TRUST INDENTURE

by and between

MONTANA BOARD OF HOUSING

and

NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION,

as Successor Trustee

Dated March 10, 1977
(Amended and Restated
as of May 1, 1997)

Relating to
Montana Board of Housing
Single Family Mortgage Bonds

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TRUST INDENTURE

This TRUST INDENTURE (this "Indenture"), dated March 10, 1977, amended and restated as of May 1, 1997, made and executed by and between the MONTANA BOARD OF HOUSING (the "Board"), a board of the State of Montana created by the Montana Housing Act of 1975 (the "Act"), and NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION, Minneapolis, Minnesota, a national banking association incorporated under the laws of the United States of America, as Trustee (the "Trustee"):

W I T N E S S E T H :

WHEREAS, the Board is authorized by the Act to purchase notes, mortgages and other securities evidencing loans for the construction or purchase of housing developments for persons and families of lower income in the State of Montana; and

WHEREAS, the Board finds that there exists a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of lower income can afford within the housing market area to be served by the housing developments to be assisted as herein provided; and that private enterprise has not provided an adequate supply of such housing at such rentals or prices, or provided sufficient mortgage financing therefor so that the provisions of the Act and of this Indenture constitute a valid public purpose, of primary benefit to all citizens of the State; and

WHEREAS, the execution and delivery of this Indenture have been authorized by a resolution duly adopted by the Board, under authority and in accordance with the provisions of the Act and on the basis of the findings hereinabove recited, for the purpose of authorizing the issuance and providing for the security of bonds to finance the Single Family Mortgage Program, under which the Board will purchase or finance housing loans and carry out its other powers in accordance with the Act; and

WHEREAS, all things have been done that are necessary to make the Bonds herein authorized, when executed and issued by the Board upon the terms and conditions to be set forth in supplemental trust indentures and authenticated and delivered hereunder, the valid and binding obligations of the Board in accordance with their terms and to constitute this Indenture a valid contract for the security of the Bonds herein authorized, in accordance with its terms;

GRANTING CLAUSES

NOW, THEREFORE, THIS INDENTURE WITNESSETH that, to secure payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect and the provisions herein contained, and in consideration of the premises, and of the purchase of the Bonds by the holders thereof, the Board by these presents does hereby grant a security interest in, bargain, sell, release, convey, assign, transfer, pledge and confirm to the Trustee and

its successors in trust, the following-described property, rights, privileges and franchises (which collectively are hereinafter called the "Trust Estate," with capitalized terms used in these Granting Clauses being defined as set forth in this Indenture), to wit:

(i) the proceeds of the Bonds;

(ii) all right, title and interest of the Board in and to all Loans and Mortgage-Backed Securities acquired with moneys subject to the lien of this Indenture, and any other loans or other assets acquired with moneys or assets subject to the lien of this Indenture;

(iii) all Revenues;

(iv) all moneys and investments in all Funds and Accounts established by or pursuant to this Indenture (except any Rebate Account); and

(v) any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred as and for additional security hereunder;

which pledge and assignment is valid and binding from the time when made, and all revenues, money and property pledged and hereafter received by the Board shall immediately be subject to the lien thereof and the security interests created thereby, it being the intention of the parties hereto that such lien and security interest shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the Board;

SUBJECT, in all cases to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein;

TO HAVE AND TO HOLD, the Trust Estate unto the Trustee and its successors and assigns forever;

In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued pursuant to this Indenture by those who shall hold the same from time to time: (i) this Indenture shall be deemed to be and shall constitute a contract among the Board, the Trustee and the Holders from time to time of the Bonds and (ii) the pledge and assignment made in this Indenture and the covenants set forth herein to be performed by the Board shall be for the equal and proportionate benefit, protection and security of the holders from time to time of all the Bonds, all of which regardless of the time or times of their issue or maturity shall be of equal rank without any preference, priority or distinction of any one Bond over any other except as herein expressly provided, and upon the trusts and subject to the covenants and conditions herein set forth;

PROVIDED, however, that if the Board, its successors or assigns shall pay or cause to be paid the principal of or redemption price, if applicable, and interest on the Bonds due or to become due, at the times and in the manner provided herein and in the Bonds, or shall provide, as permitted by Article XI hereof, for the payment thereof by depositing with the Trustee moneys or certain securities sufficient for that purpose, and shall keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by the Board and shall pay or cause to be paid to the Trustee and all Paying Agents all sums of money due or to become due to any of them in accordance with the terms and provisions hereof, then this Indenture and the rights and interests hereby granted shall cease, terminate and be void, and the Trustee shall execute and deliver such written instruments as are necessary to satisfy the lien hereof; otherwise this Indenture shall be and remain in full force and effect.

AS PROVIDED IN THE ACT, the Bonds do not constitute a debt or liability or obligation or a pledge of the faith and credit of the State. The Bonds are general obligations of the Board, the principal, redemption price, if any, of and interest on which are payable from any of its revenues, assets or moneys subject only to agreements previously or hereafter made with holders of particular notes or bonds pledging particular revenues, assets or moneys and are secured by the revenues, assets and moneys pledged to the payment thereof pursuant to this Indenture.

THIS INDENTURE FURTHER WITNESSETH that the Board hereby agrees and covenants with the Trustee for the equal and proportional benefit of the respective holders, from time to time, of the Bonds, or any part thereof, as follows:

ARTICLE I

DEFINITIONS, CONSTRUCTION AND BOND CONTRACT

Section 1.01. ***Definitions.*** As used in this Indenture, unless the context otherwise requires, the following terms shall have the following respective meanings:

"*Account*" or "*Accounts*" means one or more of the accounts created and established pursuant to this Indenture.

"*Accountant*" means a nationally recognized firm (including the Legislative Audit Division of the Legislative Branch of the State) of independent certified public accountants selected by the Board, which may be the firm of accountants who regularly audit the books of the Board.

"*Accrued Debt Service*" means, as of any date of calculation, unless otherwise specified in the Supplemental Indenture with respect to a particular Series of Bonds, an amount equal to the aggregate of the following with respect to each Series of Outstanding Bonds: (i) accrued and unpaid interest on the Outstanding Bonds of a Series (accrued and unpaid interest shall not

include the Appreciated Amount of a Deferred Interest Bond), plus (ii)(A) in the case of a Series of Bonds with Principal Installments scheduled on the first day of a month or months, the amount obtained by dividing the amount of the next succeeding Principal Installment by the number of months elapsed from the immediately preceding Principal Installment payment date to the next succeeding Principal Installment payment date, and then multiplying such amount by the number of full months elapsed since the immediately preceding Principal Installment payment date, and, (B) in the case of Principal Installments due on other dates, the amount obtained by dividing the amount of the next succeeding Principal Installment by the number of days elapsed from the immediately preceding Principal Installment payment date to the next succeeding Principal Installment payment date, and then multiplying such amount by the number of days elapsed since the immediately preceding Principal Installment date.

"*Act*" means the Montana Housing Act of 1975, as amended, constituting Sections 90-6-101 through 90-6-127, inclusive, and Section 2-15-1814, of the Montana Code Annotated, as it now exists or may hereafter be amended or supplemented.

"*Amortized Value*," when used with respect to securities purchased at a premium above or a discount below par (i.e., the principal maturity amount thereof), means the value as of any given date obtained by dividing the total amount of the premium or the discount at which such securities were purchased by the number of days remaining to maturity of such securities at the time of such purchase and by multiplying the amount so calculated by the number of days having passed from the date of such purchase; and (i) in the case of securities purchased at a premium, by deducting the product thus obtained from the purchase price and (ii) in the case of securities purchased at a discount, by adding the product thus obtained to the purchase price.

"*Annual Budget*" means the budget or amended budget of the Board in effect as provided in or adopted pursuant to Section 6.11 hereof.

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

in the Supplemental Indenture authorizing such Deferred Interest Bonds; and (ii) as of any date of computation on and after the date, if any, set forth in the Supplemental Indenture authorizing such Deferred Interest Bond as the date on which such Deferred Interest Bond shall commence to bear interest payable thereafter on applicable Interest Payment Dates, the Appreciated Amount as of such current interest payment commencement date.

For the purposes of (i) actions, requests, notifications, consents or directions of Bondowners under this Indenture, (ii) required payments upon default or anticipated default pursuant to acceleration of maturity or otherwise as described in Article VII hereof and (iii) release of excess amounts to the Board pursuant to Sections 5.02(e), 5.05(f)(2) or 5.05(g) hereof, the calculation of the Appreciated Amount shall be as of the applicable Interest Payment Dates for such Deferred Interest Bond, as specified in a Supplemental Indenture, preceding such date of calculation (unless such date of calculation shall be an Interest Payment Date, in which case, as of the date of calculation).

"*Authorized Investments*" means and includes any of the following securities, if and to the extent the same are at the time of investment specifically permitted investments in accordance with the then-effective written Board-approved investment policy:

(i) Direct obligations of or obligations guaranteed by the United States of America;

(ii) Obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following: Farm Credit System or predecessors (the Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives); Federal Home Loan Bank System; Export-Import Bank of the United States; Federal National Mortgage Association; Federal Home Loan Mortgage Corporation; Tennessee Valley Authority; Student Loan Marketing Association, (Federal) Financing Corporation; or the Resolution Funding Corporation;

(iii) Shares of any investment company that (A) is registered under the Investment Company Act of 1940, as amended (including both corporations and Massachusetts business trusts, and including companies for which the Trustee may provide advisory, administrative, custodial or other services for compensation), (B) invests substantially all of its assets in short-term high-quality money market instruments, limited to obligations issued or guaranteed by the United States, (C) maintains a constant asset value per share and (D) will not adversely affect the Rating Quality of the Bonds;

(iv) Certificates of deposit issued by, or time deposits with, any bank or trust company organized under the laws of the State, any national banking association which is a member of the Federal Reserve System, or any savings and loan association which is a member of the Federal Savings Association Insurance Fund (including the Trustee, a Lender or Paying Agent), provided that any such lender has capital stock, surplus and

undivided profits aggregating at least $1,000,000, and provided further that such time deposits or certificates of deposit, to the extent not insured by the Federal Deposit Insurance Corporation, are fully secured by obligations of the type specified in (i) or (ii) above which have a market value, exclusive of accrued interest, at least equal to the amount of such deposits, and provided still further that (at the time the investment is made) in no case shall the same adversely affect the Rating Quality of the Bonds; and

(v) Repurchase agreements or guaranteed investment agreements, fully collateralized as to both principal and interest by obligations of the type specified in (i) or (ii) above and which collateral is held by the Trustee or its agent, with any bank (including the subsidiary of a foreign bank) or insurance company organized under the laws of the United States of America or any state thereof and subject to supervision by the appropriate authorities of either the United States of America or the state under whose laws it is organized, or any other financial institution organized under the laws of the United States of America or any state thereof, provided that (at the time the investment is made) in no case shall the same adversely affect the Rating Quality of the Bonds,

provided that it is expressly understood that the definition of Authorized Investments may be, and be deemed to be, expanded, or new definitions and related provisions may be added to this Indenture, by a Supplemental Indenture, thus permitting investments with different characteristics from those permitted above which the Board deems from time to time to be in the interest of the Board to include as Authorized Investments if at the time of inclusion such inclusion will not, in and of itself, adversely affect the Rating Quality of the Outstanding Bonds.

"*Authorized Officer*" means the Chairman, Vice Chairman, Secretary, Treasurer or Executive Director of the Board and any other officer or employee of the Board designated from time to time as an Authorized Officer by resolution of the Board, and when used with reference to any act or document also means any other person authorized by resolution of the Board to perform such act or sign such document.

"*Board Request*" means a written request of the Board signed by an Authorized Officer.

"*Bond*" or "*Bonds*" means any of the bonds of the Board authorized by this Indenture and issued pursuant to a Supplemental Indenture.

"*Bond Counsel*" means a firm of attorneys of nationally recognized standing in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, appointed by the Board.

"*Bondholder*" or "*Holder*" or "*Holders of Bonds*" or "*Owner*" or similar term, when used with respect to a Bond or Bonds, means any person who shall be the registered owner of any Outstanding Bond.

"*Bond Payment Date*" means each date on which interest or both Principal Installments and interest shall be payable on any of the Bonds according to their respective terms.

"*Bond Year*" means the 12-month period beginning on June 2 in any year and ending on June 1.

"*Book Entry System*" means such system for registering the Bonds set forth in a Supplemental Indenture.

"*Cash Flow Certificate*" means a Certificate of the Board which complies with the requirements of Section 6.10 hereof.

"*Certificate*" means, as the case may be, either (i) a signed document attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or (ii) a signed document setting forth matters to be determined by an Authorized Officer pursuant to this Indenture.

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

"*Corporate Trust Office*," when used with respect to any Fiduciary, means the office of such Fiduciary in the State (unless otherwise approved by the Board) at which its corporate trust business shall be administered. It shall also mean such other office or offices as shall be agreed upon by such Fiduciary and the Board.

"*Costs of Issuance*" mean the items of expense payable or reimbursable directly or indirectly by the Board and related to the authorization, sale and issuance of Bonds, which items of expense may include but are not limited to printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of the Trustee and Paying Agents, bond discounts, legal fees and charges, professional consultants' fees, costs of credit ratings, fees and charges for execution, transportation and safekeeping of Bonds.

"*Counsel's Opinion*" means an opinion signed by any attorney or any firm which includes an attorney (who may be counsel to the Board or an attorney or any firm of attorneys retained by it in other connections) licensed to practice in the state in which he or it maintains an office, selected by the Board.

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

"*Debt Service Reserve Fund*" means the Fund so designated which is created and established pursuant to Section 5.01 hereof.

"*Debt Service Reserve Requirement*" means, as of any date of calculation, the aggregate of the amounts specified, if any, as the Debt Service Reserve Requirement in each Supplemental Indenture.

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

"*Depositary*" means any bank, trust company or national banking association selected by the Board and approved by the Trustee as a depositary of moneys, securities or other assets held under the provisions of this Indenture, and its successor or successors.

"*Escrow Payment*" means any payments made in order to obtain or maintain mortgage insurance and fire and other hazard insurance with respect to Mortgage Loans, and any payments required to be made with respect to Mortgage Loans for taxes, other governmental charges and other similar charges customarily required to be escrowed.

"*Event of Default*" means any of those events defined as Events of Default by Section 7.02 hereof.

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

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

"*FHLMC*" means the Federal Home Loan Mortgage Corporation, a corporate instrumentality of the United States created pursuant to Title III of the Emergency Home Finance Act of 1970, as amended, or any successor thereto.

"*FHLMC Guides*" means the FHLMC Seller/Servicer Guides, as amended from time to time.

"*FHLMC Security*" means a certificate representing a pool of Loans pursuant to which timely payments of principal and timely payment of interest at the applicable coupon rate are guaranteed by or an obligation of FHLMC.

"*Fiduciary*" or "*Fiduciaries*" means the Trustee, the Paying Agents, the Depositaries or any or all of them, as may be appropriate.

"*FNMA*" means the Federal National Mortgage Association or any successor thereto.

"*FNMA Guides*" means the FNMA Selling and Servicing Guides, as amended from time to time, as modified by a FNMA Pool Purchase Contract.

"*FNMA Pool Purchase Contract*" means a FNMA Pool Purchase Contract with FNMA relating to the sale of Loans to FNMA and the servicing thereof.

"*FNMA Security*" means a single pool, guaranteed mortgage pass-through FNMA Mortgage-Backed Security, bearing interest at the Pass-Through Rate, issued by FNMA in book-entry form, recorded in the name of the Trustee or its nominee, guaranteed as to timely payment of principal and interest by FNMA and backed by Loans in the related mortgage pool.

"*Fund*" or "*Funds*" means one or more of the special trust funds created and established pursuant to this Indenture.

"*GNMA*" means the Government National Mortgage Association, a corporate instrumentality of the United States of America within the Department of Housing and Urban Development, or any successor thereto. Its powers are prescribed generally by Title III of the National Housing Act of 1934, as amended (12 U.S.C. §1716 et seq.).

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

"*GNMA Guide*" means the GNMA I or GNMA II Mortgage-Backed Securities Guide in effect on the date of issuance of the GNMA Guaranty Agreement.

"*GNMA's Custodian*" means the entity, if any, identified in a Supplemental Indenture for a particular Series of Bonds.

"*GNMA Security*" means a certificate bearing interest at a rate per annum as set forth in or determined in accordance with the applicable Supplemental Indenture, registered in the name of the Trustee and guaranteed as to timely payment of principal and interest by GNMA pursuant to GNMA's GNMA I or GNMA II mortgage-backed securities program under Section 306(g) and other related provisions of the National Housing Act of 1934, as amended, and based on and backed by Loans as provided in the GNMA Guide, which certificate shall unconditionally obligate the servicer to remit monthly to the owner thereof (a) principal payments and prepayments made in respect of the pool of Loans represented by the GNMA Security and (b) interest in an amount equal to the Pass-Through Rate. GNMA shall guarantee to the owner of each GNMA Security (i) the timely payment of interest at the applicable Pass-Through Rate on the unpaid principal balance of the Loans represented by the GNMA Security and (ii) the timely payment of principal in accordance with the terms of the principal amortization schedule applicable to the Loans represented by such GNMA Security.

"*Government Obligations*" means and includes direct general obligations of the United States of America or obligations the payment of principal or interest on which is fully and unconditionally guaranteed by the United States of America (including those the payment of principal or interest on which, in the opinion of the Attorney General of the United States, is so fully and unconditionally guaranteed). This shall include custodial receipts evidencing ownership of future interest payments only, on bonds issued by the Financial Corporation, a mixed-ownership government corporation, chartered by the Federal Home Loan Bank Board pursuant to the Federal Savings and Loan Insurance Corporation Recapitalization Act of 1987, provided the same are rated "AAA" by S&P and "Aaa" by Moody's.

"*Indenture*" means this Trust Indenture, dated as of March 10, 1977, as amended and restated as of May 1, 1997, by and between the Board and Trustee, as it may hereafter be amended or supplemented by one or more Supplemental Indentures.

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

"*Investment Agreement*" means, with respect to any Series of Bonds, the repurchase agreement or guaranteed investment agreement, if any, authorized in the applicable Supplemental Indenture pursuant to which funds are invested at specified rates and any additional, supplemental or successor agreements thereto.

"*Lender*" means any public or private entity or government agency, approved by the Board, maintaining an office in the State and authorized by law to make or participate in making residential mortgages in the State.

"*Loan*" means a loan or comparable instrument(s) which satisfies the requirements of Section 6.07 hereof, and includes a participation or other beneficial or legal interest in a loan.

"*Moody's*" means Moody's Investors Service, Inc. or any successor thereto.

"*Mortgage-Backed Security*" means an FNMA Security, an FHLMC Security or a GNMA Security backed by a Loan or Loans (or such other security backed by a Loan or Loans which is specified in a Supplemental Indenture, the purchase of which will not adversely affect the Rating Quality of the Outstanding Bonds), in each case registered in the name of the Trustee. The definition of "Mortgage-Backed Security" shall not include, unless otherwise specified in a Supplemental Indenture, any Mortgage-Backed Security which is not credited to the Program Fund.

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

"*Outstanding*," when used with respect to Bonds, means, as of any date, all Bonds theretofore authenticated and delivered under this Indenture except:

(i) any bond cancelled or delivered to the Trustee for cancellation on or before such date;

(ii) any bond in lieu of or in exchange for which another Bond shall have been authenticated and delivered pursuant to Article II or Section 10.06 of this Indenture; and

(iii) Bonds deemed to have been paid as provided in Section 11.03 hereof.

"*Parity Certificate*" means a Certificate, giving effect to any action contemplated to be taken in connection with the filing thereof, showing that (a) the sum of (i) the moneys, Authorized Investments and Reserve Equivalents then credited to the Program Fund, the Revenue Fund (but excluding moneys held therein for the payment of interest on Outstanding Bonds or Program Expenses), the Debt Service Reserve Fund and the Redemption Fund (but not including any moneys or Authorized Investments held therein for the payment of Bonds no longer deemed Outstanding under this Indenture), (ii) the unpaid principal amount of all Loans and Mortgage-Backed Securities credited to the Program Fund and (iii) such other amounts, if any, as may be specified by a Supplemental Indenture (which may be part or all of the assets in the Special Reserve Fund), equals or exceeds (b) an amount equal to 102% (or such lesser percentage as does not adversely affect the Rating Quality of the Bonds) of the principal amount of Outstanding Bonds of all Series.

"*Pass-Through Rate*" shall mean the rate of interest on a Mortgage-Backed Security, which shall be the rate or rates of interest per annum as set forth in or determined in accordance with the respective Supplemental Indenture.

"*Paying Agent*" means any bank, trust company or national banking association, which may include the Trustee or its successor or successors, authorized by the Board pursuant to a Supplemental Indenture to pay the principal or Redemption Price of or interest on any Bonds and having the duties, responsibilities and rights provided for in this Indenture and such Supplemental Indenture and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to this Indenture.

"*Person*" means an individual, partnership, corporation, trust or unincorporated organization, or a government or agency or political subdivision thereof.

"*Prepayment*" means any payments on the Mortgage-Backed Securities other than regularly scheduled principal and interest payments thereon and any moneys received or recovered by the Board from any payment of or with respect to principal (including any penalty, fee, premium or other additional charge for prepayment of principal which may be provided by the terms of a Loan) on any Loan other than the scheduled payments of principal called for by such Loan, whether (i) by voluntary prepayment made by the mortgagor, (ii) as a consequence

of the damage, destruction or condemnation of the mortgaged premises or any part thereof, (iii) in the event of a default thereon by the mortgagor, by the acceleration, sale, assignment, endorsement or other disposition of such Loan by the Board or by any other proceedings taken by the Board, including, without limitation, payments received from any private mortgage insurer and (iv), unless otherwise specified in the related Supplemental Indenture authorizing a Series of Bonds, amounts received or transferred to the Board as a result of the sale, assignment, endorsement or disposition of a Loan or Mortgage-Backed Security.

Nothing in the preceding definition shall be construed to constitute a Prepayment in the event that the Board makes a good-faith substitution of a Loan for another Loan or in the event the Board authorizes a mortgagor to apply the proceeds of hazard insurance to restore the mortgaged premises.

A Prepayment shall not include any moneys received or recovered by the Board with respect to any Loan to the extent that delinquencies or defaults of payments of principal on such Loan required that moneys be withdrawn from the Debt Service Reserve Fund to pay principal on the Bonds.

"*Principal Installment*" means, as of any date of calculation, (i) the principal amount of all Bonds (in the case of Deferred Interest Bonds, the Appreciated Amount thereof) due on a specified date with respect to which no Sinking Fund Installments have been provided, plus (ii) any Sinking Fund Installments due on such specified date.

"*Program*" means the Board's Housing Program pursuant to which the Board has determined to finance or acquire Loans and/or to otherwise effectuate its public purpose of providing housing, all in accordance with the Act and this Indenture.

"*Program Expenses*" means all the Board's expenses of administering the Program under this Indenture and the Act and shall include without limiting the generality of the foregoing: salaries, supplies, utilities, labor, materials, office rent, maintenance, furnishings, equipment, machinery and apparatus; insurance premiums, legal, accounting, management, consulting and banking services and expenses; the fees and expenses of the Trustee, any Depositaries and Paying Agents; Costs of Issuance not paid from proceeds of Bonds; and payments to pension, retirement, health and hospitalization funds; and any other expenses required or permitted to be paid by the Board under the provisions of this Indenture and any Supplemental Indenture all to the extent properly allocable to the Program.

"*Program Fund*" means the Fund so designated which is created and established pursuant to Section 5.01 hereof.

"*Rating Agencies*" or each "*Rating Agency*" means Moody's and S&P, or any other nationally recognized rating agency approved by the Board.

"*Rating Quality*" means, with respect to any Series of Bonds, having terms, conditions and/or a credit quality such that the item stated to be of "Rating Quality" will not, as confirmed in writing received by the Trustee from each Rating Agency, impair the ability of the Board to maintain the then existing rating or ratings received from each Rating Agency with respect to the Bonds, and if not with respect to a particular Series of Bonds, will not cause either Rating Agency to lower or withdraw the ratings it has assigned to the Bonds; provided that for such purposes the ratings assigned to the Bonds shall not be required to exceed "Aa2" by Moody's and "AA" by S&P.

"*Rebate Account*" means the Account so designated which may be created and established pursuant to Section 5.01 hereof.

"*Record Date*" means, with respect to a Series of Bonds, the fifteenth day of the month preceding each month with a Bond Payment Date, or such date or dates set forth in the Supplemental Indenture authorizing the particular Series of Bonds.

"*Redemption Fund*" means the Fund so designated which is created and established pursuant to Section 5.01 hereof.

"*Redemption Price,*" when used with respect to a Bond or portion thereof to be redeemed, means the principal amount of such Bond or such portion thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to this Indenture and the applicable Supplemental Indenture.

"*Redemption Record Date*" means, with respect to a Series of Bonds, the fifteenth day of the month preceding each month in which Bonds of such Series are to be redeemed, or such date or dates set forth in the Supplemental Indenture authorizing the particular Series of Bonds.

"*Refunding Bonds*" means any Bonds authenticated in accordance with Section 2.17 hereof.

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

"*Revenue Fund*" means the Fund so designated which is created and established pursuant to Section 5.01 hereof.

"*Revenues*" means (i) all amounts received as repayment of principal, interest and all other charges received for, and all other income and receipts derived by the Board from, the Mortgage-Backed Securities and Loans or any way in connection therewith, including Prepayments, (ii) moneys deposited in a sinking, redemption or reserve fund or other Fund or Account to secure Bonds or to provide for the payment of the principal of, premium or interest on Bonds and (iii) to the extent hereinafter provided, interest earnings or income received on

moneys so deposited in any Fund or Account pursuant to this Indenture and all other payments and receipts received with respect to Loans or Mortgage-Backed Securities, including the proceeds of mortgage insurance claims (but excluding commitment fees, service fees and escrow payments and, unless otherwise provided in a Supplemental Indenture, any income or earnings on amounts credited to the Special Reserve Fund).

"*RHCDS*" means the Rural Housing and Community Development Service of the Department of Agriculture of the United States of America or other agency or instrumentality created or chartered by the United States to which the powers of the Rural Housing and Community Development Service have been transferred.

"*Scheduled Principal Payment*" means all moneys received or recovered by the Board from any scheduled payment of principal on any Mortgage-Backed Security or on any Loan determined as if such Loan or the Loan underlying such Mortgage-Backed Security was amortized over its original term.

Nothing in the preceding definition shall be construed to constitute a Scheduled Principal Payment in the event that the Board makes a good-faith substitution of a Loan for another Loan or in the event the Board authorizes a mortgagor to apply the proceeds of hazard insurance to restore the mortgaged premises.

A Scheduled Principal Payment shall not include any moneys received or recovered by the Board with respect to any Loan to the extent that delinquencies or defaults of payments of principal on such Loan required that moneys be withdrawn from the Debt Service Reserve Fund to pay principal on the Bonds.

"*Serial Bonds*" means the Bonds of any Series so designated in a Supplemental Indenture.

"*Series of Bonds*" or "*Bonds of a Series*" means any Series of Bonds authorized by a Supplemental Indenture.

"*Series Program Determinations*" means determinations by the Board relating to Loans and certain other matters required in connection with a Series of Bonds under the Program to be set forth (or provision to be determined at certain specified times in the future) in a Supplemental Indenture and shall include the following: (i) the types of facilities financeable by a Loan financed by such Series, (ii) whether each Loan shall be secured by a first lien mortgage, a second lien mortgage, a combination, or no lien; (iii) whether each Loan shall have approximately equal monthly payments or shall be a graduated payment mortgage loan or have a fixed or variable rate of interest; (iv) the maximum term to maturity of each Loan; (v) required mortgage insurance, other insurance or additional collateral in lieu thereof, if any, and the level of coverage thereof; (vi) limitations, if any, applicable to purchases of Loans relating to condominiums, planned unit developments and/or cooperatives, geographic concentration and type of principal and interest characteristics; (vii) provisions relating to Prepayments, including application thereof for redemption or purchasing, acquiring or financing

new Loans or Mortgage-Backed Securities; (viii) restrictions, if any, on the applications of the proceeds of the voluntary sale of Loans, if any; and (ix) any other provision deemed advisable by the Board not in conflict with this Indenture.

"*Sinking Fund Installment*" means, as of any particular date of calculation and with respect to any Series of Bonds, the amount of money required to be applied, on any Bond Payment Date, as the Redemption Price of Bonds prior to maturity pursuant to the Supplemental Indenture for such Series, as such Installment shall have been previously reduced (a) by the principal amount of any Bonds of such Series of the maturity with respect to which such Sinking Fund Installment is payable which (i) are purchased by the Trustee in accordance with the provisions of Section 3.08 of this Indenture, or (ii) are purchased or redeemed by the Trustee at least 45 days prior to such Bond Payment Date and (b) as set forth in Section 5.07 hereof.

"*S&P*" means Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc., or any successor thereto.

"*Special Reserve Fund*" means the Fund so designated which is created and established pursuant to Section 5.01 hereof.

"*State*" means the State of Montana.

"*Supplemental Indenture*" means any Supplemental Indenture executed and delivered by the Board and the Trustee in accordance with Article IX hereof amending or supplementing this Indenture or any Supplemental Indenture.

"*Term Bonds*" means the Bonds of any Series so designated in a Supplemental Indenture

"*Trustee*" means the bank, trust company or national banking association appointed as trustee by Section 8.01 of this Indenture and having the duties, responsibilities and rights provided for in this Indenture and its successor or successors, and any other corporation or association which may at any time be substituted in its place as Trustee pursuant to this Indenture. It also includes any co-Trustee appointed pursuant to the provisions of Section 8.14 of this Indenture, but only in the limited circumstances giving rise to such appointment.

"*VA*" means the Department of Veterans Affairs of the United States or other agency or instrumentality created or chartered by the United States to which the powers of the Department of Veterans Affairs of the United States have been transferred.

Section 1.02. *Construction*. In this Indenture, unless the context otherwise requires:

(a) Articles and Sections referred to by number shall mean the corresponding Articles and Sections of this Indenture.

(b) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms refer to this Indenture, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of adoption of this Indenture.

(c) Words of the masculine gender shall mean and include correlative words of the female and neuter genders, and words importing the singular number shall mean and include the plural number and vice versa.

(d) Words importing persons shall include firms, associations, partnerships, trusts, corporations and other legal entities, including public bodies, as well as natural persons.

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

(f) Any Fiduciary shall be deemed to hold an Authorized Investment in which moneys are invested pursuant to the provisions of this Indenture, even though such Authorized Investment is evidenced only by a book entry or similar record of investment.

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

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

Section 2.01. *Authorization of Bonds*. In order to provide sufficient moneys for the Board's Program, there are hereby authorized Bonds of the Board to be known and designated as "Single Family Mortgage Bonds" which may be issued in series from time to time as hereinafter provided. The Bonds shall be general obligations of the Board payable from any of its revenues, assets and moneys, subject only to agreements previously or hereafter made with holders of particular notes or bonds pledging particular revenues, assets or moneys. The Bonds shall be secured by the revenues, assets or moneys of the Board pledged to the payment thereof pursuant to this Indenture. The aggregate principal amount of the Bonds or of the Bonds of a Series which may be executed, authenticated and delivered is not limited, except as provided by this Indenture and from time to time by law.

Section 2.02. *Provisions for Issuance of Bonds*. The issuance of Bonds of a Series shall be by a Supplemental Indenture or Supplemental Indentures duly authorized by the Board and executed pursuant to this Indenture. The Bonds may be issued in one or more Series, and the Bonds of each Series shall, in addition to the title "Montana Board of Housing Single Family Mortgage Bonds," contain an appropriate Series designation. Bonds of a Series may be issued

in the form of Serial Bonds or Term Bonds or both, or in such other form as the Board may determine.

Section 2.03. *Supplemental Indenture*. Each Supplemental Indenture authorizing the issuance of a Series of Bonds shall either specify or prescribe the manner of determining:

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

(b) The purposes for which such Series of Bonds are being issued which shall be one or more of the following purposes: (i) the purchase of Mortgage-Backed Securities in order to finance Loans or the financing, purchasing or acquiring of Loans, (ii) the making of deposits in amounts, if any, required or authorized by the Supplemental Indenture to be paid into Funds or Accounts established herein or in the Supplemental Indenture from the proceeds of such Series of Bonds, (iii) the refunding of Bonds, (iv) to pay or defease notes or bonds or other indebtedness issued by the Board to acquire, finance or purchase Loans or Mortgage-Backed Securities in exchange for Loans or Mortgage-Backed Securities with respect to which such notes, bonds or other indebtedness were issued and meeting any other requirements set forth in a Supplemental Indenture or (v) any other purpose as stated in the Supplemental Indenture and permitted by the Act;

(c) The issue date or dates, the maturity date or dates and amounts of each maturity (or the method of determining the same) and, if interest is to be paid, the Interest Payment Dates and the first Interest Payment Date of the Bonds of such Series, and, if appropriate, any specification with respect to the calculation of Accrued Debt Service;

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

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

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

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

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

(i) The Redemption Price or Redemption Prices, if any, and, subject to Articles III and V hereof, the time or times and the terms and conditions upon which the Bonds of such Series may be redeemed prior to their maturities, including without limitation the method of selection for redemption as among maturities;

(j) The form of Bonds and of the Trustee's certificate of authentication;

(k) The amounts to be deposited from the proceeds of such Series of Bonds in the Funds and Accounts created and established by this Indenture and the Supplemental Indenture;

(l) The amount, if any, of the Debt Service Reserve Fund Requirement for such Series of Bonds;

(m) The Series Program Determinations;

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

(o) If a collateral pledge will be made by the Board in such Supplemental Indenture, the assets to be subject to such pledge;

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

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

(r) Any other provisions deemed advisable by the Board and the Trustee not in conflict with or in substitution for the provisions of this Indenture.

Section 2.04. ***Medium of Payment; Form and Dates of Bonds; Place of Payment.*** (a) The Bonds shall be payable, with respect to interest, principal and premium, if any, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, or in such other coin or currency as set forth in a

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

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

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

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

Interest Bonds of a Series shall be payable as set forth in a Supplemental Indenture (which may be upon maturity or earlier redemption of such Bonds or such date or dates prior to maturity or earlier redemption of such Bonds as specified in a Supplemental Indenture).

Section 2.05. ***Legends.*** The Bonds may contain or have endorsed thereon such provisions, specifications, certifications and descriptive words not inconsistent with the provisions of this Indenture or of any Supplemental Indenture authorizing the same as may be necessary or desirable and as may be determined by the Board prior to their authentication and delivery. Each Bond shall contain the statement contained in Section 90-6-123 of the Act relating to the fact that the credit of the State is not pledged.

Section 2.06. ***Execution and Authentication.*** (a) The Bonds shall be executed in the name and on behalf of the Board by the manual or facsimile signature of an Authorized Officer, with its corporate seal (or a facsimile thereof) impressed, imprinted or otherwise reproduced thereon, and attested by the manual or facsimile signature of its Treasurer, Executive Director, or other Authorized Officer (other than the officer executing such Bonds). Bonds bearing the manual or facsimile signature of any person who shall have been such an Authorized Officer at the time such Bonds were so executed shall bind the Board notwithstanding the fact that he may have ceased to be such Authorized Officer prior to the authentication and delivery of such Bonds or was not such Authorized Officer at the date of such Bonds.

(b) No Bond shall be valid or obligatory for any purpose or shall be entitled to any right or benefit hereunder unless there shall be endorsed on such Bond a certificate of authentication in the form set forth in or fixed pursuant to the applicable Supplemental Indenture duly executed by the Trustee by the manual signature of an authorized officer thereof, and such certificate of the Trustee upon any officer thereof, and such certificate of the Trustee upon any Bond executed on behalf of the Board shall be conclusive evidence that the Bond so authenticated has been duly issued hereunder and that the Holder thereof is entitled to the benefit of this Indenture.

Section 2.07. ***Interchangeability of Bonds.*** Bonds, upon surrender thereof at the Corporate Trust Office of the Trustee (or any duly designated agent thereof) with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered Holder or his duly authorized attorney, may, at the option of the registered Holder thereof, be exchanged for an equal aggregate principal amount or Original Principal Amount as the case may be, of Bonds in authorized denominations of the same Series, interest rate and maturity, subject to any provisions contained in a Supplemental Indenture relating to the registration of a Series of Bonds pursuant to a Book Entry System.

Section 2.08. ***Negotiability and Registry.*** All the Bonds issued under this Indenture shall be negotiable as provided in Article 8 of the Uniform Commercial Code, subject to the provisions for registration and transfer contained in this Indenture and in the Bonds. So long as any of the Bonds shall remain Outstanding, the Board shall maintain and keep, at the Corporate Trust Office of the Trustee, books for the registration and transfer of Bonds, and,

upon presentation thereof for such purpose at such Corporate Trust Office, subject to any provisions in a Supplemental Indenture relating to the registration of a Series of Bonds pursuant to a Book Entry System, the Board shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it or the Trustee may prescribe, any Bond. So long as any of the Bonds remain Outstanding, the Board shall make all necessary provisions to permit the exchange of Bonds at the Corporate Trust Office of the Trustee, subject to any provisions in a Supplemental Indenture relating to the registration of a Series of Bonds pursuant to a Book Entry System.

Section 2.09. *Transfer of Bonds.* (a) Subject to any provisions contained in a Supplemental Indenture relating to the registration of a Series of Bonds pursuant to a Book Entry System, each Bond shall be transferable only upon the books of the Board, which shall be kept for such purpose at the Corporate Trust Office of the Trustee, by the Holder thereof in person or by his attorney duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered Holder or his duly authorized attorney. Upon surrender for transfer of any such Bond, the Board shall execute and the Trustee shall authenticate and deliver, in the name of the transferee, one or more new fully registered Bonds of the same aggregate principal amount or Original Principal Amount, same Series and maturity and rate of interest as the surrendered Bond.

(b) The Board, the Trustee and any Paying Agent may deem and treat the person in whose name any Outstanding registered Bond shall be registered upon the books of the Board as the absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal, Appreciated Amount or Redemption Price of and interest on such Bond and for all other purposes, and payment of the principal, Redemption Price and interest shall be made only to, or upon the order of, such registered Holder. All such payments to such registered Holder shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Board, the Trustee nor any Paying Agent shall be affected by any notice to the contrary. The transfer of Bonds of a particular Series may be further limited as provided in the Supplemental Indenture relating hereto.

Section 2.10. *Regulations With Respect to Exchanges and Transfers.* Subject to any provisions contained in a Supplemental Indenture relating to the registration of a Series of Bonds pursuant to a Book Entry System and Section 2.09, in all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Board shall execute and deliver Bonds in accordance with the provisions of this Indenture and the Supplemental Indenture under which any such Bond is issued. All Bonds surrendered in any such exchanges or transfers shall be cancelled by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the Board or the Trustee may make a charge sufficient to reimburse it or them for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the Holder requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Board shall not be obligated to (i) issue, exchange or transfer any Bond of any Series after

the Regular Record Date next preceding a Bond Payment Date of the Bonds of such Series, (ii) issue, exchange or transfer any Bond during a period beginning at the opening of business 15 days next preceding any selection of Bonds to be redeemed and ending at the close of business on the date of the first mailing of notice of such redemption or (iii) transfer or exchange any Bonds called or being called for redemption in whole or in part.

Section 2.11. ***Mutilated, Destroyed, Lost and Stolen Bonds.*** (a) If (i) any mutilated Bond is surrendered to the Trustee, or the Trustee and the Board receive evidence to their satisfaction of the destruction, loss or theft of any Bond, and (ii) there is delivered to the Trustee and the Board such security or indemnity as may be required by them to save each of them harmless, then the Board shall execute, and upon Board Request the Trustee shall authenticate and deliver, in exchange for any such mutilated Bond, or in lieu of any such destroyed, lost or stolen Bond, a new Bond of like tenor and principal amount, bearing a number not contemporaneously Outstanding. The Trustee shall thereupon cancel any such mutilated Bond so surrendered. In case any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the Board in its discretion may, instead of issuing a new Bond, pay such Bond.

