

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

A G E N D A

February 28, 2019

**735 East Michigan Avenue, Lansing, Michigan
3028 W. Grand Blvd., Suite 4-602, Detroit Michigan
10:00 a.m.**

Roll Call:

Acknowledgment of New Board Members

Election of Board Chair

Election of Vice Chair

Public Comments:

Remarks:

Chairperson
Executive Director

Voting Issues:

Tab A Approval of Agenda

CONSENT AGENDA ITEMS

Consent Agenda (Tabs B through D are Consent Agenda items. They are considered routine and are to be voted on as a single item by the Authority. There will be no separate discussion of these Tabs; any Authority member, however, may remove any Tab or Tabs from the Consent Agenda prior to the vote by notifying the Chair. The remaining Tabs will then be considered on the Consent Agenda. Tabs removed from the Consent Agenda will be discussed individually.)

Tab B Minutes – December 12, 2018

Tab C Closed Session Minutes – December 12, 2018

Tab D Resolution Authorizing Execution of a Second Amendment to Agreement for Professional Services with Swap Financial Group, LLC

REGULAR VOTING ITEMS

Tab E Michigan State Housing Development Authority Series Resolution Authorizing the Issuance and Sale of Single-Family Mortgage Revenue Bonds, 2019 Series A in an Amount not to Exceed \$250,000,000

Tab F Michigan State Housing Development Authority Series Resolution Authorizing the Issuance and Sale of Single-Family Mortgage Revenue Bonds, 2019 Series B in an Amount not to Exceed \$60,000,000

- Tab G Michigan State Housing Development Authority Resolution Approving Swap Transactions for Single-Family Mortgage Revenue Bonds
- Tab H Resolution Declaring Official Intent to Reimburse Expenditures for Financing and Purchasing Mortgage Loans
- Tab I Resolution Determining Mortgage Loan Feasibility, **Marsh Ridge III, MSHDA Development No. 1045**, City of Grand Rapids, Kent County
- Resolution Authorizing Mortgage Loan, **Marsh Ridge III, MSHDA Development No. 1045**, City of Grand Rapids, Kent County
- Tab J Resolution Authorizing Modification to 1% Tax Exempt Bond Program
- Tab K Resolution Authorizing Modification to Mortgage Terms, **Elm House, MSHDA Development No. 541**, City of Monroe, Monroe County

Closed Session

None.

Discussion Issues:

None.

Reports:

- Tab 1 Homeownership Production Report
- Tab 2 Hardest Hit Programs
- Tab 3 Current and Historical Homeownership Data

**Michigan State Housing Development Authority
Minutes of Authority Meeting
December 12, 2018**

AUTHORITY MEMBERS PRESENT (Lansing):

Jeremy Hendges
Mike Kapp for Mark Van Port Fleet
Anne Wohlfert for N.A. Khouri
Carl English
Deb Muchmore
Luke Terry

AUTHORITY MEMBERS ABSENT:

Tyrone Hamilton

OTHERS PRESENT (Lansing/Detroit):

Earl J. Poleski, Executive Director
Brian Mills, Chief of Staff
Maria Ostrander, Executive
Mary Cook, Executive
Clarence L. Stone, Jr., Legal Affairs
Willard G. Moseng, Legal Affairs
Margaret Meyers, Legal Affairs
Diana Bitely, Legal Affairs
Jeffrey Sykes, Chief Financial Officer
Linda Beachnau, Technical Support Services
Chris Hall, Technical Support Services
Katie Bach, Governmental & Media Affairs
Andy Martin, Rental Development
Mike Witt, Asset Management
Daphne Wells, Asset Management
Troy Thelen, Asset Management
John Hundt, Rental Development
Mary Townley, Homeownership
Dace Koenigs knecht, Procurement
John Millhouse, Office of Attorney General
Ron Farnum, Office of Attorney General
Andrew Switalski, Dykema
James Kiefer, Dykema
Brandon Wolanski, Barclays
Tim Rittenhouse, CSG Advisors
Tom Coomes, Citigroup

Chairperson Jeremy Hendges opened the meeting at 10:02 a.m.

There being no public comment, Mr. Hendges noted that Tabs I, J, and K and Goldenrods for Tabs B and I were distributed at the table. He thanked the board members and Authority staff for their work over the year. He then turned the meeting over to Executive Director Earl J. Poleski.

Executive Director's Report

Mr. Poleski reported on the following:

- **National Council of State Housing Agencies (NCSHA) Conference for Executive Directors in Washington DC.** Mr. Poleski reported that the prior week, he attended the NCSHA Conference for Executive Directors in Washington DC. He reported that more regulations for Opportunity Zones would be issued and hoped the regulations would encourage new investment in opportunity zones. NCSHA will monitor the regulations. Mr. Poleski also noted that economic forecasts were discussed, including predictions of an economic slowdown in 2020 and the leveling-off of interest rates. Mr. Poleski added that he co-chairs an Opportunity Zone Panel that is coordinating NCSHA's response to the IRS regulations.
- **Authority's Single-Family Program.** Mr. Poleski reported on the success of the Authority's single-family program. He noted the Authority has purchased over \$41 million of single-family loans and the Authority is at a pace of almost half a billion dollars this year. He commented on the effect of that pace, noting the proposed authorization of the Authority's credit facility, which, if approved would be a \$100,000,000 bridge to the Authority's next single-family bond deal. He added that the proposed authorization of the credit facility has started a discussion on the Authority's statutory bond cap, which is at \$3.4 billion. Authority staff are determining at what point the Authority may reach the statutory bond cap, so the Authority can make statutory adjustments if necessary, to ensure the statutory bond cap does not slow down the Authority's work. The increase in the statutory bond cap would take place in the next couple years.
- **October Round of Low-Income Housing Tax Credits.** Mr. Poleski reported on the October round of Low-Income Housing Tax Credits, which totaled approximately \$15 million out of \$28 million that the Authority is annually permitted to allocate. He noted that among the projects receiving tax credit awards are projects in Detroit, Ann Arbor, Jackson, Niles, Grand Rapids, Whitehall, Montague, Farwell, Prudenville and Jackson. He added that two projects in Grand Rapids are under the Authority's Strategic Investment category.

Mr. Hendges requested follow-up in a few months on the sober housing projects in Jackson and Grand Rapids. Mr. Poleski responded that sober housing is unique and new to Authority staff, noting the Rental Development division is monitoring closely the Jackson project.

Voting Issues:

Agenda (Tab A): Mr. Hendges requested a motion to approve the agenda. Deb Muchmore moved approval of the agenda. Luke Terry supported. The agenda was unanimously approved.

Consent Agenda (Tabs B-D) Mike Kapp moved approval of the consent agenda. Anne Wohlfert supported. The consent agenda was approved. The consent agenda included the following resolutions:

Tab B Minutes – November 14, 2018

Tab C Resolution Authorizing 2019 Authority Meeting Schedule

Tab D Resolution Authorizing Professional Services Contract with Michigan Multifamily Asset Managers

REGULAR VOTING ITEMS

Michigan State Housing Development Authority Resolution Authorizing Short-Term Revolving Credit Facility (Single-Family Program) 2019 in an Amount Not to Exceed \$100,000,000 (Tab E) was presented by Chief Financial Officer Jeff Sykes. Mr. Sykes reviewed the business aspects of the proposed Short-Term Credit facility (Single-Family Program) as detailed in the board documents. James Kiefer of Dykema reviewed the proposed resolution. Assistant Attorney General Ron Farnum and Director of Legal Affairs Clarence Stone concurred that the resolution was in proper order for the Authority’s action. Anne Wohlfert moved approval of the resolution. Luke Terry supported.

The following Roll Call vote was taken for Tab E:

Jeremy Hendges – Yes	Carl English - Yes	Tyrone Hamilton - Excused
Deb Muchmore – Yes	Anne Wohlfert - Yes	
Mike Kapp – Yes	Luke Terry - Yes	

There were 6 “yeas” and 0 “nay” votes. The resolution was unanimously approved.

Resolution Authorizing Professional Services Contract with EPS, Inc. (Tab F) was presented by Daphne Wells of Asset Management. Ms. Wells reviewed the business aspects of the resolution as detailed in the board documents. Mike Kapp moved approval of the resolution. Deb Muchmore supported. The resolution was approved.

Resolution Determining Mortgage Loan Feasibility/Resolution Authorizing Mortgage Loan, Friendship Manor, MSHDA Development No. 341-2, City of Lansing, Ingham County (Tab G) were presented by John Hundt of Rental Development. Mr. Hundt reviewed the business aspects of the resolutions as detailed in the board documents. Deb Muchmore moved approval of the resolutions. Luke Terry supported. The resolutions were approved.

Resolution Determining Mortgage Loan Feasibility/Resolution Authorizing Mortgage Loan, Whispering Woods, MSHDA Development No. 3814, Charter Township of Waterford, Oakland County (Tab H) were presented by John Hundt of Rental Development. Mr. Hundt reviewed the business aspects of the resolutions as detailed in the board documents. Carl English moved approval of the resolutions. Anne Wohlfert supported. The resolutions were approved.

Resolution Authorizing Modification to Loan/Resolution Authorizing Mortgage Resource Fund Loan, Village Center I, MSHDA Development No. 3798, City of Detroit, Wayne County (Tab I) were presented by John Hundt of Rental Development. Mr. Hundt reviewed the business aspects of the resolutions as detailed in the board documents. Luke Terry moved approval of the resolutions. Carl English supported. The resolutions were approved.

Resolution Authorizing Modification to Loan/Resolution Authorizing Mortgage Resource Fund Loan, Village Center II, MSHDA Development No. 3799, City of Detroit, Wayne County – Loan Increase (Tab J) were presented by John Hundt of Rental Development. Mr. Hundt reviewed the business aspects of the resolutions as detailed in the board documents. Deb Muchmore moved approval of the resolutions. Luke Terry supported. The resolutions were approved.

Resolution Authorizing Modification to Loan for Burton Place, MSHDA Development No. 468-2, City of Burton, Genesee County (Tab K) was presented by John Hundt of Rental Development. Mr. Hundt reviewed the business aspects of the resolution as detailed in the board documents. Anne Wohlfert moved approval of the resolution. Carl English supported. The resolution was approved.

Resolution Authorizing Partial Settlement on Two Parts of Complaint, Payment to Plaintiff, and Execution of Documents for Partial Settlement, Release and Waiver of Claims in ADR Consultants, LLC v Michigan Land Bank and Michigan State Housing Development Authority (Tab L) was introduced by Clarence Stone, Director of Legal Affairs.

Mr. Hendges requested a motion to go into closed session. Mr. Kapp moved that the Authority meet in closed session under section 8(e) of the Open Meetings Act to consult with its attorney regarding trial or settlement strategy in connection with pending litigation, and under section 8(h) to consider material exempt from disclosure under section 13(1)(g) of the Freedom of Information Act. Deb Muchmore supported the motion.

The following Roll Call vote was taken to go into Closed Session:

Jeremy Hendges – Yes	Carl English - Yes	Tyrone Hamilton - Excused
Deb Muchmore – Yes	Anne Wohlfert - Yes	
Mike Kapp – Yes	Luke Terry - Yes	

There were 6 “yeas” and 0 “nay” votes. The motion was unanimously approved. Board members moved to conference room 4A to convene a closed session at approximately 10:52 a.m.

Closed session ended at 11:03 a.m. and the board reconvened in the board room.

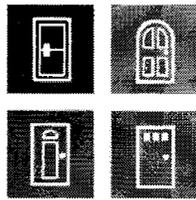
Mr. Stone reviewed the resolution. Mike Kapp moved approval of the resolution. Carl English supported. The resolution was approved.

Mr. Hendges noted that the following reports were included for information: Homeownership Production Report (**Tab 1**), Current and Historical Homeownership Data (**Tab 2**), and Hardest Hit Report (**Tab 3**).

Mr. Hendges noted that the next two board meetings are scheduled for January 24 and February 28, 2019. All subcommittee meetings will now be held on the Monday before the board meeting.

There being no further business, Mr. Hendges requested a motion to adjourn. Carl English moved to adjourn. Mike Kapp supported the motion, and it was unanimously approved and accepted. The meeting adjourned at 11:07 a.m.

TAB C



MSHDA

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Earl J. Poleski, Executive Director 

DATE: February 28, 2019

RE: Request to Authorize the Execution of Second Amendment to the Agreement for Professional Services between the Michigan State Housing Development Authority and Swap Financial Group, LLC.

Recommendation:

I recommend that the Michigan State Housing Development Authority (the "Authority") authorize the execution of a Second Amendment to the Agreement for Professional Services with Swap Financial Group, LLC (the "Agreement"). The Agreement, originally entered into on or about August 14, 2017, was amended on October 31, 2018 (the "First Amendment"), increasing both the Agreement's term and budget. The Second Amendment to the Agreement would provide the Authority with additional services, increasing the amount of the Agreement, as amended, from \$100,000 to \$175,000 for services preauthorized by Civil Service.

Executive Summary:

The Authority originally entered into the Agreement to provide financial services that determine whether the Authority's derivative instruments ("Swaps") result in an effective hedge in accordance with Governmental Accounting Standards Board ("GASB") No. 53. Swap Financial Group, LLC ("Contractor") provides a year-end market value change of the effective hedges for each year-end period to determine how much will be recognized in the year to which they relate. The determinations require several tests, including a regression analysis to compare actual market performance against the index related to the individual Swaps. These services are mandatory for year-end audits.

In addition to the services currently being provided, the Contractor has agreed to assist the Authority in the negotiation of swap legal documents (i.e., International Swap and Derivative Agreements)("ISDAs"). ISDAs will allow the Authority to enter into interest rate swaps with new counterparties (e.g., banks). Moreover, these additional services are necessary to diversify the Authority's counterparty exposure on the ongoing swap portfolio, ensuring set pricing and favorable terms because new counterparties should promote competition among eligible providers.

Issues, Policy Considerations, and Related Actions: None.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

**RESOLUTION AUTHORIZING EXECUTION OF A SECOND AMENDMENT TO AGREEMENT
FOR PROFESSIONAL SERVICES WITH SWAP FINANCIAL GROUP, LLC**

February 28, 2019

WHEREAS, on August 14, 2017 the Michigan State Housing Development Authority (the "Authority") entered into an agreement (the "Agreement") to retain the professional services of the Swap Financial Group, LLC ("Swap Financial") to determine if the Authority's derivative instruments result in an effective hedge in accordance with Governmental Accounting Standards Board (GASB) No. 53; and

WHEREAS, Swap Financial was selected through a competitive bidding process, and the Agreement was reviewed by and found to be acceptable as to content and form by Authority staff; and

WHEREAS, the Authority, at its November 14, 2018, meeting, ratified a First Amendment to the Agreement executed on October 31, 2018, ensuring that Swap Financial would continue rendering services described in the Agreement and preventing expiration of the Agreement on October 31, 2018, thereby extending the term of the Agreement to October 31, 2020 and increasing the total contract amount by Fifty Thousand Dollars (\$50,000) for a total of One Hundred Thousand Dollars (\$100,000); and

WHEREAS, the Authority has identified the need to further amend the Agreement for additional services to negotiate international swap and derivative agreements, allowing the Authority to engage in interest rate swaps with new partners (e.g., banks); and

WHEREAS, a second amendment to the Agreement will better allow the Authority to continue diversifying its swap portfolio and obtain certainty in pricing; and

WHEREAS, the additional services will increase the Agreement budget Seventy-Five Thousand Dollars (\$75,000), increasing the total budget from One Hundred Thousand Dollars (\$100,000) to One Hundred Seventy-Five Thousand Dollars (\$175,000); and

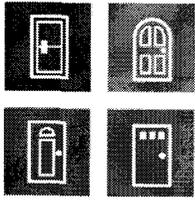
WHEREAS this service is pre-authorized by Civil Service; and

WHEREAS, the Executive Director recommends executing a second amendment to the Agreement for the reasons set forth in the accompanying memorandum.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority as follows:

1. The Authority authorizes the execution of a second amendment to the Agreement for Professional Services with Swap Financial Group, LLC, for additional swap financial services that increases the budget Seventy-Five Thousand Dollar (\$75,000), for a total budget not to exceed One Hundred Seventy-Five Thousand Dollars (\$175,000).
2. The Authority's Executive Director, Deputy Director, Chief Financial Officer, and Director of Legal Affairs or any person duly authorized to act in any of the foregoing capacities are

respectively authorized to execute the second amendment and take whatever actions are reasonably necessary to effectuate the approval granted herein.



MSHDA

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

TAB E

M E M O R A N D U M

TO: Authority Members

FROM: Earl J. Poleski, Executive Director 

DATE: February 28, 2019

RE: Issuance of the Single-Family Mortgage Revenue Bonds, 2019 Series A & B and Interest Rate Swap Agreement

Recommendation:

I recommend that the Michigan State Housing Development Authority (the "Authority") approve the attached resolutions authorizing Authority staff to carry out the steps necessary to (a) issue the Single-Family Mortgage Revenue Bonds, 2019 Series A & B (the "2019 Bonds") and (b) execute an interest rate swap agreement in connection with the 2019 Series B Bonds.

Executive Summary:

The Authority plans to issue ~~\$317,160,000~~ **\$236,210,000** of Single-Family Mortgage Revenue Bonds. The Royal Bank of Canada ("RBC") is the book-running co-senior underwriter while Barclays Capital is the other co-senior underwriter. The Authority will include other banks as co-manager and in a selling group in an effort to improve the pricing. The fixed rate bonds will be priced on March 14th. The Authority has worked closely with our financial advisor, Tim Rittenhouse of CSG Advisors, throughout the structuring of this financing. CSG Advisors created the Indenture cash flows as well as the rating agency cash flows and RBC developed the 2019 Bond cash flows.

The 2019 Bonds are structured so that the Authority has the flexibility to include variable rate bonds if interest rates rise. The Authority has already purchased over \$10.6 million and committed another \$47.0 million that will be financed with the 2019 Bonds. If current market rates persist, the Authority plans to issue all fixed-rate bonds. If interest rates rise, in an effort to finance the current production at the IRS allowable spread of 112.5 bps (basis points), the Authority will include a variable rate component to the financing structure.

The 2019 Series A Bonds ("2019A Bonds), in the expected par amount of \$236,210,000 (\$188,285,000 in variable rate bonds are included in the plan of finance), are being issued as tax-exempt fixed-rate Non-AMT uninsured debt. The 2019A Bonds will have a planned amortization class ("PAC") bond that is anticipated to be sold at a premium. It is anticipated that the bond premium would raise an additional \$6,219,051. The bond proceeds will be used to fund the purchase of single-family mortgages (approx. \$223.3 million) and down payment

assistance ("DPA") loans (approx. \$6.7 million). The remaining proceeds used to pay the cost of issuance (approx. \$2.6 million) and a portion of the Capital Reserve Requirement (approx. \$9.2 million). Depending on pricing, the Authority may also issue one or more of the Term Bonds at a premium. If this happens, the par amount would decrease as the premium increases.

The 2019 Series B Bonds ("2019B Bonds"), in the expected amount of \$47,925,000, are being issued as a tax-exempt private placement variable rate demand obligations ("VRDOs"). The bond proceeds will be used to fund the purchase of single-family mortgages (approx. \$44.3 million) and down payment assistance ("DPA") loans (approx. \$1.3 million). The remaining proceeds will be used to cover the cost of issuance (approx. \$520,000) and a portion of the Capital Reserve Requirement (approx. \$1.8 million).

The 2019B Bonds are designed to appeal to institutions and money market funds that require a "put" option. The "put" option gives investors the ability to liquidate their investments, even in the event that they cannot find new investors, which is typically referred to as a "failed remarketing." Being that the Authority used the bond proceeds to originate mortgages and no longer has the funds "on hand," the Authority will enter into a Standby Bond Purchase Agreement ("Liquidity Facility") with the RBC. If there is a failed remarketing, RBC will step in and become the bond holder/investor. The Authority has negotiated a Liquidity Facility with an annual fee of 34 bps for five years.

If the Authority issues variable rate debt, it plans to enter into an Interest Rate Swap Agreement ("Swap") in connection with the 2019B Bonds. The Swap is planned to have a 15-year bullet maturity with an optional par call after 5 years. It is anticipated that the Authority would achieve a fixed-pay rate of approximately 2.62% (Feb. 19, 2019 estimate).

Included in this Board Docket you will find the Authority's current Variable Interest Rate Debt and Swap Management plan.

The capital reserve requirement is 4% of the 2019 Bonds mortgage balance. This \$9.2 million requirement will be funded by investments purchased with the proceeds of the 2019 Bonds or other funds available within the Single-Family Mortgage Revenue Bond indenture.

Issues, Policy Considerations, and Related Actions:

None

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
SERIES RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF
SINGLE-FAMILY MORTGAGE REVENUE BONDS, 2019 SERIES A
IN AN AMOUNT NOT TO EXCEED \$250,000,000**

February 28, 2019

WHEREAS, the Members of the Michigan State Housing Development Authority (hereinafter referred to as the “Authority”), by Resolution adopted December 17, 1987, and as supplemented on January 28, 1988, October 12, 1995, January 30, 1997 and May 24, 2006 (hereinafter referred to as the “General Resolution”), have authorized the issuance of Single-Family Mortgage Revenue Bonds in one or more Series pursuant to a Series Resolution authorizing the issuance and sale of any such Series; and

WHEREAS, the Members of the Authority have determined that it is necessary and desirable that the Authority issue at this time a Series of Bonds to be designated “Single-Family Mortgage Revenue Bonds, 2019 Series A” to provide moneys to carry out the purposes of the Authority; and

WHEREAS, pursuant to Section 27(l) of the Act, the Authority proposes to delegate to the Executive Director, the Chief of Staff, the Chief Financial Officer, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chairperson or Vice Chairperson of the Authority (each, together with any person duly appointed and acting in such capacity, hereinafter individually referred to as an “Authorized Representative”) the power to determine certain terms and conditions of the 2019 Series A Bonds (as hereinafter defined), subject to limits established herein and in the General Resolution.

NOW, THEREFORE, BE IT RESOLVED by the Members of the Authority as follows:

**ARTICLE I
AUTHORITY AND DEFINITIONS**

101. 2019 Series A Resolution. This resolution (hereinafter referred to as the “2019 Series A Resolution”) is adopted in accordance with the provisions of Article II of the General Resolution and pursuant to the authority contained in the Act.

102. Definitions.

All terms which are defined in Sections 103 and 104 of Article I of the General Resolution have the same meanings in this 2019 Series A Resolution including the preambles hereto.

“Agent Member” means a member of, or participant in, the Securities Depository.

“Capital Appreciation Bonds” means the 2019 Series A Bonds, if any, which are authorized as Capital Appreciation Bonds pursuant to Section 203 hereof, which do not provide for current interest payments and which are hereby designated Deferred Interest Bonds.

“Cede & Co.” means Cede & Co., the nominee of DTC, or any successor nominee of DTC with respect to the 2019 Series A Bonds.

“Closing Date” means the date on which the 2019 Series A Bonds are issued and delivered to the Purchasers, or designee(s), in exchange for payment by the Purchasers therefor.

“Down Payment Assistance Fund” means the Fund established pursuant to Article III of the 2003 Series B Resolution.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Letter(s) of Credit” means one or more unconditional irrevocable letters of credit issued by a domestic or foreign bank which qualifies as a Cash Equivalent under the General Resolution and which provides for a draw down in the full amount upon its expiration date at the option of the Authority in the absence of a renewal of such Letter(s) of Credit or if the Authority does not deliver to the Trustee a replacement Letter(s) of Credit.

“Loan Loss Fund” means the Loan Loss Fund established pursuant to the Loan Loss Fund Resolution.

“Loan Loss Fund Resolution” means the Authority’s Resolution Establishing Single-Family Loan Loss Fund adopted July 8, 1988, as supplemented on June 1, 1989 and April 30, 1997.

“1986 Code” means the Internal Revenue Code of 1986, as amended from time to time. Each reference to a section of the 1986 Code herein shall be deemed to include the United States Treasury Regulations proposed or in effect thereunder and applicable to the 2019 Series A Bonds or the use of proceeds thereof, and also includes all amendments and successor provisions unless the context clearly requires otherwise.

“Purchase Contract” means, the contract of purchase between the Authority and the Underwriters with respect to the 2019 Series A Bonds.

“Purchasers” means the Underwriters.

“Representation Letter” means the blanket agreement of the Authority and the Trustee to comply with the operational arrangements of DTC and any similar agreement with respect to a successor Securities Depository.

“Rule” means Rule 15c2-12 promulgated by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, § 240.15c2-12).

“Securities Depository” means DTC and its successors and assigns or if (i) the then-Securities Depository resigns from its functions as depository of the 2019 Series A Bonds or (ii) the Authority discontinues use of the then-Securities Depository pursuant to Section 403(c), any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the 2019 Series A Bonds and which is selected by the Authority.

“Serial Bonds” means the 2019 Series A Bonds, if any, which are authorized as Serial Bonds pursuant to Section 203 hereof.

“Super Sinker Bonds” means the 2019 Series A Bonds, if any, which are designated as Super Sinker Bonds in the Purchase Contract pursuant to Section 206(d) of this 2019 Series A Resolution.

“Surety Bond(s)” or “Surety” means one or more unconditional and irrevocable surety bonds issued by a domestic or foreign insurance company which (i) qualifies as a Cash Equivalent under the General Resolution, (ii) guarantees certain payments into the Capital Reserve Fund with respect to the Bonds as provided therein and subject to the limitations set forth therein, and (iii) is not subject to cancellation.

“Term Bonds” means the 2019 Series A Bonds, if any, which are authorized as Term Bonds pursuant to Section 203 hereof and which shall be subject to Sinking Fund Requirements as set forth in the Purchase Contract.

“2003 Series B Resolution” means the resolution of the Authority authorizing the issuance and sale of its Single-Family Mortgage Revenue Bonds, 2003 Series B.

“2019 Series A Bonds” means the Bonds authorized by Article II of this 2019 Series A Resolution.

“2019 Series A Down Payment Assistance Loan Principal Prepayments” means any payment by a mortgagor or other recovery of principal on a 2019 Series A Down Payment Assistance Loan which is not applied on a scheduled installment of principal and interest on a 2019 Series A Down Payment Assistance Loan (including any deficiency in the payment of any scheduled installments of principal and interest then due and payable or interest paid in connection with a voluntary prepayment of a 2019 Series A Down Payment Assistance Loan) and the portion of any amounts received in connection with the liquidation of a defaulted 2019 Series A Down Payment Assistance Loan (whether through foreclosure, trustee’s sale or otherwise) or other payments representing such principal amounts, including payments from the sale of a 2019 Series A Down Payment Assistance Loan.

“2019 Series A Down Payment Assistance Loans” means (i) any loan financed or acquired with amounts received in connection with the issuance of the 2019 Series A Bonds or with other amounts made available by the Authority in respect of the 2019 Series A Bonds and deposited in the Down Payment Assistance Fund and pledged hereunder by the Authority in accordance with the

Act, evidenced by a mortgage note and secured by a mortgage and (ii) any instrument evidencing an ownership interest in such loans.

“2019 Series A Mortgage Loans” means all Mortgage Loans or portions of Mortgage Loans financed or acquired from the proceeds of or allocable to the 2019 Series A Bonds.

“2019 Series AB Bonds” means, collectively, the 2019 Series A Bonds and the 2019 Series B Bonds.

“2019 Series AB Down Payment Assistance Loan Principal Prepayments” means, collectively, the 2019 Series A Down Payment Assistance Loan Principal Prepayments and the 2019 Series B Down Payment Assistance Loan Principal Prepayments.

“2019 Series AB Down Payment Assistance Loans” means, collectively, the 2019 Series A Down Payment Assistance Loans and the 2019 Series B Down Payment Assistance Loans.

“2019 Series AB Mortgage Loans” means, collectively, the 2019 Series A Mortgage Loans and the 2019 Series B Mortgage Loans.

“2019 Series B Bonds” means, upon issuance, the Authority’s Single-Family Mortgage Revenue Bonds, 2019 Series B, if any.

“2019 Series B Down Payment Assistance Loan Principal Prepayments” means any payment by a mortgagor or other recovery of principal on a 2019 Series B Down Payment Assistance Loan which is not applied on a scheduled installment of principal and interest on a 2019 Series B Down Payment Assistance Loan (including any deficiency in the payment of any scheduled installments of principal and interest then due and payable or interest paid in connection with a voluntary prepayment of a 2019 Series B Down Payment Assistance Loan) and the portion of any amounts received in connection with the liquidation of a defaulted 2019 Series B Down Payment Assistance Loan (whether through foreclosure, trustee’s sale or otherwise) or other payments representing such principal amounts, including payments from the sale of a 2019 Series B Down Payment Assistance Loan; *provided, however*, if the 2019 Series B Bonds are not issued, then there shall be no 2019 Series B Down Payment Assistance Loan Principal Prepayments.

“2019 Series B Down Payment Assistance Loans” means (i) any loan financed or acquired with amounts received in connection with the issuance of the 2019 Series B Bonds or with other amounts made available by the Authority in respect of the 2019 Series B Bonds and deposited in the Down Payment Assistance Fund and pledged by the Authority in accordance with the Act as security for the Bonds, evidenced by a mortgage note and secured by a mortgage and (ii) any instrument evidencing an ownership interest in such loans; *provided, however*, if the 2019 Series B Bonds are not issued, then there shall be no 2019 Series B Down Payment Assistance Loans.

“2019 Series B Mortgage Loans” means all Mortgage Loans or portions of Mortgage Loans financed or acquired from the proceeds of or allocable to the 2019 Series B Bonds; *provided, however*, if the 2019 Series B Bonds are not issued, then there shall be no 2019 Series B Mortgage Loans.

“Underwriters” means, collectively, RBC Capital Markets, LLC and such other underwriters as may be named in the Purchase Contract.

ARTICLE II AUTHORIZATION OF 2019 SERIES A BONDS

201. Principal Amount, Designation and Series. A Series of Bonds is hereby authorized to be issued and sold, pursuant to the provisions of the General Resolution in an aggregate original principal amount of not to exceed \$250,000,000, as established pursuant to Section 203 hereof. Such Series of Bonds shall be designated as “Single-Family Mortgage Revenue Bonds, 2019 Series A.”

202. Purposes. The purposes for which the 2019 Series A Bonds are being issued are (i) the financing and purchasing of Mortgage Loans; (ii) if required to satisfy the Capital Reserve Fund Requirement, the making of a deposit to the Capital Reserve Fund in respect of the 2019 Series A Bonds, except to the extent the Authority obtains and pledges to the Capital Reserve Fund Letter(s) of Credit and/or Surety Bond(s) which may be drawn upon or called upon for payment, as applicable, for the purposes of the Capital Reserve Fund; (iii) the making of a deposit to the Down Payment Assistance Fund in respect of the 2019 Series A Bonds, to the extent provided for in the Purchase Contract; and (iv) paying the costs of issuance of the 2019 Series AB Bonds, to the extent provided for in the Purchase Contract.

203. Interest Rates, Principal Amounts and Maturity Dates. The 2019 Series A Bonds shall be dated and shall be issued on or before May 31, 2019, as approved by an Authorized Representative. The 2019 Series A Bonds shall be issued either as current interest bearing Bonds or as Capital Appreciation Bonds, or any combination thereof, as determined by an Authorized Representative. The 2019 Series A Bonds, other than Capital Appreciation Bonds, if any, shall bear interest from the date thereof to their maturity or prior redemption, such interest to be payable on June 1 and December 1 of each year, commencing June 1, 2019, or such other date as may be set forth in the Purchase Contract. Interest shall be calculated on the basis of a three hundred sixty (360) day year consisting of twelve (12) thirty (30) day months. Capital Appreciation Bonds, if any, shall not bear interest (except that the extent of the difference between the Original Principal Amount and the Appreciated Amount may be construed to be interest) prior to or on the date of maturity. In the event the Appreciated Amount is not paid or deemed to be paid by the Authority on the date when due by reason of maturity, such Capital Appreciation Bond shall bear interest on such Appreciated Amount from such date at the rate per annum equal to the approximate yield for such Capital Appreciation Bond, as set forth in the Purchase Contract, until such Appreciated Amount is paid or deemed to be paid by the Authority. The Appreciated Amount of each Capital Appreciation Bond as of any June 1 or December 1 shall be determined by dividing the Principal Amount if Held to Maturity on the face thereof by Five Thousand Dollars (\$5,000) and multiplying the result thereof by the applicable amount set forth in the Purchase Contract.

Interest on the 2019 Series A Bonds shall be paid by the Trustee on each interest payment date to the person appearing on the registration books of the Authority maintained by the Trustee or its designee, as the registered owner of such 2019 Series A Bonds on the fifteenth (15th) day of the month preceding the interest payment date by check mailed to the registered owner at the

address as it appears on the registration books, or to the designee, at the address of such designee.

The 2019 Series A Bonds may be issued in whole or in part as Serial Bonds which shall mature on June 1 and/or December 1 in the years and principal amounts and bear interest, in the case of 2019 Series A Bonds other than Capital Appreciation Bonds, or be issued in the Original Aggregate Principal Amounts, in the case of Capital Appreciation Bonds, as approved by an Authorized Representative. The principal amounts of the Serial Bonds, if any, the designation as current interest bearing Bonds or Capital Appreciation Bonds, the maturities, rates of interest and Original Aggregate Principal Amounts, as applicable, shall be set forth in the Purchase Contract, and the approval of such principal amounts, designation as current interest bearing Bonds or Capital Appreciation Bonds, maturities, rates of interest, and Original Aggregate Principal Amounts, as applicable, of the Serial Bonds shall be evidenced by the execution of the Purchase Contract by the Authority.

The 2019 Series A Bonds may also be issued in whole or in part as Term Bonds which shall mature on June 1 and/or December 1 in the years and principal amounts and bear interest, in the case of 2019 Series A Bonds other than Capital Appreciation Bonds, or be issued in the Original Aggregate Principal Amounts, in the case of Capital Appreciation Bonds, as approved by an Authorized Representative. The principal amounts of the Term Bonds, if any, the designation of current interest bearing Bonds or Capital Appreciation Bonds, the maturities, rates of interest and Original Aggregate Principal Amounts, as applicable, shall be set forth in the Purchase Contract, and the approval of the principal amounts, designation as current interest bearing Bonds or Capital Appreciation Bonds, maturities, rates of interest and Original Aggregate Principal Amounts, as applicable, of the Term Bonds shall be evidenced by the execution of the Purchase Contract by the Authority.

The purchase price of the 2019 Series A Bonds and the compensation to be paid to the Underwriters with respect to the 2019 Series A Bonds shall be as approved by an Authorized Representative and shall be set forth in the Purchase Contract, and the approval of such purchase price and compensation shall be evidenced by the execution of the Purchase Contract by the Authority.

In making the determination with respect to interest rates, the Original Aggregate Principal Amounts of Capital Appreciation Bonds, designations as Serial Bonds or Term Bonds, Capital Appreciation Bonds and the maturities of the 2019 Series A Bonds, and with respect to the compensation to be paid to the Purchasers, the purchase price of the 2019 Series A Bonds and certain other matters, the Authorized Representative making such determinations shall be limited as follows:

(a) The rate of interest on any 2019 Series A Bond shall not exceed six percent (6.00%) per annum, unless such bond is initially sold to the Purchasers at a price in excess of the par amount thereof, in which case the yield on any such 2019 Series A Bond shall not exceed six percent (6.00%) per annum;

(b) The compensation to be paid to the Underwriters shall not be more than one percent (1.00%) of the original principal amount of the 2019 Series A Bonds;

(c) The schedule of maturities and the amount of each maturity for the 2019 Series A Bonds, taking into account the Sinking Fund Requirements, if any, established pursuant to Section 205 hereof, shall be established in a manner that will permit the Authorized Representative to file the Cash Flow Statement required by Section 608 of the General Resolution;

(d) The final maturity of the 2019 Series A Bonds shall not be later than December 1, 2051;

(e) The maximum amount of scheduled principal payments (adjusted for any previously scheduled Sinking Fund Requirements) and Sinking Fund Requirements due with respect to the 2019 Series A Bonds on any June 1 or December 1, excluding the accretion of any Capital Appreciation Bonds, shall not exceed Fifteen Million Dollars (\$15,000,000);

(f) The proceeds of the 2019 Series A Bonds credited to the Down Payment Assistance Fund shall not exceed ten percent (10%) of the original principal amount of the 2019 Series A Bonds; and

(g) The Authority shall not sell the 2019 Series A Bonds to the Purchasers at a price of less than ninety-eight percent (98%) of the principal amount thereof, exclusive of any underwriter's discount.

204. Denominations, Numbers and Letters. The 2019 Series A Bonds, other than the Capital Appreciation Bonds, shall be issued as fully-registered bonds in the denominations of Five Thousand Dollars (\$5,000) or any integral multiple thereof not exceeding the aggregate principal amount for each maturity of such 2019 Series A Bonds. The Capital Appreciation Bonds shall be issued as fully-registered bonds in denominations which appreciate upon maturity to Five Thousand Dollars (\$5,000), as set forth in the Purchase Contract, or any integral multiple thereof. The 2019 Series A Bonds shall be numbered consecutively from 1 upwards, with such additional designations as shall be determined by an Authorized Representative.

205. Sinking Fund Redemption. The Term Bonds, if any, shall be subject to mandatory redemption in part on June 1 and/or December 1, at a Redemption Price equal to the principal amount thereof plus accrued interest to the date of redemption, in the case of 2019 Series A Bonds other than Capital Appreciation Bonds, and the Appreciated Amount thereof, in the case of Capital Appreciation Bonds, in such years and such amounts as shall be approved by an Authorized Representative, which approval shall be evidenced by the Sinking Fund Requirements set forth in the Purchase Contract executed by the Authority (subject to reduction as provided in the General Resolution).

206. Special Redemptions.

(a) The 2019 Series A Bonds are redeemable, at any time in whole or in part, at the option of the Authority (except to the extent that the Authority is required to redeem 2019 Series A Bonds as set forth in subsection (b) or (d) below), at a Redemption Price equal to the principal

amount (or, in the case of redemptions pursuant to clause (i) of this Section 206(a), for 2019 Series A Bonds initially purchased by the Purchasers at a price in excess of the principal amount thereof, a price not greater than the price paid by the Purchasers for such 2019 Series A Bonds) plus accrued interest to the redemption date in the case of 2019 Series A Bonds other than Capital Appreciation Bonds, and at the Appreciated Amount thereof in the case of Capital Appreciation Bonds, in a principal amount not in excess of the total of (i) 2019 Series A Bond proceeds remaining uncommitted to the financing of Mortgage Loans or 2019 Series A Down Payment Assistance Loans; (ii) Principal Prepayments (including Principal Prepayments in respect of Mortgage Loans financed from other Series of Bonds issued under the General Resolution); (iii) 2019 Series AB Down Payment Assistance Loan Principal Prepayments; and (iv) Revenues available for redemption pursuant to Section 403(e)(1) of the General Resolution.

(b) Unless the Authority shall obtain a Counsel's Opinion from nationally recognized bond counsel to the effect that the failure of the Authority to so redeem will not adversely affect the exclusion of interest on the 2019 Series AB Bonds from gross income for Federal income tax purposes, the Authority (i) shall redeem 2019 Series AB Bonds within the forty-two (42) month period beginning on the date of issuance thereof, from proceeds of the 2019 Series AB Bonds allocated to the financing of 2019 Series AB Mortgage Loans and 2019 Series AB Down Payment Assistance Loans which have not been used for such financing (except for an amount which is less than Two Hundred Fifty Thousand Dollars (\$250,000)), and (ii) shall redeem or pay scheduled principal maturities of the 2019 Series AB Bonds not later than the close of the first semiannual period beginning after the date of receipt, from all Principal Prepayments and regularly scheduled principal repayments received and derived from 2019 Series AB Mortgage Loans and from all 2019 Series AB Down Payment Assistance Loan Principal Prepayments and regularly scheduled principal repayments received and derived from 2019 Series AB Down Payment Assistance Loans on and after the tenth (10th) anniversary of the date of issuance of the 2019 Series AB Bonds.

(c) With respect to redemptions pursuant to subsections (a) and (b) above, the 2019 Series A Bonds to be redeemed shall be selected from the Outstanding maturities of the 2019 Series A Bonds on such basis as shall be determined by the Authority, except as may be otherwise designated in the Purchase Contract.

(d) The Authority may designate in the Purchase Contract one or more maturities of the 2019 Series A Bonds as Super Sinker Bonds. The Super Sinker Bonds, if any, shall be subject to mandatory redemption as provided in the Purchase Contract.

207. Optional Redemption. The 2019 Series A Bonds shall be subject to redemption at any time on or after the date established by an Authorized Representative in the Purchase Contract (which date shall not be earlier than December 1, 2024) at the option of the Authority in any order of maturity from any moneys available therefor in whole or in part by lot within a maturity at the applicable Redemption Prices (expressed as percentages of the principal amount thereof, in the case of 2019 Series A Bonds other than Capital Appreciation Bonds, and the Appreciated Amount thereof, in the case of Capital Appreciation Bonds) not to exceed one hundred five percent (105%) of the principal amount of the 2019 Series A Bonds so subject to optional redemption, on the dates of redemption, all as shall be established by an Authorized Representative in the Purchase Contract.

208. Conditional Notice of Optional Redemption and No Requirement to Have Funds on Hand. As provided for by Section 302 of the General Resolution, as may be supplemented as provided therein, and notwithstanding any provision in the General Resolution to the contrary, (i) the Authority shall not be required to have in the Redemption Fund, or otherwise available and set aside in the General Receipts Fund, an amount sufficient to effect the redemption of any 2019 Series A Bonds prior to the notice of optional redemption being sent by the Trustee, and (ii) any such notice of optional redemption of any 2019 Series A Bonds may, at the direction of an Authorized Representative, state that it is conditional in nature and may be rescinded at any time on or before the business day prior to the redemption date, together with the terms under which notice of any such rescission is to be provided to the Bondowners. If such notice is rescinded any such 2019 Series A Bonds that were subject to the notice of redemption shall remain Outstanding Bonds.

209. Sale of 2019 Series A Bonds. An Authorized Representative is authorized to negotiate, execute and deliver, on behalf of the Authority, the Purchase Contract, in substantially the form presented to this meeting, with such changes as an Authorized Representative deems necessary and desirable and not materially adverse to the Authority, for purchase of the 2019 Series A Bonds at the price(s) and with compensation to the Underwriters, all as set forth therein. Approval of the Purchase Contract, and the purchase price set forth therein, shall be evidenced by the execution of the Purchase Contract by an Authorized Representative.

210. Expenses. The Authority's Expenses with respect to the 2019 Series A Bonds for a Fiscal Year may not exceed an amount equal to one quarter of one percent (0.25%) of the greater of the aggregate principal amount of all Outstanding 2019 Series A Bonds or the aggregate principal amount of the outstanding 2019 Series A Mortgage Loans, all as of the first day of such Fiscal Year.

ARTICLE III REQUIREMENTS AND FUNDS

301. Debt Reserve Requirement. (a) The Debt Reserve Requirement with respect to the 2019 Series A Bonds is hereby determined to be an amount equal to four percent (4%) of the sum of (i) the outstanding principal balance of 2019 Series A Mortgage Loans and 2019 Series A Down Payment Assistance Loans allocated to the 2019 Series A Bonds, (ii) the amount on deposit in the 2019 Series A Bond Proceeds Fund and allocated to the purchase or financing of 2019 Series A Mortgage Loans, and (iii) the amount on deposit in the Down Payment Assistance Fund allocated to the 2019 Series A Bonds and the financing of 2019 Series A Down Payment Assistance Loans. The deposits to the Capital Reserve Fund made and to be made pursuant to this 2019 Series A Resolution will be in the form of cash and Investment Obligations which may be used for the purposes of the Capital Reserve Fund; provided however, that the Authority may in lieu of or in replacement of or in addition to all or a portion of the deposits to the Capital Reserve Fund, obtain and pledge to the Capital Reserve Fund Letter(s) of Credit and/or Surety Bond(s), which Letter(s) of Credit or a portion thereof shall be exclusively available to be drawn on and which Surety Bond(s) or a portion thereof shall unconditionally and irrevocably guarantee payment for the purposes of the Capital Reserve Fund. Any moneys so replaced by Letter(s) of Credit and/or Surety Bond(s) or a portion thereof shall be withdrawn by the Trustee and deposited in the Bond Proceeds Fund. The

amount of moneys on deposit in the Capital Reserve Fund, or the amount of Letter(s) of Credit pledged to and exclusively available to be drawn on or Surety Bond(s) pledged to unconditionally and irrevocable guarantee payment for the purposes of the Capital Reserve Fund which, when combined with any moneys on deposit therein, and any other Letter(s) of Credit pledged thereto and exclusively available to be drawn on or Surety Bond(s) which shall unconditionally and irrevocably guarantee payment for the purposes thereof, shall equal the Capital Reserve Fund Requirement.

(b) If at any time the Trustee is required by Section 407 of the General Resolution to transfer moneys from the Capital Reserve Fund to the Debt Service Fund, the Trustee shall make such transfer to the Debt Service Fund from any moneys which shall then be on deposit in the Capital Reserve Fund, and if the moneys in the Capital Reserve Fund are not sufficient to make up the deficiency in the Debt Service Fund, the Trustee shall make a draw under any Letter(s) of Credit or make a demand for payment under any Surety Bond(s) which may be pledged to the Capital Reserve Fund and deposit such proceeds to the Debt Service Fund to the extent of the deficiency in the Debt Service Fund.

302. The Loan Loss Fund.

(a) The repayment of the 2019 Series A Bonds shall be further secured by a pledge of the amounts on deposit in the Loan Loss Fund as created by the Loan Loss Fund Resolution. The 2019 Series A Resolution shall be deemed to be a Single-Family Bond Resolution for purposes of the Loan Loss Fund Resolution. The Loan Loss Fund Requirement with respect to the 2019 Series A Bonds shall be zero (\$0), and, accordingly, the Authority shall not be required to deposit any moneys into the Loan Loss Fund prior to the disbursement of proceeds from the Bond Proceeds Fund for the financing of a 2019 Series A Mortgage Loan.

(b) If at any time moneys in the General Receipts Fund are not sufficient to permit the transfer of moneys to the Debt Service Fund required by Section 403 of the General Resolution, the Trustee shall make up such a deficiency first, by the withdrawal and transfer to the Debt Service Fund of money from any amounts which shall then be on deposit in the Loan Loss Fund, and if the amount in the Loan Loss Fund is not sufficient to make up such deficiencies, and second by a draw under any Letter(s) of Credit or a demand for payment under any Surety Bond(s) which may be pledged to the Loan Loss Fund and the deposit of such proceeds to the Debt Service Fund. Furthermore, in the event there shall be on any date on which an interest or principal payment (including any Sinking Fund Requirement) shall be due, a deficiency in the amounts in the Debt Service Fund to be applied to the payment of liquidity fees, interest or principal or a Redemption Price of the Bonds pursuant to Section 404(a) or (b) of the General Resolution but prior to any transfer to the Debt Service Fund from the Redemption Fund pursuant to Section 405 of the General Resolution or the Capital Reserve Fund pursuant to Section 406 of the General Resolution, the Trustee first shall make up such a deficiency by the withdrawal of moneys from the Loan Loss Fund and the transfer thereof to the Debt Service Fund, and second, if required, by a draw under any Letter(s) of Credit or a demand for payment under any Surety Bond(s) which may be pledged to the Loan Loss Fund and the transfer of such proceeds to the Debt Service Fund.

(c) Amounts on deposit in the Loan Loss Fund shall not be included in any calculation made in connection with any Cash Flow Statement or pursuant to Section 403(e)(3) of the General Resolution.

