therein stated.

Section 9.05. Authorization to Trustee. The Trustee is authorized to accept the delivery of a certified copy of any Supplemental Indenture of the Agency referred to and permitted or authorized by Section 9.01, 9.02, 9.03 or 9.04, upon satisfaction of any requirements with respect thereto, to consent to such indenture as provided in such Section and to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such actions, shall be fully protected in relying on a Counsel's Opinion that such Supplemental Indenture is authorized or permitted by the provisions of this Indenture or contains no provisions which are contrary to or inconsistent with this Indenture as theretofore in effect.

Section 9.06. Exclusion of Bonds. Bonds owned or held by or for the account of the Agency shall be excluded and shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article, and the Agency shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article. At the time of any consent or other action under this Article, the Agency shall furnish the Trustee a Certificate, upon which the Trustee may rely, describing all Bonds so to be excluded.

Section 9.07. Notation on Bonds. Bonds delivered after the effective date of any action taken as in this Article provided may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the Agency and the Trustee as to such action. If the Agency or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Agency to conform to such action may be prepared and delivered, and upon demand of the holder of any Bond then Outstanding may be exchanged, without cost to such Bondholder, for Bonds of the same designation, maturity and interest rate then Outstanding, upon surrender of such Bonds. Every holder of any Outstanding Bond shall, however, by his purchase and retention of such Bond, be deemed to consent to be bound by every modification and amendment of this Indenture adopted in accordance with the provisions of this Article, whether or not noted or endorsed on or incorporated in such Bond.

Section 9.08. Copies of Supplemental Indentures. The Agency shall forward a copy of any Supplemental Indenture (in substantially final form) to the Rating Agency.

ARTICLE X

DEPOSITARIES OF MONEYS AND INVESTMENT OF FUNDS

Section 10.01. Depositaries. All moneys held by the Trustee under the provisions of this Indenture shall be deposited with the Trustee or one or more Fiduciaries in trust for the Trustee. All moneys deposited under the provisions of this Indenture with the Trustee or any Fiduciary shall be held in trust and applied only in accordance with the provisions of this Indenture and any related Supplemental Indenture, and each of the Funds and the Accounts, and any subaccounts, established by this Indenture shall be a trust fund for the purposes thereof. The Trustee and the Agency shall not permit the deposit of any moneys with any Fiduciary in an amount exceeding the amount insured by the FDIC, unless secured by Permitted Investments.

Section 10.02. Investment of Funds and Accounts Held by Trustee. Except as otherwise provided in this Indenture, the Agency may direct the Trustee to, and in the absence of direction the Trustee shall, invest moneys in the Funds and the Accounts held by the Trustee in Permitted Investments, the maturity or redemption date at the option of the holder of which shall not exceed the date or dates on which moneys in said Fund or Account for which the investments were made are reasonably expected to be required for the purposes provided in this Indenture and any related Supplemental Indenture. The Trustee agrees to take such actions, including, but not limited to, the giving of timely notices for payment, as are required pursuant to the terms of any Permitted Investment or any guarantee related thereto.

Obligations purchased as an investment of moneys in any Fund or Account held by the Trustee under the provisions of this Indenture shall be deemed at all times to be a part of such Fund or Account. Moneys in separate Funds and Accounts may be commingled for the purpose of investment or deposit, subject to instructions from an Authorized Officer, to the extent possible in conformity with the provisions of this Section, so long as adequate records are maintained as to the amounts held in each such Fund or Account allocable to each Series of Bonds.

In computing the amount in any Fund or Account held by the Trustee under the provisions of this Indenture, obligations purchased by the Trustee or transferred by the Agency to the Trustee as an investment of moneys therein shall be valued at the Amortized Value, plus the amount of accrued interest, except that securities covered by repurchase agreements shall be valued at par. Where market prices for obligations held by the Trustee are not readily available, the Trustee may determine the market price for such obligations in such manner as it deems reasonable. To the extent that moneys are invested pursuant to an Investment Agreement, such Investment Agreement shall be valued at par, unless the provider of the Investment Agreement is in default of its payments thereunder in which case it shall be valued as provided in the immediately preceding sentence.