(b) Upon the issuance of any new Bond under this Section 2.11, the Board may require the payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto and any other expenses, including counsel fees, of the Board or the Trustee, connected therewith.

(c) Each new Bond issued pursuant to this Section 2.11 in lieu of any destroyed, lost or stolen Bond shall constitute an additional contractual obligation of the Board, whether or not the destroyed, lost or stolen Bond shall at any time be enforceable by any one, and shall be entitled to all the benefits hereof equally and proportionately with any and all other Bonds duly issued under this Indenture. All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds and shall preclude (to the extent lawful) all other rights or remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds or securities.

Section 2.12. ***Cancellation of Bonds.*** All Bonds purchased, redeemed or paid shall, if surrendered to the Board or any Paying Agent, be cancelled by it and delivered to the Trustee, or if surrendered to the Trustee, be cancelled by it. No such Bonds shall be deemed Outstanding under this Indenture and no Bonds shall be issued in lieu thereof. All such Bonds shall be cancelled and shall be destroyed and notice thereof delivered to the Board upon request.

Section 2.13. ***Book Entry System of Bonds.*** Notwithstanding anything herein to the contrary, the Board may elect, by Supplemental Indenture, that Bonds for a particular Series be registered pursuant to a Book Entry System, without certificates being provided or available to the registered owner thereof.

Section 2.14. *Payments Due on Saturdays, Sundays and Holidays*. In any case where the Bond Payment Date or the date fixed for redemption of any Bonds shall be a Saturday or Sunday or shall be, at the place designated for payment, a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest on or Principal Installments or Redemption Price of the Bonds need not be made on such date but may be made on the next succeeding business day not a Saturday, Sunday or a legal holiday or a day upon which banking institutions are authorized by law to close with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Section 2.15. *Authorization and Preparation of Temporary Bonds*. (a) Until definitive Bonds of any Series are prepared, the Board may execute and, upon Board Request, the Trustee shall authenticate and deliver temporary Bonds which may be typewritten, printed or otherwise reproduced in lieu of definitive Bonds subject to the same provisions, limitations and conditions as definitive Bonds. The temporary Bonds initially shall be dated as of the initial date of such definitive Bonds, shall be in such denomination or denominations and shall be numbered as prepared and executed by the Board, shall be substantially of the tenor of such definitive Bonds, but with such omissions, insertions and variations as the Authorized Officer executing the same may in his discretion determine, and may be issued in the form of a single Bond.

(b) Without unreasonable delay after the issuance of temporary Bonds, if any, the Board shall cause definitive Bonds of each Series to be prepared, executed and delivered to the Trustee. The definitive Bonds of each Series shall be prepared in such fashion as is acceptable in the investment banking business. Temporary Bonds shall be exchangeable for definitive Bonds upon surrender to the Trustee at its Corporate Trust Office of any such temporary Bond or Bonds, and, upon such surrender, the Board shall execute and, upon Board Request, the Trustee shall authenticate and deliver to the Holder of the temporary Bond or Bonds, in exchange therefor, a like principal amount of definitive Bonds in authorized denominations. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits as definitive Bonds authenticated and issued pursuant to this Indenture and the applicable Supplemental Indenture.

(c) All temporary Bonds surrendered in exchange for a definitive Bond or Bonds shall forthwith be cancelled by the Trustee.

Section 2.16. *Conditions Precedent to Authentication and Delivery of a Series of Bonds*. Except as provided in Sections 2.07, 2.11 and 2.17 hereof, the Trustee shall authenticate and deliver, to or upon the order of the Board, Bonds of a Series authorized to be issued pursuant to this Indenture and a Supplemental Indenture only upon delivery to the Trustee of:

(a) a copy of this Indenture and the applicable Supplemental Indenture, each certified by an Authorized Officer; provided, however, that a certified copy of this

Indenture need only be delivered to the Trustee upon the delivery of the initial Series of Bonds under this Indenture;

(b) the written order of the Board to the Trustee as to the delivery of such Bonds signed by an Authorized Officer describing such Bonds to be authenticated and delivered, designating the purchaser or purchasers to whom such Bonds are to be delivered, and stating the purchase price of such Bonds;

(c) the amount, if any, necessary for deposit in (i) the Debt Service Reserve Fund so that the amount in such Fund shall at least equal the Debt Service Reserve Requirement calculated immediately after the delivery of such Series of Bonds and (ii) the Special Reserve Fund;

(d) a Certificate of an Authorized Officer stating that, upon the issuance of such Series of Bonds, no Event of Default hereunder nor an event which with notice or lapse of time or both would become an Event of Default hereunder has occurred and is continuing;

(e) an opinion of Bond Counsel to the effect that this Indenture and the Supplemental Indenture authorizing the Series of Bonds have been duly and lawfully authorized, executed and delivered by the Board; that this Indenture and such Supplemental Indenture are valid and binding upon the Board and enforceable in accordance with their terms, subject to State and Federal laws affecting the enforcement of creditors' rights, and no other authorization for this Indenture or the Supplemental Indenture is required; that this Indenture creates the valid lien or pledge it purports to create; that the Bonds of such Series have been duly and validly authorized and issued and constitute valid and binding general obligations of the Board, enforceable in accordance with their terms and the terms of this Indenture and entitled to the benefits of this Indenture and such Supplemental Indenture and the Act, as amended to the date of such opinion, except that (i) no opinion need be expressed as to the effect upon such enforceability of bankruptcy, insolvency, reorganization, moratorium and other similar laws heretofore or hereafter enacted for the relief of debtors and (ii) no opinion need be expressed as to the availability of the remedy of specific performance, mandamus, injunctive relief or any other equitable remedy;

(f) A Cash Flow Certificate taking into account the issuance of the Bonds and the Loans or Mortgage-Backed Securities reasonably expected to be financed with the proceeds of such Bonds and projecting Revenues sufficient to pay Program Expenses and Accrued Debt Service when due in each Bond Year;

(g) Written verification from each Rating Agency (i) that the rating on such Series of Bonds is not lower than the Rating Quality of the Bonds Outstanding prior thereto, or (ii) to the effect that the issuance of such Series of Bonds will not, in and of

itself, adversely affect the Rating Quality of any Outstanding Bonds of any prior Series of Bonds;

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

(i) Such further documents and moneys as may be required by the provisions of the Supplemental Indenture.

Section 2.17. ***Conditions Precedent to Authentication and Delivery of a Series of Refunding Bonds.*** The Trustee shall authenticate each Series of Refunding Bonds and deliver such Bonds to the Board or upon its order only upon the receipt by the Trustee of:

(a) The documents referred to in paragraphs (a), (b), (c), (d), (e), (f), (g) and (h) of Section 2.16 hereof;

(b) Instructions to the Trustee, satisfactory to it, to pay when due or to redeem all the Bonds to be refunded on such date or dates specified in such instructions;

(c) If the Bonds to be refunded are, upon issuance of the Refunding Bonds, to be deemed no longer Outstanding, either (i) moneys in an amount sufficient to effect payment of the maturing principal amount of or the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the redemption date or maturity date, as the case may be, which moneys shall be held by the Trustee or any one or more of the alternate Paying Agents in a separate account irrevocably in trust for and assigned to the respective holders of the Bonds to be refunded, or (ii) Government Obligations, the principal of and interest on which when due, together with the moneys, if any, deposited with the Trustee or such alternate Paying Agent or Paying Agents at such time, will be sufficient to pay when due the maturing principal amount of or the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the redemption date or maturity date, as the case may be, which Government Obligations and moneys shall be held by the Trustee pursuant to Section 11.03 hereof; and

(d) Such further documents and moneys as may be required by the provisions of the Supplemental Indenture.

ARTICLE III

REDEMPTION OF BONDS

Section 3.01. *Authorization of Redemption.* Bonds subject to redemption prior to maturity pursuant to a Supplemental Indenture, by Sinking Fund Installments or otherwise, shall be redeemable, in accordance with this Article III, at such times, at such Redemption Prices and upon such terms as may otherwise be specified in the Supplemental Indenture authorizing such Series of Bonds.

Section 3.02. *Board's Election To Redeem.* Bonds of any Series may be subject to redemption in whole or in part at any time at the option of the Board prior to maturity pursuant and subject to the provisions of the applicable Supplemental Indenture. The Board shall give notice by Board Request to the Trustee of each optional redemption, which Board Request shall specify the date fixed for redemption and, subject to the provisions of Section 5.07 hereof and all applicable Supplemental Indentures, the Series of Bonds from which Bonds are to be redeemed and the aggregate principal amount of Bonds of each maturity in such Series to be redeemed (and in the case of Bonds for which Sinking Funds Installments have been established, the amounts to be credited toward those Installments). Such notice shall be given at least 30 days prior to the date fixed for redemption or such lesser number of days as shall be acceptable to the Trustee.

Section 3.03. *Redemption Other Than at Board's Election.* Whenever by the terms of this Indenture or a Supplemental Indenture the Board or the Trustee is required to redeem Bonds other than at the election of the Board, the Trustee shall select the Bonds within each maturity of Bonds to be redeemed, give the notice of redemption and pay the Redemption Price thereof and the accrued interest thereon to the redemption date to itself or to the appropriate alternate Paying Agents in accordance with the terms of this Article III.

Section 3.04. *Notice of Redemption.* (a) When any Bonds are to be redeemed, by Sinking Fund Installments or otherwise, the Trustee shall give notice of the redemption of the Bonds in the name of the Board specifying (i) the Series of Bonds to be redeemed; (ii) the redemption date; (iii) the Redemption Price; (iv) the numbers, CUSIP numbers and other distinguishing marks of the Bonds to be redeemed (except in the event that all of the Outstanding Bonds of any Series are to be redeemed); (v) the place or places where amounts due upon such redemption will be payable; and (vi) in the case of Bonds to be redeemed in part only, the respective portions of the principal thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, together with interest accrued to the redemption date, and that, from and after such date, interest thereon shall cease to accrue. Such notice shall be given by mailing a copy of such notice, postage prepaid, not less than 15 days nor more than 60 days before the redemption date to the registered owners of any Bonds or portions of Bonds which are to be redeemed at their last addresses appearing upon the registration books, but failure to so mail any such notice to any of such registered owners shall not affect the validity of the proceedings for

the redemption of other Bonds. In addition, the Trustee will send (no more than 60 days after the date for redemption) a further notice of redemption to each registered owner who has not presented his or her Bond for redemption within 30 days subsequent to the Redemption Date. Each such notice will be sent by first-class mail, postage prepaid. The obligation of the Trustee to give the notice required by this Section 3.04 shall not be conditioned upon the prior payment to the Trustee of moneys or Authorized Investments sufficient to pay the Redemption Price of the Bonds to which such notice relates or the interest thereon to the redemption date. Any notice of redemption pursuant to this Section 3.04 may, if directed by the Board, be given specifying that the redemption of the Bonds so called for redemption is made conditional upon the deposit of sufficient amounts to pay the redemption price therefor on the Redemption Date and, if amounts are not so available, such notice of redemption shall be cancelled and be null and void and the Bonds so called for redemption and subject to such conditional redemption notice shall continue to remain Outstanding.

(b) Notice of redemption having been given as provided in subsection (a) hereof, the Bonds or portions thereof so to be redeemed shall, on the date fixed for redemption, become due and payable at the Redemption Price specified therein plus accrued interest to the redemption date, and upon presentation and surrender thereof at the place specified in such notice, such Bonds or portions thereof shall be paid at the Redemption Price, plus accrued interest to the redemption date. On and after the redemption date (unless the Board shall default in the payment or the Redemption Price and accrued interest), such Bonds shall cease to bear interest, and such Bonds shall no longer be considered as Outstanding hereunder. If moneys sufficient to pay the Redemption Price and accrued interest have not been made available by the Board to the Trustee or the appropriate alternate Paying Agent or Paying Agents on the redemption date, such Bonds shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Section 3.05. *Selection by Trustee of Bonds To Be Redeemed.* (a) If less than all of the Bonds of like maturity of any Series are to be redeemed, the particular Bonds or portions of Bonds to be redeemed shall be selected, not more than 15 days prior to the date of notice of redemption, by the Trustee in the manner required by the applicable Supplemental Indenture or, if not so required, at random in such manner as the Trustee in their discretion may deem fair and appropriate.

(b) Unless otherwise provided in the applicable Supplemental Indenture, in making such selection, the Trustee shall treat each Bond to be redeemed as representing that number of Bonds of the lowest authorized denomination as is obtained by dividing the principal amount of such Bond by such denomination.

(c) The Trustee shall promptly notify the Board in writing of the Bonds so selected for redemption.

Section 3.06. *Deposit of Redemption Price.* On or before any date fixed for redemption of any Bonds by Sinking Fund Installment or otherwise, cash and/or a principal amount of

Authorized Investments maturing or redeemable at the option of the holder thereof not later than the date fixed for redemption which, together with income to be earned on such Authorized Investments prior to such date fixed for redemption, will be sufficient to provide cash to pay the Redemption Price of and accrued interest on all Bonds or portions thereof which are to be redeemed on such date, shall be deposited with the Trustee unless such amount shall have been previously deposited with the Trustee pursuant to this Indenture or the applicable Supplemental Indenture.

Section 3.07. ***Partial Redemption of Registered Bonds.*** In case part but not all of an Outstanding Bond shall be selected for redemption, upon presentation and surrender of such Bond by the Holder thereof or his attorney duly authorized in writing (with, if the Board or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Board and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing) to the Trustee, the Board shall execute and the Trustee shall authenticate and deliver to or upon the order of such Holder, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a Bond or Bonds, at the option of such Holder or such attorney, of any authorized denomination of like tenor. Bonds so presented and surrendered shall be cancelled in accordance with Section 2.13 hereof.

Section 3.08. ***Purchase of Bonds; Tenders.*** Unless expressly provided otherwise herein, if at any time moneys are held in any Fund or Account hereunder or in a Supplemental Indenture to be used to redeem Bonds, in lieu of such redemption the Board may direct the Trustee to use part or all of such moneys to purchase Bonds of the respective Series, interest rates and maturities that would otherwise be subject to redemption from such moneys. The purchase price of such Bonds shall not exceed the applicable Redemption Price of the Bonds which would be redeemed but for the operation of this Section (accrued interest to be paid from the same Fund or Account from which accrued interest would be paid upon the redemption of such Bonds); provided that the purchase price may exceed the applicable Redemption Price if (i) the amount of purchase price in excess of the applicable Redemption Price is paid from moneys not held under this Indenture, or from moneys in the Special Reserve Fund not restricted as to use by a Supplemental Indenture or Board Request, or (ii) the Board shall first file with the Trustee a Parity Certificate and a Cash Flow Certificate projecting Revenues sufficient to pay Program Expenses and Accrued Debt Service when due in each Bond Year, in the case of each such Certificate giving effect to the proposed purchase. Any such purchase must be completed prior to the time notice would otherwise be required to be given to redeem the related Bonds. All Bonds so purchased shall be cancelled by the Trustee and applied as a credit against the Board's obligation to redeem such Bonds from such moneys. Savings resulting from the purchase of Bonds at less than their respective redemption prices may be (i) used to purchase or redeem additional Bonds to the extent permitted by the provisions hereof and the relevant Supplemental Indenture or (ii), at the request of the Board, transferred to the Revenue Fund or (iii), at the request of the Board, and upon receipt of a Counsel's Opinion that such action will not adversely affect the tax-exempt status of interest on the Bonds, and upon the filing of a Cash Flow Certificate with the Trustee, withdrawn and paid to the Board free and clear of the lien of this Indenture.

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

ARTICLE IV

APPLICATION OF BOND PROCEEDS AND OTHER MONEYS

Section 4.01. *Proceeds of Bonds of a Series.* The proceeds of the sale and delivery of the Bonds of each Series shall, except as provided in Section 4.02 hereof, simultaneously with the delivery thereof by the Trustee, be applied as follows:

(a) The amount, if any, received upon the delivery of any Series of Bonds as accrued interest shall be deposited in the Revenue Fund;

(b) The amount necessary to cause the amount on deposit in the Debt Service Reserve Fund to equal the Debt Service Reserve Requirement, calculated to give effect to the issuance of such Series of Bonds, shall be deposited in such Funds;

(c) The amounts, if any, specified in the Supplemental Indenture to be deposited in the Program Fund to pay Costs of Issuance shall be deposited in such Fund;

(d) The amounts, if any, specified in the Supplemental Indenture to be deposited in the Revenue Fund or the Program Fund to pay capitalized interest on Bonds of such Series shall be deposited in such Fund; and

(e) The balance of the proceeds of such Series of Bonds shall be deposited in the Program Fund.

Section 4.02. *Premium and Refunding Proceeds.* The amount, if any, received upon delivery of the Bonds of a Series as a premium above the aggregate principal amount of the Bonds of such Series or as the proceeds attributable to Refunding Bonds, constituting all or part of the Bonds of such Series, shall be applied as provided in the Supplemental Indenture.

ARTICLE V

ESTABLISHMENT OF FUNDS AND ACCOUNTS AND APPLICATION OF MONEYS THEREIN

Section 5.01. *Establishment of Funds and Accounts.* (a) The following Funds are hereby created and established as special trust funds:

(i) Program Fund;

(ii) Revenue Fund;

(iii) Debt Service Reserve Fund;

(iv) Special Reserve Fund (and therein a Restricted Account); and

(v) Redemption Fund.

To the extent necessary to comply with the provisions of Section 6.15, the Board shall also direct the establishment of a Rebate Account.

(b) All Funds and Accounts shall be held by the Trustee in trust for application only in accordance with the provisions of this Indenture.

(c) The Trustee shall also establish such other funds or accounts as the Board may direct or as the Trustee shall determine may be reasonably required to carry out its duties under this Indenture, and moneys deposited therein shall be used and pledged only as provided in the directions of the Board.

Section 5.02. *Program Fund.* (a) There shall be paid into the Program Fund, the amounts required to be so paid by the provisions of each Supplemental Indenture, any amounts transferred pursuant to Section 5.05 hereof, and, to the extent directed in accordance with Section 5.10 hereof, amounts received as Prepayments on Loans. All Loans and Mortgage-Backed Securities shall be deemed to be held in the Program Fund except as otherwise provided herein.

(b) The Trustee shall from time to time pay out money from the Program Fund (i) for the purpose of acquiring, financing or purchasing Loans or Mortgage-Backed Securities in accordance with Article VI hereof and the terms of any applicable Supplemental Indenture, (ii) to pay or defease notes or bonds or other indebtedness (pursuant to Section 5.02(d) hereof) issued by the Board to finance or purchase Loans or Mortgage-Backed Securities in exchange for Loans or Mortgage-Backed Securities with respect to which such notes, bonds or other indebtedness were issued and meeting any other requirements set forth in a Supplemental

Indenture and (iii) for any other authorized purpose of the Board in accordance with the Act and as permitted by the terms of any applicable Supplemental Indenture.

(c) The Trustee shall withdraw moneys from the Program Fund pursuant to Section 5.02 (b)(i) hereof upon receipt of (i) a Board Request stating (A) the name of the Lender or other person, firm or corporation to be paid, (B) that the Board has received the Loan or Mortgage-Backed Securities, (C) the amount to be paid and (D) that all conditions precedent to the purchase or financing of the Loan or Mortgage-Backed Securities have been filled and (ii) in the case of moneys deposited in the Program Fund from Prepayments pursuant to Section 5.10 hereof, a Cash Flow Certificate (which may be the Cash Flow Certificate filed in connection with the Series of Bonds with respect to which such Prepayments, or any subsequent Cash Flow Certificate giving effect to the purchase as hereinafter described) giving effect to the purchase of such Loans or Mortgage-Backed Securities (or all Loans or Mortgage-Backed Securities to be purchased or financed as contemplated by the Cash Flow Certificate); provided, however, that in the event the Cash Flow Certificate does not project Revenues sufficient to pay Program Expenses and Accrued Debt Service when due for any Bond Year, the Board may purchase such Loan or Mortgage-Backed Securities (or all Loans or Mortgage-Backed Securities to be purchased or financed as contemplated by the Cash Flow Certificate) if the Board notifies each Rating Agency and delivers to the Trustee a Certificate to the effect that the deficiency in Cash Flow in each Bond Year in which a deficiency is projected is less than it would have been if all or a portion of the amount to be applied to the purchase or financing of such Loan or Mortgage-Backed Securities (or all Loans or Mortgage-Backed Securities to be purchased or financed as contemplated by the Cash Flow Certificate) had been transferred to the Redemption Fund and used to redeem Bonds or had been invested in Authorized Investments on available terms.

(d) Moneys in the Program Fund may be withdrawn pursuant to Section 5.02(b)(ii) hereof and used to pay notes or other temporary indebtedness issued to purchase or finance Loans or Mortgage-Backed Securities or, if the terms of such notes or temporary indebtedness so permit, to defease such notes or temporary indebtedness, upon receipt by the Trustee of a Certificate signed by an Authorized Officer setting forth (i) such notes or temporary indebtedness to be paid or defeased, (ii) the person to whom payment shall be made and (iii) the arrangements for the payment or defeasance of such notes or temporary indebtedness, provided, upon such payment or provision therefor, that (A) the Board shall have acquired Loans or Mortgage-Backed Securities with respect to which such notes or temporary indebtedness were issued, (B) the Loans or Mortgage-Backed Securities satisfy the requirements of Article VI hereof and (C) the Loans or Mortgage-Backed Securities are subject to no lien prior to the lien and pledge of this Indenture. Notwithstanding any other provision of this Indenture, no security interest is granted by this Indenture in the moneys so withdrawn from the Program Fund to pay or defease notes or temporary indebtedness, the investments thereof or the income thereon. In the event that the moneys withdrawn from the Program Fund to pay or defease notes or temporary indebtedness, together with the income, if any, earned from the investment thereof, exceed the amount necessary to pay or defease such notes or temporary indebtedness and the interest thereon in

accordance with the terms thereof, the Board shall deposit any such excess moneys in the Program Fund.

(e) In the event the Board shall at any time file with the Trustee a Parity Certificate, and a Cash Flow Certificate projecting Revenues sufficient to pay Program Expenses and Accrued Debt Service when due in each Bond Year, taking into account the use or release of any moneys, Loans or Mortgage-Backed Securities pursuant to this subsection, the Trustee may, upon receipt of a Board Request, use all or any part of such excess for any purpose specified by the Board and in accordance with the Act, or transfer all or any part of the amount of such excess to the Special Reserve Fund or to the Board, free and clear of the lien and pledge of this Indenture, for any lawful housing programs of the Board, provided that prior to the use or release of amounts representing Bond proceeds or Loans or Mortgage-Backed Securities acquired or financed by Bond proceeds or Prepayments thereof, the Board shall also file an opinion of Bond Counsel to the effect that the release will not adversely affect the tax-exempt status of interest on the Bonds, and provided, further, that, in the case of any transfer or release from the lien and pledge of this Indenture, the Board shall notify each Rating Agency of the same.

Section 5.03. *Transfers From the Program Fund to the Redemption Fund.* (a) Any moneys deposited in the Program Fund (whether from Prepayments pursuant to Section 5.10 hereof, from the proceeds of a Series of Bonds or any other source) which are not used to purchase or finance Loans or Mortgage-Backed Securities in accordance with Section 5.02 hereof may be transferred to the Redemption Fund pursuant to a Board Request at any time upon compliance with the provisions of subsection (b) below.

(b)(i) Prior to any transfer pursuant to subsection (a) above, the Board shall deliver to the Trustee a Certificate specifying the amount to be transferred, the Series, maturities and the amount of each maturity to be redeemed from such moneys (and, in the case of Bonds for which Sinking Fund Installments have been established, the amounts to be credited toward those Installments) so that the total principal amount of Bonds to be redeemed at the applicable Redemption Prices equals the amount to be transferred and (ii) within 60 days of any such transfer the Board shall deliver to the Trustee a Cash Flow Certificate giving effect to such redemption of Bonds, provided that no additional Cash Flow Certificate shall be required if the Cash Flow Certificate delivered upon the issuance of the related Series of Bonds includes schedules addressing such a redemption. In the event that the Cash Flow Certificate would not project Revenues sufficient to pay Program Expenses and Accrued Debt Service when due for any Bond Year, the Board may nevertheless transfer such moneys if the Board notifies each Rating Agency and delivers to the Trustee a Certificate to the effect that the deficiency in cash flow in each Bond Year in which a deficiency is projected is less than it would have been if all or a portion of such amounts to be transferred had been applied to the financing of Loans or Mortgage-Backed Securities or had been invested in Authorized Investments on available terms.

Section 5.04. *Payment of Costs of Issuance.* (a) Upon the issuance, sale and delivery of any Series of Bonds pursuant to this Indenture, the Supplemental Indenture authorizing such Series of Bonds may provide for the deposit of any proceeds of such Bonds in the Program Fund

to be used to pay the Costs of Issuance of such Series of Bonds. The Trustee shall issue checks (or make payments by wire transfer of funds) for each disbursement from the Program Fund to pay Costs of Issuance upon being furnished with a Board Request in form and substance satisfactory to the Trustee, stating: (i) the name of the person(s) to whom payment is to be made, (ii) the amount of payment, (iii) that the disbursement is for a proper Cost of Issuance, (iv) that none of the items for which payment is to be made has been the basis for any prior disbursement from the Program Fund and (v) that the amount so requested to be disbursed, together with all other amounts previously disbursed from the Program Fund to pay Costs of Issuance of such Series, does not exceed the amount deposited in the Program Fund from the proceeds of such Series to pay Costs of Issuance.

(b) In the event that the moneys deposited in the Program Fund from a Series of Bonds are not sufficient to pay all Costs of Issuance incurred with respect to such Series, Costs of Issuance of such Series may be paid from other moneys available therefore in the Program Fund, but only upon delivery of a Parity Certificate and a Cash Flow Certificate projecting Revenues sufficient to pay Program Expenses and Accrued Debt Service when due in each Bond Year, taking into account the use of such amounts, or any other available funds of the Board.

Section 5.05. ***Revenue Fund.*** (a) The Board shall cause all Revenues received by the Board to be paid to the Trustee. Any Revenues received by the Board shall be paid to the Trustee promptly upon their receipt by the Board and, in any event, at least once every two weeks. Except as provided in Sections 5.10 and 5.12 hereof, all Revenues shall be deposited by the Trustee to the credit of the Revenue Fund (provided that,if directed in a Supplemental Indenture, amounts representing accrued interest on the Loans and Mortgage-Backed Securities from the origination or issue date thereof to the date purchased by the Trustee shall be remitted to the applicable servicer). There may also be deposited in the Revenue Fund, at the option of the Board, any other moneys of the Board, unless required to be otherwise applied as provided by this Indenture.

(b) Unless otherwise specified in the Supplemental Indenture for a particular Series of Bonds, the Trustee shall pay out of the Revenue Fund to the respective Paying Agents for any of the Bonds (i) on or before each Bond Payment Date, the amounts required for the payment of the Principal Installments, if any, and interest due on the Outstanding Bonds on such date and (ii) on or before the date of purchase or redemption of any Bonds, the amounts required for the payment of accrued interest on Outstanding Bonds being redeemed or purchased for retirement, and in each such case, such amounts shall be applied by such Paying Agents to such payments.

(c) In the event that any proceeds of a Series of Bonds are deposited in the Revenue Fund pursuant to Section 4.01(d) hereof, the Board shall deliver to the Trustee, at the time of such deposit, a Certificate setting forth in a schedule the respective amounts so deposited to be used to pay interest on Bonds of such Series on each Bond Payment Date. The Trustee shall hold and apply any moneys so deposited in accordance with such Certificate until all such moneys have been so applied or until the Board shall file with the Trustee a certificate to the effect that any moneys so deposited which remain in the Revenue Fund are no longer required

to pay capitalized interest with respect to such Series of Bonds, in which event the Trustee shall transfer any such remaining moneys to the Program Fund or apply the same in accordance with the provisions of this Section 5.05. The Board may at any time file with the Trustee a Certificate revising the schedule for application of such moneys.

(d) Subject to the provisions of Section 6.15 hereof, any amount accumulated in the Revenue Fund in any Bond Year up to the unsatisfied balance of the Sinking Fund Installment payable in such Bond Year may, and if so directed by the Board shall, be applied (together with amounts accumulated in the Revenue Fund with respect to interest on the Bonds for which such Sinking Fund Installment was established) by the Trustee prior to the fifteenth day preceding the last date on which the Trustee is required to give notice of the redemption of Bonds from such Sinking Fund Installment as follows:

(i) to the purchase of Bonds of the Series and maturity for which such Sinking Fund Installment was established, such purchases to be made in such manner as the Board shall determine; or

(ii) to the redemption, pursuant to Article III hereof, of such Bonds if then redeemable by their terms.

The principal amount of any Bonds so purchased or redeemed shall be credited against such Sinking Fund Installment.

(e) As soon as practicable after the fifteenth day preceding the last date on which the Trustee is required to give notice of the redemption of Bonds from such Sinking Fund Installment, the Trustee shall proceed to call for redemption pursuant to Article III hereof, on such due date, Bonds of the Series and maturity for which such Sinking Fund Installment was established in such amount as shall be necessary to complete the retirement of a principal amount of the Bonds of such maturity equal to the unsatisfied balance of such Sinking Fund Installment. The Trustee shall so call such Bonds for redemption whether or not it then has moneys in the Revenue Fund sufficient to pay the applicable Redemption Price thereof on the date of redemption. The Trustee shall pay out of the Revenue Fund to the appropriate Paying Agents on or before each such date of redemption the amount required for the redemption of the Bonds so called for redemption, and such amount shall be applied by such Paying Agents to such redemption.

(f)(i) The Board may at any time request the disbursement of moneys from the Revenue Fund to pay Program Expenses upon filing with the Trustee a Board Request stating (A) the name of the person(s) to whom payment is to be made, (B) the amount to be disbursed, (C) that the disbursement is for an appropriate Program Expense, (D) that none of the items for which payment is to be made has been the basis for any prior disbursement from the Revenue Fund and (E) that such amount together with amounts previously disbursed, is within the limitations for such disbursements in the Annual Budget for the current Bond Year on file with the Trustee.

(ii) The Board may at any time request the disbursement of moneys from the Revenue Fund to the Rebate Account to comply with the provisions of Section 6.15 hereof.

(iii) If at any time the Board shall file with the Trustee an amended Annual Budget pursuant to Section 6.11 hereof, the Board may request the withdrawal of additional moneys from the Revenue Fund to pay Program Expenses which were not anticipated in the prior Annual Budget upon filing with the Trustee (A) a Certificate setting forth the amount to be so withdrawn and a list of the Program Expenses to be paid with such moneys and (B) a Cash Flow Certificate giving effect to such amended Annual Budget projecting Revenues sufficient to pay Program Expenses and Accrued Debt Service when due in each Bond Year. The Trustee, upon being furnished with such items shall pay the requested amount to the Board or to its order.

(iv) Pursuant to a Board Request, the Board may direct the Trustee to transfer the amount of the Annual Budget for a Bond Year to the Treasurer of the State, to be thereupon disbursed as aforesaid for Program Expenses, and until so disbursed, said amount shall continue to be pledged hereunder as security for the Bondholders, pursuant to Section 90-6-113 of the Montana Revised Code.

(v) On any Bond Payment Date or on such other date or dates as directed by a Board Request, the Trustee shall withdraw from the Revenue Fund the balance of any moneys remaining therein in excess of Accrued Debt Service and deposit such balance to the credit of the following several Funds or Accounts the following amounts in the following order of priority:

First, to the credit of the Debt Service Reserve Fund, the amount, if any, needed to increase the amount in such Fund to equal the Debt Service Reserve Requirement;

Second, if so directed by the Board, to the credit of the Redemption Fund to be used to redeem a like amount of Bonds; and

Third, to the credit of the Program Fund, the amount remaining in the Revenue Fund as of such date, unless the Board shall have filed with the Trustee (i) a Cash Flow Certificate projecting Revenues sufficient to pay Program Expenses and Accrued Debt Service when due in each Bond Year and (ii) a Parity Certificate, in which case the Trustee may, upon receipt of a Board Request, transfer such remaining amount or any part thereof to the Special Reserve Fund or to the Board, free and clear of the lien or pledge created by this Indenture, for any housing programs of the Board.

Section 5.06. ***Debt Service Reserve Fund.*** (a) Upon the issuance, sale and delivery of any Series of Bonds pursuant to this Indenture, the Trustee shall deposit from the proceeds of such Bonds, the amount required to be paid into the Debt Service Reserve Fund by the provisions of the Supplemental Indenture authorizing such Series of Bonds, which amount, when added to the amount on deposit in the Debt Service Reserve Fund, shall at least be sufficient to

equal the Debt Service Reserve Requirement, calculated after giving effect to the issuance of such Series of Bonds.

(b) On such date or dates as the Board shall direct by a Board Request, the Trustee shall (i) calculate the amount of the Debt Service Reserve Requirement as of the next succeeding day and shall determine the amount, if any, which would then be in the Debt Service Reserve Fund (other than amounts attributable to income on Authorized Investments) in excess of such Requirement (assuming the payment when due of the interest and Principal Installments on all Bonds Outstanding), and (ii) upon receipt of a Board Request, transfer all or a specified portion of such excess to the Revenue Fund, or to any other Fund (except the Special Reserve Fund) upon the direction of the Board.

(c) If on any Bond Payment Date the amount in the Revenue Fund shall be less than the amount required to be in such Fund to make the payments required pursuant to Section 5.05(b) hereof, the Trustee shall, after applying amounts pursuant to subsection (b) above, if any, and Section 5.09 hereof to make up such deficiency, apply amounts from the Debt Service Reserve Fund first to pay Principal Installments and then interest becoming due and payable on such Bond Payment Date on all Bonds Outstanding, to the extent necessary to make up the deficiency. If any unscheduled withdrawal is made pursuant to the foregoing, the Board shall notify each Rating Agency of such withdrawal.

(d) Moneys deposited in the Debt Service Reserve Fund may be withdrawn to pay taxes, insurance, foreclosure fees, including appraisal and legal fees, repairs to the residence and similar expenses incurred by the Board in connection with any protection and enforcement of its rights with respect to any Loan, upon receipt by the Trustee of a Certificate setting forth (i) the property with respect to which payment is to be made, (ii) the name of the person or party to whom payment is to be made, (iii) the amount to be paid, (iv) that the payment is for expenses required in order for the Board to obtain or preserve unencumbered title to such property, and (v) that other funds received or to be received with respect to such property are not available for the payment.

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

Section 5.07. ***Redemption Fund.*** (a) Amounts deposited in the Redemption Fund shall be applied by the Trustee to the purchase or redemption of Bonds in accordance with the provisions of this Section and in the manner provided in Article III of this Indenture and all applicable Supplemental Indentures.

(b) Upon any purchase or redemption (other than from Sinking Fund Installments) of Bonds of any Series and maturity for which Sinking Fund Installments have been established, there shall be credited toward each Sinking Fund Installment thereafter to become due an amount

bearing the same ratio to such Sinking Fund Installment as the total principal amount of such Bonds so purchased or redeemed bears to the total amount of all such Sinking Fund Installments to be credited; provided that, if there shall be filed with the Trustee by the Board a Certificate specifying a different method for crediting Sinking Fund Installments upon any such purchase or redemption of Bonds, and if a Cash Flow Certificate which projects Revenues sufficient to pay Program Expenses and Accrued Debt Service when due in each Bond Year shall accompany such Certificate, or if such purchase or redemption shall follow a transfer from the Program Fund pursuant to Section 5.03 hereof, then such Sinking Fund Installments shall be so credited as shall be provided in the Certificate delivered to the Trustee. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited towards the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

Section 5.08. *Special Reserve Fund.* (a) At the direction of an Authorized Officer, the Trustee shall deposit in the Special Reserve Fund any securities, loans or other property not otherwise pledged hereunder.

(b) Any interest or income earned with respect to any investment of amounts in the Special Reserve Fund shall be retained in the Special Reserve Fund or released to the Board, except as otherwise provided herein or in a Supplemental Indenture.

(c) If on any date payments are required to be made from the Revenue Fund under Section 5.05(b), and there are not sufficient funds in the Revenue Fund to make such payments, the Trustee shall withdraw (i) from the Restricted Account of the Special Reserve Fund amounts restricted for transfer to the Revenue Fund pursuant to this Section and (ii) to the extent necessary, after withdrawing any necessary amounts on deposit from the unrestricted amounts in the Special Reserve Fund, and transfer to the Revenue Fund such available amounts as are necessary to provide sufficient funds for the required transfers from the Revenue Fund.

(d) At any time, at the direction of an Authorized Officer, the Trustee shall withdraw from the Special Reserve Fund and pay to the Board, free and clear of the lien of this Indenture, such amounts, securities, loans or other property as shall be specified therein, including any interest or income earned thereon, unless otherwise restricted by a Supplemental Indenture.

(e) Upon the filing with the Trustee of a Board Request, the Board may create a lien on all or any part of the moneys, investments or assets held in the Special Reserve Fund, and not otherwise restricted by a Supplemental Indenture or previous Board Request, to secure any obligation of the Board, and, if so specified in such Board Request, such lien shall be prior to the lien on the otherwise unrestricted moneys, investments or assets in the Special Reserve Fund granted by this Indenture to the Trustee in favor of the Outstanding Bonds. The moneys, investments or assets so restricted, and while restricted, shall be held in the Restricted Account of the Special Reserve Fund. Such Board Request shall state (i) the name of the person(s) in whose favor the pledge is being made, (ii) the debt secured thereby, (iii) the conditions under

which such pledge is to be discharged if different from payment and cancellation of the secured debt, (iv) which moneys, investments or other assets are subject to such lien and (v) the priority of such lien vis-a-vis the lien created by this Indenture or any other outstanding liens previously created with respect thereto.

Section 5.09. *Withdrawals From Funds.* Notwithstanding any other provision of this Indenture, if on any Bond Payment Date and before applying moneys in the Debt Service Reserve Fund in accordance with Section 5.06(c) hereof, the amount in the Revenue Fund is less than the amount of the Accrued Debt Service becoming due and payable on such Bond Payment Date on all Outstanding Bonds, the Trustee shall transfer from the following Funds and Accounts in the following order the amount of such deficit and apply such amount to pay Accrued Debt Service as necessary:

(a) Special Reserve Fund (but only from amounts restricted for transfer to the Revenue Fund pursuant to Section 5.08 hereof),

(b) Special Reserve Fund (from amounts not restricted pursuant to Section 5.08 hereof),

(c) Redemption Fund, and

(d) Program Fund;

provided, however, that moneys in (i) the Redemption Fund which are to be used to redeem Bonds as to which notice of redemption has been published or (ii) the Program Fund which are to be used to purchase or finance Loans or Mortgage-Backed Securities with respect to which the Board has entered into commitments or (iii) the Special Reserve Fund previously restricted for other purposes by a Supplemental Indenture or Board Request shall not be deemed available for transfer to the Revenue Fund, nor shall Loans or Mortgage-Backed Securities credited to the Program Fund be deemed available for such purpose, and provided further that prior to withdrawing any moneys from the Program Fund the Board shall file with the Trustee a Cash Flow Certificate giving effect to such withdrawal, which shall project Revenues sufficient to pay Program Expenses and Accrued Debt Service when due in each Bond Year, and notify the Rating Agencies of such withdrawal.

Section 5.10. *Prepayments.* (a) Except as otherwise provided in subsections (b) and (c) hereof, all Prepayments shall be deposited in the Revenue Fund.