303. Deposits into Funds.

(a) The proceeds of the 2019 Series A Bonds shall be deposited into the Bond Proceeds Fund and shall be invested by the Trustee pursuant to instructions from the Authority only in Investment Obligations, which shall include, for purposes of this 2019 Series A Resolution, an investment agreement secured or unsecured as determined by an Authorized Representative, guaranteed by an institution whose debt securities are rated at least the then existing rating on the Bonds (or the highest rating of short-term obligations if the investment is a short-term obligation) by each Rating Agency. Proceeds of the 2019 Series A Bonds in an amount sufficient to satisfy the Capital Reserve Fund Requirement relating to the 2019 Series A Bonds shall be promptly transferred by the Trustee to the Capital Reserve Fund. In the event that the Authority shall elect to obtain and pledge to the Capital Reserve Fund Letter(s) of Credit and/or Surety Bond(s) in an amount sufficient to satisfy all or a portion of the Capital Reserve Fund Requirement in lieu of or in replacement of or in addition to the deposits to the Capital Reserve Fund, any moneys so replaced provided by 2019 Series A Bond proceeds shall be promptly withdrawn by the Trustee and paid to the Authority for deposit in the Bond Proceeds Fund. Proceeds of the 2019 Series A Bonds in an amount not to exceed the limitation set forth in this Resolution, and as set forth in the Purchase Contract, shall be promptly transferred by the Trustee to the Down Payment Assistance Fund.

(b) All moneys representing accrued interest on the 2019 Series A Bonds, if any, shall be deposited to the credit of the General Receipts Fund (to be applied to the payment of interest on the 2019 Series A Bonds on the first applicable interest payment date).

304. Tax Covenants.

(a) The Authority shall use the proceeds of the 2019 Series A Bonds in the manner which will comply with the requirements of the 1986 Code and other provisions of applicable federal income tax law. The Authority shall at all times perform all acts and things to the extent permitted by law and necessary and desirable in order to assure that interest paid on the 2019 Series A Bonds shall not be included in gross income for Federal income tax purposes, including compliance by the Authority with the notice requirements of Section 143(m)(7) of the 1986 Code unless the Authority shall obtain a Counsel's Opinion from nationally recognized bond counsel to the effect that the failure of the Authority to so comply with such notice requirements will not adversely affect the exclusion of interest on the 2019 Series A Bonds from gross income for Federal income tax purposes.

(b) The Authority shall pay such amounts to the United States of America at such times as is necessary to comply with Section 148(f) of the 1986 Code in respect of the 2019 Series A Bonds.

(c) The Authority further covenants and agrees that it will not take any action which will have the effect of causing interest on the 2019 Series A Bonds to become includable in gross income for Federal income tax purposes.

305. Series Program Determinations. Each newly originated 2019 Series A Mortgage Loan shall have the following terms, conditions, provisions and limitations:

(a) The promissory note for each 2019 Series A Mortgage Loan must be payable or endorsed to the Authority, and such 2019 Series A Mortgage Loan must (i) be originated in the name of the Authority, (ii) be assigned to the Authority, or (iii) be originated in the name of a nominee who shall register the Authority as the owner of a beneficial interest in such 2019 Series A Mortgage Loan, and such 2019 Series A Mortgage Loan must have a servicer that tracks servicing of such 2019 Series A Mortgage Loan pursuant to a written agreement with the Authority relating thereto;

(b) Each 2019 Series A Mortgage Loan (i) shall be for a term not exceeding thirty (30) years, (ii) shall have a rate or rates of interest fixed at the time of origination, and (iii) shall either have approximately equal monthly payments for each rate of interest borne by such 2019 Series A Mortgage Loan, or at the option of the Authority, shall have monthly payments that increase on a predetermined basis over the life of such 2019 Series A Mortgage Loan;

(c) Each 2019 Series A Mortgage Loan shall relate to a residence which shall be the principal residence of the mortgagor within a reasonable time after the closing of such 2019 Series A Mortgage Loan;

(d) Each 2019 Series A Mortgage Loan shall relate to a single-family residential structure or condominium unit;

(e) (1) Each 2019 Series A Mortgage Loan shall be insured under an insurance contract, or guaranteed under a guarantee agreement, requiring benefits to be paid to the Authority following default by the mortgagor in the payment of principal or interest on the 2019 Series A Mortgage Loan in an amount which, when combined with the down payment applicable to such 2019 Series A Mortgage Loan (irrespective of the source of funds therefor), is equal to an amount in excess of eighteen percent (18%) of the purchase price of the residence; provided, however, that any such insurance shall not be initially required or may be terminated when the principal balance of the 2019 Series A Mortgage Loan is eighty percent (80%) or less of the original purchase price of the residence; and

(2) If applicable law shall not permit the Authority, or if the Authority anticipates that applicable law will not permit it, to require a mortgagor under a 2019 Series A Mortgage Loan, or a person on behalf of such mortgagor, to pay for the mortgage insurance described in paragraph (1) of this subsection, then the Authority shall pay for such mortgage insurance from moneys available under the General Resolution or otherwise, except to the extent that:

(i) the Authority either:

(A) does not pay for such mortgage insurance from moneys available under the General Resolution or otherwise; or

(B) provides additional reserves, insurance, sureties or cash equivalents as security or makes other covenants regarding the 2019 Series A Bonds; and

(ii) the taking of the action described in clause (A) or (B) above, does not, by itself, or in combination with other factors, result in a reduction in the then-current unenhanced rating of the Bonds;

(f) The 2019 Series A Mortgage Loans shall be: (i) conventional mortgage loans, (ii) insured by the Federal Housing Administration, (iii) guaranteed by the United States Department of Veterans' Affairs, or (iv) guaranteed by the Rural Housing Service of the United States Department of Agriculture;

(g) A 2019 Series A Mortgage Loan shall be used for the purchase of a residence or both the purchase and rehabilitation of a residence; and

(h) The Authority shall not sell any 2019 Series A Mortgage Loans or 2019 Series A Down Payment Assistance Loans and use the proceeds of such sale to redeem 2019 Series A Bonds as provided in Section 206 hereof except for 2019 Series A Mortgage Loans or 2019 Series A Down Payment Assistance Loans (i) that are in default, (ii) that must be sold in order to preserve the exclusion of interest on the 2019 Series A Bonds from gross income for federal income tax purposes, or (iii) that do not comply with the Authority's Program requirements.

306. Covenant as to Disposition of Principal Prepayments and 2019 Series A Down Payment Assistance Loan Principal Prepayments. Subject to the provisions of Section 403 of the General Resolution and Section 206 hereof, the Authority shall direct the Trustee to transfer Revenues in an amount equal to and representing (a) the Principal Prepayments derived from 2019 Series A Mortgage Loans from the General Receipts Fund to the Redemption Fund or the Bond Proceeds Fund, provided that any such Revenues deposited in the Bond Proceeds Fund must be transferred to the Redemption Fund within twelve (12) months of such deposit if not used for the purpose of financing Mortgage Loans within such one-year period and (b) the 2019 Series A Down Payment Assistance Loan Principal Prepayments from the General Receipts Fund to the Redemption Fund or the Down Payment Assistance Fund, provided that any such Revenues deposited in the Down Payment Assistance Fund must be transferred to the Redemption Fund within twelve (12) months of such deposit if not used for the purpose of financing 2019 Series A Down Payment Assistance Loans within such one-year period.

307. Down Payment Assistance Fund.

(a) Amounts on deposit in the Down Payment Assistance Fund shall be used as provided in this 2019 Series A Resolution with respect to moneys received by the Authority in connection with the issuance of the 2019 Series A Bonds.

(b) Amounts on deposit in the Down Payment Assistance Fund received by the Authority in connection with the issuance of the 2019 Series A Bonds, if any, and any additional amounts deposited by the Authority in the Down Payment Assistance Fund in respect of the 2019 Series A Bonds as hereinafter provided, if any, shall be used, upon Authority Request, to finance 2019 Series A Down Payment Assistance Loans. The Authority may, from time to time, direct that additional amounts be deposited in the Down Payment Assistance Fund in respect of the 2019 Series A Bonds from unrestricted Authority funds for the purpose of financing additional 2019 Series A Down Payment Assistance Loans. No amounts on deposit in the Down Payment Assistance Fund shall be used to finance Mortgage Loans. Each 2019 Series A Down Payment Assistance Loan shall have the following terms, conditions, provisions and limitations:

(i) Each 2019 Series A Down Payment Assistance Loan shall be made to provide down payment assistance only to a mortgagor who has received a Mortgage Loan;

(ii) Each 2019 Series A Down Payment Assistance Loan shall be evidenced by a promissory note and a mortgage document which has been properly recorded and constitutes a valid second lien on the property subject only to the mortgage securing the related Mortgage Loan and real property taxes or assessments not yet due;

(iii) The promissory note for each 2019 Series A Down Payment Assistance Loan must be payable or endorsed to the Authority and the 2019 Series A Down Payment Assistance Loan must be originated in the name of the Authority or be assigned to the Authority;

(iv) Each 2019 Series A Down Payment Assistance Loan shall be in a principal amount not to exceed Ten Thousand Dollars (\$10,000); and

(v) Each 2019 Series A Down Payment Assistance Loan shall be for a term not exceeding the term of the related Mortgage Loan, shall bear interest as determined by the Authority and shall be payable on the earliest of (A) the sale of the residence to which such 2019 Series A Down Payment Assistance Loan relates, (B) the maturity date thereof or (C) the date of payment in full of the related Mortgage Loan.

(c) Amounts on deposit in the Down Payment Assistance Fund may be transferred at any time, upon Authority Request, to the Bond Proceeds Fund.

(d) The Authority does hereby pledge, convey and assign the 2019 Series A Down Payment Assistance Loans as security for the payment of the Bonds and the interest and redemption premium, if any, thereon and for the equal and proportionate benefit and security from time to time, of the Owners of the Bonds without preference, priority or distinction as to lien or otherwise. Any 2019 Series A Down Payment Assistance Loans shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice thereof, and neither this 2019 Series A Resolution nor any instruments by which a pledge is created need be recorded. All moneys received by or on behalf of the Authority representing principal and interest payments on

the 2019 Series A Down Payment Assistance Loans including all 2019 Series A Down Payment Assistance Loan Principal Prepayments representing the same shall constitute “Revenues” for purposes of the General Resolution and shall be deposited in the General Receipts Fund.

(e) Amounts on deposit in the Down Payment Assistance Fund in respect of the 2019 Series A Down Payment Assistance Loans shall be taken into account when preparing a Cash Flow Statement in accordance with Section 608 of the General Resolution. In addition to the requirements for filing a Cash Flow Statement set forth in Section 608 of the General Resolution, the Authority shall file with the Trustee a current Cash Flow Statement prior to transferring amounts to the Down Payment Assistance Fund to finance 2019 Series A Down Payment Assistance Loans in excess of the amounts contemplated in the last Cash Flow Statement to be so transferred, or prior to applying amounts previously transferred to the Down Payment Assistance Fund to finance 2019 Series A Down Payment Assistance Loans on terms materially different from those assumed in the last Cash Flow Statement. Upon filing a Cash Flow Statement with the Trustee, the Authority shall thereafter administer its program for making 2019 Series A Down Payment Assistance Loans in all material respects in accordance with the assumptions set forth in such Cash Flow Statement. Except as necessary to dispose of defaulted 2019 Series A Down Payment Assistance Loans or to comply with tax covenants or requirements of the Authority relating to its program for making 2019 Series A Down Payment Assistance Loans, if the Cash Flow Statement delivered in connection with any sale of 2019 Series A Down Payment Assistance Loans at a price below book value does not project Revenues sufficient to pay Expenses and debt service on the Bonds when due in each bond year, an Authorized Representative must certify to the Trustee that the projected deficiency in each bond year is less than it would have been if all or a portion of the amounts transferred or used had been applied to the financing of 2019 Series A Down Payment Assistance Loans or invested in Investment Obligations on terms then available.

ARTICLE IV FORMS, EXECUTION AND DELIVERY OF 2019 SERIES A BONDS

401. Forms of 2019 Series A Bonds. Subject to the provisions of the General Resolution, the form of the 2019 Series A Bonds and the Certificate of Authentication with respect thereto are hereby approved substantially in the forms attached as Exhibits A and B, respectively, with necessary or appropriate variations, omissions and insertions as are incidental to their numbers, denominations, maturities, interest rate or rates, redemption provisions and other details thereof.

402. Execution and Delivery of 2019 Series A Bonds. (a) The 2019 Series A Bonds shall be executed in the name of the Authority by the manual or facsimile signature of either its Chairperson or Executive Director and the corporate seal of the Authority (or a facsimile thereof) shall be impressed or imprinted thereon in accordance with the provisions of Section 204 of the General Resolution. The 2019 Series A Bonds shall be authenticated by the manual signature of an authorized signer of the Trustee.

(b) The 2019 Series A Bonds shall be delivered by an Authorized Representative to the Purchasers in New York, New York, Lansing, Michigan, or any other location mutually agreeable to the Authority and the Purchasers, upon payment of the purchase price plus accrued interest, if

any, on the 2019 Series A Bonds from the date thereof to the date of delivery in immediately available Federal Reserve Funds available to the Authority at the time or times and place or places of delivery.

(c) Initially, one fully-registered 2019 Series A Bond (a “2019 Series A Bond”) for each maturity of 2019 Series A Bonds, in the aggregate principal amount of such maturity, shall be issued in the name of Cede & Co., as nominee of DTC.

403. Global Form; Securities Depository.

(a) Except as otherwise provided in this Section, the 2019 Series A Bonds shall be in the form of the 2019 Series A Bond, shall be registered in the name of the Securities Depository or its nominee and ownership thereof shall be maintained in book entry form by the Securities Depository for the account of the Agent Members thereof. Except as provided in subsection (c) of this Section, 2019 Series A Bonds may be transferred, in whole but not in part, only to the Securities Depository or a nominee of the Securities Depository, or to a successor Securities Depository selected by the Authority, or to a nominee of such successor Securities Depository.

(b) The Authority and the Trustee shall have no responsibility or obligation with respect to:

(i) the accuracy of the records of the Securities Depository or any Agent Member with respect to any beneficial ownership interest in the 2019 Series A Bonds;

(ii) the delivery to any Agent Member, beneficial owner of the 2019 Series A Bonds or other person, other than the Securities Depository, of any notice with respect to the 2019 Series A Bonds;

(iii) the payment to any Agent Member, beneficial owner of the Bonds or other person, other than the Securities Depository of any amount with respect to the principal of, premium, if any, or interest on, the 2019 Series A Bonds;

(iv) any consent given by Cede & Co. as Bondowner of the 2019 Series A Bonds or any successor nominee of a Securities Depository as Bondowner of such Bonds; or

(v) the selection by the Securities Depository or any Agent Member of any beneficial owners to receive payment if any 2019 Series A Bonds are redeemed in part.

So long as the certificates for the 2019 Series A Bonds are not issued pursuant to subsection (c) of this Section 403, the Authority and the Trustee may treat the Securities Depository as, and deem the Securities Depository to be, the absolute owner of such 2019 Series A Bonds for all purposes whatsoever, including without limitation:

(1) the payment of principal, premium, if any, and interest on such 2019 Series A Bond;

(2) giving notices of redemption and other matters with respect to such 2019 Series A Bond; and

(3) registering transfers with respect to such 2019 Series A Bond.

(c) If at any time the Securities Depository notifies the Authority or the Trustee that it is unwilling or unable to continue as Securities Depository with respect to the 2019 Series A Bonds or if at any time the Securities Depository shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor Securities Depository is not appointed by the Authority within ninety (90) days after the Authority or the Trustee receives notice or becomes aware of such condition, as the case may be, subsections (a) and (b) of this Section shall no longer be applicable and the Authority shall execute and the Trustee shall authenticate and deliver certificates representing the 2019 Series A Bonds as provided in subsection (d) below. In addition, the Authority may determine at any time that the 2019 Series A Bonds shall no longer be represented by global certificates and that the provisions of subsections (a) and (b) above shall no longer apply to the 2019 Series A Bonds. In any such event the Authority shall execute and the Trustee shall authenticate and deliver certificates representing the 2019 Series A Bonds as provided in subsection (d) below.

(d) Certificates for the 2019 Series A Bonds issued in exchange for global certificates shall be registered in such names and authorized denominations as the Securities Depository, pursuant to instructions from the Agent Members or otherwise, shall instruct the Authority and the Trustee. The Trustee shall deliver such certificates representing the 2019 Series A Bonds to the persons in whose names such 2019 Series A Bonds are so registered as soon as practicable.

404. Conflict With Representation Letter. Notwithstanding any other provision of this 2019 Series A Resolution to the contrary, so long as any 2019 Series A Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal or Redemption Price of and interest, if any, on such 2019 Series A Bond, and all notices with respect to such 2019 Series A Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

ARTICLE V MISCELLANEOUS

501. Ratification of Actions. The actions of any Authorized Representative heretofore taken pursuant to the provisions of the General Resolution including, but not limited to: the publishing of notice and the conducting of a hearing with respect to the issuance of the 2019 Series A Bonds, the making of presentations to security rating agencies, the undertaking of discussions and negotiations with underwriters or groups of underwriters or purchasers regarding offers to purchase the 2019 Series A Bonds, be, and they hereby are, ratified and confirmed in all respects.

502. Authorization of Actions. (a) Any Authorized Representative is hereby authorized and directed to execute such other documents and certifications, and to perform such other acts as may be necessary or convenient for the proper sale, execution and delivery of the 2019 Series A Bonds subject to, and as may be required by the Purchase Contract, the General Resolution and this 2019 Series A Resolution.

(b) Any Authorized Representative is hereby authorized to pay from the General Operating Fund all funds necessary to pay the costs of issuance, including the Underwriters' fee and placement fee, if applicable, of the 2019 Series A Bonds not paid from the proceeds of the 2019 Series A Bonds, and to make the deposit of moneys, or obtain Letter(s) of Credit and/or Surety Bond(s), or an increase in the amount of existing Letter(s) of Credit and/or Surety Bond(s), as provided by Section 503 hereof.

(c) Any Authorized Representative is hereby authorized to pay from the General Operating Fund all amounts necessary to comply with Section 304(b).

503. Authorization of Procurement of Letter(s) of Credit and/or Surety Bond(s) and Execution of Reimbursement Agreement and/or Guaranty Agreement; Notice to the Trustee.

Any Authorized Representative hereby is authorized to obtain Letter(s) of Credit and/or Surety Bond(s), to obtain an increase in the amount of existing Letter(s) of Credit and/or Surety Bonds or to obtain a replacement for existing Letter(s) of Credit and/or Surety Bond(s) for application in lieu of the deposit of moneys to the Capital Reserve Fund as specifically authorized in this 2019 Series A Resolution. In connection with the procurement of the foregoing Letter(s) of Credit and/or Surety Bond(s) or the increase in the amount of existing Letter(s) of Credit and/or Surety Bond(s), the Authorized Representative is authorized, if necessary, to negotiate and execute a reimbursement agreement, or, if necessary, an amendment to any existing reimbursement agreement, with a banking institution, or a guaranty agreement, or, if necessary, an amendment to an existing guaranty agreement, with an insurance company, as appropriate. The annual fees (in addition to any expense reimbursements) paid to the banking institution for the procurement of Letter(s) of Credit shall not exceed one half of one percent (0.5%) of the cumulative amount of the Letter(s) of Credit, the fee to be paid by the Authority for any Surety Bond(s) shall not exceed two percent (2%) of the Surety Bond Coverage relating thereto. The Authority shall give the Trustee sixty (60) days' written notice prior to the expiration of any Letter(s) of Credit obtained pursuant to this 2019 Series A Resolution.

504. Preliminary Official Statement. The form of the Preliminary Official Statement of the Authority with respect to the initial offering of the 2019 Series A Bonds, substantially in the form presented to this meeting, is hereby approved and the distribution thereof by the Underwriters is hereby authorized, with such changes, omissions, insertions and revisions as an Authorized Representative shall deem advisable or appropriate. The delivery of a certificate relating to the Preliminary Official Statement for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, is also approved.

505. Final Official Statement. The form of the Preliminary Official Statement of the Authority is hereby authorized and approved as the final Official Statement of the Authority, with such changes, omissions, insertions and revisions as an Authorized Representative shall deem advisable or appropriate. Any Authorized Representative is hereby authorized to execute such final Official Statement and deliver it to the Underwriters for distribution on behalf of the Authority.

506. Covenant as to Purchase of 2019 Series A Bonds. The Authority covenants that it shall require that a Mortgage Lender, mortgagor or “related person” as defined in Section 147 of the 1986 Code, shall not purchase 2019 Series A Bonds pursuant to any arrangement, formal or informal, in an amount related to a Mortgage Loan or 2019 Series A Down Payment Assistance Loan.

507. Bondowner Continuing Consent to Fifth Resolution Supplementing the General Resolution. On September 26, 2018, the Authority adopted the Fifth Resolution Supplementing Resolution Authorizing The Issuance Of Single-Family Mortgage Revenue Bonds (the “Fifth Supplemental Resolution”), which provided for certain amendments to the General Resolution. Pursuant to the terms of the General Resolution and the Fifth Supplemental Resolution, the amendments to the General Resolution provided for by the Fifth Supplemental Resolution are effective following receipt by the Trustee of the consent of the Bondowners of not less than fifty-one percent (51%) of the Bonds Outstanding. Each Bondowner of a 2019 Series A Bond, as a condition of purchasing or holding a 2019 Series A Bond, hereby provides its consent to the amendments to the General Resolution provided by the Fifth Supplemental Resolution, and such consent shall be deemed to be given at all times that such Bondholder owns a 2019 Series A Bond.

508. Trustee Not Responsible for Official Statement. The recitals, statements and representations contained in the Preliminary Official Statement and the Official Statement shall be taken and construed as made by and on the part of the Authority and not by the Trustee, and the Trustee assumes and shall be under no responsibility for the correctness of the same.

509. Notice of Redemption.

(a) At least thirty (30) days but no more than ninety (90) days before the redemption date of any 2019 Series A Bonds, the Trustee shall cause a notice of any redemption of 2019 Series A Bonds, either in whole or in part, to be sent by registered or certified mail or by overnight delivery, to the Securities Depository at least two (2) business days (a business day being a day when such Securities Depository is open for business) prior to the date of general mailing of any notice of redemption.

(b) In addition, a second duplicate notice in writing shall be mailed by certified mail, postage prepaid, return receipt requested, to any registered owner of 2019 Series A Bonds to be redeemed who has not presented and surrendered such 2019 Series A Bonds to the Trustee for redemption within thirty (30) days after the date of redemption.

(c) In addition to the requirements set forth in Section 302 of the General Resolution, a notice of any such redemption shall include the following information with respect to the 2019 Series A Bonds to be so redeemed: the complete title of the 2019 Series A Bonds, the CUSIP numbers of the 2019 Series A Bonds to be redeemed, the date of general mailing of such notice of redemption, the complete name of the Trustee including the telephone number for inquiries, the maturity date and the interest rate (if applicable) of the 2019 Series A Bonds.

(d) Failure to receive any such notices by any such registered owner shall not affect the validity of the proceedings for the redemption of the 2019 Series A Bonds.

510. Continuing Disclosure. An Authorized Representative is hereby authorized to enter into a Continuing Disclosure Undertaking with respect to the 2019 Series A Bonds (the “Continuing Disclosure Undertaking”) in substantially the form presented to this meeting, with such changes as an Authorized Representative deems necessary and advisable and not materially adverse to the Authority. The 2019 Series A Bonds are hereby made subject to the Continuing Disclosure Undertaking, and the Authority agrees to abide by the provisions thereof so long as any of the 2019 Series A Bonds are Outstanding.

511. Notices to Rating Agency. The Authority hereby covenants and agrees that it will send written notice to S&P at 55 Water Street, 38th Floor, New York, New York 10041 and to Moody’s at 7 World Trade Center at 50 Greenwich Street, New York, New York 10007, of the occurrence of any of the following events with respect to the 2019 Series A Bonds:

- (a) any acceleration of payment of the principal of and interest on the 2019 Series A Bonds;
- (b) any amendments to this 2019 Series A Resolution or the General Resolution;
- (c) any successor to the Trustee under the General Resolution; and
- (d) any defeasance or redemption in whole of the 2019 Series A Bonds.

512. Effective Date. This 2019 Series A Resolution shall take effect immediately. If the 2019 Series A Bonds are not delivered to the Purchasers on or before May 31, 2019, the authority granted by this 2019 Series A Resolution shall lapse.

EXHIBIT A

[FORM OF 2019 SERIES A BOND]

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the Authority or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
SINGLE-FAMILY MORTGAGE REVENUE BOND, 2019 SERIES A

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
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REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT:

The Michigan State Housing Development Authority (the “Authority”), a public body corporate and politic, organized and existing under and by virtue of the laws of the State of Michigan, acknowledges itself indebted to, and for value received, hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, on the Maturity Date specified above, unless redeemed prior thereto as hereinafter provided, upon the presentation and surrender hereof at the principal corporate trust office of U.S. Bank National Association in St. Paul, Minnesota (the “Trustee”), as Trustee under the Resolution of the Authority adopted December 17, 1987, authorizing the issuance of Michigan State Housing Development Authority Single-Family Mortgage Revenue Bonds, as amended and supplemented (the “General Resolution”), or its successor as Trustee, and to pay to the registered owner by check or draft mailed to the registered owner on the fifteenth (15th) day of the month preceding the interest payment date at such owner’s address as shown on the registration books of the Authority, as maintained by the Trustee, interest on such Principal Amount from the date hereof to the date of maturity or earlier redemption of this 2019 Series A Bond at the Interest Rate per annum specified above on _____, 20__, and semiannually thereafter on the first day of December and June. The principal or Redemption Price (as defined in the General Resolution) of this 2019 Series A Bond is payable upon presentation in any coin or currency of the United States of America which, on the respective dates of payment, shall be legal tender for the payment of public and private debts.

THE STATE OF MICHIGAN IS NOT LIABLE ON THIS 2019 SERIES A BOND AND THIS 2019 SERIES A BOND IS NOT A DEBT OF THE STATE OF MICHIGAN. THE AUTHORITY HAS NO TAXING POWER.

Capitalized terms used herein and not otherwise defined shall have the meaning assigned such term in the hereinafter defined 2019 Series A Resolution.

Subject to any agreements now or hereafter made with the owners of any other notes or bonds of the Authority pledging any particular receipts or revenues, this 2019 Series A Bond is a general obligation of the Authority and the full faith and credit of the Authority are hereby pledged for the payment of the principal or Redemption Price of and interest on this 2019 Series A Bond. This 2019 Series A Bond is one of a duly authorized issue of Bonds of the Authority designated “Single-Family Mortgage Revenue Bonds” (the “Bonds”), issued and to be issued in various series under and pursuant to Act No. 346 of the Public Acts of 1966 of the State of Michigan, as amended (herein called the “Act”), and under and pursuant to the General Resolution and a series resolution authorizing the issuance and sale of each such series. As provided in the General Resolution, the Bonds may be issued from time to time in one or more series, in various principal amounts, may mature at different times, may bear interest, if any, at different rates and, subject to the provisions thereof, may otherwise vary. The aggregate principal amount of Bonds which may be issued under the General Resolution is not limited except as provided in the General Resolution, and all Bonds issued and to be issued under the General Resolution are and will be equally secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the General Resolution.

This 2019 Series A Bond is one of a series of Bonds designated “Single-Family Mortgage Revenue Bonds, 2019 Series A” (the “2019 Series A Bonds”) issued in the initial aggregate principal amount of _____ Dollars (\$ _____) under the General Resolution and the Series Resolution Authorizing the Issuance and Sale of Single-Family Mortgage Revenue Bonds, 2019 Series A in an Amount not to Exceed \$ _____, adopted on February 28, 2019 (the “2019 Series A Resolution”) (the General Resolution and the 2019 Series A Resolution are collectively herein called the “Resolutions”). The proceeds of the 2019 Series A Bonds will be utilized by the Authority as provided in the Resolutions. The 2019 Series A Bonds will be secured by a pledge of the Pledged Property (as defined in the General Resolution) which includes the mortgage repayments required to be paid on the mortgage loans financed with the proceeds of the 2019 Series A Bonds, the Down Payment Assistance Fund established under the Authority’s Series Resolution Authorizing the Issuance and Sale of its Single-Family Mortgage Revenue Bonds, 2003 Series B adopted on November 19, 2003 (the “2003 Series B Resolution”) and the repayments required to be paid on the down payment assistance loans financed with the proceeds of the 2019 Series A Bonds and will be further secured by the Loan Loss Fund established under the Authority’s Resolution Establishing Single-Family Loan Loss Fund adopted on July 8, 1988, as supplemented (the “Loan Loss Fund Resolution”). Copies of the Resolutions, the 2003 Series B Resolution and the Loan Loss Fund Resolution are on file in the office of the Authority and at the corporate trust office of the Trustee in Lansing, Michigan, and reference to the Resolutions, the 2003 Series B Resolution and the Loan Loss Fund Resolution and any and all supplements thereto and modifications and amendments thereof and to the Act are made for a description of the pledges and covenants securing the 2019 Series A Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the registered owners of the 2019 Series A Bonds with respect thereto and the terms and conditions upon which the 2019 Series A Bonds are issued and may be issued thereunder. To the extent and in the manner permitted by the terms of the Resolutions, the 2003 Series B Resolution and the Loan Loss Fund Resolution, the

provisions of the Resolutions, the 2003 Series B Resolution and the Loan Loss Fund Resolution or any resolution amendatory thereof or supplemental thereto, may be modified or amended.

This 2019 Series A Bond is transferable, as provided in the Resolutions, only upon the books of the Authority kept for that purpose at the corporate trust office of the Trustee in Lansing, Michigan by the registered owner hereof in person, or by an attorney duly authorized in writing, upon the surrender of this 2019 Series A Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new registered 2019 Series A Bond or 2019 Series A Bonds, and in the same aggregate principal amount and of the same interest rate and maturity, shall be issued to the transferee in exchange therefor as provided in the Resolutions, and upon the payment of the charges, if any, therein prescribed.

The 2019 Series A Bonds are issuable in the form of fully-registered Bonds without coupons in the denomination of Five Thousand Dollars (\$5,000) or any integral multiple thereof not exceeding the aggregate principal amount for each maturity of such 2019 Series A Bonds.

The 2019 Series A Bonds are subject to redemption prior to maturity as provided in the 2019 Series A Resolution. Notice of any such redemption shall be given to the registered owners of any 2019 Series A Bonds or portions thereof to be redeemed as provided in the 2019 Series A Resolution.

Pursuant to the 2019 Series A Resolution, each owner of this 2019 Series A Bond, as a condition of purchasing or holding this 2019 Series A Bond, provides its consent to the amendments to the General Resolution provided for by the Fifth Supplemental Resolution, and such consent shall be deemed to be given at all times that such Bondholder owns this 2019 Series A Bond. Furthermore, the consent provided for by the preceding sentence shall be deemed to be “an instrument in writing” executed by the owner of this 2019 Series A Bond for purposes of Section 1002 of the General Resolution. Reference is made to the 2019 Series A Resolution and the Fifth Supplemental Resolution for the amendments to the General Resolution provided for by the Fifth Supplemental Resolution.

This 2019 Series A Bond shall not be valid or become obligatory for any purpose until the Trustee’s Certificate of Authentication hereon shall have been executed by the Trustee.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State of Michigan and the Resolutions to exist, to have happened and to have been performed precedent to and in the issuance of this 2019 Series A Bond, exist, have happened and have been performed in due time, form and manner as required by law, and that the issue of the 2019 Series A Bonds, together with all other indebtedness of the Authority is within every debt and other limit prescribed by law.

IN WITNESS WHEREOF, the Michigan State Housing Development Authority has caused this 2019 Series A Bond to be executed in its name by the facsimile signature of its Chairperson and its corporate seal (or a facsimile thereof) to be impressed or imprinted hereon, all as of the Date of Original Issue as set forth above.

MICHIGAN STATE HOUSING DEVELOPMENT
AUTHORITY

(Seal)

By _____
Its Chairperson

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the 2019 Series A Bonds described in the within-mentioned 2019 Series A Resolution.

U.S. BANK NATIONAL ASSOCIATION,
Trustee

By _____
Authorized Representative

Date of Authentication: _____

EXHIBIT B

[FORM OF 2019 SERIES A BOND (CAPITAL APPRECIATION BOND)]

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the Authority or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
SINGLE-FAMILY MORTGAGE REVENUE BOND, 2019 SERIES A
(CAPITAL APPRECIATION BOND)

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>Original Principal Amount per \$5,000 at Maturity</u>	<u>CUSIP</u>
ZERO				

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT IF HELD TO MATURITY: _____

The Michigan State Housing Development Authority (the “Authority”), a public body corporate and politic, organized and existing under and by virtue of the laws of the State of Michigan, acknowledges itself indebted to, and for value received, hereby promises to pay to the Registered Owner specified above, or registered assigns, on the date the principal of this 2019 Series A Bond shall become payable, the Appreciated Amount (as defined in the 2019 Series A Resolution identified below) as hereinafter provided, upon the presentation and surrender hereof at the principal corporate trust office of U.S. Bank National Association in St. Paul, Minnesota (the “Trustee”), as Trustee under the Resolution of the Authority adopted December 17, 1987, authorizing the issuance of Michigan State Housing Development Authority Single-Family Mortgage Revenue Bonds, as amended and supplemented (the “General Resolution”), or its successor as Trustee. Unless this 2019 Series A Bond shall have been redeemed or an acceleration of its maturity shall have occurred, all as hereinafter provided, the Appreciated Amount of this 2019 Series A Bond shall become due on the Maturity Date specified above. The Appreciated Amount or Redemption Price (as defined in the General Resolution) of this 2019 Series A Bond is payable upon presentation in any coin or currency of the United States of America which, on the respective dates of payment, shall be legal tender for the payment of public and private debts.

Interest shall not be paid on this 2019 Series A Bond except in the case of the failure of the Authority to deposit the Appreciated Amount with the Trustee at the stated maturity hereof in which case such amount owing on this 2019 Series A Bond shall thereafter bear interest at the rate equal to the approximately yield established in the 2019 Series A Resolution from the date of such maturity until such amount plus interest is deposited with the Trustee.

THE STATE OF MICHIGAN IS NOT LIABLE ON THIS 2019 SERIES A BOND AND THIS 2019 SERIES A BOND IS NOT A DEBT OF THE STATE OF MICHIGAN. THE AUTHORITY HAS NO TAXING POWER.

Capitalized terms used herein and not otherwise defined shall have the meaning assigned such term in the hereinafter defined 2019 Series A Resolution.

Subject to any agreements now or hereafter made with the owners of any other notes or bonds of the Authority pledging any particular receipts or revenues, this 2019 Series A Bond is a general obligation of the Authority and the full faith and credit of the Authority are hereby pledged for the payment of the principal or Redemption Price of and interest on this 2019 Series A Bond. This 2019 Series A Bond is one of a duly authorized issue of Bonds of the Authority designated “Single-Family Mortgage Revenue Bonds” (the “Bonds”), issued and to be issued in various series under and pursuant to Act No. 346 of the Public Acts of 1966 of the State of Michigan, as amended (herein called the “Act”), and under and pursuant to the General Resolution and a series resolution authorizing the issuance and sale of each such series. As provided in the General Resolution, the Bonds may be issued from time to time in one or more series, in various principal amounts, may mature at different times, may bear interest, if any, at different rates and, subject to the provisions thereof, may otherwise vary. The aggregate principal amount of Bonds which may be issued under the General Resolution is not limited except as provided in the General Resolution, and all Bonds issued and to be issued under the General Resolution are and will be equally secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the General Resolution.

This 2019 Series A Bond is one of a series of Bonds designated “Single-Family Mortgage Revenue Bonds, 2019 Series A” (the “2019 Series A Bonds”) issued in the initial aggregate principal amount of _____ Dollars (\$_____) under the General Resolution and the Series Resolution Authorizing the Issuance and Sale of Single-Family Mortgage Revenue Bonds, 2019 Series A in an Amount not to Exceed \$_____, adopted on February 28, 2019 (the “2019 Series A Resolution”) (the General Resolution and the 2019 Series A Resolution are collectively herein called the “Resolutions”). The proceeds of the 2019 Series A Bonds will be utilized by the Authority as provided in the Resolutions. The 2019 Series A Bonds will be secured by a pledge of the Pledged Property (as defined in the General Resolution) which includes the mortgage repayments required to be paid on the mortgage loans financed with the proceeds of the 2019 Series A Bonds, the Down Payment Assistance Fund established under the Authority’s Series Resolution Authorizing the Issuance and Sale of its Single-Family Mortgage Revenue Bonds, 2003 Series B adopted on November 19, 2003 (the “2003 Series B Resolution”) and the repayments required to be paid on the down payment assistance loans financed with the proceeds of the 2019 Series A Bonds and will be further secured by the Loan Loss Fund established under the Authority’s Resolution Establishing Single-Family Loan Loss Fund adopted on

July 8, 1988, as supplemented (the “Loan Loss Fund Resolution”). Copies of the Resolutions, the 2003 Series B Resolution and the Loan Loss Fund Resolution are on file in the office of the Authority and at the corporate trust office of the Trustee in Lansing, Michigan, and reference to the Resolutions, the 2003 Series B Resolution and the Loan Loss Fund Resolution and any and all supplements thereto and modifications and amendments thereof and to the Act are made for a description of the pledges and covenants securing the 2019 Series A Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the registered owners of the 2019 Series A Bonds with respect thereto and the terms and conditions upon which the 2019 Series A Bonds are issued and may be issued thereunder. To the extent and in the manner permitted by the terms of the Resolutions, the 2003 Series B Resolution and the Loan Loss Fund Resolution, the provisions of the Resolutions, the 2003 Series B Resolution and the Loan Loss Fund Resolution or any resolution amendatory thereof or supplemental thereto, may be modified or amended.

This 2019 Series A Bond is transferable, as provided in the Resolutions, only upon the books of the Authority kept for that purpose at the corporate trust office of the Trustee by the registered owner hereof in person, or by an attorney duly authorized in writing, upon the surrender of this 2019 Series A Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new registered 2019 Series A Bond or 2019 Series A Bonds, of the same maturity and in the applicable aggregate Appreciated Amount, shall be issued to the transferee in exchange therefor as provided in the Resolutions, and upon the payment of the charges, if any, therein prescribed.

The 2019 Series A Bonds are issuable in the form of fully-registered Bonds without coupons in the denomination of Five Thousand Dollars (\$5,000) or any integral multiple thereof not exceeding the aggregate principal amount for each maturity of such 2019 Series A Bonds.

The 2019 Series A Bonds are subject to redemption prior to maturity as provided in the 2019 Series A Resolution. Notice of any such redemption shall be given to the registered owners of any 2019 Series A Bonds or portions thereof to be redeemed as provided in the 2019 Series A Resolution.

The Appreciated Amount for this 2019 Series A Bond shall be determined as provided in the 2019 Series A Resolution.

Pursuant to the 2019 Series A Resolution, each owner of this 2019 Series A Bond, as a condition of purchasing or holding this 2019 Series A Bond, provides its consent to the amendments to the General Resolution provided for by the Fifth Supplemental Resolution, and such consent shall be deemed to be given at all times that such Bondholder owns this 2019 Series A Bond. Furthermore, the consent provided for by the preceding sentence shall be deemed to be “an instrument in writing” executed by the owner of this 2019 Series A Bond for purposes of Section 1002 of the General Resolution. Reference is made to the 2019 Series A Resolution and the Fifth Supplemental Resolution for the amendments to the General Resolution provided for by the Fifth Supplemental Resolution.

This 2019 Series A Bond shall not be valid or become obligatory for any purpose until the Trustee’s Certificate of Authentication hereon shall have been executed by the Trustee.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State of Michigan and the Resolutions to exist, to have happened and to have been performed precedent to and in the issuance of this 2019 Series A Bond, exist, have happened and have been performed in due time, form and manner as required by law, and that the issue of the 2019 Series A Bonds, together with all other indebtedness of the Authority is within every debt and other limit prescribed by law.

IN WITNESS WHEREOF, the Michigan State Housing Development Authority has caused this 2019 Series A Bond to be executed in its name by the facsimile signature of its Chairperson and its corporate seal (or a facsimile thereof) to be impressed or imprinted hereon, all as of the Date of Original Issue as set forth above.

MICHIGAN STATE HOUSING DEVELOPMENT
AUTHORITY

(Seal)

By _____
Its Chairperson

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the 2019 Series A Bonds described in the within-mentioned 2019 Series A Resolution.

U.S. BANK NATIONAL ASSOCIATION,
Trustee

By _____
Authorized Representative

Date of Authentication:

[End of 2019 Series A Bond Forms]

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
SERIES RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF
SINGLE-FAMILY MORTGAGE REVENUE BONDS, 2019 SERIES B
IN AN AMOUNT NOT TO EXCEED \$60,000,000**

February 28, 2019

WHEREAS, the Members of the Michigan State Housing Development Authority (hereinafter referred to as the “Authority”), by Resolution adopted December 17, 1987, and as supplemented on January 28, 1988, October 12, 1995, January 30, 1997 and May 24, 2006 (hereinafter referred to as the “General Resolution”), have authorized the issuance of Single-Family Mortgage Revenue Bonds in one or more Series pursuant to a Series Resolution authorizing the issuance and sale of any such Series; and

WHEREAS, the Members of the Authority have determined that it is necessary and desirable that the Authority issue at this time a Series of Bonds to be designated “Single-Family Mortgage Revenue Bonds, 2019 Series B”, to provide moneys to carry out the purposes of the Authority; and

WHEREAS, pursuant to Section 27(l) of the Act, the Authority proposes to delegate to the Executive Director, the Chief of Staff, the Chief Financial Officer, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chairperson or Vice Chairperson of the Authority (each, together with any person duly appointed and acting in such capacity, hereinafter individually referred to as an “Authorized Representative”) the power to determine certain terms and conditions of the 2019 Series B Bonds (as hereinafter defined), subject to limits established herein and in the General Resolution.

NOW, THEREFORE, BE IT RESOLVED by the Members of the Authority as follows:

**ARTICLE I
AUTHORITY AND DEFINITIONS**

101. 2019 Series B Resolution. This resolution (hereinafter referred to as the “2019 Series B Resolution”) is adopted in accordance with the provisions of Article II of the General Resolution and pursuant to the authority contained in the Act.

102. Definitions.

All terms which are defined in Sections 103 and 104 of Article I of the General Resolution have the same meanings in this 2019 Series B Resolution including the preambles hereto.

“Agent Member” means a member of, or participant in, the Securities Depository.

“Alternate Liquidity Facility” means a letter of credit or other form of liquidity facility for any 2019 Series B Bonds which bear interest at a Variable Rate or Flexible Rate, providing for payment of the purchase price of such Bonds and delivered to the Trustee in accordance with Section 802 hereof.

“Applicable Spread” shall be the amount that, when added to or subtracted from the Index Rate Index, will result in the minimum Index Rate that, in the judgment of the Remarketing Agent, under then-existing market conditions, will result in the remarketing of such Index Rate Bonds on their Conversion Date or Purchase Date at a price equal to 100% of the principal amount thereof.

“Authorized Denominations” means those authorized denominations set forth in Section 204 hereof.

“Bank Bonds” means 2019 Series B Bonds purchased with amounts made available under a Liquidity Facility in accordance with Section 401(e) hereof.

“Bank Rate” means the rate of interest on all Bank Bonds at any time as determined and calculated in accordance with the provisions of the related Liquidity Facility.

“Business Day” means any day except Saturday, Sunday or any day (i) on which banks located in the City of Detroit, Michigan, in the city in which the corporate trust office of the Trustee to which 2019 Series B Bonds must be surrendered for payment at maturity or redemption is located, the city in which the principal office of the Remarketing Agent, if any, is located, and the city in which the office of any Liquidity Facility Provider at which payments under the Liquidity Facility are to be made is located, are required or authorized to close or (ii) on which the New York Stock Exchange is closed.

“Cede & Co.” means Cede & Co., the nominee of DTC, or any successor nominee of DTC with respect to the 2019 Series B Bonds.

“Closing Date” means the date on which the 2019 Series B Bonds are issued and delivered to the Underwriters, or designee(s), in exchange for payment by the Underwriters therefor.

“Code” means the Internal Revenue Code of 1986, as amended from time to time. 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 applicable to the 2019 Series B Bonds or the use of proceeds thereof, and also includes all amendments and successor provisions unless the context clearly requires otherwise.

“Conversion Date” means: (a) when used with respect to the 2019 Series B Bonds being Converted to bear interest at a Fixed Rate, the Fixed Rate Conversion Date; (b) the date on which a particular type of Variable Rate becomes effective for all or any portion of the 2019 Series B Bonds pursuant to Section 302 hereof and which is not immediately preceded by a day on which 2019 Series B Bonds bore interest at the same type of Variable Rate, except an automatic Conversion pursuant to Sections 301, 302(a)(ii), 302(d)(v), 302(e)(vii), 304(a)(iv)(A) and 407 hereof; (c) the date on which a Flexible Rate Period becomes effective for all or any portion of the

2019 Series B Bonds pursuant to Section 303 hereof following a Rate Period other than a Flexible Rate Period; and (d) the date any new Index Rate Period and Index Rate or Term Rate Period and Term Rate, as applicable, becomes effective, or the date any Conversion to an Index Rate or Term Rate becomes effective (or, with respect to notices, time periods and requirements in connection with the proceedings for such Conversion, the date on which it is proposed that such Conversion occur).

“Convert,” “Converted” or “Conversion,” as appropriate, means the conversion of the Rate Period of the 2019 Series B Bonds from the then current Rate Period to another Rate Period as herein described.

“Daily Rate Period” means the period of time during which the 2019 Series B Bonds bear interest at a Daily Rate.

“Daily Rate” means the rate of interest to be borne by the 2019 Series B Bonds as described in Section 302(b) hereof.

“Down Payment Assistance Fund” means the Fund established pursuant to Article III of the 2003 Series D Resolution.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Failed Tender Date” means, for any 2019 Series B Bonds bearing interest at a Variable Rate, the date on which insufficient funds are available for the purchase of all such 2019 Series B Bonds tendered or deemed tendered and required to be purchased at the end of the Variable Rate Period as described in Section 407 hereof.

“Favorable Opinion of Bond Counsel” means an Opinion of Bond Counsel addressed to the Authority and the Trustee (with a copy and reliance letter to the Liquidity Facility Provider, if any) to the effect that the action proposed to be taken is authorized or permitted by this 2019 Series B Resolution and will not adversely affect the legality or validity of the 2019 Series B Bonds or the exclusion of interest on the 2019 Series AB Bonds from gross income for federal income tax purposes.

“Fixed Rate” means the rate, which may include a floating interest rate which is a function of LIBOR or a SIFMA index selected by the Authority, at which 2019 Series B Bonds shall bear interest from and including the applicable Fixed Rate Conversion Date to the maturity date thereof pursuant to Section 304 hereof.

“Fixed Rate Bonds” means the 2019 Series B Bonds during the time such 2019 Series B Bonds bear interest at a Fixed Rate.

“Fixed Rate Conversion Date” means each day on which all or any portion of the 2019 Series B Bonds are Converted to bear interest at a Fixed Rate pursuant to Section 304 hereof, which Fixed Rate Conversion Date shall be (a) in the event of Conversion from a Daily Period or Weekly Period, any Business Day, (b) in the event of Conversion from a Variable Rate Period other than a Daily Period or Weekly Period, the Interest Payment Date on which interest is payable for the Variable Rate Period from which the Conversion is made, or (c) in the event of Conversion from a Flexible Rate Period, the Interest Payment Date on which interest is payable on all 2019 Series B Bonds being Converted to the Fixed Rate.

“Fixed Rate Period” means each period during which 2019 Series B Bonds bear interest at the Fixed Rate.

“Flexible Rate” means, when used with respect to any particular 2019 Series B Bond, the interest rate determined for each Flexible Rate Period (except the last day thereof) applicable thereto pursuant to Section 303 hereof.

“Flexible Rate Bonds” means the 2019 Series B Bonds during the time such 2019 Series B Bonds bear interest at a Flexible Rate.