At the direction of an Authorized Officer, the Trustee shall sell outright or pursuant to a repurchase agreement at the best price reasonably obtainable, or present for redemption, any obligation purchased by it as an investment whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the Fund or Account for which such investment was made. When transferring moneys from one Fund or Account to another, investments need not be liquidated, and all or a portion of such invested moneys may be credited to a particular Fund or Account from another.

At the direction of an Authorized Officer, the Trustee may sell Permitted Investments hereunder and purchase any Permitted Investments in exchange therefor.

Investments authorized to be made by the Trustee pursuant to this Article X may be made by the Trustee through its own bond or investment departments or any affiliates or subsidiaries wholly owned by the entity which wholly owns the Trustee.

The Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory authority grant the Agency the right to receive brokerage confirmations of security transactions as they occur, the Agency specifically waives receipt of such confirmations to the extent permitted by law. The Trustee shall have no liability or responsibility for any loss or for failure to maximize earnings resulting from any investments made in accordance with the provisions of this Section. The Trustee shall be entitled to assume, absent receipt by the Trustee of written notice to the contrary, that any investment which at the time of purchase is Permitted Investment remains a Permitted Investment thereafter.

ARTICLE XI

THE FIDUCIARIES

Section 11.01. Trustee and Depositaries; Appointment and Acceptance.

(a) Any entity appointed as the Trustee hereunder shall be a bank, trust company or national banking association having trust powers and having either (i) a combined capital and surplus of not less than \$75,000,000 or (ii) \$500,000,000 of assets under trust, and shall have delivered to the Trustee a copy of this Indenture, certified by an Authorized Officer. The Trustee shall be and is hereby vested with all the property,

rights, powers and duties granted, pledged and assigned to it by this Indenture, in trust for the Bondholders.

(b) The Agency, consistent with the laws of the State and the Act, may appoint Fiduciaries as depositaries of money held under the provisions of this Indenture and shall further advise such Fiduciaries as to any requirements with respect to such moneys. Each Fiduciary shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing and delivering to the Agency and the Trustee written acceptance thereof.

Section 11.02. Paying Agents. The Agency hereby appoints the Trustee as the Paying Agent for the Bonds and may, at any time or from time to time by a Supplemental Indenture, appoint one or more other Paying Agents for such Bonds. Each Paying Agent shall be a bank, trust company or national banking association, having trust powers and having a capital and surplus aggregating at least \$15,000,000, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture. Each Paying Agent, other than the Trustee, shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing and delivering to the Agency and the Trustee a written acceptance thereof. The Trustee may be appointed and may act as a Paying Agent.

Section 11.03. Responsibilities of Fiduciaries. The recitals of fact herein and in the Bonds contained shall be taken as the statements of the Agency, and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations for the validity or sufficiency of this Indenture or any Bonds issued hereunder or in respect of the security afforded by this Indenture, and no Fiduciary shall incur any responsibility in respect thereof. No Fiduciary shall be under any responsibility or duty with respect to the issuance of the Bonds for value or the application of the proceeds thereof or the application of any moneys paid to the Agency or others in accordance with this Indenture, except the Trustee to the extent such proceeds are paid to the Trustee in its capacity as Trustee. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability, to institute or defend any action or suit in respect of this Indenture or Bonds, or to advance any of its own moneys, unless properly indemnified. No Fiduciary shall be liable in connection with the performance of its duties hereunder, except for its own negligence or willful default.

In addition, no Fiduciary shall be under any obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the Agency, or to report, or make or file claims or proof of loss for, any loss or damage insured against or which may occur, or to keep itself informed or advised as to the payment of any taxes or assessments, or to require any such payment to be made. No Fiduciary shall be under any obligation to see that any duties herein imposed upon the Agency or any party other than itself, or any covenants herein contained on the part of any party other than itself to be performed, shall be done or performed, and no Fiduciary shall be under any obligation for failure to see that any such duties or covenants are so done or performed. No Fiduciary shall be liable

or responsible because of the failure of the Agency or of any of its employees or agents to make any collections or deposits or to perform any act herein required of the Agency.