(b) A Supplemental Indenture may provide that all or a portion of the proceeds of Prepayments of Loans or any Mortgage-Backed Security financed from the proceeds of such Series of Bonds or from Loans or any Mortgage-Backed Security financed from such Prepayments received in any Bond Year, or any part thereof, shall be deposited in the Program Fund or the Redemption Fund. In such event, Prepayments received in each Bond Year shall be deposited in the Program Fund or the Redemption Fund, as the case may be, until such time

as the amount of Prepayments so deposited shall equal the aggregate of the amounts which have been specified in all Supplemental Indentures to be so deposited.

(c) Notwithstanding the provisions of subsections (a) and (b) hereof, any moneys received as a consequence of damage, destruction or condemnation of any property securing a Loan may, at the option of the Board expressed in a Board Request, be used to repair or restore such property, provided that the Loan continues to be insured or guaranteed to the extent required by any Supplemental Indenture, and otherwise shall be applied as a Prepayment of the Loan and be deposited in accordance with the provision of subsections (a) or (b) above.

Section 5.11. *Moneys Held in Trust*. All moneys, or other assets deposited under the provisions of this Indenture with the Trustee or any Depositary shall be held in trust and applied only in accordance with the provisions of this Indenture, and each of the Funds or Accounts established by this Indenture shall be a trust fund for the purposes thereof.

Section 5.12. *Investment and Deposit of Funds and Accounts Held by the Trustee*. (a) Moneys in the Funds and Accounts held by the Trustee shall be invested or deposited by the Trustee, upon written direction of an Authorized Officer, in Authorized Investments, the maturity or redemption date at the option of the holder of which shall coincide as nearly as practicable with the times at which moneys in said Funds and Accounts will be required for the purposes provided in this Indenture, provided that if the amount of the Annual Budget is transferred to the Treasurer of the State pursuant to Section 5.05(f)(iv) hereof, the Trustee shall not be required to track the investment thereof, and said amount may be invested, upon the filing of a Board Request, in any investments permitted for State funds.

(b) Authorized Investments held by the Trustee in any Fund or Account under the provisions of this Indenture shall be deemed at all times to be a part of such Fund or Account and any loss on an Authorized Investment shall be charged to such Fund or Account, but any income or interest earned by, or increment to, a Fund or Account due to any such Investment, net of any losses suffered as a result of such investments, shall be transferred to the Revenue Fund upon receipt thereof; provided, however, that any income or interest earned by, or increment to, any Authorized Investment held in the Debt Service Reserve Fund shall be held in the Debt Service Reserve Fund and not be transferred to the Revenue Fund if, following such transfer, the amount in the Debt Service Reserve Fund would be less than the Debt Service Reserve Requirement. On or before each Bond Payment Date, the Trustee shall examine the Authorized Investments held in all Funds and Accounts to determine if all such income or interest received has been deposited in the Revenue Fund unless required to be held in the Debt Service Reserve Fund.

(c) In computing the amount in any Fund or Account held by the Trustee under the provisions of this Indenture, Authorized Investments therein shall be valued at par if purchased at par or, if purchased at other than par, at their Amortized Value. To the extent that moneys are invested pursuant to an Authorized Investment that permits the same to be liquidated (or

moneys invested therein to be withdrawn) at any time at par, such Authorized Investment shall be valued at par. Any Reserve Equivalent shall be valued at par.

(d) The Trustee shall sell at the best price obtainable, or present for redemption, any Authorized Investment whenever it shall be necessary in order to provide moneys to meet any payment from the Fund or Account for which such Investment was made. The Trustee shall advise the Board in writing (or in such other form or in such other manner as shall be acceptable to the Board) on or before the tenth day of each calendar month, of the details of all cash and investments held for the credit of and transactions in each Fund and Account in its custody under the provisions of each Fund and Account in its custody under the provisions of this Indenture as of the end of the preceding month.

(e) When transferring moneys from one Fund or Account to another, investments need not be liquidated, and all or a portion of such invested moneys may be credited to a particular Fund or Account from another. The Trustee shall check the accuracy of all calculations of investment earnings on all Authorized Investments. Investments authorized to be made by the Trustee pursuant to this Section 5.12 may be made by the Trustee through its own bond or investment departments.

Section 5.13. *Liability of Trustee for Investments.* The Trustee shall not be liable or responsible for the making of any investment authorized by the provisions of this Article V in the manner provided in this Article V or for any loss resulting from any such investment so made, except for its own negligence.

Section 5.14. *Relation to Capital Reserve Requirement.* The Debt Service Reserve Fund established by Section 5.01 is not an account or a subfund within, or in any way related to, the state capital reserve account referred to in Sections 90-6-107(2) and 90-6-119 of the Act. The Debt Service Reserve Requirement is not a "minimum capital reserve requirement" within the meaning of Section 9-6-119 of the Act, and in computing such "minimum capital reserve requirement," amounts on deposit in the Debt Service Reserve Fund shall not be included in such computation. The Board reserves the right to establish an account or a subfund within the state capital reserve account in bond resolutions or other trust indentures relating to other programs of the Board.

ARTICLE VI

PARTICULAR COVENANTS OF THE BOARD

The Board covenants and agrees with the Trustee and the Bondholders of the Bonds as follows.

Section 6.01. *Payment of Bonds.* The Board shall duly and punctually pay or cause to be paid the principal or Redemption Price of every Bond and the interest thereon at the dates and places and in the manner mentioned in the Bonds according to the true intent and meaning

thereof and shall duly pay or cause to be paid the Sinking Fund Installments, if any, becoming payable with respect to any Series of Bonds.

Section 6.02. *Extension of Payment of Bonds.* The Board shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any of the claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement. In case the maturity of any Bonds or the time for payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under this Indenture, to the benefit of this Indenture or to any payment out of the Revenues or Funds established by this Indenture, including Authorized Investments, if any, pledged under this Indenture or the moneys (except moneys held in trust for the payment of particular Bonds or claims for interest pursuant to this Indenture) held by the Fiduciaries, except subject to the prior payment of the principal of all Bonds Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest. Nothing herein shall be deemed to limit the right of the Board to issue Refunding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

Section 6.03. *Further Assurances.* At any and all times, the Board shall, so far as it may be authorized by law, make, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming all and singular the rights, Revenues and other moneys, securities and property, including the Loans or Mortgage-Backed Securities and all rights therein, hereby pledged or assigned, or intended so to be, or which the Board may become bound to pledge or assign.

Section 6.04. *Power To Issue Bonds and Pledge Revenues and Other Funds.* Prior to the issuance of any Bonds, the Board will be duly authorized under all applicable laws to issue the Bonds and to adopt this Indenture and to pledge the Revenues and other moneys, securities, rights and interests purported to be pledged by this Indenture in the manner and to the extent provided in this Indenture. The Revenues and other moneys, securities, rights and interests so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by this Indenture and all action on the part of the Board to that end has been and will be duly and validly taken. The Bonds and the provisions of this Indenture are and will be the valid and legally enforceable obligations of the Board in accordance with their terms and the terms of this Indenture. The Board shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues and other moneys, securities, rights and interests pledged under this Indenture and all the rights of the Bondholders under this Indenture against all claims and demands of all persons whomsoever.

Section 6.05. *Use of Bond Proceeds.* The Board will use the proceeds of Bonds only in accordance with the provisions of this Indenture.

Section 6.06. *Program Covenants*. (a) The Board shall, from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act as then amended and in effect and with the provisions of this Indenture, use and apply the proceeds of the Bonds, to the extent not reasonably required for other Program purposes of the Board or otherwise specified in the Supplemental Indenture authorizing such Series of Bonds, to purchase or finance Loans or Mortgage-Backed Securities, and shall do all such acts and things consistent with sound banking practices and principles as may be necessary to receive and collect sufficient Revenues to pay Program Expenses and Debt Service when due in each Bond Year, and shall diligently enforce and take all steps, actions and proceedings reasonably necessary in the judgment of the Board to protect its rights with respect to or to maintain any insurance or guarantee on Loans or Mortgage-Backed Securities and to enforce all terms, covenants and conditions of Loans and Mortgage-Backed Securities, including the collection, custody and prompt application of all escrow payments required by the terms of a Loan for the purposes for which they were made, the purchase of the property securing the Loan at any sale of such property, taking possession of, selling or otherwise disposing of such property.

(b) The Board shall (i) either store the notes evidencing the Loans with the Trustee or file with the Trustee annually, or more frequently as reasonably requested by the Trustee, a schedule of Loans purchased or financed by the Board identifying the same by reference to the Board loan number, the name of the borrower, the principal amount due on the Loan as of the date purchased and the interest rate on the Loan and (ii) register Mortgage-Backed Securities in the name of the Trustee and, if the Mortgage-Backed Securities are evidenced by physical certificates, shall deliver physical possession thereof to the Trustee.

(c) The Board shall maintain an account for each Lender having entered into a mortgage purchase agreement with the Board and shall record therein a description of each Loan purchased from such Lender.

(d) Nothing in this Indenture shall be construed to prohibit the Board from causing a Lender to repurchase a Loan in accordance with the applicable mortgage purchase agreement.

(e) The Board hereby covenants that it will not request payment from any government insurer in debentures of such insurer, in any case where, under government regulations, it is permitted to request such debentures as payment with respect to a defaulted Loan.

(f) The Board has, and will have so long as any Bonds are Outstanding, good right and lawful power to collect and hold scheduled payments of principal and interest on Loans or Mortgage-Backed Securities and Prepayments with respect to all Loans or Mortgage-Backed Securities.

Section 6.07. *Purchase of Mortgage-Backed Securities; Purchase of Loans*. In carrying out the Program, unless otherwise specified in the Supplemental Indenture authorizing a particular Series of Bonds the Board shall purchase or cause the Trustee to purchase, using proceeds from the Bonds of each Series, together with any other amounts deposited in the

Program Fund, Mortgage-Backed Securities backed by Loans and/or Loans with such maturity dates, for such prices and at such rates of interest as will permit the Board to pay the debt service on such Bonds in a manner consistent with the Act, this Indenture, the related Supplemental Indenture and any other documents by which the Board is bound.

No amounts which have been deposited in the Program Fund shall be disbursed to finance, purchase or acquire any Loan or Mortgage-Backed Security unless the Loan or each Loan underlying the Mortgage-Backed Security meets the requirements of the applicable Program agreements and Supplemental Indenture.

The Board shall take whatever action is required by law from time to time to pledge the Mortgage-Backed Securities and the Loans to the Trustee.

The Board warrants and covenants (a) that no Loan or Mortgage-Backed Security shall be financed by the Board under the Program *unless* the Loan (or Loan underlying the Mortgage-Backed Security) complies in all respects with the Act and (b) to comply with any additional Program covenants contained in any Supplemental Indenture.

Section 6.08. ***Enforcement of Mortgage-Backed Securities, Loans and Program Agreements.*** The Board shall diligently enforce and take all reasonable steps, actions and the proceedings necessary for the enforcement of all terms, covenants and conditions of all Mortgage-Backed Securities, Loans and the Program agreements, including the prompt payment of all payments and all other amounts due the Board thereunder. The Board shall not, without good cause, release the obligations of any mortgagor under any Loan, any issuer under any Mortgage-Backed Security or any Lender under any Program agreement, except as expressly provided therein and herein, and shall at all times, to the extent permitted by law, defend, enforce, preserve and protect the rights and privileges of the Board and of the Bondholders under or with respect to each Mortgage-Backed Security and Loan and the Program agreements, provided that this provision shall not be construed to prevent the Board from (i) settling a default thereof on any Loan or Mortgage-Backed Security on such terms as the Board shall determine to be in the best interests of the Board and the Bondholders or (ii) releasing any mortgagor from, or waiving, any of such mortgagor's obligations under the respective Loan to the extent necessary to preserve the tax-exempt status of the Bonds or as otherwise authorized in a Supplemental Indenture.

Section 6.09. ***Amendment of Loans; Disposition of Loans and Mortgage-Backed Securities.*** The Board shall not consent to or agree to or permit any amendment or modification of any Loan or Mortgage-Backed Security which will in any manner impair or materially adversely affect the rights or security of the Bondholders or the Trustee under this Indenture. In determining whether any amendment or modification will in any manner impair or materially adversely affect the rights or security of the Bondholders or the Trustee under this Indenture, the Board may rely on a Counsel's Opinion.

If the most recently filed Parity Certificate was calculated without including any such Loan or Mortgage-Backed Security and as a result would not meet the requirements for a Parity Certificate, the Board shall notify each Rating Agency prior to consenting, agreeing to or permitting any such amendment or modification.

The Board may at any time, consistent with the other provisions of this Indenture, sell, transfer, assign, dispose of or otherwise release from the lien of this Indenture a Loan or Mortgage-Backed Security:

(a) in order to realize the benefit of any insurance or guarantee with respect to such Loan or Mortgage-Backed Security or any covenant of a Lender under any Program agreement;

(b) in order to provide funds for the redemption or purchase of a principal amount of Bonds corresponding to the unpaid principal amount of such Loan or Mortgage-Backed Security, if a Cash Flow Statement shall be filed with the Trustee giving effect to the proposed sale thereof and the application of the proceeds of such sale; provided, however, that no such certificate shall be necessary if all Outstanding Bonds are simultaneously defeased pursuant to Article XI;

(c) upon payment in full of such Loan or Mortgage-Backed Security; or

(d) as provided in Section 5.02(e) hereof.

The Board may also sell any Loan, Mortgage-Backed Security or other obligation evidencing or securing a Loan financed or purchased by the Board if it is necessary for the Board to take such action in order to maintain the tax exemption of interest on any Series of Bonds pursuant to the Code.

Section 6.10. *Cash Flow Certificates.* (a) The Board shall file a Cash Flow Certificate with the Trustee (i) prior to or concurrent with the issuance or conversion (i.e., in conjunction with the resetting of the interest rate thereon) of any Series of Bonds, (ii) on or within 60 days after any June 1, if a Cash Flow Certificate has not been filed within the prior year or within 60 days of the last day of such longer period as the Board shall adopt, provided that the adoption of such period shall not, in and of itself, adversely affect the Rating Quality on the Bonds, (iii) upon purchase or redemption of Bonds in a manner other than as contemplated in the most recent Cash Flow Certificate filed by the Board with the Trustee and (iv) at such other times as required by this Indenture or as may be required by a Supplemental Indenture, and may file a Cash Flow Certificate at any time in its discretion, provided that the Board shall not be required to file a Cash Flow Certificate as aforesaid if the Board certifies to the Trustee that the assumptions for the most recently filed Cash Flow Certificate are still correct, and in the case of (ii) above if a Cash Flow Statement has not been filed within the prior year each Rating Agency is notified of the Board's intention to not prepare a new Cash Flow Certificate and does

not object to the same within 10 days, in which case such most recently filed Cash Flow Certificate shall be deemed a newly filed Cash Flow Certificate as required aforesaid.

If a Cash Flow Certificate indicates at any time that projected Revenues are not sufficient to pay Program Expenses and Accrued Debt Service when due in each Bond Year, the Board shall immediately notify each Rating Agency of the same.

(b) A Cash Flow Certificate shall be filed with the Trustee and shall set forth projected Revenues, Program Expenses and Accrued Debt Service for each Bond Year during which Bonds will be Outstanding based upon the reasonable expectations of the Board at the time such Certificate is filed showing, as of the date for which such Certificate is required:

(i) as to projected Revenues, the amounts of Revenues estimated to be available for the payment of such Principal Installments and interest when due, derived from all Loans and Mortgage-Backed Securities purchased or financed and reasonably expected to be purchased or financed from the proceeds of such Bonds or other moneys held under this Indenture, and derived from the investment of proceeds of all Bonds and Revenues, which estimate shall give effect to:

(A) estimated amounts of Prepayments of Loans and Mortgage-Backed Securities, at the times and in the amounts set forth in the Certificate;

(B) scheduled payments of principal and interest (less servicing fees) with respect to Loans and Mortgage-Backed Securities, giving effect to the estimated Prepayments;

(C) estimated income receivable from the investment of amounts held in all Funds and Accounts under this Indenture (other than amounts in any Rebate Account, unrestricted amounts in the Special Reserve Fund or amounts in the Special Reserve Fund restricted for purposes other than payment of Bonds) on the date of the Certificate, at the times and in the amounts set forth in the Certificate; and

(D) amounts held in the Program Fund, the Debt Service Reserve Fund and the Redemption Fund on the date of the Certificate, plus any amounts in the Special Reserve Fund restricted therein by a Supplemental Indenture, which are estimated to be available in accordance with the provisions of this Indenture for payment of Principal Installments and interest at times and in amounts set forth in the Certificate (assuming that the Debt Service Reserve Fund is at no time drawn below its Requirement);

(ii) as to Program Expenses, the Annual Budget or Amended Annual Budget most recently on file with the Trustee less the amount withdrawn prior to the date as of

which the Cash Flow Certificate is delivered to pay Program Expenses for the current Bond Year pursuant to Section 5.05(f) hereof; and

(iii) as to Accrued Debt Service, the due dates and amounts of all Principal Installments of and interest on Outstanding Bonds, including any additional Bonds to be issued and Outstanding on such date and excluding Bonds, if any, which it is reasonably expected will no longer be Outstanding on such date and interest, if any, which will not thereafter be payable from Revenues as a result of defeasance in accordance with the provisions of Section 11.03 hereof;

except that (y) to the extent specified in a Supplemental Indenture, any additional fund or account established in said Supplemental Indenture shall not be taken into account when preparing such Cash Flow Certificate and (z) amounts credited to the Special Reserve Fund shall not be taken into account unless directed by the Board (and held in the Restricted Account of the Special Reserve Fund) and upon the written consent of the Rating Agency. The Cash Flow Certificate shall set forth the assumptions upon which the estimates therein are based, which assumptions shall be based upon the Board's reasonable expectations at the time such Cash Flow Certificate is filed and which Cash Flow Certificate shall contain similar assumptions as required by the Rating Agency (unless otherwise waived by the Rating Agency) in the most recent Cash Flow Certificate filed by the Board with the Trustee. Upon filing a Cash Flow Certificate with the Trustee, the Board shall thereafter administer the Program and perform its obligations hereunder in accordance, in all material respects, with the assumptions set forth in such Cash Flow Certificate. *Except* with respect to actions being taken contemporaneously with the delivery of a Cash Flow Certificate, facts reflected in a Cash Flow Certificate may be as of a date or reasonably adjusted to a date not more than 180 days prior to the date of delivery of such Cash Flow Certificate.

(c) The listing of Revenues from Loans, Mortgage-Backed Securities and Authorized Investments shall be supported by a schedule identifying the Loans, Mortgage-Backed Securities and Authorized Investments by maturity and interest rate which shall be furnished to the Trustee upon request. The Board shall also supply, at the request of the Trustee, a schedule showing the sources and applications of moneys used, including, particularly, amounts used to pay or redeem Bonds, transferred between Funds and used to pay Costs of Issuance and capitalized interest.

(d) The Board shall forward to each Rating Agency a copy of each Cash Flow Certificate filed with the Trustee.

Section 6.11. ***Annual Budget***. Prior to using any amounts in the Revenue Fund to pay Program Expenses, the Board shall prepare and file with the Trustee an Annual Budget for the fiscal year during which it expects to so use any amount in the Revenue Fund to pay Program Expenses. Each such Annual Budget shall include allocations for estimated Program Expenses for such fiscal year. The Board may at any time adopt an amended Annual Budget for the remainder of the then current fiscal year. In determining its estimated Program Expenses, the

Board shall take into account its estimates of moneys which will be available from Revenues not needed for payments of Accrued Debt Service and will use its best efforts to restrict Program Expenses to such estimated amounts.

Section 6.12. *Accounts and Reports.* (a) The Board shall keep or cause to be kept proper books and accounts (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions and the Funds and Accounts established by this Indenture. Such books, and all other books and papers of the Board, and such Funds and Accounts shall at all times be subject to inspection during the Board's regular business hours by the Trustee and the Bondholders holding an aggregate of not less than 5% in principal amount of the Bonds then Outstanding or their representatives duly authorized in writing.

(b) Upon request by the Board, the Trustee shall forward to the Board, on the business day following any transaction in connection with a Fund or Account, a statement of such transaction in reasonable detail and form. After the first day, and on or before the tenth day, of each month, the Trustee shall use its best efforts to forward to the Board a statement of account for transactions during the preceding month and balances as of the last day of such month in reasonable detail and form. The information required to be supplied to the Board pursuant to this paragraph may, upon the agreement of the Board and the Trustee, be supplied to the Board in such other manner as shall be satisfactory to the Board.

(c) The Board shall annually, after the close of each fiscal year of the Board, file with the Trustee and each Rating Agency, and otherwise as provided by law, a copy of an annual report for such fiscal year accompanied by an Accountant's Certificate, including the following statements in reasonable detail: a statement of assets and liabilities with respect to the Program as of the end of such fiscal year and a statement of income, expenses and changes in fund balances with respect to the Program for such fiscal year.

(d) The Board shall also make all reports and keep all records at the times and in the manner required by the Act.

(e) The Board shall supply the Rating Agency, upon reasonable request, reports (which reports may be based upon information provided to the Board by the Lenders) with respect to delinquency, prepayment and foreclosure rates for Loans and other financial information relating to the Program and all Funds and Accounts established by this Indenture.

Section 6.13. *Creation of Liens.* The Board shall not issue any bonds or other evidences of indebtedness, other than the Bonds, secured by a pledge of the Revenues or of the moneys, securities, rights and interests pledged or held or set aside by the Board or by any Fiduciary under this Indenture and shall not create or cause to be created any lien or charge on the Revenues or such moneys, securities, rights or interests; provided, however, that nothing in this Indenture shall prevent the Board from (a) issuing evidences of indebtedness secured by a pledge of Revenues to be derived after the pledge of the Revenues provided in this Indenture shall be discharged and satisfied as provided in Article XI hereof, (b) issuing notes or bonds of

the Board not secured under this Indenture or secured by a pledge or lien on amounts released from the lien of this Indenture, (c) issuing notes or bonds of the Board not initially secured under this Indenture or secured by amounts in the Special Reserve Fund, but convertible to Bonds secured hereunder upon satisfaction of the requirements of Section 2.16 hereof are satisfied, or (d) creating equal or superior liens on part or all of the assets in the Special Reserve Fund as and to the extent permitted by Section 5.08 hereof.

Section 6.14. *Personnel and Servicing of Programs*. (a) The Board shall at all times appoint, retain and employ competent personnel for the purpose of carrying out its respective programs under the Act and shall establish and enforce reasonable rules, regulations, tests and standards governing the employment of such personnel at reasonable compensation, salaries, fees and charges and all persons employed by the Board shall be qualified for their respective positions.

(b) The Board may pay to any agency, municipality, political subdivision or governmental instrumentality of the State such amounts as are necessary to reimburse such agency, municipality, political subdivision or governmental instrumentality of the State for the reasonable costs of any services performed for the Board.

(c) Each Depositary which may from time to time hold amounts in excess of $5,000 shall enter into a written agreement with the Board or the Trustee providing that:

(i) any Revenues held by such Depositary shall be set aside and held in trust for the Trustee on behalf of the holders of the Bonds;

(ii) all such amounts shall be invested or deposited in accordance with Section 5.13 and as may be directed by the Board or the Trustee or, failing such direction, as such Depositary may determine;

(iii) any amounts held by such Depositary shall be transmitted to the Trustee regularly as required pursuant to this Indenture and shall be transmitted to the Trustee as soon as practicable upon the written demand at any time of the Board or the Trustee; and

(iv) such Depositary shall regularly deliver an accounting to the Board and the Trustee of the amount held by it hereunder and the deposits and investments thereof.

(d) The Board shall duly and properly service all Loans and enforce the payment and collection of all payments of principal and interest and all escrow payments or shall cause such servicing to be done by a servicer evidencing, in the judgment of the Board, the capability and experience necessary to adequately service Loans. Each such servicer shall enter into a servicing agreement providing that:

(i) all amounts received by such servicer, except as compensation for its services, shall be deposited promptly with a Depositary (which may be such servicer) subject to and in accordance with the provisions of this Indenture;

(ii) such servicer shall at all times remain qualified to act as such pursuant to such standards as the Board shall prescribe from time to time and shall determine to be reasonable to maintain the security for the Bonds; and

(iii) such servicer shall agree to maintain servicing facilities that are staffed with trained personnel to adequately service Loans in accordance with standards normally employed by private institutional mortgage investors, as determined in the Board's sole discretion, and shall maintain individual files for each Loan serviced pursuant to the servicing agreement and provide regular reports to the Board as to collections and delinquencies with respect to all Loans serviced by such servicer.

Section 6.15. *Tax Covenants*. The provisions of this Section 6.15 shall apply only to the Bonds as to which the related Supplemental Indenture shall determine that interest thereon shall be excludable from gross income for federal income tax purposes. The Board shall take no action which may render interest on the Bonds subject to inclusion in gross income for federal income tax purposes and shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Board on the Bonds shall not be includable in gross income for federal income tax purposes.

The Board covenants and certifies to and for the benefit of the owners of the Bonds from time to time Outstanding that so long as any of the Bonds remain Outstanding, moneys on deposit in any Fund or Account in connection with the Bonds, whether or not such moneys were derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner which will cause the Bonds to be classified as "arbitrage bonds" within the meaning of Sections 143 and 148 of the Code. Pursuant to such covenant, the Board obligates itself, to the extent permitted by law, to comply throughout the term of the issue of the Bonds with the arbitrage requirements of Sections 143 and 148 of the Code.

In the event that at any time the Board is of the opinion (and for such purpose the Board may rely upon a Counsel's Opinion) that for purposes of this Section 6.15 it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under this Indenture, the Board shall so direct the Trustee in writing. The Trustee shall take such action as may be necessary in accordance with such instructions and shall be deemed to be in compliance hereof to the extent it follows such instructions.

In the event that at any time the Board is of the opinion (and for such purpose the Board may rely upon a Counsel's Opinion) that for purposes of this Section 6.15 it is necessary to make payments of excess investment interest to the United States of America, it shall (i) direct the Trustee to establish a Rebate Account, if there is not one already existing, (ii) pay into said Account, or direct the Trustee to do so, from moneys available therefor, such amount as is

necessary to comply with the provisions of this Section 6.15, and (iii) direct the Trustee to disburse moneys held therein to the United States of America at such times and in such amounts as are necessary to comply with the provisions of this Section 6.15, and if at any time it shall be determined that any amount in said Rebate Account is no longer needed for such purpose, such amount shall be transferred to the Revenue Fund.

The Board shall in good faith attempt to meet all the requirements of the Code which relate to the eligibility of the Loans or Loans underlying the Mortgage-Backed Securities before the Mortgage-Backed Securities or Loans are acquired or financed. The Board shall establish reasonable procedures to insure compliance with such requirements. The Board shall in good faith attempt to meet, and take all reasonable steps to assure compliance with, the requirements of Section 143(g) and (h) of the Code.

Section 6.16. *Office for Servicing Bonds.* The Board shall at all times maintain one or more Paying Agents where Bonds may be presented for payment.

ARTICLE VII

DEFAULT PROVISIONS AND REMEDIES

Section 7.01. *Powers of Trustee.* The Trustee shall be and is hereby vested with all of the rights, powers and duties of a trustee pursuant to Section 9-6-116 of the Act, and the Trustee shall have the rights, powers and duties set forth in this Article VII in addition to all its rights, powers and duties set forth elsewhere in this Indenture.

Section 7.02. *Events of Default.* Each of the following events is hereby declared an "Event of Default" under this Indenture:

(a) The Board shall fail to pay any Principal Installment or the Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption or otherwise;

(b) The Board shall fail to pay any installment of interest on any Bond when and as the same shall become due and payable;

(c) The Board shall fail to perform or observe any other covenant, agreement or condition on its part contained in this Indenture or in the Bonds, and such failure is not remedied after notice thereof pursuant to Section 7.13 hereof; or

(d) The Board shall file a petition seeking a composition of indebtedness under the federal bankruptcy laws or under any other applicable law or statute of the United States of America or of the State, or if the State has impaired, limited or altered the rights of the Board pursuant to the Act, as in force on the date of this Indenture, to fulfill the terms of any agreements made with the holders of Bonds, including, but not limited

to, the agreements contained herein to administer the Program and to employ a staff sufficient and competent for such purpose, or in any way impaired the rights and remedies of holders of Bonds while any Bonds are Outstanding.

Section 7.03. *Acceleration; Annulment of Acceleration.* (a) Upon the occurrence of an Event of Default, the Trustee may and, upon the written request of the Holders of at least a majority (and in the case of a default under subsection (c) or (d) of Section 7.02 hereof, 100%) in aggregate principal amount of the Bonds Outstanding, shall give 30 days' notice in writing to the Governor and the Attorney General of the State and the Board of its intention to declare all Bonds Outstanding immediately due and payable. At the end of such 30-day period the Trustee may, and upon such written request of such required number of Bondholders shall, by notice in writing to the Board, declare all Bonds Outstanding immediately due and payable; then such Bonds shall become and be immediately due and payable, anything in the Bonds or in this Indenture to the contrary notwithstanding. In such event, there shall be due and payable on the Bonds an amount equal to the total principal amount of all such Bonds, plus all interest accrued thereon and which will accrue thereon to the date of payment.

(b) At any time after the principal of the Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Indenture, the Trustee may, and upon the written direction of the Holders of not less than 25% in aggregate principal amount of the Bonds Outstanding shall, annul such declaration and its consequences with respect to any Bonds not then due by their terms if (i) moneys shall have been deposited in the Revenue Fund sufficient to pay all matured installments of interest and principal or Redemption Price (other than principal then due only because of such declaration) of all Outstanding Bonds; (ii) moneys shall have been deposited with the Trustee sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and any Paying Agents; (iii) all other amounts then payable by the Board hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every Event of Default known to the Trustee (other than a default in the payment of the principal of such Bonds then due only because of such declaration) shall have been remedied to the satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent Default or impair any right consequent thereon.

Section 7.04. *Additional Remedies and Enforcement of Remedies.* (a) Upon the occurrence and continuance of any Event of Default, the Trustee may, and upon the written request of the Holders of not less than 25% in aggregate principal amount of the Bonds Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce its rights and the rights of the Bondholders under the Act, the Bonds and this Indenture by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient, including, but not limited to:

(i) Enforcement of the right of the Bondholders to collect and enforce the payment of principal of and interest due or becoming due on Loans or Mortgage-Backed

Securities and collect and enforce any rights in respect to the mortgages securing such Loans or Mortgage-Backed Securities and to require the Board to carry out its duties and obligations under the terms of this Indenture, and to require the Board to perform its duties under the Act;

(ii) Suit upon all or any part of the Bonds;

(iii) Civil action to require the Board to account as if it were the trustee of an express trust for the Holders of Bonds;

(iv) Civil action to enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of Bonds; and

(v) Enforcement of any other right of the Bondholders conferred by law or by this Indenture.

(b) Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under this Indenture by any acts which may be unlawful or in violation of this Indenture, or (ii) to preserve or protect the interests of the Bondholders, provided that such request is in accordance with law and the provisions of this Indenture and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Holders of Bonds not making such request.

Section 7.05. *Application of Revenues and Other Moneys After Default.* (a) The Board covenants that, if an Event of Default shall happen and shall not have been remedied, the Board, upon demand of the Trustee, shall pay or cause to be paid over to the Trustee (i) forthwith, all moneys and securities then held by the Board in any Fund or Account under this Indenture and (ii) as promptly as practicable after receipt thereof, all Revenues and other payments or receipts pledged hereunder.

(b) During the continuance of an Event of Default, the Trustee shall apply such moneys, securities, Revenues, payments and receipts and the income therefrom as follows and in the following order:

(i) To the payment of the reasonable and proper charges of the Trustee, which may include reasonable attorney and other fees;

(ii) To the payment of the interest and Principal Installments or Redemption Price then due on the Bonds, subject to the provisions of Section 6.02 hereof, as follows:

(A) Unless the principal of all of the Bonds shall have become or have been declared due and payable:

First, to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference; and

Second, to the payment to the persons entitled thereto of the unpaid Principal Installments or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of Principal Installments or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference; or

(B) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference; and

(iii) To the payment of the amounts required for reasonable and necessary Program Expenses.

Section 7.06. ***Remedies Not Exclusive.*** No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Indenture or existing at law or in equity or by statute (including the Act) on or after the date of adoption of this Indenture.

Section 7.07. ***Remedies Vested in Trustee.*** All rights of action (including the right to file proof of claims) under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds. Subject to the provisions of Section 7.05 hereof, any recovery of judgment shall be for the equal benefit of the Holders of the Outstanding Bonds.

Section 7.08. *Majority Bondholders Control Proceedings.* If an Event of Default shall have occurred and be continuing, notwithstanding anything in this Indenture to the contrary, the Holders of at least a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of this Indenture or for the appointment of a receiver or any other proceedings hereunder, provided that such direction is in accordance with law and the provisions of this Indenture (including indemnity to the Trustee as provided in Section 8.03 hereof) and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of Bondholders not joining in such direction and provided further that nothing in this Section 7.08 shall impair the right of the Trustee in its discretion to take any other action under this Indenture which it may deem proper and which is not inconsistent with such direction by Bondholders.

Section 7.09. *Individual Bondholder Action Restricted.* (a) No Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereunder or for any remedy under this Indenture unless:

(i) an Event of Default has occurred (A) under subsection (a) or (b) of Section 7.02 hereof, (B) as to which the Trustee has actual notice or (C) as to which the Trustee has been notified in writing;

(ii) the Holders of at least 25% in aggregate principal amount of Bonds Outstanding shall have made written request to the Trustee to proceed to exercise the powers granted in this Indenture or to institute such action, suit or proceeding in its own name;

(iii) such Bondholders shall have offered the Trustee indemnity as provided in Section 8.03 hereof; and

(iv) the Trustee shall have failed or refused to exercise the powers herein granted or to institute such action, suit or proceedings in its own name for a period of 60 days after receipt by it of such request and offer of indemnity.

(b) No one or more Holders of Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the security of this Indenture or to enforce any right hereunder except in the manner herein provided and for the equal benefit of the Holders of all Bonds Outstanding.

(c) Nothing contained in this Indenture shall affect or impair, or be construed to affect or impair, the right of the Holder of any Bond (i) to receive payment of the principal of or interest on such Bond, as the case may be, on or after the due date thereof or (ii) to institute suit for the enforcement of any such payment on or after such due date; provided, however, no Holder of any Bond may institute or prosecute any such suit or enter judgment therein if, and

to the extent that, the institution or prosecution of such suit or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the lien of this Indenture on the moneys, funds and properties pledged hereunder for the equal and ratable benefit of all Holders of Bonds.

Section 7.10. *Termination of Proceedings.* In case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Bondholders, the Board, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee and the Bondholders shall continue as if no such proceeding had been taken.

Section 7.11. *Waiver and Non-Waiver of Event of Default.* (a) No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by this Article VII to the Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

(b) The Trustee may waive any Event of Default which its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Indenture or before the completion of the enforcement of any other remedy under this Indenture.

(c) Notwithstanding anything contained in this Indenture to the contrary, the Trustee, upon the written request of the Holders of at least a majority of the aggregate principal amount of Bonds then Outstanding (including, if more than one Series of Bonds shall at the time be Outstanding, the Holders of a majority in principal amount of the Bonds of each such Series), shall waive any Event of Default hereunder and its consequences; provided, however, that except under the circumstances set forth in subsection (b) of Section 7.03 hereof or subsection (b) of this Section 7.11, a default in the payment of the principal of, premium, if any, or interest on, any Bond, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Holders of all the Bonds at the time Outstanding.

(d) In case of any waiver by the Trustee of an Event of Default hereunder, the Board, the Trustee and the Bondholders shall be restored to their former positions and rights under this Indenture, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon. The Trustee shall not be responsible to anyone for waiving or refraining from waiving any Event of Default in accordance with this Section 7.11.

Section 7.12. *Notice of Defaults.* (a) Within 30 days after (i) the receipt of notice of an Event of Default as provided in Section 7.09(a)(i)(B) or (C) hereof or (ii) the occurrence of

an Event of Default under Section 7.02(a) or (b) hereof, of which the Trustee is deemed to have notice, the Trustee shall, unless such Event of Default shall have theretofore been cured, give written notice thereof by first-class mail to each registered owner of Bonds then Outstanding, and to each Rating Agency, provided that, except in the case of a default in the payment of Principal Installments or the Redemption Price of or interest on any of the Bonds, the Trustee may withhold such notice if, in its sole judgment, it determines that the withholding of such notice is in the best interests of the Bondholders.

(b) The Trustee shall immediately notify the Board of any Event of Default known to the Trustee.

Section 7.13. ***Notice of Defaults Under Section 7.02(c); Opportunity of the Board To Cure Such Defaults.*** Anything herein to the contrary notwithstanding, no default under Section 7.02(c) hereof shall constitute an Event of Default until actual notice of such default by first class mail (postage prepaid) shall be given to the Board by the Trustee or by the holders of not less than 25% in aggregate principal amount of all Bonds Outstanding and the Board shall have had 60 days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period; provided, however, if said default be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Board within the applicable period and diligently pursued until the default is corrected.

ARTICLE VIII

CONCERNING THE FIDUCIARIES

Section 8.01. ***Trustee; Appointment and Acceptance of Duties.*** Norwest Bank Minnesota, National Association is hereby appointed as Trustee. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing this Indenture.

Section 8.02. ***Paying Agents; Appointment and Acceptance of Duties.*** (a) The Board shall appoint one or more Paying Agents for the Bonds of each Series and may at any time appoint one or more other Paying Agents having the qualifications set forth in Section 8.13 for a successor Paying Agent. The Trustee is hereby appointed as a Paying Agent, unless otherwise specified in the Supplemental Indenture authorizing the issuance of a Series of Bonds.

(b) Each Paying Agent other than the Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing and delivering to the Board and to the Trustee a written acceptance thereof.

(c) Unless otherwise provided, the principal offices of the Paying Agents are designated as the respective offices or agencies of the Board for the payment of the interest on and principal or Redemption Price of the Bonds.

Section 8.03. *Responsibilities of Fiduciaries*. (a) The recitals of fact herein and in the Bonds contained shall be taken as the statements of the Board, and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of this Indenture or of any Bonds issued hereunder or as to the security afforded by this Indenture, and no Fiduciary shall incur any liability in respect thereof. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to the Board or to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof or to advance any of its own moneys, unless properly indemnified. Subject to the provisions of subsection (b) hereof, no Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct.

(b) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. Any provisions of this Indenture relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may rely shall be subject to the provisions of this Section 8.03.

Section 8.04. *Evidence on Which Fiduciaries May Act*. (a) Each Fiduciary, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document furnished to it pursuant to any provision of this Indenture, shall examine such instrument to determine whether it conforms to the requirements of this Indenture and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be of counsel to the Board, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Indenture in good faith and in accordance therewith.

(b) Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the Board, and such Certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Indenture upon the faith thereof, but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may seem reasonable.

(c) Except as otherwise expressly provided in this Indenture, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the Board to any Fiduciary shall be sufficiently executed if executed in the name of the Board by an Authorized Officer.

Section 8.05. *Compensation*. The Board shall pay to each Fiduciary from time to time reasonable compensation for all services rendered under this Indenture, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Indenture, and each Fiduciary shall have a lien therefor on any and all funds at any time held by it under this Indenture. Subject to the provisions of Section 8.03 hereof, the Board further agrees to indemnify and save each Fiduciary harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to its negligence or willful misconduct.

Section 8.06. *Certain Permitted Acts*. Any Fiduciary may become the owner of any Bonds, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depositary for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not any such committee shall represent the Holders of a majority in principal amount of the Bonds then Outstanding.