“Flexible Rate Conversion Date” means each day on which all or any portion of the 2019 Series B Bonds bear interest at Flexible Rates which is immediately preceded by a day on which such 2019 Series B Bonds did not bear interest at Flexible Rates and which Flexible Rate Conversion Date shall be (a) in the event of Conversion from a Daily Period or Weekly Period, any Business Day, or (b) in the event of Conversion from a Variable Rate Period other than a Daily Period or Weekly Period, an Interest Payment Date on which interest is payable for the Variable Rate Period from which the Conversion is to be made.

“Flexible Rate Period” means each period during which a 2019 Series B Bond bears interest at a Flexible Rate.

“Index Agent” means the Trustee or such other Person as may be designated by the Authority to act as the Index Agent for the Trustee.

“Index Rate Bonds” means 2019 Series B Bonds bearing interest at the Index Rate.

“Index Rate” means the interest rate established from time to time pursuant to Section 302(e), provided, however, that in no event may the Index Rate exceed the Maximum Rate.

“Index Rate Continuation Notice” has the meaning given to that term in Section 302(e)(iv).

“Index Rate Conversion Date” means: (i) the Conversion Date on which the interest rate on any 2019 Series B Bonds shall be Converted to an Index Rate; or (ii) the date on which a new Index Rate Period is to be established.

“Index Rate Determination Date” means: (i) with respect to any 2019 Series B Bonds in an Index Rate Period where the Index Rate Index is the SIFMA Index, each Wednesday or, if any such Wednesday is not a U.S. Government Securities Business Day, then the next succeeding U.S. Government Securities Business Day, such date being the same day the SIFMA Index is expected to be published or otherwise made available to the Index Agent; and if the SIFMA Index is published on a different day, such day will be the Index Rate Determination Date, and the Index Rate so calculated will apply to the period from and including the immediately succeeding U.S. Government Securities Business Day to and including the following Index Rate Determination Date; or (ii) with respect to any 2019 Series B Bonds in an Index Rate Period where the Index Rate is a function of LIBOR, the LIBOR Index Rate Determination Date; provided that, if the Authority specifies alternative dates as “Index Rate Determination Dates” for any 2019 Series B Bonds in the Pricing Notice delivered in connection with the Conversion of such 2019 Series B Bonds, “Index Rate Determination Date” shall mean the dates specified in such Pricing Notice.

“Index Rate Index” means, with respect to any 2019 Series B Bond, the SIFMA Index or a function of LIBOR; provided, that if the Authority obtains a Favorable Opinion of Bond Counsel, “Index Rate Index” shall mean such other index as is determined by the Authority in consultation with the Remarketing Agent at the commencement of an Index Rate Period in accordance with Section 302(e).

“Index Rate Period” means any period during which 2019 Series B Bonds bear interest at the Index Rate.

“Initial Liquidity Facility” means the Standby Bond Purchase Agreement with respect to the 2019 Series B Bonds to be executed on or prior to the Closing Date among the Authority, Royal Bank of Canada, acting through its branch located at 200 Vesey Street, New York, New York 10281, and U.S. Bank National Association, as Trustee, including the related Fee Agreement between the Authority and Royal Bank of Canada, or any Alternate Liquidity Facility, as the same may be amended and supplemented from time to time.

“Interest Coverage Requirement” means the following applicable interest coverages required to be in effect with respect to a Liquidity Facility: (a) when 2019 Series B Bonds bear interest or are to be Converted to bear interest at the Daily Rate, the Weekly Rate or the Flexible Rate (if the Flexible Rate Period is longer than 270 days in duration) – not less than 184 days’ of interest at 12% on a 365 day year, (b) if 2019 Series B Bonds are to be Converted to a Term Rate (if the Term Rate is 180 days or more in duration – not less than 184 days’ of interest at 12% on a 360 day year consisting of twelve 30-day months, and (c) if 2019 Series B Bonds are to be Converted to bear interest at the Flexible Rate (if the Flexible Rate Period is 270 days or less in duration) – not less than the actual number of days set to elapse in the Flexible Rate Period at twelve percent (12%) on a three hundred sixty-five (365) day year.

“Interest Payment Date” means (a) when used with respect to 2019 Series B Bonds bearing interest at an Index Rate, (i) the first Business Day of each calendar month to which interest at such rate has accrued if the Index Rate Index is the SIFMA Index or based upon LIBOR for one-month, (ii) each January 1, April 1, July 1 and October 1, if the Index Rate Index is based upon LIBOR for three-months as determined by the Authority in the Purchase Contract or a certificate delivered

upon an Index Rate Conversion Date, or (iii) each June 1 and December 1, if the Index Rate Index is based upon LIBOR for six-months; (b) when used with respect to 2019 Series B Bonds bearing interest at a Daily Rate, a Weekly Rate or a Term Rate, each June 1 and December 1; (c) when used with respect to 2019 Series B Bonds bearing interest at a Fixed Rate, each June 1 and December 1 which is at least one hundred twenty (120) days following a Fixed Rate Conversion Date; (d) when used with respect to any particular 2019 Series B Bond bearing interest at a Flexible Rate, the last day of each Flexible Rate Period applicable thereto (and each June 1 and December 1 during a Flexible Rate Period which is longer than two hundred seventy (270) days in duration); (e) when used with respect to Bank Bonds, the dates specified in the Liquidity Facility; (f) each Conversion Date; and (g) when used with respect to any 2019 Series B Bond, its stated maturity date or the date on which it is earlier paid.

“Interest Rate” means a Daily Rate, Weekly Rate, Flexible Rate, Term Rate, Index Rate or Fixed Rate.

“Investment Company” means an investment company registered under the Investment Company Act of 1940, as amended.

“Letter(s) of Credit” means one or more unconditional irrevocable letters of credit issued by a domestic or foreign bank which qualifies as a Cash Equivalent under the General Resolution and which provides for a draw down in the full amount upon its expiration date at the option of the Authority in the absence of a renewal of such Letter(s) of Credit or if the Authority does not deliver to the Trustee a replacement Letter(s) of Credit.

“LIBOR” means the per annum rate (rounded, if necessary, to the nearest one-hundredth of one percent (0.01%)) for deposits in United States dollars for a period of one month, three months or six months, as applicable, which rate appears on the Reuters Screen LIBOR01 Page (or such other page as may replace LIBOR01 on that service or such other service as may be nominated by the ICE Benchmark Administration (“ICE”) (or a successor indexing agent designated by the International Swaps and Derivatives Association, Inc. (“ISDA”)) as an information vendor for the purpose of displaying such rate for U.S. Dollar deposits) as of 11:00 a.m., London, England time, on the applicable LIBOR Index Rate Determination Date.

In the event that ICE or a successor indexing agent designated by ISDA discontinues its administration and publication of the LIBOR and, as a result, LIBOR ceases to be published on Reuters Screen LIBOR01 Page (or any successor source designated by ISDA), the LIBOR Discontinuation Agent shall provide written notice (the “Discontinuation Notice”) to the Authority and the Trustee designating (i) the last date on which the interest rate on the 2019 Series B Bonds shall be calculated on the basis of LIBOR (the “LIBOR Rate Discontinuation Date”) and (ii) an alternative source and methodology for the determination of the variable rate on the 2019 Series B Bonds, which alternative source and methodology shall be determined in good faith by the LIBOR Discontinuation Agent, giving consideration to any methodology proposed by ISDA in respect of such discontinuation. Such notice shall be given as soon as reasonably practicable. The alternative source and methodology designated by the LIBOR Discontinuation Agent shall become effective hereunder for the determination of the variable rate on the 2019 Series B Bonds on the first day following the LIBOR Rate Discontinuation Date, provided that the Authority has received a

Favorable Opinion of Counsel with respect to the alternative source and methodology designated by the LIBOR Discontinuation Agent. In the event that the Authority has not received a Favorable Opinion of Counsel with respect to the alternative source and methodology designated by the LIBOR Discontinuation Agent, then the SIFMA Index and the related methodologies shall be deemed to be the alternative source for the calculation of interest payable in respect of 2019 Series B Bonds which, by their terms, would otherwise bear interest at a LIBOR rate. Any reference to any percentage of LIBOR in any calculation of interest shall be disregarded for such purposes and replaced with a reference to 100% of the relevant SIFMA Index.

“LIBOR Discontinuation Agent” means RBC Capital Markets, LLC or such other agent selected by an Authorized Representative and consented to by a majority of the Bondholders.

“LIBOR Index Rate Determination Date” means a date that is (a) two London Banking Days preceding the date of a Conversion to the Index Rate Period, (b) two London Banking Days preceding each Purchase Date during the Index Rate Period, (c) each Three-month LIBOR Index Rate Determination Date, or (d) two London Banking Days preceding each Interest Payment Date during the Index Rate Period other than when the Index Rate is based upon LIBOR for three-months; provided, that if the Authority obtains a Favorable Opinion of Bond Counsel, “LIBOR Index Rate Determination Date” shall mean such other date as is determined by the Authority in consultation with the Remarketing Agent in accordance with Section 302(e).

“Liquidity Facility” means, with respect to the 2019 Series B Bonds, the Initial Liquidity Facility or an Alternate Liquidity Facility, if any, providing for the purchase price of the 2019 Series B Bonds, other than after the Fixed Rate Conversion Date, upon optional or mandatory tender for purchase thereof delivered by a Liquidity Facility Provider which is rated at least A-2 by S&P and P-2 by Moody’s.

“Liquidity Facility Bonds” means any 2019 Series B Bond (other than 2019 Series B Bonds bearing interest at a Fixed Rate) which the Authority designates as such in the Purchase Contract or pursuant to a Notice of Liquidity Change delivered pursuant to and in accordance with Section 405 herein.

“Liquidity Facility Provider” means the provider of any Liquidity Facility.

“Loan Loss Fund” means the Loan Loss Fund established pursuant to the Loan Loss Fund Resolution.

“Loan Loss Fund Resolution” means the Authority’s Resolution Establishing Single-Family Loan Loss Fund adopted July 8, 1988, as supplemented on June 1, 1989 and April 30, 1997.

“London Banking Days” means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, England.

“Maximum Rate” means (a) with respect to 2019 Series B Bonds other than Bank Bonds, 12% per annum, and (b) with respect to Bank Bonds, the rate set forth in a Liquidity Facility, not to exceed 25% per annum, provided, however, that in no event shall such rate in any case exceed the maximum rate permitted by applicable law.

“Moody’s” means Moody’s Investors Service, Inc. and its successors and assigns.

“Non-Liquidity Remarketed Bonds” means, except as otherwise set forth in the Purchase Contract, any Variable Rate Bonds which the Authority designates as such pursuant to this Resolution or a notice delivered pursuant to and in accordance with Section 405 hereof.

“Non-Liquidity Remarketed Bonds Change Date” means the effective date on which any Liquidity Facility Bonds become Non-Liquidity Remarketed Bonds or any Non-Liquidity Remarketed Bonds become Liquidity Facility Bonds, as set forth in Section 405 hereof.

“Pricing Notice” shall mean, with respect to Term Rate Bonds or Index Rate Bonds, respectively, the written notice of an Authorized Representative delivered to the Trustee and the Remarketing Agent (i) at least two Business Days prior to the applicable Term Rate Conversion Date or the effective date of the new Term Rate Period in connection with a Conversion to or a continuation of a Term Rate Period, as the case may be, and (ii) at least five (5) Business Days prior to the applicable Index Rate Conversion Date or effective date of the new Index Rate Period in connection with a Conversion to or a continuation of an Index Rate Period as the case may be.

“Purchase Contract” means the contract of purchase between the Authority and the Underwriters with respect to the 2019 Series B Bonds.

“Purchase Date” means any date on which any 2019 Series B Bond is purchased pursuant to Article IV.

“Purchase Fund” means the fund established by Section 608.

“Rate Determination Date” means the date on which the interest rate for the Rate Period following each such Rate Determination Date is determined, as described in this Resolution.

“Rate Period” means the Daily Rate Period, a Weekly Rate Period, a Flexible Rate Period, an Index Rate Period, a Term Rate Period or a Fixed Rate Period.

“Record Date” means (a) with respect to any Interest Payment Date in respect of a 2019 Series B Bond during (i) a Daily Rate Period, such Interest Payment Date, (ii) the Weekly Rate Period, Flexible Rate Period or Index Rate Period, the Business Day preceding such Interest Payment Date, and (b) with respect to a 2019 Series B Bond bearing interest at a Fixed Rate or Term Rate, the tenth day preceding such Interest Payment Date; provided, however, if such Record Date is not a Business Day, then such Record Date shall be deemed to be the first Business Day following such Record Date.

“Remarketing Agent” means RBC Capital Markets, LLC or such other remarketing agent selected by an Authorized Representative, or any successor remarketing agent appointed in accordance with Section 901 hereof and any permitted successor thereto. “Principal Office” of the Remarketing Agent means the office thereof designated in writing to the Authority and the Trustee.

“Remarketing Agreement” means the remarketing agreement to be entered into by the Authority and the Remarketing Agent on or prior to the Closing Date, as from time to time amended and supplemented with the consent of the Liquidity Facility Provider, if any. In the event that a successor remarketing agent is appointed pursuant to Section 901 hereof, “Remarketing Agreement” means the remarketing agreement between such successor remarketing agent and the Authority, as from time to time amended and supplemented.

“Representation Letter” means the blanket agreement of the Authority and the Trustee to comply with the operational arrangements of DTC and any similar agreement with respect to a successor Securities Depository.

“Rule” means Rule 15c2-12 promulgated by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, § 240.15c2-12).

“Securities Depository” means DTC and its successors and assigns or if (i) the then-Securities Depository resigns from its functions as depository of the 2019 Series B Bonds or (ii) the Authority discontinues use of the then-Securities Depository pursuant to Section 703(c), any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the 2019 Series B Bonds and which is selected by the Authority.

“Serial Bonds” means the 2019 Series B Bonds, if any, which are authorized as Serial Bonds pursuant to Section 203 hereof.

“SIFMA” means the Securities Industry & Financial Markets Association (formerly the Bond Market Association) or any successor thereto.

“SIFMA Determination Agent” means a bank selected by an Authorized Representative and consented to by a majority of the Bondholders.

“SIFMA Index” means, for any day, a per annum rate, expressed as a decimal, equal to the most recently effective Securities Industry and Financial Markets Association Municipal Swap Index, which is compiled from the weekly interest rate resets of tax-exempt variable rate issues which meet specific criteria established from time to time by the Securities Industry and Financial Markets Association, published on Wednesday of each week, or if any Wednesday is not a U.S. Government Securities Business Day, the next succeeding U.S. Government Securities Business Day. If such index is no longer available “SIFMA Index” shall refer to an index recommended by the SIFMA Determination Agent and acceptable to the Authority and the Trustee. The SIFMA Index shall be rounded upward to the second decimal place (for example, if the SIFMA Index is 2.143%, then the SIFMA Index rounded upward to the second decimal place would be 2.15%)

“S&P” means S&P Global Ratings, and its successors and assigns.

“Special Record Date” means the date and time established by the Trustee for determinations of which Holders shall be entitled to receive overdue interest on the 2019 Series B Bonds pursuant to Section 203(b)(iii) hereof.

“Stepped Rate” shall mean the rate or rates of interest applicable with respect to any 2019 Series B Bonds should insufficient funds be available to purchase such 2019 Series B Bonds in connection with a mandatory tender at the end of a Variable Rate Period during which such 2019 Series B Bonds are not supported by a Liquidity Facility, as specified by the Authority in the Pricing Notice delivered in connection with the Conversion of such 2019 Series B Bonds to a Variable Rate Period or with the continuation of a Variable Rate Period with respect to such 2019 Series B Bonds. If no Stepped Rate was specified in the Pricing Notice relating to the expiring Variable Rate Period for such 2019 Series B Bonds, the Stepped Rate shall be: (a) for the period from and including the Failed Tender Date to but excluding the ninetieth (90th) day thereafter a per annum interest rate equal to the Stepped Rate Index plus 2.50%; (b) for the period from and including the ninetieth (90th) day after the Failed Tender Date to but excluding the one hundred eightieth (180th) day after the Failed Tender Date, a per annum interest rate equal to the greater of (i) the Stepped Rate Index plus 5.00% or (ii) 7.50%; and (c) thereafter, the Maximum Rate; provided that the Stepped Rate shall never be less than the rate of interest applicable to such 2019 Series B Bonds on the Business Day prior to the Failed Tender Date.

“Stepped Rate Determination Date” means the applicable Failed Tender Date and each Wednesday thereafter or, if any such Wednesday is not a Business Day, then the next preceding Business Day, such date being the same day the SIFMA Index is expected to be published or otherwise made available to the Index Agent, and if the SIFMA Index is published on a different day, such day will be the Stepped Rate Determination Date. The Stepped Rate Index so calculated will apply to the calendar week from and including the immediately succeeding Thursday to and including the following Wednesday, unless the Failed Tender Date is a Wednesday in which event such rate will be based on the SIFMA Index determined on the prior Wednesday and will only apply on the Failed Tender Date; provided that different Stepped Rate Determination Dates may be specified in the Pricing Notice relating to the establishment of a new Term Rate Period or Index Rate Period for any 2019 Series B Bonds. The Stepped Rate or Rates calculated on any Stepped Rate Determination Date shall apply to 2019 Series B Bonds as set forth in Section 307 herein.

“Stepped Rate Index” shall mean an index specified by the Authority in the Pricing Notice delivered in connection with the Conversion of 2019 Series B Bonds to a Variable Rate Period or with the continuation of a Variable Rate Period with respect to such 2019 Series B Bonds as provided herein. If no Stepped Rate Index is specified in the Pricing Notice relating to the expiring Variable Rate Period for such 2019 Series B Bonds, the Stepped Rate Index shall be the SIFMA Index.

“Super Sinker Bonds” means the 2019 Series B Bonds, if any, which are designated as Super Sinker Bonds in the Purchase Contract pursuant to Section 503(d) of this 2019 Series B Resolution.

“Surety Bond(s)” or “Surety” means one or more unconditional and irrevocable surety bonds issued by a domestic or foreign insurance company which (i) qualifies as a Cash Equivalent under the General Resolution, (ii) guarantees certain payments into the Capital Reserve Fund with respect to the Bonds as provided therein and subject to the limitations set forth therein, and (iii) is not subject to cancellation.

“Term Bonds” means the 2019 Series B Bonds, if any, which are authorized as Term Bonds pursuant to Section 203 hereof (and have not been redesignated as Serial Bonds in accordance with this 2019 Series B Resolution), and which shall be subject to Sinking Fund Requirements as set forth in the Purchase Contract.

“Term Rate” means the rate of interest on a 2019 Series B Bond established in accordance with Section 302(d).

“Term Rate Bonds” means the 2019 Series B Bonds during the time such 2019 Series B Bonds bear interest at a Term Rate.

“Term Rate Computation Date” means any Business Day during the period from and including the date of receipt of a notice from the Authority relating to a Conversion to a Term Rate for any 2019 Series B Bonds to and including the Business Day next preceding the proposed Term Rate Conversion Date.

“Term Rate Conversion Date” means: (i) the Conversion Date on which the interest rate on any 2019 Series B Bonds shall be Converted to a Term Rate; or (ii) the date on which a new Term Rate Period and Term Rate are to be established.

“Term Rate Continuation Notice” shall have the meaning given such term in Section 302(d)(ii).

“Term Rate Period” means any period during which any 2019 Series B Bonds bear interest at the Term Rate.

“Three-month LIBOR Rate Determination Date” means two Business Days prior to each January 1, April 1, July 1, and October 1.

“Treasury Rate” means the interest rate applicable to one-month United States Treasury bills determined by the Remarketing Agent on the basis of the average per annum discount rate at which such one-month Treasury bills shall have been sold at the most recent Treasury auction.

“2003 Series B Resolution” means the resolution of the Authority authorizing the issuance and sale of its Single-Family Mortgage Revenue Bonds, 2003 Series B.

“2019 Series A Bonds” means, upon issuance, the Authority’s Single-Family Mortgage Revenue Bonds, 2019 Series A.

“2019 Series A Down Payment Assistance Loan Principal Prepayments” means any payment by a mortgagor or other recovery of principal on a 2019 Series A Down Payment Assistance Loan which is not applied on a scheduled installment of principal and interest on a 2019 Series A Down Payment Assistance Loan (including any deficiency in the payment of any scheduled installments of principal and interest then due and payable or interest paid in connection with a voluntary prepayment of a 2019 Series A Down Payment Assistance Loan) and the portion of any amounts received in connection with the liquidation of a defaulted 2019 Series A Down Payment Assistance Loan (whether through foreclosure, trustee’s sale or otherwise) or other payments representing such principal amounts, including payments from the sale of a 2019 Series A Down Payment Assistance Loan.

“2019 Series A Down Payment Assistance Loans” means (i) any loan financed or acquired with amounts received in connection with the issuance of the 2019 Series A Bonds or with other amounts made available by the Authority in respect of the 2019 Series A Bonds and deposited in the Down Payment Assistance Fund and pledged by the Authority in accordance with the Act as security for the Bonds, evidenced by a mortgage note and secured by a mortgage and (ii) any instrument evidencing an ownership interest in such loans.

“2019 Series A Mortgage Loans” means all Mortgage Loans or portions of Mortgage Loans financed or acquired from the proceeds of or allocable to the 2019 Series A Bonds.

“2019 Series AB Bonds” means, collectively, the 2019 Series A Bonds and the 2019 Series B Bonds.

“2019 Series AB Down Payment Assistance Loan Principal Prepayments” means, collectively, the 2019 Series A Down Payment Assistance Loan Principal Prepayments and the 2019 Series B Down Payment Assistance Loan Principal Prepayments.

“2019 Series AB Down Payment Assistance Loans” means, collectively, the 2019 Series A Down Payment Assistance Loans and the 2019 Series B Down Payment Assistance Loans.

“2019 Series AB Mortgage Loans” means, collectively, the 2019 Series A Mortgage Loans and the 2019 Series B Mortgage Loans.

“2019 Series B Bonds” means the Bonds authorized by Article II of this 2019 Series B Resolution.

“2019 Series B Down Payment Assistance Loan Principal Prepayments” means any payment by a mortgagor or other recovery of principal on a 2019 Series B Down Payment Assistance Loan which is not applied on a scheduled installment of principal and interest on a 2019 Series B Down Payment Assistance Loan (including any deficiency in the payment of any scheduled installments of principal and interest then due and payable or interest paid in connection with a voluntary prepayment of a 2019 Series B Down Payment Assistance Loan) and the portion of any amounts received in connection with the liquidation of a defaulted 2019 Series B Down Payment Assistance Loan (whether through foreclosure, trustee’s sale or otherwise) or other

payments representing such principal amounts, including payments from the sale of a 2019 Series B Down Payment Assistance Loan.

“2019 Series B Down Payment Assistance Loans” means (i) any loan financed or acquired with amounts received in connection with the issuance of the 2019 Series B Bonds or with other amounts made available by the Authority in respect of the 2019 Series B Bonds and deposited in the Down Payment Assistance Fund and pledged hereunder by the Authority in accordance with the Act, evidenced by a mortgage note and secured by a mortgage and (ii) any instrument evidencing an ownership interest in such loans.

“2019 Series B Mortgage Loans” means all Mortgage Loans or portions of Mortgage Loans financed or acquired from the proceeds of or allocable to the 2019 Series B Bonds.

“U.S. Government Securities Business Day” means any day except for a Saturday, Sunday or a day on which Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

“Underwriters” means collectively RBC Capital Markets, LLC and such other underwriters, if any, as may be named in the Purchase Contract.

“Variable Rate” means, as the context requires, the interest rate during the Daily Rate, Weekly Rate, Term Rate or Index Rate applicable to 2019 Series B Bonds.

“Variable Rate Bonds” means the 2019 Series B Bonds during the time such 2019 Series B Bonds bear interest at a Variable Rate.

“Variable Rate Conversion Date” means each day on which all or any portion of 2019 Series B Bonds bear interest at a Variable Rate pursuant to Section 302(b), 302(c), 302(d), 302(e) or 302(f) hereof which is immediately preceded by a day on which such 2019 Series B Bonds did not bear interest at the same Variable Rate.

“Variable Rate Period” means each period during which 2019 Series B Bonds bear interest at a specific Variable Rate.

“Weekly Rate” means the interest rate to be determined for 2019 Series B Bonds on a weekly basis pursuant to Sections 203 and 302(c) hereof.

“Weekly Rate Conversion Date” means each day on which all or any portion of the 2019 Series B Bonds bear interest at a Weekly Rate pursuant to Section 302(d) or (e) hereof which is immediately preceded by a day on which such 2019 Series B Bonds did not bear interest at a Weekly Rate. The effective date of an automatic Conversion to the Weekly Rate pursuant to Section 302(a)(ii) hereof shall be deemed to be a Weekly Rate Conversion Date.

“Weekly Rate Period” means each period during which 2019 Series B Bonds bear interest at a Weekly Rate.

**ARTICLE II
AUTHORIZATION OF 2019 SERIES B BONDS**

201. Principal Amount, Designation and Series. A Series of Bonds is hereby authorized to be issued and sold, pursuant to the provisions of the General Resolution in an aggregate original principal amount of not to exceed \$60,000,000, as established pursuant to Section 203 hereof. Such Series of Bonds shall be designated as “Single-Family Mortgage Revenue Bonds, 2019 Series B.”

202. Purposes. The purposes for which the 2019 Series B Bonds are being issued are (i) the financing and purchasing of Mortgage Loans; (ii) if required to satisfy the Capital Reserve Fund Requirement, the making of a deposit to the Capital Reserve Fund in respect of the 2019 Series B Bonds, except to the extent the Authority obtains and pledges to the Capital Reserve Fund Letter(s) of Credit and/or Surety Bond(s) which may be drawn upon or called upon for payment, as applicable, for the purposes of the Capital Reserve Fund; (iii) the making of a deposit to the Down Payment Assistance Fund in respect of the 2019 Series B Bonds, to the extent provided for in the Purchase Contract; and (iv) paying the costs of issuance of the 2019 Series AB Bonds, to the extent provided for in the Purchase Contract.

203. Interest Rates, Principal Amounts and Maturity Dates. (a) The 2019 Series B Bonds shall be dated and shall be issued on or before May 31, 2019, as approved by an Authorized Representative. The 2019 Series B Bonds shall be issued as interest bearing Bonds and not as capital appreciation bonds. All of the 2019 Series B Bonds shall be initially issued as Term Bonds which shall mature on any June 1 or December 1 in the years and principal amounts and shall bear interest as approved by an Authorized Representative, which approval shall be evidenced by execution of the Purchase Contract by any Authorized Representative. The 2019 Series B Bonds may remain as Term Bonds or become Serial Bonds or any combination of Serial Bonds and Term Bonds in connection with a Conversion of 2019 Series B Bonds to Fixed Rate Bonds which shall mature on any June 1 or December 1 in the years and principal amounts as approved by an Authorized Representative. The 2019 Series B Bonds shall bear interest as set forth in Article III hereof. Interest shall be payable on the applicable Interest Payment Date for the respective 2019 Series B Bonds.

(b) Subject to the further provisions of Article III hereof, each 2019 Series B Bond shall bear interest and be payable as to interest as follows:

(i) Each 2019 Series B Bond shall bear interest (at the applicable rate determined pursuant to Article III hereof) computed from (A) the date of authentication, if authenticated on an Interest Payment Date to which interest has been paid, or (B) the last preceding Interest Payment Date to which interest has been paid (or the Closing Date if no interest thereon has been paid) in all other cases, and in either case (C) to and including the day (whether or not a Business Day) immediately preceding each Interest Payment Date on which interest is being paid.

(ii) Subject to the provisions of subparagraph (iii) below, the interest due on any 2019 Series B Bond on any Interest Payment Date shall be paid to the Holder of such 2019 Series B Bond as shown on the registration books kept by the Trustee as of the regular Record Date. The amount of interest payable on any Interest Payment Date shall be computed (A) on the basis of a 365- or 366-day year for the number of days actually elapsed with respect to a Flexible Rate Period, Daily Rate Period, Weekly Rate Period or an Index Rate Period during which the Index Rate Index is the SIFMA Index, (B) on the basis of a 360-day year consisting of twelve 30-day months with respect to a Term Rate Period or Fixed Rate Period, and (C) on the basis of a 360-day year for the actual days elapsed with respect to an Index Rate Period during which the Index Rate is a function of LIBOR.

(iii) If the funds available under the General Resolution are insufficient on any Interest Payment Date to pay the interest then due, the regular Record Date shall no longer be applicable with respect to the 2019 Series B Bonds. If sufficient funds for the payment of such overdue interest thereafter become available, the Trustee shall promptly establish a special interest payment date for the payment of the overdue interest and a Special Record Date (which shall be a Business Day) for determining the Holders entitled to such payments. Notice of such date so established shall be given by first-class mail by the Trustee to each Holder at least ten (10) days prior to the Special Record Date, but not more than thirty (30) days prior to the special interest payment date. The overdue interest shall be paid on the special interest payment date (which date shall be deemed to be an Interest Payment Date) to the Holder, as shown on the registration books kept by the Trustee as of the close of business on the Special Record Date.

(iv) All payments of interest on the 2019 Series B Bonds shall be paid to the persons entitled thereto pursuant to Section 203(b)(ii) or Section 203(b)(iii) hereof on the Interest Payment Date in immediately available funds.

(c) (i) Any Holder may elect to have the principal or Redemption Price of and interest on its 2019 Series B Bonds bearing interest at Daily, Weekly, Term, Index or Fixed Rates paid by wire transfer to a bank within the continental United States or deposited to a designated account that is maintained with the Trustee; provided, however, that such Holder shall have provided wire transfer instructions to the Trustee prior to the Interest Payment Date; provided further, that each such 2019 Series B Bond must be presented to the Trustee in order for the Holder to receive payment of principal or Redemption Price.

(ii) Interest accrued during any Flexible Rate Period shall be paid in immediately available funds, but only upon presentation and surrender of 2019 Series B Bonds to the Trustee, by wire transfer to a bank within the continental United States or direct deposit to a designated account that is maintained with the Trustee pursuant to directions given by the Holder to the Trustee on or prior to the Interest Payment Date.

(d) The purchase price of the 2019 Series B Bonds shall be as approved by an Authorized Representative, subject to the limitations of this 2019 Series B Resolution, and shall be set forth in the Purchase Contract, and the approval of such purchase price and compensation shall be evidenced by the execution of the Purchase Contract by the Authority.

(e) In making the determination with respect to interest rates, designations as Serial Bonds or Term Bonds, and the maturities of the 2019 Series B Bonds, and with respect to the compensation to be paid to the Underwriters, the purchase price of the 2019 Series B Bonds and certain other matters, the Authorized Representative making such determinations shall be limited as follows:

(i) The rate of interest on any 2019 Series B Bond shall not at any time exceed the Maximum Rate;

(ii) The rate of interest on any 2019 Series B Bond from the Closing Date to and including the last day of the first Variable Rate Period shall not exceed 4.00%;

(iii) The compensation to be paid to the Underwriters in connection with the purchase of the 2019 Series B Bonds shall not be more than 1.00% of the original aggregate principal amount of the 2019 Series B Bonds;

(iv) The schedule of maturities and the amount of each maturity for the 2019 Series B Bonds, taking into account the Sinking Fund Requirements, if any, established pursuant to Section 205 hereof, shall be established in a manner that will permit the Authorized Representative to file the Cash Flow Statement required by Section 608 of the General Resolution;

(v) The final maturity of the 2019 Series B Bonds shall not be later than December 1, 2051;

(vi) As of the Closing Date, the maximum amount of scheduled principal payments (adjusted for any previously scheduled Sinking Fund Requirements) and Sinking Fund Requirements due with respect to the 2019 Series B Bonds on any June 1 or December 1, shall not exceed Ten Million Dollars (\$10,000,000);

(vii) The proceeds of the 2019 Series B Bonds credited to the Down Payment Assistance Fund shall not exceed 10% of the original principal amount of the 2019 Series B Bonds; and

(viii) The Authority shall not sell the 2019 Series B Bonds to the Underwriters at a price of less than 100% of the principal amount thereof, exclusive of any Underwriters' discount or compensation.

(f) Subject to the limitations set forth in subsection (e) above, scheduled principal payments and Redemption Requirements may be revised upon Conversion of all or any portion of the 2019 Series B Bonds to Flexible Rates or a Fixed Rate pursuant to Sections 303 or 304 hereof.

204. Denominations, Numbers and Letters. (a) The 2019 Series B Bonds shall be issued as fully-registered bonds in the Authorized Denominations set forth in subsection (b) below. The 2019 Series B Bonds, including any subseries thereof, shall be lettered and numbered as determined by an Authorized Officer.

(b) The 2019 Series B Bonds shall be issuable in fully-registered form, in denominations of (i) during a Variable Rate Period, \$100,000 and any integral multiple of \$5,000 in excess of \$100,000, (ii) during a Flexible Rate Period, \$100,000 and any integral multiple of \$1,000 in excess of \$100,000, and (iii) during a Term Rate Period or on and after the Fixed Rate Conversion Date, \$5,000 or integral multiples thereof (each “Authorized Denominations”); provided, however, that if as a result of a Conversion of 2019 Series B Bonds from a Term Rate Period to a Daily Rate Period, Weekly Rate Period, Flexible Rate Period or Index Rate Period, it is not possible to deliver all the 2019 Series B Bonds required or permitted to be Outstanding in a denomination permitted above, 2019 Series B Bonds may be delivered, to the extent necessary, in different denominations. If the interest rate on the 2019 Series B Bonds is automatically Converted to a Weekly Rate, as provided in 302(a)(ii) hereof, 2019 Series B Bonds then Outstanding which were in Authorized Denominations immediately prior to such automatic Conversion shall be deemed to be temporarily in Authorized Denominations following such automatic Conversion.

(c) Each 2019 Series B Bond shall be dated as of the date of authentication, if authenticated on an Interest Payment Date to which interest has been paid, and in all other cases the last preceding Interest Payment Date to which interest has been paid (or the Closing Date if no interest thereon has been paid).

205. Conditional Notice of Optional Redemption and No Requirement to Have Funds on Hand. As provided for by Section 302 of the General Resolution, as may be supplemented as provided therein, and notwithstanding any provision in the General Resolution to the contrary, (i) the Authority shall not be required to have in the Redemption Fund, or otherwise available and set aside in the General Receipts Fund, an amount sufficient to effect the redemption of any 2019 Series B Bonds prior to the notice of optional redemption being sent by the Trustee, and (ii) any such notice of optional redemption of any 2019 Series B Bonds may, at the direction of an Authorized Representative, state that it is conditional in nature and may be rescinded at any time on or before the business day prior to the redemption date, together with the terms under which notice of any such rescission is to be provided to the Bondowners. If such notice is rescinded any such 2019 Series B Bonds that were subject to the notice of redemption shall remain Outstanding Bonds.

206. Sale of 2019 Series B Bonds. An Authorized Representative is authorized to negotiate, execute and deliver, on behalf of the Authority, the Purchase Contract, in substantially the form presented to this meeting, with such changes as an Authorized Representative deems necessary and desirable and not materially adverse to the Authority, for purchase of the 2019 Series B Bonds at the price(s) and with compensation to the Underwriters, all as set forth therein. Approval of the Purchase Contract, and the purchase price set forth therein, shall be evidenced by the execution of the Purchase Contract by an Authorized Representative.

207. Expenses. The Authority’s Expenses with respect to the 2019 Series B Bonds for a Fiscal Year may not exceed an amount equal to one quarter of one percent (0.25%) of the greater of the aggregate principal amount of all Outstanding 2019 Series B Bonds or the aggregate principal amount of the outstanding 2019 Series B Mortgage Loans, all as of the first day of such Fiscal Year.

ARTICLE III
INTEREST RATES ON 2019 SERIES B BONDS

301. Initial Interest Rate; Subsequent Rates.

(a) The 2019 Series B Bonds initially shall bear interest at a Variable Rate, and the Purchase Contract shall set forth: (i) the type of the Variable Rate, (ii) the ending date of the first Variable Rate Period, and (iii) the method of establishing the rate of interest applicable to the Bonds from the Closing Date to and including the last day of the first Variable Rate Period. On or after the end of the first Variable Rate Period, the Interest Rate borne by the 2019 Series B Bonds shall be computed as set forth in Section 302, or alternatively may be Converted to another type of Interest Rate as hereinafter provided and following such Conversion, may be Converted from time to time to another type of Interest Rate as hereinafter provided.

(b) At any time that there is an event of a failure to effect a proposed Conversion to another type of Interest Rate pursuant to Section 302, 303 or 304 hereof, the Interest Rate on the 2019 Series B Bonds to have been Converted shall be automatically Converted to a Weekly Rate and shall bear interest at the Weekly Rate set in accordance with Section 302(c) hereof from the date on which such Conversion was to have occurred, which date shall be deemed to be the first day of the Weekly Rate Period, if the Conversion was to have been made from a Variable Rate Period or a Flexible Rate Period.

302. Variable Rates; Conversion to Variable Rate Periods.

(a) Determination by Remarketing Agent. Except for any Variable Rate Period that begins on the Closing Date, and subject to the further provisions of this Article III with respect to particular Variable Rates or Conversions to or between Variable Rate Periods, the Variable Rate to be applicable to 2019 Series B Bonds during any Variable Rate Period shall be determined by the Remarketing Agent.

(i) In each case, subject to the provisions of Section 305 hereof, the Variable Rate for a Variable Rate Period in question shall be determined by the Remarketing Agent on the date or dates and at the time or times required pursuant to subsection (b) through (g) below, whichever is applicable.

(ii) Except for any Variable Rate applicable to the Bonds from the Closing Date to and including the last day of the first Variable Rate Period, each Variable Rate shall be determined by the Remarketing Agent as the lowest rate of interest which, in the judgment of the Remarketing Agent, taking into account prevailing market conditions, would permit the applicable 2019 Series B Bonds to be sold at a purchase price equal to one hundred percent (100%) of the principal amount thereof plus any accrued interest thereon as of the effective date of such rate; provided, however, that if (i) the Remarketing Agent fails for any reason to determine the Variable Rate for any Variable Rate Period when required hereunder, (ii) there is no Remarketing Agent in place on the applicable Rate Determination Date, (iii) any Variable Rate fails to become effective, or (iv) a Variable Rate is held to be invalid or unenforceable by a final judgment of a court of competent jurisdiction, then the Interest Rate on such 2019 Series B Bonds shall be automatically

Converted to (or continue to bear interest at) a Weekly Rate; provided, further, that (i) if the 2019 Series B Bonds are Converted to the Weekly Rate as provided above, the Weekly Rate through the Tuesday following such Conversion shall be the applicable last interest rate in effect, and (ii) if the 2019 Series B Bonds continue to bear interest at a Weekly Rate as provided above, or if a Weekly Rate is not determined by the Remarketing Agent for two (2) or more consecutive Weekly Periods, the Weekly Rate shall be the Maximum Rate. In the event the 2019 Series B Bonds are Converted to a Weekly Rate as provided in the immediately preceding sentence, the Trustee shall as soon as practicable send notice by first class mail to the Holders stating that such automatic Conversion has occurred, the effective date thereof, and the manner in which the Weekly Rate for such Weekly Rate Period is being determined.

(iii) In no event shall the Variable Rate for any Variable Rate Period exceed the Maximum Rate.

(iv) All determinations of Variable Rates shall be conclusive and binding upon the Authority, the Trustee and the Holders of the 2019 Series B Bonds. The Authority, the Trustee and the Remarketing Agent shall not be liable to any Holders for failure to give any notice required in this Section 302 or for failure of any Holders to receive any such notice.

(b) Daily Rates. A Daily Rate shall be determined for each Daily Rate Period as follows:

(i) The Daily Rate shall be effective for one day. Subject to the provisions of Section 302(a)(ii) hereof, each such Daily Rate shall be determined by the Remarketing Agent by 10:00 a.m., New York City time, on each Business Day. If the 2019 Series B Bonds bearing interest at a Daily Rate have not been subject to a Conversion, then the Daily Rate on a day that is not a Business Day shall be the Daily Rate determined on the preceding Business Day.

(ii) Subject to the provisions of Section 305 hereof, notice of each Daily Rate shall be given by the Remarketing Agent to the Authority and the Trustee by telephone or facsimile transmission (or electronic communication mutually acceptable to the parties) not later than the close of business on the same Business Day, and written notice of Daily Rates determined shall be given by the Remarketing Agent to the Authority and the Trustee on the Business Day prior to each Interest Payment Date on which interest at a Daily Rate or Daily Rates is required to be paid.

(iii) Subject to the provisions of Section 305 hereof, written notice of Daily Rates shall be given by the Trustee to the Liquidity Facility Provider, if any, and each Holder requesting such information within seven (7) Business Days after each Interest Payment Date on which interest at a Daily Rate or Daily Rates was paid.

(c) Weekly Rates. A Weekly Rate shall be determined for each Weekly Rate Period as follows:

(i) Weekly Rate Periods shall commence on Wednesday of each week and end on Tuesday of the following week, except that: (A) in the case of a Conversion to a Weekly Rate Period from a different Variable Rate Period or from Flexible Rate Periods, such Weekly Rate Period shall commence on the last Interest Payment Date in respect of the immediately preceding Rate Period or Rate Periods and end on Tuesday of the following week; (B) in the case of a Conversion from a Weekly Rate Period to a different Rate Period, the last Weekly Rate Period prior to Conversion shall end on the last day immediately preceding the Conversion Date to the new Rate Period; (C) if a Weekly Rate Period occurs by virtue of the automatic Conversion to a Weekly Rate as provided in Section 301 or 302(a)(ii) hereof, such Weekly Rate Period shall commence on the effective date of such automatic Conversion; and (D) in the event a Weekly Rate Period is the final Rate Period with respect to a 2019 Series B Bond, such Weekly Rate Period shall end on the stated maturity date of the 2019 Series B Bond or the date of earlier payment thereof.

(ii) The Weekly Rate for each Weekly Rate Period shall be effective from and including the commencement date of such period and shall remain in effect through and including the last day thereof. Subject to the provisions of Section 302(a)(ii) hereof, each such Weekly Rate shall be determined by the Remarketing Agent by 11:00 a.m. New York City time on the commencement date of the Weekly Rate Period to which it relates (unless such day is not a Business Day, in which case, by 4:00 p.m. New York City time on the first Business Day preceding the commencement date of the Weekly Rate Period to which it relates).

(iii) Subject to the provisions of Section 305 hereof, notice of each Weekly Rate shall be given by the Remarketing Agent to the Authority and the Trustee by telephone or facsimile transmission (or electronic communication mutually acceptable to the parties) not later than the close of business on the first Business Day immediately preceding the commencement date of the Weekly Rate Period to which it relates, and written notice of Weekly Rates determined for each Weekly Rate Period shall be given by the Remarketing Agent to the Authority and the Trustee on the Business Day prior to each Interest Payment Date on which interest at a Weekly Rate or Weekly Rates is required to be paid.

(iv) Subject to the provisions of Section 305 hereof, written notice of Weekly Rates determined for each Weekly Rate Period shall be given by the Trustee to the Liquidity Facility Provider, if any, and each Holder requesting such information within seven (7) Business Days after each Interest Payment Date on which interest at a Weekly Rate or Weekly Rates was paid.

(d) Term Rates. A Term Rate shall be determined for each Term Rate Period as follows:

(i) A Term Rate Period shall commence on the Term Rate Conversion Date and end on a day that precedes a Business Day selected by the Authority that is a minimum of one hundred eighty (180) days after the Term Rate Conversion Date, but in no event later than the maturity date of the applicable 2019 Series B Bonds. Upon such selection, such Business Day will be an Interest Payment Date for such Term Rate Bonds. The duration of the Term Rate Period and the Stepped Rate to be applicable to the Term Rate Bonds should insufficient funds

be available for their purchase at the end of such Term Rate Period, shall be as specified in the Pricing Notice given with respect to the Conversion of any 2019 Series B Bonds to such Term Rate Period pursuant to Section 302(d)(iii) or with respect to any new Term Rate and Term Rate Period for 2019 Series B Bonds then bearing interest at a Term Rate pursuant to Section 302(d)(ii). With respect to each Term Rate Period, subject to the provisions of Section 302(a)(ii) hereof, the Remarketing Agent shall set the Term Rate for the 2019 Series B Bonds by 5:00 p.m. New York City time, on the applicable Term Rate Computation Date. Upon a successful Conversion of any 2019 Series B Bonds to bear interest at the Term Rate from another Interest Rate pursuant to this Article III or the establishment of a new Term Rate Period and a new Term Rate for any Term Rate Bonds pursuant to Section 302(d)(ii), and until such Term Rate Bonds are successfully Converted to another Interest Rate, such 2019 Series B Bonds shall bear interest at a Term Rate.

(ii) Term Rate Continuation. The Authority may establish a new Term Rate Period and Term Rate for any Term Rate Bonds by delivery of a written notice consistent with the provisions of Section 302(d)(iii) (a “Term Rate Continuation Notice”) to the Trustee, the Remarketing Agent and the applicable Liquidity Facility Provider, if any, for such Term Rate Bonds no less than thirty-one (31) days prior to the effective date of the new Term Rate Period along with a form of Favorable Opinion of Bond Counsel proposed to be delivered on the effective date of the new Term Rate Period in connection with the continuation of a Term Rate Period for the Term Rate Bonds. The effective date of the new Term Rate Period must be a Business Day on which such Term Rate Bonds are subject to optional redemption pursuant to Section 502(a) or a Business Day on which such 2019 Series B Bonds are subject to mandatory tender pursuant to the applicable provisions of Section 403(a). No later than two (2) Business Days prior to the effective date of such new Term Rate Period, the Authority shall deliver to the Trustee a Pricing Notice consistent with the provisions of Section 302(d)(iii) below. Each Term Rate Bond shall be subject to mandatory tender on the first day of the new Term Rate Period. No new Term Rate shall become effective unless a Favorable Opinion of Bond Counsel is delivered on (and as of) the first day of the new Term Rate Period and all such Term Rate Bonds are successfully remarketed in the new Term Rate Period at the new Term Rate on the first day of the new Term Rate Period.

(iii) Contents of Term Rate Continuation Notice; Pricing Notice. The Authority’s Term Rate Continuation Notice must specify: (i) the proposed Term Rate Period; (ii) whether the Liquidity Facility then in effect, if any, will remain in effect; (iii) if a new Liquidity Facility will be in effect after the effective date of the new Term Rate Period and Term Rate; and (iv) the expected ratings, if any, on such 2019 Series B Bonds following the establishment of a new Term Rate Period and Term Rate.

The Pricing Notice delivered in connection with a Conversion to or continuation of a Term Rate must specify: (1) the duration of the Term Rate Period, (2) the optional redemption provisions applicable to such Term Rate Bonds during such Term Rate Period, if any, and (3) the Stepped Rate to be applicable to such Term Rate Bonds should insufficient funds be available to purchase such Term Rate Bonds at the end of such Term Rate Period.

(iv) Notice to Holders. Subject to Section 305 hereof, upon receipt of a Term Rate Continuation Notice from an Authorized Representative, as soon as possible, but in any event not less than thirty (30) days prior to the first day of the proposed Term Rate Period, the Trustee shall give notice by first-class mail to the Holders of the affected Series of 2019 Series B Bonds, which notice shall state:

(A) in substance that a new Term Rate Period and Term Rate are to be established for such 2019 Series B Bonds on the applicable Term Rate Conversion Date if the conditions specified in this 2019 Series B Resolution (and generally described in such notice) are satisfied on or before such date;

(B) the first day of the new Term Rate Period;

(C) that the Authority has delivered to the Trustee the form of a Favorable Opinion of Bond Counsel proposed to be delivered to the Trustee in connection with the continuation of the Term Rate Period for the Term Rate Bonds;

(D) that a new Term Rate Period and Term Rate for such 2019 Series B Bonds shall not be established unless the Favorable Opinion of Bond Counsel referred to above is delivered to the Trustee on (and as of) the first day of the new Term Rate Period and all such 2019 Series B Bonds are successfully remarketed in the new Term Rate Period and at the new Term Rate on the first day thereof;

(E) the CUSIP numbers or other identification information of such 2019 Series B Bonds;

(F) that all affected 2019 Series B Bonds are subject to mandatory tender for purchase on the first day of the new Term Rate Period (whether or not the proposed new Term Rate Period becomes effective on such date, unless the 2019 Series B Bonds are not supported by a Liquidity Facility, then the 2019 Series B Bonds will be purchased only upon a successful remarketing at the new Term Rate) at the purchase price; and

(G) that, to the extent that there shall be on deposit with the Trustee on the first day of the new Term Rate Period an amount of money sufficient to pay the purchase price thereof, all such 2019 Series B Bonds not delivered to the Trustee on or prior to such date shall be deemed to have been properly tendered for purchase and shall cease to constitute or represent a right on behalf of the Holder thereof to the payment of principal thereof or interest thereon and shall represent and constitute only the right to payment of the purchase price on deposit with the Trustee, without interest accruing thereon after such date.