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 person would exercise or use under the circumstances in the conduct of his own affairs.

The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified above, provided that the immunities and exemptions from liability of the Trustee hereunder shall extend to such agents, receivers and employees, 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, subject to Section 11.07 hereof. The Trustee may act upon the opinion or advice of any attorneys (who may but need not be the attorney or attorneys for the Agency) 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.

Unless an officer of the corporate trust department of the Trustee shall have actual knowledge thereof, the Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except defaults under Section 8.01(a) hereof unless the Trustee shall be specifically notified in writing of such default by the Agency or a court of law or by any owner of the Bonds. Except as otherwise specifically provided for in this Indenture, all notices or other instruments required by this Indenture to be delivered to the Trustee must, to be effective, be delivered at the 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.

The permissive right of the Trustee to do things enumerated in this Indenture shall not, unless otherwise provided herein, be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct or failure to perform obligations under this Indenture.

At any and all reasonable times, the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right to inspect any and all of the books, papers and records of the Agency pertaining to the receipts under the Bonds, and to duplicate such memoranda in regard thereto as may be desired, provided that such inspection and duplication does not challenge, in the Agency's discretion, the confidentiality of such books, papers and records as well as other related communications of the Agency.

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.

Notwithstanding anything elsewhere in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, or any action whatsoever within the purview of this Indenture, 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.

Section 11.04. Funds Held in Trust. All money held by any Fiduciary, as such, at any time pursuant to the terms of this Indenture shall be and is hereby assigned, transferred and set over unto such Fiduciary in trust for the purposes and under the terms and conditions of this Indenture.

Section 11.05. Evidence on Which Fiduciaries May Act. Each Fiduciary shall be protected in acting upon any notice, resolution, request, consent, order, certificate, opinion, bond or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be of counsel to the Agency, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith. Whenever any Fiduciary shall deem it necessary or desirable that a fact or matter be proved or established prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate stating the same, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Indenture, but in its discretion the Fiduciary may, in lieu thereof, accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by or on behalf of the Agency to any Fiduciary shall be sufficiently executed if executed by an Authorized Officer.

Section 11.06. Preservation and Inspection of Documents. All reports, certificates, statements and other documents received by any Fiduciary under the provisions of this Indenture shall be retained in its possession and shall be available at all reasonable times for inspection by the Agency, any other Fiduciary or any Bondholder, and their agents and their representatives, any of whom may make copies thereof, but any such reports, certificates, statements or other documents may, at the election of such Fiduciary, be destroyed or otherwise disposed of at any time six years after such date as the pledge created by this Indenture shall be discharged as provided in Article VII.

Section 11.07. Compensation and Expenses. Subject to the provisions of any contract between the Agency and each Fiduciary relating to the compensation of such Fiduciary, the Agency shall pay, from moneys available in the Trust Estate, to such Fiduciary reasonable compensation for all services performed by it hereunder and also all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees incurred in and about the administration and execution of the trusts hereby created and the performance of its

powers and duties hereunder, and, from such source only and to the extent permitted by law, shall indemnify and save each Fiduciary harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to its negligence or willful misconduct. Each Fiduciary accepting appointment hereunder agrees, as a condition to such appointment, to indemnify and save the Agency harmless against any liabilities which the Agency may incur as a result of the failure of such Fiduciary's negligence or willful misconduct.

Section 11.08. Certain Permitted Acts. Any Fiduciary may become the owner of or may deal in Bonds or transact other bank or trust business with the Agency as fully and with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depositary for, and permit any of its officers or executive directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not any such committee shall represent the holders of a majority in principal amount of the Bonds Outstanding.