Section 8.07. *Resignation of Trustee*. The Trustee may at any time resign and be discharged of the duties and obligations created by this Indenture by giving not less than 60 days' written notice to the Board, and delivering notice thereof, specifying the date when such resignation shall take effect, to the Bondholders and to each Rating Agency and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the Board or the Bondholders as provided in Section 8.09 hereof, in which event such resignation shall take effect immediately on the appointment of such successor. In no event, however, shall such a resignation take effect until a successor Trustee (or Temporary Trustee) has been appointed pursuant to Section 8.09 hereof and accepted such appointment.

Section 8.08. *Removal of Trustee*. (a) The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the Bondholders representing a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Board. Notice of such removal shall also be filed with each Rating Agency.

(b) Unless an Event of Default, or an event which with notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing, the Board shall have the right to remove the Trustee at any time upon filing with the Trustee an instrument in writing for such cause as shall be determined in the sole discretion of the Board. Notice of such removal shall also be filed with each Rating Agency.

Section 8.09. *Appointment of Successor Trustee; Temporary Trustee.* (a) In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of such Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of such Trustee, or of its property or affairs, a successor may be appointed by (i) the Board by a duly executed written instrument signed by an Authorized Officer or (ii) the Bondholders representing a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Board, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondholders or by their attorneys-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to the Board and the predecessor Trustee. The Board shall notify the Bondholders of any such appointment made by it, in the same manner as provided herein for the redemption of such Bonds, within 20 days after such appointment.

(b) If in a proper case no appointment of a successor Trustee shall be made by the Board or the Bondholders pursuant to the foregoing provisions of this Section within 45 days after any Trustee shall have given to the Board written notice as provided in Section 8.07 hereof or after a vacancy in the office of the Trustee shall have occurred by reason of its removal or inability to act, such Trustee or any Bondholder may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

(c) Any successor or Temporary Trustee appointed under the provisions of this Section shall be a bank or trust company or national banking association having capital and surplus aggregating at least $50,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture.

Section 8.10. *Transfer of Rights and Property to Successor Trustee.* Any successor Trustee appointed under this Indenture shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Board, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee, but the Trustee ceasing to act shall nevertheless, on the written request of the Board, or of the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under this Indenture and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Board be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged

and delivered by the Board. Any such successor Trustee shall promptly notify the Paying Agents and Depositaries, if any, of its appointment as Trustee.

Section 8.11. *Merger or Consolidation.* Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it may be party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, and shall be authorized by law to perform all the duties imposed upon it by this Indenture, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

Section 8.12. *Adoption of Authentication.* In case any of the Bonds contemplated to be issued under this Indenture shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Bonds and deliver such Bonds so authenticated. In case any of such Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of the predecessor Trustee or in the name of the successor Trustee, and in all such cases such certificate shall have the full force which it is anywhere in such Bonds or in this Indenture provided that the certificate of the Trustee shall have.

Section 8.13. *Resignation or Removal of Paying Agent and Appointment of Successor.* (a) Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 60 days' written notice to the Board, the Trustee and the other Paying Agents, if any. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by the Board. Any successor Paying Agent shall be appointed by the Board with the approval of the Trustee and shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, having capital and surplus aggregating at least $10,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture.

(b) In the event of the resignation or removal of any Paying Agent, such Payment Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor or, if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

Section 8.14. *Appointment of Co-Trustee.* It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as the Trustee in such jurisdiction and that the security for payment of the Bonds be ensured to the maximum extent reasonably permitted by applicable state and federal laws. It is recognized that in case of litigation under this Indenture or any related agreement, and in particular in case of the enforcement thereof on default, or in case of a conflict of interest, or in case the Trustee

deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Board or the Trustee appoint an additional individual or institution as a separate or co-Trustee. The following provisions of this Section are intended to accomplish these ends.

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

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

ARTICLE IX

SUPPLEMENTAL INDENTURES

Section 9.01. ***Supplemental Indentures Not Requiring Consent of Bondholders.*** Without the consent of or notice to any of the Bondholders, the Board and the Trustee may enter into one or more Supplemental Indentures, not inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

(a) To authorize Bonds of a Series and, in connection therewith, to specify and determine the matters and things referred to in Section 2.03 hereof and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with this Indenture as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first delivery of such Bonds;

(b) To close this Indenture or any Supplemental Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in this

Indenture or any Supplemental Indenture on, the delivery of Bonds or the issuance of other evidences of indebtedness;

(c) To add to the covenants and agreements of the Board in this Indenture or any Supplemental Indenture other covenants and agreements to be observed by the Board which are not contrary to or inconsistent with this Indenture or the applicable Supplemental Indenture as theretofore in effect;

(d) To add to the limitations and restrictions in this Indenture or any Supplemental Indenture other limitations and restrictions to be observed by the Board which are not contrary to or inconsistent with this Indenture or the applicable Supplemental Indenture as theretofore in effect;

(e) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Indenture or any Supplemental Indenture, of the Revenues or of any other moneys, securities or funds;

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

(g) To cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision in this Indenture or any Supplemental Indenture;

(h) To insert such provisions clarifying matters or questions arising under this Indenture or any Supplemental Indenture as are necessary or desirable and are not contrary to or inconsistent with this Indenture or the applicable Supplemental Indenture theretofore in effect; or

(i) To make any change which, in the judgment of the Trustee (which, with respect to matters affecting the security for the Bonds, may conclusively rely upon written evidence from each Rating Agency, that such change will not adversely affect the Rating Quality of the Bonds), is not to the material prejudice of the Bondholders.

The Board shall notify each Rating Agency of any Supplemental Indenture proposed to be adopted.

Section 9.02. *Supplemental Indentures Requiring Consent of Bondholders.* At any time or from time to time, a Supplemental Indenture may be issued by the Board subject to consent by the Bondholders in accordance with and subject to the provisions of Article X, which

Supplemental Indenture, upon the filing with the Trustee of a copy thereof and upon compliance with the provisions of said Article X, shall become fully effective in accordance with its terms as provided in said Article X. The Board shall notify each Rating Agency of any Supplemental Indenture proposed to be adopted.

Section 9.03. *General Provisions*. (a) This Indenture and any Supplemental Indenture shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article IX and Article X. Nothing in this Article IX or Article X contained shall affect or limit the right or obligation of the Board to adopt, make, do, execute, acknowledge or deliver any certificate, act or other instrument pursuant to the provisions of Section 6.03 hereof or the right or obligation of the Board to execute and deliver to any Fiduciary any instrument which elsewhere in this Indenture or any Supplemental Indenture it is provided shall be delivered to said Fiduciary.

(b) Any Supplemental Indenture referred to and permitted or authorized by Sections 9.01 and 9.02 hereof may be adopted by the Board without the consent of any of the Bondholders, but shall become effective only on the conditions to the extent and at the time provided in said Sections, respectively. The copy of every Supplemental Indenture when filed with the Trustee shall be accompanied by a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully adopted in accordance with the provisions of this Indenture, is authorized or permitted by this Indenture and is valid and binding upon the Board and enforceable in accordance with its terms.

(c) The Trustee is hereby authorized to accept the delivery of a certified copy of any Supplemental Indenture referred to and permitted or authorized by Section 9.01, 9.02 or 9.03 hereof and, subject to a requirement of Bondholders' consent, if any, to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action, shall be fully protected in relying on an opinion of counsel (which may be a Counsel's Opinion) that such Supplemental Indenture is authorized or permitted by the provisions of this Indenture.

(d) No Supplemental Indenture shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

(e) The Board shall forward a copy of any supplemental indenture (in substantially final form) to the Rating Agency.

ARTICLE X

AMENDMENTS AND MODIFICATIONS REQUIRING CONSENT OF BONDHOLDERS

Section 10.01. *Mailing*. Any provision in this Article X for the mailing of a notice or other paper to Bondholders shall be fully complied with if it is mailed postage prepaid only:

(a) To each owner of Bonds then Outstanding at his address appearing upon the registry books of the Board maintained by the Trustee; and

(b) To the Trustee.

Section 10.02. ***Powers of Amendment.*** Any modification or amendment of this Indenture or any Supplemental Indenture and of the rights and obligations of the Board and of the Bondholders, in any particular, may be made by a Supplemental Indenture, with the written consent given as provided in Section 10.03 hereof (a) of the Holders of at least two-thirds in principal amount of the Bonds Outstanding at the time such consent if given and (b) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of at least two-thirds in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section 10.02. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purposes of this Section 10.02, a Series of Bonds shall be deemed to be affected by a modification or amendment of this Indenture if the same adversely affects or diminishes the rights of the Holders of such Series of Bonds. The Trustee, relying upon Counsel's Opinion, may determine whether or not in accordance with the foregoing powers of amendment Bonds of any particular Series or maturity would be affected by any modification or amendment of this Indenture and any such determination shall be binding and conclusive on the Board and the Bondholders.

Section 10.03. ***Consent of Holders of Bonds.*** The Board may at any time adopt a Supplemental Indenture making a modification or amendment permitted by the provisions of Section 10.02 hereof, to take effect when and as provided in this Section 10.03. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Board to the Holders of Bonds (but failure to mail such copy and request shall not affect the validity of the Supplemental Indenture when consented to as provided in this Section 10.03). Such Supplemental Indenture shall not be effective unless and until (a) there shall have been filed with the Trustee (i) the written consents of Holders of the percentages of Outstanding Bonds specified in Section 10.02 hereof and (ii) a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully adopted and filed by the Board in accordance with the provisions of this Indenture, is authorized or permitted by this Indenture and is valid and binding upon the Board and enforceable in accordance with its

terms and (b) a notice shall have been given as hereinafter in this Section 10.03 provided. Each consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 12.02 hereof. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with Section 12.02 hereof shall be conclusive that the consents have been given by the Bondholders described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Bondholder giving such consent and, anything in Section 12.02 hereof to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Bondholder thereof has notice thereof). At any time after the Bondholders of the required percentage of Bonds shall have filed their consent to the Supplemental Indenture, the Trustee shall make and file with the Board and the Trustee a written statement that the Bondholders of such required percentage of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter, notice stating in substance that the Supplemental Indenture (which may be referred to as a Supplemental Indenture adopted by the Board on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentage of Bonds and will be effective as provided in this Section 10.03, may be given to Bondholders by the Board by mailing such notice to Bondholders (but failure to mail such notice shall not prevent such Supplemental Indenture from becoming effective and binding as in this Section 10.03 provided) at least once not more than 90 days after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture and the written statement of the Trustee hereinabove provided for is filed. The Board shall file with the Trustee proof of the mailing of such notice. A record, consisting of the papers required or permitted by this Section 10.03 to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Indenture making such amendment or modification shall be deemed conclusively binding upon the Board, the Fiduciaries and the Holders of all Bonds at the expiration of 30 days after the filing with the Trustee of the proof of the mailing of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Indenture in a legal action or equitable proceeding for such purpose commenced within such 30-day period; provided, however, that any Fiduciary and the Board during such 30-day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action or to refrain from taking such action, with respect to such Supplemental Indenture, as they may deem expedient.

Section 10.04. *Modifications by Unanimous Consent.* The terms and provisions of this Indenture or any Supplemental Indenture and the rights and obligations of the Board and of the Bondholders may be modified or amended in any respect upon the issuance and filing by the Board of a Supplemental Indenture and the consent of the Bondholders of all Bonds then Outstanding, such consent to be given as provided in Section 10.03 hereof, except that no notice of such consent to Bondholders by mailing shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of any

Fiduciary without the filing with the Trustee of the written assent thereto of such Fiduciary in addition to the consent of the Bondholders.

Section 10.05. *Exclusion of Bonds.* Bonds owned or held by or for the account of the Board shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article X, and the Board shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article X. At the time of any consent or other action taken under this Article X, the Board shall furnish the Trustee a certificate, upon which the Trustee may rely, describing all Bonds to be excluded.

Section 10.06. *Notation on Bonds.* Bonds delivered after the effective date of any action taken as in Article IX hereof or this Article X provided may, and if the Trustee so determines, shall bear a notation by endorsement or otherwise in form approved by the Board and the Trustee as to such action, and, in that case, upon demand of any Bondholder of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the principal office of the Trustee or upon any transfer or exchange of any Bond Outstanding at such effective date, suitable notation shall be made on such Bond or upon any Bond issued upon any such transfer or exchange by the Trustee as to any such action. If the Board or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Board to conform to such action shall be prepared and delivered and upon demand of the Bondholders of any Bond then Outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same Series and maturity then Outstanding, upon surrender of such Bonds.

ARTICLE XI

SATISFACTION AND DISCHARGE

Section 11.01. *Discharge of Indenture in Entirety.* If the Board shall pay or cause to be paid, or there shall otherwise be paid, to the Bondholders of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Indenture, then the pledge of any Revenues, and other moneys and securities pledged under this Indenture and all covenants, agreements and other obligations of the Board to the Bondholders, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the Board to be prepared and filed with the Board and, upon the request of the Board, shall execute and deliver to the Board all such instruments as may be desirable to evidence such discharge and satisfaction, and the fiduciaries shall pay over or deliver to the Board all moneys or securities held by them pursuant to this Indenture which are not required for the payment of principal or Redemption Price, if applicable, of or interest on Bonds not theretofore surrendered to such payment or redemption.

Section 11.02. *Discharge of Indenture as to a Series of Bonds.* If the Board shall pay or cause to be paid, or there shall otherwise be paid to the Bondholders of all Outstanding Bonds

of a particular Series, the principal or Redemption Price, if applicable, thereof and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Indenture, such Bonds shall cease to be entitled to any lien, benefit or security under this Indenture, and all covenants, agreements and obligations of the Board to the Bondholders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. Notice of the foregoing shall be given to each Rating Agency.

Section 11.03. *Defeasance of Bonds.* (a) Any Bond shall be deemed to be paid within the meaning of this Article and for all purposes of this Indenture and any Supplemental Indenture when payment of the principal amount of and premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided herein), either (i) shall have been made or caused to be made in accordance with the terms thereof or (ii) shall have been provided by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment (A) moneys sufficient to make such payment and/or (B) Government Obligations (which may be subject to redemption prior to maturity, provided that in such case it shall be assumed that such Government Obligations are redeemed at their earliest possible redemption date) maturing as to principal and interest in such amount and at such time as will ensure the availability of sufficient moneys to make such payment. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits of this Indenture, except for the purposes of any such payment from such moneys or Government Obligations.

Notwithstanding the foregoing, no deposit under clause (ii) of the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until the earlier of: (1) proper notice of redemption of such Bonds shall have been previously given in accordance with Article III of this Indenture, or in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, until the Board shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions to notify, as soon as practicable, the holders or owners of the Bonds, in accordance with Article III hereof, that the deposit required by (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Article and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal amount or redemption price, if applicable, on said Bonds; or (2) the maturity of such Bonds.

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

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

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

(iii) to mail, as soon as practicable, in the manner prescribed by Article III hereof, a notice to the holders of such Bonds and to the Rating Agency that the deposit required by (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Article and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal amount or redemption price, if applicable, on said Bonds as specified in (i) hereof and whether or not such Bonds continue to be subject to redemption, provided that the foregoing shall in no way restrict the right of the Board to reserve its right to redeem Bonds pursuant to the provisions thereof.

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

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

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

ARTICLE XII

MISCELLANEOUS

Section 12.01. ***Failure To Present Bonds.*** Anything in this Indenture to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for two years after the date when such Bonds have become due and payable (or 90 days prior to the day such moneys would, under the laws of the State, escheat or be required to be paid to the State, if such date is earlier), either at their stated

maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for two years after the date of deposit of such moneys if deposited with the Fiduciary after the date when such Bonds became due and payable (or 90 days prior to the day such moneys would, under the laws of the State, escheat or be required to be paid to the State, if such date is earlier), shall, at the written request of the Board be repaid by the Fiduciary to the Board, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Board for the payment of such Bonds; provided, however, that before being required to make any such payment to the Board, the Fiduciary shall, at the expense of the Board, cause to be mailed to each such Bondholder a notice that such moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of such notice, the balance of such moneys then unclaimed will be returned to the Board.

Section 12.02. ***Consents, etc., of Bondholders and Ownership of Bonds.*** (a) Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the Bondholders (other than an assignment of a Bond) may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee and any Paying Agent with regard to any action taken by it under such request or other instrument, namely:

(i) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by an affidavit of any witness to such execution.

(ii) The fact of ownership of Bonds and the amount or amounts, numbers and other identification of Bonds, and the date of holding the same shall be proved by the registration books of the Board maintained by the Trustee pursuant to this Indenture.

(b) Any request or consent by the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Board or any Fiduciary in accordance therewith.

Section 12.03. ***Bonds Not an Obligation of the State or Any Political Subdivision.*** The Bonds shall not be in any way a debt or liability or obligation of the State or of any political subdivision thereof and shall not constitute or give rise to a pecuniary liability of the State or of any such political subdivision or be or constitute a pledge of the faith and credit of the State or of any such political subdivision.

Section 12.04. *Moneys Held for Particular Bonds.* Subject to the provisions of Section 12.01, the amounts held by any Fiduciary for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Bonds entitled thereto.

Section 12.05. *Preservation and Inspection of Documents.* All documents received by any Fiduciary under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Board, any other Fiduciary, and any Bondholders and their agents and their representatives, any of whom may make copies thereof.

Section 12.06. *Parties Interested Herein.* Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or corporation, other than the Board, the Fiduciaries and the Bondholders any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Board shall be for the sole and exclusive benefit of the Board, the Fiduciaries and the Bondholders.

Section 12.07. *No Recourse on the Bonds.* No recourse shall be had for the payment of the principal of or interest on the Bonds or for any claim based thereon or on this Indenture against any officer of the Board or any person executing the Bonds.

Section 12.08. *Severability of Invalid Provisions.* If any one or more of the covenants or agreements provided in this Indenture on the part of the Board or any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Indenture.

Section 12.09. *Successors.* Whenever in this Indenture the Board is named or referred to, it shall be deemed to include any political subdivision or public benefit corporation of the State or division thereof, which may succeed to the principal functions and powers of the Board, and all the covenants and agreements contained in this Indenture by or on behalf of the Board shall bind and inure to the benefit of said successor whether so expressed or not.

Section 12.10. *Consents and Approvals.* Whenever the written consent or approval of the Board, Trustee, Fiduciaries or Bondholders shall be required under the provisions of this Indenture, such consent or approval shall not be unreasonably withheld or delayed.

Section 12.11. *Notices, Demands and Requests.* All notices, demands and requests to be given or made hereunder to or by the Board or the Trustee shall be in writing and shall be properly made if hand delivered or sent by electronic facsimile or similar means or courier service, with appropriate measures to assure receipt thereof, or by United States mail, postage prepaid and addressed as follows:

If to the Board:	Montana Board of Housing 836 Front Street Helena, MT 59620-0528
If to the Trustee:	Norwest Bank Minnesota, National Association Sixth and Marquette Minneapolis, MN 55479-0069

Either the Board or the Trustee may change the address listed for it above at any time upon written notice of such change sent by United States mail, postage prepaid, to the Board or the Trustee, as the case may be.

Section 12.12. *Agreement of the State.* In accordance with the Act, the Board hereby includes as a part of its contract with Bondholders the following pledge and agreement of the State. The State pledges to and agrees with the Holders of any Bonds issued under the Act that the State will not in any way impair the obligations of any agreement (including but not limited to the agreements to administer the programs described herein and to employ staff sufficient and competent for such purpose) between the Board and such Holders until the Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders are fully met and discharged.

Section 12.13. *Filing of Security Instruments.* (a) The Board hereby covenants that it will cause this Indenture, the Agreement and all supplements hereto and thereto, together with all other security instruments and financing statements, to be recorded and filed, as the case may be, in such manner and in such places as may be required by law in order to perfect the lien of, and the security interests created by, this Indenture.

(b) The Trustee hereby covenants that it will cause to be filed all continuation statements under the Uniform Commercial Code of the State, and any similar documents, security instruments and financing statements, in such manner and in such places as may be required by law in order to perfect, protect and maintain in force the lien and pledge of, and the security interests created by, this Indenture.

Section 12.14. *Applicable Law.* This Indenture shall be governed exclusively by the applicable laws of the State.

Section 12.15. *Table of Contents and Section Headings Not Controlling.* The Table of Contents and the headings of the several Articles and Sections of this Indenture have been prepared for convenience of reference only and shall not control, affect the meaning of, or be taken as an interpretation of any provision of this Indenture.

Section 12.16. *Effective Date.* This Indenture shall take effect immediately.

IN WITNESS WHEREOF, the Montana Board of Housing has caused this Trust Indenture to be executed by its Chairman and attested to by an Authorized Officer, and, to evidence its acceptance of the trusts hereby created, the Trustee has caused this Trust Indenture to be executed by one of its authorized officers and attested to by one of its authorized officers, all on this 1st day of May, 1997.

MONTANA BOARD OF HOUSING

By Bob Thomas
Chairman

Attest:
Maureen J. Rude
Treasurer

NORWEST BANK MINNESOTA,
NATIONAL ASSOCIATION, as Trustee

By Doreen K Rowe
Assistant Vice President

Attest:

By Patricia A. Fisher
Its Patricia A. Fisher
Vice President

Trust Indenture

by and between

MONTANA BOARD OF HOUSING

and

UNITED CALIFORNIA BANK,
Los Angeles, California

As Trustee

and

THE CONRAD NATIONAL BANK OF KALISPELL,
Kalispell, Montana

As Co-Trustee

August 16, 1979

Relating to
Montana Board of Housing
Single Family Program Bonds
(Federally Insured or Guaranteed Mortgage Loans)

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TRUST INDENTURE

This TRUST INDENTURE, dated as of August 16, 1979, made and executed by and between the MONTANA BOARD OF HOUSING, a Board created by the Montana Housing Act of 1975 and UNITED CALIFORNIA BANK, a banking corporation incorporated under the laws of the State of California and authorized by such laws to execute trust powers, as Trustee and THE CONRAD NATIONAL BANK OF KALISPELL, a national banking association incorporated under the laws of the United States and authorized under such laws to execute trust powers, as Co-Trustee:

W I T N E S S E T H :

WHEREAS, the Board is authorized by the Act to purchase notes, mortgages and other securities evidencing loans for the construction or purchase of housing developments for persons and families of lower income in the State of Montana; and

WHEREAS, the Board finds that there exists a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of lower income can afford within the housing market area to be served by the housing developments to be assisted as herein provided; that private enterprise has not provided an adequate supply of such housing at such rentals or prices, or provided sufficient mortgage financing therefor so that the provisions of the Act and of this Indenture constitute a valid public purpose, of primary benefit to all citizens of the State;

WHEREAS, the execution and delivery of this Indenture has been authorized by a resolution duly adopted by the Board, under authority and in accordance with the provisions of the Act and on the basis of the findings hereinabove recited, for the purpose of authorizing the issuance and providing for the security of bonds to finance the Single Family Program, under which the Board will purchase mortgage loans;

WHEREAS, all things have been done that are necessary to make the bonds herein authorized, when executed and issued by the Board upon the terms and conditions to be set forth in supplemental trust indentures and authenticated and delivered hereunder, the valid and binding obligations of the Board in accordance with their terms, and to constitute this Indenture a valid contract for the security of the bonds herein authorized, in accordance with its terms;

GRANTING CLAUSES

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that, to secure payment of the principal of, premium, if any, and interest on the bonds according to their tenor and effect and the provisions herein contained, and in consideration of the premises, and of the purchase of the bonds by the holders thereof, the Board by these presents does hereby grant a security interest in, bargain, sell, release, convey, assign, transfer, pledge and confirm to the Trustee and its successors in trust, the following described revenues, assets and moneys (which collectively are hereinafter called the "Trust Estate" with capitalized terms used in these Granting Clauses being defined as set forth in this Indenture), to wit:

(i) the proceeds of the Bonds;

(ii) all right, title and interest of the Board in and to all Mortgage Loans acquired with moneys subject to the lien of this Indenture, the Mortgage Purchase Agreements and the Servicing Agreements relating to such Mortgage Loans, and any other mortgage loans or other assets acquired with moneys or assets subject to the lien of this Indenture;

(iii) all Revenues, as defined herein together with all moneys and investments in all Funds and Accounts established by or pursuant to this Indenture; and

(iv) any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred as and for additional security hereunder;

which pledge and assignment is valid and binding from the time when made, and all revenues, assets and moneys pledged and hereafter received by the Board shall immediately be subject to the lien thereof and the security interest created thereby, it being the intention of the parties hereto that such lien and security interest shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the Board;

SUBJECT in all cases to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein;

TO HAVE AND TO HOLD the Trust Estate unto the Trustee and its successors and assigns forever;

In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued pursuant to this Indenture by those who shall hold the same from time to time: (i) this Indenture shall be deemed to be and shall constitute a contract among the Board, the Trustee and the Holders from time to time of the Bonds and coupons appertaining thereto and (ii) the pledge and assignment made in this Indenture and the covenants set forth herein to be performed by the Issuer shall be for the equal and proportionate benefit, protection and security of the holders from time to time of all the Bonds (and their appurtenant coupons), all of which regardless of the time or times of their issue or maturity shall be of equal rank without any preference, priority or distinction of any one Bond or coupon over any other except as herein expressly provided, and upon the trusts and subject to the covenants and conditions herein set forth;

PROVIDED, however, that if the Board, its successors or assigns shall pay or cause to be paid the principal of or redemption price, if applicable, and interest on the Bonds due or to become due, at the times and in the manner provided herein and in the Bonds, or shall provide, as permitted by Article XI hereof, for the payment thereof by depositing with the Trustee moneys or certain securities sufficient for that purpose, and shall keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by the Board and shall pay or cause to be paid to the Trustee and all Paying Agents all sums of money due or to become due to any of them in accordance with the terms and provisions hereof, then this Indenture and the rights and interests hereby granted shall cease, terminate and be void, and the Trustee shall execute and deliver such written instruments as are necessary to satisfy the lien hereof; otherwise this Indenture shall be and remain in full force and effect.

AS PROVIDED IN THE ACT, the Bonds do not constitute a debt or liability or obligation or a pledge of the faith and credit of the State. The Bonds are general obligations of the Board, the principal, redemption price, if any, of and interest on which are payable from any of its revenues, assets or moneys subject only to agreements previously or hereafter made with holders of particular notes or bonds pledging particular revenues, assets or moneys and are secured by the revenues, assets and moneys pledged to the payment thereof pursuant to this Indenture.

THIS INDENTURE FURTHER WITNESSETH, that the Board hereby agrees and covenants with the Trustee for the equal and proportional benefit of the respective Holders, from time to time, of the bonds and coupons, or any part thereof, as follows:

ARTICLE I

DEFINITIONS AND CONSTRUCTION

SECTION 1.01. Definitions. As used in this Indenture, unless the context otherwise requires, the following terms shall have the following respective meanings:

"Account" or "Accounts" means one or more of the accounts held by the Trustee pursuant to this Indenture.

"Accountant" means a firm of independent certified public accountants selected by the Board, which may be the firm of accountants who regularly audit the books of the Board.

"Act" means the Montana Housing Act of 1975, as amended, constituting Sections 90-6-101 through 90-6-126 of the Montana Code Annotated and Chapters 143, 357, 518 and 522 of the 1979 Laws of Montana.

"Amortized Value", when used with respect to securities purchased at a premium above or a discount below par, means the value as of any given date obtained by dividing the total amount of the premium or the discount at which such securities were purchased by the number of days remaining to maturity of such securities at the time of such purchase and by multiplying the amount so calculated by the number of days having passed from the date of such purchase; and (i) in the case of securities purchased at a premium, by deducting the product thus obtained from the purchase price and (ii) in the case of securities purchased at a discount, by adding the product thus obtained to the purchase price.

"Annual Budget" means the budget or amended budget of the Board in effect as provided in or adopted pursuant to Section 6.10.

"Authorized Investments" mean and include any of the following securities, if and to the extent the same are at the time legal for investment of Board funds:

(i) Direct obligations of or obligations guaranteed by the United States of America;

(ii) Obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Bank; Federal National Mortgage Association (to the extent guaranteed by the Government

National Mortgage Association); Federal Home Loan Mortgage Corporation; Farmers' Home Administration; Tennessee Valley Authority; or the Government National Mortgage Association;

(iii) Obligations issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or temporary notes, preliminary loan notes or project notes issued by public agencies or municipalities, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(iv) Certificates of deposit issued by, or time deposits with, any bank or trust company organized under the laws of the State, any national banking association which is a member of the Federal Reserve System, or any savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation, (including the Trustee, a Lender or Paying Agent) provided that any such lender has capital stock, surplus and undivided profits aggregating at least $1,000,000, and provided further that such time deposits, to the extent not insured, or certificates of deposit are fully secured by obligations of the type specified in (i), (ii) or (iii) above which have a market value, exclusive of accrued interest, at least equal to the amount of such deposits or are secured by mortgage loans or real property in the State insured by the Federal Housing Administration which have an aggregate outstanding principal balance at least equal to 133 1/3% of the amount of such deposits; and

(v) Repurchase Agreements with the underlying securities of which are obligations of the type described in (i) and (ii) above.

"[redacted]" means not less than two newspapers or fin[redacted]d in the English language and customarily published on each business day in each calendar week, one of which is of general circulation in the City of Helena, Montana, and the other of which is of general circulation in the City of New York, New York.

"Authorized Officer" means the Chairman, Vice-Chairman or Administrative Director of the Board and any other officer or employee of the Board designated from time to time as an Authorized Officer by resolution of the Board, and when used with reference to any act or document also means any other person authorized by resolution of the Board to perform such act or sign such document.

"Board Request" means a written request of the Board signed by an Authorized Officer.

"Bond" or "Bonds" means any of the bonds of the Board authorized by this Indenture and issued pursuant to a Supplemental Indenture.

"Bondholder" or "Holder" or "Holders of Bonds" or similar term, when used with respect to a Bond or Bonds, means any person who shall be the bearer of any Outstanding coupon Bond, or the registered owner of any Outstanding Bond registered as to principal only or as to both principal and interest.

"Bond Payment Date" means each date on which interest or both Principal Installments and interest shall be payable on any of the Bonds according to their respective terms.

"Bond Year" means the twelve month period beginning on June 2 in any year and ending on June 1.

"Cash Flow Certificate" means a Certificate of the Board which complies with the requirements of Section 6.09.

"Certificate" means, as the case may be, either (i) a signed document attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or (ii) a signed document setting forth matters to be determined by an Authorized Officer pursuant to this Indenture.

"Corporate Trust Office", when used with respect to any Fiduciary, means the office of such Fiduciary at which its principal corporate trust business shall be administered.

"Costs of Issuance" mean the items of expense payable or reimbursable directly or indirectly by the Board and related to the authorization, sale and issuance of Bonds, which items of expense may include printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of the Trustee and Paying Agents, bond discounts, legal fees and charges, professional consultants'

fees, costs of credit ratings, fees and charges for execution, transportation and safekeeping of Bonds, refunding of Bonds, and other costs, charges and fees related to the foregoing.

"Counsel's Opinion" means an opinion signed by any attorney or firm of attorneys (who may be counsel to the Board or an attorney or firm of attorneys retained by it in other connections) selected by the Board.

"Debt Service" means, with respect to any particular Bond Year and any Series of Bonds, an amount equal to the sum of (a) all interest payable on Outstanding Bonds of such Series during such Bond Year, plus (b) the Principal Installment or Installments payable on Outstanding Bonds of such Series during such Bond Year.

"Debt Service Reserve Fund" means the Fund so designated established pursuant to Section 5.01.

"Debt Service Reserve Fund Bonds" means, if any, the Bonds of a Series issued for the purpose of providing moneys for deposit in the Debt Service Reserve Fund and so designated in a Supplemental Indenture pursuant to Section 2.03(i) hereof.

"Debt Service Reserve Requirement" means, as of any date of calculation, the greater of (i) an amount equal to the maximum annual Debt Service due and payable in the current Bond Year or any future Bond Year on all Bonds then Outstanding, other than the amount described in clause (ii) below or (ii) an amount equal to the principal amount of the Debt Service Reserve Fund Bonds of all Series then Outstanding.

"Depositary" means any bank, trust company, national banking association or savings and loan association selected by the Board and approved by the Trustee as a depositary of moneys, securities or other assets held under the provisions of this Indenture, and its successor or successors.

"Escrow Payment" means any payments made in order to obtain or maintain mortgage insurance and fire and other hazard insurance with respect to Mortgage Loans, and any payments required to be made with respect to Mortgage Loans for taxes, other governmental charges and other similar charges customarily required to be escrowed.

"Event of Default" means any of those events defined as Events of Default by Section 7.02.

"Fiduciary" or "Fiduciaries" means the Trustee, the Paying Agents, the Depositaries or any or all of them, as may be appropriate.

"Fund" or "Funds" means one or more of the funds held by the Trustee pursuant to this Indenture.

"Government Obligations" means and includes direct general obligations of the United States of America or obligations the payment of principal or interest on which in the opinion of the Attorney General of the United States, is fully and unconditionally guaranteed by the United States of America.

"Indenture" means this Trust Indenture by and between the Board and Trustee, as it may hereafter be amended or supplemented by one or more Supplemental Indentures.

"Lender" means any public or private entity or government agency, approved by the Board, maintaining an office in the State and authorized by law to make or participate in making residential mortgages in the State.

"Mortgage" means a mortgage deed, trust indenture, or other instrument which shall constitute a valid lien on real property in fee simple or on a leasehold under a lease having a remaining term at the time the mortgage is acquired, which is at least twice the then remaining term of the Mortgage.

"Mortgage Loan" means an interest bearing obligation, secured by a Mortgage made for the purchase of an owner-occupied residental housing structure in the State intended for occupancy by one to four families, which loan satisfies the requirements of Section 6.07.

"Mortgage Purchase Agreement" means a written agreement between a Lender and the Board providing for the purchase of Mortgage Loans by the Board financed with moneys subject to the lien of this Indenture.

"Mortgage Reserve Fund" means the Fund so designated established by Section 5.01.

"Mortgage Reserve Requirement" means on any date, an amount equal to one percent of the aggregate unpaid principal balance of Mortgage Loans, moneys and Authorized Investments held in the Program Fund.

"Optional Redemption Account" means the Account so designated established in the Redemption Fund pursuant to Section 5.01.

"Outstanding", when used with respect to Bonds, means, as of any date, all Bonds theretofore authenticated and delivered under the Indenture except:

(i) any Bond cancelled or delivered to the Trustee for cancellation on or before such date;

(ii) any Bond or any portion thereof for the payment or redemption of which there shall be held in trust hereunder and set aside for such payment or redemption, money or Government Obligations maturing or redeemable at the option of the holder thereof not later than such maturity or redemption date which, together with income to be earned on such Government Obligations prior to such maturity or redemption date, will be sufficient to pay the principal or Redemption Price thereof, as the case may be, together with interest thereon to the date of maturity or redemption, and in the case of any Bond or any portion thereof to be redeemed prior to maturity, notice of the redemption of which shall have been given in accordance with Section 3.04 or provided for in a manner satisfactory to the Trustee;

(iii) any Bond in lieu of or in exchange for which another Bond shall have been authenticated and delivered pursuant to Article II or Section 10.06 of this Indenture; and

(iv) Bonds deemed to have been paid as provided in Section 11.03.

"Paying Agent" means any bank, trust company or national banking association, which may include the Trustee or their successor or successors, authorized by the Board pursuant to a Supplemental Indenture to pay the principal or Redemption Price of or interest on any Bonds and having the duties, responsibilities and rights provided for in this Indenture and such Supplemental Indenture and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to this Indenture.

"Person" means an individual, partnership, corporation, trust or unincorporated organization, or a government or agency or political subdivision thereof.

"Prepayment" means any moneys received or recovered by the Board from any payment of or with respect to principal (including any penalty, fee, premium or other additional

charge for prepayment of principal which may be provided by the terms of a Mortgage Loan) on any Mortgage Loan other than the scheduled payments of principal called for by such Mortgage Loan, whether (i) by voluntary prepayment made by the mortgagor or (ii) as a consequence of the damage, destruction or condemnation of the mortgaged premises or any part thereof or (iii) by the sale, assignment, endorsement or other disposition of such Mortgage Loan by the Board or (iv) in the event of a default thereon by the mortgagor, by the acceleration, sale, assignment, endorsement or other disposition of such Mortgage Loan by the Board or by any other proceedings taken by the Board.

"Principal Installment" means, as of any date of calculat (i) the principal amount of all Bonds due on a specified date with respect to which no Sinking Fund Installments have been provided, plus (ii) any Sinking Fund Installments due on such specified date.

"Program" means the Board's Single Family Program pursuant to which the Board has determined to acquire Mortgage Loans in accordance with the Act and this Indenture.

"Program Expenses" means all the Board's expenses of administering the Program under this Indenture and the Act and shall include without limiting the generality of the foregoing: salaries, supplies, utilities, labor, materials, office rent, maintenance, furnishings, equipment, machinery and apparatus; insurance premiums, legal, accounting, management, consulting and banking services and expenses; the fees and expenses of the Trustee, any Depositaries and Paying Agents; Costs of Issuance not paid from proceeds of Bonds; and payments to pension, retirement, health and hospitalization funds; and any other expenses required or permitted to be paid by the Board under the provisions of this Indenture and any Supplemental Indenture all to the extent properly allocable to the Program.

"Program Fund" means the Fund so designated which is established pursuant to Section 5.01.

"Record Date" means May 15 and November 15, as the case may be, immediately preceding each Bond Payment Date.

"Redemption Fund" means the Fund so designated established pursuant to Section 5.01.

"Redemption Price", when used with respect to a Bond or portion thereof to be redeemed, means the principal amount of such Bond or such portion thereof plus the applicable

premium, if any, payable upon redemption thereof pursuant to this Indenture and the applicable Supplemental Indenture.

"Refunding Bonds" means any Bonds authenticated in accordance with Section 2.17.

"Revenue Fund" means the Fund so designated which is established pursuant to Section 5.01.

"Revenues" means (i) all amounts received with respect to a Mortgage Loan representing scheduled payments of principal thereof and interest thereon, (ii) Prepayments, (iii) interest or income received on investments of moneys held in any Fund or Account pursuant to this Indenture, (iv) penalties paid to the Board pursuant to a Mortgage Purchase Agreement, and (v) all other payments and receipts received by the Board with respect to Mortgage Loans, but shall not include Escrow Payments, Servicing Fees or, unless otherwise provided in a Supplemental Indenture, commitment fees and financing fees charged to Mortgage Lenders by the Board.

"Serial Bonds" means the Bonds of any Series so designated in a Supplemental Indenture.

"Series of Bonds" or "Bonds of a Series" means any Series of Bonds authorized by a Supplemental Indenture.

"Servicing Fees" means any fees paid to or retained by an independent third party servicing Mortgage Loans owned by the Board.

"Sinking Fund Installment", means, the amount of money required to be applied on any Bond Payment Date as the Redemption Price of Bonds of a particular series prior to maturity pursuant to the Supplemental Indenture for such Series.

"Special Redemption Account" means the Account so designated established in the Redemption Fund by Section 5.01.

"State" means the State of Montana.

"Supplemental Indenture" means any Supplemental Indenture executed and delivered by the Board and the Trustee in accordance with Article IX hereof amending or supplementing this Indenture or any Supplemental Indenture.

"Term Bonds" means the Bonds of any Series so designated in a Supplemental Indenture.

"Trustee" means the banks, trust companies or national banking associations appointed as trustee and co-trustee by Section 8.01 of this Indenture and having the duties, responsibilities and rights provided for in this Indenture and their successor or successors, and any other corporation or association which may at any time be substituted in their place pursuant to this Indenture.

SECTION 1.02 Construction. In this Indenture, unless the context otherwise requires:

(a) Articles and Sections referred to by number shall mean the corresponding Articles and Sections of this Indenture.

(b) The terms "hereby", "hereof", "hereto", "herein", "hereunder" and any similar terms refer to this Indenture, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of adoption of this Indenture.

(c) Words of the masculine gender shall mean and include correlative words of the female and neuter genders, and words importing the singular number shall mean and include the plural number and vice versa.