(v) End of Term Rate. In the event the Authority fails to give a Term Rate Continuation Notice or a notice of Conversion, as applicable, with respect to Term Rate Bonds at the time required by this Section 302(d), or if the conditions to the effectiveness of a new Term Rate Period and new Term Rate set forth in Section 302(d)(ii) or the conditions to Conversion to another Rate Period are not satisfied, including as a result of the Remarketing Agent failing to establish a Term Rate as herein provided, then on the day following the last day of the current

Term Rate Period, a Weekly Rate Period shall automatically commence for such 2019 Series B Bonds; provided that, notwithstanding anything to the contrary herein, unless a Liquidity Facility is in effect with respect to such 2019 Series B Bonds, such 2019 Series B Bonds shall not be subject to optional tender pursuant to Section 401(a) and shall bear interest at a rate of interest equal to the Stepped Rate determined on each Stepped Rate Determination Date, subject to the provisions of Section 407(b).

(e) Index Rates.

(i) Upon a successful Conversion of any 2019 Series B Bonds to an Index Rate Period pursuant to Section 302 or upon a continuation of 2019 Series B Bonds in an Index Rate Period, and until such 2019 Series B Bonds are successfully converted to another Rate Period pursuant to this Article III, such 2019 Series B Bonds shall bear interest at the Index Rate applicable to such 2019 Series B Bonds, as determined by the Index Agent. Except as may be otherwise specified in a Pricing Notice, (A) the initial Index Rate for each Index Rate Period during which the Index Rate Index is the SIFMA Index, shall apply to the period commencing on the first day of such Index Rate Period and ending on and including the following Wednesday, unless such first day is a Wednesday, in which case the initial Index Rate will only apply to such first day and thereafter, each Index Rate shall apply to the period commencing on and including Thursday (whether or not a Business Day) to and including the following Wednesday, or (B) the initial Index Rate for each Index Rate Period during which the Index Rate Index is a function of LIBOR, shall apply to the period commencing on the first day of such Index Rate Period to and including the date preceding the next Interest Payment Date and thereafter, each Index Rate shall apply to the period commencing on and including the following Interest Payment Date to and including the date preceding the next Interest Payment Date.

The duration of the Index Rate Period, the Stepped Rate to be applicable to such 2019 Series B Bonds should insufficient funds be available for their purchase at the end of such Index Rate Period, the next Purchase Date, the Index Rate Index, the frequency with which the Index Rate will be recalculated, the Interest Payment Dates applicable to such 2019 Series B Bonds and any alternative Index Rate Determination Dates shall be as specified in the Pricing Notice given with respect to the Conversion of 2019 Series B Bonds to the Index Rate Period pursuant to this Article III or with respect to any new Index Rate and Index Rate Period for 2019 Series B Bonds then bearing interest at an Index Rate.

(ii) Determination of Applicable Spread. The Index Rate for Index Rate Bonds shall be based on the Index Rate Index, which shall be designated by the Authority not less than five (5) Business Days prior to a Conversion Date or Purchase Date. The Remarketing Agent shall determine the Applicable Spread to be used in calculating the Index Rate on or before the Index Rate Determination Date preceding the Conversion Date or Purchase Date and such Applicable Spread shall be documented and communicated to the Trustee and the Authority in a manner that is of general practice and acceptable to the Authority and the Trustee (including, but not limited to a Remarketing Agreement, or such other similar contractual arrangement). The Remarketing Agent shall offer for sale and use its best efforts to sell such 2019 Series B Bonds on the Conversion Date at a price equal to 100% of the principal amount thereof, as provided herein and in the applicable Remarketing Agreement.

(iii) Calculation of Index Rate. The Index Rate for each Index Rate Bond shall be calculated on each Index Rate Determination Date (preceding the date on which such Index Rate is to become effective) by the Index Agent and shall be equal to: (A) the Index Rate Index on the Index Rate Determination Date, as determined by the Index Agent, plus (B) the Applicable Spread that was determined pursuant to the preceding paragraph, and such Index Rate shall be rounded upwards to the nearest one hundredth of one percent (0.01%). Upon Conversion to or continuation of an Index Rate Period, unless otherwise specified in the Pricing Notice, the Index Rate (as calculated from time to time pursuant to the Pricing Notice) shall apply to the period commencing on the Conversion Date or the Purchase Date and ending on such date as provided in Section 302(e)(i) above. Notwithstanding anything to the contrary in this Section, the Index Rate may be calculated by the Remarketing Agent, with the approval of the Authority, on any Business Day not more than sixty (60) Business Days nor less than two (2) Business Days prior to such Conversion Date; and thereafter, each Index Rate, as determined above, shall apply to the Index Rate Period as determined in Section 302(e)(i) above.

The Index Agent shall calculate the Index Rate for the Index Rate Bonds as provided above and shall furnish such Index Rate to the Trustee (if the Trustee is not also the Index Agent) and the Authority by electronic means no later than the Business Day next succeeding each Index Rate Determination Date. Upon the request of a Holder, the Trustee shall confirm by electronic means the Index Rate then in effect. In lieu of the notifications provided in the preceding sentences, the Trustee may make such information available by readily accessible electronic means.

The Trustee shall, as soon as available and by no later than the Business Day preceding each Interest Payment Date, notify the Authority in writing of the total amount of interest payable with respect to the Index Rate Bonds on such Interest Payment Date.

If the Index Agent shall fail to calculate an Index Rate for any reason, the determination of the applicable Index Rate shall be made by the Remarketing Agent at the direction of the Authority. The determination of any Index Rate by the Index Agent or, as aforesaid, the Remarketing Agent, at the direction of the Authority, shall be conclusive and binding upon the Authority, the Trustee, the Liquidity Facility Provider, if any, the Remarketing Agent, the Index Agent and the Holders.

(iv) Index Rate Continuation. The Authority may establish a new Index Rate Period and Index Rate for any Index Rate Bonds by delivery of a written notice consistent with the provisions of Section 302(e)(v) (an “Index Rate Continuation Notice”) to the Trustee, the Index Agent, the Remarketing Agent and the applicable Liquidity Facility Provider, if any, for such Index Rate Bonds no less than thirty-five (35) days prior to the effective date of the new Index Rate Period along with a form of Favorable Opinion of Bond Counsel proposed to be delivered on the effective date of the new Index Rate Period in connection with the continuation of an Index Rate Period for the Index Rate Bonds. The effective date of the new Index Rate Period must be a day on which such Index Rate Bonds are subject to optional redemption pursuant to Section 502(b) or a Business Day on which such 2019 Series B Bonds are subject to mandatory tender pursuant to the applicable provisions of Section 403(a). No later than five (5)

Business Days prior to the effective date of such new Index Rate Period, the Authority shall deliver to the Trustee a Pricing Notice consistent with the provisions of Section 302(e)(v). Each Index Rate Bond shall be subject to mandatory tender on the first day of such new Index Rate Period. No new Index Rate shall become effective unless a Favorable Opinion of Bond Counsel is delivered on (and as of) the first day of the new Index Rate Period and all such Index Rate Bonds are successfully remarketed in the new Index Rate Period at the new Index Rate on the first day of the new Index Rate Period.

(v) Contents of The Index Rate Continuation Notice; Contents of Pricing Notice. The Authority's Index Rate Continuation Notice must specify: (i) the proposed Index Rate Period; (ii) whether the Liquidity Facility then in effect, if any, will remain in effect; (iii) if a new Liquidity Facility will be in effect after the effective date of the new Index Rate Period and Index Rate; and (iv) the expected ratings, if any, on such Index Rate Bonds following the establishment of a new Index Rate Period and Index Rate.

The Pricing Notice delivered in connection with a Conversion to or continuation of an Index Rate must specify: (1) the duration of the Index Rate Period, (2) the optional redemption provisions applicable to such Index Rate Bonds during such Index Rate Period, if any, (3) the Stepped Rate to be applicable to such Index Rate Bonds should insufficient funds be available to purchase such bonds at the end of such Index Rate Period, (4) the proposed next Purchase Date, if any, (5) the Index Rate Index, if other than the SIFMA Index, (6) the frequency with which the Index Rate shall be recalculated, (7) the proposed Interest Payment Dates applicable to such Index Rate Bonds while bearing interest in an Index Rate Period, and (8) alternative Index Rate Determination Dates and Stepped Rate Determination Dates, if any.

(vi) Notice to Holders. Upon receipt of an Index Rate Continuation Notice from an Authorized Representative, as soon as possible, but in any event not less than thirty (30) days prior to the first day of the proposed Index Rate Period, the Trustee shall give notice by first-class mail to the Holders of the affected Index Rate Bonds, the Index Agent (if the Trustee is not the Index Agent) and the Remarketing Agent, which notice shall state:

(A) in substance that a new Index Rate Period is to be established for such Index Rate Bonds on the applicable Index Rate Conversion Date if the conditions specified in this 2019 Series B Resolution (and generally described in such notice) are satisfied on or before such date;

(B) the first day of the new Index Rate Period;

(C) that the Authority has delivered to the Trustee the form of a Favorable Opinion of Bond Counsel proposed to be delivered to the Trustee in connection with the continuation of the Index Rate Period for the Index Rate Bonds;

(D) that a new Index Rate Period and Index Rate for such Index Rate Bonds shall not be established unless the Favorable Opinion of Bond Counsel referred to above is delivered to the Trustee on (and as of) the first day of the new Index Rate Period and all such

Index Rate Bonds are successfully remarketed in the new Index Rate Period and at the new Index Rate on the first day thereof;

(E) the CUSIP numbers or other identification information of such Index Rate Bonds;

(F) that all affected Index Rate Bonds are subject to mandatory tender for purchase on the first day of the new Index Rate Period (whether or not the proposed new Index Rate Period becomes effective on such date, unless the 2019 Series B Bonds are not supported by a Liquidity Facility, then the 2019 Series B Bonds will be purchased only upon a successful remarketing at the new Index Rate) at the purchase price; and

(G) that, to the extent that there shall be on deposit with the Trustee on the first day of the new Index Rate Period an amount of money sufficient to pay the purchase price thereof, all such Index Rate Bonds not delivered to the Trustee on or prior to such date shall be deemed to have been properly tendered for purchase and shall cease to constitute or represent a right on behalf of the Holder thereof to the payment of principal thereof or interest thereon and shall represent and constitute only the right to payment of the purchase price on deposit with the Trustee, without interest accruing thereon after such date.

(vii) End of Index Rate. In the event the Authority fails to give an Index Rate Continuation Notice or a notice of Conversion, as applicable, with respect to Index Rate Bonds at the time required by this Section 302(e), as applicable, or if the conditions to the effectiveness of a new Index Rate Period and new Index Rate as herein provided or the conditions to Conversion to another Rate Period are not satisfied, then on the day following the last day of the current Index Rate Period, a Weekly Rate Period shall automatically commence for such 2019 Series B Bonds; provided that, notwithstanding anything to the contrary in this 2019 Series B Resolution, unless a Liquidity Facility is in effect with respect to such 2019 Series B Bonds, such 2019 Series B Bonds shall not be subject to optional tender pursuant to Section 401(a) and shall bear interest at a rate of interest equal to the Stepped Rate determined on each Stepped Rate Determination Date, subject to the provisions of Section 407(b).

(f) Conversions Between Variable Rate Periods. Commencing on and after the end of the first Variable Rate Period, all or any portion of the 2019 Series B Bonds may be Converted from one Variable Rate Period to another Variable Rate Period at the election of the Authority and the consent of the Liquidity Facility Provider (which consent shall not be unreasonably withheld), if any, as follows:

(i) In any such case, the Conversion Date to a different Variable Rate Period shall be a date on which the 2019 Series B Bonds in the current Variable Rate Period could be optionally redeemed pursuant to Section 502.

(ii) If after the Conversion Date, the 2019 Series B Bonds are to be Liquidity Facility Bonds, it is a condition to each such Conversion that a Liquidity Facility be in place and that the interest component of the Liquidity Facility after such Conversion be at least equal to the applicable Interest Coverage Requirement.

(iii) The Authority shall give written notice of any such Conversion to the Trustee, the Liquidity Facility Provider, if any, and the Remarketing Agent not less than twenty (20) days prior to the proposed Conversion Date. Such notice shall specify the proposed Conversion Date and the Variable Rate Period to which the Conversion will be made, the principal amount of 2019 Series B Bonds to be Converted, and the Rate Periods from which 2019 Series B Bonds to be Converted shall be selected by the Trustee as directed by the Authority (to the extent the Authority shall have received a Favorable Opinion of Bond Counsel with respect thereto). Together with such notice, the Authority shall file with the Remarketing Agent, the Liquidity Facility Provider, if any, and the Trustee a form of Favorable Opinion of Bond Counsel regarding the Conversion from one Variable Rate Period to another Variable Rate Period. No Conversion shall become effective unless, on or before the proposed Conversion Date, the Authority shall also file with the Remarketing Agent, the Liquidity Facility Provider, if any, and the Trustee a Favorable Opinion of Bond Counsel substantially in the form described in the immediately preceding sentence dated the Conversion Date.

(iv) Not less than fifteen (15) days prior to the Conversion Date, the Trustee shall mail (by first class mail) a written notice, prepared by the Authority, of the Conversion to the Holders of the 2019 Series B Bonds to be Converted. Such notice shall state that such 2019 Series B Bonds are subject to mandatory tender for purchase at par plus accrued interest to, but not including, the Conversion Date.

(v) The Variable Rate for the Variable Rate Period commencing on the Conversion Date shall be determined by the Remarketing Agent in the manner provided in subsection (a) above on the date set forth in subsection (b) through (e) above, whichever is applicable to the Variable Rate Period to which the Conversion shall be made.

(g) Conversions to Variable Rate Period from Flexible Rate Periods. All or any portion of the 2019 Series B Bonds may be Converted from Flexible Rate Periods to a Variable Rate Period at the election of the Authority, as follows:

(i) The Conversion Date shall be a day which is the last Interest Payment Date on which interest is payable for all Flexible Rate Periods theretofore established pursuant to Section 303 hereof for the 2019 Series B Bonds being so Converted.

(ii) The Authority shall give written notice of any such Conversion to the Trustee, the Liquidity Facility Provider, if any, and the Remarketing Agent no fewer than twenty (20) days prior to the proposed Conversion Date. Such notice shall specify the proposed Conversion Date, the Variable Rate Period to which the Conversion will be made, the principal amount of the 2019 Series B Bonds to be Converted and the Rate Periods from which the 2019 Series B Bonds shall be Converted. If only a portion of the 2019 Series B Bonds bearing interest in any Rate Period is to be Converted, then the Trustee shall select the 2019 Series B Bonds to be Converted from such Rate Periods specified in such notice (to the extent that the Authority shall have received a Favorable Opinion of Bond Counsel with respect thereto). Together with such notice, the Authority shall file with the Remarketing Agent, the Liquidity Facility Provider, if any, and the Trustee a form of Favorable Opinion of Bond Counsel

regarding the Conversion of the Flexible Rate Bonds to Variable Rate Bonds. No Conversion shall become effective unless, on or before the proposed Conversion Date, the Authority shall also file with the Remarketing Agent, the Liquidity Facility Provider, if any, and the Trustee a Favorable Opinion of Bond Counsel substantially in the form described in the immediately preceding sentence dated the Conversion Date. The Trustee shall give notice of Conversion to the Holders of the 2019 Series B Bonds to be Converted not less than fifteen (15) days prior to the Conversion Date in the manner prescribed by Section 302(f)(iv) hereof. Notwithstanding the foregoing, however, no Conversion shall be effected unless, prior to the date on which such notice is required to be given by the Trustee, the Trustee shall have received written confirmation from the Remarketing Agent to the effect that it has not established and will not establish any Flexible Rate Periods extending beyond the Conversion Date for 2019 Series B Bonds which are to be Converted.

(iii) The Variable Rate for the Variable Rate Period commencing on the Conversion Date shall be established and notice thereof shall be given in the same manner as is provided for Conversions from one Variable Rate Period to another pursuant to subsection 302(f)(v) above.

(iv) If after the Conversion Date the 2019 Series B Bonds are to be Liquidity Facility Bonds it is a condition to each such Conversion that a Liquidity Facility be in place and that the interest component of the Liquidity Facility after such Conversion be at least equal to the applicable Interest Coverage Requirement.

303. Flexible Rates; Conversions To Flexible Rate Periods from Variable Rate Period.

(a) Flexible Rates. A Flexible Rate for each Flexible Rate Period shall be determined as follows: The Flexible Rate Period for each 2019 Series B Bond bearing interest at a Flexible Rate shall be of such duration not exceeding 1,092 days, as may be offered by the Remarketing Agent and specified by the purchaser pursuant to Section 402 or 403 hereof; provided, however, that if the Remarketing Agent has received notice of a Conversion to a Variable or Fixed Rate Period, no Flexible Rate Period for 2019 Series B Bonds which are to be Converted shall extend past the Conversion Date, and any 2019 Series B Bond may bear interest at a Flexible Rate for a Flexible Rate Period different from any other 2019 Series B Bond; provided, however, that each such Flexible Rate Period shall (A) commence on a Business Day (initially, the Flexible Rate Conversion Date) and (B) end on a day which is a Business Day that is no later than the aforementioned Conversion Date, the maturity date or date of earlier payment thereof. Not later than 11:30 a.m., New York City time, on the first day of each Flexible Rate Period, the Remarketing Agent shall offer for sale and use its best efforts to find purchasers for all 2019 Series B Bonds bearing interest at Flexible Rates required to be purchased on such date. In remarketing the 2019 Series B Bonds, the Remarketing Agent shall offer and accept purchase commitments for the 2019 Series B Bonds for such Flexible Rate Periods and at such Flexible Rates as it deems to be advisable in order to minimize the net interest cost on the 2019 Series B Bonds during the time that the 2019 Series B Bonds bear interest at Flexible Rates, taking into account prevailing market conditions; provided, however, that the foregoing shall not prohibit the Remarketing Agent from accepting purchase commitments for longer Flexible Rate Periods (and at higher Flexible Rates)

than are otherwise available at the time of any remarketing if the Remarketing Agent determines that, taking into account prevailing market conditions, a lower net interest cost on the 2019 Series B Bonds can be achieved over the longer Flexible Rate Period; provided, further, that for each 2019 Series B Bond, the Flexible Rate for each Flexible Rate Period shall be the lowest rate which, in the judgment of the Remarketing Agent, taking into account prevailing market conditions, would result in the market value of such 2019 Series B Bond being equal to the principal amount thereof on the effective date of such rate. The Flexible Rate Period and the Flexible Rate for each Flexible Rate Period shall be determined by the Remarketing Agent not later than 1:00 p.m., New York City time, on the first day of such Flexible Rate Period and shall be provided to the Authority and the Trustee in writing by the close of business on the same day. Subject to the provisions of Section 305, notice of the Flexible Rate Period and the Flexible Rate shall be given by the Trustee by first class mail to each Holder and to the Liquidity Facility Provider, if any, upon its request as soon as practicable after such Flexible Rate Period and Flexible Rate are determined. All determinations of Flexible Rates and Flexible Rate Periods by the Remarketing Agent shall be conclusive and binding upon the Authority, the Trustee and the Holders of the 2019 Series B Bonds. In no event shall any Flexible Rate exceed the Maximum Rate.

(b) Conversions to Flexible Rate Periods from Variable Rate Periods. Commencing on and after the end of the first Variable Rate Period, all or any portion of the 2019 Series B Bonds may be Converted from any Variable Rate Period to a Flexible Rate Period at the election of the Authority and the consent of the Liquidity Facility Provider (which consent shall not be unreasonably withheld), if any, as follows:

(i) In any such case, the Conversion Date shall be a date on which the 2019 Series B Bonds in the current Variable Rate Period could be optionally redeemed pursuant to Section 502.

(ii) If after the Conversion Date the 2019 Series B Bonds are to be Liquidity Facility Bonds, it is a condition to each such Conversion that a Liquidity Facility be in place and that the interest component of the Liquidity Facility after such Conversion be at least equal to the applicable Interest Coverage Requirement.

(iii) The Authority shall give written notice of any such Conversion to the Trustee, the Liquidity Facility Provider, if any, and the Remarketing Agent not less than twenty (20) days prior to the proposed Conversion Date, specifying the proposed Conversion Date, the principal amount of 2019 Series B Bonds to be Converted, and the Rate Periods from which the 2019 Series B Bonds shall be Converted. If only a portion of the 2019 Series B Bonds bearing interest in any Rate Period is to be Converted, then the Trustee shall select the 2019 Series B Bonds to be Converted from such Rate Periods specified in such notice (to the extent that the Authority shall have received a Favorable Opinion of Bond Counsel with respect thereto). Together with such notice, the Authority shall file with the Remarketing Agent, the Liquidity Facility Provider, if any, and the Trustee a form of Favorable Opinion of Bond Counsel regarding the Conversion of the Variable Rate Bonds to Flexible Rate Bonds. No Conversion shall become effective unless, on or before the proposed Conversion Date, the Authority shall also file with the Remarketing Agent, the Liquidity Facility Provider, if any, and the Trustee a

Favorable Opinion of Bond Counsel substantially in the form described in the immediately preceding sentence dated the Conversion Date.

(iv) Subject to the provisions of Section 305, not less than fifteen (15) days prior to the Conversion Date, the Trustee shall mail (by first class mail) a written notice of the Conversion (prepared and furnished to the Trustee by the Authority) to the Holders of the 2019 Series B Bonds to be Converted, specifying the Conversion Date and setting forth the matters required to be stated pursuant to Section 302(f)(v) above.

304. Fixed Rate; Conversion to Fixed Rate Period. Commencing on and after the end of the first Variable Rate Period, all or any portion of the 2019 Series B Bonds bearing interest at Variable Rates or Flexible Rates may be Converted to bear interest at Fixed Rates to their final maturity, provided that, the Authority shall have received a letter from the Rating Agency, if any, then maintaining a rating on the 2019 Series B Bonds to the effect that the proposed Conversion will not adversely affect the then existing rating on the 2019 Series B Bonds then bearing interest at Fixed Rates. Any such Conversion shall be made as follows and subject to the following conditions:

(a) Conversion From Variable Rate Period or Flexible Periods. The Fixed Rate Conversion Date shall be (a) in the event of Conversion from a Daily Period or Weekly Period, any Business Day selected by the Authority, (b) in the event of Conversion from a Rate Period other than a Daily Period or Weekly Period, an Interest Payment Date selected by the Authority. The Authority shall give written notice of any such Conversion to the Trustee, the Liquidity Facility Provider, if any, and the Remarketing Agent not less than thirty (30) days prior to the proposed Conversion Date. Such notice shall specify the Fixed Rate Conversion Date, the principal amount of the 2019 Series B Bonds to be Converted, and, to the extent that the Authority shall have received a Favorable Opinion of Bond Counsel with respect thereto, the Rate Periods from which the 2019 Series B Bonds to be Converted shall be selected by the Trustee and the revised schedule of maturities and Redemption Requirements, if any, for the 2019 Series B Bonds to be Converted, as contemplated by Section 203(e). Together with such notice, the Authority shall file with the Remarketing Agent, the Liquidity Facility Provider, if any, and the Trustee a form of Favorable Opinion of Bond Counsel regarding the Conversion of the Variable Rate Bonds or Flexible Rate Bonds, as the case may be, to Fixed Rate Bonds. No Conversion shall become effective unless, on or before the proposed Conversion Date, the Authority shall also file with the Remarketing Agent, the Liquidity Facility Provider, if any, and the Trustee a Favorable Opinion of Bond Counsel substantially in the form described in the immediately preceding sentence dated the Conversion Date.

(i) The Remarketing Agent shall determine the Fixed Rates for 2019 Series B Bonds to be Converted from any Rate Period, which shall be the lowest rate of interest for each maturity which, in the judgment of the Remarketing Agent, taking into account prevailing market conditions, would permit the applicable 2019 Series B Bonds to be sold at a purchase price equal to one hundred percent (100%) of the principal amount thereof plus any accrued interest thereon as of the effective date of such rate. The Authority may, at its discretion, elect to cause the Fixed Rate to be an indexed floating interest rate which is a function of LIBOR or an index of the SIFMA selected by the Authority and effective from the Fixed Rate Conversion Date to and including

the applicable maturity date. In the event the Authority elects to cause the Fixed Rate to be such an indexed floating interest rate, the Authority shall so notify the Remarketing Agent, and the Fixed Rate shall be the lowest interest rate that is a function of LIBOR or such index of the SIFMA selected by the Authority for each maturity plus an applicable spread, if any, which, in the judgment of the Remarketing Agent, taking into account prevailing market conditions, would permit the applicable 2019 Series B Bonds to be sold at a purchase price equal to one hundred percent (100%) of the principal amount thereof plus any accrued interest thereon as of the effective date of such rate.

(ii) Notice of Conversion shall be given by first class mail by the Trustee to the Holders of the 2019 Series B Bonds to be Converted not less than fifteen (15) days prior to the Fixed Rate Conversion Date. Such notice shall be prepared and furnished to the Trustee by the Authority and shall inform the Holders of:

(A) the proposed Fixed Rate Conversion Date; and

(B) the matters required to be stated pursuant to Section 404 hereof with respect to purchases of 2019 Series B Bonds governed by such Section.

(iii) Except as provided in subparagraph (i) above, not later than 12:00 noon, New York City time, on the Business Day prior to a Fixed Rate Conversion Date, the Remarketing Agent shall determine the Fixed Rate for the applicable 2019 Series B Bonds and shall provide such Fixed Rates in writing to the Authority and the Trustee prior to the close of business on the same day.

(iv) Any Conversion to a Fixed Rate pursuant to this Section 304(a) shall be subject to the following conditions:

(A) If a proposed Conversion to a Fixed Rate fails to occur for any reason after the Trustee has given notice to the Bondholders pursuant to Section 304(a)(ii) hereof, the interest rate on the 2019 Series B Bonds to have been Converted shall be automatically Converted to a Weekly Rate as set forth in the last sentence of Section 301 hereof. The Trustee shall promptly notify such Holders of such failed Conversion and the effect thereof. If a proposed Conversion to a Fixed Rate fails to occur for any reason, but the Trustee has not given notice to the Holders of the 2019 Series B Bonds to have been Converted pursuant to Section 304(a)(ii) hereof, such 2019 Series B Bonds shall continue to bear interest at the last effective Variable Rate if the Conversion was to have been made from a Variable Rate Period, or at Flexible Rates if the Conversion was to have been made from Flexible Rate Periods.

(B) The determination of one or more Fixed Rates pursuant to this Section shall be conclusive and binding upon the Authority, the Trustee and the Holders of the 2019 Series B Bonds.

(C) In no event shall any Fixed Rate exceed the Maximum Rate.

(D) Immediately prior to such Conversion there shall be on deposit in the Capital Reserve Fund an amount equal to the Capital Reserve Fund Requirement, taking into account the 2019 Series B Bonds then bearing interest or being Converted to bear interest at Fixed Rates.

(E) The Liquidity Facility, if any, relating to 2019 Series B Bonds to be Converted to bear interest at a Fixed Rate shall terminate not earlier than the applicable Fixed Rate Conversion Date; however, the Liquidity Facility, if any, (including any extensions or substitutions thereof) shall automatically terminate with respect to the 2019 Series B Bonds being so Converted on the fifth Business Day following the effective date of the Conversion to Fixed Rates.

305. No Liability for Failure of Notice. The Authority, the Trustee and the Remarketing Agent shall not be liable to any Holders for failure to give any notice required by Section 302, 303 or 304 hereof or for failure of any Holders to receive any such notice.

306. Bank Bonds. Each Bank Bond shall bear interest for each day it is a Bank Bond on the principal amount thereof at the Bank Rate determined and payable in accordance with the Liquidity Facility from the related Purchase Date of such Bank Bond until the principal amount of such Bank Bond is paid. Notwithstanding any other provision of this 2019 Series B Resolution, the interest on each Bank Bond shall be payable to the applicable Liquidity Facility Provider by wire transfer in immediately available funds on each Interest Payment Date, on the date of any redemption or remarketing thereof and on the date that any Alternate Liquidity Facility becomes effective in accordance with Section 802 hereof. In no event shall the Bank Rate exceed the Maximum Rate. The principal amount of each Bank Bond shall be subject to mandatory redemption as provided in Section 504 hereof.

307. Stepped Rate Calculation; Weekly Rate Period Rate. The Index Agent shall calculate the Stepped Rate to be applicable to any Variable Rate Bonds on each Stepped Rate Determination Date and furnish such calculations to the Trustee. The Trustee will furnish the Stepped Rate calculations to the Authority by electronic means on each Stepped Rate Determination Date. The initial Stepped Rate with respect to Variable Rate Bonds shall be applicable to such Variable Rate Bonds during the period from and including the Failed Tender Date to and including the following Wednesday (unless the Failed Tender Date is a Wednesday, in which event the initial rate will only apply to such Wednesday) and, thereafter, the Stepped Rate with respect to a Variable Rate Bond will apply for each calendar week, commencing on and including Thursday to and including the following Wednesday, unless a change in spread occurs within a calendar week, until such Variable Rate Bond is purchased. The Index Agent's calculations of the Stepped Rate or Rates for any calendar week shall reflect any applicable changes in the Stepped Rate that, by definition, will occur during such period, including any applicable changes in the spread to be applied to the Stepped Rate Index.

Notwithstanding anything to the contrary in the 2019 Series B Resolution, including Section 302(c) hereof, in a Weekly Rate Period during which 2019 Series B Bonds bear interest at the Stepped Rate, the rate of interest applicable to such 2019 Series B Bonds during each calendar week shall be the Stepped Rate, calculated as set forth in this Section 307, including any applicable

changes in the actual rate of interest that occur during such calendar week as reflected in such calculations.

ARTICLE IV TENDER AND PURCHASE OF BONDS

401. Optional Tenders During Variable Rate Periods.

(a) Purchase Dates. Subject to the provisions of Sections 409 and 411 hereof, the Holders of Liquidity Facility Bonds, if any, bearing interest at Daily or Weekly Rates may elect to have their Liquidity Facility Bonds (or portions thereof in Authorized Denominations) purchased at a purchase price equal to 100% of the principal amount of such Liquidity Facility Bonds (or portions), plus, if the applicable Purchase Date is other than an Interest Payment Date for such Liquidity Facility Bonds, accrued interest, if any, on the following Purchase Dates and upon the giving of the following telecopy, telex or written notices meeting the further requirements of subsection (b) below:

(i) Liquidity Facility Bonds (or portions) bearing interest at Daily Rates may be tendered for purchase at a price payable in immediately available funds on any Business Day prior to Conversion from a Daily Rate Period to a different Rate Period upon delivery of a written notice of tender to the Trustee and the Remarketing Agent not later than 10:30 a.m. New York City time, on the Purchase Date; and

(ii) Liquidity Facility Bonds (or portions) bearing interest at Weekly Rates may be tendered for purchase at a price payable in immediately available funds on any Business Day prior to Conversion from a Weekly Rate Period to a different Rate Period upon delivery of a written notice of tender to the Trustee and the Remarketing Agent not later than 5:00 p.m. New York City time, on any Business Day that is not fewer than seven (7) days prior to the Purchase Date.

(b) Notice of Optional Tender. Each notice of tender:

(i) shall be delivered to the Trustee at its corporate trust office in St. Paul, Minnesota, or at such other office of the Trustee designated in a notice given by the Trustee to the Holders of the Liquidity Facility Bonds, and be in form satisfactory to the Trustee, and shall also be delivered to the Remarketing Agent at RBC Capital Markets, LLC, 3 World Financial Center, 200 Vesey Street – 8th Floor, New York, New York 10281, or at such other address designated in a notice given by the Remarketing Agent to the Holders of the Liquidity Facility Bonds;

(ii) shall state (A) the principal amount of the Liquidity Facility Bond (or portion) and the certificate number of the Liquidity Facility Bond to which the notice relates, (B) that the Holder irrevocably demands purchase of such Liquidity Facility Bond or a specified portion thereof in an Authorized Denomination, (C) that if a portion of a Liquidity Facility Bond is to be purchased, the remaining portion of the Liquidity Facility Bond after such purchase will be in an Authorized Denomination, (D) the date on which such Liquidity Facility Bond or portion is to be purchased, and (E) payment instructions with respect to the purchase price; and

(iii) shall automatically constitute (A) an irrevocable offer to sell the Liquidity Facility Bond (or portion thereof) to which the notice relates on the Purchase Date at a price equal to the principal amount of such Liquidity Facility Bond (or portion thereof) plus, if the applicable Purchase Date is other than an Interest Payment Date for such Liquidity Facility Bonds, any interest thereon accrued and unpaid as of the Purchase Date, (B) an irrevocable authorization and instruction to the Trustee to effect transfer of such Liquidity Facility Bond (or portion thereof) upon payment of such price to the Trustee on the Purchase Date, (C) an irrevocable authorization and instruction to the Trustee to effect the exchange of the Liquidity Facility Bond to be purchased in whole or in part for other Liquidity Facility Bonds in an equal aggregate principal amount so as to facilitate the sale of such Liquidity Facility Bond (or portion thereof to be purchased), (D) an agreement to deliver such Liquidity Facility Bond to the Trustee at or before the time required by Section 401(e) (vi) hereof, and (E) an acknowledgment that such Holder will have no further rights with respect to such Liquidity Facility Bond (or portion thereof) upon payment of the purchase price thereof to the Trustee on the Purchase Date, except for the right of such Holder to receive such purchase price upon surrender of such Liquidity Facility Bond to the Trustee and that after the Purchase Date such Holder will hold any undelivered Liquidity Facility Bond as custodian for the Trustee. The determination of the Trustee as to whether a notice of tender has been properly delivered pursuant to the foregoing shall be conclusive and binding upon the Holder.

(c) Liquidity Facility Bonds to be Remarketed. Not later than 11:00 a.m., New York City time, on the date of receipt of any notice of tender in the case of Liquidity Facility Bonds bearing interest at a Daily Rate and in all other cases on the second Business Day immediately following the date of receipt of any notice of tender, the Trustee shall notify, by telephone promptly confirmed in writing, in the case of a Daily Rate, and in writing in all other cases, the Authority, the Remarketing Agent and the Liquidity Facility Provider, of the principal amount of Liquidity Facility Bonds (or portions thereof) to be purchased and the date of purchase.

(d) Remarketing of Tendered Variable Rate Bonds. Subject to and in accordance with the provisions of the Remarketing Agreement, the Remarketing Agent shall offer for sale and use its best efforts to find purchasers for all Liquidity Facility Bonds or portions thereof for which notice of tender has been received by the Trustee and the Remarketing Agent pursuant to Section 401(b)(i) above. The terms of any sale by the Remarketing Agent shall provide for the payment of the purchase price for tendered Liquidity Facility Bonds by the Remarketing Agent to the Trustee (in exchange for new registered Liquidity Facility Bonds) in immediately available funds at or before 11:00 a.m., New York City time (or confirmation of the transfer of such funds at or before 11:00 a.m., New York City time) on the Purchase Date, in the case of Liquidity Facility Bonds bearing interest at Variable Rates. If moneys representing the proceeds of the remarketing of tendered Liquidity Facility Bonds are not paid by the Remarketing Agent to the Trustee by the times specified in the immediately preceding sentence, the Trustee shall use its best efforts to promptly notify the Liquidity Facility Provider, by telephone (promptly confirmed in writing). Notwithstanding the foregoing, the Remarketing Agent shall not sell any Liquidity Facility Bond as to which a notice of Conversion (A) from one type of Variable Rate Period to another, (B) to Flexible Rate Periods, or (C) to a Fixed Rate Period has been given by the Trustee, unless the Remarketing Agent has advised the person to whom the sale is made of the proposed Conversion.

(e) Purchase and Delivery of Tendered Liquidity Facility Bonds.

(i) Notice. The Remarketing Agent shall give notice by telephone (promptly confirmed in writing), telegram, teletype, telex or other similar communication to the Trustee of the principal amount of tendered Liquidity Facility Bonds which were remarketed. Such notice shall be given at the following time: (i) at or before 11:30 a.m. New York City time, on the Purchase Date in the case of tendered Liquidity Facility Bonds bearing interest at Daily Rates; and (ii) for Liquidity Facility Bonds bearing interest at Weekly Rates, at or before 3:00 p.m., New York City time, on the Business Day immediately preceding the date fixed for purchase. Promptly upon receipt of any notice described in the immediately preceding sentence, the Trustee shall use its best efforts to notify the Liquidity Facility Provider, if any, by telephone (promptly confirmed in writing) of the principal amount of tendered Liquidity Facility Bonds which it has been advised by the Remarketing Agent were not remarketed. Except with respect to Liquidity Facility Bonds bearing interest at Daily Rates, at or before 3:00 p.m., New York City time, on the Business Day prior to the Purchase Date to the extent known to the Remarketing Agent, but in any event no later than 11:45 a.m., New York City time, on the date fixed for purchase, the Remarketing Agent shall give notice to the Trustee by telephone (promptly confirmed in writing) of the names, addresses and taxpayer identification numbers of the purchasers, the denominations of Liquidity Facility Bonds to be delivered to each purchaser and, if available, payment instructions for regularly scheduled interest payments, or of any changes in any such information previously communicated.

(ii) Sources of Payments. The Remarketing Agent shall cause to be paid to the Trustee on the date fixed for purchase of tendered Liquidity Facility Bonds, all amounts representing proceeds of the remarketing of such Liquidity Facility Bonds, such payments to be made in the manner and at the time specified in subsection 401(d) above. If such amounts are not sufficient to pay the purchase price of tendered Liquidity Facility Bonds, the Trustee shall thereupon draw upon the Liquidity Facility in an amount and in sufficient time to deliver or cause to be delivered (A) immediately available funds in an amount equal to such deficiency prior to 2:30 p.m., New York time, on the date set for purchase of tendered Liquidity Facility Bonds bearing interest at Daily Rates, and (B) immediately available funds in an amount equal to such deficiency prior to 2:30 p.m. New York City time, on the date set for purchase of tendered Liquidity Facility Bonds bearing interest at Weekly Rates. If the proceeds of such draw on the Liquidity Facility are not available, such deficiency may be funded by moneys furnished by the Authority to the Trustee. All moneys received by the Trustee and described in (A), (B) and (C) of subparagraph (iii) below shall be deposited by the Trustee in the Purchase Fund to be used solely for the payment of the purchase price of tendered Liquidity Facility Bonds and shall not be deposited in the General Receipts Fund, shall not be invested and shall not be commingled with other funds held by the Trustee, and each category of such moneys shall be deposited in a separate and segregated account within the Purchase Fund not commingled one with another.

(iii) Payments by the Trustee. At or before 3:00 p.m., New York City time, on the date set for purchase of tendered Liquidity Facility Bonds and upon receipt by the Trustee of 100% of the aggregate purchase price of the tendered Liquidity Facility Bonds, the Trustee shall pay the purchase price of such Liquidity Facility Bonds to the Holders thereof who have tendered their Liquidity Facility Bonds for payment. Such payments shall be made in immediately available funds. The Trustee shall apply in order of priority (A) moneys paid to it by the Remarketing Agent

as proceeds of the remarketing of such Liquidity Facility Bonds by the Remarketing Agent, (B) moneys representing proceeds of a drawing by the Trustee under the Liquidity Facility, if any, to pay the purchase price of tendered Liquidity Facility Bonds, and (C) other moneys furnished by the Authority. If sufficient funds are not available for the purchase of all tendered Liquidity Facility Bonds, no purchases shall be consummated, all as further set forth in Section 406 and 407 hereof. Any funds remaining in the Purchase Fund after giving effect to this Section 401(e)(iii) shall be applied as provided in Section 602(b).

(iv) Registration and Delivery of Tendered or Purchased Liquidity Facility Bonds. On the date of purchase, the Trustee shall register and deliver or cancel, as set forth in (C) below, all Liquidity Facility Bonds purchased on any Purchase Date as follows: (A) Liquidity Facility Bonds purchased or remarketed by the Remarketing Agent shall be registered and made available to the Remarketing Agent in accordance with the instructions of the Remarketing Agent; (B) Liquidity Facility Bonds purchased with moneys representing proceeds of a drawing by the Trustee under a Liquidity Facility shall be registered in the name of the Liquidity Facility Provider and held by the Trustee for the account of the Liquidity Facility Provider or at the direction of the Liquidity Facility Provider, delivered to the Liquidity Facility Provider; provided, however, such Liquidity Facility Bonds need not be delivered to the Trustee and registered in the name of the Liquidity Facility Provider if (1) DTC or its nominee, Cede & Co., is the registered owner of all the Liquidity Facility Bonds and (2) the Liquidity Facility Provider's or the Liquidity Facility Provider's nominee's beneficial ownership of such Liquidity Facility Bonds is appropriately recorded by DTC on its books; and (C) Liquidity Facility Bonds purchased with moneys furnished to the Trustee by the Authority, shall, at the direction of the Authority, either be cancelled or delivered to the Authority. Any Liquidity Facility Bonds held by or for the account of the Authority are not entitled to the benefit of a Liquidity Facility.

(v) Resale of Bank Bonds. Subject to and in accordance with the provisions of the Remarketing Agreement, unless otherwise directed by the Liquidity Facility Provider in accordance with the Liquidity Facility, the Remarketing Agent shall use its best efforts to find purchasers for Bank Bonds purchased with funds drawn under the Liquidity Facility. If any Bank Bonds are subsequently remarketed, the Trustee shall register such Liquidity Facility Bonds in such names and deliver them to such new Holders as shall have been specified to the Trustee by the Remarketing Agent or the Liquidity Facility Provider; provided, however, that no Bank Bonds will be delivered to the purchaser thereof until the Liquidity Facility Provider has notified the Trustee in writing that the amount available under the Liquidity Facility has been reinstated in an amount equal to the unreimbursed amount of the drawing on the Liquidity Facility, the proceeds of which were used to purchase such Bank Bonds. The proceeds received by the Trustee from the remarketing of Bank Bonds shall be paid by the Trustee to the Liquidity Facility Provider. The Trustee is authorized to release Bank Bonds when it has received (A) remarketing proceeds in an amount equal to the unreimbursed amount of the drawing on the Liquidity Facility plus any accrued interest thereon at the Bank Rate, the proceeds of which were used to purchase such Bank Bonds, and (B) written notification from the Liquidity Facility Provider that the Liquidity Facility has been reinstated in an amount equal to the amount of the drawing on the Liquidity Facility, the proceeds of which were used to purchase such Bank Bonds.

(vi) Delivery of Liquidity Facility Bonds; Effect of Failure to Surrender Liquidity Facility Bonds. All Liquidity Facility Bonds to be purchased on any date shall be required to be delivered to the corporate trust office of the Trustee in St. Paul, Minnesota or at such other office of the Trustee designated in a written notice given by the Trustee to the Holders of the Liquidity Facility Bonds at or before 12:00 noon, New York City time, on the Purchase Date in the case of Liquidity Facility Bonds bearing interest at Daily or Weekly Rates. If the Holder of any Liquidity Facility Bond (or portion thereof) that is subject to purchase pursuant to this Section fails to deliver such Liquidity Facility Bond to the Trustee for purchase on the Purchase Date, and if the Trustee is in receipt of the purchase price therefor, such Liquidity Facility Bond (or portion thereof) shall nevertheless be deemed purchased on the day fixed for purchase thereof and ownership of such Liquidity Facility Bond (or portion thereof) shall be transferred to the purchaser thereof as provided in subsection (e)(iv) above. Any Holder who fails to deliver such Liquidity Facility Bond for purchase shall have no further rights thereunder except the right to receive the purchase price thereof, and interest accrued to the Purchase Date, upon presentation and surrender of said Liquidity Facility Bond to the Trustee.

402. Tender During Flexible Rate Periods.

(a) Purchase Dates. Each 2019 Series B Bond bearing interest at a Flexible Rate shall be subject to mandatory tender for purchase on the last day of each Flexible Rate Period applicable to such 2019 Series B Bond at a purchase price equal to 100% of the principal amount thereof. Payment shall be made upon presentation of such 2019 Series B Bond by the Holder to the Trustee at or before 12:00 noon, New York City time, on the last day of the Flexible Rate Period in exchange for payment of the purchase price equal to 100% of the principal thereof and payment of accrued interest, both in immediately available funds by 2:00 p.m. of the same Business Day. Each subsequent Flexible Rate Period and mandatory tender date for a 2019 Series B Bond shall be established on the date of purchase of such 2019 Series B Bond as hereinafter provided. The Holder of any 2019 Series B Bond bearing interest at a Flexible Rate and tendered for purchase as provided in this Section 402(a) shall provide the Trustee with payment instructions for the purchase price of its 2019 Series B Bond and accrued interest upon tender thereof to the Trustee. During the Flexible Rate Period, the 2019 Series B Bonds are not subject to tender at the option of the Holder.

(b) Remarketing of Tendered Flexible Rate Bonds. Subject to and in accordance with the provisions of the Remarketing Agreement, not later than 11:30 a.m., New York City time, on each Purchase Date, the Remarketing Agent shall offer for sale and use its best efforts to find purchasers for all 2019 Series B Bonds bearing interest at Flexible Rates required to be purchased on such date. The terms of any sale by the Remarketing Agent shall provide for the payment of the purchase price of tendered 2019 Series B Bonds by the Remarketing Agent to the Trustee in immediately available funds at or before 12:00 noon, New York City time, on the Purchase Date. In remarketing the 2019 Series B Bonds, the Remarketing Agent shall offer and accept purchase commitments for the 2019 Series B Bonds for such Flexible Rate Periods and at such Flexible Rates as it deems to be advisable in order to minimize the net interest cost on the 2019 Series B Bonds taking into account prevailing market conditions; provided, however, that the foregoing shall not prohibit the Remarketing Agent from accepting purchase commitments for longer Flexible Rate Periods (and at higher Flexible Rates) than are otherwise available at the time of any

remarketing if the Remarketing Agent determines that, taking into account prevailing market conditions, a lower net interest cost on the 2019 Series B Bonds can be achieved over the longer Flexible Rate Period. Notwithstanding the foregoing, a Flexible Rate Period may be established for any period up to 1,092 days, provided that, if the Remarketing Agent has given or received notice of any Conversion to a Variable or Fixed Rate Period, no Flexible Rate Period shall expire later than the Conversion Date, and if a Liquidity Facility is in effect, no Flexible Rate Period shall expire later than the fifth (5th) Business Day prior to the expiration date of the Liquidity Facility unless the Liquidity Facility is being replaced by an Alternate Liquidity Facility under circumstances not requiring a mandatory tender for purchase pursuant to Section 404 hereof. The terms of any sale by the Remarketing Agent shall provide for the authorization of the payment of the purchase price by the Remarketing Agent to the Trustee in immediately available funds in exchange for 2019 Series B Bonds registered in the name of the new Holder delivered by the Trustee to the Remarketing Agent at or before 1:30 p.m., New York City time, on the Purchase Date, either by making such 2019 Series B Bonds available to be picked up by the Remarketing Agent at the Trustee's window or by delivery to the Remarketing Agent at an address furnished to the Trustee by the Remarketing Agent, at the option of the Remarketing Agent. Such payment by the Remarketing Agent pursuant to authorization shall be made no later than 2:00 p.m., New York City time, on such date.