Section 11.09. Resignation of Fiduciary. A Fiduciary, or any successor thereof, may at any time resign and be discharged of its duties and obligations created by this Indenture by giving not less than 60 days' written notice to the Agency and delivering notice thereof to the Bondholders, specifying the date when such resignation shall take effect. Such resignation shall take effect upon the day specified in such notice, but only if a successor has been appointed to succeed such Fiduciary, unless prior to the date specified in such notice a successor shall have been appointed by the Agency or Bondholders as herein provided, in which event such resignation shall take effect immediately on the appointment of such successor. Notwithstanding the above, the resignation of the Trustee shall not be effective unless a successor Trustee has been appointed and has accepted the duties of the Trustee.

Section 11.10. Removal. A Fiduciary, or any successor thereof, may be removed at any time by the Agency (if the Agency is not in default hereunder) or by the holders of not less than a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Agency, by, in the case of removal by the Bondholders, an instrument or concurrent instruments in writing signed and duly acknowledged by such Bondholders or by their attorneys duly authorized in writing and delivered to the Agency and by, in the case of removal by the Agency, notice thereof to the Trustee. Copies of each such instrument shall be delivered by the Agency to each Fiduciary and any successor thereof. Notwithstanding the above, the removal of the Trustee shall not be effective unless a successor Trustee has been appointed and has accepted the duties of the Trustee.

Section 11.11. Appointment of Successor Fiduciary. In case at any time a Fiduciary, or any successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent or if a receiver, liquidator or conservator of such Fiduciary or of its property shall be appointed or if any public office or officer shall take charge or control of such Fiduciary or of its property or affairs, a successor may be appointed by the Agency or, if the Agency fails to act, by the holders of not less than a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Agency, by an instrument or concurrent instruments in writing signed by such Bondholders or

their attorneys duly authorized in writing and delivered to such successor Fiduciary, notification thereof being given to the Agency, the predecessor Fiduciary and any other Fiduciaries. Pending such appointment, the Agency shall forthwith appoint a Fiduciary to fill such vacancy until a successor Fiduciary shall be appointed by Bondholders as herein authorized. The Agency shall deliver notice to the Bondholders of any such appointment within 20 days after such appointment and shall give notice of such appointment to the Rating Agency. Any successor Fiduciary appointed by the Agency shall, immediately and without further act, be superseded by a Fiduciary appointed by Bondholders. If in a proper case no appointment of a successor Fiduciary shall be made pursuant to the foregoing provisions of this Section within 45 days after the Fiduciary shall have given to the Agency written notice as provided in Section 11.09 or after notice received pursuant to Section 11.10 or after the occurrence of any other event requiring or authorizing such appointment, the Fiduciary or any other Fiduciary or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Said court may thereupon, after such notice, if any, as said court may deem proper and prescribe, appoint such successor Fiduciary. Any Fiduciary appointed under the provisions of this Section shall have the qualifications prescribed for its predecessor in Section 11.01 or Section 11.02.

Section 11.12. Transfer of Rights and Property to Successor Fiduciary. Any successor Fiduciary appointed hereunder shall execute, acknowledge and deliver to its predecessor Fiduciary, and also to the Agency, an instrument accepting such appointment, and thereupon such successor Fiduciary, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Fiduciary, with like effect as if named herein as such Fiduciary, but the Fiduciary ceasing to act shall, nevertheless, on the written request of the Agency or of the Successor Fiduciary, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Fiduciary all the right, title and interest of the predecessor Fiduciary in and to any property held by it under this Indenture and shall pay over, assign and deliver to the successor Fiduciary any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Agency be required by such successor Fiduciary for more fully and certainly vesting in and confirming to such successor Fiduciary any such moneys, estates, properties, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Agency to the extent allowed by law. Any such successor Fiduciary shall promptly notify the other Fiduciaries of its appointment as such Fiduciary.