(d) Words importing persons shall include firms, associations, partnerships, trusts, corporations and other legal entities, including public bodies, as well as natural persons.

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

(f) Any Fiduciary shall be deemed to hold an Authorized Investment in which moneys are invested pursuant to the provisions of this Indenture, even though such Authorized Investment is evidenced only by a book entry or similar record of investment.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

SECTION 2.01. Authorization of Bonds. In order to provide sufficient moneys for the Board's Single Family Program, there are hereby authorized Bonds of the Board to be known and designated as "Single Family Program Bonds (Federally Insured or Guaranteed Mortgage Loans)" which may be issued in series from time to time as hereinafter provided. The Bonds shall be general obligations of the Board payable from any of its revenues, assets and moneys, subject only to agreements previously or hereafter made with holders of particular notes or bonds pledging particular revenues, assets or moneys. The Bonds shall be secured by the revenues, assets and moneys of the Board pledged to the payment thereof pursuant to this Indenture. The aggregate principal amount of the Bonds which may be executed, authenticated and delivered is not limited, except as provided by this Indenture and from time to time by law.

SECTION 2.02. Provisions for Issuance of Bonds. The issuance of Bonds of a Series shall be by a Supplemental Indenture or Supplemental Indentures duly authorized by resolution of the Board and executed pursuant to this Indenture. The Bonds may be issued in one or more Series and the Bonds of each Series shall, in addition to the title "Montana Board of Housing Single Family Program Bonds (Federally Insured or Guaranteed Mortgage Loans)", contain an appropriate Series designation. Bonds of a Series may be issued in the form of Serial Bonds or Term Bonds or both.

SECTION 2.03. Supplemental Indentures. Each Supplemental Indenture authorizing the issuance of a Series of Bonds shall either specify or prescribe the manner of determining:

(a) The authorized principal amount of such Series of Bonds;

(b) The purposes for which such Series of Bonds are being issued which shall be one or more of the following purposes: (i) the purchase of Mortgage Loans or the payment subject to Section 5.02(d) of temporary indebtedness incurred by the Board to obtain funds to acquire such Mortgage Loans, (ii) the making of deposits in amounts, if any, required by this Indenture or the Supplemental Indenture to be paid into the Program Fund, the Revenue Fund, the Mortgage Reserve Fund or the Debt Service Reserve Fund from the proceeds of such Series of Bonds, or (iii) the refunding of Bonds;

(c) The maturity date or dates (which shall be June 1 of each year), the amounts of each maturity and the interest payment dates of the Bonds of such Series (which shall be June 1 and December 1 of each year);

(d) The interest rate or rates of the Bonds of such Series; provided that the interest rate shall be identical for all Bonds of such Series of like maturity;

(e) The denomination or denominations of, and the manner of dating, numbering and lettering the Bonds of such Series;

(f) The Paying Agent or Paying Agents and, subject to the provisions of Section 2.04, the place or places of payment of the principal or Redemption Price of and interest on the Bonds of such Series;

(g) In the case of Term Bonds, if any, for which Sinking Fund Installments are to be provided, provision for Sinking Fund Installments payable on such dates and in such amounts which, together with the principal amounts remaining unpaid on the maturity date or dates thereof, will, in the aggregate, equal the aggregate principal amount of all of such Term Bonds of such Series; provided that each Sinking Fund Installment shall be due on a June 1;

(h) The Redemption Price or Redemption Prices, if any, and, subject to Articles III and V hereof, the time or times and the terms and conditions upon which the Bonds of such Series may be redeemed prior to their maturities, including without limitation the method of selection for redemption as among maturities

(i) The designation of the amounts and maturitie of the Debt Service Reserve Fund Bonds, if any, of suc Series;

(j) The forms of coupon Bonds and fully register Bonds of such Series, of the coupons to be attached tc the coupon Bonds of such Series, and of the Trustee's certificate of authentication;

(k) The designation of the Serial Bonds and Ter Bonds, if any, of such Series;

(l) The amounts to be deposited from the proceeds of such Series of Bonds in the Funds and Accounts created and established by this Indenture and the Supplemental Indenture;

(m) The amounts, if any, of Prepayments expected to be received in any Bond Year by the Board from the Mortgage Loans financed by such Series of Bonds or from Mortgage Loans financed from such Prepayments which are to be deposited in the Revenue Fund and used to pay Principal Installments coming due in such Bond Year;

(n) Any other provisions deemed advisable by the Board and the Trustee not in conflict with or in substitution for the provisions of this Indenture.

SECTION 2.04. Medium of Payment; Form and Dates of Bonds; Place of Payment. (a) The Bonds shall be payable as to principal or Redemption Price and interest in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts; provided, however, the Board may pay interest on fully registered Bonds without coupons by checks or drafts mailed to the persons entitled thereto.

(b) Bonds shall be issued in the form of coupon Bonds payable to bearer (unless registered as to principal other than to bearer) with a single coupon attached for each installment of interest due thereon prior to maturity or in the form of fully registered Bonds without coupons, in each case in such denominations as may be specified in the Supplemental Indenture authorizing the issuance of such Bonds. Coupon Bonds of each Series shall be dated as of and shall bear interest from the first day of any month contemporaneous with or prior to (but not more than 12 months prior to) their issuance as specified in the Supplemental Indenture authorizing their issuance. Fully registered Bonds of each Series shall be dated as of the date six months preceding the first interest payment date next following the date of authentication thereof by the Trustee, (i) unless such date of authentication shall be an interest payment date, in which case they shall be dated as of such date of authentication, (ii) unless such date of authentication is a date prior to the first interest payment date for such Series in which case they shall be dated as of the date set forth in the Supplemental Indenture for such Series, or (iii) unless as shown by the records of the Trustee, interest on the Bonds of such Series shall be in default, in which case any fully registered Bonds of such Series shall be dated as of the date to which interest has been paid in full (as conclusively evidenced, in the case of coupon Bonds, by the

coupons still attached thereto) on the Bond or Bonds surrendered in exchange for such registered Bond or Bonds. Fully registered Bonds of each Series shall bear interest from their date.

(c) The principal or Redemption Price of and interest on all coupon Bonds (unless registered as to principal other than to bearer) shall be payable at the Corporate Trust Office or Offices of the Paying Agent or Paying Agents or such other office as may be designated in the respective Supplemental Indenture. The principal or Redemption Price of all Bonds registered as to principal (except to bearer) or as to both principal and interest shall be payable at the Corporate Trust Office of the Trustee, and payment of the interest on each fully registered Bond shall be made by the Trustee to the person appearing on each Record Date on the registration books of the Board (hereinafter provided for) as the registered owner thereof, by check or draft mailed to such registered owner at his address as it appears on such registration books. Payment of the principal or Redemption Price of all Bonds shall be made upon the presentation and surrender for cancellation of such Bonds as the same shall become due and payable. Payment of the interest on the coupon Bonds shall be made upon the presentation and surrender for cancellation of the coupons, if any, representing such interest as the same respectively become due and payable

(d) Bonds of each Series shall mature on June 1 of each year in which a maturity is fixed by a Supplemental Indenture. Interest on all Bonds of each Series, except the first installment of interest due on the Bonds of a Series, shall be payable in semi-annual installments due on June 1 and December 1 of each year in which an installment of interest becomes due as fixed by a Supplemental Indenture. The first installment of interest due on the Bonds of a Series may be for such period as the Board shall fix by Supplemental Indenture; provided that the due date thereof shall be a June 1 or December 1.

SECTION 2.05. Legends. The Bonds may contain or have endorsed thereon such provisions, specifications, certifica tions and descriptive words not inconsistent with the provi of this Indenture or of any Supplemental Indenture autho- rizing the same as may be necessary or desirable and as may be determined by the Board prior to their authentication an delivery. Each Bond shall contain the statement required b

Section 90-6-123 of the Act reciting that the credit of the State is not pledged to the payment of the Bonds.

SECTION 2.06. Execution and Authentication. (a) The Bonds shall be executed in the name and on behalf of the Board by the manual or facsimile signature of an Authorized Officer, with its seal (or a facsimile thereof) impressed, imprinted or otherwise reproduced thereon, and attested by the manual or facsimile signature of its Secretary or other Authorized Officer (other than the officer executing such Bonds). Coupons, if any, attached to such Bonds shall bear the facsimile signature of an Authorized Officer. Bonds and coupons appertaining thereto bearing the manual or facsimile signature of any person who shall have been such an Authorized Officer at the time such Bonds or coupons were so executed shall bind the Board notwithstanding the fact that he may have ceased to be such Authorized Officer prior to the authentication and delivery of such Bonds or was not such Authorized Officer at the date of such Bonds.

(b) No Bond or any coupons appurtenant thereto shall be valid or obligatory for any purpose or shall be entitled to any right or benefit hereunder unless there shall be endorsed on such Bond a certificate of authentication in the form set forth in or fixed pursuant to the applicable Supplemental Indenture duly executed by the Trustee by the manual signature of an Authorized Officer thereof, and such certificate of the Trustee upon any Bond executed on behalf of the Board shall be conclusive evidence that the Bond so authenticated has been duly issued hereunder and that the Holder thereof is entitled to the benefit of the Indenture.

(c) Except as otherwise provided in Section 2.12, the Trustee, before authenticating and delivering any coupon Bonds, shall cut off, cancel and destroy all matured coupons thereto attached, except matured coupons for which payment in full has not been provided; provided, however, that if coupon Bonds are issued in exchange for registered Bonds of any Series upon which interest is in default, as shown by the records of the Trustee, such coupon Bonds shall have attached thereto all coupons maturing after the date to which interest has been paid in full, as shown by the records of the Trustee, and in case any interest installments shall have been paid in part, appropriate notation shall be made on the coupons to evidence such fact.

SECTION 2.07. Interchangeability of Bonds. (a) Coupon Bonds, upon surrender thereof at the Corporate Trust Office of the Trustee with all unmatured coupons attached

may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of fully registered Bonds of the same Series, interest rate and maturity in any of the authorized denominations.

(b) Fully registered Bonds, upon surrender thereof at the Corporate Trust Office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered Holder or his duly authorized attorney, may, at the option of the registered Holder thereof, be exchanged for an equal aggregate principal amount of coupon Bonds registrable as to principal only in authorized denominations of the same Series, interest rate and maturity with appropriate coupons attached, or of fully registered Bonds of the same Series, interest rate and maturity of any other authorized denominations.

SECTION 2.08. Negotiability, Transfer and Registry. All the Bonds issued under this Indenture shall be negotiable, subject to the provisions for registration and transfer contained in this Indenture and in the Bonds. So long as any of the Bonds shall remain Outstanding, the Board shall maintain and keep, at the Corporate Trust Office of the Trustee, books for the registration and transfer of Bonds, and, upon presentation thereof for such purpose at such Corporate Trust Office, the Board shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it or the Trustee may prescribe, any Bond. So long as any of the Bonds remain Outstanding, the Board shall make all necessary provisions to permit the exchange of Bonds at the Corporate Trust Office of the Trustee.

SECTION 2.09. Transfer and Registration of Coupon Bonds. (a) Title to any coupon Bonds, unless registered as to principal other than to bearer, and to any coupons, shall pass by delivery as negotiable instruments payable to bearer. Any coupon Bond may be registered as to principal only on the books of the Board maintained by the Trustee for such purpose, upon presentation thereof at the Corporate Trust Office of the Trustee, and such registration shall be noted on such Bond. After such registration no transfer thereof shall be valid unless made on such books by the registered Holder in person or by his attorney duly authorized in writing, and similarly noted on such Bond. Any such Bond thereafter may be discharged from registration by being in like manner transferred to bearer, after which it shall again become transferable by delivery. Thereafter such Bond may again, from time to time, be registered or discharged

from registration in the same manner. Registration of any coupon Bond as to principal, however, shall not affect the negotiability by delivery of the coupons appertaining to such Bond, and every such coupon shall continue to pass by delivery and shall remain payable to bearer.

(b) As to any coupon Bond registered as to principal other than to bearer, the Person in whose name such Bond shall be registered upon the books of the Board may be deemed and treated as the absolute owner thereof, whether such Bond shall be overdue or not, for all purposes, except for the purpose of receiving payment of coupons. Payment of, or on account of, the principal or Redemption Price of such Bond shall be made only to, or upon the order of, such registered Holder. All such payments shall be valid and effectual to satisfy and discharge the liability of the Board upon such Bond to the extent of the sum or sums so paid. Neither the Board, the Trustee, nor any Paying Agent shall be affected by any notice to the contrary.

(c) The Board, the Trustee and any Paying Agent may treat the bearer of any coupon as the absolute owner thereof, whether such coupon shall be overdue or not, for the purpose of receiving payment thereof and for all other purposes whatsoever, and unless the bond is registered as to principal other than to bearer, may treat the bearer of any coupon Bond as the absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of the principal or Redemption Price thereof and for all other purposes whatsoever. All such payments to any such bearer shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Board, the Trustee nor any Paying Agent shall be affected by any notice to the contrary.

SECTION 2.10. Transfer of Fully Registered Bonds. (a) Each fully registered Bond shall be transferable only upon the books of the Board, which shall be kept for such purpose at the Corporate Trust Office of the Trustee, by the Holder thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered Holder or his duly authorized attorney. Upon surrender for transfer of any such fully registered Bond, the Board shall execute and the Trustee shall authenticate and deliver, in the name of the transferee, one or more new fully registered Bonds of the same aggregate principal amount and Series and maturity and rate of interest as the surrendered Bond.

(b) The Board, the Trustee and any Paying Agent may treat the Holder of any fully registered Bond as the absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price of and interest on such Bond and for all other purposes, and payment of the principal, Redemption Price and interest shall be made only to, or upon the order of, such registered Holder. All such payments to such registered Holder shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Board, the Trustee nor any Paying Agent shall be affected by any notice to the contrary.

SECTION 2.11. Regulations with Respect to Exchanges and Transfers. All fully registered Bonds surrendered in any exchanges or transfers shall forthwith be cancelled by the Trustee. All coupon Bonds and the coupons appertaining to such Bonds surrendered in any such exchanges or transfers shall be retained in the possession of the Trustee for the purpose of reissuance upon subsequent exchanges and the Trustee, prior to reissuance of any such coupon Bonds, shall detach therefrom and cancel all matured coupons. For every such exchange or transfer of Bonds, whether temporary or definitive, the Board or the Trustee shall make a charge sufficient to reimburse it or them for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the Holder requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. In addition, the cost, if any, of preparing each new coupon Bond or registered Bond upon such exchange or transfer and any other expenses of the Board or the Trustee incurred in connection therewith shall be paid by the Holder requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer; provided, however, that no such payment shall be required from the Holder of an originally issued coupon Bond requesting an exchange for a registered Bond. The Board shall not be obligated to (i) issue, exchange or transfer any Bond of any Series during the fifteen (15) days next preceding any interest payment date of the Bonds of such Series, (ii) issue, exchange or transfer any Bond during a period beginning at the opening of business fifteen (15) days next preceding any selection of Bonds to be redeemed and ending at the close of business on the date of the first publication of notice (or the mailing thereof if there is no publication) of such redemption, or (iii) transfer or exchange any Bonds called or being called for redemption in whole or in part.

SECTION 2.12. Mutilated, Destroyed, Lost and Stolen Bonds. (a) If any mutilated Bond or any Bond with a mutilated coupon appertaining thereto is surrendered to the Trustee, or the Trustee and the Board receive evidence to their satisfaction of the destruction, loss or theft of any Bond or coupon, and there is delivered to the Trustee and the Board such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Trustee or the Board that such Bond or coupon has been acquired by a bona fide purchaser, the Board shall execute, and upon Board Request, the Trustee shall authenticate and deliver, in exchange for any such mutilated Bond or Bond with mutilated coupon, or in lieu of any such destroyed, lost or stolen Bond, or in exchange for any such Bond to which such destroyed, lost or stolen coupon appertains (upon surrender of such Bond with all appertaining coupons not destroyed, lost or stolen), a new Bond of like tenor and principal amount, bearing a number not contemporaneously Outstanding, with coupons corresponding to the coupons, if any, appertaining to such surrendered Bond or destroyed, lost or stolen Bond or to the Bond to which such destroyed, lost or stolen coupon appertains. The Trustee shall thereupon cancel any such mutilated Bond or coupon so surrendered. In case any such mutilated, destroyed, lost or stolen Bond or coupon has become or is about to become due and payable, the Board in its discretion may, instead of issuing a new Bond or coupon, pay such Bond or coupon.

(b) Upon the issuance of any new Bond under this Section 2.12, the Board may require the payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto and any other expenses, including counsel fees, of the Board or the Trustee, connected therewith.

(c) Each new Bond with its coupons, if any, issued pursuant to this Section 2.12 in lieu of any destroyed, lost or stolen Bond, and each new coupon issued pursuant to this Section 2.12 in lieu of any destroyed, lost or stolen coupon, shall constitute an additional contractual obligation of the Board, whether or not the destroyed, lost or stolen Bond and its coupons, if any, shall at any time be enforceable by any one, and shall be entitled to all the benefits hereof equally and proportionately with any and all other Bonds and coupons duly issued under this Indenture. All Bonds and coupons shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds and coupons, and shall preclude (to the extent

lawful) all other rights or remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds or securities.

SECTION 2.13. Cancellation of Bonds and Coupons. The Trustee shall destroy all Bonds and coupons surrendered to it for cancellation and shall deliver a certificate to that effect to the Board. No such Bonds or coupons shall be deemed Outstanding under the Indenture.

SECTION 2.14. Payments Due on Saturdays, Sundays and Holidays. In any case where the date of maturity of interest on or Principal Installments of the Bonds or the date fixed for redemption of any Bonds shall be a Saturday or Sunday or shall be, at the place designated for payment, a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest on or Principal Installments or Redemption Price of the Bonds need not be made on such date but may be made on the next succeeding business day not a Saturday, Sunday or a legal holiday or a day upon which banking institutions are authorized by law to close with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

SECTION 2.15. Temporary and Definitive Bonds. (a) Until definitive Bonds of any Series are prepared, the Board may execute and, upon Board Request, the Trustee shall authenticate and deliver temporary Bonds which may be typewritten, printed or otherwise reproduced in lieu of definitive Bonds subject to the same provisions, limitations and conditic as definitive Bonds. The temporary Bonds initially shall be dated as of the initial date of such definitive Bonds, shall be in such denomination or denominations and shall be numberec as prepared and executed by the Board, shall be substantially of the tenor of such definitive Bonds, but with such omissions insertions and variations as the Authorized Officer executing the same may in his discretion determine, may be issued with or without coupons, and may be issued in the form of a single Bond.

(b) Without unreasonable delay after the issuance of temporary Bonds, if any, the Board shall cause definitive Bonds of each Series to be prepared, executed and delivered to the Trustee. The definitive Bonds of each Series shall be lithographed or printed on steel engraved borders or prepared in such other fashion as is acceptable investment banking business. Temporary Bonds shall be exchangeable for definitive Bonds upon surrender to the Trustee at their

respective Corporate Trust Office of any such temporary Bond or Bonds (with all unmatured coupons, if any, attached), and upon such surrender, the Board shall execute and, upon Board Request, the Trustee shall authenticate and deliver to the Holder of the temporary Bond or Bonds, in exchange therefor, a like principal amount of definitive Bonds in authorized denominations. Until so exchanged the temporary Bonds shall in all respects be entitled to the same benefits as definitive Bonds authenticated and issued pursuant to this Indenture and the applicable Supplemental Indenture.

(c) Interest on temporary Bonds, when and as payable, shall be paid to the bearer thereof upon presentation and surrender of the coupons therefor attached thereto or, if no coupons shall be so attached, upon presentation of such temporary Bonds for notation thereon of the payment of such interest, unless such temporary Bonds shall be fully registered Bonds.

(d) All temporary Bonds surrendered in exchange for a definitive Bond or Bonds shall forthwith be cancelled by the Trustee.

SECTION 2.16. Conditions Precedent to Issuance of Bonds. Except as provided in Sections 2.07, 2.12 and 2.17, the Trustee shall authenticate and deliver to or upon the order of the Board, Bonds of a Series authorized to be issued pursuant to this Indenture and a Supplemental Indenture only upon delivery to the Trustee of:

(a) A copy of this Indenture and the applicable Supplemental Indenture, each certified by an Authorized Officer of the Board; provided, however, that a certified copy of this Indenture need only be delivered to the Trustee upon the delivery of the initial Series of Bonds under this Indenture;

(b) The written order of the Board to the Trustee as to the delivery of such Bonds signed by an Authorized Officer describing such Bonds to be authenticated and delivered, designating the purchaser or purchasers to whom such Bonds are to be delivered, and stating the purchase price of such Bonds;

(c) The amount, if any, necessary for deposit in the Debt Service Reserve Fund so that the amount in such Fund shall at least equal the Debt Service Reserve Requirement calculated immediately after the delivery of such Series of Bonds and in the Mortgage Reserve Fund so

that the amount in such Fund shall at least equal the Mortgage Reserve Requirement, calculated immediately after the delivery of such Series of Bonds;

(d) A Certificate of an Authorized Officer stating that, upon the issuance of such Series of Bonds, no Event of Default hereunder nor an event which with notice or lapse of time or both would become an Event of Default hereunder has occurred and is continuing;

(e) A Counsel's Opinion to the effect that this Indenture and the Supplemental Indenture authorizing the Series of Bonds have been duly and lawfully adopted by the Board; that this Indenture and such Supplemental Indenture are valid and binding upon the Board and enforceable in accordance with their terms, subject to State and Federal laws affecting the enforcement of creditors' rights, and no other authorization for this Indenture or the Supplemental Indenture is required; that this Indenture creates the valid lien or pledge it purports to create; and that the Bonds of such Series have been duly and validly authorized and issued and constitute valid and binding general obligations of the Board, enforceable in accordance with their terms and the terms of this Indenture, subject to State and Federal laws affecting the enforcement of creditors' rights, and entitled to the benefits of this Indenture and such Supplemental Indenture and the Act, as amended to the date of such opinion;

(f) A Cash Flow Certificate taking into account the issuance of the Bonds and the Mortgage Loans reasonably expected to be purchased with the proceeds of such Bonds and projecting Revenues sufficient to pay Program Expenses and Debt Service when due in each Bond Year; and

(g) Such further documents and moneys as may be required by the provisions of the Supplemental Indenture.

SECTION 2.17. Conditions Precedent to Issuance of Refunding Bonds. The Trustee shall authenticate each Series of Refunding Bonds and deliver such Bonds to the Board or upon its order only upon the receipt by the Trustee of:

(a) The documents referred to in paragraphs (a), (b), (d), (e) and (f) of Section 2.16;

(b) Irrevocable instructions to the Trustee, satisfactory to it, to pay when due or to redeem all the Bonds to be refunded on such date or dates specified in such instructions;

(c) Either (i) moneys in an amount sufficient to effect payment of the principal amount or at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the redemption date or maturity date, as the case may be, which moneys shall be held by the Trustee or any one or more of the alternate Paying Agents in a separate account irrevocably in trust for and assigned to the respective holders of the Bonds to be refunded, or (ii) Government Obligations, the principal of and interest on which when due, together with the moneys, if any, deposited with the Trustee or such alternate Paying Agent or Paying Agents at such time, will be sufficient to pay when due the principal amount or the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the redemption date or maturity date, as the case may be, which Government Obligations and moneys shall be held by the Trustee pursuant to Section 11.03;

(d) The amount, if any, necessary for deposit in (i) the Debt Service Reserve Fund so that the moneys on deposit in such Fund shall at least equal the Debt Service Reserve Fund Requirement calculated immediately after the delivery of such Series of Refunding Bonds and (ii) the Mortgage Reserve Fund so that the amount in such Fund shall at least equal the Mortgage Loan Reserve Requirement, calculated immediately after the delivery of such Series of Refunding Bonds; and

(e) Such further documents and moneys as may be required by the Supplemental Indenture.

ARTICLE III

REDEMPTION OF BONDS

SECTION 3.01. Authorization of Redemption. Bonds subject to redemption prior to maturity pursuant to a Supplemental Indenture, by Sinking Fund Installments or otherwise, shall be redeemable, in accordance with this Article III, at such times, at such Redemption Prices and upon such terms as may otherwise be specified in the Supplemental Indenture authorizing such Series of Bonds.

SECTION 3.02. Board's Election to Redeem. Bonds of any Series may be subject to redemption in whole at any time or in part on any interest payment date at the option of the Board prior to maturity pursuant to the provisions of the applicable Supplemental Indenture. The Board shall give notice by Board Request to the Trustee of each optional redemption, which Board Request shall specify the date fixed for redemption and, subject to the provisions of Section 5.08 and all applicable Supplemental Indentures, the Series of Bonds to be redeemed and the aggregate principal amount of Bonds of each maturity in such Series to be redeemed (and in the case of Bonds for which Sinking Funds Installments have been established, the amounts to be credited toward such Installments). Such notice shall be given at least 60 days prior to the date fixed for redemption or such lesser number of days as shall be acceptable to the Trustee.

SECTION 3.03. Redemption Other Than At Board's Election Whenever by the terms of this Indenture or a Supplemental Indenture the Board or the Trustee is required to redeem Bonds other than at the election of the Board, the Trustee shall select the Bonds within each maturity of Bonds to be redeemed, give the notice of redemption and pay the Redemptio Price thereof and the accrued interest thereon to the redempt date to itself or to the appropriate alternate Paying Agents in accordance with the terms of this Article III.

SECTION 3.04. Notice of Redemption. (a) When any Bonds are to be redeemed, by Sinking Fund Installments or otherwise, the Trustee shall give notice of the redemption of the Bonds in the name of the Board specifying (i) the Series of Bonds to be redeemed; (ii) the redemption date; (iii) the Redemption Price; (iv) the numbers and other distinguishing marks of the Bonds to be redeemed (except in the event that all of the Outstanding Bonds of any Series are to be redeemed); (v) the place or places where amounts due upon such redemption will be payable; and (vi) in the

case of fully registered Bonds to be redeemed in part only, the respective portions of the principal thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, together with interest accrued to the redemption date, and that, from and after such date, interest thereon shall cease to accrue. Such notice shall be given by publication once a week for at least **two successive weeks in Authorized Newspapers**, the first such publication **to be not less than 30 days nor more than 60 days prior to the redemption date.** The Trustee shall also mail a copy of such notice, postage prepayed, not less than 30 days nor more than 60 days before the redemption date to the registered owners of any Bonds or portions of Bonds which are to be redeemed at their last addresses appearing upon the registration books, but such mailing shall not be a condition precedent to such redemption, and failure to so mail any such notice to any of such registered owners shall not affect the validity of the proceedings for the redemption of the Bonds. The obligation of the Trustee to give the notice required by this Section 3.04 shall not be conditioned upon the prior payment to the Trustee of moneys or Authorized Investments sufficient to pay the Redemption Price of the Bonds to which such notice relates or the interest thereon to the redemption date.

(b) Notice of redemption having been given as provided in subsection (a) hereof, the Bonds or portions thereof so to be redeemed shall, on the date fixed for redemption, become due and payable at the Redemption Price specified therein plus accrued interest to the redemption date, and upon presentation and surrender thereof at the place specified in such notice, such Bonds or portions thereof shall be paid at the Redemption Price, plus accrued interest to the redemption date. On and after the redemption date (unless the Board shall default in the payment of the Redemption Price and accrued interest), such Bonds shall cease to bear interest, and the coupons for interest appertaining thereto maturing subsequent to the redemption date shall be void, and such Bonds and coupons shall no longer be considered as Outstanding hereunder. If moneys sufficient to pay the Redemption Price and accrued interest have not been made available by the Board to the Trustee or the appropriate alternate Paying Agent or Paying Agents on the redemption date, such Bonds shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

SECTION 3.05. Selection of Bonds to be Redeemed. (a) If less than all of the Bonds of like maturity of any Series are to be redeemed, the particular Bonds or portions of

Bonds tc be redeemed shall be selected, not more than 45 days prior to the date fixed for redemption, by the Trustee in the manner required by the applicable Supplemental Indenture or, if not so required, at random in such manner as the Trustees in their discretion may deem fair and appropria

(b) In making such selection, the Trustee shall treat each Bond to be redeemed as representing that number of Bonds of the lowest authorized denomination as is obtained by dividing the principal amount of such Bond by such denomination. If any Bond is to be redeemed in part, the portion to be so redeemed shall be in a principal amount of any authorized denomination.

(c) The Trustee shall promptly notify the Board in writing of the Bonds so selected for redemption.

SECTION 3.06. Unpaid Coupons. All unpaid coupons which appertain to coupon Bonds so called for redemption and which shall have become due and payable on or prior to the date of redemption designated in such notice shall continue to be payable to the bearers thereof upon the presentation and surrender of such coupons.

SECTION 3.07. Partial Redemption of Registered Bonds. In case part but not all of an Outstanding fully registered Bond shall be selected for redemption, upon presentation and surrender of such Bond by the Holder thereof or his attorney duly authorized in writing (with, if the Board or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Board and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing) to the Trustee, the Board shall execute and the Trustee shall authenticate and deliver to or upon the order of such Holder, without charge therefor, for the unredeemed portion of the principal amount of the full registered Bond so surrendered, either a coupon Bond or Bonds or a fully registered Bond or Bonds, at the option of such Holder or such attorney, of any authorized denomination of like tenor. Fully registered Bonds so presented and surrendered shall be cancelled in accordance with Section 2.13.

ARTICLE IV

APPLICATION OF BOND PROCEEDS

SECTION 4.01. Bond Proceeds. The proceeds of the sale and delivery of the Bonds of each Series shall, except as provided in Section 4.02, simultaneously with the delivery thereof by the Trustee, be applied as follows:

(a) The amount, if any, received upon the delivery of any Series of Bonds as accrued interest shall be deposited in the Revenue Fund;

(b) The amount necessary to cause the amount on deposit in the Debt Service Reserve Fund and the Mortgage Reserve Fund to equal the Debt Service Reserve Requirement and the Mortgage Reserve Requirement, respectively, calculated to give effect to the issuance of such Series of Bonds, shall be deposited in such Funds;

(c) The amounts, if any, specified in the Supplemental Indenture to be deposited in the Program Fund to pay Costs of Issuance shall be deposited in such Fund;

(d) The amounts, if any, specified in the Supplemental Indenture to be deposited in the Revenue Fund to pay capitalized interest on Bonds of such Series shall be deposited in such Fund; and

(e) The balance of the proceeds of such Series of Bonds shall be deposited in the Program Fund.

SECTION 4.02. Premium and Refunding Proceeds. The amount, if any, received upon delivery of the Bonds of a Series as a premium above the aggregate principal amount of the Bonds of such Series or as the proceeds attributable to Refunding Bonds, constituting all or part of the Bonds of such Series, shall be applied as provided in the Supplemental Indenture.

ARTICLE V

FUNDS AND ACCOUNTS

SECTION 5.01. Establishment of Funds and Accounts. The Trustee shall establish the following Funds and Accounts and shall hold all moneys and assets of the Board pledged as collateral for Bonds under this Indenture for application only in accordance with the provisions of this Indenture:

(i) Program Fund

(ii) Revenue Fund

(iii) Debt Service Reserve Fund

(iv) Mortgage Reserve Fund

(v) Redemption Fund, which shall consist of:

Special Redemption Account
Optional Redemption Account

SECTION 5.02. Program Fund. (a) The Trustee shall deposit in the Program Fund, the amounts of proceeds from the sale of Bonds specified by the provisions of a Supplemental Indenture, any amounts transferred from the Revenue Fund pursuant to Section 5.05, and, in accordance with Section 5.10, amounts received as Prepayments on Mortgage Loans. All Mortgage Loans shall be deemed to be held in the Program Fund.

(b) Except for the payment of Costs of Issuance pursuant to Section 5.04, moneys deposited in the Program Fund shall be applied to purchase Mortgage Loans to the extent that suitable Mortgage Loans are reasonably available on terms that are consistent with the provisions of Section 6.06 and the estimates upon which was based the Cash Flow Certificate most recently filed with the Trustee in accordance with Section 6.09. In the event that the Cash Flow Certificate does not project Revenues sufficient to pay Program Expenses and Debt Service when due in any Bond Year, the Board may nevertheless purchase Mortgage Loans if the Board delivers to the Trustee a certificate to the effect that the deficiency in cash flow in each Bond Year in which a deficiency is projected is less than it would have been if all or a portion of such amounts had been invested in Authorized Investments on available terms or had been applied to redeem Bonds at the applicable Redemption Prices together with accrued interest. Upon receipt of the instrument evidencing the Mortgage Loan and a Board Request stating (i) the name of the Lender or other person, firm or corporation to be paid,

(ii) the amount to be paid and (iii) that all conditions precedent to the purchase of the Mortgage Loans set forth in Section 6.07 have been fulfilled, the Trustee shall apply moneys deposited in the Program Fund to purchase the Mortgage Loans.

(c) Moneys in the Program Fund shall be applied by the Trustee to pay notes or other temporary indebtedness issued to purchase Mortgage Loans or, if the terms of such notes or temporary indebtedness so permit, to satisfy and discharge the lien of such notes or temporary indebtedness, upon receipt by the Trustee of a Certificate signed by an Authorized Officer setting forth (i) such notes or temporary indebtedness to be paid or satisfied and discharged, (ii) the person to whom payment shall be made and (iii) the arrangements for the payment or satisfaction and discharge of the lien of such notes or temporary indebtedness; provided, upon such payment or provision therefor, that (i) the Board shall have acquired Mortgage Loans with respect to which such notes or temporary indebtedness were issued, (ii) the Mortgage Loans satisfy the requirements of Section 6.07, (iii) the amount to be withdrawn to pay or satisfy and discharge the lien of such notes or temporary indebtedness does not exceed the outstanding principal balance of such Mortgage Loans and (iv) the Mortgage Loans are subject to no lien prior to the lien and pledge of this Indenture. Notwithstanding any other provision of this Indenture, no security interest is granted by this Indenture in the moneys so withdrawn from the Program Fund to pay or satisfy and discharge the lien of notes or temporary indebtedness, the investments thereof or the income thereon. In the event that the moneys withdrawn from the Program Fund to pay or satisfy and discharge the lien of notes or temporary indebtedness, together with the income, if any, earned from the investment thereof, exceed the amount necessary to pay or satisfy and discharge the lien of such notes or temporary indebtedness and the interest thereon in accordance with the terms thereof, the Board shall deposit any such excess moneys in the Program Fund.

(d) If the Board files with the Trustee a Cash Flow Certificate projecting Revenues sufficient to pay Program Expenses and Debt Service when due in each Bond Year, taking into account the release of any moneys pursuant to this subsection, and if as of the date of such Cash Flow Certificate, the aggregate of (i) the outstanding principal balance of all Mortgage Loans pledged to the payment of the Bonds and (ii) the moneys and Authorized Investments held in all Funds and Accounts (other than amounts designated for payment of Costs of Issuance or capitalized interest), exceeds the

aggregate of the principal amount of Bonds then Outstanding and any incurred and unpaid Program Expenses, the Trustee shall, upon receipt of a Board Request, transfer all or any part of the amount of such excess, other than amounts representing the proceeds of Bonds, to the Board, free and clear of the lien and pledge of this Indenture, for any lawful purpose of the Board.

SECTION 5.03. Transfers from Program Fund to Redemption Fund. (a) Any moneys deposited in the Program Fund from Prepayments pursuant to Section 5.10 or from the proceeds of a Series of Bonds which are not used to purchase Mortgage Loans in accordance with Section 5.02 may be transferred to the Special Redemption Account pursuant to a Board Request at any time upon compliance with the provisions of subsection (c) below.

(b) Any moneys deposited in the Program Fund which are not used to purchase Mortgage Loans pursuant to Section 5.02 and are not transferred to the Special Redemption Account pursuant to subsection (a) above may be transferred to the Optional Redemption Account upon receipt of a Board Request and upon compliance with the provisions of subsection (c) below.

(c) Prior to any transfers pursuant to subsections (a) or (b) above, the Board shall deliver to the Trustee (i) a Certificate specifying the amount to be transferred, the Series, maturities and the amount of each maturity to be redeemed from such moneys (and, in the case of Bonds for which Sinking Fund Installments have been established, the amounts to be credited toward those Installments) so that the total principal amount of Bonds to be redeemed at the applicable Redemption Prices together with accrued interest equals the amount to be transferred and (ii) a Cash Flow Certificate giving effect to such redemption of Bonds. In the event that the Cash Flow Certificate does not project Revenues sufficient to pay Program Expenses and Debt Servic when due for any Bond Year, the Board may nevertheless transfer such moneys to the Special Redemption Account: (i) if the Board delivers to the Trustee a Certificate to the effect that the deficiency in cash flow in each Bond Year i which a deficiency is projected is less than it would have been if all or a portion of such amounts to be transferred had been applied to the financing of Mortgage Loans or had been invested in Authorized Investments on available terms; or (ii) if necessary or desirable in order to assure compli with the tax covenants set forth in Section 6.14.

SECTION 5.04. Payment of Costs of Issuance. (a) Upon the issuance, sale and delivery of any Series of Bonds pursuant to this Indenture, the Supplemental Indenture authorizing such Series of Bonds may provide for the deposit of any proceeds of such Series of Bonds in the Program Fund to be used to pay the Costs of Issuance of such Series of Bonds. The Trustee shall issue checks for each disbursement from the Program Fund to pay Costs of Issuance upon being furnished with a Board Request in form and substance satisfactory to the Trustee, stating: (i) the name of the payee, (ii) the amount of payment, (iii) that the disbursement is for a proper Cost of Issuance, (iv) that none of the items for which payment is to be made has been the basis for any prior disbursement from the Program Fund and (v) that the amount so requested to be disbursed, together with all other amounts previously disbursed from the Program Fund to pay Costs of Issuance of such Series of Bonds, does not exceed the amount deposited in the Program Fund from the proceeds of such Series of Bonds to pay Costs of Issuance.

(b) In the event that the moneys deposited in the Program Fund from a Series of Bonds are not sufficient to pay all Costs of Issuance incurred with respect to such Series of Bonds, Costs of Issuance of such Series of Bonds may be paid from any available funds of the Board.

SECTION 5.05. Revenue Fund. (a) The Board shall cause all Revenues to be paid to the Trustee promptly upon their receipt by the Board and, in any event, at least once every two weeks. Except as provided in Section 5.11, all Revenues shall be deposited by the Trustee to the credit of the Revenue Fund.

(b) The Trustee shall pay out of the Revenue Fund to the respective Paying Agents for any of the Bonds on or before each Bond Payment Date, the amounts required for the payment of the Principal Installments, if any, and interest due on the Outstanding Bonds on such date and on or before the date of purchase or redemption of any Bonds, the amounts required for the payment of accrued interest on Outstanding Bonds being redeemed or purchased for retirement, and in each such case, such amounts shall be applied by such Paying Agents to such payments.

(c) In the event that any proceeds of a Series of Bonds are deposited in the Revenue Fund pursuant to Section 4.01(d) to pay capitalized interest, the Board shall deliver to the Trustee, at the time of such deposit, a Certificate setting forth in a schedule the respective amounts so deposited to be used to pay interest on Bonds of such Series on

each Bond Payment Date. The Trustee shall hold and apply any moneys so deposited in accordance with such Certificate until all such moneys have been so applied or until the Board shall file with the Trustee a Certificate to the effect that any moneys so deposited which remain in the Revenue Fund are no longer required to pay capitalized interest with respect to such Series of Bonds, in which event the Trustee shall apply any such remaining moneys in accordance with the provisions of this Section 5.05. The Board may at any time file with the Trustee a Certificate revising the schedule for application of such moneys.