(c) Purchase and Delivery of Tendered Flexible Rate Bonds. The provisions of Section 401(e) shall apply to tenders pursuant to this Section 402, provided that for the purpose of so applying such provisions:

(i) the notices required pursuant to Section 401(e)(i) shall be given on the date of purchase at or before (A) 11:30 a.m., New York City time, in the case of the notice from the Remarketing Agent as to the principal amount of 2019 Series B Bonds remarketed for which they will transfer funds to the Trustee, provided that such notice shall be given only in the event that the Remarketing Agent has failed to remarket 2019 Series B Bonds and shall specify the principal amount of 2019 Series B Bonds which the Remarketing Agent has failed to remarket (and in the absence of such notice the Trustee may conclusively assume that the Remarketing Agent has remarketed all 2019 Series B Bonds to be purchased on such date and will transfer such remarketing proceeds to the Trustee) and the Trustee shall use its best efforts to promptly notify the Liquidity Facility Provider, if any, by telephone (promptly confirmed in writing) of the principal amount of Bonds which it has been advised the Remarketing Agent has failed to remarket, and (B) 12:00 noon, New York City time, in the case of the notice from the Remarketing Agent providing information concerning the purchasers of the 2019 Series B Bonds;

(ii) the manner and time of payment of remarketing proceeds shall be as specified in subsection 402(b) above;

(iii) all payments to tendering Holders shall be paid in immediately available funds at or before 2:00 p.m. New York City time, on the Purchase Date (but only upon presentation of such 2019 Series B Bond or Bonds);

(iv) the deliveries of 2019 Series B Bonds under Section 402(a) shall be required to be made at or before 12:00 noon, New York City time, on each Purchase Date; and

(v) if the Holder of any 2019 Series B Bond bearing interest at a Flexible Rate fails to deliver such 2019 Series B Bond to the Trustee for purchase on the last day of the Flexible Rate Period, and if the Trustee is in receipt of the purchase price therefor, such 2019 Series B Bond shall nevertheless be deemed purchased on the day fixed for purchase thereof and ownership of such 2019 Series B Bond shall be transferred to the purchaser thereof as provided herein, and such former Holder shall have no further rights thereunder except the right to receive the purchase price thereof and accrued interest thereon to the last day of such Flexible Rate Period upon presentation and surrender of said 2019 Series B Bond to the Trustee.

403. Mandatory Tender Upon Variable or Flexible Rate Conversion.

(a) Conversions to Variable Rate Periods. On any Variable Rate Conversion Date pursuant to Section 302(d), 302(e) or 302(f) hereof, 2019 Series B Bonds to be Converted from Flexible Rate Periods to a Variable Rate Period or from any Variable Rate Period to a different type of Variable Rate Period (other than 2019 Series B Bonds to be Converted to a Weekly Rate pursuant to Section 301 or 302(a)(ii) hereof) are subject to mandatory tender for purchase on the Conversion Date at a purchase price equal to the principal amount thereof plus, if the applicable Purchase Date is other than an Interest Payment Date for such 2019 Series B Bonds, any accrued interest thereon to the Purchase Date, without premium.

(b) Conversion to Flexible Rate Periods. On any Flexible Rate Conversion Date pursuant to Section 303(b) hereof, the 2019 Series B Bonds are subject to mandatory tender for purchase on the applicable Conversion Date at a purchase price equal to the principal amount thereof plus, if the applicable Purchase Date is other than an Interest Payment Date for such 2019 Series B Bonds, any accrued interest thereon to the Purchase Date.

(c) Notice to Holders. Any notice of a Conversion Date given to Holders pursuant to Section 302(d)(iv), 302(e)(vi) or 303(b)(iv), hereof shall, in addition to the requirements of such Section, state (i) whether the 2019 Series B Bonds to be Converted will be subject to mandatory tender for purchase on the Conversion Date, (ii) if the 2019 Series B Bonds are subject to such mandatory tender, the time at which 2019 Series B Bonds are to be tendered for purchase and the requirements of such tender, and (iii) if the 2019 Series B Bonds are subject to such mandatory tender, the purchase price for the 2019 Series B Bonds.

(d) Remarketing. Subject to and in accordance with the provisions of the Remarketing Agreement, the Remarketing Agent shall offer for sale and use its best efforts to find purchasers for such 2019 Series B Bonds. The terms of any sale by the Remarketing Agent shall provide for the payment of the purchase price of tendered 2019 Series B Bonds by the Remarketing Agent to the Trustee in immediately available funds, at or before 1:00 p.m., New York City time, on the Conversion Date.

(e) Purchase and Delivery of Tendered 2019 Series B Bonds. The provisions of Section 401(e) hereof shall apply to tenders pursuant to this Section 403 with respect to 2019 Series B Bonds bearing interest at Variable Rates; provided, however, that for the purpose of applying such provisions:

(i) the notices required pursuant to Section 401(e)(i) shall be given as therein described;

(ii) the manner and time of payment of remarketing proceeds referred to in Section 401(e) (ii) shall be as specified in subsection (d) above;

(iii) all payments to tendering Holders referred to in Section 401(e) (iii) shall be made in immediately available funds; and

(iv) the deliveries of 2019 Series B Bonds under Section 401(e) (vi) shall be required to be made at or before 12:00 noon, New York City time, on the Conversion Date.

The provisions of Section 402(c) hereof shall apply to tenders pursuant to this Section 403 with respect to 2019 Series B Bonds bearing interest at Flexible Rates.

404. Mandatory Tender of Liquidity Facility Bonds Upon Termination or Expiration of Liquidity Facility, Delivery of Alternate Liquidity Facility; Upon Fixed Rate Conversion; or Upon Default Under Liquidity Facility.

(a) Mandatory Tender of Liquidity Facility Bonds Upon Change Respecting Liquidity Facility or Alternate Liquidity Facility. Pursuant to Article VIII hereof, the Authority may elect to terminate or permit the expiration of a Liquidity Facility and, in such event, may at its option provide an Alternate Liquidity Facility. If there is such an Alternate Liquidity Facility provided, there will be a mandatory tender for purchase of the Liquidity Facility Bonds. If the Authority terminates a Liquidity Facility, or if a Liquidity Facility expires by its terms as set forth in Section 802 hereof without the provision in either case of an Alternate Liquidity Facility, there will be a mandatory tender for purchase of the Liquidity Facility Bonds. Any mandatory tender described in the preceding two sentences shall be made on the fifth (5th) Business Day immediately preceding the effective date of such expiration, termination or substitution (a “Tender Date”) at a purchase price equal to the principal amount thereof plus any accrued interest thereon to the Purchase Date, in accordance with the procedures set forth herein; provided, however, that such Liquidity Facility Bonds shall not be so subject to mandatory tender if on or prior to the 35th day prior to such Tender Date, in the case of the termination or expiration of the Liquidity Facility and delivery of an Alternate Liquidity Facility, the Authority has furnished to the Trustee an agreement to extend the Liquidity Facility.

(b) Mandatory Tender on Fixed Rate Conversion Date. Any Variable Rate Bonds or Flexible Rate Bonds to be Converted to bear interest at the Fixed Rate pursuant to Section 304 hereof shall be subject to mandatory tender for purchase on the Fixed Rate Conversion Date at a purchase price equal to the principal amount thereof plus any accrued interest thereon to the Purchase Date.

(c) Mandatory Tender of Liquidity Facility Bonds Upon Default Under Liquidity Facility. Variable Rate Bonds and Flexible Rate Bonds that are Liquidity Facility Bonds shall be subject to mandatory tender for purchase on the fifth (5th) Business Day preceding the Termination Date (as hereinafter defined) at the principal amount thereof plus any accrued interest thereon to

the Purchase Date, following receipt by the Authority, the Remarketing Agent and the Trustee of a written notice from the Liquidity Facility Provider of an event of default under, and as defined in, the Liquidity Facility and requesting the Trustee to give notice of mandatory tender for purchase of such Liquidity Bonds, specifying the Business Day on which the Liquidity Facility shall terminate (the “Termination Date”), which shall be not less than twenty (20) days from the date of receipt of such notice by the Trustee.

(d) Notice to Holders. Any notice of Conversion given to the Holders pursuant to Sections 304(a)(ii) hereof shall, in addition to the requirements of such Section, state that the 2019 Series B Bonds are subject to mandatory tender for purchase on the Fixed Rate Conversion Date, specify the purchase price to be paid therefor upon such mandatory tender, and state that if such 2019 Series B Bonds are Liquidity Facility Bonds, the Liquidity Facility shall terminate on the fifth (5th) Business Day following the Fixed Rate Conversion Date with respect to the 2019 Series B Bonds being Converted. With respect to Liquidity Facility Bonds, upon receipt of notice from the Authority that the Liquidity Facility then in effect is to expire or be terminated without the provision of an Alternate Liquidity Facility, the Trustee shall give notice by first class mail to the Holders of such Liquidity Facility Bonds not less than fifteen (15) days prior to the effective date of such expiration or termination, stating as follows: (i) the effective date of such expiration or termination and (ii) that the 2019 Series B Bonds are subject to mandatory tender pursuant to Section 404(a) and the date for such mandatory tender. Any notice with respect to the delivery of an Alternate Liquidity Facility given to the Holders pursuant to Section 802 hereof, shall in addition to the requirements of such Section, state that the 2019 Series B Bonds bearing interest at a Variable Rate or Flexible Rate are subject to mandatory tender for purchase on the fifth (5th) Business Day immediately preceding the delivery of such Alternate Liquidity Facility. The Trustee shall give notice by first-class mail to the Holders of the 2019 Series B Bonds bearing interest at a Variable Rate or Flexible Rate not less than ten (10) days prior to the date on which the 2019 Series B Bonds are subject to tender for purchase as provided in Section 404(c) hereof, which notice shall state that the 2019 Series B Bonds are subject to mandatory tender for purchase pursuant to Section 404(c) hereof, the date for such mandatory tender and the purchase price to be paid on such date.

(e) Remarketing. Subject to and in accordance with the provisions of the Remarketing Agreement, the Remarketing Agent shall offer for sale and use its best efforts to find purchasers for the 2019 Series B Bonds; provided, however, that 2019 Series B Bonds which have been tendered pursuant to Section 404(c) may only be sold with the consent of the Liquidity Facility Provider. With respect to 2019 Series B Bonds tendered for purchase on the Fixed Rate Conversion Date, in no event shall the Remarketing Agent sell any such 2019 Series B Bond to any person unless the Remarketing Agent has advised such Person of the fact that, after the Fixed Rate Conversion Date, the 2019 Series B Bonds will no longer be subject to tender at the option of the Holder. With respect to 2019 Series B Bonds tendered for purchase on the mandatory tender date established pursuant to Section 404(a) hereof, in no event shall the Remarketing Agent sell any such 2019 Series B Bond to any person unless the Remarketing Agent has advised such person of the change in the Liquidity Facility available for the 2019 Series B Bonds. The terms of any sale by the Remarketing Agent shall provide for the payment of the purchase price to the Trustee of the tendered 2019 Series B Bonds in immediately available funds, at or before 1:00 p.m., New York City time, on the mandatory tender date.

(f) Purchase and Delivery of Tendered 2019 Series B Bonds. The provisions of Section 401(e) shall apply to mandatory tenders pursuant to this Section 404; provided, however, that for the purpose of so applying such provisions:

(i) the notices required pursuant to Section 401(e)(i) shall be given as therein described;

(ii) the manner and time of payment of remarketing proceeds referred to in Section 401(e) (ii) shall be as specified in subsection 404(e) above; and

(iii) the deliveries of 2019 Series B Bonds under Section 401(e)(vi) shall be required to be made at or before 12:00 noon, New York City time, on the Conversion Date or the mandatory tender date established under Section 404(a) or 404(c) hereof, as the case may be.

The provisions of Section 402(c) shall apply to tenders pursuant to this Section 404 with respect to 2019 Series B Bonds bearing interest at Flexible Rates.

405. Changes to Liquidity Facility Bonds or Non-Liquidity Remarketed Bonds.

(a) Notwithstanding any other provision of this 2019 Series B Resolution, the Authority may at its option, also with the consent of the Liquidity Facility Provider (which consent shall not be unreasonably withheld), if any, cause any Liquidity Facility Bonds to become Non-Liquidity Remarketed Bonds or any Non-Liquidity Remarketed Bonds to become Liquidity Facility Bonds on any Conversion Date as described herein upon a written notice to the Remarketing Agent, the Trustee and the Liquidity Facility Provider (as applicable) that the Authority will cause such a change on the date (a “Non-Liquidity Remarketed Bonds Change Date”) set forth in such written notice, which date shall not occur sooner than twenty (20) days after the date of such notice and upon satisfaction of the conditions set forth in this Section 405.

(b) Prior to any Non-Liquidity Remarketed Bonds Change Date, the Trustee shall deliver a notice to the Holders of the affected 2019 Series B Bonds not less than fifteen (15) days prior to such date, setting forth the following information:

(i) that the Authority has determined to cause Liquidity Facility Bonds to become Non-Liquidity Remarketed Bonds or to cause Non-Liquidity Remarketed Bonds to become Liquidity Facility Bonds, as applicable;

(ii) the proposed Non-Liquidity Remarketed Bonds Change Date;

(iii) that such 2019 Series B Bonds will be remarketed by the Remarketing Agent or purchased by the Trustee on the Non-Liquidity Remarketed Bonds Change Date; and

(iv) that the Authority may elect to cancel such change, notice of which shall be given to Holders at least one week prior to the proposed Non-Liquidity Remarketed Bonds Change Date.

If the Authority elects to cancel such change, the Authority shall give notice of the cancellation to the Remarketing Agent, the Trustee and the Liquidity Facility Provider (as applicable) and, thereafter, the Trustee shall give notice to each Holder of the affected 2019 Series B Bonds of such cancellation at least one week prior to the proposed Non-Liquidity Remarketed Bonds Change Date for which the foregoing notice was given.

(c) Upon any such change, the affected 2019 Series B Bonds shall be subject to mandatory tender in accordance with this Section and Sections 302, 303 and 304 and the Holders thereof shall be notified of such change as provided herein. No affected 2019 Series B Bonds shall be remarketed by the Remarketing Agent on or after the related Non-Liquidity Remarketed Bonds Change Date except to purchasers who agree to accept such change.

(d) In the event that the Authority shall cause any Liquidity Facility Bonds to become Non-Liquidity Remarketed Bonds, such notice shall advise that the Liquidity Facility Bonds shall be subject to mandatory tender (with no right to retain) on the Non-Liquidity Remarketed Bonds Change Date specified in such notice, at a purchase price equal to 100% of the principal amount thereof, together with accrued interest to the date of purchase (payable by the Liquidity Facility Provider in accordance with the Liquidity Facility to the extent remarketing proceeds are insufficient). In the event that the Authority shall cause any Non-Liquidity Remarketed Bonds to become Liquidity Facility Bonds, such notice shall specify the name of the entity providing the Liquidity Facility and shall advise that the Non-Liquidity Remarketed Bonds shall be subject to mandatory tender (with no right to retain) on the Non-Liquidity Remarketed Bonds Change Date specified in such notice at a purchase price equal to 100% of the principal amount thereof, together with accrued interest to the date of purchase (payable to the extent remarketing proceeds are available therefor).

(e) On or prior to a Non-Liquidity Remarketed Bonds Change Date, the Authority shall furnish or cause to be furnished to the Trustee a Favorable Opinion of Bond Counsel. In addition, no change from Liquidity Facility Bonds to Non-Liquidity Remarketed Bonds or from Non-Liquidity Remarketed Bonds to Liquidity Facility Bonds, as the case may be, may be made hereunder unless accompanied by the following documents:

(i) in the case of Non-Liquidity Remarketed Bonds becoming Liquidity Facility Bonds, opinions of counsel reasonably satisfactory to the Authority to the effect that, as applicable, (A) the Liquidity Facility Provider providing the Liquidity Facility is duly organized and existing under the laws of the jurisdiction of its organization and, if applicable, is duly qualified to do business in the United States of America; (B) the Liquidity Facility is a legal, valid and binding obligation of the Liquidity Facility Provider thereunder enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to, or affecting generally the enforcement of, creditors' rights and remedies, and by the availability of equitable remedies, including specific performance and injunctive relief; and (C) no registration under the Securities Act of 1933, as amended, or qualification of an indenture under the Trust Indenture Act of 1939, as amended, will be required in connection with the issuance and delivery of Liquidity Facility or the remarketing of the Liquidity Facility Bonds with the benefits thereof.

(ii) letters from S&P evidencing that such change will result in (A) the reconfirmation of the then existing long-term rating and (B) if applicable, the assignment of a new short-term rating to the 2019 Series B Bonds of not less than “A-2” by S&P or such other ratings as may be approved by the Authority;

(iii) in the case of Non-Liquidity Remarketed Bonds becoming Liquidity Facility Bonds, copies of any other documents, agreements or arrangements entered into directly or indirectly between the Authority and the Liquidity Facility Provider with respect to the transactions contemplated by the Liquidity Facility; and

(iv) such other documents and opinions as the Authority may reasonably request, including, in the case of Liquidity Facility Bonds becoming Non-Liquidity Remarketed Bonds, evidence that all amounts due and payable to the Liquidity Facility Provider providing the then-existing Liquidity Facility have been paid.

406. Inadequate Funds for Tenders of Liquidity Facility Bonds. If the funds available for purchases of Liquidity Facility Bonds pursuant to this Article IV are inadequate for the purchase of all Liquidity Facility Bonds tendered on any Purchase Date, the Trustee shall: (a) return all tendered Liquidity Facility Bonds to the Holders thereof; (b) return all moneys received for the purchase of such Liquidity Facility Bonds to the persons providing such moneys; and (c) in the case of any optional tender pursuant to Section 401, take such action as may be necessary to arrange for the purchase and delivery of such tendered Liquidity Facility Bonds on each succeeding Business Day until the Business Day on which funds available for purchase of Liquidity Facility Bonds are adequate for the purchase of all Liquidity Facility Bonds tendered on the applicable Purchase Date in accordance with the terms and conditions of this Article IV (in reliance on earlier delivered notices, directions and confirmations). Any subsequent Business Day on which tendered Liquidity Facility Bonds are purchased and delivered in accordance with (c) above shall be a Purchase Date for purposes of this Article IV. Any Liquidity Facility Bonds returned to the Holders, as provided above, shall bear interest at a rate equal to the Weekly Rate until purchased and delivered in accordance with (c) above.

407. Inadequate Funds of Tenders of Non-Liquidity Facility Remarketed Bonds.

(a) Except as set forth in 407(b), with respect to Non-Liquidity Facility Remarketed Bonds bearing interest during a Variable Rate Period, if sufficient funds are not available for the purchase of all such Non-Liquidity Facility Remarketed Bonds tendered or deemed tendered and required to be purchased on any Purchase Date other than following the end of a Variable Rate Period, all such Non-Liquidity Facility Remarketed Bonds shall bear interest at the Maximum Rate from the date of such failed purchase until all such 2019 Series B Bonds are purchased as required in accordance with this 2019 Series B Resolution, and all tendered Non-Liquidity Facility Remarketed Bonds shall be returned to their respective Holders. Notwithstanding any other provision of this 2019 Series B Resolution, such failed purchase and return shall not constitute an event of default under the General Resolution. Thereafter, the Trustee shall continue to take all such action available to it to obtain remarketing proceeds from the Remarketing Agent. In addition, the Remarketing Agent shall remain obligated to remarket such Non-Liquidity Facility Remarketed Bonds and such Non-Liquidity Facility Remarketed Bonds

shall remain subject to optional and mandatory redemption, mandatory tender for purchase, and Conversion as provided in this 2019 Series B Resolution.

(b) For any Non-Liquidity Facility Remarketed Bonds bearing interest during a Variable Rate Period, if sufficient funds are not available for the purchase of all such Non-Liquidity Facility Remarketed Bonds tendered or deemed tendered and required to be purchased on the Purchase Date following the end of the applicable Variable Rate Period, all such Non-Liquidity Facility Remarketed Bonds shall automatically Convert to a Weekly Rate Period and bear interest at a rate of interest equal to the Stepped Rate from such Failed Tender Date until all such Non-Liquidity Facility Remarketed Bonds are purchased as required in accordance with this 2019 Series B Resolution, such rate to be determined in accordance with Section 307 hereof, and all tendered Non-Liquidity Facility Remarketed Bonds shall be returned to their respective Holders. Notwithstanding anything to the contrary in this 2019 Series B Resolution, such Non-Liquidity Facility Remarketed Bonds bearing interest in a Weekly Rate Period at the Stepped Rate shall not be subject to optional tender pursuant to Section 401(a)(ii). No Favorable Opinion of Bond Counsel shall be required in connection with this automatic adjustment to a Weekly Rate Period. Notwithstanding any other provision of this 2019 Series B Resolution, such failed purchase and return shall not constitute an event of default under the General Resolution. In addition, the Remarketing Agent shall remain obligated to remarket such Non-Liquidity Facility Remarketed Bonds and such Non-Liquidity Facility Remarketed Bonds bearing interest at a Stepped Rate shall remain subject to optional and mandatory redemption, mandatory tender for purchase, and Conversion as provided herein.

408. Tenders by Investment Companies. The Holder of any 2019 Series B Bond issued hereunder may, at its option, notify the Trustee in writing that it is an Investment Company, or is holding 2019 Series B Bonds on behalf of an Investment Company, and in such notice irrevocably elect to offer on the Purchase Date to have its 2019 Series B Bonds purchased on the next date on which such 2019 Series B Bonds may be purchased pursuant to Section 401 hereof. Any such notice shall contain the information required under Section 401(b) hereof. Any notice delivered by an Investment Company with respect to its 2019 Series B Bonds shall be irrevocable with the same effect described in Section 401(b)(iii).

409. Tenders Subject to Authorized Denominations. Any other provision of this 2019 Series B Resolution to the contrary notwithstanding, no tender of any 2019 Series B Bond (or portion thereof) for purchase hereunder may result in a 2019 Series B Bond being outstanding in other than an Authorized Denomination after the date to which such tender pertains.

410. Moneys for Purchase Prices of 2019 Series B Bonds Held Solely for Such Purchase Price. Any other provision of this 2019 Series B Resolution to the contrary notwithstanding, all moneys received by the Trustee to be used to pay the purchase price of 2019 Series B Bonds tendered or deemed tendered under this Article IV shall be deposited by the Trustee in the Purchase Fund to be used solely for the payment of the purchase price of tendered 2019 Series B Bonds and shall not be invested or commingled with other funds held by the Trustee and shall not be deposited in the General Receipts Fund.

411. No Optional Tenders on Mandatory Tender Dates. Any other provision of this 2019 Series B Resolution to the contrary notwithstanding, 2019 Series B Bonds which are subject to mandatory tender for purchase pursuant to Section 403, 404 or 405 hereof shall not be subject to optional tender for purchase pursuant to Section 401 hereof.

412. Remarketing of Tendered 2019 Series B Bonds At Par. Any other provision of this 2019 Series B Resolution to the contrary notwithstanding, all 2019 Series B Bonds tendered for purchase pursuant to Section 401, 402, 403, 404 or 405 hereof may only be offered and sold by the Remarketing Agent at a price equal to the principal amount thereof plus accrued interest, if any, thereon.

413. Selection by Lot. Except as otherwise provided in Section 302(d) through (g), 303, 304 or 505 hereof, if less than all of the 2019 Series B Bonds of any one maturity are to be purchased or Converted pursuant to this 2019 Series B Resolution, the particular 2019 Series B to be tendered for purchase or Converted shall be selected by the Trustee by such method as the Trustee deems fair and appropriate for such partial tender or Conversion, including but not limited to the following method. The Trustee may assign to each 2019 Series B Bond Outstanding of the maturity to be purchased or Converted a distinctive number for each unit of the principal amount of such 2019 Series B Bond equal to the applicable Authorized Denomination of the 2019 Series B Bonds and shall select, using such method of selection as the Trustee shall deem fair and appropriate in its discretion, from the numbers of all such 2019 Series B Bonds then Outstanding as many numbers as, at the unit amount equal to the 2019 Series B Bonds for each number, shall equal the principal amount of such 2019 Series B Bonds to be purchased or Converted. The 2019 Series B Bonds to be purchased or Converted shall be the 2019 Series B Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of each such 2019 Series B Bond shall be purchased or Converted as shall equal the Authorized Denomination unit for which each number had been assigned to it and so selected. Unless the Authority shall have given direction to the contrary, if at the time of selection of 2019 Series B Bonds for purchase or Conversion there is more than one Rate Period applicable to such 2019 Series B Bonds, such 2019 Series B Bonds shall be selected, using the foregoing procedures, on a reasonably proportionate basis from 2019 Series B Bonds in all then applicable Rate Periods. For the purposes of this Section 413, 2019 Series B Bonds which have theretofore been selected by lot for purchase or Conversion and 2019 Series B Bonds registered in the name of the Authority shall not be deemed Outstanding.

ARTICLE V REDEMPTION OF 2019 SERIES B BONDS

501. Redemption Requirements. The 2019 Series B Bonds shall be subject to mandatory redemption in part on June 1 and December 1 (provided, however, that if any 2019 Series B Bonds bear interest at a Flexible Rate and such June 1 or December 1 is not an Interest Payment Date, such Bonds shall be subject to mandatory redemption on the Interest Payment Date immediately following such June 1 or December 1) at a Redemption Price equal to the principal amount thereof, plus accrued interest to the date of redemption, in such years and such amounts as shall be approved by an Authorized Representative, which approval shall be evidenced by the Redemption Requirements set forth in the Purchase Contract executed by the Authority (subject to reduction as provided in the General Resolution and to adjustments, if any, set forth, in

the Purchase Contract). Except as otherwise provided in the Purchase Contract, if 2019 Series B Bonds are in more than one Rate Period on the date that the 2019 Series B Bonds are subject to a Redemption Requirement, the Trustee shall select the 2019 Series B Bonds for such redemption on a pro rata basis for each Rate Period subject to appropriate adjustments for Authorized Denominations.

502. Optional Redemption. The 2019 Series B Bonds shall be subject to redemption at the option of the Authority from any moneys available therefor in whole or in part, as follows:

(a) 2019 Series B Bonds which bear interest during a Term Rate Period shall be subject to redemption in Authorized Denominations prior to maturity at the option of the Authority from any source of funds available to the Authority on (i) the day following the last day of any Term Rate Period, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest, if any, without premium, and (ii) any day, as designated by an Authorized Representative in a Pricing Notice relating to the current Term Rate Period, at a redemption price equal to the principal amount thereof, plus interest accrued and unpaid thereon, if any.

(b) 2019 Series B Bonds which bear interest during an Index Rate Period shall be subject to redemption in Authorized Denominations prior to maturity at the option of the Authority from any source of funds available to the Authority on (i) the day following the last day of any Index Rate Period, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest, if any, without premium, and (ii) any day as designated by an Authorized Representative in a Pricing Notice, Remarketing Agreement or Purchase Contract, as applicable, relating to the current Index Rate Period, at a redemption price equal to the principal amount thereof, plus interest accrued and unpaid thereon, if any.

(c) 2019 Series B Bonds which bear interest at Daily Rates or Weekly Rates may be called for redemption prior to maturity, at any time, in whole or in part, on any Business Day at a redemption price equal to the principal amount thereof, plus interest accrued and unpaid thereon to the redemption date.

(d) 2019 Series B Bonds which bear interest at Flexible Rates are subject to redemption by the Authority, in whole or in part, on the last day of the applicable Rate Period at a redemption price equal to the principal amount thereof plus any accrued interest thereon to the redemption date.

(e) 2019 Series B Bonds which bear interest at a Fixed Rate shall be subject to redemption prior to maturity at the option of the Authority on any date following the tenth (10th) anniversary of the Conversion Date relating to such 2019 Series B Bonds at a redemption price equal to 100% of the principal amount of such 2019 Series B Bonds to be redeemed, plus accrued interest to the redemption date, in whole or in part, from any source of funds available to the Authority.

The 2019 Series B Bonds to be redeemed pursuant to this Section 502 shall be selected from the eligible outstanding maturities of 2019 Series B Bonds on such basis as shall be determined by the Authority, subject to Section 505 hereof.

503. Special Redemption. (a) The 2019 Series B Bonds are redeemable, at any time in whole or in part, at the option of the Authority (except to the extent that the Authority is required to redeem 2019 Series B Bonds as set forth in subsection (b) or (d) below), at a Redemption Price equal to the principal amount (or, in the case of redemptions pursuant to clause (i) of this Section 503(a), for 2019 Series B Bonds initially purchased by the Underwriters at a price in excess of the principal amount thereof, a price not greater than the price paid by the Underwriters for such 2019 Series B Bonds) plus accrued interest to the redemption date, in a principal amount not in excess of the total of (i) 2019 Series B Bond proceeds remaining uncommitted to the financing of Mortgage Loans or 2019 Series B Down Payment Assistance Loans; (ii) Principal Prepayments (including Principal Prepayments in respect of Mortgage Loans financed from other Series of Bonds issued under the General Resolution); (iii) 2019 Series AB Down Payment Assistance Loan Principal Prepayments; and (iv) Revenues available for redemption pursuant to Section 403(e)(1) of the General Resolution.

(b) Unless the Authority shall obtain a Counsel's Opinion from nationally recognized bond counsel to the effect that the failure of the Authority to so redeem will not adversely affect the exclusion of interest on the 2019 Series AB Bonds from gross income for Federal income tax purposes, the Authority (i) shall redeem 2019 Series AB Bonds within the forty-two (42) month period beginning on the date of issuance thereof, from proceeds of the 2019 Series AB Bonds allocated to the financing of 2019 Series AB Mortgage Loans and 2019 Series AB Down Payment Assistance Loans which have not been used for such financing (except for an amount which is less than two hundred fifty thousand dollars (\$250,000)), and (ii) shall redeem or pay scheduled principal maturities of the 2019 Series AB Bonds not later than the close of the first semiannual period beginning after the date of receipt, from all Principal Prepayments and regularly scheduled principal repayments received and derived from 2019 Series AB Mortgage Loans and from all 2019 Series AB Down Payment Assistance Loan Principal Prepayments and regularly scheduled principal repayments received and derived from 2019 Series AB Down Payment Assistance Loans, on and after the tenth (10th) anniversary of the date of issuance of the 2019 Series AB Bonds.

(c) With respect to redemptions pursuant to subsections (a) and (b) above, the 2019 Series B Bonds to be redeemed shall be selected from the Outstanding maturities of the 2019 Series B Bonds on such basis as shall be determined by the Authority, except as may be otherwise designated in the Purchase Contract.

(d) The Authority may designate in the Purchase Contract one or more maturities of the 2019 Series B Bonds as Super Sinker Bonds. The Super Sinker Bonds, if any, shall be subject to mandatory redemption as provided in the Purchase Contract.

504. Mandatory Redemption of Bank Bonds. Bank Bonds shall be subject to mandatory redemption in such principal amounts and on such dates determined as provided in the Liquidity Facility. The Authority shall be obligated to pay such amounts on such dates notwithstanding its inability to deliver a Cash Flow Statement as required by Section 914 of the General Resolution; provided, however, that the payment of such amounts shall be from sources other than the Pledged Funds.

505. Selection of 2019 Series B Bonds for Redemption. Notwithstanding any provisions of this 2019 Series B Resolution to the contrary, the Bank Bonds shall always be subject to redemption and shall be selected first for any redemption by the Trustee.

ARTICLE VI REQUIREMENTS AND FUNDS

601. Debt Reserve Requirement. (a) The Debt Reserve Requirement with respect to the 2019 Series B Bonds is hereby determined to be an amount equal to four percent (4%) of the sum of (i) the outstanding principal balance of 2019 Series B Mortgage Loans and 2019 Series B Down Payment Assistance Loans allocated to the 2019 Series B Bonds, (ii) the amount on deposit in the 2019 Series B Bond Proceeds Fund and allocated to the purchase or financing of 2019 Series B Mortgage Loans, and (iii) the amount on deposit in the Down Payment Assistance Fund allocated to the 2019 Series B Bonds and the financing of 2019 Series B Down Payment Assistance Loans. The deposits to the Capital Reserve Fund made and to be made pursuant to this 2019 Series B Resolution will be in the form of cash and Investment Obligations which may be used for the purposes of the Capital Reserve Fund; provided however, that the Authority may in lieu of or in replacement of or in addition to all or a portion of the deposits to the Capital Reserve Fund, obtain and pledge to the Capital Reserve Fund Letter(s) of Credit and/or Surety Bond(s), which Letter(s) of Credit or a portion thereof shall be exclusively available to be drawn on and which Surety Bond(s) or a portion thereof shall unconditionally and irrevocably guarantee payment for the purposes of the Capital Reserve Fund. Any moneys so replaced by Letter(s) of Credit and/or Surety Bond(s) or a portion thereof shall be withdrawn by the Trustee and deposited in the Bond Proceeds Fund. The amount of moneys on deposit in the Capital Reserve Fund, or the amount of Letter(s) of Credit pledged to and exclusively available to be drawn on or Surety Bond(s) pledged to unconditionally and irrevocably guarantee payment for the purposes of the Capital Reserve Fund which, when combined with any moneys on deposit therein, and any other Letter(s) of Credit pledged thereto and exclusively available to be drawn on or Surety Bond(s) which shall unconditionally and irrevocably guarantee payment for the purposes thereof, shall equal the Capital Reserve Fund Requirement.

(b) If at any time the Trustee is required by Section 407 of the General Resolution to transfer moneys from the Capital Reserve Fund to the Debt Service Fund, the Trustee shall make such transfer to the Debt Service Fund from any moneys which shall then be on deposit in the Capital Reserve Fund, and if the moneys in the Capital Reserve Fund are not sufficient to make up the deficiency in the Debt Service Fund, the Trustee shall make a draw under any Letter(s) of Credit or make a demand for payment under any Surety Bond(s) which may be pledged to the Capital Reserve Fund and deposit such proceeds to the Debt Service Fund to the extent of the deficiency in the Debt Service Fund.

602. The Loan Loss Fund.

(a) The repayment of the 2019 Series B Bonds shall be further secured by a pledge of the amounts on deposit in the Loan Loss Fund as created by the Loan Loss Fund Resolution. The 2019 Series B Resolution shall be deemed to be a Single-Family Bond Resolution for purposes of the Loan Loss Fund Resolution. The Loan Loss Fund Requirement with respect to the 2019 Series B Bonds shall be zero, and, accordingly, the Authority shall not be required to deposit any moneys into the Loan Loss Fund prior to the disbursement of proceeds from the Bond Proceeds Fund for the financing of a 2019 Series B Mortgage Loan.

(b) If at any time moneys in the General Receipts Fund are not sufficient to permit the transfer of moneys to the Debt Service Fund required by Section 403 of the General Resolution, the Trustee shall make up such a deficiency first, by the withdrawal and transfer to the Debt Service Fund of money from any amounts which shall then be on deposit in the Loan Loss Fund, and if the amount in the Loan Loss Fund is not sufficient to make up such deficiencies, and second by a draw under any Letter(s) of Credit or a demand for payment under any Surety Bond(s) which may be pledged to the Loan Loss Fund and the deposit of such proceeds to the Debt Service Fund. Furthermore, in the event there shall be on any date on which an interest or principal payment (including any Sinking Fund Requirement) shall be due, a deficiency in the amounts in the Debt Service Fund to be applied to the payment of liquidity fees, interest or principal or a Redemption Price of the Bonds pursuant to Section 404(a) or (b) of the General Resolution but prior to any transfer to the Debt Service Fund from the Redemption Fund pursuant to Section 405 of the General Resolution or the Capital Reserve Fund pursuant to Section 406 of the General Resolution, the Trustee first shall make up such a deficiency by the withdrawal of moneys from the Loan Loss Fund and the transfer thereof to the Debt Service Fund, and second, if required, by a draw under any Letter(s) of Credit or a demand for payment under any Surety Bond(s) which may be pledged to the Loan Loss Fund and the transfer of such proceeds to the Debt Service Fund.

(c) Amounts on deposit in the Loan Loss Fund shall not be included in any calculation made in connection with any Cash Flow Statement or pursuant to Section 403(e)(3) of the General Resolution.

603. Deposits into Funds.

(a) The proceeds of the 2019 Series B Bonds shall be deposited into the Bond Proceeds Fund and shall be invested by the Trustee pursuant to instructions from the Authority only in Investment Obligations, which shall include, for purposes of this 2019 Series B Resolution, an investment agreement secured or unsecured as determined by an Authorized Representative, guaranteed by an institution whose debt securities are rated at least the then existing rating on the Bonds (or the highest rating of short-term obligations if the investment is a short-term obligation) by each Rating Agency. Proceeds of the 2019 Series B Bonds in an amount sufficient to satisfy the Capital Reserve Fund Requirement relating to the 2019 Series B Bonds shall be promptly transferred by the Trustee to the Capital Reserve Fund. In the event that the Authority shall elect to obtain and pledge to the Capital Reserve Fund Letter(s) of Credit and/or Surety Bond(s) in an amount sufficient to satisfy all or a portion of the Capital Reserve Fund Requirement in lieu of or in replacement of or in addition to the deposits to the Capital Reserve Fund, any moneys so replaced

provided by 2019 Series B Bond proceeds shall be promptly withdrawn by the Trustee and paid to the Authority for deposit in the Bond Proceeds Fund. Proceeds of the 2019 Series B Bonds in an amount not to exceed the limitation set forth in this Resolution, and as set forth in the Purchase Contract, shall be promptly transferred by the Trustee to the Down Payment Assistance Fund.

(b) All moneys representing accrued interest on the 2019 Series B Bonds, if any, shall be deposited to the credit of the General Receipts Fund (to be applied to the payment of interest on the 2019 Series B Bonds on the first applicable interest payment date).

604. Tax Covenants.

(a) The Authority shall use the proceeds of the 2019 Series B Bonds in the manner which will comply with the requirements of the 1986 Code, and other provisions of applicable federal income tax law. The Authority shall at all times perform all acts and things to the extent permitted by law and necessary and desirable in order to assure that interest paid on the 2019 Series B Bonds shall not be included in gross income for Federal income tax purposes, including compliance by the Authority with the notice requirements of Section 143(m)(7) of the 1986 Code unless the Authority shall obtain a Counsel's Opinion from nationally recognized bond counsel to the effect that the failure of the Authority to so comply with such notice requirements will not adversely affect the exclusion of interest on the 2019 Series B Bonds from gross income for Federal income tax purposes.

(b) The Authority shall pay such amounts to the United States of America at such times as is necessary to comply with Section 148(f) of the 1986 Code in respect of the 2019 Series B Bonds.

(c) The Authority further covenants and agrees that it will not take any action which will have the effect of causing interest on the 2019 Series B Bonds to become includable in gross income for Federal income tax purposes.

605. Series Program Determinations. Each newly originated 2019 Series B Mortgage Loan shall have the following terms, conditions, provisions and limitations:

(a) The promissory note for each 2019 Series B Mortgage Loan must be payable or endorsed to the Authority, and such 2019 Series B Mortgage Loan must (i) be originated in the name of the Authority, (ii) be assigned to the Authority or (iii) be originated in the name of a nominee who shall register the Authority as the owner of a beneficial interest in such 2019 Series B Mortgage Loan, and such 2019 Series B Mortgage Loan must have a servicer that tracks servicing of such 2019 Series B Mortgage Loan pursuant to a written agreement with the Authority relating thereto;

(b) Each 2019 Series B Mortgage Loan (i) shall be for a term not exceeding thirty (30) years, (ii) shall have a rate or rates of interest fixed at the time of origination, and (iii) shall either have approximately equal monthly payments for each rate of interest borne by such 2019 Series B Mortgage Loan, or at the option of the Authority, shall have monthly payments that increase on a predetermined basis over the life of such 2019 Series B Mortgage Loan;

(c) Each 2019 Series B Mortgage Loan shall relate to a residence which shall be the principal residence of the mortgagor within a reasonable time after the closing of such 2019 Series B Mortgage Loan;

(d) Each 2019 Series B Mortgage Loan shall relate to a single-family residential structure or condominium unit;

(e) (1) Each 2019 Series B Mortgage Loan shall be insured under an insurance contract, or guaranteed under a guarantee agreement, requiring benefits to be paid to the Authority following default by the mortgagor in the payment of principal or interest on the 2019 Series B Mortgage Loan in an amount which, when combined with the down payment applicable to such 2019 Series B Mortgage Loan (irrespective of the source of funds therefor), is equal to an amount in excess of eighteen percent (18%) of the purchase price of the residence; provided, however, that any such insurance shall not be initially required or may be terminated when the principal balance of the 2019 Series B Mortgage Loan is eighty percent (80%) or less of the original purchase price of the residence; and

(2) If applicable law shall not permit the Authority, or if the Authority anticipates that applicable law will not permit it, to require a mortgagor under a 2019 Series B Mortgage Loan, or a person on behalf of such mortgagor, to pay for the mortgage insurance described in paragraph (1) of this subsection, then the Authority shall pay for such mortgage insurance from moneys available under the General Resolution or otherwise, except to the extent that:

(i) the Authority either:

(A) does not pay for such mortgage insurance from moneys available under the General Resolution or otherwise; or

(B) provides additional reserves, insurance, sureties or cash equivalents as security or makes other covenants regarding the 2019 Series B Bonds; and

(ii) the taking of the action described in clause (A) or (B) above, does not, by itself, or in combination with other factors, result in a reduction in the then-current unenhanced rating of the Bonds;

(f) The 2019 Series B Mortgage Loans shall be: (i) conventional mortgage loans, (ii) insured by the Federal Housing Administration, (iii) guaranteed by the United States Department of Veterans' Affairs, or (iv) guaranteed by the Rural Housing Service of the United States Department of Agriculture;

(g) A 2019 Series B Mortgage Loan shall be used for the purchase of a residence or both the purchase and rehabilitation of a residence; and

(h) The Authority shall not sell any 2019 Series B Mortgage Loans or 2019 Series B Down Payment Assistance Loans and use the proceeds of such sale to redeem 2019 Series B Bonds as provided in Section 503 hereof except for 2019 Series B Mortgage Loans or 2019 Series B Down

Payment Assistance Loans (i) that are in default, (ii) that must be sold in order to preserve the exclusion of interest on the 2019 Series B Bonds from gross income for federal income tax purposes, or (iii) that do not comply with the Authority's Program requirements.

606. Covenant as to Disposition of Principal Prepayments and 2019 Series B Down Payment Assistance Loan Principal Prepayments. Subject to the provisions of Section 403 of the General Resolution and Section 503 hereof, the Authority shall direct the Trustee to transfer Revenues in an amount equal to and representing (a) the Principal Prepayments derived from 2019 Series B Mortgage Loans from the General Receipts Fund to the Redemption Fund or the Bond Proceeds Fund, provided that any such Revenues deposited in the Bond Proceeds Fund must be transferred to the Redemption Fund within twelve (12) months of such deposit if not used for the purpose of financing Mortgage Loans within such one-year period and (b) the 2019 Series B Down Payment Assistance Loan Principal Prepayments from the General Receipts Fund to the Redemption Fund or the Down Payment Assistance Fund, provided that any such Revenues deposited in the Down Payment Assistance Fund must be transferred to the Redemption Fund within twelve (12) months of such deposit if not used for the purpose of financing 2019 Series B Down Payment Assistance Loans within such one-year period.

607. Down Payment Assistance Fund.

(a) Amounts on deposit in the Down Payment Assistance Fund shall be used as provided in this 2019 Series B Resolution with respect to moneys received by the Authority in connection with the issuance of the 2019 Series B Bonds.

(b) Amounts on deposit in the Down Payment Assistance Fund received by the Authority in connection with the issuance of the 2019 Series B Bonds, if any, and any additional amounts deposited by the Authority in the Down Payment Assistance Fund in respect of the 2019 Series B Bonds as hereinafter provided, if any, shall be used, upon Authority Request, to finance 2019 Series B Down Payment Assistance Loans. The Authority may, from time to time, direct that additional amounts be deposited in the Down Payment Assistance Fund in respect of the 2019 Series B Bonds from unrestricted Authority funds for the purpose of financing additional 2019 Series B Down Payment Assistance Loans. No amounts on deposit in the Down Payment Assistance Fund shall be used to finance Mortgage Loans. Each 2019 Series B Down Payment Assistance Loan shall have the following terms, conditions, provisions and limitations:

(i) Each 2019 Series B Down Payment Assistance Loan shall be made to provide down payment assistance only to a mortgagor who has received a Mortgage Loan;

(ii) Each 2019 Series B Down Payment Assistance Loan shall be evidenced by a promissory note and a mortgage document which has been properly recorded and constitutes a valid second lien on the property subject only to the mortgage securing the related Mortgage Loan and real property taxes or assessments not yet due;

(iii) The promissory note for each 2019 Series B Down Payment Assistance Loan must be payable or endorsed to the Authority and the 2019 Series B Down Payment Assistance Loan must be originated in the name of the Authority or be assigned to the Authority;

(iv) Each 2019 Series B Down Payment Assistance Loan shall be in a principal amount not to exceed ten thousand dollars (\$10,000); and

(v) Each 2019 Series B Down Payment Assistance Loan shall be for a term not exceeding the term of the related Mortgage Loan, shall bear interest as determined by the Authority and shall be payable on the earliest of (A) the sale of the residence to which such 2019 Series B Down Payment Assistance Loan relates, (B) the maturity date thereof or (C) the date of payment in full of the related Mortgage Loan.

(c) Amounts on deposit in the Down Payment Assistance Fund may be transferred at any time, upon Authority Request, to the Bond Proceeds Fund.

(d) The Authority does hereby pledge, convey and assign the 2019 Series B Down Payment Assistance Loans as security for the payment of the Bonds and the interest and redemption premium, if any, thereon and for the equal and proportionate benefit and security from time to time, of the Owners of the Bonds without preference, priority or distinction as to lien or otherwise. Any 2019 Series B Down Payment Assistance Loans shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice thereof, and neither this 2019 Series B Resolution nor any instruments by which a pledge is created need be recorded. All moneys received by or on behalf of the Authority representing principal and interest payments on the 2019 Series B Down Payment Assistance Loans including all 2019 Series B Down Payment Assistance Loan Principal Prepayments representing the same shall constitute "Revenues" for purposes of the General Resolution and shall be deposited in the General Receipts Fund.

(e) Amounts on deposit in the Down Payment Assistance Fund in respect of the 2019 Series B Down Payment Assistance Loans shall be taken into account when preparing a Cash Flow Statement in accordance with Section 608 of the General Resolution. In addition to the requirements for filing a Cash Flow Statement set forth in Section 608 of the General Resolution, the Authority shall file with the Trustee a current Cash Flow Statement prior to transferring amounts to the Down Payment Assistance Fund to finance 2019 Series B Down Payment Assistance Loans in excess of the amounts contemplated in the last Cash Flow Statement to be so transferred, or prior to applying amounts previously transferred to the Down Payment Assistance Fund to finance 2019 Series B Down Payment Assistance Loans on terms materially different from those assumed in the last Cash Flow Statement. Upon filing a Cash Flow Statement with the Trustee, the Authority shall thereafter administer its program for making 2019 Series B Down Payment Assistance Loans in all material respects in accordance with the assumptions set forth in such Cash Flow Statement. Except as necessary to dispose of defaulted 2019 Series B Down Payment Assistance Loans or to comply with tax covenants or requirements of the Authority relating to its program for making 2019 Series B Down Payment Assistance Loans, if the Cash Flow Statement delivered in connection with any sale of 2019 Series B Down Payment Assistance Loans at a price below book value does not project Revenues sufficient to pay Expenses and debt service on the Bonds when due in each bond year, an Authorized Representative must certify to the Trustee that the projected deficiency in each bond year is less than it would have been if all or a portion of the amounts

transferred or used had been applied to the financing of 2019 Series B Down Payment Assistance Loans or invested in Investment Obligations on terms then available.