Section 11.13. Merger or Consolidation. Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which such Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a financial institution which is qualified to be a successor to such Fiduciary under Section 11.01 or Section 11.02 and shall be authorized by law to perform all the duties imposed upon it by this Indenture, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

Unless an Event of Default, or an event which with notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing, in the event of an acquisition, merger or sale of a Fiduciary or the sale or assignment by a Fiduciary of its rights and duties hereunder, the Agency in its sole discretion shall have the right to remove the Fiduciary at any time upon filing with the Fiduciary an instrument in writing declaring such removal.

Section 11.14. Appointment of Co-Trustee. 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, and in particular in case of the enforcement of such instrument or agreement upon 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, the Trustee may appoint an additional individual or institution as a separate or Co-Trustee, in which event 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. In the event of such an appointment, Trustee shall notify the Agency of the appointment of such Co-Trustee and any reasonable fees and expenses of such Co-Trustee shall be payable solely from the Trust Estate as described in Section 11.07 hereof.

Should any deed, conveyance or 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 deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the Agency to the extent allowed by law. 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.

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 (other than an assignment of a Bond) 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 holding the same shall be proved by the registration books of the Agency maintained by the Trustee pursuant to this Indenture.

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, any Supplemental Indenture or the Bonds is intended or shall be construed to give to any person other than the Agency, the Fiduciaries, the Providers and the holders of the Bonds, any legal or equitable right, remedy or claim under or in respect to this Indenture or any Supplemental Indenture or any covenants, conditions and provisions herein contained; this Indenture, all Supplemental Indentures and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the Agency, the Fiduciaries, the Providers and the holders of the Bonds as herein provided.

Section 12.03. Severability. If any provision of this Indenture or any Supplemental 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 or therein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 12.04. Payments Due on Saturdays, Sundays and Holidays. In any case where the date of maturity of interest on or principal of, 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 12.05. Applicable Provisions of Law. This Indenture and each Supplemental Indenture shall be governed by and construed in accordance with the laws of the State without regard to principles of conflicts of laws. If any terms set forth in this Indenture are inconsistent with the laws of the State, the laws of the State shall govern. In the event any action, claim or other legal proceeding arising out of this Indenture is filed, such proceeding shall be brought in the Superior Court of Chittenden County, Vermont, or, if a federal forum is required, in the Federal Courts of Vermont; provided, however, the Agency does not waive any immunities related to jurisdiction of the federal courts that may be available to it.

Section 12.06. No Recourse on Bonds. No recourse shall be had for the payment of the principal of, premium, if any, or the interest on the Bonds or for any claim based thereon or on this Indenture or any Supplemental Indenture against any officer, employee or agent of the Agency or any person executing the Bonds.

Section 12.07. Maximum Interest Rate. In no event shall the interest rate for the Bonds exceed the maximum rate permitted by applicable law.

Section 12.08. 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. The Agency 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 12.09. 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.

[SIGNATURE PAGE TO TRUST INDENTURE]

Executed as of this 1st day of December, 2009.

VERMONT HOUSING FINANCE AGENCY

By _____
Its _____

Executed and Attested:

By _____
Its _____

[_____], as Trustee

By _____
Its _____

VERMONT HOUSING FINANCE AGENCY

INVESTMENT POLICY

Finance

Last Reviewed: March 27, 2018

A.Goals

The overriding goal of the investment policy of the Agency is to provide optimum coverage of risk exposure and maintain liquidity necessary for future cash needs while maximizing the return on investments. Monies are deposited as soon as possible after receipt by utilizing such vehicles as sweep investment accounts in tandem with guaranteed investment contracts. An in-depth analysis is performed on each debt service date to identify investment alternatives for surplus cash in each program.

B. Definitions

1. Guaranteed investment contracts (GIC's) are agreements with top rated banks or insurance companies which have guaranteed long-term rates of return, but typically have draw provisions equal to short-term investments.
2. Short-term investments are actual cash or highly liquid investments, such as money market accounts which mature or can be redeemed within one year.
3. Long-term investments are typically reserve funds for the various bond programs and are required to be invested for the term of the related bonds. Examples of long-term investments, those with maturities of more than one year, are government bonds, agency securities and flexible guaranteed investment contracts.