(d) Subject to the provisions of Section 6.15, any amount accumulated in the Revenue Fund in any Bond Year up to the unsatisfied balance of the Sinking Fund Installment payable in such Bond Year may, and if so directed by the Board shall, be applied (together with amounts accumulated in the Revenue Fund with respect to interest on the Bonds for which such Sinking Fund Installment was established) by the Trustee prior to the forty-fifth day preceding the due date of such Sinking Fund Installment as follows:

(i) to the purchase of Bonds of the Series and maturity for which such Sinking Fund Installment was established, such purchases to be made in such manner as the Trustee shall determine; or

(ii) to the redemption, pursuant to Article III hereof, of such Bonds if then redeemable by their terms.

The principal amount of any Bonds so purchased or redeemed shall be credited against such Sinking Fund Installment.

(e) As soon as practicable after the forty-fifth day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption pursuant to Article III hereof, on such due date, Bonds of the Series and maturity for which such Sinking Fund Installment was established in such amount as shall be necessary to complete the retirement of a principal amount of the Bonds of such maturity equal to the unsatisfied balance of such Sinking Fund Installment. The Trustee shall so call such Bonds for redemption whether or not it then has moneys in the Revenue Fund sufficient to pay the applicable Redemption Price thereof on the date of redemption. The Trustee shall pay out of the Revenue Fund to the appropriate Paying Agents on or before each such date of redemption the amount required for

the redemption of the Bonds so called for redemption, and such amount shall be applied by such Paying Agents to such redemption.

(f)(1) The Board may at any time request the disbursement of moneys from the Revenue Fund to pay Program Expenses upon filing with the Trustee any Board request stating (i) the name of the persons(s) to whom payment is to be made, (ii) the amount to be disbursed, (iii) that the disbursement is for an appropriate Program Expense, (iv) that none of the items for which payment is to be made has been the basis for any prior disbursement from the Revenue Fund and (v) that such amount together with amounts previously disbursed, is within the limitations for such disbursements in the Annual Budget for the current Bond Year on file with the Trustee.

(2) If at any time the Board shall file with the Trustee an amended Annual Budget pursuant to Section 6.10, the Board may request the withdrawal of additional moneys from the Revenue Fund to pay Program Expenses which were not anticipated in the prior Annual Budget upon filing with the Trustee (i) a Certificate setting forth the amount to be so withdrawn and a list of the Program Expenses to be paid with such moneys and (ii) a Cash Flow Certificate giving effect to such amended Annual Budget projecting Revenues sufficient to pay Program Expenses and Debt Service when due in each Bond Year. The Trustee, upon being furnished with such items shall pay the requested amount to the Board or to its order.

(g) As of and within 90 days after the first day of each Bond Year the Trustee shall withdraw from the Revenue Fund and deposit to the credit of the following several Funds or Accounts the following amounts in the following order of priority:

First, to the credit of the Debt Service Reserve Fund, the amount, if any, needed to increase the amount in such Fund to equal the Debt Service Reserve Requirement;

Second, to the credit of the Mortgage Reserve Fund, the amount, if any, needed to increase the amount in such Fund to equal the Mortgage Reserve Requirement; and

Third, to the credit of the Program Fund, the amount remaining in the Revenue Fund as of such date, unless (i) the Board shall have filed with the Trustee a Cash Flow Certificate projecting Revenues sufficient to pay Program Expenses and Debt Service when due in

each Bond Year and (ii) on the first day of such Bond Year the aggregate principal amount of Bonds then Outstanding plus any incurred and unpaid Program Expenses shall be less than the sum of (A) the outstanding principal balance of all Mortgage Loans pledged to the payment of the Bonds plus (B) the moneys and Authorized Investments held in all Funds and Accounts (other than amounts designated for payment of Costs of Issuance or capitalized Interest) in which case the Trustee may, upon receipt of a Board Request, transfer such remaining amount or any part thereof to the Board, free and clear of the lien or pledge created by this Indenture, for any lawful purpose of the Board.

SECTION 5.06. Debt Service Reserve Fund. (a) On the last day of each Bond Year, the Trustee shall (i) calculate the amount of the Debt Service Reserve Requirement as of the first day of the next succeeding Bond Year and shall determir the amount, if any, which would then be in the Debt Service Reserve Fund (other than amounts attributable to income on Investment Securities) in excess of such Requirement (assumir the payment when due of the interest and Principal Installmer on all Bonds Outstanding during the Bond Year in which the calculation is made), and (ii) upon receipt of a Board Request, transfer all or a specified portion of such excess to the Revenue Fund.

(b) If on any Bond Payment Date the amount in the Revenue Fund shall be less than the amount required to be in such Fund to make the payments required pursuant to Section 5.05(b), the Trustee shall, after applying amounts pursuant to Section 5.09 and subsection (a) above, if any, apply amounts from the Debt Service Reserve Fund first to pay Principal Installments and then interest becoming due and payable on such Bond Payment Date on all Bonds Outstanding, to the extent necessary to make up the deficiency.

SECTION 5.07. Mortgage Reserve Fund. (a) Moneys deposited in the Mortgage Reserve Fund shall be withdrawn tc pay taxes, insurance, foreclosure fees, including appraisal and legal fees, repairs to the residence and similar expense incurred by the Board in connection with any protection and enforcement of its rights with respect to any Mortgage Loan upon receipt by the Trustee of a Certificate setting forth: (i) the property with respect to which payment is to be made, (ii) the name of the person or party to whom payment is to be made, (iii) the amount to be paid, (iv) that the payment is for expenses required in order for the Board to obtain or preserve unencumbered title to such property, and

(v) that other funds received or to be received with respect to such property are not available for the payment.

(b) If at any time the amount in the Mortgage Reserve Fund exceeds the Mortgage Reserve Requirement, the Trustee, upon receipt of a Board Request, shall transfer such excess amount or any portion thereof so requested to the Revenue Fund.

SECTION 5.08. Redemption Fund. (a) Amounts deposited in the Redemption Fund shall be applied by the Trustee to the purchase or redemption of Bonds in accordance with the provisions of this Section and in the manner provided in Article III of this Indenture.

(b) Moneys deposited in the Optional Redemption Account shall be used to redeem Bonds as directed by the Board in accordance with Article III and all applicable Supplemental Indentures.

(c) Unless otherwise provided in a Supplemental Indenture, Bonds of each Series shall be subject to redemption at any time from moneys transferred to the Special Redemption Account pursuant to Section 5.03(a). Moneys deposited in the Special Redemption Account pursuant to such Section shall be applied by the Trustee on the earliest practicable redemption date to redeem, to the extent practicable, from each maturity of each applicable Series of Bonds, a principal amount of Bonds bearing the same ratio to such maturity as the total principal amount of such Bonds to be redeemed bear to the total amount of all Outstanding Bonds of each applicable Series; provided that, upon the filing with the Trustee by the Board of a Certificate specifying a different method for selecting the principal amount of Bonds of each maturity to be redeemed and a Cash Flow Certificate in accordance with Section 5.03(c), the Trustee shall select Bonds for redemption in accordance with such Certificate.

(d) Upon any purchase or redemption of Bonds of any Series and maturity for which Sinking Fund Installments have been established, there shall be credited toward each Sinking Fund Installment thereafter to become due an amount bearing the same ratio to such Sinking Fund Installment as the total principal amount of such Bonds so purchased or redeemed bears to the total amount of all such Sinking Fund Installments to be credited; provided that, if there shall be filed with the Trustee by the Board a Certificate specifying a different method for crediting Sinking Fund Installments upon any such purchase or redemption of Bonds, and if a Cash Flow Certificate

which projects Revenues sufficient to pay Program Expenses and Debt Service when due in each Bond Year shall accompany such Certificate, or if such purchase or redemption shall follow a transfer from the Program Fund pursuant to Section 5.03, then such Sinking Fund Installments shall be so credit as shall be provided in the Certificate delivered to the Trustee. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited towards the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

(e) Purchase of Bonds of any particular Series or maturity subject to the restrictions of Section 6.15 may be made in lieu of redemption of Bonds of such Series or maturi upon Board Request. Such purchases shall be made in such manner as the Trustee shall determine at any time prior to the publication by the Trustee of a notice of redemption.

SECTION 5.09. Withdrawals from Funds. Notwithstanding any other provision of this Indenture, if on any Bond Paymer Date and before applying moneys in the Debt Service Reserve Fund in accordance with Section 5.06(b), the amount in the Revenue Fund is less than the amount of the Debt Service payment becoming due and payable on such Bond Payment Date on all Outstanding Bonds, the Trustee shall transfer from the following Funds and Accounts in the following order the amount of such deficit and apply such amount to pay Debt Service as necessary:

(i) Mortgage Reserve Fund,

(ii) Redemption Fund, and

(iii) Program Fund;

provided, however, that moneys in (A) the Redemption Fund which are to be used to redeem Bonds as to which notice of redemption has been published or (B) the Program Fund which are to be used to purchase Mortgage Loans with respect to which the Board has entered into commitments shall not be transferred to the Revenue Fund, nor shall Mortgage Loans b sold or otherwise disposed of to provide moneys for such purpose and provided further that prior to withdrawing any moneys from the Program Fund the Board shall file with the Trustee a Cash Flow Certificate giving effect to such withdrawal, which shall project Revenues sufficient to pay Program Expenses and Debt Service when due in each Bond Year.

SECTION 5.10. Prepayments. (a) As soon as practicable after the receipt thereof, the Board shall advise the Trustee as to the amount of Revenues which constitute Prepayments. Except as otherwise provided in subsections (b) and (c) hereof, after such identification all Prepayments shall be transferred to the Program Fund except that the portions, if any, of Prepayments representing any penalty, fee, premium, or other additional charge for the prepayment of principal which may be provided by the terms of a Mortgage Loan may be retained in the Revenue Fund upon receipt of a Board Request.

(b) A Supplemental Indenture may specify that an amount of Prepayments of Mortgage Loans financed from the proceeds of such Series of Bonds or from Mortgage Loans financed from such Prepayments which are received in any Bond Year, or any part thereof, shall be retained in the Revenue Fund. In such event, Prepayments received in each Bond Year shall be retained in the Revenue Fund until such time as the amount of Prepayments so retained shall equal the aggregate of the amounts so specified in all Supplemental Indentures.

(c) Notwithstanding the provisions of subsections (a) and (b) hereof, any moneys received as a consequence of damage, destruction or condemnation of any property securing a Mortgage Loan may, at the option of the Board expressed in a Board Request, be used to repair or restore such property, provided that the Mortgage Loan continues to be insured or guaranteed as required herein, and if not so used shall be applied as a Prepayment of the Mortgage Loan and be deposited in accordance with the provisions of subsections (a) or (b) above.

SECTION 5.11. Investments and Deposits (a) Moneys in the Funds and Accounts held by the Trustee shall be invested or deposited by the Trustee, upon written direction of an Authorized Officer, in Authorized Investments, the maturity or redemption date at the option of the holder of which shall coincide as nearly as practicable with the times at which moneys in said Funds and Accounts will be required for the purposes provided in this Indenture.

(b) Authorized Investments held by the Trustee in any Fund or Account under the provisions of this Indenture shall be deemed at all times to be a part of such Fund or Account and any loss on an Authorized Investment shall be charged to such Fund or Account, but any income or interest earned by, or increment to, a Fund or Account due to any such Authorized

Investment, net of any losses suffered as a result of such investments, shall be transferred to the Revenue Fund upon receipt thereof; provided, however, that any income or interest earned by, or increment to, any Authorized Investment held in the Debt Service Reserve Fund or the Mortgage Reserve Fund shall be held in the Debt Service Reserve Fund or the Mortgage Reserve Fund, as the case may be, and not be transferr to the Revenue Fund if, following such transfer, the amount in the Debt Service Reserve Fund or the Mortgage Reserve Fund, as the case may be, would be less than the Debt Service Reserve Requirement or the Mortgage Reserve Requirement, as the case may be. On or before each Bond Payment Date, the Trustee shall examine the Authorized Investments held in all Funds and Accounts to determine if all such income or interest received has been deposited in the Revenue Fund unless required to be held in the Debt Service Reserve Fund or the Mortgage Reserve Fund.

(c) In computing the amount in any Fund or Account held by the Trustee under the provisions of this Indenture, excepting the Debt Service Reserve Fund and the Mortgage Reserve Fund, Authorized Investments therein shall be valued at the lower of cost or market price, exclusive of accrued interest. In computing the amount in the Debt Service Reserve Fund and the Mortgage Reserve Fund, Authorized Investments therein shall be valued at par if purchased at par, or if purchased at other than par, at their Amortized Value.

(d) The Trustee shall sell at the best price obtainable, or present for redemption, any Authorized Investment whenever it shall be necessary in order to provide moneys to meet any payment from the Fund or Account for which such Authorized Investment was made. The Trustee shall advise the Board in writing, on or before the twentieth day of each calendar month of the details of all cash and investments held for the credit of and transactions in each Fund and Account in its custody under the provisions of this Indenture as of the end of the preceding month.

SECTION 5.12. Liability of Trustee for Investments. The Trustee shall not be liable or responsible for the making of any investment authorized by the provisions of this Article V in the manner provided in this Article V or for any loss resulting from any such investment so made, except for its own negligence.

SECTION 5.13. Relation to State Treasury Fund Structure (a) Section 90-6-107 of the Act creates a "housing financing account" in the "bond proceeds and insurance clearance fund"

of the State, in which are to be deposited all proceeds of bonds issued under the Act, fees and other moneys received by the Board, moneys appropriated by the legislature for the use of the Board in carrying out the Act, and moneys made available from any other source for the use of the Board. All funds deposited in the "housing finance account" are continuously appropriated to and may be expended by the Board for purposes authorized in the Act.

(b) All Funds and Accounts established by or pursuant to the Indenture and constituting part of the Trust Estate, also constitute and shall be accounted for as subfunds or subaccounts within the "housing finance account" of the State. The Trustees are directed to report monthly to the State, as well as the Board, the amounts then held by them in each of the Funds and Accounts, in order that such amounts may be correctly accounted for within the State treasury fund structure.

(c) The Debt Service Reserve Fund established by Section 5.01 is not an account or a subfund within, or in any way related to, the state capital reserve account referred to in Sections 90-6-107(2) and 90-6-119 of the Act. The Debt Service Reserve Requirement is not a "minimum capital reserve requirement" within the meaning of Section 90-6-119 of the Act, and in computing such "minimum capital reserve requirement," amounts on deposit in the Debt Service Reserve Fund shall not be included in such computation. The Board reserves the right to establish an account or a sub fund within the state capital reserve account in bond resolutions or other trust indentures relating to other programs of the Board.

ARTICLE VI

COVENANTS OF THE BOARD

SECTION 6.01. Payment of Bonds. The Board shall duly and punctually pay or cause to be paid the principal or Redemption Price of every Bond and the interest thereon at the dates and places and in the manner mentioned in the Bonds and in the coupons appertaining thereto according to the true intent and meaning thereof and shall duly pay or cause to be paid the Sinking Fund Installments, if any, becoming payable with respect to any Series of Bonds.

SECTION 6.02. Extension of Payment of Bonds and Coupons. The Board shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any of the coupons or claims for interest by the purchase or funding of such Bonds, coupons or claims for interest or by any other arrangement. In case the maturity of any Bonds or the time for payment of any such coupons or claims for interest shall be extended, such Bonds, coupons or claims for interest shall not be entitled, in case of any default under this Indenture, to the benefit of this Indenture or to any payment out of the Revenues or Funds established by this Indenture, including Authorized Investments, if any, pledged under this Indenture or the moneys (except moneys held in trust for the payment of particular Bonds, coupons or claims for interest pursuant to this Indenture) held by the Fiduciaries, except subject to the prior payment of the principal of all Bonds Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended coupons or claims for interest. Nothing herein shall be deemed to limit the right of the Board to issue Refunding Bonds and such issuance shall not constitute an extension of maturity of Bonds.

SECTION 6.03. Further Assurances. At any and all times the Board shall, so far as it may be authorized by law, make, do, execute, acknowledge and deliver, all and every such further acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming all and singular the rights, Revenues and other moneys, securities and property, including the Mortgage Loans and all rights therein, hereby pledged or assigned, or intended so to be, or which the Board may become bound to pledge or assign.

SECTION 6.04. Power to Issue Bonds and Pledge Revenues and Other Funds. Prior to the issuance of any Bonds the Board will be duly authorized under all applicable laws to issue the Bonds and to adopt this Indenture and to pledge the revenues, assets and moneys purported to be pledged by this Indenture in the manner and to the extent provided in this Indenture. The revenues, assets and moneys so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by this Indenture and all action on the part of the Board to that end has been and will be duly and validly taken. The Bonds and the provisions of this Indenture are and will be the valid and legally enforceable obligations of the Board in accordance with their terms and the terms of this Indenture. The Board shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the revenues, assets and moneys pledged under this Indenture and all the rights of the Bondholders under this Indenture against all claims and demands of all persons whomsoever.

SECTION 6.05. Use of Bond Proceeds. The Board will use the proceeds of Bonds only in accordance with the provisions of this Indenture. All Bond proceeds deposited in the Program Fund shall, except as otherwise provided in Section 5.02 hereof, be used only to purchase Mortgage Loans.

SECTION 6.06. Program Covenants. (a) The Board shall from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act as then amended and in effect and with the provisions of the Indenture, use and apply the proceeds of the Bonds, to the extent not reasonably required for other Program purposes of the Board, to purchase Mortgage Loans, and shall do all such acts and things consistent with sound banking practices and principles as may be necessary to receive and collect sufficient Revenues to pay Program Expenses and Debt Service when due in each Bond Year, and shall diligently enforce and take all steps, actions and proceedings reasonably necessary in the judgment of the Board to protect its rights with respect to or to maintain any insurance on Mortgage Loans and to enforce all terms, covenants and conditions of Mortgage Loans including the collection, custody and prompt application of all Escrow Payments required by the terms of a Mortgage Loan for the purposes for which they were made, the purchase of the property securing the Mortgage Loan at any sale of such property, taking possession of, selling or otherwise disposing of such property.

(b) The Board shall file with the Trustee annually, or more frequently as reasonably requested by the Trustee, a schedule of Mortgage Loans purchased by the Board identifying

the same by reference to the Board loan number, the name of the borrower, the address of the applicable property, the identification number, if any, of federal insurance or guarantee, the principal amount due on the Mortgage Loan as of the date purchased, the interest rate on the Mortgage Loan and the term of the Mortgage Loan.

(c) The Board shall maintain an account for each Lender having entered into a Mortgage Purchase Agreement with the Board and shall record therein a description of each Mortgage Loan purchased from such Lender.

(d) In the event that a default occurs with respect to any Mortgage Loan, the Board shall certify to the Trustee the Board loan number of such Mortgage Loan and the principal amount then due on the Mortgage Loan.

(e) Nothing in this Indenture shall be construed to prohibit the Board from causing a Lender to repurchase a Mortgage Loan in accordance with the applicable Mortgage Purchase Agreement.

(f) The Board shall not request payment from any government insurer in debentures of such insurer, in any case where, under government regulations, it is permitted to request such debentures as payment with respect to a defaulted Mortgage Loan.

(g) The Board has, and will have so long as any Bonds are Outstanding, good right and lawful power to collect and hold scheduled payments of principal and interest on Mortgage Loans and Prepayments with respect to all Mortgage Loans.

SECTION 6.07. Mortgage Loans. No Mortgage Loan shall be purchased by the Board unless the Mortgage Loan complies with the Act and with the following conditions, except to the extent, if any, that a variance is required as a condition to the insurance or guaranty of such Mortgage Loan, and provided that the Board may, but is not required to, adopt additional requirements for Mortgage Loans so as to qualify the interest on a Series of Bonds issued under this Indenture for an exemption from federal income taxation:

(a) The Mortgage shall be executed and recorded in accordance with the requirements of existing laws;

(b) The Mortgage is the subject of a title insurance policy in an amount at least equal to the outstandi principal amount of the Mortgage Loan, insuring that

the Mortgage constitutes a first lien, subject only to liens for taxes and assessments and Permitted Liens and Encumbrances on the real property with respect to which the Mortgage Loan is secured. As used herein, "Permitted Liens and Encumbrances" means liens, encumbrances, reservations, easements and other imperfections of title normally acceptable to the Federal Housing Administration, the Veterans Administration and private mortgage insurers and to prudent mortgage lenders, or which, in the judgment of the Board, shall not materially impair the use or value of the premises or as to which appropriate steps, in the judgment of the Board, have been taken to secure the interest of the Board;

(c) The Mortgage Loan is secured by a Mortgage.

(d) The Mortgage Loan is either (i) insured by the Federal Housing Administration for the unpaid principal amount of the Mortgage Loan, (ii) guaranteed by the Veterans Administration so long as the Veterans Administration guaranty, together with the borrower's downpayment, if any, equals at least 25% of the original principal amount of the Mortgage Loan, (iii) guaranteed by the Farmers Home Administration to the extent of at least 90% of the unpaid principal amount of the Mortgage Loan, or (iv) insured or guaranteed by any other agency or instrumentality of the United States of America insuring mortgage loans on terms and conditions at least as favorable to the mortgagee as the Federal Housing Administration insurance referred to above or guaranteed on terms and conditions at least as favorable to the mortgagee as the Veterans Administration or Farmers Home Administration guaranty terms set forth above provided, however, that the Board may purchase a Mortgage Loan prior to its insurance or guaranty as set forth above so long as (1) there shall have been issued by the Federal Housing Administration, the Veterans Administration, the Farmers Home Administration or such other agency or instrumentality of the United States a commitment to insure or guaranty such Mortgage Loan to the extent referred to above, (2) the Mortgage Loan satisfies all other requirements of this Section 6.07 and (3) the Lender selling such Mortgage Loan shall have agreed that, in the event that a certificate of insurance or guaranty shall not have been received within 60 days from the purchase of such Mortgage Loan by the Board from the Federal Housing Administration, the Veterans Administration, the Farmers Home Administration or such other agency or instrumentality, as the

case may be, such Lender shall repurchase the Mortgage Loan for a price which shall at least equal the price paid by the Board for such Mortgage Loan plus accrued interest to the date of repurchase, less principal received;

(e) The purchase of each Mortgage Loan shall comply with, and be in fulfillment of the purposes of, the Act;

(f) Either (i) the Mortgage Loan requires Escrow Payments with respect to all taxes, assessments, water rates, sewer rents, insurance premiums (including mortgage insurance premiums) and other charges, to the extent actually charged or assessed, and any prior liens now or hereafter assessed or liens on or levied against the premises or any part thereof, and in case of default in the payment thereof when the same shall be due and payable, it shall be lawful for the Board to pay the same or any of them (in which event the moneys paid by the Board in discharge of taxes, assessments, water rates, sewer rents, insurance premiums (including mortgage insurance premiums) and other charges and prior liens shall be added to the amount of the Mortgage Loan and secured by the Mortgage payable on demand with interest at the rate applicable under the Mortgage Loan from and after maturity, from time of payment of the same) or (ii) reasonable alternative arrangements for the payment of such taxes, assessments, water rates, sewer rents, insurance premiums (including mortgage insurance premiums) are made which are satisfactory to the Board and acceptable to the Trustee;

(g) The monthly payments of principal and interest on the Mortgage Loan are established at the time of origination; and

(h) The buildings on the premises with respect to which the Mortgage Loan is made are insured against loss by fire and other hazards as required by the Board to protect its interest, with the Board designated as the loss payee as its interest may appear; and that, except with respect to such insurance provided by the Lender under mortgage protection blanket insurance, the mortgagor will reimburse the Board for any premiums paid for insurance made by or on behalf of the Board on the mortgagor's default in so insuring the buildings.

SECTION 6.08. Assignment or Disposition of Mortgage Loans. (a) Except (i) as set forth in Section 6.06(e), (ii) if the Mortgage Loan is in default or (iii) in order to

realize the benefits of federal insurance or guarantee with respect to a Mortgage Loan, the Board shall not sell, assign, transfer, pledge or otherwise dispose of or encumber any Mortgage Loan or any of the rights of the Board with respect to any Mortgage Loan or arising out of the mortgage or the other obligations evidencing or securing any Mortgage Loan, unless the Board files with the Trustee a Cash Flow Certificate, giving effect to such substitution projecting Revenues sufficient to pay Program Expenses and Debt Service when due in each Bond Year.

(b) Upon any such sale or disposition of a Mortgage Loan in accordance with this Section, the Trustee shall, upon receipt of a Board Request identifying such Mortgage Loan and setting forth the provisions for sale or other dispositions thereof, release and deliver to the Board the instrument evidencing such Mortgage Loan.

SECTION 6.09. Cash Flow Certificates. (a) The Board shall file a Cash Flow Certificate (i) as of, and within 30 days of, each Bond Payment Date and (ii) at such other times as required by this Indenture or as may be required by Supplemental Indenture. Cash Flow Certificates may be filed to reflect revised estimates or at such times as the Board, in its discretion, considers appropriate.

(b) A Cash Flow Certificate shall be filed with the Trustee and shall set forth projected Revenues, Program Expenses, and Debt Service for each Bond Year during which Bonds will be outstanding based upon the reasonable expectations of the Board at the time such Certificate is filed showing, as of the date for which such Certificate is required;

(i) as to projected Revenues, the amounts of Revenues estimated to be available for the payment of such Principal Installments and interest when due, derived from all Mortgage Loans purchased and reasonably expected to be purchased from the proceeds of such Bonds and from Prepayments, or from the proceeds of Notes paid or to be paid or other funds to be reimbursed from the proceeds of such Bonds, and derived from the investment of proceeds of all Bonds and Revenues, which estimate shall give effect to:

(1) estimated amounts of Prepayments of Mortgage Loans, at times and in amounts set forth in the Certificate;

(2) scheduled payments of principal and interest (less Servicing Fees) with respect to

Mortgage Loans, giving effect to the estimated Prepayments;

(3) estimated income receivable from the investment of amounts held in all Funds and Accounts under the Indenture on the date of the Certificate, at times and in amounts set forth in the Certificate; and

(4) amounts held in the Program Fund, the Mortgage Reserve Fund, the Debt Service Reserve Fund and the Redemption Fund on the date of the Certificate, which are estimated to be available in accordance with the provisions of the Indenture for payment of Principal Installments and interest at times and in amounts set forth in the Certificate (assuming that the Mortgage Reserve Fund and the Debt Service Reserve Fund are at no time drawn below their respective Requirements);

(ii) as to Program Expenses, the Annual Budget or Amended Annual Budget most recently on file with the Trustee less the amount withdrawn prior to the date as of which the Cash Flow Certificate is delivered to pay Program Expenses for the current Bond Year pursuant to Section 5.05(f);

(iii) as to Debt Service, the due dates and amounts of all Principal Installments of and interest on Outstanding Bonds, including any additional Bonds to be issued and Outstanding on such date and excluding Bonds, if any, which it is reasonably expected will no longer be Outstanding on such date and interest, if any, which will not thereafter be payable from Revenues as a result of defeasance in accordance with the provisions of Section 11.03; and

(iv) the assumptions, in brief and summary terms, on which the foregoing estimates are based.

(c) The listing of Revenues from Mortgage Loans and Authorized Investments shall be supported by a schedule identifying the Mortgage Loans and Authorized Investments by maturity and interest rate which shall be furnished to the Trustee upon request. The Board shall also supply at the request of the Trustee a schedule showing the sources and applications of moneys used, including particularly amounts used to pay or redeem Bonds, transferred between Funds, and used to pay Costs of Issuance and capitalized interest.

SECTION 6.10. Annual Budget. The Board shall promptly prepare and file with the Trustee an Annual Budget for the Bond Year ending June 1, 1980 reflecting the issuance of its initial Series of Bonds hereunder. Prior to the beginning of each Bond Year thereafter, the Board shall prepare and file with the Trustee an Annual Budget for the ensuing Bond Year. Each such Annual Budget shall include allocations for Debt Service payments and estimated Program Expenses for such Bond Year. The Board may at any time adopt an amended Annual Budget for the remainder of the then current Bond Year. In determining its estimated Program Expenses, the Board shall take into account its estimates of moneys which will be available from Revenues not needed for Debt Service Payments and will use its best efforts to restrict Program Expenses to such estimated amounts.

SECTION 6.11. Accounts and Reports. (a) The Board shall keep or cause to be kept proper books and accounts (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions and the Funds and Accounts established by this Indenture. Such books, and all other books and papers of the Board and such Funds and Accounts shall at all times be subject to the inspection of the State, the Trustee and the Bondholders holding an aggregate of not less than 5% in principal amount of the Bonds then Outstanding or their representatives duly authorized in writing.

(b) The Trustee shall advise the Board promptly after the end of each month of its transactions during such month with respect to the Funds and Accounts held by it.

(c) The Board shall file with the Trustee, and otherwise as provided by law, a copy of an annual report for each fiscal year of the Board including in reasonable detail a statement of assets and liabilities with respect to the Program as of the end of such period and a statement of income, expenses and changes in fund balances with respect to the Program for such period accompanied by an Accountant's Certificate stating that the statements have been prepared in accordance with generally accepted accounting principles and fairly present the information shown thereon.

(d) The reports, statements and other documents required to be furnished to the Trustee pursuant to any provisions of this Indenture shall be available for the inspection of Bondholders at the office of the Trustee and shall be mailed

to each Bondholder who shall file a written request therefor with the Board.

(e) The Board shall also make all reports and keep all records at the times and in the manner required by the Act.

SECTION 6.12. Creation of Liens. The Board shall not issue any bonds or other evidences of indebtedness, other than the Bonds, secured by a pledge of the Revenues or of the moneys, securities, rights and interests pledged or held or set aside by the Board or by any Fiduciary under this Indenture and shall not create or cause to be created any lien or charge on the Revenues or such moneys, securities, rights or interests; provided, however, that nothing in this Indenture shall prevent the Board from issuing (i) evidences of indebtedness secured by a pledge of Revenues to be derived after the pledge of the Revenues provided in this Indenture shall be discharged and satisfied as provided in Article XI hereof, or (ii) notes or bonds of the Board not secured under this Indenture.

SECTION 6.13. Personnel and Servicing of Programs. (A) The Board shall at all times appoint, retain and employ competent personnel for the purpose of carrying out its respective programs under the Act and shall establish and enforce reasonable rules, regulations, tests and standards governing the employment of such personnel at reasonable compensation, salaries, fees and charges and all persons employed by the Board shall be qualified for their respective positions.

(B) The Board may reimburse any agency, municipality, political subdivision or governmental instrumentality of the State for the reasonable costs of any services performed for the Board.

(C) Each Depositary which may from time to time hold amounts in excess of $5,000 shall enter into a written agreement with the Board or the Trustee providing that:

(1) any Revenues held by such Depositary shall be set aside and held in trust for the Trustee on behalf of the holders of the Bonds;

(2) all such amounts shall be invested or deposite in accordance with Section 5.11 and as may be directed by the Board or the Trustee or, failing such direction, as such Depositary may determine;

(3) any amounts held by such Depositary shall be transmitted to the Trustee regularly as required pursuant to this Indenture and shall be transmitted to the Trustee as soon as practicable upon the written demand at any time of the Board or the Trustee; and

(4) such Depositary shall regularly deliver an accounting to the Board and the Trustee of the amount held by it hereunder and the deposits and investments thereof.

(D) The Board shall duly and properly service all Mortgage Loans and enforce the payment and collection of all payments of principal and interest and all Escrow Payments or shall cause such servicing to be done by a servicer evidencing, in the judgment of the Board, the capability and experience necessary to adequately service Mortgage Loans. Each such servicer shall enter into a servicing agreement providing that:

(1) all amounts received by such servicer, except as compensation for its services, shall be deposited promptly with a Depositary (which may be such servicer) subject to and in accordance with the provisions of this Indenture;

(2) such servicer shall at all times remain qualified to act as such pursuant to such standards as the Board shall prescribe from time to time and shall determine to be reasonable to maintain the security for the Bonds;

(3) such servicer shall agree to maintain servicing facilities that are staffed with trained personnel to adequately service Mortgage Loans in accordance with standards normally employed by private institutional mortgage investors, as determined in the Board's sole discretion, and shall maintain individual files for each Mortgage Loan serviced pursuant to the servicing agreement and provide regular reports to the Board as to collections and delinquencies with respect to all Mortgage Loans serviced by such servicer.

SECTION 6.14. Tax Covenants. (a) Subject to subsection (d) of this Section, the Board shall at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on the Bonds shall, for the

purposes of federal income taxation, be excludable from the gross income of the recipients thereof and exempt from such taxation.

(b) The Board shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Board to be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in Section 103 of the Internal Revenue Code of 1954, as amended (the "Code").

(c) The Board shall not permit at any time or times any proceeds of any Bonds or any other funds of the State to be used, directly or indirectly, in a manner which would result in the exclusion of any Bond from the treatment afforded by subsection (a) of Section 103 of the Code, as from time to time amended, by reason of the classification of such Bond as an "industrial development bond" within the meaning of subsection (b) of said Section.

(d) Notwithstanding the foregoing, the Board hereby reserves right to elect to issue Bonds the interest on which is not exempt from federal income taxation, if such election is made prior to the issuance of such Bonds, and the covenants contained in this Section shall not apply to such Bonds.

SECTION 6.15. Restrictions on Purchase and Redemption of Bonds. The Board shall not purchase or redeem or direct the purchase or redemption by the Trustee of any Bonds at a cost or price (including any brokerage fee or commission and other charges) which (i) exceeds the then applicable Redemptio Price of such Bonds plus accrued interest to the redemption date if such Bonds are then redeemable; or (ii) exceeds the Redemption Price of such Bonds on the date such Bonds are first redeemable at the option of the Board, plus accrued interest to the date of purchase or redemption.

SECTION 6.16. Office for Servicing Bonds. The Board shall at all times maintain one or more Paying Agents in the State where Bonds and coupons may be presented for payment.

SECTION 6.17. General. (a) The Board shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Board under the provisions of the Act and this Indenture.

(b) Upon the date of delivery of any of the Bonds, all conditions, acts and things required by law and this Indentu:

to exist, to have happened and to have been performed precedent to and in the issuance of such Bonds shall exist, have happened and have been performed and the issue of such Bonds, together with all other indebtedness of the Board, shall be within every debt and other limit prescribed by the laws of the State.

ARTICLE VII

DEFAULT PROVISIONS AND REMEDIES

SECTION 7.01. Powers of Trustee. The Trustee shall be and is hereby vested with all of the rights, powers and duties of a trustee pursuant to Section 9-6-116 of the Act, and the Trustee shall have the rights, powers and duties set forth in this Article VII in addition to all its rights, powers and duties set forth elsewhere in this Indenture.

SECTION 7.02. Events of Default. Each of the following events is hereby declared an "Event of Default" under this Indenture:

(a) The Board shall fail to pay any Principal Installment or the Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption or otherwise;

(b) The Board shall fail to pay any installment of interest on any Bond when and as the same shall become due and payable, and such failure shall continue for a period of 60 days;

(c) The Board shall fail to perform or observe any other covenant, agreement or condition on its part contained in this Indenture or in the Bonds, and such failure shall continue for a period of 60 days after written notice thereof to the Board by the Trustee or to the Board and to the Trustee by the Holders of not less than 25% in principal amount of the Bonds Outstanding; or

(d) The Board shall file a petition seeking a composition of indebtedness under the Federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State.

SECTION 7.03. Acceleration; Annulment of Acceleration. (a) Upon the occurrence of an Event of Default, the Trustee may and, upon the written request of the Holders of not less than 25% in aggregate principal amount of Bonds Outstanding shall give 30 days' notice in writing to the Governor and Attorney General of the State and the Board of its intention to declare all Bonds Outstanding immediately due and payable. At the end of such 30-day period the Trustee may, and upon such written request of Bondholders shall, by notice in writing to the Board, declare all Bonds Outstanding immediately due and payable; then such Bonds shall become and be immediatel due and payable, anything in the Bonds or in this Indenture to the contrary notwithstanding. In such event, there shall be due and payable on the Bonds an amount equal to the total

principal amount of all such Bonds, plus all interest accrued thereon and which will accrue thereon to the date of payment.

(b) At any time after the principal of the Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Indenture, the Trustee may annul such declaration and its consequences with respect to any Bonds not then due by their terms if (i) moneys shall have been deposited in the Revenue Fund sufficient to pay all matured installments of interest and principal or Redemption Price (other than principal then due only because of such declaration) of all Outstanding Bonds; (ii) moneys shall have been deposited with the Trustee sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and any Paying Agent; (iii) all other amounts then payable by the Board hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every Event of Default known to the Trustee (other than a default in the payment of the principal of such Bonds then due only because of such declaration) shall have been remedied to the satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent Default or impair any right consequent thereon.

SECTION 7.04. Additional Remedies and Enforcement of Remedies. (a) Upon the occurrence and continuance of any Event of Default, the Trustee may, and upon the written request of the Holders of not less than 25% in aggregate principal amount of the Bonds Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce its rights and the rights of the Bondholders under the Act, the Bonds and this Indenture by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient, including but not limited to:

(i) Enforcement of the right of the Bondholders to collect and enforce the payment of principal of and interest due or becoming due on Mortgage Loans and collect and enforce any rights in respect to the mortgages securing such Mortgage Loans and to require the Board to carry out its duties and obligations under the terms of this Indenture, and to require the Board to perform its duties under the Act;

(ii) Suit upon all or any part of the Bonds;

(iii) Civil action to require the Board to account as the trustee of an express trust for the Holders of Bonds;

(iv) Civil action to enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of Bonds; and

(v) Enforcement of any other right of the Bondholders conferred by law or by this Indenture.

(b) Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under this Indenture by any acts which may be unlawful or in violation of this Indenture, or (ii) to preserve or protect the interests of the Bondholders, provided that such request is in accordance with law and the provisions of this Indenture and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Holders of Bonds not making such request.

SECTION 7.05. Application of Revenues and Other Moneys After Default. (a) The Board covenants that if an Event of Default shall happen and shall not have been remedied, the Board, upon demand of the Trustee, shall pay or cause to be paid over to the Trustee (i) forthwith, all moneys and securities then held by the Board in any Fund or Account under this Indenture, and (ii) as promptly as practicable after receipt thereof, all Revenues and other payments or receipts pledged hereunder.

(b) During the continuance of an Event of Default, the Trustee shall apply such moneys, securities, Revenues, payments and receipts and the income therefrom as follows and in the following order:

(i) To the payment of the reasonable and proper charges of the Trustee;

(ii) To the payment of the interest and principal Installments or Redemption Price then due on the Bonds, subject to the provisions of Section 6.02, as follows:

(A) Unless the principal of all of the Bonds shall have become or have been declared due and payable.

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid Principal Installments or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of Principal Installments or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(B) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference;

(iii) To the payment of the amounts required for reasonable and necessary Program Expenses.

SECTION 7.06. Remedies Not Exclusive. No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Indenture or existing at law or in equity or by statute (including the Act) on or after the date of adoption of this Indenture.

SECTION 7.07. Remedies Vested in Trustee. All rights of action (including the right to file proof of claims)

under this Indenture or under any of the Bonds or coupons may be enforced by the Trustee without the possession of any of the Bonds or coupons or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds. Subject to the provisions of Section 7.05, any recovery of judgment shall be for the equal benefit of the Holders of the Outstanding Bonds and coupons.

SECTION 7.08. Majority Bondholders Control Proceedings. If an Event of Default shall have occurred and be continuing, notwithstanding anything in this Indenture to the contrary, the Holders of at least a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of this Indenture or for the appointment of a receiver or any other proceedings hereunder, provided that such direction is in accordance with law and the provisions of this Indenture (including indemnity to the Trustee as provided in Section 8.03) and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of Bondholders not joining in such direction and provided further that nothing in this Section 7.08 shall impair the right of the Trustee in its discretion to take any other action under this Indenture which it may deem proper and which is not inconsistent with such direction by Bondholders.