608. Purchase Fund. (a) There is hereby created and established for the 2019 Series B Bonds a Purchase Fund to be held by the Trustee. The Purchase Fund and the moneys on deposit therein, if any, shall not be deemed to be Pledged Funds for purposes of the General Resolution and shall not be subject to the lien of the Trustee set forth in Section 804 of the General Resolution. Upon receipt of the proceeds of a remarketing or an advance under a Liquidity Facility to pay the purchase price of 2019 Series B Bonds during a Variable Rate Period or a Flexible Rate Period, if such remarketing proceeds are insufficient for the payment of the purchase price, the Trustee shall deposit such money in the Purchase Fund for application to the purchase price of 2019 Series B Bonds upon receipt of such 2019 Series B Bonds.

(b) On or after any Purchase Date, any funds remaining in the Purchase Fund after payment in full of the purchase price on all optionally or mandatorily tendered 2019 Series B Bonds on such date shall be transferred to the Liquidity Facility Provider, if any, but not in excess of the amount necessary to reimburse the Liquidity Facility Provider for the portion, if any, of the advance under a Liquidity Facility with respect to the purchase price of such 2019 Series B Bonds during a Variable Rate Period or a Flexible Rate Period on such date, and any excess after all such payments have been made shall be paid to the Authority.

(c) Amounts held by the Trustee to pay the purchase price of 2019 Series B Bonds shall be held for the account of the previous Holder of the remarketed 2019 Series B Bonds, including the Liquidity Facility Provider if such 2019 Series B Bonds are Bank Bonds that are remarketed. Such amounts shall not be invested and shall not be commingled with other funds held by the Trustee.

ARTICLE VII FORMS, EXECUTION AND DELIVERY OF 2019 SERIES B BONDS

701. Forms of 2019 Series B Bonds. Subject to the provisions of the General Resolution, the form of the 2019 Series B Bonds and the Certificate of Authentication with respect thereto are hereby approved substantially in the form attached as Exhibit A necessary or appropriate variations, omissions and insertions as are incidental to their numbers, denominations, maturities, interest rate or rates, redemption provisions and other details thereof.

702. Execution and Delivery of 2019 Series B Bonds. (a) The 2019 Series B Bonds shall be executed in the name of the Authority by the manual or facsimile signature of either its Chairperson or Executive Director and the corporate seal of the Authority (or a facsimile thereof) shall be impressed or imprinted thereon in accordance with the provisions of Section 204 of the General Resolution. The 2019 Series B Bonds shall be authenticated by the manual signature of an authorized signer of the Trustee.

(b) The 2019 Series B Bonds shall be delivered by an Authorized Representative to the Underwriters in New York, New York, Lansing, Michigan, or any other location mutually agreeable to the Authority and the Underwriters upon payment of the purchase price plus accrued

interest, if any, on the 2019 Series B Bonds from the date thereof to the date of delivery in immediately available Federal Reserve Funds available to the Authority at the time or times and place or places of delivery.

(c) Initially, one fully-registered 2019 Series B Bond (a “2019 Series B Bond”) for each maturity of 2019 Series B Bonds, in the aggregate principal amount of such maturity, shall be issued in the name of Cede & Co., as nominee of DTC.

703. Global Form; Securities Depository.

(a) Except as otherwise provided in this Section, the 2019 Series B Bonds shall be in the form of the 2019 Series B Bond, shall be registered in the name of the Securities Depository or its nominee and ownership thereof shall be maintained in book entry form by the Securities Depository for the account of the Agent Members thereof. Except as provided in subsection (c) of this Section, 2019 Series B Bonds may be transferred, in whole but not in part, only to the Securities Depository or a nominee of the Securities Depository, or to a successor Securities Depository selected by the Authority, or to a nominee of such successor Securities Depository.

(b) The Authority and the Trustee shall have no responsibility or obligation with respect to:

(i) the accuracy of the records of the Securities Depository or any Agent Member with respect to any beneficial ownership interest in the 2019 Series B Bonds;

(ii) the delivery to any Agent Member, beneficial owner of the 2019 Series B Bonds or other person, other than the Securities Depository, of any notice with respect to the 2019 Series B Bonds;

(iii) the payment to any Agent Member, beneficial owner of the Bonds or other person, other than the Securities Depository of any amount with respect to the principal of, premium, if any, or interest on, the 2019 Series B Bonds;

(iv) any consent given by Cede & Co. as Bondowner of the 2019 Series B Bonds or any successor nominee of a Securities Depository as Bondowner of such Bonds; or

(v) the selection by the Securities Depository or any Agent Member of any beneficial owners to receive payment if any 2019 Series B Bonds are redeemed in part.

So long as the certificates for the 2019 Series B Bonds are not issued pursuant to subsection (c) of this Section, the Authority and the Trustee may treat the Securities Depository as, and deem the Securities Depository to be, the absolute owner of such 2019 Series B Bonds for all purposes whatsoever, including without limitation:

(1) the payment of principal, premium, if any, and interest on such 2019 Series B Bond;

(2) giving notices of redemption and other matters with respect to such 2019 Series B Bond; and

(3) registering transfers with respect to such 2019 Series B Bond.

(c) If at any time the Securities Depository notifies the Authority or the Trustee that it is unwilling or unable to continue as Securities Depository with respect to the 2019 Series B Bonds or if at any time the Securities Depository shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor Securities Depository is not appointed by the Authority within ninety (90) days after the Authority or the Trustee receives notice or becomes aware of such condition, as the case may be, subsections (a) and (b) of this Section shall no longer be applicable and the Authority shall execute and the Trustee shall authenticate and deliver certificates representing the 2019 Series B Bonds as provided in subsection (d) below. In addition, the Authority may determine at any time that the 2019 Series B Bonds shall no longer be represented by global certificates and that the provisions of subsections (a) and (b) above shall no longer apply to the 2019 Series B Bonds. In any such event the Authority shall execute and the Trustee shall authenticate and deliver certificates representing the 2019 Series B Bonds as provided in subsection (d) below.

(d) Certificates for the 2019 Series B Bonds issued in exchange for global certificates shall be registered in such names and authorized denominations as the Securities Depository, pursuant to instructions from the Agent Members or otherwise, shall instruct the Authority and the Trustee. The Trustee shall deliver such certificates representing the 2019 Series B Bonds to the persons in whose names such 2019 Series B Bonds are so registered as soon as practicable.

704. Conflict With Representation Letter. Notwithstanding any other provision of this 2019 Series B Resolution to the contrary, so long as any 2019 Series B Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal or Redemption Price of and interest, if any, on such 2019 Series B Bond, and all notices with respect to such 2019 Series B Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

ARTICLE VIII ADDITIONAL PROVISIONS RELATING TO LIQUIDITY FACILITIES

801. Liquidity Facility.

(a) The Trustee shall draw moneys under a Liquidity Facility in accordance with the terms thereof to the extent necessary to make full and timely payments of the purchase price required to be made pursuant to, and in accordance with, Section 401(e) hereof.

(b) A Liquidity Facility shall be an obligation of the Liquidity Facility Provider to pay to the Trustee, upon satisfaction of the terms set forth in the Liquidity Facility and subject to reduction as provided in (d) below, the purchase price of Liquidity Facility Bonds tendered or deemed tendered and not remarketed by the Remarketing Agent on the date on which such Liquidity Facility Bonds are to be purchased equal to the principal amount thereof plus interest

accrued, if any, on such 2019 Series B Bonds to such optional tender date or mandatory tender date.

(c) Upon termination or replacement of a Liquidity Facility as provided therein, the Trustee shall give notice thereof to S&P and the existing Liquidity Facility Provider and the Liquidity Facility shall be surrendered by the Trustee to the Liquidity Facility Provider for cancellation on the date of such termination.

(d) A Liquidity Facility Provider's obligation under a Liquidity Facility will be reduced to the extent of any drawing thereunder subject to reinstatement as provided therein. In no event will the Trustee be entitled to make drawings under a Liquidity Facility for the payment of the purchase price of Bank Bonds, Liquidity Facility Bonds owned by, or on behalf of, the Authority or 2019 Series B Bonds bearing interest at a Fixed Rate.

(e) If at any time there shall cease to be any Liquidity Facility Bonds Outstanding, the Trustee shall surrender the Liquidity Facility to the Liquidity Facility Provider, in accordance with the terms of the Liquidity Facility, for cancellation. The Trustee shall comply with the procedures set forth in the Liquidity Facility relating to the termination thereof.

(f) If at any time the Trustee resigns or is removed in accordance with the General Resolution, the Trustee shall cause a Liquidity Facility to be transferred to its successor in accordance with the terms thereof.

(g) To the extent that this 2019 Series B Resolution confers upon or gives or grants to a Liquidity Facility Provider any right, remedy or claim under or by reason of this 2019 Series B Resolution, the Liquidity Facility Provider is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

802. Alternate Liquidity Facility. (a) The Authority may cancel or terminate a Liquidity Facility prior to its stated expiration or permit the expiration thereof in accordance with its terms and provide an Alternate Liquidity Facility in the form of (i) a letter of credit or (ii) such other security or liquidity support as the Authority may elect to furnish, but only in accordance with the provisions of this Section 802. A Liquidity Facility or Alternate Liquidity Facility also may be cancelled, terminated or permitted to expire without any Alternate Liquidity Facility being thereafter provided to support payment of the purchase price of Liquidity Facility Bonds tendered for optional or mandatory tender hereunder, but only in accordance with the provisions of this Section 802 and Section 405. In the event a Liquidity Facility or Alternate Liquidity Facility then in effect is to be replaced, the Liquidity Facility or Alternate Liquidity Facility shall terminate in accordance with its terms.

(b) In the event that a Liquidity Facility or an Alternate Liquidity Facility will be replaced after expiration, termination or cancellation of an existing Liquidity Facility or an existing Alternate Liquidity Facility, upon receipt of notice from the Authority accompanied by a Favorable Opinion of Bond Counsel and the letter of each Rating Agency, if any, maintaining a rating on the Liquidity Facility Bonds referred to below together with any documentation and

opinions referred to in any such letter, the Trustee shall give notice (prepared by the Authority) by first-class mail to the Holders of the Liquidity Facility Bonds not less than fifteen (15) days prior to the effective date of such change, stating as follows: (i) that the Liquidity Facility or the Alternate Liquidity Facility then in effect is to be changed, (ii) the effective date of such change, (iii) the form and substance of the Liquidity Facility or the Alternate Liquidity Facility then in effect, (iv) if applicable, that the Liquidity Facility Bonds are subject to mandatory tender for purchase pursuant to Section 404 hereof and the date for such mandatory tender, (v) the form and substance of the Alternate Liquidity Facility to be in effect on the effective date specified in (ii) above, and (vi) that such change will or will not, as the case may be, result in a reduction or withdrawal of the rating, if any, of the 2019 Series B Bonds then in place.

(c) In the event that a Liquidity Facility or an Alternate Liquidity Facility will not be replaced after expiration, termination or cancellation of an existing Liquidity Facility or an existing Alternate Liquidity Facility, upon receipt of notice from the Authority accompanied by the opinion of Bond Counsel referred to in subsection (d) below, the Trustee shall give notice (prepared by the Authority) by first-class mail to the Holders of the Liquidity Facility Bonds, with a copy to the Liquidity Facility Provider, not less than fifteen (15) days prior to the effective date of such change if the Liquidity Facility Bonds then bear interest at a Variable Rate, stating as follows: (i) that the Liquidity Facility or the Alternate Liquidity Facility then in effect will expire or be terminated, (ii) the effective date of such expiration or termination, (iii) that a substitute Alternate Liquidity Facility will not be provided, and (iv) that the Liquidity Facility Bonds are subject to mandatory tender for purchase pursuant to Sections 404 and 405 hereof, and the date for such mandatory tender.

(d) Any provisions of this 2019 Series B Resolution to the contrary notwithstanding, no change with respect to a Liquidity Facility or any Alternate Liquidity Facility (except the expiration thereof in accordance with its terms) shall become effective unless there is delivered to the Trustee (i) an opinion of Bond Counsel stating that such change is authorized or permitted by the terms of this 2019 Series B Resolution and that such change will not adversely affect the validity of the 2019 Series B Bonds or the exclusion from federal gross income of the interest on the 2019 Series B Bonds or require the registration of any security under the Securities Act of 1933, as amended, or the qualification of any indenture under the Trust Indenture Act of 1939, as amended, (ii) in the case of an Alternate Liquidity Facility, an opinion of counsel for the provider of the Alternate Liquidity Facility in substantially the form delivered to the Trustee upon the issuance of the Liquidity Facility, and (iii) in the case of a change under this Section 802, a letter from each Rating Agency, if any, then maintaining a rating on the 2019 Series B Bonds to the effect that such change will or will not, as the case may be, result in a reduction or withdrawal of the rating of the 2019 Series B Bonds then in place.

(e) Any other provisions of this 2019 Series B Resolution to the contrary notwithstanding, each Alternate Liquidity Facility delivered to the Trustee in accordance with this Section 802 must be in substantially the form of the Initial Liquidity Facility, if any, or one or more of the standby bond purchase agreements previously entered into by the Authority in connection with the execution and delivery of a prior Series of Bonds, and must be for a term of at least one year after the effective date of such Alternate Liquidity Facility (or until the stated maturity date of the 2019 Series B Bonds, if earlier).

**ARTICLE IX
AGENTS OF THE AUTHORITY**

901. Remarketing Agent; Remarketing Agreement.

(a) On or prior to the Closing Date, the Authority shall enter into a Remarketing Agreement with RBC Capital Markets, LLC or such other remarketing agent selected by an Authorized Representative, who is hereby appointed as the initial Remarketing Agent. The Remarketing Agreement shall terminate on the Fixed Rate Conversion Date after which there are no longer any 2019 Series B Bonds Outstanding bearing interest at a Variable Rate or a Flexible Rate. The Remarketing Agent, including any successor appointed pursuant hereto, shall (i) be a member of the National Association of Securities Dealers, Inc. having capitalization of at least \$25,000,000, (ii) meet the requirements with respect to a qualified Remarketing Agent as may be set forth in the applicable Liquidity Facility, if any, and (iii) be authorized by law to perform all the duties imposed upon it by this 2019 Series B Resolution and the Remarketing Agreement. The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this 2019 Series B Resolution and the Remarketing Agreement by giving at least thirty (30) days' notice to the Authority, the Trustee and the Liquidity Facility Provider, if any. The Remarketing Agent may be removed at any time by the Authority by an instrument signed by the Authority and filed with the Remarketing Agent and the Liquidity Facility Provider, if any, upon at least thirty (30) days' notice; provided, however, that, prior to the Fixed Rate Conversion Date for such 2019 Series B Bonds after which there are no longer any 2019 Series B Bonds Outstanding bearing interest at a Variable Rate or Flexible Rate, an agreement in substantially the form of the Remarketing Agreement shall be entered into with a successor Remarketing Agent.

(b) In the event that, prior to the Fixed Rate Conversion Date after which there are no longer any 2019 Series B Bonds Outstanding bearing interest at a Variable Rate or Flexible Rate, the Remarketing Agent shall resign or be removed or dissolved, or if the property or affairs of the Remarketing Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, the Authority shall use its best efforts to appoint a successor as Remarketing Agent. Any such appointment by the Authority shall be with the consent of the Liquidity Facility Provider if any Liquidity Facility Bonds are then Outstanding. If the Authority shall not have appointed a successor as Remarketing Agent, the Trustee shall ipso facto be deemed to be the Remarketing Agent for the sole purpose of determining Variable Rates by reference to the Maximum Rate as provided in this 2019 Series B Resolution until the appointment by the Authority of the Remarketing Agent or successor Remarketing Agent, as the case may be.

(c) Any Authorized Representative is hereby authorized to approve any amendment to any subsequent Remarketing Agreement in respect of 2019 Series B Bonds bearing interest at Variable Rates or Flexible Rates and to execute and deliver the same. The annual fees to be paid in respect of any Remarketing Agreement shall not exceed 0.20% of the Outstanding 2019 Series B Bonds bearing interest at Variable Rates or Flexible Rates.

**ARTICLE X
MISCELLANEOUS**

1001. Ratification of Actions. The actions of any Authorized Representative heretofore taken pursuant to the provisions of the General Resolution including, but not limited to: the publishing of notice and the conducting of a hearing with respect to the issuance of the 2019 Series B Bonds, the making of presentations to security rating agencies, the undertaking of discussions and negotiations with underwriters or groups of underwriters regarding offers to purchase the 2019 Series B Bonds, be, and they hereby are, ratified and confirmed in all respects.

1002. Authorization of Actions. (a) Any Authorized Representative is hereby authorized and directed to execute such other documents and certifications, and to perform such other acts as may be necessary or convenient for the proper sale, execution and delivery of the 2019 Series B Bonds subject to, and as may be required by the Purchase Contract, the General Resolution and this 2019 Series B Resolution.

(b) Any Authorized Representative is hereby authorized to pay from the General Operating Fund all funds necessary to pay the costs of issuance, including the Underwriters' fee and placement fee, if applicable, of the 2019 Series B Bonds not paid from the proceeds of the 2019 Series B Bonds, and to make the deposit of moneys, or obtain Letter(s) of Credit and/or Surety Bond(s), or an increase in the amount of existing Letter(s) of Credit and/or Surety Bond(s), as provided by Section 503 hereof.

(c) Any Authorized Representative is hereby authorized to pay from the General Operating Fund all amounts necessary to comply with Section 604(b).

1003. Authorization of Procurement of Letter(s) of Credit and/or Surety Bond(s) and Execution of Reimbursement Agreement and/or Guaranty Agreement; Notice to the Trustee. Any Authorized Representative hereby is authorized to obtain Letter(s) of Credit and/or Surety Bond(s), to obtain an increase in the amount of existing Letter(s) of Credit and/or Surety Bonds or to obtain a replacement for existing Letter(s) of Credit and/or Surety Bond(s) for application in lieu of the deposit of moneys to the Capital Reserve Fund as specifically authorized in this 2019 Series B Resolution. In connection with the procurement of the foregoing Letter(s) of Credit and/or Surety Bond(s) or the increase in the amount of existing Letter(s) of Credit and/or Surety Bond(s), the Authorized Representative is authorized, if necessary, to negotiate and execute a reimbursement agreement, or, if necessary, an amendment to any existing reimbursement agreement, with a banking institution, or a guaranty agreement, or, if necessary, an amendment to an existing guaranty agreement, with an insurance company, as appropriate. The annual fees (in addition to any expense reimbursements) paid to the banking institution for the procurement of Letter(s) of Credit shall not exceed one-half of one percent (0.5%) of the cumulative amount of the Letter(s) of Credit, the fee to be paid by the Authority for any Surety Bond(s) shall not exceed two percent (2%) of the Surety Bond Coverage relating thereto. The Authority shall give the Trustee sixty (60) days' written notice prior to the expiration of any Letter(s) of Credit obtained pursuant to this 2019 Series B Resolution.

1004. Preliminary Official Statement. The form of the Preliminary Official Statement of the Authority with respect to the sale of the 2019 Series B Bonds, substantially in the form presented to this meeting, is hereby approved and the distribution thereof is hereby authorized, with such changes, omissions, insertions and revisions as an Authorized Representative shall deem advisable or appropriate. The delivery of a certificate relating to the Preliminary Official Statement for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, is also approved.

1005. Final Official Statement. The form of the Preliminary Official Statement of the Authority is hereby authorized and approved as the final Official Statement of the Authority, with such changes, omissions, insertions and revisions as an Authorized Representative shall deem advisable or appropriate. Any Authorized Representative is hereby authorized to execute such final Official Statement and deliver it to the Underwriters on behalf of the Authority.

1006. Covenant as to Purchase of 2019 Series B Bonds. The Authority covenants that it shall require that a Mortgage Lender, mortgagor or “related person” as defined in Section 147 of the 1986 Code, shall not purchase 2019 Series B Bonds pursuant to any arrangement, formal or informal, in an amount related to a Mortgage Loan or 2019 Series B Down Payment Assistance Loan.

1007. Bondowner Continuing Consent to Fifth Resolution Supplementing the General Resolution. On September 26, 2018, the Authority adopted the Fifth Resolution Supplementing Resolution Authorizing The Issuance Of Single-Family Mortgage Revenue Bonds (the “Fifth Supplemental Resolution”), which provided for certain amendments to the General Resolution. Pursuant to the terms of the General Resolution and the Fifth Supplemental Resolution, the amendments to the General Resolution provided for by the Fifth Supplemental Resolution are effective following receipt by the Trustee of the consent of the Bondowners of not less than fifty-one percent (51%) of the Bonds Outstanding. Each Bondowner of a 2019 Series B Bond, as a condition of purchasing or holding a 2019 Series B Bond, hereby provides its consent to the amendments to the General Resolution provided by the Fifth Supplemental Resolution, and such consent shall be deemed to be given at all times that such Bondholder owns a 2019 Series B Bond.

1008. Trustee Not Responsible for Official Statement. The recitals, statements and representations contained in the Preliminary Official Statement and the Official Statement shall be taken and construed as made by and on the part of the Authority and not by the Trustee, and the Trustee assumes and shall be under no responsibility for the correctness of the same.

1009. Notice of Redemption.

(a) At least thirty (30) days but no more than ninety (90) days before the redemption date of any 2019 Series B Bonds, the Trustee shall cause a notice of any redemption of 2019 Series B Bonds, either in whole or in part, to be sent by registered or certified mail or by overnight delivery, to the Securities Depository at least two (2) business days (a business day being a day when such Securities Depository is open for business) prior to the date of general mailing of any notice of redemption.

(b) In addition, a second duplicate notice in writing shall be mailed by certified mail, postage prepaid, return receipt requested, to any registered owner of 2019 Series B Bonds to be redeemed who has not presented and surrendered such 2019 Series B Bonds to the Trustee for redemption within thirty (30) days after the date of redemption.

(c) In addition to the requirements set forth in Section 302 of the General Resolution, a notice of any such redemption shall include the following information with respect to the 2019 Series B Bonds to be so redeemed: the complete title of the 2019 Series B Bonds, the CUSIP numbers of the 2019 Series B Bonds to be redeemed, the date of general mailing of such notice of redemption, the complete name of the Trustee including the telephone number for inquiries, the maturity date and the interest rate (if applicable) of the 2019 Series B Bonds.

(d) Failure to receive any such notices by any such registered owner shall not affect the validity of the proceedings for the redemption of the 2019 Series B Bonds.

1010. Continuing Disclosure. An Authorized Representative is hereby authorized to enter into a Continuing Disclosure Undertaking with respect to the 2019 Series B Bonds (the “Continuing Disclosure Undertaking”) in substantially the form presented to this meeting, with such changes as an Authorized Representative deems necessary and advisable and not materially adverse to the Authority. The 2019 Series B Bonds are hereby made subject to the Continuing Disclosure Undertaking, and the Authority agrees to abide by the provisions thereof so long as any of the 2019 Series B Bonds are Outstanding.

1011. Initial Liquidity Facility. An Authorized Representative is authorized to negotiate, execute and deliver, on behalf of the Authority, the Initial Liquidity Facility, including the related Fee Agreement, between the Authority and Royal Bank of Canada, in substantially the form presented to this meeting, with such changes as an Authorized Representative deems necessary and desirable and not materially adverse to the Authority, taking into account the benefits to be derived by the Authority from the issuance of the 2019 Series B Bonds. Approval of the Initial Liquidity Facility shall be evidenced by the execution of such agreement by an Authorized Representative.

1012. Remarketing Agreement. An Authorized Representative is authorized to negotiate, execute and deliver, on behalf of the Authority, the Remarketing Agreement, in substantially the form presented to this meeting, with such changes as an Authorized Representative deems necessary and desirable and not materially adverse to the Authority, taking into account the benefits to be derived by the Authority from the issuance of the 2019 Series B Bonds. Approval of the Remarketing Agreement shall be evidenced by the execution of such agreement by an Authorized Representative.

1013. Notices to Rating Agency. The Authority hereby covenants and agrees that it will send written notice to S&P at 55 Water Street, 38th Floor, New York, New York 10041 and to Moody’s at 7 World Trade Center at 50 Greenwich Street, New York, New York 10007, of the occurrence of any of the following events with respect to the 2019 Series B Bonds:

(a) any acceleration of payment of the principal of and interest on the 2019 Series B Bonds;

- (b) any amendments to this 2019 Series B Resolution or the General Resolution;
- (c) any successor to the Trustee under the General Resolution; and
- (d) any defeasance or redemption in whole of the 2019 Series B Bonds.

1014. Effective Date. This 2019 Series B Resolution shall take effect immediately. If the 2019 Series B Bonds are not delivered to the Underwriters on or before May 31, 2019, the authority granted by this 2019 Series B Resolution shall lapse.

Exhibit A

Form of 2019 Series B Bond

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the Authority or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
SINGLE-FAMILY MORTGAGE REVENUE BOND, 2019 SERIES B

<u>Maturity</u> <u>Date</u>	<u>Date of Original</u> <u>Issue</u>	<u>CUSIP</u>
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REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: _____

The Michigan State Housing Development Authority (the “Authority”), a public body corporate and politic, organized and existing under and by virtue of the laws of the State of Michigan, acknowledges itself indebted to, and for value received, hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, on the Maturity Date specified above, unless redeemed prior thereto as hereinafter provided, upon the presentation and surrender hereof at the principal corporate trust office of U.S. Bank National Association in St. Paul, Minnesota (the “Trustee”), as Trustee under the Resolution of the Authority adopted December 17, 1987, authorizing the issuance of Michigan State Housing Development Authority Single-Family Mortgage Revenue Bonds, as amended and supplemented (the “General Resolution”), or its successor as Trustee, and to pay to the registered owner, by check or draft mailed to the registered owner shown on the registration books of the Trustee as of the close of business on the Record Date at the registered address, interest on such Principal Amount from the Date of Original Issue specified above or such later date to which interest has been paid, until paid at the rates and on the dates determined as described herein and in the 2019 Series B Resolution (as hereinafter defined); provided, however, payment of interest on any Interest Payment Date shall be paid (i) while this Bond bears interest at a Variable Rate or a Fixed Rate, in immediately available

funds, or (ii) if this Bond bears interest at a Flexible Rate, in immediately available funds upon presentation and surrender of this Bond to the Trustee, by wire transfer to a bank within the continental United States or direct deposit to a designated account that is maintained with the Trustee pursuant to directions given by the Registered Owner to the Trustee on or prior to the Interest Payment Date; provided, further, that the principal or redemption price of this Bond is payable upon surrender of this Bond to the Trustee by the Registered Owner hereof as shown on the registration books of the Trustee on the date of payment in immediately available funds. If requested by the Registered Owner of this Bond while it bears interest at a Variable Rate, payment of principal, premium, if any, and interest on this Bond shall be transmitted by wire transfer within the continental United States or deposited to a designated account if such account is maintained with the Trustee, if such Registered Owner shall have provided wire transfer instructions to the Trustee prior to the Interest Payment Date. The principal or Redemption Price (as defined in the General Resolution) of this Bond is payable upon presentation in any coin or currency of the United States of America which, on the respective dates of payment, shall be legal tender for the payment of public and private debts.

THE STATE OF MICHIGAN IS NOT LIABLE ON THIS 2019 SERIES B BOND AND THIS 2019 SERIES B BOND IS NOT A DEBT OF THE STATE OF MICHIGAN. THE AUTHORITY HAS NO TAXING POWER.

Capitalized terms used herein and not otherwise defined shall have the meaning assigned such term in the 2019 Series B Resolution.

Subject to any agreements now or hereafter made with the owners of any other notes or bonds of the Authority pledging any particular receipts or revenues, this 2019 Series B Bond is a general obligation of the Authority and the full faith and credit of the Authority are hereby pledged for the payment of the principal or Redemption Price of and interest on this 2019 Series B Bond. This 2019 Series B Bond is one of a duly authorized issue of Bonds of the Authority designated “Single-Family Mortgage Revenue Bonds” (the “Bonds”), issued and to be issued in various series under and pursuant to Act No. 346 of the Public Acts of 1966 of the State of Michigan, as amended (herein called the “Act”), and under and pursuant to the General Resolution and a series resolution authorizing the issuance and sale of each such series. As provided in the General Resolution, the Bonds may be issued from time to time in one or more series, in various principal amounts, may mature at different times, may bear interest, if any, at different rates and, subject to the provisions thereof, may otherwise vary. The aggregate principal amount of Bonds which may be issued under the General Resolution is not limited except as provided in the General Resolution, and all Bonds issued and to be issued under the General Resolution are and will be equally secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the General Resolution.

This 2019 Series B Bond is one of a series of Bonds designated “Single-Family Mortgage Revenue Bonds, 2019 Series B” (the “2019 Series B Bonds”) issued in the initial aggregate principal amount of _____ Dollars (\$_____) under the General Resolution and the Series Resolution Authorizing the Issuance and Sale of Single-Family Mortgage Revenue Bonds, 2019 Series B in an Amount not to Exceed \$_____, adopted on February 28, 2019 (the “2019 Series B Resolution”) (the General

Resolution and the 2019 Series B Resolution are collectively herein called the “Resolutions”). The proceeds of the 2019 Series B Bonds will be utilized by the Authority as provided in the Resolutions. The 2019 Series B Bonds will be secured by a pledge of the Pledged Property (as defined in the General Resolution) which includes the mortgage repayments required to be paid on the mortgage loans financed with the proceeds of the 2019 Series B Bonds, the Down Payment Assistance Fund established under the Authority’s Series Resolution Authorizing the Issuance and Sale of its Single-Family Mortgage Revenue Bonds, 2003 Series B adopted on November 19, 2003 (the “2003 Series B Resolution”) and the repayments required to be paid on the down payment assistance loans financed with the proceeds of the 2019 Series B Bonds and will be further secured by the Loan Loss Fund established under the Authority’s Resolution Establishing Single-Family Loan Loss Fund adopted on July 8, 1988, as supplemented (the “Loan Loss Fund Resolution”). Copies of the Resolutions, the 2003 Series B Resolution and the Loan Loss Fund Resolution are on file in the office of the Authority and at the corporate trust office of the Trustee in Lansing, Michigan, and reference to the Resolutions, the 2003 Series B Resolution and the Loan Loss Fund Resolution and any and all supplements thereto and modifications and amendments thereof and to the Act are made for a description of the pledges and covenants securing the 2019 Series B Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the registered owners of the 2019 Series B Bonds with respect thereto and the terms and conditions upon which the 2019 Series B Bonds are issued and may be issued thereunder. To the extent and in the manner permitted by the terms of the Resolutions, the 2003 Series B Resolution and the Loan Loss Fund Resolution, the provisions of the Resolutions, the 2003 Series B Resolution and the Loan Loss Fund Resolution or any resolution amendatory thereof or supplemental thereto, may be modified or amended.

This 2019 Series B Bond is transferable, as provided in the Resolutions, only upon the books of the Authority kept for that purpose at the corporate trust office of the Trustee in Lansing, Michigan by the registered owner hereof in person, or by an attorney duly authorized in writing, upon the surrender of this 2019 Series B Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new registered 2019 Series B Bond or 2019 Series B Bonds, and in the same aggregate principal amount and of the same maturity, shall be issued to the transferee in exchange therefor as provided in the Resolutions, and upon the payment of the charges, if any, therein prescribed.

In the manner provided in the 2019 Series B Resolution, the term of each 2019 Series B Bond will be divided into consecutive Rate Periods during each of which such 2019 Series B Bond shall bear interest at a Variable Rate, Flexible Rate or the Fixed Rate. On the date of issuance the 2019 Series B Bonds shall bear interest at the _____ Rate. The Rate Period of the 2019 Series B Bond may be Converted to a different Rate Period at the election of the Authority in the manner provided in the 2019 Series B Resolution. Information regarding the interest rates borne by the 2019 Series B Bonds and Conversions to a different Rate Period will be furnished or made available to Registered Owners of the 2019 Series B Bonds in the manner provided in the 2019 Series B Resolution.

Interest shall be computed, in the case of a Fixed Rate Period or Term Rate Period on the basis of a 360-day year consisting of twelve 30-day months, in the case of an Index Rate Period during which the Index Rate Index is a function of LIBOR, on the basis of a 360-day year for the actual days elapsed, and in the case of any other Rate Period, on the basis of a 365 or 366-day year, as appropriate, and the actual number of days elapsed. Except as otherwise provided in the 2019 Series B Resolution, if the 2019 Series B Bonds bear interest at a Variable Rate or the Flexible Rate, the Remarketing Agent shall determine the appropriate Variable Rate or Flexible Rate on the 2019 Series B Bonds during each such Rate Period in accordance with the provisions of the 2019 Series B Resolution.

The term “Interest Payment Date” means (a) when used with respect to 2019 Series B Bonds bearing interest at an Index Rate, (i) the first Business Day of each calendar month to which interest at such rate has accrued if the Index Rate Index is the SIFMA Index or based upon LIBOR for one-month, (ii) each January 1, April 1, July 1 and October 1, if the Index Rate Index is based upon LIBOR for three-months as determined by the Authority in the Purchase Contract or a certificate delivered upon an Index Rate Conversion Date, or (iii) each June 1 and December 1, if the Index Rate Index is based upon LIBOR for six-months; (b) when used with respect to 2019 Series B Bonds bearing interest at a Daily Rate, a Weekly Rate or a Term Rate, each June 1 and December 1; (c) when used with respect to 2019 Series B Bonds bearing interest at a Fixed Rate, each June 1 and December 1 which is at least 120 days following a Fixed Rate Conversion Date; (d) when used with respect to any particular 2019 Series B Bond bearing interest at a Flexible Rate, the last day of each Flexible Rate Period applicable thereto (and each June 1 and December 1 during a Flexible Rate Period which is longer than 270 days in duration); (e) when used with respect to Bank Bonds, the dates specified in the Liquidity Facility; (f) each Conversion Date; and (g) when used with respect to any 2019 Series B Bond, its stated maturity date or the date on which it is earlier paid.

Except as otherwise set forth in the 2019 Series B Resolution, the 2019 Series B Bonds shall be deliverable in the form of registered bonds without coupons in the denominations of (i) during a Variable Rate Period, \$100,000 and any integral multiple of \$5,000 in excess of \$100,000, (ii) during a Flexible Rate Period, \$100,000 and any integral multiple of \$1,000 in excess of \$100,000, and (iii) during a Term Rate Period or on and after the Fixed Rate Conversion Date, \$5,000 or integral multiples thereof.

Under certain circumstances and at the times and in the manner provided in the 2019 Series B Resolution, the Registered Owners of the 2019 Series B Bonds bearing interest at a Variable Rate may elect to tender 2019 Series B Bonds or portions thereof for purchase; provided, however, that no 2019 Series B Bonds or portions thereof bearing interest at a Fixed Rate may be tendered for purchase at the election of the Registered Owners after the Fixed Rate Conversion Date for such 2019 Series B Bonds. Under certain circumstances, and in the manner provided in the 2019 Series B Resolution, the 2019 Series B Bonds will be subject to mandatory tender for purchase on the dates described in the 2019 Series B Resolution. The Trustee shall cause notice of certain mandatory tenders to be mailed to the Registered Owners in accordance with the provisions of the 2019 Series B Resolution. 2019 Series B Bonds as to which the Registered Owners have given notice of optional tender in the manner provided in the 2019 Series B Resolution, or 2019 Series B Bonds subject to mandatory tender, will be deemed to be tendered on the Purchase Date with the

effect provided in the 2019 Series B Resolution, and thereafter the Registered Owners thereof will be entitled only to receive the purchase price therefor.

Any 2019 Series B Bond held by or on behalf of a Liquidity Facility Provider as a result of the purchase of such 2019 Series B Bond with proceeds from a draw on the Liquidity Facility shall bear interest at the Bank Rate as provided in the 2019 Series B Resolution. Principal of and interest on Bank Bonds shall be payable to the holder thereof by wire transfer in immediately available funds at the times and in the amounts determined in accordance with the 2019 Series B Resolution.

The 2019 Series B Bonds are subject to redemption prior to maturity as provided in the 2019 Series B Resolution. Notice of any such redemption shall be given to the registered owners of any 2019 Series B Bonds or portions thereof to be redeemed as provided in the 2019 Series B Resolution.

Pursuant to the 2019 Series B Resolution, each owner of this 2019 Series B Bond, as a condition of purchasing or holding this 2019 Series B Bond, provides its consent to the amendments to the General Resolution provided for by the Fifth Supplemental Resolution, and such consent shall be deemed to be given at all times that such Bondholder owns this 2019 Series B Bond. Furthermore, the consent provided for by the preceding sentence shall be deemed to be “an instrument in writing” executed by the owner of this 2019 Series B Bond for purposes of Section 1002 of the General Resolution. Reference is made to the 2019 Series B Resolution and the Fifth Supplemental Resolution for the amendments to the General Resolution provided for by the Fifth Supplemental Resolution.

This 2019 Series B Bond shall not be valid or become obligatory for any purpose until the Trustee’s Certificate of Authentication hereon shall have been executed by the Trustee.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State of Michigan and the Resolutions to exist, to have happened and to have been performed precedent to and in the issuance of this 2019 Series B Bond, exist, have happened and have been performed in due time, form and manner as required by law, and that the issue of the 2019 Series B Bonds, together with all other indebtedness of the Authority is within every debt and other limit prescribed by law.

IN WITNESS WHEREOF, the Michigan State Housing Development Authority has caused this 2019 Series B Bond to be executed in its name by the facsimile signature of its Chairperson and its corporate seal (or a facsimile thereof) to be impressed or imprinted hereon, all as of the Date of Original Issue as set forth above.

MICHIGAN STATE HOUSING DEVELOPMENT
AUTHORITY

[Seal]

By _____
Its Chairperson

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the 2019 Series B Bonds described in the within-mentioned 2019 Series B Resolution.

U.S. BANK NATIONAL ASSOCIATION,
Trustee

By _____
Authorized Representative

Date of Authentication: _____

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
RESOLUTION APPROVING SWAP TRANSACTIONS FOR
SINGLE-FAMILY MORTGAGE REVENUE BONDS

February 28, 2019

WHEREAS, pursuant to Act No. 346, Public Acts of Michigan, 1966, as amended (the "*Act*") and the Resolution Authorizing the Issuance of Michigan State Housing Development Authority Single-Family Mortgage Revenue Bonds adopted on December 17, 1987, as amended and supplemented (the "*General Resolution*"), and various other Authority resolutions, the Michigan State Housing Development Authority (the "*Authority*") has from time to time (i) entered into ISDA master agreements with certain swap counterparties with respect to the Authority's Single-Family Mortgage Revenue Bonds (the "*Single-Family Bonds*") issued by the Authority under the General Resolution and related series resolutions and (ii) entered into swap confirmations (existing or future swap confirmations, collectively, the "*Confirmations*") under such ISDA master agreements providing for the terms and conditions of swap transactions with respect to certain of the Authority's Single-Family Bonds (existing or future authorized swap transactions, collectively, the "*Swap Transactions*"); and

WHEREAS, the Authority expects to issue a series of bonds under the General Resolution on or before May 31, 2019 in the aggregate principal amount of not to exceed \$60,000,000 and designated "Single-Family Housing Revenue Bonds 2019 Series B" (the "*2019 Series B Bonds*") for the purpose of financing Mortgage Loans as provided for in the General Resolution; and

WHEREAS, the Authority could realize savings if it enters into one or more new Swap Transactions with respect to all or a portion of the 2019 Series B Bonds in accordance with the Authority's Variable Rate Debt and Swap Management Plan, attached as Exhibit A (the "*Debt Management Plan*"); and

WHEREAS, the Authority has received a proposal from Royal Bank of Canada ("*RBC*") to enter into one or more Swap Transactions with respect to the 2019 Series B Bonds; and

WHEREAS, it will be necessary for the Authority to enter into a new ISDA master agreement with RBC to effect the new Swap Transactions; and

WHEREAS, pursuant to Section 21 of the Act, the Authority may delegate to one or more agents or employees those powers or duties as the Authority considers proper.

THEREFORE, BE IT RESOLVED by the Michigan State Housing Development Authority as follows:

Section 1. Authorized Representatives. The Executive Director, the Chief of Staff, the Chief Financial Officer, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chairperson or Vice Chairperson of the Authority, together with any person duly appointed and acting in such capacity, are designated "*Authorized Representatives*" of the Authority.

Section 2. New ISDA Master Agreement and Swap Transactions. Each Authorized Representative is hereby authorized and directed, if determined by such Authorized Representative to be in the best interests of the Authority, consistent with the Debt Management Plan, (i) to enter into a new ISDA master agreement (the "*New Master Agreement*") with RBC with respect to Single-Family Bonds in substantially the form presented to this meeting, with such changes, omissions, insertions and revisions as an Authorized Representative shall deem advisable or appropriate and not materially adverse to the Authority and (ii) to enter into one or more Swap Transactions with respect to the 2019 Series B Bonds and, in connection therewith, to execute and deliver one or more new written Confirmations under the New Master Agreement on behalf of the Authority. Such Confirmations shall be in substantially the form of Confirmations previously executed and delivered by the Authority with respect to Single-Family Bonds, so long as (a) the aggregate notional principal amount of the Confirmations does not exceed the aggregate principal amount of the 2019 Series B Bonds, (b) the fixed swap interest rate related to the notional principal amount does not exceed 5.00% per annum, (c) the floating rate index in any Confirmation is any of (i) the interest rate borne by the 2019 Series B Bonds, (ii) the Securities Industry and Financial Markets Association Municipal Swap Index™, plus an increment not to exceed 1.00% or (iii) a percentage (not to exceed 100%) of LIBOR, or a market standard replacement index for LIBOR as provided in the Swap Transaction documents, plus an increment not to exceed 1.00%, as determined by an Authorized Representative at the time of execution of the Confirmation to be in the best interests of the Authority, (d) the effective date of the Confirmation is any date, as determined by an Authorized Representative at the time of execution of the Confirmation, occurring during the period from February 28, 2019 through February 28, 2022, inclusive, and (e) the termination date of any Confirmation is a date no later than the final maturity date of the 2019 Series B Bonds.

Section 3. Payment Obligations. The New Master Agreement and any new Swap Transaction and related Confirmation are to be entered into pursuant to the Act, and the payment obligations of the Authority thereunder shall be general obligations of the Authority payable from the general unrestricted funds of the Authority.

Section 4. Additional Actions. Each Authorized Representative is authorized to do all things necessary to effect the execution and delivery of the New Master Agreement and the Confirmations, including the execution and delivery of any other documents or certificates deemed by such Authorized Representative to be necessary or desirable in connection therewith, such approval to be conclusively evidenced by the execution of each such document or certificate by an Authorized Representative.

Section 5. Immediate Effect. This resolution shall take immediate effect.

EXHIBIT A

[Insert Variable Rate Debt and Swap Management Plan]

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Michigan State Housing Development Authority Variable Rate Debt and Swap Management Plan

The following serves as the Michigan State Housing Development Authority's policy on variable rate debt and interest rate swap agreements. This policy supersedes the June 30, 2006 policy.

Variable rate debt and interest rate swap agreements are important tools that the Michigan State Housing Development Authority (the Authority) utilizes to accomplish its goals. Most importantly, these tools reduce the Authority's cost of borrowing. Swap Agreements and Variable Rate Debt have allowed the Authority to finance developments, reduce single-family mortgage rates and fund programs that otherwise would not have been feasible.

With the inclusion of swaps and variable rate debt come additional risks. The following information is to serve as a summary of the Authority's recognition of the additional risk and how these risks are being managed.

Variable Rate Debt

Variable rate debt exposes the Authority to the risk that interest rates will increase, that an adverse change in marginal income tax rates occurs, and in the case of variable rate demand obligations (VRDOs), liquidity risk.

At any given time, the Authority may have a substantial amount of variable rate debt outstanding. The Authority will continuously monitor the percent of variable rate debt against fixed rate as well as hedged variable rate debt, to produce the best cost of borrowing possible. This debt mix will always consider the different levels of risk associated with debt type. The Authority utilizes the financial strength of its balance sheet as well as staff expertise to mitigate variable rate debt risk.

Within the various bond indentures, there are mortgages where the bonds have been entirely paid off. These mortgages generate millions in principal and interest payments that are utilized to call outstanding debt. This excess cash flow can be directed toward high coupon fixed rate debt or to reduce the Authority's exposure to variable rate debt. These reductions over and above normal debt service of outstanding debt continue to improve the Authority's parity ratio (Loans Receivable plus Investments divided by Bonds Outstanding).

Not only has variable rate debt been invaluable in reducing the Authority's cost of borrowing, but has provided a natural hedge against low investment returns. At any given time the Authority may have \$100 million in short term investments. As interest rates fall, the lower borrowing rates help to offset lower returns on short term investments.

The Authority has issued variable rate debt in the form of VRDOs that has an optional tender feature that creates liquidity risk. Liquidity becomes an issue if the bonds have a failed remarketing and the Authority does not have the funds available to cover the debt. In order to

reduce liquidity risk, the Authority has entered into standby bond purchase agreements with numerous banks. If the Authority experiences a failed remarketing, the corresponding bank will step in and become the bondholder for a period of time. In an effort to reduce liquidity risk, the Authority has issued other types of variable rate debt that does not have the optional tender feature, as well as diversified the liquidity providers.

Swap Management Plan

Interest rate swap agreements are a cost effective way to hedge portions of the Authority's debt portfolio against interest rate volatility. The interest rate swap agreement itself is a trade that's value is determined by market conditions. The way the swap works is as follows:

1. The Authority issues variable rate debt. The Authority will pay the bondholder an interest rate based on current market conditions that are reset periodically (e.g. daily, weekly, monthly or quarterly).
2. The Authority enters into an interest rate swap agreement, where the counterparty agrees to pay the Authority a variable rate that closely matches the rate established in step 1, above. In return for receiving the variable rate payment, the Authority will pay the counterparty a fixed rate (e.g. 5.0% multiplied by bonds outstanding).
3. On the debt service date, the Authority will pay the bondholders their variable rate. The Authority will receive a variable rate payment from the counterparty, as agreed upon, which should be very close to the payment that was made to the bondholders. At the same time, the Authority pays to the counterparty the fixed rate (e.g. 5.0% multiplied by bonds outstanding).

Over time, as interest rates increase or decrease, it will have little to no impact on the debt service cost to the Authority, as the amount that is paid to the counterparty is fixed at 5.0% in our example. The value of the swap agreement fluctuates as interest rates change.

The benefit to issuing variable rate debt and synthetically fixing it, rather than issuing fixed rate debt, comes from the ability to eliminate the penalty associated with fixed rate housing debt, and the capability to assume different types of risk. The housing penalty is created by the uncertainty as to when the bondholders' principal will be repaid. The varying stream of mortgage prepayments creates this uncertainty. When variable rate debt is issued, the bondholder is no longer concerned with early prepayment, as it is easy to replace that investment at similar rates. When the Authority is willing to assume different types of risk, it is compensated through a lower fixed rate payment to the interest rate swap counterparty. Below, these different risks are discussed further.

In an effort to minimize the amount of interest rate risk exposure, the Authority has entered into interest rate swap contracts. An interest rate swap is where the Authority issues variable rate debt, and then enters into a contract with a counterparty that agrees to pay the Authority a variable rate in return for a fixed rate. The debt is then referred to as synthetically fixed rate.

While the interest rate swap reduces rate risk, the Authority has exposed itself to other risks. These risks may or may not include: counterparty risk, termination risk, basis point risk, tax event risk, rollover risk and amortization risk.

Counterparty risk is the risk that the swap counterparty will not fulfill its obligations set forth under the terms and conditions of the swap contract. This could have the effect of rendering the debt exposed to all of the risks associated with variable rate debt. This could reduce cash flow, if the Authority anticipated a termination payment. The Authority monitors counterparty ratings. If a counterparty's financial health is deteriorating, the Authority may have to consider the debt as variable for future decision-making. If necessary, the Authority may set up additional Master Swap Agreements with new counterparties in an effort to diversify counterparty risk.

Termination risk is the risk that the swap could be terminated by the counterparty due to any of several events, which may include an Authority or counterparty ratings downgrade, covenant violation by either party, bankruptcy of either party, swap payment default by either party, and default events as defined in the Authority's bond indentures. The Authority mitigates this risk by working with highly rated counterparties, monitoring their ratings, hiring well-respected bond and underwriter's counsel, and diversifying counterparty risk.