C. Eligible Investments

Investment obligations in the General Fund and various programs of the Agency must meet the credit standards of nationally recognized credit rating agencies, and are governed by individual resolution requirements which generally allow the following types of investments:

1. Direct general obligations of the United States and obligations which are unconditionally guaranteed by the United States, its agencies and instrumentalities. This includes such instruments as:

Bank for Cooperatives

Export-Import Bank of the United States

Federal Farm Credit Bank

Federal Financing Bank

Federal Home Loan Bank System

Federal Home Loan Mortgage Corporation

Federal Intermediate Credit Banks

Federal National Mortgage Association

Government National Mortgage Association

Rural Economic Community Development Service

Student Loan Marketing Association

Tennessee Valley Authority

2. Obligations of any state of the United States, or public agency or instrumentality of any state.
3. Repurchase obligations secured by collateral in which the Agency might invest directly.
4. Investment agreements with banks or bank holding companies, insurance companies, or other financial institutions which are rated at least "A" by nationally recognized credit rating agencies.
5. "Derivative" type investments which qualify under bond indenture requirements and in the aggregate do not exceed 5% of fund balances at any point in time.
6. Public housing bonds which are fully secured by a pledge of annual contributions.
7. For the following investment alternatives, collateral is required to be maintained at a level equal to the uninsured portion of the deposits. The collateral is required to be held by a third party, which may be a trust department of depository bank.

Interest bearing time deposits, certificates of deposit or other depository arrangements with banks, insured under the Federal Deposit Insurance Corporation of similar insurance. Preference will be given to banks located in Vermont when bids are comparable. For these types of deposits, collateral consisting of mortgages insured or guaranteed by the Federal Housing Administration, of the Rural Economic Community Development Service is acceptable, as well as securities that the Agency may invest in directly.

8. Subject to the prior approval of the Board, deposits may be targeted to entities that follow socially responsible policies when they provide a reasonable rate of return and adhere to the requirements of the investment classification listed.

D. Diversification Requirements

The diversification will be governed by Schedule A (attached)

E. Prohibited Investments

Prohibited investments include any security which is not mentioned as a permitted investment above, unless it is rated as "A" or better by nationally recognized credit rating agency.

F. Communications

The institution which holds the Agency's investments is required to provide the Agency or its trustee with reports on account investment activity as well as collateralization levels. If collateral is required, on at least a monthly basis. In the event of a rating downgrade below the minimum acceptable quality level stated herein, the investing institution must contact the Agency immediately to determine how to requalify the instrument as an eligible investment.

G. Performance Measurement

Investment performance will be measured against the following alternatives:

1. Short – Term Investments
 - a. the average yield on the money market sweep vehicle
 - b. the average yield on certificates of deposit for the equivalent period
 - c. the average yield on U.S. Treasury Bills and other government agencies for the equivalent period
2. Long – Term Investments

The investment objective of the long – term securities is to produce a total return at least as high as the corresponding bond cost, if possible. Any earnings in excess of the bond cost are generally subject to arbitrage regulations, and are rebated to the U.S. Treasury.

H. Approval

Any deviations from the stated investment policies are subject to approval by the Treasurer, Chief Financial Officer and the Manager of Bond Financing and Investments, and require consent from the VHFA Board of Commissioners.

VERMONT HOUSING FINANCE AGENCY

INVESTMENT POLICY

SCHEDULE A

Diversification Requirements

The Agency shall structure its investment portfolio so that there is constant compliance with the following diversification limits:

<u>Diversification Limitations</u>	<u>Maximum% of portfolio</u>
U.S. Government and Agency securities	100%
U.S. Treasury money market funds	100%
Guaranteed investment contracts	100%
Certificates of deposit (FDIC insured or fully collateralized)	25%
Full collateralized repurchase agreements	25%
State and public agency securities	10%
Public housing bonds	5%
Derivative type securities	5% of fund balance