SECTION 7.09. Individual Bondholder Action Restricted. (a) No Holder of any Bond or coupon shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereunder or for any remedy under this Indenture unless:

(i) an Event of Default has occurred (A) under subsection (a) or (b) of Section 7.02, (B) as to which the Trustee has actual notice, or (C) as to which the Trustee has been notified in writing;

(ii) the Holders of at least 25% in aggregate principal amount of Bonds Outstanding shall have made written request to the Trustee to proceed to exercise the powers granted in this Indenture or to institute such action, suit or proceeding in its own name;

(iii) such Bondholders shall have offered the Trustee indemnity as provided in Section 8.03; and

(iv) the Trustee shall have failed or refused to exercise the powers herein granted or to institute such action, suit or proceedings in its own name for a period of 60 days after receipt by it of such request and offer of indemnity.

(b) No one or more Holders of Bonds or coupons shall have any right in any manner whatsoever to affect, disturb or prejudice the security of this Indenture or to enforce any right hereunder except in the manner herein provided and for the equal benefit of the Holders of all Bonds Outstanding and coupons appertaining thereto.

(c) Nothing contained in this Indenture shall affect or impair, or be construed to affect or impair, the right of the Holder of any Bond or coupon to receive payment of the principal of or interest on such Bond or coupon, as the case may be, on or after the due date thereof or to institute suit for the enforcement of any such payment on or after such due date; provided, however, no Holder of any Bond or coupon may institute or prosecute any such suit or enter judgment therein if, and to the extent that, the institution or prosecution of such suit or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the lien of this Indenture on the moneys, funds and properties pledged hereunder for the equal and ratable benefit of all Holders of Bonds and coupons appertaining thereto.

SECTION 7.10. Termination of Proceedings. In case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Bondholders, the Board, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee and the Bondholders shall continue as if no such proceeding had been taken.

SECTION 7.11. Waiver and Non-Waiver of Event of Default. (a) No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by this Article VII to the Trustee and the Holders of

the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

(b) The Trustee may waive any Event of Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Indenture, or before the completion of the enforcement of any other remedy under this Indenture.

(c) Notwithstanding anything contained in this Indenture to the contrary, the Trustee, upon the written request of the Holders of at least a majority of the aggregate principal amount of Bonds then Outstanding (including, if more than one Series of Bonds shall at the time be Outstanding, the Holders of a majority in principal amount of the Bonds of each such Series), shall waive any Event of Default hereunder and its consequences; provided, however, that except under the circumstances set forth in subsection (b) of Section 7.03 or subsection (b) of this Section 7.11, a default in the payment of the principal of, premium, if any, or interest on, any Bond, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Holders of all the Bonds at the time Outstanding.

(d) In case of any waiver by the Trustee of an Event of Default hereunder, the Board, the Trustee and the Bondholder shall be restored to their former positions and rights under this Indenture, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon. The Trustee shall not be responsible to anyone for waiving or refraining from waiving any Event of Default in accordance with this Section 7.11.

SECTION 7.12. Notice of Defaults. (a) Within 30 days after (i) the receipt of notice of an Event of Default as provided in Section 7.09(a)(i)(B) or (C) or (ii) the occurrenc of an Event of Default under Section 7.02(a) or (b), of which the Trustee is deemed to have notice, the Trustee shall, unless such Event of Default shall have theretofore been cured, give written notice thereof by first class mail to each registered owner of Bonds then Outstanding and to each Holder of Bonds who has listed his address with the Trustee pursuant to Section 12.13, provided that, except in the case of a default in the payment of Principal Installments or the Redemption Price of or interest on any of the Bonds, the Trustee may withhold such notice if, in its sole judgment it determines that the withholding of such notice is in the best interests of the Bondholders.

(b) The Trustee shall immediately notify the Board of any Event of Default known to the Trustee.

ARTICLE VIII

CONCERNING THE FIDUCIARIES

SECTION 8.01. Trustee and Co-Trustee. The Trustee and Co-Trustee named at the head of this Indenture shall signify their acceptance of the duties and obligations imposed upon them by executing this Indenture. Throughout the Indenture reference is made to action to be taken by, or documents to be filed with, the Trustee. The following rules shall govern such transactions:

(a) Any provision in the Indenture to the contrary notwithstanding, the Trustee and Co-Trustee shall be jointly and severally obligated and responsible to execute the trusts provided in the Indenture.

(b) The Trustee and the Co-Trustee shall cooperate with the other to the fullest extent necessary to accomplish the execution of the trusts provided in the Indenture.

(c) The Trustee and the Co-Trustee agree that simultaneously with the mailing or delivery of all communications to the Board, any Paying Agent, any Depository, any Mortgagor, any Mortgage Lender or any Bondholder with respect to the Bonds, the Mortgages, the Mortgage Loans or the Program, the Trustee or the Co-Trustee shall mail or deliver to the other a copy of same; and if either the Trustee or the Co-Trustee shall receive from the Board, any Paying Agent, any Depository, any Mortgagor, any Mortgage Lender or any Bondholder communication relating to the Bonds, the Mortgages, the Mortgage Loans or the Program and the same shall not indicate thereon that it has also been sent to the other Trustee, the Trustee or the Co-Trustee, as the case may be, shall promptly send to the other a copy of same.

(d) Any communication received by the Board, any Paying Agent, any Depository, any Mortgagor, any Mortgage Lender or any Bondholder relating to the Bonds, the Mortgages, the Mortgage Loans or the Program and signed on behalf of the Trustee or the Co-Trustee shall be deemed to have been executed on behalf of both the Trustee and the Co-Trustee and the person receiving the same may conclusively rely on such execution as being delivered on behalf of both the Trustee and the Co-Trustee.

(e) All rights and powers granted to the Trustee by the Indenture may be exercised by either of them and

any and all actions taken by either the Trustee or the Co-Trustee under the Indenture shall be conclusively deemed to have been taken with the consent of the other.

SECTION 8.02. Paying Agents; Appointment and Acceptance of Duties. (a) The Board shall appoint one or more Paying Agents for the Bonds of each Series, and may at any time appoint one or more other Paying Agents having the qualifications set forth in Section 8.13 for a successor Paying Agent. The Trustee may be appointed as Paying Agent.

(b) Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing and delivering to the Board and to the Trustee a written acceptance thereof.

(c) Unless otherwise provided, the principal offices of the Paying Agents are designated as the respective offices or agencies of the Board for the payment of the interest on and principal or Redemption Price of the Bonds.

SECTION 8.03. Responsibilities of Fiduciaries. (a) The recitals of fact herein and in the Bonds contained shall be taken as the statements of the Board and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of this Indenture or of any Bonds or coupons issued hereunder or as to the security afforded by this Indenture, and no Fiduciary shall incur any liability in respect thereof. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to the Board or to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof or to advance any of its own moneys, unless properly indemnified. Subject to the provisions of subsection (b) hereof, no Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct.

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

the conduct of his own affairs. Any provisions of this Indenture relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may rely shall be subject to the provisions of this Section 8.03.

SECTION 8.04. Evidence on Which Fiduciaries May Act. (a) Each Fiduciary, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant to any provision of this Indenture, shall examine such instrument to determine whether it conforms to the requirements of this Indenture and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be of counsel to the Board, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Indenture in good faith and in accordance therewith.

(b) Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the Board, and such Certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Indenture upon the faith thereof; but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

(c) Except as otherwise expressly provided in this Indenture, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the Board to any Fiduciary shall be sufficiently executed if executed in the name of the Board by an Authorized Officer.

SECTION 8.05. Compensation. The Board shall pay to each Fiduciary from time to time reasonable compensation for all services rendered under this Indenture, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Indenture and each Fiduciary shall have a lien therefor on any and all funds at any time held by it

under this Indenture. Subject to the provisions of Section 8.03 hereof, the Board further agrees to indemnify and save each Fiduciary harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to its negligence or willful misconduct.

SECTION 8.06 Certain Permitted Acts. Any Fiduciary may become the owner of any Bonds and coupons, with the same right it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depositary for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not any such committee shall represent the Holders of a majority in principal amount of the Bonds then outstanding.

SECTION 8.07. Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations created by this Indenture by giving not less than 60 days' written notice to the Board, and publishing notice thereof, specifying the date when such resignation shall take effect, once in each week for two successive calendar weeks in Authorized Newspapers, and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the Board or the Bondholders as provided in Section 8.09 hereof, in which event such resignation shall take effect immediately on the appointment of such successor. In no event, however, shall such a resignation take effect until a successor Trustee (or Temporary Trustee) has been appointed pursuant to Section 8.09 hereof.

SECTION 8.08. Removal of Trustee. (a) The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the Bondholders representing a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Board.

(b) Unless an Event of Default, or an event which with notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing, the Board shall have the right to remove the Trustee at any time upon filing with the Trustee an instrument in writing for such cause as shall be determined in the sole discretion of the Board.

SECTION 8.09. Appointment of Successor Trustee; Temporary Trustee. (a) In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of such Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of such Trustee, or of its property or affairs, a successor may be appointed by (i) the Board by a duly executed written instrument signed by an Authorized Officer or (ii) the Bondholders representing a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Board, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondholders or by their attorneys-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to the Board and the predecessor Trustee. The Board shall publish notice of any such appointment made by it once in each week for two successive calendar weeks, in Authorized Newspapers, the first publication to be made within 20 days after such appointment.

(b) If in a proper case no appointment of a successor Trustee shall be made by the Board or the Bondholders pursuant to the foregoing provisions of this Section within 45 days after any Trustee shall have given to the Board written notice as provided in Section 8.07 hereof or after a vacancy in the office of the Trustee shall have occurred by reason of its removal or inability to act, such Trustee or any Bondholder may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

(c) Any successor or temporary Trustee appointed under the provisions of this Section shall be a bank or trust company or national banking association having capital and surplus aggregating at least $5,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture.

SECTION 8.10. Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under this Indenture shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Board, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties,

rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the written request of the Board, or of the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under this Indenture, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Board be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Board. Any such successor Trustee shall promptly notify the Paying Agents and Depositaries, if any, of its appointment as Trustee.

SECTION 8.11. Merger or Consolidation. Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it may be party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, and shall be authorized by law to perform all the duties imposed upon it by this Indenture, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

SECTION 8.12. Adoption of Authentication. In case any of the Bonds contemplated to be issued under this Indenture shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Bonds and deliver such Bonds so authenticated. In case any of such Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of the predecessor Trustee or in the name of the successor Trustee, and in all such cases such certificate shall have the full force which

it is anywhere in such Bonds or in this Indenture provided that the certificate of the Trustee shall have.

SECTION 8.13. Resignation or Removal of Paying Agent and Appointment of Successor. (a) Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 60 days' written notice to the Board, the Trustee, and the other Paying Agent, if any. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by the Board. Any successor Paying Agent shall be appointed by the Board with the approval of the Trustee and shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, having capital and surplus aggregating at least $5,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture.

(b) In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

ARTICLE IX

SUPPLEMENTAL INDENTURES

SECTION 9.01. Supplemental Indentures not Requiring Consent of Bondholders. Without the consent of or notice to any of the Bondholders, the Issuer and the Trustee may enter into one or more Supplemental Indentures, not inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

(i) to authorize Bonds of a Series and, in connection therewith, to specify and determine the matters and things referred to in Section 2.03 hereof and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with this Indenture as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first delivery of such Bonds;

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

(iii) To add to the covenants and agreements of the Board in this Indenture or any Supplemental Indenture, other covenants and agreements to be observed by the Board which are not contrary to or inconsistent with this Indenture or the applicable Supplemental Indenture as theretofore in effect;

(iv) To add to the limitations and restrictions in this Indenture or any Supplemental Indenture, other limitations and restrictions to be observed by the Board which are not contrary to or inconsistent with this Indenture or the applicable Supplemental Indenture as theretofore in effect;

(v) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Indenture or any Supplemental Indenture, of the Revenues or of any other moneys, securities or funds;

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

(vii) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Indenture or any Supplemental Indenture; or

(viii) To insert such provisions clarifying matters or questions arising under this Indenture or any Supplemental Indenture as are necessary or desirable and are not contrary to or inconsistent with this Indenture or the applicable Supplemental Indenture theretofore in effect; or

(ix) To provide for additional duties of the Trustee in connection with the Mortgage Loans.

SECTION 9.02 Supplemental Indentures Requiring Consent of Bondholders. At any time or from time to time, a Supplemental Indenture may be issued by the Board subject to consent by the Bondholders in accordance with and subject to the provisions of Article X, which Supplemental Indenture, upon the filing with the Trustee of a copy thereof and upon compliance with the provisions of said Article X, shall become fully effective in accordance with its terms as provided in said Article X.

SECTION 9.03. General Provisions. (a) This Indenture and any Supplemental Indenture shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article IX and Article X. Nothing in this Article IX or Article X contained shall affect or limit the right or obligation of the Board to adopt, make, do, execute, acknowledge or deliver any certificate, act or other instrument pursuant to the provisions of Section 6.03 hereof or the right or obligation of the Board to execute and deliver to any Fiduciary any instrument which elsewhere in this Indenture or any Supplemental Indenture it is provided shall be delivered to said Fiduciary.

(b) Any Supplemental Indenture referred to and permitted or authorized by Sections 9.01 and 9.02 hereof may be adopted by the Board without the consent of any of the Bondholders, but shall become effective only on the conditions, to the extent and at the time provided in said Sections, respectively. The copy of every Supplemental Indenture when filed with the Trustee shall be accompanied by a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully adopted in accordance with the provisions of this Indenture, is authorized or permitted by this Indenture and is valid and binding upon the Board and enforceable in accordance with its terms.

(c) The Trustees are hereby authorized to accept the delivery of a certified copy of any Supplemental Indenture referred to and permitted or authorized by Sections 9.01, 9.02 or 9.03 hereof and, subject to a requirement of Bondholders' consent, if any, to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action, shall be fully protected in relying on an opinion of counsel (which may be a Counsel's Opinion) that such Supplemental Indenture is authorized or permitted by the provisions of this Indenture.

(d) No Supplemental Indenture shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

ARTICLE X

AMENDMENTS AND MODIFICATIONS REQUIRING CONSENT OF BONDHOLDERS

SECTION 10.01. Mailing and Publication. (a) Any provision in this Article X for the mailing of a notice or other paper to Bondholders shall be fully complied with if it is mailed postage prepaid:

(i) To each registered owner of Bonds then Outstanding at his address, if any, appearing upon the registry books of the Board,

(ii) To each Bondholder of any Bonds payable to bearer who shall have filed with the Trustee within two years preceding such mailing an address pursuant to Section 12.13 hereof, and

(iii) To the Trustee.

(b) Any provision in this Article X for publication of a notice or other matter shall require the publication thereof only in Authorized Newspapers.

SECTION 10.02. Powers of Amendment. Any modification or amendment of this Indenture or any Supplemental Indenture and of the rights and obligations of the Board and of the Bondholders, in any particular, may be made by a Supplemental Indenture, with the written consent given as provided in Section 10.03 hereof (i) of the Holders of at least two-thirds in principal amount of the Bonds Outstanding at the time such consent is given, and (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of at least two-thirds in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section 10.02. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bonds or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the

rate of interest thereon without the consent of the Bondholders of all such Bonds, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purposes of this Section 10.02, a Series of Bonds shall be deemed to be affected by a modification or amendment of this Indenture if the same adversely affects or diminishes the rights of the Holders of such Series of Bonds. The Trustee, relying upon Counsel's Opinion, may determine whether or not in accordance with the foregoing powers of amendment Bonds of any particular Series or maturity would be affected by any modification or amendment of this Indenture and any such determination shall be binding and conclusive on the Board and the Bondholders.

SECTION 10.03. Consent of Holders of Bonds. The Board may at any time adopt a Supplemental Indenture making a modification or amendment permitted by the provisions of Section 10.02 hereof, to take effect when and as provided in this Section 10.03. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Board to the Holders of registered Bonds and to those Bondholders who have filed their addresses with the Board pursuant to Section 12.13 hereof and shall be published in Authorized Newspapers at least once a week for two successive weeks (but failure to mail such copy and request shall not affect the validity of the Supplemental Indenture when consented to as provided in this Section 10.03). Such Supplemental Indenture shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consents of Holders of the percentages of Outstanding Bonds specified in Section 10.02 hereof and (b) a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully adopted and filed by the Board in accordance with the provisions of this Indenture, is authorized or permitted by this Indenture and is valid and binding upon the Board and enforceable in accordance with its terms, and (ii) a notice shall have been published as hereinafter in this Section 10.03 provided. Each consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 12.02 hereof. A certificate or certificates by the Trustee filed with the

Trustee that it has examined such proof and that such proof is sufficient in accordance with Section 12.02 hereof shall be conclusive that the consents have been given by the Bondholders described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Bondholder giving such consent and, anything in Section 12.02 hereof to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Bondholder thereof has notice thereof) unless such consent is revoked in writing by the Bondholder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee hereinafter in this Section 10.03 provided for is filed, such revocation and, if such Bonds are transferable by delivery, proof that such Bonds are held by the signer of such revocation in the manner permitted by Section 12.02 hereof. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Bondholders of the required percentage of Bonds shall have filed their consent to the Supplemental Indenture, the Trustee shall make and file with the Board and the Trustee a written statement that the Bondholders of such required percentage of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter, notice stating in substance that the Supplemental Indenture (which may be referred to as a Supplemental Indenture adopted by the Board on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentage of Bonds and will be effective as provided in this Section 10.03, may be given to Bondholders by the Board by mailing such notice to Bondholders (but failure to mail such notice shall not prevent such Supplemental Indenture from becoming effective and binding as in this Section 10.03 provided) and by publishing the same in Authorized Newspapers at least once not more than 90 days after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture and the written statement of the Trustee hereinabove provided for is filed. The Board shall file with the Trustee proof of the publication of such notice and, if the same shall have been mailed to Bondholders, of the mailing thereof. A record consisting of the papers required or permitted by this Section 10.03 to be filed with the Trustee, shall be proof of the matter therein stated. Such Supplemental Indenture making such amendment or modification shall be deemed conclusively binding upon the Board, the Fiduciaries

and the Holders of all Bonds and coupons at the expiration of 30 days after the filing with the Trustee of the proof of the first publication of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Indenture in a legal action or equitable proceeding for such purpose commenced within such 30 day period; provided, however, that any Fiduciary and the Board during such 30 day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action or to refrain from taking such action, with respect to such Supplemental Indenture as they may deem expedient.

SECTION 10.04 Modifications by Unanimous Consent. The terms and provisions of this Indenture or any Supplemental Indenture and the rights and obligations of the Board and of the Bondholders may be modified or amended in any respect upon the issuance and filing by the Board of a Supplemental Indenture and the consent of the Bondholders of all Bonds then Outstanding, such consent to be given as provided in Section 10.03 hereof, except that no notice of such consent to Bondholders either by mailing or publication shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written assent thereto of such Fiduciary in addition to the consent of the Bondholders.

SECTION 10.05. Exclusion of Bonds. Bonds owned or held by or for the account of the Board shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article X, and the Board shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article X. At the time of any consent or other action taken under this Article X, the Board shall furnish the Trustee a certificate, upon which the Trustee may rely, describing all Bonds to be excluded.

SECTION 10.06. Notation on Bonds. Bonds delivered after the effective date of any action taken as in Article IX hereof or this Article X provided, may, and if the Trustee so determines, shall, bear a notation by endorsement or otherwise in form approved by the Board and the Trustee as to such action, and in that case upon demand of any Bondholder of any Bond Outstanding at such effective date and

presentation of his Bond for the purpose at the principal office of the Trustee or upon any transfer or exchange of any Bond Outstanding at such effective date, suitable notation shall be made on such Bond or upon any Bond issued upon any such transfer or exchange by the Trustee as to any such action. If the Board or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Board to conform to such action shall be prepared, delivered, and upon demand of the Bondholders of any Bond then Outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same Series and maturity then Outstanding, upon surrender of such Bonds with all unpaid coupons, if any, appertaining thereto.

ARTICLE XI

SATISFACTION AND DISCHARGE

SECTION 11.01. Discharge of Indenture in Entirety. If the Board shall pay or cause to be paid, or there shall otherwise be paid, to the Bondholders of all Bonds and coupons the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Indenture, then the pledge of any Revenues, and other moneys and securities pledged under this Indenture and all covenants, agreements and other obligations of the Board to the Bondholders, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the Board to be prepared and filed with the Board and, upon the request of the Board, shall execute and deliver to the Board all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries shall pay over or deliver to the Board all moneys or securities held by them pursuant to this Indenture which are not required for the payment of principal or Redemption Price, if applicable of or interest on Bonds or payment of coupons not theretofore surrendered to such payment or redemption.

SECTION 11.02. Discharge of Indenture as to a Series of Bonds. If the Board shall pay or cause to be paid, or there shall otherwise be paid to the Bondholders of all Outstanding Bonds of a particular Series and the coupons appertaining thereto the principal or Redemption Price, if applicable, thereof and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Indenture, such Bonds shall cease to be entitled to any lien, benefit or security under this Indenture, and all covenants, agreements and obligations of the Board to the Bondholders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

SECTION 11.03. Bonds Deemed Paid. Bonds or coupons or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee or any one or more of the alternate Paying Agents (through deposit by the Board of moneys for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in Section 11.01 or 11.02 hereof. All Outstanding Bonds of any Series and all coupons appertaining to such Bonds shall prior to

the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in Section 11.01 or 11.02 hereof if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Board shall have given to the Trustee in form satisfactory to it irrevocable instructions to publish as provided in Article III notice of redemption of such Bonds on said date (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Government Obligations the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price of and interest due and to become due on said Bonds on and -- prior to the redemption date or maturity date thereof, as the case may be, and (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Board shall have given the Trustee in form satisfactory to it irrevocable instructions to publish, as soon as practicable, at least twice, at an interval of not less than seven days between publications, in Authorized Newspapers a notice to the Bondholders of such Bonds and coupons that the deposit required by (ii) above has been made with the Trustee and that said Bonds and coupons are deemed to have been paid in accordance with this Section 11.03 and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price of said Bonds. Neither Government Obligations nor moneys deposited with the Trustee pursuant to this Section 11.03 nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, of and interest on said Bonds and any bonds or other obligations issued by the Board the proceeds of which were used in acquire such Government Obligations, in whole or in part; provided that no such principal of or interest on such Government Obligations shall be applied to the payment of the principal or redemption price of or interest on such bonds or other obligations unless (x) the Trustee shall have received a schedule showing, for each year from the date of deposit of such Government Obligations until the redemption date or maturity date of said Bonds, as the case may be, the amount of principal of and interest on such Government Obligations and moneys deposited with the Trustee at the same time, if any, which will be available to pay the principal or Redemption Price of and interest due on said Bonds in each such year, plus the amount of any excess

in each such year, and (y) the amount of such principal of or interest on such Government Obligations to be so applied to the payment of such bonds or other obligations does not exceed in any year the amount of such excess for, or accumulated and unexpended to, such year. Notwithstanding any other provision of this Section 11.03 any cash received from such principal or interest payments on such Government Obligations deposited with the Trustee, if not then needed for such purpose, shall to the extent practicable and permitted by Section 103 of the Code, be reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, of and interest due and to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be.

ARTICLE XII

MISCELLANEOUS

SECTION 12.01. Failure to Present Bonds or Coupons. Anything in this Indenture to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds or coupons which remain unclaimed for six years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for six years after the date of deposit of such moneys if deposited with the Fiduciary after the date when such Bonds became due and payable, shall, at the written request of the Board be repaid by the Fiduciary to the Board, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Board for the payment of such Bonds and coupons; provided, however, that before being required to make any such payment to the Board, the Fiduciary shall, at the expense of the Board, cause to be published at least twice, at an interval of not less than seven days between publications, in Authorized Newspapers, a notice that such moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the Board.

SECTION 12.02. Evidence of Signatures of Bondholders and Ownership of Bonds. (a) Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or the holding by any person of the Bonds or coupons appertaining thereto, shall be sufficient for any purpose of this Indenture (except as otherwise therein expressly provided) if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(i) The fact and date of the execution by any Bondholder or his attorney of such instruments may be proved by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate or affidavit shall also constitute sufficient proof of his authority.

(ii) The amount of Bonds transferable by delivery held by a person executing any instrument as a Bondholder, the date of his holding such Bonds, and the numbers and other identification thereof, may be proved by a certificate, which need not be acknowledged or verified, in form satisfactory to the Trustee, executed by the Trustee or by a member of a financial firm or by an officer of a bank, trust company, or financial corporation or other depositary wherever situated, showing at the date therein mentioned that such person exhibited to such member or officer or had on deposit with such depositary the Bonds described in such certificate. Such certificate may be given by a member of a financial firm or by an officer of any bank, trust company, insurance company or financial corporation or depositary with respect to Bonds owned by it, if acceptable to the Trustee. In addition to the foregoing provisions, the Trustee may from time to time make such reasonable regulations as it may deem advisable permitting other proof of holding of Bonds transferable by delivery.

(b) The ownership of Bonds registered otherwise than to bearer and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books.

(c) Any request or consent by the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Board or any Fiduciary in accordance therewith.

SECTION 12.03. Bonds Not an Obligation of the State or Any Political Subdivision. The Bonds shall not constitute a debt or liability or obligation or a pledge of the faith and credit of the State.

SECTION 12.04. Moneys Held For Particular Bonds and Coupons. Subject to the provisions of Section 12.01, the amounts held by any Fiduciary for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds or coupons shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Bonds and coupons entitled thereto.

SECTION 12.05. Preservation and Inspection of Documents. All documents received by any Fiduciary under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Board, any other Fiduciary, and any Bondholders and their agents and their representatives, any of whom may make copies thereof.

SECTION 12.06. Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or corporation, other than the Board, the Fiduciaries and the Bondholders any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Board shall be for the sole and exclusive benefit of the Board, the Fiduciaries and the Bondholders.

SECTION 12.07. No Recourse on the Bonds. No recourse shall be had for the payment of the principal of or interest on the Bonds or for any claim based thereon or on this Indenture against any officer of the Board or any person executing the Bonds.

SECTION 12.08. Publication of Notice; Suspension of Publication. (a) Any publication to be made under the provisions of this Indenture in successive weeks or on successive dates may be made in each instance upon any business day of the week and need not be made in the same Authorized Newspapers for any or all successive publications but may be made in different Authorized Newspapers.

(b) If, because of the temporary or permanent suspension of the publication or general circulation of any of the Authorized Newspapers or for any other reason, it is impossible or impractical to publish any notice pursuant to this Indenture in the manner herein provided, then such publication in lieu thereof as shall be made with the

approval of the Trustee shall constitute a sufficient publication of such notice.

SECTION 12.09. Severability of Invalid Provisions. If any one or more of the covenants or agreements provided in this Indenture on the part of the Board or any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Indenture.

SECTION 12.10. Successors. Whenever in this Indenture the Board is named or referred to, it shall be deemed to include any political subdivision or public benefit corporation of the State or agency or division thereof, which may succeed to the principal functions and powers of the Board, and all the covenants and agreement contained in this Indenture by or on behalf of the Board shall bind and inure to the benefit of said successor whether so expressed or not.

SECTION 12.11. Consents and Approvals. Whenever the written consent or approval of the Board, Trustee, Fiduciaries or Bondholders shall be required under the provisions of this Indenture, such consent or approval shall not be unreasonably withheld or delayed.

SECTION 12.12. Notices, Demands and Requests. All notices, demands and requests to be given or made hereunder to or by the Board or the Trustee shall be in writing and shall be properly made if sent by United States mail, postage prepaid, and addressed as follows:

(a)	Board	Montana Board of Housing Capitol Station Helena, Montana 59601
(b)	Trustee	United California Bank 707 Wilshire Boulevard Los Angeles, California 90017 Attention: Corporate Trust Department
(c)	Co-Trustee	The Conrad National Bank of Kali: Main and Center Street Kalispell, Montana 59901 Attention: Trust Department

Either the Board, the Trustee, or the Co-Trustee may change the address listed for it above at any time upon written

notice of such change sent by United States mail, postage prepaid, to the Board, the Trustee and the Co-Trustee, as the case may be.

SECTION 12.13. List of Bondholders. (a) To the extent that such information shall be made known to the Board under the terms of this Indenture, it will keep on file at the office of the Trustee a list of names and addresses of the last known Holders of all Bonds payable to bearer. The Trustee shall add to such list the names and addresses of the Holders of all Bonds which from time to time may be registered on the registration books kept by the Trustee. Whenever any Bond shall become registered payable to bearer, the Trustee may, but need not, remove from the list the name of the previously registered owner. Any Bondholder may request that his name and address be placed on said list by filing a written request with the Trustee, which request shall include a statement of the principal amount of Bonds held by such Holder and the numbers of such Bonds. The Trustee and the Board shall have no responsibility with regard to the accuracy of said list. The Board shall have access to such list at all reasonable times. At reasonable times and under reasonable regulations established by the Trustee, said list may be inspected and copied by the Holders (or a designated representative thereof) of 25% or more in aggregate principal amount of Bonds Outstanding.

(b) Each Bondholder, by the purchase and acceptance of such Bond, consents to the disclosure of his name, address and the principal amount of Bonds held by him in accordance with this Section 21.13 and agrees that the Trustee shall not be held accountable for the disclosure of any such information.

SECTION 12.14. Agreement of the State. In accordance with the Act, the Board hereby includes as a part of its contract with Bondholders the following pledge and agreement of the State: The State pledges that it will not in any way impair the obligations of any agreement between the Board and the Holders of notes or Bonds issued by the Board.

SECTION 12.15. Filing of Security Instruments. (a) The Board hereby covenants that it will cause this Indenture, the Agreement and all supplements hereto and thereto, together with all other security instruments and financing statements, to be recorded and filed, as the case may be, in such manner and in such places as may be required by law in order to perfect the lien of, and the security interests created by, this Indenture.

(b) [illegible] cause to be filed [illegible] statements, including without limitation continuation statements under the Uniform Commercial Code of the State, in such manner and in such places as may be required by law in order to perfect and to protect and maintain in force the lien and pledge of, and the security interests created by, this Indenture.

SECTION 12.16. Applicable Law. This Indenture shall be governed exclusively by the applicable laws of the State.

SECTION 12.17. Table of Contents and Section Headings Not Controlling. The Table of Contents and the headings of the several Articles and Sections of this Indenture have been prepared for convenience of reference only and shall not control, affect the meaning of, or be taken as an interpretation of any provision of this Indenture.

SECTION 12.18. Effective Date. This Indenture shall take effect immediately.

IN WITNESS WHEREOF, the Montana Board of Housing has caused this Trust Indenture to be executed by its Chairman and attested to by its Secretary, and, to evidence its acceptance of the trusts hereby created, each of the Trustees has caused this Trust Indenture to be executed by one of its authorized officers, the seal to be hereunto affixed by one of its authorized officers, all on this 16th day of August, 1979.

MONTANA BOARD OF HOUSING

By _____
Chairman

Attest:

_____
Secretary

UNITED CALIFORNIA BANK, as Trustee

By _____
Vice President

UNITED CALIFORNIA BANK
INCORPORATED MAY 26, 1920 CALIFORNIA
(SEAL)
SEAL

Attest:

_____

THE CONRAD NATIONAL BANK OF KALISPELL, as Co-Trustee

By _____
Vice President

(SEAL)

Attest:

_____

ARTICLE VI

AMENDMENT OF INDENTURE

SECTION 6.01. Amendment of Section 3.02 of the Indenture. (a) Section 3.02 of the Indenture is amended to read and provide as follows with respect to the 1983 Series A Bonds and any Bonds issued hereafter:

> Section 3.02. Board's Election to Redeem. Bonds of any Series may be subject to redemption in whole or in part at any time at the option of the Board prior to maturity pursuant to the provisions of the applicable Supplemental Indenture. The Board shall give notice by Board Request to the Trustee of each optional redemption, which Board Request shall specify the date fixed for redemption and, subject to the provisions of Section 5.08 and all applicable Supplemental Indentures, the Series of Bonds to be redeemed and the aggregate principal amount of Bonds of each maturity in such Series to be redeemed (and in the case of Bonds for which Sinking Fund Installments have been established, the amounts to be credited toward such Installments). Such notice shall be given at least 60 days prior to the date fixed for redemption or such lesser number of days as shall be acceptable to the Trustee.

(b) The amendment of the Indenture provided for in this section shall not have any affect on the several series of Bonds now Outstanding, and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under Section 10.02 of the Indenture.

SECTION 6.02. Amendment of Section 1.01 of the Indenture Relating to the Definition of "Authorized Investments."

The definition of "Authorized Investments" in Section 1.01 of the Indenture is amended to read and provide as follows:

> "Authorized Investments" mean and include any of the following securities, if and to the extent the same are at the time legal for investment of Board funds:
>
> (i) Direct obligations of or obligations guaranteed by the United States of America;
>
> (ii) Obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by

any of the following: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Bank; Federal National Mortgage Association (to the extent guaranteed by the Government National Mortgage Association); Federal Home Loan Mortgage Corporation; Farmers' Home Administration; Tennessee Valley Authority or the Government National Mortgage Association;

(iii) Obligations issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or temporary notes, preliminary loan notes or project notes issued by public agencies or municipalities, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(iv) Certificates of deposit issued by, or time deposits with, any bank or trust company organized under the laws of the state, any national banking association which is a member of the Federal Reserve System, or any savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation, (including the Trustee, a Lender or Paying Agent) provided that any such lender has capital stock, surplus and undivided profits aggregating at least $1,000,000, and provided further that such time deposits to the extent not insured, or certificates of deposit are fully secured by obligations of the type specified in (i), (ii) or (iii) above which have a market value, exclusive of accrued interest, at least equal to the amount of such deposits or are secured by mortgage loans or real property in the state insured by the Federal Housing Administration which have an aggregate outstanding principal balance at least equal to 133 1/3% of the amount of such deposits; and

(v) Repurchase Agreements with banks which are members of the Federal Deposit Insurance Corporation, the underlying securities of which are of the type described in (i) and (ii) above.

MONTANA BOARD OF HOUSING

TO

FIRST INTERSTATE BANK OF DENVER, N.A.,

as Successor Trustee

THIRD AMENDING SUPPLEMENTAL TRUST INDENTURE

Dated as of December 1, 1991

3383m

THIRD AMENDING SUPPLEMENTAL TRUST INDENTURE

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(This Table of Contents is not a part of this Third Amending Supplemental Trust Indenture and is only for convenience of reference.)

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THIRD AMENDING SUPPLEMENTAL TRUST INDENTURE

THIS THIRD AMENDING SUPPLEMENTAL TRUST INDENTURE dated as of December 1, 1991 by and between the Montana Board of Housing, a Board created by the Montana Housing Act of 1975, whose members are appointed by the Governor of the State of Montana, and First Interstate Bank of Denver, N.A., a national banking association incorporated under the laws of the United States of America and authorized by such laws to execute trust powers, as Successor Trustee.

WITNESSETH:

WHEREAS, the Montana Housing Act of 1975 provides that the Board has the authority to purchase notes, mortgages and other securities evidencing loans for the construction or purchase of housing developments for persons and families of lower income in the State of Montana; and

WHEREAS, the Board is authorized to issue and provide for the security of bonds to finance the Single Family Program, under which the Board purchases mortgage loans; and

WHEREAS, pursuant to and in accordance with the provisions of the Act, by resolution adopted by the Board, and in furtherance of the purposes of the Act, the Board, pursuant to the provisions of a Trust Indenture (the "Original Indenture"), dated as of August 16, 1979, between the Board and United California Bank, as the Prior Trustee, and the Conrad National Bank of Kalispell (predecessor to First Interstate Bank of Kalispell), as co-trustee, issued its Single Family Mortgage Purchase Bonds to finance the cost of the acquisition of the Mortgage Loans as provided in the Original Indenture; and

WHEREAS, pursuant to Section 9.01 of the Original Indenture, the parties hereto desire to amend and supplement the Original Indenture as set forth in this Third Amending Supplemental Trust Indenture, and particularly so as to cure the defect (occasioned by a change in law) which appears in Section 12.01 of the Original Indenture; and

WHEREAS, based on the foregoing, this Third Amending Supplemental Trust Indenture may be entered into pursuant to Section 9.01 of the Original Indenture by the Board and the Successor Trustee without the consent of, or notice to, any of the Bondholders; and

WHEREAS, all things necessary to make this Third Amending Supplemental Indenture have, in all respects, been duly authorized.

NOW, THEREFORE, THIS THIRD AMENDING SUPPLEMENTAL TRUST INDENTURE

WITNESSETH:

That, in consideration of the premises and the acceptance by the Trustee of the trust created hereby and the Original Indenture, it is mutually agreed and covenanted by and between the parties hereto, for the equal and proportionate benefit and security of all the holders of the Bonds issued under the Original Indenture, without preference, priority or distinction as to lien or otherwise, except as otherwise provided herein and in the Original Indenture, of any one Bond over any other Bond, as follows:

ARTICLE I

Section 12.01 to the Original Indenture is hereby amended to read as follows:

"SECTION 12.01. Failure to Present Bonds or Coupons. Anything in this Indenture to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds or coupons which remain unclaimed for five years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for five years after the date of deposit of such moneys if deposited with the Fiduciary after the date when such Bonds became due and payable, shall, at the written request of the Board be repaid by the Fiduciary to the Board, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Board for the payment of such Bonds and coupons; provided, however, that before being required to make any such payment to the Board, the Fiduciary shall, at the expense of the Board, cause to be published at least twice, at an interval of not less than seven days between publications, in Authorized Newspapers, a notice that such moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the Board."

ARTICLE II

MISCELLANEOUS

Section 2.1. Counterparts. This Third Amending Supplemental Trust Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 2.2. Applicability of the Original Indenture. The provisions of the Original Indenture are hereby ratified, approved and confirmed and, except as otherwise provided in this Third Amending Supplemental Trust Indenture, shall be applicable to the authorization, execution, authentication, issuance, redemption, payment, sale and delivery of the Bonds, the custody and the distribution of the proceeds and the security, payment, redemption and enforcement of payment thereof. This Third Amending Supplemental Trust Indenture shall be construed as having been authorized, executed and delivered under the provisions of Section 9.01 of the Original Indenture.

Section 2.3. Privileges and Immunities of Trustee. In executing and delivering this Third Amending Supplemental Trust Indenture, the Successor Trustee shall be entitled to all of the privileges and immunities afforded to the Trustee under the terms and provisions of the Original Indenture.

IN WITNESS WHEREOF, the Montana Board of Housing has caused these presents to be signed in its name and behalf by the Chairman and its official seal to be hereunto affixed, and to be attested by its Secretary, and, to evidence its acceptance of the trusts hereby created, First Interstate Bank of Denver, N.A. has caused these presents to be signed and sealed in its name and behalf by its duly authorized officers, as of the day first above written.

[SEAL]

MONTANA BOARD OF HOUSING

By _____
Chairman

Attest:

_____
[Title] Secretary

3383m

[SEAL]

FIRST INTERSTATE BANK OF DENVER, N.A.

Attest:

Sandra Orr
[Title] Trust Officer

By _____
[Title] Vice President and Trust Officer

STATE OF MONTANA)
) SS
COUNTY OF LEWIS and CLARK)

The undersigned, a Notary Public, does hereby certify that Tom Mather and George McCallum, whose names as Chairman of the Montana Board of Housing and the Secretary of said Board, respectively, are signed to the foregoing Third Amending Supplemental Trust Indenture, and who are each known to me and known to be such officers, acknowledged before me on this day that, being informed of the contents of this Third Amending Supplemental Trust Indenture, they, in their respective capacities as such officers of said Board, executed and delivered the same voluntarily as of the day the same bears date.

Given under my hand this 6th day of December, 1991.