Basis point risk refers to a mismatch between the interest rate received from the swap contract and the interest actually paid on the Authority's debt. The Authority has entered into percentage of London Interbank Offered Rate (LIBOR) swap contracts. Over the past fifteen to twenty years the Authority's short-term debt has generally traded, between 67% and 70% of LIBOR. During the credit crisis that began in 2008, the Authority's short-term debt traded outside this typical range. The idea with a percentage of LIBOR swap is to pay the Authority's historical rate of approximately 68% LIBOR and receive 70% of LIBOR. Taking on this additional risk lowers the fixed rate that the Authority will have to pay the counterparty. The Authority's variable rate debt has traded at 100%+ of LIBOR and during those periods received only 70% of LIBOR, consequently, the Authority had to make up the difference. In an effort to reduce basis point risk, the Authority has entered into interest rate swap agreements where the counterparty pays a percent of LIBOR plus an increment (e.g. 61% of LIBOR plus 40 basis points). This type of trade greatly reduces the payment mismatch during low interest rate environments. Normally, when the Authority structures a bond deal, a portion of the deal is left unhedged. The benefit of unhedged variable rate debt during extremely low interest rate environments more than offsets the loss from assuming basis point risk.

Tax event risk is the risk that a change in the marginal income tax rates or a change in the tax code impacts the trading value of tax-exempt bonds. The Authority has entered into a few swap contracts where tax risk was not assumed. The Authority takes into account changes and anticipated changes in the tax code in analyzing future debt structure.

Rollover risk is the risk that the swap contract is not coterminous with the related debt. The Authority has a few swap contracts that will end prior to the last bond maturing. This is a choice that the Authority has made in an effort to deal with amortization risk, our next topic.

Amortization risk is the risk that there is a mismatch or potential mismatch between the Authority's bonds and the notional amount of the swap outstanding. This mismatch could expose the Authority to variable interest rates if the swap amortizes quicker than the bonds or subject the Authority to a payment to the counterparty to terminate a portion of the swap contract early if the bonds are redeemed quicker than anticipated. To mitigate this risk the Authority has purchased options to terminate the swap contract early, without a termination payment. In structuring the debt, the Authority has included a portion of the debt as variable rate debt that can be called at par at any time from any source. This would allow the Authority to direct any unexpected prepayments to the variable rate debt.

Debt Management

A very important tool in managing the Authority's debt and integrating swaps into the financing structures is the cash flows. Each time the Authority goes to the market with a new debt offering, cash flow/financial projections are created for the new offering as well as the entire general resolution. A tremendous amount of detail and planning goes into creating these cash flows and financial projections. While the Authority is structuring a bond financing, staff gathers detailed information on the types of mortgage to be funded to determine how much flexibility the plan of finance will require. If a refunding is involved, the Authority will gather information on the loans that will be transferred. The type of information includes: remaining term, if the owners have waived their right to pre-pay, type of subsidy if any, interest rates, chance of pre-payment, reserves, capital needs and whether or not the property is or could become financially troubled. This information gives staff the opportunity to maximize returns by matching assets with the proper type of debt.

The Authority has used its strong financial position and sophisticated staff to maximize funding for the Authority's financing programs. At the same time it has kept the Authority's risks at a very manageable level.

Financial Advisors

The Authority engages financial advisors to gain assurances on market rate transactions as well as to comply with various Federal and GASB requirements. The Authority's financial advisors must be independent of the Authority (i.e. providing advisory services only) and registered with the SEC and MSRB. The following are examples of how the Authority utilizes these financial advisors:

- Structuring Debt Issuance – The Authority engages financial advisors to participate in the structuring of debt issuance, provide comfort with the pricing of the debt and develop rating agency and indenture cash flow schedules.
- Swap Transactions – Participate in all negotiations related to swap transactions. Also see Interest Rate Swap Advisor Policy.
- Reporting/Monitoring Requirements – The Authority works with the financial advisors to meet all Federal and State of Michigan reporting/monitoring requirements.

The Authority will work with financial advisors that will comply, in good faith, with policies and procedures reasonably designed to ensure that the financial advisor satisfies the requirements set forth by the SEC, MSRB and also contained in the Dodd-Frank Act.

Any financial advisor providing advice to the Authority with respect to interest rate swap transactions entered into, terminated other than in accordance with their terms, or materially modified or amended, in each case on or after May 1, 2013 must also meet the requirements set forth in the attached Interest Rate Swap Advisor Policy.

Interest Rate Swap Advisor Policy

The following documents the Michigan State Housing Development Authority's ("Authority") policy regarding its interest rate swap advisors as of June 19, 2013.

1. Reference is made to the Authority's Variable Rate Debt and Swap Management Policy (the "Swap Management Policy"), as supplemented and amended to the date hereof. This Policy is supplemental to the Swap Management Policy, and shall apply to interest rate swaps, caps, collars, rate locks and similar transactions to which the Authority is a party or with respect to which the Authority may have direct or indirect financial obligations (collectively, "Swaps", and individually, a "Swap").

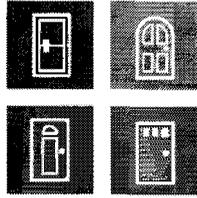
2. With respect to each Swap transaction entered into, terminated other than in accordance with its terms, or materially modified or amended, in each case on or after May 1, 2013, the Authority, through its Authorized Representative¹, shall appoint one or more qualified independent advisors, each of whom shall meet all of the qualification criteria for a qualified independent representative set forth in §23.450(b) of the Rules and Regulations of the Commodity Futures Trading Commission (the "Commission"), including but not limited to the requirements that each advisor must:

- a. Have sufficient knowledge to evaluate the transaction and risks;
- b. Not be subject to a statutory disqualification;
- c. Be independent (as defined in §23.450(c) of the Rules and Regulations of the Commission) of any counterparty to the Swap;
- d. Undertake a duty to act in the best interests of the Authority;
- e. Make appropriate and timely disclosures to the Authority, including, but not limited to, disclosure of any fact or circumstance of any material conflicts of interest that could reasonably affect the judgment or decision making of the advisor with respect to its obligations to the Authority, or which could otherwise adversely affect the independent status of the advisor;
- f. Evaluate, consistent with any guidelines provided by the Authority, fair pricing and the appropriateness of the Swap;
- g. Provide advice as to any "recommendation" (as defined in §23.434 and §23.440) of a swap dealer with respect to a Swap or any trading strategy involving a Swap;
- h. Be subject to, and comply with, restrictions on certain political contributions imposed by the Commission, the Securities and Exchange Commission or a self-regulatory organization subject to the jurisdiction of the Commission or the Securities and Exchange Commission; and

¹ For purposes of this Policy, the term "Authorized Representative" shall mean the Executive Director, the Chief of Staff, the Chief Financial Officer, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chairperson or Vice Chairperson of the Authority, together with any person duly appointed and acting in such capacity.

- i. Have represented in writing that it has policies and procedures reasonably designed to ensure that it satisfies the requirements set forth above, the it meets the independence requirements set forth in §23.450(c) of the Rules and Regulations, and is legally obligated to comply with the requirements set forth above.
3. The Chief Financial Officer (the “Finance Officer”) shall regularly monitor, during the entire course of the engagement of an independent swap advisor pursuant to this Policy, the performance of the independent swap advisor, and its compliance with the requirements of this Policy and applicable law. If any person is designated by the Finance Officer to monitor the performance and compliance of the independent swap advisor, that person shall promptly report to the Finance Officer any failure of the independent swap advisor in its performance of its duties or in compliance with the requirements of this Policy.

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MSHDA

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Earl J. Poleski, Executive Director 

DATE: February 28, 2019

RE: Intent to Reimburse Expenditures for the Purchase of Mortgage Loans

Recommendation:

I'm recommending that Authority Members approve the attached resolution that declares the Michigan State Housing Development Authority's (the "Authority") intent to reimburse itself with anticipated bond proceeds for the financing and purchasing of mortgage loans.

Executive Summary:

From time to time the Authority utilizes General Operating or other funds for the purchase of single-family mortgages. When the Authority advances these funds, it does so with the intent of being reimbursed at a future date with proceeds from a related bond sale. IRS regulations require that if the Authority intends to reimburse itself with proceeds from a future bond sale, it must state its intent to do so within 60 days of the purchase of the mortgages. The attached resolution will fulfill the IRS requirement.

Issues, Policy Considerations, and Related Actions:

None.

DRAFT
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
RESOLUTION DECLARING OFFICIAL INTENT TO REIMBURSE EXPENDITURES
FOR FINANCING AND PURCHASING MORTGAGE LOANS

February 28, 2019

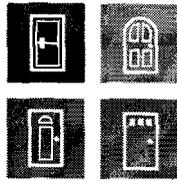
WHEREAS, the members of the Michigan State Housing Development Authority (the "Authority") propose to authorize the issuance of tax-exempt qualified mortgage bonds pursuant to Internal Revenue Code Section 143 in one or more series (the "Bonds") pursuant to the General Resolution Authorizing the Issuance of Michigan State Housing Development Authority Single-Family Mortgage Revenue Bonds adopted on December 17, 1987, as amended for the purpose of providing funds for the financing and purchasing of mortgage loans (the "Mortgage Loans"); and

WHEREAS, it is anticipated that the Authority may advance all or a portion of the funds necessary to finance or purchase such Mortgage Loans prior to the issuance of the Bonds, such advances to be repaid from the proceeds of the Bonds; and

WHEREAS, Section 1.150-2 of the U.S. Department of Treasury Regulations on Income Tax (the "Reimbursement Regulations") specifies conditions under which a reimbursement allocation may be treated as an expenditure of proceeds of tax-exempt obligations, and the Authority intends by this resolution to qualify amounts advanced by the Authority to finance or purchase Mortgage Loans for reimbursement from proceeds of the Bonds in accordance with the requirements of the Reimbursement Regulations.

NOW, THEREFORE, BE IT RESOLVED by the members of the Authority that this Resolution Declaring Official Intent to Reimburse Expenditures for Financing and Purchasing Mortgage Loans (the "Reimbursement Resolution") is adopted as follows:

- Section 1. The maximum principal amount of the Bonds expected to be issued is \$800,000,000.
- Section 2. The Authority hereby declares its official intent to issue the Bonds for the purpose of financing and purchasing Mortgage Loans, and hereby declares that it reasonably expects to seek reimbursement from the proceeds of the Bonds for the Authority's advances as anticipated by this Reimbursement Resolution.
- Section 3. The Bonds shall be authorized by proper proceedings of the Authority subsequent to the adoption of this Reimbursement Resolution.
- Section 4. All resolutions and parts of resolutions insofar as the same may be in conflict herewith are hereby rescinded.
- Section 5. This Reimbursement Resolution is effective immediately upon adoption.



MSHDA

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Earl J. Poleski, Executive Director 

DATE: February 28, 2019

RE: Resolution Authorizing Mortgage Loans for Marsh Ridge III, MSHDA No. 1045-2

Recommendation:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt resolutions that 1) determine Mortgage Loan Feasibility as to the following proposal, 2) authorize the prepayment of the existing mortgage loan, 3) authorize sale of the property, 4) authorize tax-exempt bond and Mortgage Resource Fund ("MRF") mortgage loans in the amounts set forth in this report, and 5) authorize the Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to this development, subject to the terms and conditions set forth in this report.

Executive Summary:

Marsh Ridge III, located at 470 Marsh Ridge Drive in Grand Rapids, is an existing Authority-financed elderly development and immediately adjacent to the first two Marsh Ridge phases which were financed and preserved by the Authority. Originally developed in 2002, Marsh Ridge III features seven one-story townhouse buildings and two three-story apartment buildings. The unit mix includes 21 one-bedroom and 14 two-bedroom townhouse units and 90 one-bedroom and 6 two-bedroom apartment units. One one-bedroom apartment unit is a manager's unit.

Issues, Policy Considerations, and Related Actions:

Marsh Ridge III was originally financed in 2002 utilizing the Authority's Tax-Exempt Bond Program and included 4% Low Income Housing Tax Credits. At the time Marsh Ridge III initially closed, the restriction on prepayment was 20 years. Based on the Authority's cut-off date, the prepayment restriction does not expire until February 22, 2024. The Authority will require the payment of a portion of the lost spread, a 1% prepayment penalty and any costs associated with prepaying the bonds. The total prepayment cost associated with Marsh Ridge III will be approximately \$544,000.



MORTGAGE LOAN FEASIBILITY/COMMITMENT STAFF REPORT

February 28, 2019

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority (the "Authority") adopt resolutions that 1) determine Mortgage Loan Feasibility as to the following proposal, 2) authorize the prepayment of the existing mortgage loan, 3) authorize sale of the property, 4) authorize tax-exempt bond and Mortgage Resource Fund ("MRF") mortgage loans in the amounts set forth in this report, and 5) authorize the Executive Director, or an Authorized Officer of the Authority, to issue the Authority's Mortgage Loan Commitment with respect to this development, subject to the terms and conditions set forth in this report.

<u>MSHDA No.:</u>	1045-2
<u>Development Name:</u>	Marsh Ridge III
<u>Development Location:</u>	City of Grand Rapids, Kent County
<u>Sponsor:</u>	Craftsman Development, LLC
<u>Mortgagor:</u>	G.R. Marsh Ridge III Limited Dividend Housing Association Limited Partnership
<u>TE Bond Construction Loan:</u>	\$7,223,556
<u>TE Bond Permanent Loan:</u>	\$7,223,556 (50.59% of TDC)
<u>MSHDA HOME Loan:</u>	\$990,000
<u>MSHDA MRF Loan:</u>	\$1,740,435
<u>Total Development Cost:</u>	\$14,278,454
<u>Mortgage Term:</u>	40 years for the tax-exempt bond loan; 50 years for the HOME loan; 50 years for the MRF loan
<u>Interest Rate:</u>	5.25% for the tax-exempt bond loan; 1% simple interest for the HOME loan and 3% simple interest for the MRF loan
<u>Program:</u>	Tax-Exempt Bond and Gap Financing Programs
<u>Number of Units:</u>	130 elderly units and 1 manager's unit
<u>Unit Configuration:</u>	21 one-bedroom and 14 two-bedroom townhouse units and 90 one-bedroom and 6 two-bedroom apartment units contained in seven one-story buildings and two three-story buildings
<u>Builder:</u>	Medallion Management
<u>Syndicator:</u>	Cinnaire
<u>Date Application Received:</u>	December 3, 2018
<u>HDO:</u>	JT Johnston

Issuance of the Authority's Mortgage Loan Commitment is subject to fulfillment of all Authority processing and review requirements and obtaining all necessary staff approvals as required by the Authority's underwriting standards.

ISSUES, POLICY CONSIDERATIONS AND RELATED ACTIONS:

Marsh Ridge III was originally financed in 2002 utilizing the Authority's Tax-Exempt Bond Program and included 4% Low Income Housing Tax Credits ("LIHTCs"). At the time Marsh Ridge III initially closed, the restriction on prepayment was 20 years. Based on the Authority's cut-off date, the prepayment restriction does not expire until February 22, 2024. The Authority will require the payment of a portion of the lost spread, a 1% prepayment penalty and any costs associated with prepaying the bonds. The total prepayment cost associated with Marsh Ridge III will be approximately \$544,000.

EXECUTIVE SUMMARY:

Marsh Ridge III, located at 470 Marsh Ridge Drive in Grand Rapids, is an existing Authority-financed elderly development and immediately adjacent to the first two Marsh Ridge phases, which were financed and preserved by the Authority. Originally developed in 2002, Marsh Ridge III features seven one-story townhouse buildings and two three-story apartment buildings. The unit mix includes 21 one-bedroom and 14 two-bedroom townhouse units and 90 one-bedroom and 6 two-bedroom apartment units. One one-bedroom apartment unit is a manager's unit.

Structure of the Transaction and Funding:

There are several elements to this transaction that are common to preservation transactions:

- A tax-exempt bond construction and permanent mortgage loan will be provided by the Authority (the "Mortgage Loan"). The Mortgage Loan will be in the amount of \$7,223,556 at 5.25% interest with 12-monthly interest only payments required under the construction loan. The permanent financing date will commence on the first day of the month following the month in which the 12-month construction loan term expires or such later date as determined by an Authorized Officer of the Authority (the "Permanent Financing Date").
- The permanent tax-exempt bond loan is based upon the current rents, less vacancy loss, payments to reserves and escrows, operating costs based on historical data unless modified by project improvements and construction and soft costs at levels appropriate for this specific transaction. The permanent loan includes a 1.2 debt service coverage ratio, an annual interest rate of 5.25%, with a fully amortizing term of 40 years commencing on the Permanent Financing Date. The Mortgage Loan will be funded on the Permanent Financing Date and will be in **First Position**.
- A subordinate loan using an Authority MRF Loan (the "MRF Loan") in the amount of \$1,740,435 will be provided at 3% simple interest with payments initially deferred. The MRF Loan will be in **Second Position**.
- A subordinate loan using HOME funds (the "HOME Loan") in the amount of \$990,000 will be provided at 1% simple interest with payments initially deferred. The HOME Loan will be in **Third Position**.
- Equity support comes from the sale of 4% LIHTC in the estimate amount of \$3,500,246.

Mortgage Feasibility/Commitment Staff Report
Marsh Ridge III, MSHDA No. 1045-2
City of Grand Rapids, Kent County
February 28, 2019

- Income from operations will be used as a source of funding to make the interest-only payments and the tax and insurance payments during the construction period in the amount of \$501,382.
- The Sponsor has agreed to defer \$292,836 of the developer fee to help fill the remaining funding gap.
- A \$544,000 (based on a March 2019 payoff) prepayment fee will be paid by the Seller.
- An amount equal to one month's gross rent potential will be funded in the Development's operating account.
- An operating assurance reserve will be required in the amount identified in the attached proforma. The reserve will be capitalized at closing in an amount which, along with accumulated interest, is expected to meet the Development's unanticipated operating needs. This reserve will be held by the Authority.
- The Development will be renovated, and a new replacement reserve requirement imposed, based upon a capital needs assessment ("CNA"), to ensure an extension of the useful life of the property and to maintain an excellent quality of life for the residents. At the closing, the Mortgagor must deposit the amount determined necessary to satisfy the requirements of the Authority-approved CNA over a 20-year period. This reserve will be held by the Authority.
- Tax and insurance escrow proceeds in the amount identified in the attached proforma will be transferred from the existing project to the new project to fund a new tax and insurance escrow account.

Scope of Rehabilitation:

The following improvements to the property are included in the Scope of Work:

Site work includes: resurface the parking lot and install new lighting, replace or repair any damaged sidewalks and ensure compliance with the Americans with Disabilities Act ("ADA"), regrade certain locations to improve drainage and install French Drains where needed.

Exterior and common area work includes: replacement of all roofs, gutters, and downspouts. Installation of new windows, replacement of exterior doors in the apartment buildings and of all townhouse entry and screen doors; replacement of exterior light fixtures, and improvement of sound deadening measures in exterior walls facing Lake Michigan Drive. All common area drywall will be repaired as needed and painted and new carpet installed. Automatic garage door openers will be installed and key fobs on the apartment buildings. New emergency lighting and fire alarm panels will be installed, elevators will be replaced, and so will common heating and cooling systems. Siding will be replaced as needed.

Individual units will receive new hot water heaters; heating and cooling systems will be replaced as needed; new thermostats will be installed; emergency pull cords will be replaced; fire alarm systems and smoke detectors will be upgraded as will electrical panels; light fixtures will be replaced; kitchen appliances will be replaced and new faucets, garbage disposals, and sinks installed. Bathroom vanities and sinks will be replaced, and new medicine cabinets and shower heads will be installed. Bathrooms and kitchens will have GFCIs replaced.

Additionally, renovations necessary to comply with ADA and Authority requirements will be made as needed.

Affordability Requirements:

The LIHTC regulatory agreement will require that all of the dwelling units in the property assisted by LIHTC remain occupied by households with incomes at or below 60% of the Multifamily Tax Subsidy Project ("MTSP") AMI. The number of restricted units is controlled by the number of eligible households in place at closing, estimated to be 100% of the units.

Protections for Existing Residents:

The preservation and renovation of the Development will largely result in a rent decrease – from \$5 to \$97 per month - for some of the existing tenants. Four 60% AMI units will experience a slight increase in rents, and the remaining rents will remain unchanged.

Site Selection:

Marsh Ridge III was originally financed as a MSHDA property and continues to meet Site Selection Criteria as it is in a residential area yet in close proximity to shopping and services. Public transportation is also available at the site.

Market Evaluation:

A review of the market study shows the rents offer a significant savings over market rents; the amenities are appropriate and the Authority's Chief Market Analyst recommends the project proceed as proposed.

Valuation of the Property:

An appraisal dated October 3, 2018 estimates the value at \$7,306,000.

CONDITIONS:

At or prior to (i) issuance of the Authority's mortgage loan commitment ("Mortgage Loan Commitment"), (ii) the initial Mortgage Loan Closing (the "Initial Closing"), or (iii) such other date as may be specified herein, the new Mortgagor, the existing Mortgagor (Marsh Ridge III Limited Dividend Housing Association Limited Partnership, the "Seller") and other members of the Development team, where appropriate, must satisfy each of the following conditions by entering into a written agreement or providing documentation acceptable to the Authority:

Standard Conditions:

1. Limitation for Return on Equity:

For each year of the Development's operation, beginning in the year in which the Mortgage Cut-Off Date occurs, payments are limited to twelve percent (12%) of the Mortgagor's equity. For purposes of distributions, the Mortgagor's equity will be the sum of (i) the LIHTC equity; (ii) the brownfield tax credit equity; (iii) the historic tax credit equity; (iv) general partner

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capital contributions; and (v) any interest earned on an equity escrow held by the Authority (estimated to be a total of \$3,500,246). All such payments shall be referred to as "Limited Dividend Payments." The Mortgagor's return shall be fully cumulative. Limited Dividend Payments shall be capped at 12% per annum, until the MRF Loan and the HOME Loan have been repaid. Thereafter, Limited Dividend Payments may increase 1% per annum until a cap of 25% per annum is reached.

2. Income Limits:

The income limitations for one hundred thirty-one (131) units of this proposal are as follows:

- a. Three (3) units (1 one-bedroom apartment, 1 one-bedroom townhouse, and 1 two-bedroom townhouse) have been designated as Low-HOME units and during the Period of Affordability required under the HOME program (15 years) must be available for occupancy by households whose incomes do not exceed 50% of the HOME published area median income, adjusted for family size as determined by HUD.
- b. Eight (8) units (5 one-bedroom apartments, 1 two-bedroom apartment, 1 one-bedroom townhouse, and 1 two-bedroom townhouse) have been designated as High-HOME units and during the Period of Affordability required under the HOME program (15 years) must be available for occupancy by households whose incomes do not exceed 60% of the HOME published area median income, adjusted for family size as determined by HUD.
- c. One hundred thirty (130) units (90 one-bedroom apartments, 6 two-bedroom apartments, 20 one-bedroom townhouses, and 14 two-bedroom townhouses) must be available for occupancy by households whose incomes do not exceed up to 60% of area median income based upon the Multifamily Tax Subsidy Project ("MTSP") limits, adjusted for family size as determined by HUD, until latest of (i) the expiration of the LIHTC "Extended Use Period" as defined in the Development's LIHTC Regulatory Agreement; (ii) 50 years from Initial Closing; or (iii) so long as any Authority loan remains outstanding.
- d. One (1) unit (1 one-bedroom apartment) will be used as a manager's unit. If this unit is later converted to rental use, it must be available for occupancy by households whose incomes do not exceed 60% of area median income based upon the MTSP limits, adjusted for family size as determined by HUD.

To the extent units within the Development are subject to multiple sets of income limits, the most restrictive income limit will apply so long as the applicable term of affordability continues.

The income of individuals and area median income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median income under Section 8 of the U.S. Housing Act of 1937, including adjustments for family size.

3. Limitations on Rental Rates:

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The Total Housing Expense (contract rent plus tenant-paid utilities) for one hundred thirty-one (131) units is subject to the following limitations:

- a. During the Period of Affordability required under the HOME program (15 years), the Total Housing Expense for the 3 Low-HOME units (1 one-bedroom apartment, 1 one-bedroom townhouse, and 1 two-bedroom townhouse) may not exceed the "Low-HOME Rent Limit" for the unit established and published annually by HUD.
- b. During the Period of Affordability required under the HOME program (15 years), the Total Housing Expense for the 8 High-HOME units (5 one-bedroom apartments, 1 two-bedroom apartment, 1 one-bedroom townhouse, and 1 two-bedroom townhouse) may not exceed the "High-HOME Rent Limit" established and published annually by HUD.
- c. The Total Housing Expense for one hundred thirty (130) units (90 one-bedroom apartments, 6 two-bedroom apartments, 20 one-bedroom townhouses, and 14 two-bedroom townhouses), may not exceed one-twelfth (1/12th) of 30% of the MTSP 60% of area median income adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom. This restriction will apply until the latest of (i) the end of the Extended Use Period, (ii) 50 years after Initial Closing; or (iii) so long as any Authority loan remains outstanding.
- d. One (1) unit (1 one-bedroom apartment) will be used as a manager's unit. If this unit is later converted to rental use, the Total Housing Expense will be limited to one-twelfth (1/12th) of 30% of the MTSP 60% income limit, adjusted for family size and based upon an imputed occupancy of one and one-half persons per bedroom.

To the extent units within the Development are subject to multiple sets of rent limits, the most restrictive rent limit will apply so long as the applicable term of affordability continues.

While rental increases for these units may be permitted from time to time as HUD publishes updated median income limits, the Mortgagor must further agree that rental increases for targeted units will be limited to not more than 5% for any resident household during any 12-month period.

Rental increases on occupied units during any 12-month period will be limited to not more than 5% of the rent paid by the resident household at the beginning of that annual period. Exceptions to this limitation may be granted by MSHDA's Director of Asset Management for extraordinary increases in project operating expenses (exclusive of limited dividend payments) or mortgage loan increases. Rents on vacated units may be increased to the maximum level permissible by the applicable programs. Rents and utility allowances must be approved annually.

Exceptions to the foregoing limitations may be granted by the Authority's Director of Asset Management to pay for extraordinary increases in operating expenses (exclusive of Limited Dividend Payments) or to enable the owner to amortize a Mortgage Loan increase to fund cost overruns pursuant to the Authority's policy on Mortgage Loan increases.

4. Covenant Running with the Land:

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The Mortgagor must subject the Development site to a covenant running with the land so as to preserve the tax-exempt status of the obligations issued or to be issued to finance the Mortgage Loan. This covenant will provide that each unit must be rented or available for rental on a continuous basis to members of the general public for a period ending on the latest of the date which is 15 years after the date on which 50% of the residential units in the Development are occupied, the first day on which no bonds are outstanding with respect to the project, or the date on which assistance provided to the project under Section 8 of the U.S. Housing Act of 1937 terminates. The income of individuals and area median income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median income under Section 8 of the U.S. Housing Act of 1937, including adjustments for family size. Until the Secretary of the Treasury publishes its requirements, income of the individuals shall be determined in accordance with Section 8 regulations. Additionally, if LIHTC is awarded to the Development, the Mortgagor must agree to subject the property to the extended low-income use commitment required by Section 42 of the Internal Revenue Code.

5. Restriction on Prepayment and Subsequent Use:

The Mortgage Loan is eligible for prepayment after the expiration of fifteen (15) years after the commencement of amortization. The Mortgagor must provide the Authority with at least 60 days' written notice prior to any such prepayment.

In the event of a prepayment, however, the Mortgagor must pay a prepayment fee equal to the sum of:

- a. 1% of the balance being prepaid;
- b. Any bond call premium, prepayment or swap penalty, or any other cost that the Authority incurs to prepay the bonds or notes that were used to fund the Mortgage Loan; and
- c. Any loss of debt service spread between the Mortgage Loan and the bonds used to finance the loan from the date of the prepayment through the end of the 20th year of amortization.

Once the Mortgagor has been approved for the early prepayment of the underlying loan, it must sign an agreement with the Authority stating it is responsible for the cost of terminating the swap. The Mortgagor can then choose the timing of the termination and participate in the transaction with the swap counterparty. The swap counterparty will quote the cost of terminating the swap and the Mortgagor will have the ability to execute the transaction or cancel at its sole discretion. If the Mortgagor chooses not to terminate the swap, it will forfeit the right to prepay the Mortgage Loan.

Subordinate loans are eligible to prepay at any time upon 60 days prior written notice to the Authority, but prepayment may not extinguish federal affordability and compliance requirements.

6. Operating Assurance Reserve:

At Initial Closing, the Mortgagor shall fund an operating assurance reserve ("OAR") in the amount equal to 4 months' of estimated Development operating expenses (estimated to be \$323,850). The OAR will be used to fund operating shortfalls incurred at the Development and will be disbursed by the Authority in accordance with the Authority's written policy on the

use of the Operating Assurance Reserve, as amended from time to time. The OAR must be either (i) fully funded with cash, or (ii) funded with a combination of cash and an irrevocable, unconditional letter of credit acceptable to the Authority, in an amount that may not exceed 50% of the OAR requirement. To the extent that any portion of the OAR is drawn for use prior to the final closing of the Mortgage Loan, the Mortgagor must restore the OAR to its original balance at final closing.

7. Replacement Reserve:

At Initial Closing, the Mortgagor must establish a replacement reserve fund ("Replacement Reserve") with an initial deposit in an amount of \$3,381 per unit. The Mortgagor must agree to make annual deposits to the Replacement Reserve, beginning on the Mortgage Cut-Off Date, at a minimum of \$375 per unit for the first year of operation, payable in monthly installments, with deposits in subsequent years to be the greater of (i) the prior year's deposit, increased by 3%, or (ii) a percentage of the Development's projected annual rental income or gross rent potential ("GRP") for the year using the percentage obtained by dividing the first year's deposit by the first year's GRP shown on the operating proforma for the Development attached hereto. The annual deposit to the Replacement Reserve may also be increased to any higher amount that is determined to be necessary by the Authority, based on a CNA and the Authority's Replacement Reserve policies. The Authority may update any CNA or obtain a new CNA every five years, or upon any frequency, as determined necessary by the Authority.

8. One Month's Gross Rent Potential:

At Initial Closing, the Mortgagor shall deposit an amount equal to one month's gross rent potential (\$87,143) into the Development's operating account.

9. Authority Subordinate Loan(s):

At Initial Closing, the Mortgagor must enter into agreements relating to the MRF Loan and the HOME Loan. The MRF Loan and the HOME Loan will each be secured by a subordinate mortgage. The HOME Loan will bear simple interest at 1% with a 50-year term, and the MRF Loan will bear simple interest at 3% with a 50-year term. No loan payments will be required on either the MRF Loan or the HOME Loan until the earlier of (a) the year in which the sum of all annual surplus funds available for distribution equals or exceeds the amount of the deferred developer fee, or (b) the 13th year following the commencement of amortization of the Mortgage Loan. Interest will continue to accrue on each loan until paid in full.

At the earlier of (a) the year in which the sum of all annual surplus funds available for distribution equals or exceeds the amount of the deferred developer fee or (b) the 13th year following the date that Mortgage Loan amortization commences, repayment of the MRF Loan and the HOME Loan will commence according to the following:

- So long as both of the Mortgage Loan and the MRF Loan remain outstanding, then repayment of the MRF Loan will be made from fifty percent (50%) of any surplus cash available for distribution ("Surplus Funds"), applied first to accrued interest, then to current interest and principal, and no payments will be required on the HOME Loan.

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- If the MRF Loan is repaid in full while the Mortgage Loan remains outstanding, then upon repayment of the MRF Loan, repayment of the HOME Loan will commence and be made from fifty percent (50%) of Surplus Funds, applied first to accrued interest, then to current interest and principal.
- Upon payment in full of the Mortgage Loan, if both the MRF Loan and the HOME Loan remain outstanding, then the outstanding balance of the MRF Loan, including accrued interest, will become the new first mortgage loan and will begin amortization with monthly payments equal to the payments made under the original Mortgage Loan. At this time, payments on the HOME Loan will commence and be made from fifty percent (50%) of Surplus Funds, applied first to accrued interest, then to current interest and principal.
- Upon payment in full of both the Mortgage Loan and the MRF Loan, the outstanding balance of the HOME Loan, including accrued interest, will become the new first mortgage loan and will begin amortization with monthly payments equal to the payments made under the original Mortgage Loan.
- The entire principal balance and any accrued interest of the MRF Loan and the HOME Loan will be due and payable after 50 years.

Notwithstanding the foregoing, in the event of any sale or refinance of the Development, the MRF Loan and the HOME Loan will be due and payable at that time.

10. Architectural Plans and Specifications; Contractor's Qualification Statement:

Prior to Mortgage Loan Commitment, the architect must submit architectural drawings and specifications that address all design review comments, acceptable to the Authority's Chief Architect and the Director of Development.

Prior to Mortgage Loan Commitment, the general contractor must submit AIA Document A305 as required by the Authority's Chief Architect.

11. Owner/Architect Agreement:

Prior to Mortgage Loan Commitment, the Mortgagor must provide the Authority with an executed Owner Architect Agreement acceptable in form and substance to the Director of Legal Affairs.

12. Trade Payment Breakdown:

Prior to Mortgage Loan Commitment, the general contractor must submit a signed Trade Payment Breakdown acceptable to the Authority's Manager of Construction Costing.

13. Section 3 Requirements:

Prior to Mortgage Loan Commitment, the general contractor must agree to comply with all federal Section 3 hiring requirements. The general contractor must provide the contractor's "Section 3 Hiring Plan" which must be reviewed and found acceptable to the Authority's Section 3 Compliance Officer. In addition, the general contractor must agree to adhere to

follow-up reporting requirements as established by the Authority.

14. Equal Opportunity and Fair Housing:

Prior to Mortgage Loan Commitment, the management and marketing agent's Affirmative Fair Housing Marketing Plan must be reviewed and found acceptable to the Authority's Equal Employment Officer for Fair Housing Requirements.

In addition, prior to Mortgage Loan Commitment, the general contractor's Equal Employment Opportunity Plan must be reviewed and found acceptable to the Authority's Equal Employment Officer.

15. Cost Certification:

The contractor's cost certification must be submitted within 90 days following the completion of construction, and the Mortgagor's cost certification must be submitted within 90 days following the Mortgage Cut-off Date. For LIHTC, the owner is obligated to submit cost certifications applicable to itself and the contractor prior to issuance of IRS form 8609 (see LIHTC Program Cost Certification Guidelines).

16. Environmental Review and Indemnification:

Prior to Mortgage Loan Commitment, the Mortgagor must address any outstanding environmental issues, in form and substance acceptable to the Authority's Environmental Review Officer.

At Initial Closing, the Mortgagor must enter an agreement to indemnify the Authority for any loss, damage, liability, claim, or expense which it incurs as a result of any violation of environmental laws. The indemnification agreement must be acceptable to the Director of Legal Affairs.

17. Title Insurance Commitment and Survey:

Prior to Mortgage Loan Commitment, the Mortgagor must provide an updated title insurance commitment, including zoning, pending disbursements, comprehensive, survey and such other endorsements as deemed necessary by the Authority's Director of Legal Affairs. The updated title commitment must contain only exceptions to the insurance acceptable to the Authority's Director of Legal Affairs.

Additionally, prior to Mortgage Loan Commitment, the Mortgagor must provide an ALTA survey certified to the 2016 minimum standards, together with surveyor's certificate of facts that is certified and appropriately reflects all easements, rights of way, and other issues noted on the title insurance commitment. All documents must be acceptable to the Director of Legal Affairs.

18. Organizational Documents/Equity Pay-In Schedule:

Prior to Mortgage Loan Commitment, the Mortgagor must submit a substantially final form syndication partnership agreement, including an equity pay-in schedule, that is acceptable in form and substance to the Director of Development and Director of Legal Affairs.

At or prior to Initial Closing, the final, executed syndication partnership agreement must become effective and the initial installment of equity must be paid in an amount approved by the Director of Development.

19. Designation of Authority Funds:

The Authority reserves the express right, in its sole discretion, to substitute alternate subordinate funding sources.

20. Management & Marketing:

Prior to Mortgage Loan Commitment, the management and marketing agent must submit the following documents, which must be found acceptable to the Director of Asset Management:

- a. Management Agreement
- b. Marketing/Construction Transition Plan

21. Guaranties:

At Initial Closing, the Sponsor, General Partner, and any entity receiving a developer fee in connection with the Development must deliver certain guaranties. The required guaranties include a guaranty of HOME recapture liability, an operating deficit guaranty and a performance completion guaranty. The required guaranties, the terms thereof and the parties who shall be required to deliver the guaranty must be determined and approved by the Authority's Director of Development.

22. Financial Statements:

Prior to Mortgage Loan Commitment, financial statements for the Sponsor, the guarantor(s) and the general contractor must be reviewed and found acceptable by the Authority's Chief Financial Officer.

If prior to Initial Closing the financial statements that were approved by the Authority become more than six months old, the Sponsor, the guarantor(s) and/or the general contractor must provide the Authority with updated financial statements meeting Authority requirements upon request.

23. Future Contributions:

To ensure the Authority is contributing the least amount of funding necessary to achieve project feasibility, any decrease in Development costs or future contributions not included in the Development proforma may, at the Authority's discretion, be utilized to reduce, in equal proportions, any deferred developer fee and Authority soft funds.

24. Existing Reserves:

At Initial Closing, the Mortgagor and the Seller must agree and confirm the Authority's ownership of the existing reserves balances, with the exception of the tax, insurance, and Debt Coverage Escrow (DCE) Principal reserves. (The existing reserves that exclude the

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tax, insurance and DCE Principal reserves shall be referred to as "Net Existing Reserves.") The Net Existing Reserves will be captured by the Authority at Initial Closing, as this balance was accounted for within the Gap Financing rankings. This agreement must be acceptable to the Authority's Director of Legal Affairs and the Authority's Director of Asset Management. The Net Existing Reserves captured by the Authority will not be available to settle or reconcile its accounts payable or to pay any accumulated and/or current year unpaid limited dividend payments.

25. Seller Responsibilities & Surplus Cash/Cumulative Limited Dividend Payment Waiver:

Seller is responsible for all Development payables due up to the date that Seller's loan is repaid, and ownership of the Development is transferred to Buyer (the "Closing Date"). Seller must settle its accounts payable on or before the Closing Date and reconcile those amounts in a manner acceptable to the Authority's Director of Asset Management. Within thirty (30) days after the Closing Date, Seller must submit copies of records and other documents as required by the Authority's Asset Management Division to account for any surplus cash that the Seller may be holding and must remit that cash to the Authority.

Seller waives any and all rights to any limited dividend payments, unpaid or accrued, cumulative or noncumulative, to which it may have been entitled for the time prior to and including the Closing Date.

26. Transfer and Ownership of Development Reserves:

At Initial Closing, the Development's existing tax and insurance escrows will be transferred to the account of the Mortgagor. In addition, the Mortgagor must enter into an agreement confirming the Authority's ultimate ownership of excess cash reserves, escrows, and accounts as may exist at the time the Authority's mortgage loans are paid off or the Development is sold or refinanced. This agreement must be acceptable to the Authority's Director of Legal Affairs.

27. HUD Authority to Use Grant Funds:

Prior to Mortgage Loan Commitment, the Authority must receive HUD's Authority to Use Grant Funds (HUD 7015.16) in connection with the proposed HOME Loan from the Authority or confirmation that the Development is categorically excluded from NEPA review.

28. HUD Subsidy Layering Review:

Prior to Initial Closing, the subsidy layering review must be performed by Authority staff and must be submitted to HUD for approval. The subsidy layering approval is subject to review and approval by the Authority's Director of Development.

29. Application for Disbursement:

Prior to Initial Closing, the Mortgagor must submit an "Application for Disbursement" along with supporting documentation, which must be found acceptable to the Authority's Director of Development.

30. Uniform Relocation Act Compliance:

If the Development is occupied at Initial Closing and any occupants of the Development will

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be displaced and/or relocated as a result of the rehabilitation of the Development, then the Mortgagor and/or the Sponsor shall ensure compliance with all requirements of the Uniform Relocation Act and implementing regulations as set forth in 24 CFR Part 42 and 49 CFR Part 24, as well as 24 CFR §570.606. Such compliance shall be at the Mortgagor's or Sponsor's sole cost and expense. Prior to Final Closing, the Mortgagor must submit documentation that it has complied with all requirements of the Uniform Relocation Act. This documentation must be found acceptable by the Authority's Director of Development.

Special Conditions:

1. Legal Requirements:

The Mortgagor and/or Sponsor must submit documentation acceptable to the Authority's Director of Legal Affairs for the items listed below:

- Prior to Initial Closing, the Michigan Attorney General's Office must complete its review of the transaction and provide the Director of Legal Affairs its recommendation.
- Any other documentation as required by the Director of Legal Affairs, including acceptable evidence of insurance, permits, licenses, zoning approvals, utility availability, payment and performance bonds and other closing requirements.
- The Restated and Amended Limited Partnership Agreement must contain language requiring all non-developer fee equity to be paid at or before construction completion.

DEVELOPMENT TEAM AND SITE INFORMATION

I. MORTGAGOR: G. R. Marsh Ridge III Limited Dividend Housing Association
Limited Partnership

II. GUARANTOR(S):

A. Guarantor #1:

Name: Nathan F. Rykse
Address: 6658 Traybume Trail
Kalamazoo, MI 49009

B. Guarantor #2:

Name: Thomas Penland
Address: 1257 Bear Lake Circle
Portage, MI 49024

C. Guarantor #3:

Name: Darren S. Beltz
Address: 42917 Rowlings Street
Mattawan, MI 49071

D. **Guarantor #4:**

Name: Eric S. Antisdale
Address: 8874 1 Mile Road
East Leroy, MI 49051

III. **DEVELOPMENT TEAM ANALYSIS:**

A. **Sponsor:**

Name: Craftsmen Development, LLC
Address: 834 King Hwy., Suite 100
Kalamazoo, MI 49001

Individuals Assigned: Thomas P. Penland
Telephone: 269-381-0350
Fax: 269-381-3609
E-mail: tpenland@medallionmgmt.com

1. **Experience:** The Sponsor has experience working on Authority-financed developments.

2. **Interest in the Mortgagor and Members:**

G.R. Marsh Ridge III LDHA LP
General Partner:
• G.R. Marsh Ridge III GP LLC - 0.01%
Limited Partner:
• Cinnaire - 99.99%

B. **Architect:**

Name: DTS + Winkelmann
Address: 64 S. Division Ave.
Grand Rapids, MI 49503

Individual Assigned: Brian Winkelmann
Telephone: 616-570-2899
Fax:
E-Mail: brianw@dtswink.com

1. **Experience:** Architect has previous experience with Authority-financed developments.

2. **Architect's License:** License number 1301033933, exp. 10/31/2020.

C. **Attorney:**

Name: Dean Law PLLC
Address: 604 Butternut Avenue
Royal Oak, MI 48073

Individual Assigned: Warren T. Dean
Telephone: 248-506-3222
Fax: 866-841-3148
E-Mail: wtdean@mac.com

1. **Experience:** This firm has experience in closing Authority-financed developments.

D. **Builder:**

Name: Medallion Management, Inc.
Address: 834 King Highway, Suite 100
Kalamazoo, MI 49001

Individual Assigned: Eric Antisdale
Telephone: 269-381-0350
Fax:
E-mail: eantisdael@medallionmgmt.com

1. **Experience:** The firm has previous experience in constructing Authority-financed developments.

2. **State Licensing Board Registration:** License number 2102060576, with an expiration date of 05/31/2020.

E. **Management and Marketing Agent:**

Name: Medallion Management, Inc.
Address: 834 King Highway, Suite 100
Kalamazoo, MI 49001

Individual Assigned: D. Scott Beltz
Telephone: 269-381-0350
Fax: 269-381-3609
E-mail: sbeltz@medallionmgmt.com

1. **Experience:** This firm has significant experience managing Authority-financed developments.

F. **Development Team Recommendation:** The Development Team has relevant experience and is acceptable.

IV. SITE DATA:

A. **Land Control/Purchase Price:**

Purchase Agreement dated January 9, 2019 between Marsh Ridge III Limited Dividend Housing Association Limited Partnership ("Seller") and G.R. Marsh Ridge III Limited Dividend Housing Association Limited Partnership ("Purchaser") with an expiration date of December 31, 2019 and a purchase price of \$7,107,000.

B. **Site Location:**

470 Marsh Ridge Drive, Grand Rapids (Kent County), MI 49504

C. **Size of Site:**

15.5 acres +/-

D. **Density:**

Appropriate to the current use.

E. **Physical Description:**

1. **Present Use:** Multi-family residential for senior occupancy

2. **Existing Structures:** Two 3-story buildings and seven 1-story buildings

3. **Relocation Requirements:** None

F. **Zoning:**

SD-PRD Planned Redevelopment District; Planned Unit Development that allows for Multiple Family Residential

G. **Contiguous Land Use:**

1. North: Multi-family and single-family residential

2. South: Lake Michigan Drive with commercial on either side

3. East: Wooded and multi-family and single-family residential

4. West: Wooded and multi-family residential

H. **Tax Information:**

The City of Grand Rapids has awarded a new 3% PILOT

I. **Utilities:** Water & Sewer: City of Grand Rapids

Electric: Consumers Energy
Gas: DTE Energy

J. Community Facilities:

1. Shopping:
Family Fare Supermarket which includes a pharmacy is 1/3 mile east of the site on Lake Michigan Drive; Meijer is approximately 2 miles west of the site on Wilson Avenue NW (MI 45). Lake Michigan Credit Union and Chase Bank are located east of the site approximately 1/3 mile away.
2. Recreation:
Senior Neighbors' Inc. is located approximately 4 3/4 miles east of the site on Lake Michigan Drive. Lincoln Lawns Neighborhood Park is 1/2 miles to the west on Lake Michigan Drive, and Shawmut Park is approximately 1/2 to the east of the site on Lake Michigan Drive. John Ball Zoo is approximately 2 1/3 miles southwest of the site. The Gerald R. Ford Museum and the Grand Rapids Art Museum are approximately 3 1/4 miles east of the site.
3. Public Transportation:
The Grand Rapids bus system, the Rapid, has a bus stop at the entrance of the development on the corner of Marsh Ridge Drive and Lake Michigan Drive. The Gerald R. Ford Airport is 16 1/2 miles southeast of the site.
4. Road Systems
The site is located on Lake Michigan Drive, a primary thoroughfare, and northwest of I 196.
5. Medical Services and other Nearby Amenities:
Spectrum Health is less than 3 1/4 miles east of the site. Various other medical services are available with 1/2 to 1 1/2 miles from the site. A U.S. Post Office is located less than 3 miles southwest of the site. Grand Valley State University, Cooley Law School, and Kendal College of Art are all located in downtown Grand Rapids, along with numerous other amenities, approximately 4 1/2 miles east of the site.
6. Description of Surrounding Neighborhood:
The surrounding neighborhood is a mix of multi- and single-family residential with some wooded areas and commercial along Lake Michigan Drive on either side of Marsh Ridge III.
7. Local Community Expenditures Apparent:
General maintenance of local roads and sidewalks
8. Indication of Local Support:
The City of Grand Rapids has approved a new 3% PILOT

V. ENVIRONMENTAL FACTORS:

A Phase I Environmental Site Assessment was submitted to the Authority (see Standard Condition No. 16.).

VI. DESIGN AND COSTING STATUS:

Architectural plans and specifications consistent with the scope of work have been reviewed by the Chief Architect. A response to all design review comments and the submission of corrected and final plans and specifications must be made prior to initial closing.

This proposal will satisfy the State of Michigan barrier-free requirements, the Authority's policy regarding accessibility and non-discrimination for the disabled, the Fair Housing Amendments Act of 1988, and the HOME requirements for barrier-free vision and hearing designed units. Construction documents must be acceptable to the Authority's Chief Architect.

VII. MARKET SUMMARY:

The Market study has been reviewed by the Authority's Chief Market Analyst and found to be acceptable. The Authority's Chief Market Analyst has reviewed and approved the unit mix, rental structure, and unit amenities.

VIII. EQUAL OPPORTUNITY AND FAIR HOUSING:

The contractor's Equal Employment Opportunity Plan is currently being reviewed and must be approved by the Authority's Equal Employment Opportunity Officer prior to initial closing. The management and marketing agent's Affirmative Fair Housing Marketing Plan has been submitted.

IX. MANAGEMENT AND MARKETING:

The management/marketing agent has submitted application level management and marketing information, to be approved prior to initial closing by the Authority's Director of Asset Management.

X. FINANCIAL STATEMENTS:

The sponsor's/guarantor's and the builder's financial statements have been submitted and are to be approved prior to initial closing by the Authority's Director of Rental Development.

XI. DEVELOPMENT SCHEDULING:

A. Mortgage Loan Commitment:	February 2019
B. Initial Closing and Disbursement:	April 2019
C. Construction Completion:	April 2020
D. Cut-Off Date:	June 2020

XII. ATTACHMENTS:

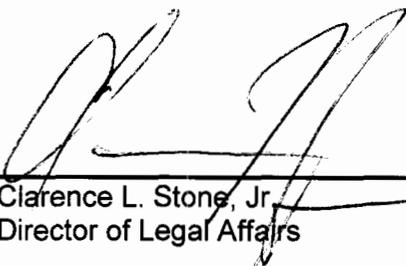
- A. Development Proforma

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City of Grand Rapids, Kent County
February 28, 2019

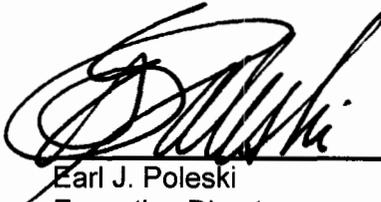
APPROVALS:



Andrew Martin
Director of Development
2/21/19
Date



Clarence L. Stone, Jr.
Director of Legal Affairs
2/19/2019
Date



Earl J. Poleski
Executive Director
19 FEB 2019
Date

Development Marsh Ridge III
 Financing Tax Exempt
 MSHDA No. 1045-2
 Step Commitment
 Date 02/28/2019
 Type Preservation - LIHTC

Instructions

Income Limits for	Kent County (Effective April 3, 2018)					
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
30% of area median	14,700	16,800	18,900	20,970	22,650	24,330
40% of area median	19,600	22,400	25,200	27,960	30,200	32,440
50% of area median	24,500	28,000	31,500	34,950	37,750	40,550
60% of area median	29,400	33,600	37,800	41,940	45,300	48,660

Rental Income

Unit	No. of Units	Unit Type	Bedrooms	Baths	Net Sq. Ft.	Contract Rent	Utilities	Total Housing Expense	Gross Rent	Current	% of Gross Rent	% of Total Units	Gross Square Feet	% of Total Square Feet	TC Units Square Feet	Unit Type	Max Allowed Housing Expense	Rent Limited By	Differential Under/over	Differential %	Effective AMI%	Contract Rent/Sq. Foot
										Section 8 Contract Rent												
60% Area Median Income Units																						
50% Tenant AMI Restriction (if different from rent restriction)																						
Senior Occupancy																						
A	1	Apartment	1	1.0	644	565	89	654	6,780	0	0.6%	0.8%	644	0.7%	644	Low HOME	656	HOME Rent	2	0.30%	49.8%	\$0.88
C	1	Townhome	1	1.0	719	585	91	656	6,780	0	0.6%	0.8%	719	0.8%	719	Low HOME	656	HOME Rent	0	0.00%	50.0%	\$0.79
D	1	Townhome	2	1.0	900	674	113	787	8,088	0	0.8%	0.8%	900	1.0%	900	Low HOME	787	HOME Rent	0	0.00%	50.0%	\$0.75
									21,648	0	2.1%	2.3%	2,263	2.5%	2,263							
60% Area Median Income Units																						
Senior Occupancy																						
A	5	Apartment	1	1.0	644	622	89	711	37,320	0	3.6%	3.8%	3,220	3.6%	3,220	High HOME	713	HOME Rent	2	0.28%	54.2%	\$0.97
B	1	Apartment	2	1.0	909	735	90	825	8,820	0	0.8%	0.8%	909	1.0%	909	High HOME	878	HOME Rent	53	6.04%	52.4%	\$0.81
C	1	Townhome	1	1.0	719	622	91	713	7,484	0	0.7%	0.8%	719	0.8%	719	High HOME	713	HOME Rent	0	0.00%	54.3%	\$0.87
D	1	Townhome	2	1.0	900	735	113	848	8,820	0	0.8%	0.8%	900	1.0%	900	High HOME	878	HOME Rent	30	3.42%	53.8%	\$0.82
									62,424	0	6.0%	6.1%	5,748	6.4%	5,748							
60% Area Median Income Units																						
Senior Occupancy																						
A	82	Apartment	1	1.0	644	662	89	751	651,408	0	62.3%	62.6%	52,808	58.4%	52,808		788	TC Rent	37	4.70%	57.2%	\$1.03
B	4	Apartment	2	1.0	909	735	90	825	35,280	0	3.4%	3.1%	3,636	4.0%	3,636		945	TC Rent	120	12.70%	52.4%	\$0.81
C	18	Townhome	1	1.0	719	662	91	753	142,992	0	13.7%	13.7%	12,942	14.3%	12,942		788	TC Rent	35	4.44%	57.4%	\$0.92
D	11	Townhome	2	1.0	900	735	113	848	97,020	0	9.3%	6.4%	9,900	10.9%	9,900		945	TC Rent	97	10.26%	53.8%	\$0.82
									926,700	0	88.6%	87.8%	79,286	87.6%	79,286							
60% Area Median Income Units																						
Senior Occupancy																						
A	1	Apartment	1	1.0	644	698	89	785	8,352	0	0.8%	0.8%	644	0.7%	644		788	TC Rent	3	0.38%	59.8%	\$1.08
B	1	Apartment	2	1.0	909	760	90	850	9,120	0	0.9%	0.8%	909	1.0%	909		945	TC Rent	95	10.05%	54.0%	\$0.84
C	1	Townhome	1	1.0	719	666	91	787	8,352	0	0.8%	0.8%	719	0.8%	719		788	TC Rent	1	0.13%	60.0%	\$0.97
D	1	Townhome	2	1.0	900	760	113	873	9,120	0	0.9%	0.8%	900	1.0%	900		945	TC Rent	72	7.62%	55.4%	\$0.84
									34,944	0	3.3%	3.1%	3,172	3.5%	3,172							
									0	0	0.0%	0.0%	0	0.0%	0							
															90,469	90,469						
Mgns		1	Apartment	1	1.0																	
Total Units		131																				
									Gross Rent Potential		1,045,716											
									Average Monthly Rent		665											
									Gross Square Footage		90,469											
										HOME Units SF/Total Units SF		8.9%										
										# HOME Units/# Total Units		8.4%										

Utility Allowances

	Tenant-Paid	Tenant-Paid	Tenant-Paid	Owner-Paid	Owner-Paid	Total	Over/Under
	Electricity	A/C	Gas	Water/Sewer	Other		
A						0	89
B						0	90
C						0	91
D						0	113
E						0	
F						0	
G						0	
H						0	

Total Income	Annual	Monthly
Rental Income	1,045,716	87,143
Non-Rental Income	12,320	1,027
Total Project Revenue	1,058,036	88,170

Annual Non-Rental Income

Misc. and Interest	320
Laundry	
Carports	12,000
Other:	
Other:	
Total	12,320

Development Marsh Ridge III
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Mortgage Assumptions:
 Debt Coverage Ratio 1.2
 Mortgage Interest Rate 5.250%
 Pay Rate 5.250%
 Mortgage Term 40 years
 Income from Operations Yes

Instructions

Total Development Income Potential

	Per Unit	Total
Annual Rental Income	7,983	1,045,716
Annual Non-Rental Income	94	12,320
Total Project Revenue	8,077	1,058,036

Total Development Expenses

Vacancy Loss	3.00% of annual rent potential	239	31,371
Management Fee	527 per unit per year	527	69,037
Administration		647	84,776
Project-paid Fuel		25	3,224
Common Electricity		283	37,096
Water and Sewer		285	37,273
Operating and Maintenance		864	113,183
Real Estate Taxes		0	
Payment in Lieu of Taxes (PILOT)	3.00% Applied to: All Units	215	28,103
Insurance		527	68,975
Replacement Reserve	375 per unit per year	375	49,125
Other: Employee Health, Worker Comp & Insurance		129	16,952
Other:		0	

Initial Inflation Factor	Beginning in Year	Future Inflation Factor
1.0%	6	2.0%
1.0%	6	2.0%
Future Vacancy		
	6	3.0%
3.0%	1	3.0%
3.0%	1	3.0%
3.0%	6	3.0%
4.0%	6	3.0%
5.0%	6	5.0%
3.0%	1	3.0%
5.0%	1	5.0%
Future Vacancy		
3.0%	1	3.0%
3.0%	1	3.0%
3.0%	1	3.0%
3.0%	1	3.0%

	% of Revenue	Per Unit	Total	
Total Expenses	50.95%	4,115	539,115	
Base Net Operating Income		3,961	518,921	Override
Part A Mortgage Payment	40.87%	3,301	432,434	
Part A Mortgage		55,142	7,223,556	
Non MSHDA Financing Mortgage Payment		0		
Non MSHDA Financing Type:		0		
Base Project Cash Flow (excludes ODR)	8.17%	660	86,487	

Instructions

TOTAL DEVELOPMENT COSTS

	Per Unit	Total	% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
Acquisition					
Land	7,252	950,000			
Existing Buildings	47,000	6,157,000	98%	6,033,860	
Other: Prepayment Penalty, 1/2 Lost Spread, & Bond Termination	0				
Subtotal	54,252	7,107,000			
Construction/Rehabilitation					
Off Site Improvements	0		100%	0	0
On-site Improvements	2,443	319,983	100%	319,983	0
Landscaping and Irrigation	508	66,530	100%	66,530	66,530
Structures	22,050	2,888,487	100%	2,888,487	2,888,487
Community Building and/or Maintenance Facility	0		100%	0	0
Construction not in Tax Credit basis (i.e. Carports and Commercial Space)	0		0%	0	0
General Requirements % of Contract 4.58%	1,145	150,000	100%	150,000	150,000
Builder Overhead % of Contract 2.00%	523	68,500	100%	68,500	68,500
Builder Profit % of Contract 6.00%	1,600	209,610	100%	209,610	209,610
Permits, Bond Premium, Tap Fees, Cost Cert.	0		100%	0	0
Other:	0		100%	0	0
Subtotal	28,268	3,703,110			
15% of acquisition and \$15,000/unit test: met					
Professional Fees					
Design Architect Fees	496	65,000	100%	65,000	65,000
Supervisory Architect Fees	153	20,000	100%	20,000	20,000
Engineering/Survey	73	9,500	100%	9,500	9,500
Other:	0		100%	0	0
Subtotal	721	94,500			
Interim Construction Costs					
Property & Casualty Insurance	527	68,975	100%	68,975	68,975
Construction Loan Interest	3,088	404,497	100%	404,497	404,497
Title Work	176	23,000	100%	23,000	
Legal Fees (in Tax Credit Basis)	382	50,000	100%	50,000	
Construction Taxes	213	27,910	100%	27,910	27,910
Other:	0		100%	0	0
Subtotal	4,385	574,382			
Permanent Financing					
Loan Commitment Fee to MSHDA	2%	1,520		0	0
Other:	0		0%	0	0
Subtotal	1,520	199,080			
Other Costs (In Basis)					
Application Fee	15	2,000	100%	2,000	2,000
Market Study	31	4,000	100%	4,000	4,000
Environmental Studies	153	20,000	100%	20,000	20,000
Cost Certification	38	5,000	100%	5,000	5,000
Equipment and Furnishings	0		100%	0	
Temporary Tenant Relocation	38	5,000	100%	5,000	5,000
Construction Contingency	1,527	200,000	100%	0	0
Appraisal and C.N.A.	102	13,375	100%	13,375	13,375
Other:	0		100%	0	0
Subtotal	1,904	249,375			
Other Costs (NOT in Basis)					
Start-up and Organization	0				
Tax Credit Fees (based on 2017 QAP)	25,994	25,992			
Compliance Monitoring Fee (based on 2017 QAP)	475	62,225			
Marketing Expense	0				
Syndication Legal Fees	305	40,000			
Rent Up Allowance	0	0			
Other:	0				
Subtotal	979	128,217			

Summary of Acquisition Price		As of January 14, 2019	
Attributed to Land	950,000	1st Mortgage Balance	5,936,678
Attributed to Existing Structure:	6,157,000	Deferred Interest	542,261
Other: Prepayment Penalty, 1/2	0	Prepay/Partial Lost Spread/Bond Te	544,000
Fixed Price to Seller	7,107,000	Subordinate Mortgage(s)	
		Premium/(Deficit) vs Existing Debt	84,061

Construction Loan Term	
Construction Contract	12 Months
Holding Period (50% Test)	12 Months
Construction Loan Period	12 Months

Appraised Value		Value As of: October 3, 2018	
"Encumbered As-Is" value as determined by appraisal:	7,306,000	Override	
Plus 5% of Appraised Value:	0		
LESS Fixed Price to the Seller:	7,107,000		
Surplus/(Gap)	199,000		

Project Reserves

	Per Unit	Total
Operating Assurance Reserv 4.0 months	2,472	323,850
Replacement Reserve	3,381	442,883
Operating Deficit Reserve	0	0
Rent Subsidy Reserve	0	0
Syndicator Held Reserve	0	0
Rent Lag Escrow	0	0
Tax and Insurance Escrows	229	29,999
Other:	0	0
Other:	0	0
Subtotal	6,082	796,732

Miscellaneous

	Per Unit	Total
Deposit to Development Operating Account (1MGRF Required)	665	87,143
Other (Not in Basis):	0	0
Other (In Basis):	0	0
Other (In Basis):	0	0
Subtotal	665	87,143

Total Acquisition Costs	54,252	7,107,000
Total Construction Hard Costs	28,268	3,703,110
Total Non-Construction ("Soft") Costs	16,255	2,129,429

Developer Overhead and Fee

Maximum	1,338,915	10,221	1,338,915
7.5% of Acquisition/Project Reserves		Override	5% Attribution Test
15% of All Other Development Costs			met

Total Development Cost	108,996	14,278,454
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TOTAL DEVELOPMENT SOURCES

	% of TDC	Per Unit	Total
MSHDA Permanent Mortgage	50.59%	55,142	7,223,556
Conventional/Other Mortgage	0.00%	0	0
Equity Contribution from Tax Credit Syndication	24.51%	26,719	3,500,246
MSHDA NSP Funds	0.00%	0	0
MSHDA HOME or Housing Trust Funds	6.93%	7,557	960,000
Mortgage Resource Funds	12.19%	13,286	1,740,435
Other MSHDA:	0.00%	0	0
Local HOME	0.00%	0	0
Income from Operations	3.51%	3,827	501,382
Other Equity	0.00%	0	0
Transferred Reserves:	0.21%	229	29,999
Other:	0.00%	0	0
Other:	0.00%	0	0
Deferred Developer Fee	2.05%	2,235	292,836
Total Permanent Sources			14,278,454

Sources Equal Uses?	Balanced
Surplus/(Gap)	0

MSHDA Construction Loan	0.00%	0
Construction Loan Rate	5.250%	
Repaid from equity prior to final closing		0

Eligible Basis for LIHTC/TCAP		Value of LIHTC/TCAP	
Acquisition	6,389,210	Acquisition	212,122
Construction	5,404,932	Construction	179,444
Acquisition Credit %	3.32%	Total Yr Credit	391,566
Rehab/New Const Credit %	3.32%	Equity Price	\$0.8940
Qualified Percentage	100.00%	Equity Effective Price	\$0.8940
QCT/DDA Basis Boost	100%	Equity Contribution	3,500,246
Historic?	No		

% in Basis	Included in Tax Credit Basis	Included in Historic TC Basis
0%	0	0
0%	0	0
100%	0	0
100%	0	0

LIHTC Basis	Historic Basis
1,338,915	1,338,915
11,794,142	5,367,299

# of Units	Gap to Hard Debt Ratio
0.00	26%
11.00	

Deferred Dev Fee
21.87%

Existing Reserve Analysis	
DCE Interest:	
Insurance:	17,366
Taxes:	12,633
Rep. Reserv:	539,758
ORC:	14,579
DCE Principal:	
OAR:	263,970

Initial Owner's Equity Calculation

Equity Contribution from Tax Credit Syndication	3,500,246
Brownfield Equity	
Historic Tax Credit Equity	
General Partner Capital Contributions	
Other Equity Sources	

New Owner's Equity	3,500,246
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MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
RESOLUTION DETERMINING MORTGAGE LOAN FEASIBILITY
MARSH RIDGE III, MSHDA DEVELOPMENT NO. 1045-2
CITY OF GRAND RAPIDS, KENT COUNTY

February 28, 2019

WHEREAS, the Michigan State Housing Development Authority (the "Authority") is authorized under the provisions of Act No. 346 of the Public Acts of 1966 of the State of Michigan, as amended (the "Act"), to make mortgage loans to qualified non-profit housing corporations, consumer housing cooperatives and limited dividend housing corporations and associations; and

WHEREAS, an Application for Mortgage Loan Feasibility has been filed with the Authority by Craftsman Development, LLC (the "Applicant") for a multifamily housing project to be located in the City of Grand Rapids, Kent County, Michigan, having an estimated total development cost of Fourteen Million Two Hundred Seventy-Eight Thousand Four Hundred Fifty-Four Dollars (\$14,278,454), a total estimated maximum mortgage loan amount of Seven Million Two Hundred Twenty-Three Thousand Five Hundred Fifty-Six Dollars (\$7,223,556) and a Mortgage Resource Fund loan in the amount of One Million Seven Hundred Forty Thousand Four Hundred Thirty-Five Dollars (\$1,740,435) (hereinafter referred to as the "Application"); and

WHEREAS, a housing association to be formed by the Applicant may become eligible to receive a mortgage loan from the Authority under the provisions of the Act and the Authority's General Rules; and

WHEREAS, the Executive Director has forwarded to the Authority his analysis of the Application and his recommendations with respect thereto; and

WHEREAS, the Authority has considered the Application in the light of the Authority's project mortgage loan feasibility evaluation factors.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority as follows:

1. The following determinations be and they hereby are made:
 - a. The proposed housing project will provide housing for persons of low and moderate income and will serve and improve the residential area in which Authority-financed housing is located or is planned to be located, thereby enhancing the viability of such housing.
 - b. The Applicant is reasonably expected to be able to achieve successful completion of the proposed housing project.
 - c. The proposed housing project will meet a social need in the area in which it is to be located.
 - d. A mortgage loan, or a mortgage loan not made by the Authority that is a federally-aided mortgage, can reasonably be anticipated to be obtained to

provide financing for the proposed housing project.

- e. The proposed housing project is a feasible housing project.
- f. The Authority expects to allocate to the financing of the proposed housing project proceeds of its bonds issued or to be issued for multifamily housing projects a maximum principal amount not to exceed Eight Million Five Hundred Twenty-Five Thousand Dollars (\$8,525,000).

2. The proposed housing project be and it is hereby determined to be feasible for a mortgage loan on the terms and conditions set forth in the Mortgage Loan Feasibility/Commitment Report of the Authority Staff presented to the Meeting, subject to any and all applicable determinations and evaluations issued or made with respect to the proposed housing project by other governmental agencies or instrumentalities or other entities concerning the effects of the proposed housing project on the environment as evaluated pursuant to the federal National Environmental Policy Act of 1969, as amended, and the regulations issued pursuant thereto as set forth in 24 CFR Part 58.

3. The determination of feasibility is based on the information obtained from the Applicant and the assumption that all factors necessary for the successful construction and operation of the proposed project shall not change in any materially adverse respect prior to the closing. If the information provided by the Applicant is discovered to be materially inaccurate or misleading, or any factors necessary for the successful construction and operation of the proposed project change in any materially adverse respect, this feasibility determination resolution may, at the option of the Executive Director, the Chief Housing Investment Officer, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chief Financial Officer, the Deputy Director of Finance or any person duly authorized to act in any of the foregoing capacities (each an "Authorized Officer"), be immediately rescinded.

4. Neither this determination of feasibility nor the execution prior to closing of any documents requested to facilitate processing of a proposed mortgage loan to be used in connection therewith constitutes a promise or covenant by the Authority that it will make a Mortgage Loan to the Applicant.

5. This determination of Mortgage Loan Feasibility is conditioned upon the availability of financing to the Authority. The Authority does not covenant that funds are or will be available for the financing of the subject proposed housing development.

6. The Mortgage Loan Feasibility determination is subject to the conditions set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated February 28, 2019, which conditions are hereby incorporated by reference as if fully set forth herein.

7. The sale of the housing project by the Seller to the Mortgagor, as described in the Staff Report, is hereby approved, subject to the terms and conditions in the Staff Report and also subject to the issuance of a Mortgage Loan commitment by the Authority.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

**RESOLUTION AUTHORIZING MORTGAGE LOAN
MARSH RIDGE III, MSHDA DEVELOPMENT NO. 1045-2
CITY OF GRAND RAPIDS, KENT COUNTY**

February 28, 2019

WHEREAS, the Michigan State Housing Development Authority (the "Authority") is authorized, under the provisions of Act No. 346 of the Public Acts of 1966 of the State of Michigan, as amended (hereinafter referred to as the "Act"), to make mortgage loans to qualified nonprofit housing corporations, consumer housing cooperatives, limited dividend housing corporations and associations and certain qualified individuals; and

WHEREAS, an application (the "Application") has been filed with the Authority by Craftsman Development, LLC (the "Applicant") for a construction and permanent mortgage loan in the amount of Seven Million Two Hundred Twenty-Three Thousand Five Hundred Fifty-Six Dollars (\$7,223,556), for the construction and permanent financing of a multi-family housing project having an estimated total development cost of Fourteen Million Two Hundred Seventy-Eight Thousand Four Hundred Fifty-Four Dollars (\$14,278,454), to be known as Marsh Ridge III, located in the City of Grand Rapids, Kent County, Michigan, and to be owned by G.R. Marsh Ridge III Limited Dividend Housing Association Limited Partnership (the "Mortgagor"); and

WHEREAS, the Applicant has also requested a Mortgage Resource Fund loan in the estimated amount of One Million Seven Hundred Forty Thousand Four Hundred Thirty-Five Dollars (\$1,740,435) (the "Mortgage Resource Fund Loan") and a mortgage loan under the HOME Investment Partnerships Program using HOME funds in the estimated amount of Nine Hundred Ninety Thousand Dollars (\$990,000) (the "HOME Loan"); and

WHEREAS, the Executive Director has forwarded to the Authority his analysis of the Application and his recommendation with respect thereto; and

WHEREAS, the Authority has reviewed the Application and the recommendation of the Executive Director and, on the basis of the Application and recommendation, has made determinations that:

- (a) The Mortgagor is an eligible applicant;
- (b) The proposed housing project will provide housing for persons of low and moderate income and will serve and improve the residential area in which Authority-financed housing is located or is planned to be located thereby enhancing the viability of such housing;
- (c) The Applicant and the Mortgagor are reasonably expected to be able to achieve successful completion of the proposed housing project;
- (d) The proposed housing project will meet a social need in the area in which it is to be located;
- (e) The proposed housing project may reasonably be expected to be marketed

successfully;

- (f) All elements of the proposed housing project have been established in a manner consistent with the Authority's evaluation factors, except as otherwise provided herein;
- (g) The construction or rehabilitation will be undertaken in an economical manner and it will not be of elaborate design or materials; and
- (h) In light of the estimated total project cost of the proposed housing project, the amount of the mortgage loan authorized hereby is consistent with the requirements of the Act as to the maximum limitation on the ratio of mortgage loan amount to estimated total project cost.

WHEREAS, the Authority has considered the Application in the light of the criteria established for the determination of priorities pursuant to General Rule 125.145 and hereby determines that the proposed housing project is consistent therewith; and

WHEREAS, Sections 83 and 93 of the Act provide that the Authority shall determine a reasonable and proper rate of return to limited dividend housing corporations and associations on their investment in Authority-financed housing projects.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority as follows:

1. The Application be and it hereby is approved, subject to the terms and conditions of this Resolution, the Act, the General Rules of the Authority, and of the Mortgage Loan Commitment hereinafter authorized to be issued to the Applicant and the Mortgagor.

2. A construction and permanent mortgage loan (the "Mortgage Loan") be and it hereby is authorized and the Executive Director, the Chief Housing Investment Officer, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chief Financial Officer, the Deputy Director of Finance or any person duly authorized to act in any of the foregoing capacities, or any one of them acting alone (each an "Authorized Officer"), are hereby authorized to issue to the Applicant and the Mortgagor the Authority's Mortgage Loan Commitment (the "Commitment") for the construction and permanent financing of the proposed housing project in an amount not to exceed Seven Million Two Hundred Twenty-Three Thousand Five Hundred Fifty-Six Dollars (\$7,223,556) and to have a term of forty years after amortization of principal commences and to bear interest at a rate of five and 25/100 percent (5.25%) per annum. The amount of proceeds of tax exempt bonds issued or to be issued and allocated to the financing of this housing project shall not exceed Eight Million Five Hundred Twenty-Five Thousand Dollars (\$8,525,000). Any Authorized Officer is hereby authorized to modify or waive any condition or provision contained in the Commitment.

3. The Mortgage Resource Fund Loan be and it hereby is authorized and an Authorized Officer is hereby authorized to issue to the Applicant and the Mortgagor a commitment for a Mortgage Resource Fund Loan (together with the commitment for the Mortgage Loan, the "Mortgage Loan Commitment") in the estimated amount of One Million Seven Hundred Forty Thousand Four Hundred Thirty-Five Dollars (\$1,740,435), and to have a term not to exceed fifty (50) years and to bear interest at a rate of three percent (3%) per annum.

4. The mortgage loan commitment resolution and issuance of the Mortgage Loan Commitment are based on the information obtained from the Applicant and the assumption that all factors necessary for the successful construction and operation of the proposed project shall not change in any materially adverse respect prior to the closing. If the information provided by the Applicant is discovered to be materially inaccurate or misleading, or any factors necessary for the successful construction and operation of the proposed project change in any materially adverse respect, this mortgage loan commitment resolution together with the commitment issued pursuant hereto may, at the option of an Authorized Officer, be rescinded.

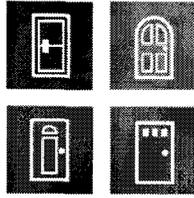
5. Notwithstanding passage of this resolution or execution of any documents in anticipation of the closing of the proposed mortgage loan, no contractual rights to receive the mortgage loan authorized herein shall arise unless and until an Authorized Officer shall have issued a Mortgage Loan Commitment and the Applicant shall have agreed in writing within fifteen days after receipt thereof, to the terms and conditions contained therein.

6. The proposed housing project be and it hereby is granted a priority with respect to proceeds from the sale of Authority securities which are determined by the Executive Director to be available for financing the construction and permanent loans of the proposed housing project. Availability of funds is subject to the Authority's ability to sell bonds at a rate or rates of interest and at a sufficient length of maturity so as not to render the permanent financing of the development unfeasible.

7. In accordance with Section 93(b) of the Act, the maximum reasonable and proper rate of return on the investment of the Mortgagor in the housing project be and it hereby is determined to be twelve percent (12%) per annum initially. Following the payment in full of the Mortgage Resource Fund Loan and the HOME Loan, the Mortgagor's rate of return may be increased by one percent (1%) annually until a cap of twenty-five percent (25%) is reached.

8. The Mortgage Loan shall be subject to, and the Commitment shall contain, the conditions set forth in the Mortgage Loan Feasibility/Commitment Staff Report dated February 28, 2019, which conditions are hereby incorporated by reference as if fully set forth herein.

9. The prepayment of the existing first mortgage loan, including all applicable prepayment fees and charges as described in the Staff Report, is hereby approved, subject to the terms and conditions contained in the Staff Report and also subject to the issuance of a mortgage loan commitment by the Authority.



MSHDA

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members

FROM: Earl J. Poleski, Executive Director 

DATE: February 28, 2019

RE: 1% Tax Exempt Bond Direct Lending Program Modification

Recommendation:

I recommend amending the rent limits for developments that were funded under the Michigan State Housing Development Authority's 1% Tax Exempt Bond Direct Lending Program.

Executive Summary:

In June of 1992, the Michigan State Housing Development Authority (the "Authority") adopted the 1% Tax Exempt Bond Direct Lending Program (the "1% Program"). The 1% Program was developed as an alternative to the Authority's already-established 70/30 Direct Lending Program, which combined Low Income Housing Tax Credits with Authority tax exempt bond financing to produce projects where 70% of the units were affordable and not more than 30% of the remaining units were market rate. Although the 70/30 Program produced many successful projects, the Authority began to realize that the inclusion of the market rate units did not entirely meet the needs in some local communities as the housing stock for moderate income households was considered adequate, if not over saturated.

It was determined that the greatest need for affordable housing was in distressed communities, so in response to that the Authority created the 1% Program. This program was intended to exclusively serve low income and very-low income households: 70% of the units would be reserved for those at 60% of Area Median Income ("AMI"), 15% of the units would be reserved for households at 45% of AMI, and the remaining 15% would be reserved for those at 30% of AMI. In exchange for the lack of market rate units and the presence of so many deeply targeted units the Authority agreed to lower the interest rate on these loans to 1%. Of the 9 projects that were funded through the 1% Program, 4 are still operating under the original terms of the program:

	MSHDA #	Name	Location	Total Units
1	904	Helen Odean Butler Apartments	Detroit	97
2	906	Vista Villa	Saginaw	100
3	913	Ida Young Gardens	Detroit	52
4	960	Shiloh Commons	Flint	125
				374

The rent limits for this program were even more deeply targeted than the income limits: Units restricted to tenants whose household income does not exceed 30% of AMI are rent-restricted to 1/12th of 30% of the 25% AMI limit; units that are income restricted to 45% of AMI are rent-restricted to 1/12th of 30% of the 35% AMI limit; and units that are income restricted to 60% of AMI are rent-restricted to 1/12th of 30% of the 50% AMI limit. Even with 1% mortgage loan financing from the Authority, the greatly reduced rents required by the 1% Program that could not be offset by market rate rents caused many of the projects financed under the program to struggle to produce enough cash flow to properly fund reserves and keep up with the physical needs of the project.

Another component of the 1% Program that has placed an additional burden on these developments is that the original program required owners to calculate household income for each tenant on an annual basis and set the rent at the *greater* of the applicable limit described above, or 30% of the tenant's adjusted income. Although the 1% Program was modified in 1996 to eliminate this extra calculation, several of the developments have continued to labor under this burden.

This has caused confusion for site staff and has also led to problems with Authority-conducted file audits as the *greater-of* piece of the rent calculation is a process entirely unique to the 9 projects financed under the program.

In order to improve cash flow for these financially-strapped projects and to eliminate the unnecessarily complicated rent calculation, Authority staff recommends the following:

- Rents for the 30% of AMI units will be limited to one-twelfth (1/12th) of thirty (30%) of the thirty (30%) AMI limit, adjusted for family size.
- Rents for the 45% of AMI units will be limited to one-twelfth (1/12th) of thirty (30%) of the forty-five (45%) AMI limit, adjusted for family size.
- Rents for the 60% of AMI units rents will be limited to one-twelfth (1/12th) of thirty (30%) of the sixty (60%) AMI limit, adjusted for family size

These rent increases will be phased in as leases are renewed or units turn over. As is standard with Authority-financed developments, rents may not be increased more than 5% during any twelve-month period for any tenant.

Issues, Policy Considerations, and Related Actions:

None.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

**RESOLUTION AUTHORIZING MODIFICATION TO
1% TAX EXEMPT BOND PROGRAM**

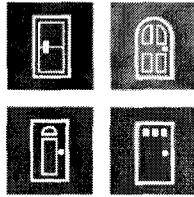
February 28, 2019

WHEREAS, on June 25, 1992, the Michigan State Housing Development Authority (the "Authority") adopted the 1% Tax Exempt Bond direct lending program (the "Program"), as subsequently modified by resolutions adopted on February 24, 1995, October 12, 1995, and December 19, 1996; and

WHEREAS, the Executive Director has recommended certain modifications to the Program, as described in the accompanying memorandum, and for the reasons set forth therein; and

WHEREAS, the Authority concurs in the recommendation of the Executive Director.

NOW, THEREFORE, Be It Resolved by the Michigan State Housing Development Authority that the Authority's 1% Tax Exempt Bond Program as currently in effect is hereby modified in accordance with the provisions of the accompanying memorandum.



MSHDA

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

M E M O R A N D U M

TO: Authority Members
FROM: Earl J. Poleski, Executive Director 
DATE: February 28, 2019
RE: Elm House, MSHDA No. 541

Recommendation:

I recommend that the Michigan State Housing Development Authority ("Authority") extend the mortgage loan for Elm House.

Executive Summary:

Elm House is a 16-bed (2 per bedroom) MR group home with Section 8 rental subsidy located in the City of Monroe. It is a part of the MR special (supportive) housing portfolio in which residents utilize a shared kitchen and rehab space.

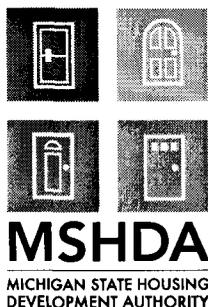
In 2006 Elm House received a mortgage modification that allowed for two years principal deferment with interest-only payments. The mortgage modification did not extend the term of the note; thus, a balloon payment was due if not paid in full by the original mortgage maturity date. The two-year deferral led to an outstanding principal balance of \$53,090 due when the mortgage matured on December 1, 2018.

At this time the ownership is unable to pay the lump sum amount due. In January of 2019, ownership requested that the loan term be extended using the current loan's principal and interest payment amount until the loan amortizes to zero. This would take approximately 28 months at the current note rate of 6.5%. Ownership has indicated it is seeking an outside loan with the intent to pay off the Authority as soon as possible.

Issues, Policy Considerations, and Related Actions:

None.

ACTION REPORT



DATE:	February 28, 2019
ASSET MANAGER:	Kathy Evans
MSHDA #:	541
DEVELOPMENT NAME:	Elm House
LOCATION:	852 W. Elm Monroe, MI 48162
FINAL CLOSING DATE:	March 1, 1996
ASSIGNED ATTORNEY:	Margaret Meyers
MANAGEMENT AGENT:	HOME, Inc.
MANAGING GENERAL PARTNER:	Richard Sager
TAX CREDIT SYNDICATORS:	N/A

RECOMMENDATION:

I recommend that the Michigan State Housing Development Authority ("Authority") extend the mortgage loan for Elm House.

I. BACKGROUND:

Elm House is a 16-bed (2 per bedroom) MR group home with Section 8 rental subsidy located in the City of Monroe. It is a part of the MR special (supportive) housing portfolio in which residents utilize a shared kitchen and rehab space.

In 2006 Elm House received a mortgage modification that allowed for two years principal deferment with interest-only payments. At that time, the mortgage modification did not extend the term of the note; thus, a balloon payment was due if not paid in full by the original mortgage maturity date. However, the closing of the loan modification took roughly a full year to complete, during which time Elm House had some delinquent mortgage payments. This allowed accrued interest to build up and when the workout finally closed and payments resumed, all accrued interest had to be paid before any reduction in principal could occur. This, combined with two years of no principal payments, led to an outstanding principal balance of \$53,090 due when the mortgage matured on December 1, 2018; the owner ("Owner") is unable to pay this full amount in a lump sum.

Therefore, the Owner has requested the loan term be extended using the current loan's principal and interest payment amount until the loan amortizes to zero. This would take approximately 28 months at the current note rate of 6.5%. The Owner has indicated it is seeking an outside loan with the intent to pay off the Authority as soon as possible. In the interim, the Owner was instructed to continue to make regular loan payments while Authority staff consider the Owner's request to extend the amortization.

II. CURRENT FINANCIAL CONDITION

- A. The development currently has 0 vacant units.
- B. The development is not required to remit MIE's or audits to the Authority.

III. SUMMARY OF PROPOSAL:

- The existing mortgage loan will be extended for a term to allow full amortization with the current monthly principal and interest payment totaling \$2,289.80, beginning as of December 1, 2018.
- The Authority will continue to collect monthly escrow payments for insurance and replacement reserve.
- The Authority will allow for loan prepayment without penalty upon 30 days' written notice to the Authority.
- Any delay in closing will not result in the assessment of late charges, provided closing takes place within 60 days of Authority approval.
- The current rent and income restrictions at Elm House will remain in effect until mortgage payoff.
- Authority staff has verified that no open conditions exist relative to the development for either the Owner or management agent.

IV. CURRENT DEVELOPMENT STATUS:

Program Type:	MR/Section 8
Mortgage Loan Original	\$372,537
Mortgage Loan Current Balance:	\$51,400
Current Interest Rate:	6.50%
Maturity Date:	12/1/2018
Mortgage Prepayment	
Eligibility Date:	February 1, 1998

Vacancy: 0 Units are Vacant or 0%
Reserve and Escrow Balances as of January 15, 2019:

Replacement Reserve:	\$ 6,454
ORC:	\$ 761
Replacement Reserve Needs:	
Operating Assurance Escrow:	N/A
DCE Interest	\$ 357
DCE Principal	\$26,222

Financial Status:

One Month's Rent Potential:	\$10,624
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Prior Authority Action:

- May 1, 1986 – Resolution authorizing transfer of ownership.
- December 8, 1993 – Resolution authorizing mortgage loan modification.
- March 22, 2006 – Resolution authorizing mortgage loan modification.

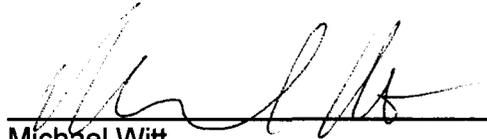
V. RENT SCHEDULE:

Bedroom	# Units	# Units Vacant	Rent
1 BR F	16	0	\$664
TOTAL	16	0	

VI. SPECIAL CONDITIONS AND/OR REQUIREMENTS:

- A. The Mortgagor must enter into modifications of current loan documents and into any additional documents deemed necessary by the Director of Legal Affairs to effectuate the terms and conditions outlined in this report.

APPROVED:



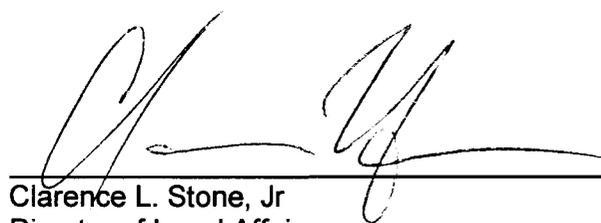
Michael Witt
Director of Asset Management

2-19-19
Date



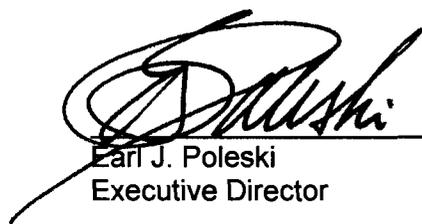
Kelly Rose
Chief Housing Solutions Officer

2-19-2019
Date



Clarence L. Stone, Jr
Director of Legal Affairs

2-19-2019
Date



Earl J. Poleski
Executive Director

19 FEB 2019
Date

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

**RESOLUTION AUTHORIZING MODIFICATION TO MORTGAGE TERMS
ELM HOUSE, MSHDA DEVELOPMENT NO. 541
CITY OF MONROE, MONROE COUNTY**

February 28, 2019

WHEREAS, the Authority has made a mortgage loan to HOME Non-Profit Housing Corporation, a Michigan corporation (the "Mortgagor"), in the original principal amount of \$372,537 (the "Mortgage Loan") for the acquisition and construction or rehabilitation of Elm House, MSHDA Development No. 541 (the "Development") under the Authority's Section 8 New Construction Program; and

WHEREAS, due to financial constraints, the Mortgagor was unable to repay the Mortgage Loan in full on its maturity date; and

WHEREAS, for the reasons set forth in the Action Report dated February 28, 2019, which is attached hereto and incorporated herein, the Executive Director has recommended that the term of the Mortgage Loan be extended as set forth in the Staff Report; and

WHEREAS, the Authority concurs in the recommendation of the Executive Director.

NOW, THEREFORE, the Michigan State Housing Development Authority hereby resolves as follows:

1. The loan modification proposal for Elm House, MSHDA No. 541, as set forth in the accompanying Action Report is hereby approved and further, the Executive Director, the Director of Legal Affairs, the Deputy Director of Legal Affairs, the Chief Financial Officer, the Chief Housing Investment Officer, or any person duly acting in such capacity (each, an "Authorized Officer"), or any of them, is hereby authorized to take any further actions that, in the discretion of the Authorized Officer, are necessary to effectuate the proposal as set forth in the Action Report.

Monthly Homeownership Production Report: JANUARY 2019

Print on Legal-Size paper

MI HOME Loan Programs

Series /Date	Month	RESERVATIONS	APPLICATIONS RECEIVED	COMMITMENTS BEGINNING	COMMITMENTS ISSUED	COMMITMENT Cancellations Reinstatements Net	COMMITMENT Transfers	COMMITMENT & PURCHASE IN/Decrease Net	COMMITMENTS ENDING	PURCHASED #1	PURCHASED-DPA #	PURCHASED Prior Total	PURCHASED NEW Total	TOTAL 1st + DPA TO DATE	NEWEST ALLOCATED
031	Jan-19	0	\$ -	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
6/26/2014 07-26-17	Dec-18	0	\$ -	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	101	\$ 21,918,601.00
054	Jan-19	0	\$ -	0	\$0.00	5	\$416,747.00	0	\$0.00	-2	-\$234,131.00	0	\$0.00	0	\$0.00
10/12/2017-04/29/19	Dec-18	0	\$ -	0	\$0.00	5	\$416,747.00	0	\$0.00	0	\$0.00	0	\$0.00	154	\$ 8,139,232.00
055	Jan-19	0	\$ -	285	\$27,933,145.00	663	\$69,546,726.00	244	\$24,289,653.00	-7	-\$606,616.00	-68	-\$7,319,285.00	0	\$0.00
4/20/2018	Dec-18	135	\$13,974,439.00	699	\$72,976,304.00	623	\$99,298,238.00	484	\$51,267,712.00	-5	-\$559,133.00	0	\$0.00	2	\$195,866.00
056	Jan-19	610	\$ 63,690,068.00	389	\$40,487,314.00	1	\$68,500.00	151	\$16,082,536.00	0	\$0.00	68	\$7,319,285.00	4	\$288,188.00
12/7/2018	Dec-18	311	\$32,531,001.00	46	\$5,109,948.00	0	\$0.00	1	\$68,500.00	0	\$0.00	0	\$0.00	1	\$68,500.00
TOTAL	Jan-19	610	\$ 63,690,068.00	674	\$88,420,459.00	669	\$70,631,973.00	395	\$40,372,268.00	-9	-\$842,747.00	0	\$0.00	4	\$288,188.00
										561	\$57,267,134.00	498	\$2,982,458.00	198	\$1,384,769.00

STEP FORWARD DPA Program

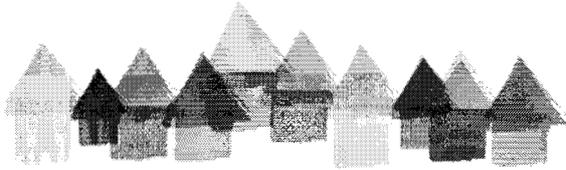
Series /Date	Month	RESERVATIONS	APPLICATIONS RECEIVED	COMMITMENTS BEGINNING	COMMITMENTS ISSUED	COMMITMENT Cancellations Reinstatements Net	COMMITMENT & PURCHASE IN/Decrease Net	COMMITMENTS ENDING	PURCHASED DPA	*****								
	Jan-19	371	\$ 8,830,219.00	241	\$3,615,000.00	297	\$4,489,884.00	234	\$3,608,863.00	0	\$0.00	0	\$0.00	299	\$4,324,218.00	232	\$3,454,509.00	\$ 5,868,827.00
	Dec-18	251	\$ 3,757,500.00	260	\$3,900,000.00	172	\$2,581,202.00	249	\$3,734,182.00	0	\$0.00	0	\$0.00	297	\$4,489,884.00	124	\$1,845,520.00	REMAINING:
	Nov-18	355	\$ 5,372,916.00	216	\$3,240,000.00	83	\$945,000.00	132	\$1,980,000.00	0	\$0.00	0	\$0.00	172	\$2,581,202.00	23	\$343,798.00	\$19,341,173.00
	Oct-18	317	\$ 4,747,500.00	75	\$1,125,000.00	0	\$0.00	64	\$90,000.00	0	\$0.00	0	\$0.00	63	\$945,000.00	1	\$15,000.00	
9/24/2018	Sep-18	18	\$ 270,000.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	
GRAND TOTAL	1,312	\$19,978,135.00	792	\$11,880,000.00	532	\$7,996,066.00	679	\$10,183,045.00	0	\$0.00	0	\$0.00	631	\$12,520,284.00	380	\$5,558,827.00		

MI HOME FLEX Loan Program (MBS)

Series /Date	Month	RESERVATIONS	APPLICATIONS RECEIVED	COMMITMENTS BEGINNING	COMMITMENTS ISSUED	COMMITMENT Cancellations Reinstatements Net	COMMITMENT & PURCHASE IN/Decrease Net	COMMITMENTS ENDING	PURCHASED #1	PURCHASED-DPA									
900	Jan-19	23	\$ 2,387,093.00	27	\$2,902,012.00	49	\$5,384,411.00	13	\$1,344,448.00	0	\$0.00	47	\$5,169,074.00	15	\$1,559,783.00	12	\$71,187.00		
11/14/2018	Dec-18	18	\$ 1,799,458.00	28	\$3,283,983.00	48	\$5,120,258.00	21	\$2,473,838.00	-1	-\$142,373.00	0	\$0.00	48	\$5,384,411.00	19	\$2,067,310.00	16	\$104,190.00

MCC 211	RESERVATIONS	APPS RECEIVED	COMMITMENTS	CERTIFICATES					
211 MCC	Jan-19	23	\$ 2,831,373.00	26	\$ 3,340,568.00	20	\$ 2,448,237.00	31	\$ 4,192,188.00
6/19/2019	Dec-18	17	\$ 2,361,779.00	28	\$ 3,905,264.00	23	\$ 3,247,776.00	31	\$ 3,996,041.00

PIP Loans	Applications	Commitments	Purchased			
January-19	0	\$ -	1	\$ 15,304.00	1	\$ 24,984.00
December-18	1	\$ 15,804.00	1	\$ 24,984.00	1	\$ 7,435.84



JANUARY 2019

Helping Michigan's Hardest-Hit Homeowners

HARDEST HIT PROGRAMS				
	# OF HOUSEHOLDS THIS MONTH	# OF CUMULATIVE HOUSEHOLDS 2010-CURRENT	MONEY SPENT THIS MONTH	CUMULATIVE MONEY SPENT 2010-CURRENT
MORTGAGE & TAX ASSISTANCE	122	37,571	\$733,482.33	\$293,903,768
BLIGHT ELIMINATION	231	16,905	\$4,048,705.60	\$260,502,903
Step Forward DPA	232	380	\$3,454,509.00	\$5,658,627

Michigan Homeowner Assistance Nonprofit Housing Corporation (MHA)
 Step Forward Michigan
 PO Box 30632 • Lansing, MI 48909-8132
 Phone (866) 946-7432 • Fax (517) 636-6170
www.stepforwardmichigan.org


MSHDA™ Step Forward Michigan program is offered by the Michigan Homeowner Assistance Nonprofit Housing Corporation in collaboration with the Michigan State Housing Development Authority.



MSHDA's Homeownership Division delivers responsive homeownership products, education and technical assistance that empower our customers and strengthen and sustain Michigan communities. We work with our partners to provide creative solutions that maximize existing resources and preserve homeownership opportunities for future generations.