Meredith McGuire
Notary Public

My Commission expires:

6-8-92

3383m

STATE OF MONTANA)
) SS
COUNTY OF Denver)

The undersigned, a Notary Public, does hereby certify that Richard J. Sullivan and Sandra Orr, whose names as Vice President and Trust Officer, respectively, of First Interstate Bank of Denver, N.A. are signed to the foregoing Third Amending Supplemental Trust Indenture, and who are each known to me and known to be such officers, acknowledged before me on this day that, being informed of the contents of this Third Amending Supplemental Trust Indenture, they, in their corporate capacities, executed and delivered the same voluntarily as of the day the same bears date.

Given under my hand this 10th day of ~~December, 1991~~ February 1992.

Lynn E. Taylor
Notary Public

My Commission expires:

8/2/93

3383m

MONTANA BOARD OF HOUSING

and

FIRST INTERSTATE BANK OF DENVER, N.A.,
Denver, Colorado, as Trustee

FOURTH AMENDING

SUPPLEMENTAL TRUST INDENTURE

Dated as of October 17, 1995

Relating to
Montana Board of Housing
Single Family Program Bonds
(Federally Insured or Guaranteed Mortgage Loans)

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THIS FOURTH AMENDING SUPPLEMENTAL TRUST INDENTURE, dated October 17, 1995 (the "Supplemental Indenture"), supplementing and amending the Trust Indenture dated August 16, 1979 and as supplemented from time to time in connection with the issuance of bonds thereunder (the "General Indenture"), by and between the MONTANA BOARD OF HOUSING (the "Board"), a Board created by the Montana Housing Act of 1975 (the "Act"), whose members are appointed by the Governor of the State of Montana, and FIRST INTERSTATE BANK OF DENVER, N.A., Denver, Colorado, a national banking association incorporated under the laws of the United States of America, as trustee (the "Trustee");

W I T N E S S E T H :

WHEREAS, the Board has heretofore entered into the General Indenture to provide for the issuance, from time to time, of Single Family Program Bonds (Federally Insured or Guaranteed Mortgage Loans), which are issued pursuant to Supplemental Indentures thereunder; and

WHEREAS, the Board now desires to amend the General Indenture to add provisions thereto providing for the amendment thereof without the consent of Bondholders under certain circumstances, all to give the Board more flexibility with respect to the public purposes described in the General Indenture (such as permitting additional types of security for Mortgage Loans or a wider variety of permitted investments), and has determined that such amendment may be entered with the consent of two-thirds of the principal amount of the Bonds Outstanding, as provided in Article X of the General Indenture;

NOW, THEREFORE, THIS FOURTH AMENDING SUPPLEMENTAL TRUST INDENTURE WITNESSETH:

That, in consideration of the premises and the acceptance by the Trustee of the trust created hereby and by the General Indenture, it is mutually agreed and covenanted by and between the parties hereto, for the equal and proportionate benefit and security of all the Holders of the Bonds issued and to be issued under the General Indenture, as amended and supplemented to date, without preference, priority or distinction as to lien or otherwise, except as otherwise provided herein and in the General Indenture, of any one Bond over any other Bond, as follows:

ARTICLE I

DETERMINATIONS AND DEFINITIONS

Section 1.01. ***Authority and Purpose.*** This Supplemental Indenture is adopted under authority and in accordance with the provisions of the Act to effect the public purposes delineated in the General Indenture, all in accordance with Section 10.02 of the General Indenture.

Section 1.02. ***Contract With Trustee and Bondholders.*** The Board hereby reconfirms its obligations and covenants made in the General Indenture, particularly Section 6.01 thereof.

Section 1.03. *Definitions.* (a) Except as provided in paragraph (b) of this Section, all defined terms contained in the General Indenture when used in this Supplemental Indenture shall have the same meanings as set forth in the General Indenture.

(b) As used in this Supplemental Indenture, unless the context shall otherwise require, the following terms shall have the following respective meanings:

"General Indenture" means the Trust Indenture dated August 16, 1979, as supplemented to date to provide for the issuance of Bonds thereunder, by and between the Board and the Trustee.

"Supplemental Indenture" means this Fourth Amending Supplemental Trust Indenture dated .

The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Supplemental Indenture, refer to this Supplemental Indenture.

ARTICLE II

AMENDMENT TO ARTICLE IX

Section 2.01. *Amendment to Section 9.01.* Section 9.01 of the General Indenture is hereby amended by adding the following new and additional subsection:

"(x) To make any change in this Indenture that is not, in the judgement of the Trustee (and in connection therewith, Trustee may consult with experts and attorneys and rely on their advice as provided in Section 8.04 hereof), materially adverse to the interest of the Holders of the Bonds."

Section 2.02. *Effective Dates.* This amendment shall become effective only upon receipt of the consent of the Holders of at least two-thirds of the principal amount of the Bonds Outstanding at the time such consent is given in accordance with Section 10.02 of the General Indenture.

ARTICLE III

MISCELLANEOUS

Section 3.01. *Applicability of the General Indenture.* The provisions of the General Indenture are hereby ratified, approved and confirmed, and shall be applicable to the authorization, execution, authentication, issuance, redemption, payment, sale and delivery of the Bonds, the custody and the distribution of the proceeds of the Bonds and the security, payment, redemption and enforcement of payment thereof. This Supplemental Indenture is authorized, executed and delivered under the provisions of Section 9.02 of the General Indenture.

Section 3.02. ***Privileges and Immunities of Trustee.*** In accepting and consenting to this Supplemental Indenture, the Trustee shall be entitled to all of the privileges and immunities afforded to the Trustee under the terms and provisions of the General Indenture.

Section 3.03. ***Severability.*** If any provision of this Supplemental Indenture shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 3.04. ***Applicable Provisions of Law.*** This Supplemental Indenture shall be governed by and construed in accordance with the laws of the State.

Section 3.05. ***Counterparts.*** This Supplemental Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Board has caused these presents to be signed in its name and behalf by its Chairman and its corporate seal to be hereunto affixed and attested to by its Secretary and, to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and behalf by its duly authorized officers, all as of the 17th day of October, 1995.

MONTANA BOARD OF HOUSING

Attest:

By _____
Treasurer

By _____
Chairman

FIRST INTERSTATE BANK OF DENVER, N.A.,
Denver, Colorado, as Trustee

Attest:

By _____

By _____

MONTANA BOARD OF HOUSING

TO

FIRST INTERSTATE BANK OF DENVER, N.A.,

as Successor Trustee

FIFTH AMENDING SUPPLEMENTAL TRUST INDENTURE

Dated as of May 1, 1993

FIFTH AMENDING SUPPLEMENTAL TRUST INDENTURE

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FIFTH AMENDING SUPPLEMENTAL TRUST INDENTURE

THIS FIFTH AMENDING SUPPLEMENTAL TRUST INDENTURE dated as of May 1, 1993 by and between the Montana Board of Housing, a Board created by the Montana Housing Act of 1975, whose members are appointed by the Governor of the State of Montana, and First Interstate Bank of Denver, N.A., a national banking association incorporated under the laws of the United States of America and authorized by such laws to execute trust powers, as Successor Trustee.

WITNESSETH:

WHEREAS, the Montana Housing Act of 1975 provides that the Board has the authority to purchase notes, mortgages and other securities evidencing loans for the construction or purchase of housing developments for persons and families of lower income in the State of Montana; and

WHEREAS, the Board is authorized to issue and provide for the security of bonds to finance the Single Family Program, under which the Board purchases mortgage loans; and

WHEREAS, pursuant to and in accordance with the provisions of the Act, by resolution adopted by the Board, and in furtherance of the purposes of the Act, the Board, pursuant to the provisions of a Trust Indenture (the "Original Indenture"), dated as of August 16, 1979, between the Board and United California Bank, as the Prior Trustee, and The Conrad National Bank of Kalispell (predecessor to First Interstate Bank of Kalispell), as co-trustee, issued its Single Family Mortgage Purchase Bonds from time to time (the "Bonds") to finance the cost of the acquisition of the Mortgage Loans as provided in the Original Indenture; and

WHEREAS, under the federal arbitrage tax regulations the Board can realize substantial benefits for Bondholders through the pledge and use of additional assets as described herein; and

WHEREAS, the national bond rating agencies have indicated that to retain the ratings on all outstanding bonds additional assurances are needed with respect to the availability of security for outstanding bonds in the case of unexpected adverse events; and

WHEREAS, the Board determined by Resolution No. 92-0821-S1 to pledge certain moneys and funds to provide additional security to the holders of the Bonds; and

WHEREAS, pursuant to Section 9.01 of the Original Indenture, the parties hereto desire to amend and supplement the Original Indenture as set forth in this Fifth Amending Supplemental Trust Indenture, particularly to subject to the lien of the Original Indenture additional moneys, securities and funds for the reasons aforesaid, subject to the right of the Board to invest, release, use and/or otherwise pledge the same for other purposes of the Board; and

WHEREAS, based on the foregoing, this Fifth Amending Supplemental Trust Indenture may be entered into pursuant to Section 9.01 of the Original Indenture by the Board and the Successor Trustee without the consent of, or notice to, any of the Bondholders; and

WHEREAS, all things necessary to make this Fifth Amending Supplemental Indenture have, in all respects, been duly authorized.

NOW, THEREFORE, THIS FIFTH AMENDING SUPPLEMENTAL TRUST INDENTURE

WITNESSETH:

That, in consideration of the premises and the acceptance by the Trustee of the trust created hereby and the Original Indenture, it is mutually agreed and covenanted by and between the parties hereto, for the equal and proportionate benefit and security of all the holders of the Bonds issued under the Original Indenture, without preference, priority or distinction as to lien or otherwise, except as otherwise provided herein and in the Original Indenture, of any one Bond over any other Bond, as follows:

ARTICLE I

DEFINITIONS

Except as provided in the succeeding sentence, all defined terms contained in the Original Indenture when used in this Supplemental Indenture shall have the same meanings as set forth in the Original Indenture. As used in this Supplemental Indenture, unless the context shall otherwise require, the following terms shall have the following respective meanings:

"*Housing Trust Fund*" means the Fund so designated which is created and established pursuant to the HTF Agreement.

"*HTF Agreement*" means the Trust Agreement dated June 9, 1989 between the Board and the Trustee, as amended from time to time or at any time.

"*Original Indenture*" means the Trust Indenture dated as of August 16, 1979, as amended and supplemented to date to provide for the issuance of Bonds thereunder, by and between the Board and the Trustee (as successor trustee).

"*Supplemental Indenture*" means this Supplemental Trust Indenture dated as of May 1, 1993.

The terms "*hereby*," "*hereof*," "*hereto*," "*herein*," "*hereunder*" and any similar terms, as used in this Supplemental Indenture, refer to this Supplemental Indenture.

ARTICLE II

PLEDGE OF HOUSING TRUST FUND

The Housing Trust Fund, and any and all moneys, investments or other assets held in the Housing Trust Fund, is hereby pledged and assigned to provide additional security for payment of the Bonds outstanding from time to time, provided that the same shall be subject to investment, use and/or creation of prior liens thereon to secure other debts of the Board, all as and to the extent provided in Article III hereof.

ARTICLE III

HOUSING TRUST FUND

Section 3.01. ***Deposits to Housing Trust Fund.*** There shall be deposited in the Housing Trust Fund such moneys, investments or other assets as and when specified by the Board, pursuant to a Board Request, which may include the rights of the Board to receive moneys in the future.

Section 3.02. ***Use of Moneys.*** The Board may at any time request and direct the disbursement of moneys from the Housing Trust Fund for any proper purpose permitted thereby, upon filing with the Trustee a Board Request stating (i) the name of the Person(s) to whom payment is to be made, (ii) the amount to be disbursed and (iii) that the disbursement is for an appropriate proper purpose. Such a use may include a direction to transfer amounts from the Housing Trust Fund to any Fund or Account created by the Original Indenture or created under any other trust indenture of the Board. Any moneys so directed to be disbursed shall, upon disbursement, be deemed released from the lien created by this Supplemental Indenture, unless in the Board Request directing such disbursement the Board indicates to the contrary.

Section 3.03. ***Investments of Moneys.*** Prior to use pursuant to Section 3.02 hereof, any moneys held in the Housing Trust Fund may be invested in any investments permitted by the Original Indenture. Except as provided in the foregoing sentence, investments of moneys in the Housing Trust Fund shall be subject to the provisions of, and handled in accordance with, the provisions of the HTF Agreement.

Section 3.04. ***Creation of Prior Liens.*** Upon the filing with the Trustee of a Board Request, the Board may create or permit the creation of a lien on all or any part of the amounts, investments or assets held in the Housing Trust Fund to secure any obligation of the Board, and, if so specified in such Board Request, such lien shall be prior to the lien on the amounts, investments or assets in the Housing Trust Fund granted by this Supplemental Indenture to the Trustee in favor of the outstanding Bonds. Such Board Request shall state (i) the name of the person(s) in whose favor the pledge is being made, (ii) the obligation secured thereby, (iii) the conditions under which such pledge is to be discharged if different from payment and cancellation of the secured obligation, (iv) which amounts, investments or other assets are

subject to such lien and (v) the priority of such lien vis-a-vis the lien created by this Supplemental Indenture or any other outstanding liens previously created with respect thereto.

Section 3.05. ***Reporting Requirements.*** The Trustee shall report on amounts in the Housing Trust Fund as and to the extent required for any moneys deemed part of the Trust Estate pursuant to Section 5.13 (b) of the Original Indenture.

ARTICLE IV

MISCELLANEOUS

Section 4.1. ***Counterparts.*** This Fifth Amending Supplemental Trust Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 4.2. ***Applicability of the Original Indenture.*** The provisions of the Original Indenture are hereby ratified, approved and confirmed and, except as otherwise provided in this Fifth Amending Supplemental Trust Indenture, shall be applicable to the authorization, execution, authentication, issuance, redemption, payment, sale and delivery of the Bonds, the custody and the distribution of the proceeds and the security, payment, redemption and enforcement of payment thereof. This Fifth Amending Supplemental Trust Indenture shall be construed as having been authorized, executed and delivered under the provisions of Section 9.01 of the Original Indenture.

Section 4.3. ***Privileges and Immunities of Trustee.*** In executing and delivering this Fifth Amending Supplemental Trust Indenture, the Successor Trustee shall be entitled to all of the privileges and immunities afforded to the Trustee under the terms and provisions of the Original Indenture.

IN WITNESS WHEREOF, the Montana Board of Housing has caused these presents to be signed in its name and behalf by the Chairman and its official seal to be hereunto affixed, and to be attested by its Treasurer, and, to evidence its acceptance of the trusts hereby created, First Interstate Bank of Denver, N.A., as Trustee, has caused these presents to be signed and sealed in its name and behalf by its duly authorized officers, as of the day first above written.

[SEAL]

MONTANA BOARD OF HOUSING

Attest:

Richard A. Kane

Treasurer

By Bob Thomas

Chairman

[SEAL]

FIRST INTERSTATE BANK OF DENVER, N.A., as Trustee

Attest:

Sandra J. Shupe

[Title] Trust Officer

By

[Title] Vice President & Trust Officer

STATE OF MONTANA)
) ss.
COUNTY OF Lewis & Clark)

The undersigned, a Notary Public, does hereby certify that Bob Thomas and Richard A. Kain, whose names as Chairman of the Montana Board of Housing and the Treasurer of said Board, respectively, are signed to the foregoing Fifth Amending Supplemental Trust Indenture, and who are each known to me and known to be such officers, acknowledged before me on this day that, being informed of the contents of this Fifth Amending Supplemental Trust Indenture, they, in their respective capacities as such officers of said Board, executed and delivered the same voluntarily as of the day the same bears date.

Given under my hand this 13th day of May, 1993.

Meredith Miller
Notary Public

My Commission expires:

6-8-95

STATE OF Colorado)
) ss.
COUNTY OF Denver)

The undersigned, a Notary Public, does hereby certify that Richard J. Sullivan and Sandra J. Shupe, whose names as Vice President + Trust Officer and Trust Officer, respectively, of First Interstate Bank of Denver, N.A. are signed to the foregoing Fifth Amending Supplemental Trust Indenture, and who are each known to me and known to be such officers, acknowledged before me on this day that, being informed of the contents of this Fifth Amending Supplemental Trust Indenture, they, in their corporate capacities, executed and delivered the same voluntarily as of the day the same bears date.

Given under my hand this 18th day of May, 1993.

Lynn E. Tyler
Notary Public

My Commission expires:

8/2/93

MONTANA BOARD OF HOUSING

TO

FIRST INTERSTATE BANK OF DENVER, N.A.,

as Successor Trustee

SIXTH AMENDING SUPPLEMENTAL TRUST INDENTURE

Dated as of December 1, 1995

SIXTH AMENDING SUPPLEMENTAL TRUST INDENTURE

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SIXTH AMENDING SUPPLEMENTAL TRUST INDENTURE

THIS SIXTH AMENDING SUPPLEMENTAL TRUST INDENTURE dated as of December 1, 1995 by and between the Montana Board of Housing, a Board created by the Montana Housing Act of 1975, whose members are appointed by the Governor of the State of Montana, and First Interstate Bank of Denver, N.A., a national banking association incorporated under the laws of the United States of America and authorized by such laws to execute trust powers, as Successor Trustee.

WITNESSETH:

WHEREAS, the Montana Housing Act of 1975 provides that the Board has the authority to purchase notes, mortgages and other securities evidencing loans for the construction or purchase of housing developments for persons and families of lower income in the State of Montana; and

WHEREAS, the Board is authorized to issue and provide for the security of bonds to finance the Single Family Program, under which the Board purchases mortgage loans; and

WHEREAS, pursuant to and in accordance with the provisions of the Act, by resolution adopted by the Board, and in furtherance of the purposes of the Act, the Board, pursuant to the provisions of a Trust Indenture, dated as of August 16, 1979, as amended previously on five occasions (the "Original Indenture"), between the Board and United California Bank, as the Prior Trustee, and The Conrad National Bank of Kalispell (predecessor to First Interstate Bank of Kalispell), as co-trustee, issued its Single Family Mortgage Purchase Bonds from time to time (the "Bonds") to finance the cost of the acquisition of the Mortgage Loans as provided in the Original Indenture; and

WHEREAS, in addition to amending the Original Indenture, the Board has also heretofore supplemented the Original Indenture to issue Series of Bonds (the "Original Indenture," as so supplemented, is hereafter referred to as the "General Indenture"), and has determined to further amend the General Indenture to simplify the management of the funds and accounts thereunder, including permitting additional types of investments, to accommodate additional mortgage insurance programs, and to clarify certain provisions; and

WHEREAS, pursuant to Section 9.01 of the General Indenture, the parties hereto desire to amend and supplement the General Indenture as set forth in this Sixth Amending Supplemental Trust Indenture, particularly to add other covenants and agreements to be observed by the Board which are not contrary to or inconsistent with the General Indenture, to add other limitations and restrictions to be observed by the Board which are not contrary to or inconsistent with the General Indenture, to cure ambiguities, supply omissions and cure or correct any defect or inconsistent provision in the General Indenture, to insert such provisions clarifying matters or questions arising under the General Indenture as are necessary or desirable and are not contrary

to or inconsistent with the General Indenture, and to make changes to the General Indenture which are not, materially adverse to the interests of the Holders of the Bonds; and

WHEREAS, based on the foregoing, this Sixth Amending Supplemental Trust Indenture may be entered into pursuant to Section 9.01 of the General Indenture by the Board and the Successor Trustee without the consent of, or notice to, any of the Bondholders; and

WHEREAS, all things necessary to make this Sixth Amending Supplemental Indenture valid and binding have, in all respects, been duly authorized;

NOW, THEREFORE, THIS SIXTH AMENDING SUPPLEMENTAL TRUST INDENTURE

WITNESSETH:

That, in consideration of the premises and the acceptance by the Trustee of the trust created hereby and the Original Indenture, it is mutually agreed and covenanted by and between the parties hereto, for the equal and proportionate benefit and security of all the holders of the Bonds issued under the Original Indenture, without preference, priority or distinction as to lien or otherwise, except as otherwise provided herein and in the Original Indenture, of any one Bond over any other Bond, as follows:

ARTICLE I

DEFINITIONS

Except as provided in the succeeding sentence, all defined terms contained in the Original Indenture when used in this Supplemental Indenture shall have the same meanings as set forth in the Original Indenture. As used in this Supplemental Indenture, unless the context shall otherwise require, the following terms shall have the following respective meanings:

"*General Indenture*" means the Original Indenture, as supplemented to date to provide for the issuance of Bonds thereunder.

"*Original Indenture*" means the Trust Indenture dated as of August 16, 1979, as amended to date, by and between the Board and the Trustee (as successor trustee).

"*Supplemental Indenture*" means this Supplemental Trust Indenture dated as of December 1, 1995.

The terms "*hereby*," "*hereof*," "*hereto*," "*herein*," "*hereunder*" and any similar terms, as used in this Supplemental Indenture, refer to this Supplemental Indenture.

ARTICLE II

AMENDMENTS

Section 2.01. *Definition of "Authorized Investments"*. The definition of "Authorized Investments" in Section 1.01 of the Original Indenture is hereby amended to read as follows:

"*Authorized Investments*" means and includes any of the following securities, if and to the extent the same are at the time of investment specifically permitted investments in accordance with the then-effective written Board-approved investment policy:

(i) Direct obligations of or obligations guaranteed by the United States of America;

(ii) Obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following: Farm Credit System or predecessors (the Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives); Federal Home Loan Bank System; Export-Import Bank of the United States; Federal National Mortgage Association; Federal Home Loan Mortgage Corporation; Tennessee Valley Authority; Student Loan Marketing Association, (Federal) Financing Corporation; or the Resolution Funding Corporation;

(iii) Shares of any investment company that (i) is registered under the Investment Company Act of 1940, as amended (including both corporations and Massachusetts business trusts, and including companies for which the Trustee may provide advisory, administrative, custodial or other services for compensation), (ii) invests substantially all of its assets in short-term high-quality money-market instruments, limited to obligations issued or guaranteed by the United States, (iii) maintains a constant asset value per share and (iv) is rated at least "AAm" or "AAm-G" by Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc., and "A-3" or "P-1" by Moody's Investors Services;

(iv) Certificates of deposit issued by, or time deposits with, any bank or trust company organized under the laws of the State, any national banking association which is a member of the Federal Reserve System, or any savings and loan association which is a member of the Federal Savings Association Insurance Fund (including the Trustee, a Lender or Paying Agent), provided that any such lender has capital stock, surplus and undivided profits aggregating at least $1,000,000, and provided further that such time deposits or certificates of deposit, to the extent not insured by the Federal Deposit Insurance Corporation, are fully secured

by obligations of the type specified in (i) or (ii) above which have a market value, exclusive of accrued interest, at least equal to the amount of such deposits; and

(v) Repurchase agreements or guaranteed investment agreements, fully collateralized as to both principal and interest by obligations of the type specified in (i) or (ii) above and which collateral is held by the Trustee or its agent, with any bank (including the subsidiary of a foreign bank) or insurance company organized under the laws of the United States of America or any state thereof and subject to supervision by the appropriate authorities of either the United States of America or the state under whose laws it is organized, or any other financial institution organized under the laws of the United States of America or any state thereof, provided that (at the time the investment is made) in no case shall the same result in the ratings on the Bonds being less than "AA+" by Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc., and "Aa3" by Moody's Investors Services.

Section 2.02. ***Definition of "Mortgage"***. The definition of "Mortgage" in Section 1.01 of the Original Indenture is hereby amended to read as follows:

"*Mortgage*" means a mortgage deed, trust indenture or other instrument which shall constitute a valid lien on real property in fee simple or on a leasehold under a lease having a remaining term at the time the mortgage is required, which is at least the then remaining term of the Mortgage plus 10 years.

Section 2.03. ***Notice of Redemption***. Section 3.04 of the Original Indenture is hereby amended to read as follows:

(a) When any Bonds are to be redeemed, by Sinking Fund Installments or otherwise, the Trustee shall give notice of the redemption of the Bonds in the name of the Board specifying (i) the Series of Bonds to be redeemed; (ii) the redemption date; (iii) the Redemption Price; (iv) the numbers and other distinguishing marks of the Bonds to be redeemed (except in the event that all of the Outstanding Bonds of any Series are to be redeemed); (v) the place or places where amounts due upon such redemption will be payable; and (vi) in the case of fully registered bonds to be redeemed in part only, the respective portions of the principal thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, together with interest accrued to the redemption date, and that, from and after such date, interest thereon shall cease to accrue. Such notice shall be given by publication once a week for at least two successive weeks in Authorized Newspapers, the first such publication to be not less than 30 days nor more than 60 days prior to the redemption date, provided that so long as all

Bonds Outstanding hereunder are fully registered as to principal and interest notice only need be given as provided in the succeeding sentence. The Trustee shall also mail a copy of such notice, postage prepaid, not less than 30 days nor more than 60 days before the redemption date to the registered owners of any Bonds or portions of Bonds which are to be redeemed at their last addresses appearing upon the registration books, but such mailing shall not be a condition precedent to such redemption, and failure to so mail any such notice to any of such registered owners shall not affect the validity of the proceedings for the redemption of the Bonds. The obligation of the Trustee to give the notice required by this Section 3.04 shall not be conditioned upon the prior payment to the Trustee of moneys or Authorized Investments sufficient to pay the Redemption Price of the Bonds to which such notice relates or the interest thereon to the redemption date.

Section 2.04. *Transfer From Program Fund to Redemption Fund.* Section 5.03(c) of the Original Indenture is hereby amended to read as follows:

(c) Prior to any transfers pursuant to subsections (a) or (b) above, the Board shall deliver to the Trustee (i) a Certificate specifying the amount to be transferred, the Series, maturities and the amount of each maturity to be redeemed from such moneys (and, in the case of Bonds for which Sinking Fund Installments have been established, the amounts to be credited toward those Installments) so that the total principal amount of Bonds to be redeemed at the applicable Redemption Prices together with accrued interest equals the amount to be transferred; and (ii) within 60 days of any such transfer the Board shall deliver to the Trustee a Cash Flow Certificate giving effect to such redemption of Bonds. In the event that the Cash Flow Certificate does not project Revenues sufficient to pay Program Expenses and Debt Service when due for any Bond Year, the Board may nevertheless transfer such moneys to the Special Redemption Account: (i) if the Board delivers to the Trustee a Certificate to the effect that the deficiency in cash flow in each Bond Year in which a deficiency is projected is less than it would have been if all or a portion of such amounts to be transferred had been applied to the financing of Mortgage Loans or had been invested in Authorized Investments on available terms; or (ii) if necessary or desirable in order to assure compliance with the tax covenants set forth in Section 6.14.

Section 2.05. *Program Expenses and Annual Budget.* Section 5.05(f) of the Original Indenture is hereby amended by adding a new subsection (f)(3) to read as follows:

(3) Pursuant to a Board Request, the Board may direct the Trustee to transfer the amount of the Annual Budget for a Bond Year to the Treasurer of the State, to be thereupon disbursed as aforesaid for Program Expenses, and until so disbursed said amount shall continue to be pledged hereunder as security for the Bondholders, pursuant to Section 90-6-113 of the Montana Revised Code.

Section 2.06. *Debt Service Reserve Fund.* Section 5.06(a) of the Original Indenture is hereby amended to read as follows:

> (a) On the last day of each Bond Year, the Trustee shall (i) calculate the amount of the Debt Service Reserve Requirement as of the first day of the next succeeding Bond Year and shall determine the amount, if any, which would then be in the Debt Service Reserve Fund (other than amounts attributable to income on Investment Securities) in excess of such Requirement (assuming the payment when due of the interest and Principal Installments on all Bonds Outstanding during the Bond Year in which the calculation is made), and (ii) upon receipt of a Board Request within 90 days thereof, transfer all or a specified portion of such excess to the Revenue Fund.

Section 2.07. *Mortgage Reserve Fund.* Section 5.07(a) of the Original Indenture is hereby amended to read as follows:

> (a) Moneys deposited in the Mortgage Reserve Fund may be withdrawn to pay taxes, insurance, foreclosure fees, including appraisal and legal fees, repairs to the residence and similar expenses incurred by the Board in connection with any protection and enforcement of its rights with respect to any Mortgage Loan upon receipt by the Trustee of a Certificate setting forth: (i) the property with respect to which payment is to be made, (ii) the name of the person or party to whom payment is to be made, (iii) the amount to be paid, (iv) that the payment is for expenses required in order for the Board to obtain or preserve unencumbered title to such property and (v) that other funds received or to be received with respect to such property are not available for the payment.

Section 2.08. *Investments and Deposits.* (a) Section 5.11(a) of the Original Indenture is hereby amended to read as follows:

> Moneys in the Funds and Accounts held by the Trustee shall be invested or deposited by the Trustee, upon written direction of an Authorized Officer, in Authorized Investments, the maturity or redemption date at the option of the holder of which shall coincide as nearly as practicable with the times at which moneys in said Funds and Accounts will be required for the purposes provided in this Indenture; provided that if the amount of the Annual Budget is transferred to the Treasurer of the State pursuant to Section 5.05(f)(3) hereof, the Trustee shall not be required to track the investment thereof and said amount may be invested, upon the filing of a Board Request, in any investments permitted for State funds.

(b) Section 5.11 of the Original Indenture is hereby amended by adding a new subsection (e) to read as follows:

(e) Whenever the Trustee is required or directed to transfer amounts hereunder from one Fund or Account to another, in lieu of liquidating Authorized Investments the Trustee may simply transfer (by credit or otherwise) Authorized Investments from one Fund or Account to another. The valuation of the Authorized Investments so transferred shall be as of the date of transfer or such date reasonably prior thereto which shall practically permit said transfer on the required date.

Section 2.09. *Mortgage Loans*. Subsections (b) and (c) of Section 6.07 of the Original Indenture are hereby amended to read as follows:

(b) The Mortgage is the subject of a title insurance policy in an amount at least equal to the outstanding principal amount of the Mortgage Loan, insuring that the Mortgage constitutes a first lien, subject only to liens for taxes and assessments and Permitted Liens and Encumbrances on the real property with respect to which the Mortgage Loan is secured; provided that if the mortgage insurer or guarantor specified in subsection (d) below does not require as a condition of said insurance or guaranty that the Mortgage be a first lien, the insurance or guaranty insures or guarantees repayment of the full principal and interest on the Mortgage Loan and also authorizes the Board or its agent to assign a defaulted Mortgage Loan to said insurer or guarantor without instituting foreclosure proceeding or conveying title, said Mortgage need not be a first lien and title insurance is not required. As used herein, "Permitted Liens and Encumbrances" means liens, encumbrances, reservations, easements and other imperfections of title normally acceptable to the Federal Housing Administration, the Veterans Administration and private mortgage insurers and to prudent mortgage lenders, or which, in the judgment of the Board, shall not materially impair the use or value of the premises or as to which appropriate steps, in the judgment of the Board, have been taken to secure the interest of the Board;

(c) The Mortgage Loan is secured by a Mortgage, unless the same is not required by an insurance or guaranty program as described in the *proviso* to subsection (b) aforesaid.

Section 2.10. *Cash Flow Certificates*. Section 6.09(a) of the Original Indenture is hereby amended to read as follows:

(a) The Board shall file a Cash Flow Certificate (i) as of, and within 60 days of, each Bond Payment Date and (ii) at such other times as required by this Indenture or as may be required by Supplemental Indenture. Cash Flow Certificates may be filed to reflect revised estimates or at such times as the Board, in its discretion, considers appropriate.

Section 2.11. *Determination of Certain Prepayments—1984 Series A Bonds.* The textual portion of Section 5.01 of the Supplemental Indenture authorizing the issuance of the 1984 Series A Bonds is hereby amended to read as follows:

> From the Prepayments of Mortgage Loans financed (a) from the proceeds of the 1984 Series A Bonds or (b) from Prepayments of such Mortgage Loans first received in each of the following Bond Years an amount equal to the amount set forth opposite each of such years shall be deposited in the Revenue Fund in accordance with Section 5.10(b) of the Indenture, provided that no such deposit shall be made if and to the extent there is no 1984 Series A Bond maturity or sinking fund payment due during such Bond Year:

Section 2.12. *RHCDS (FmHA) Mortgage Loans.* Anything in any prior Supplemental Indenture to the contrary notwithstanding, to the extent Prepayments are authorized to be used to purchase Mortgage Loans, such Mortgage Loans may be guaranteed by the Rural Housing and Community Development Service of the Department of Agriculture (formerly the Farmer's Home Administration) pursuant to Title V of the Housing Act of 1949, as provided in Section 6.07(d) of the Original Indenture, in lieu of being insured by the Federal Housing Administration or guaranteed by the Veterans Administration as provided in said Section 6.07(d).

ARTICLE III

MISCELLANEOUS

Section 3.1. *Counterparts.* This Sixth Amending Supplemental Trust Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 3.2. *Applicability of the General Indenture.* The provisions of the General Indenture are hereby ratified, approved and confirmed and, except as otherwise provided in this Sixth Amending Supplemental Trust Indenture, shall be applicable to the authorization, execution, authentication, issuance, redemption, payment, sale and delivery of the Bonds, the custody and the distribution of the proceeds and the security, payment, redemption and enforcement of payment thereof. This Sixth Amending Supplemental Trust Indenture shall be construed as having been authorized, executed and delivered under the provisions of Section 9.01 of the General Indenture.

Section 3.3. *Privileges and Immunities of Trustee.* In executing and delivering this Sixth Amending Supplemental Trust Indenture, the Successor Trustee shall be entitled to all of the privileges and immunities afforded to the Trustee under the terms and provisions of the Original Indenture.

IN WITNESS WHEREOF, the Montana Board of Housing has caused these presents to be signed in its name and behalf by the Chairman and its official seal to be hereunto affixed, and to be attested by its Treasurer, and, to evidence its acceptance of the trusts hereby created, First Interstate Bank of Denver, N.A., as Trustee, has caused these presents to be signed and sealed in its name and behalf by its duly authorized officers, as of the day first above written.

MONTANA BOARD OF HOUSING

By _____
Chairman

Attest:

_____
Treasurer

[SEAL]

FIRST INTERSTATE BANK OF DENVER, N.A., as Trustee

By _____
[Title] VICE PRESIDENT

Attest:

_____
[Title] Trust Officer

SEVENTH AMENDING SUPPLEMENTAL TRUST INDENTURE

between

MONTANA BOARD OF HOUSING

and

WELLS FARGO BANK WEST, N.A.,
as Successor Trustee

Dated as of March 1, 2002

SEVENTH AMENDING SUPPLEMENTAL TRUST INDENTURE

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SEVENTH AMENDING SUPPLEMENTAL TRUST INDENTURE

THIS SEVENTH AMENDING SUPPLEMENTAL TRUST INDENTURE dated as of March 1, 2002 by and between the **MONTANA BOARD OF HOUSING**, a Board created by the Montana Housing Act of 1975, whose members are appointed by the Governor of the State of Montana, and **WELLS FARGO BANK WEST, N.A.**, a national banking association incorporated under the laws of the United States of America and authorized by such laws to execute trust powers, as Successor Trustee.

WITNESSETH:

WHEREAS, the Montana Housing Act of 1975 provides that the Board has the authority to purchase notes, mortgages and other securities evidencing loans for the construction or purchase of housing developments for persons and families of lower income in the State of Montana; and

WHEREAS, the Board is authorized to issue and provide for the security of bonds to finance the Single Family Program, under which the Board purchases mortgage loans; and

WHEREAS, pursuant to and in accordance with the provisions of the Act, by resolution adopted by the Board, and in furtherance of the purposes of the Act, the Board, pursuant to the provisions of a Trust Indenture dated as of August 16, 1979, as amended previously on six occasions (the "Original Indenture"), between the Board and United California Bank, as the Prior Trustee, and The Conrad National Bank of Kalispell, as co-trustee, issued its Single Family Program Bonds from time to time (the "Bonds") to finance the cost of the acquisition of Mortgage Loans as provided in the Original Indenture; and

WHEREAS, the Board has determined to create a new fund, a Special Reserve Fund, and to provide for the permitted uses of revenues deposited therein, but to maintain the same as pledged as additional security to the holders of the Bonds; and

WHEREAS, pursuant to Section 9.01 of the Original Indenture, the parties hereto desire to amend and supplement the Original Indenture as set forth in this Seventh Amending Supplemental Trust Indenture, particularly to create a Special Reserve Fund and subject the same to the lien of the Original Indenture, subject to the right of the Board to invest, release, use and/or otherwise pledge the same for other purposes of the Board; and

WHEREAS, pursuant to Section 9.01 of the Original Indenture, the parties hereto desire to amend and supplement the Original Indenture as set forth in this Seventh Amending Supplemental Trust Indenture, particularly to add other covenants and agreements to be observed by the Board which are not contrary to or inconsistent with the Original Indenture, to add other limitations and restrictions to be observed by the Board which are not contrary to or inconsistent with the Original Indenture, to insert such provisions clarifying matters or questions arising under the Original Indenture as are necessary or desirable and are not contrary to or inconsistent with the Original Indenture, and to make changes to the Original Indenture which are not materially adverse to the interests of the Holders of the Bonds; and

WHEREAS, based on the foregoing, this Seventh Amending Supplemental Trust Indenture may be entered into pursuant to Section 9.01 of the Original Indenture by the Board and the Successor Trustee without the consent of, or notice to, any of the Bondholders; and

WHEREAS, all things necessary to make this Seventh Amending Supplemental Trust Indenture have, in all respects, been duly authorized;

NOW, THEREFORE, THIS SEVENTH AMENDING SUPPLEMENTAL TRUST INDENTURE

W I T N E S S E T H :

That, in consideration of the premises and the acceptance by the Trustee of the trust created hereby and the Original Indenture, it is mutually agreed and covenanted by and between the parties hereto, for the equal and proportionate benefit and security of all the holders of the Bonds issued or to be issued under the Original Indenture, without preference, priority or distinction as to lien or otherwise, except as otherwise provided herein and in the Original Indenture, of any one Bond over any other Bond, as follows:

ARTICLE I

DEFINITIONS

Except as provided in the succeeding sentence, all defined terms contained in the Original Indenture when used in this Seventh Supplemental Indenture shall have the same meanings as set forth in the Original Indenture. As used in this Seventh Supplemental Indenture, unless the context shall otherwise require, the following terms shall have the following respective meanings:

"*Original Indenture*" means the Trust Indenture dated as of August 16, 1979, as amended and supplemented to date, by and between the Board and the Trustee (as successor trustee).

"*Special Reserve Fund*" means the Fund so designated which is created and established pursuant to Article II hereof.

"*Seventh Supplemental Indenture*" means this Seventh Amending Supplemental Trust Indenture dated as of March 1, 2002.

The terms "*hereby*," "*hereof*," "*hereto*," "*herein*," "*hereunder*" and any similar terms, as used in this Seventh Supplemental Indenture, refer to this Seventh Supplemental Indenture.

ARTICLE II

SPECIAL RESERVE FUND

Section 2.01. Creation of Special Reserve Fund. The Trustee shall establish a Special Reserve Fund.

Section 2.02. Pledge of Special Reserve Fund. The Special Reserve Fund, and any and all moneys, investments or other assets held in the Special Reserve Fund, are hereby pledged and assigned to provide additional security for payment of the Bonds outstanding from time to time, provided that the same shall be subject to investment, use and/or creation of prior liens thereon to secure other debts of the Board, all as and to the extent provided in this Article II.

Section 2.03. Deposits to Special Reserve Fund. There shall be deposited in the Special Reserve Fund such moneys, investments or other assets as and when specified by the Board, pursuant to a Board Request, which may include moneys which can otherwise be released from the lien of the Original Indenture and may also include the right of the Board to receive moneys in the future.

Section 2.04. Use of Moneys in Special Reserve Fund. The Board may at any time request and direct the disbursement of moneys from the Special Reserve Fund for any purpose permitted by the Act, upon filing with the Trustee a Board Request stating (i) the name of the person(s) to whom payment is to be made, (ii) the amount to be disbursed and (iii) that the disbursement is for an appropriate proper purpose. Such a use may include a direction to transfer amounts from the Special Reserve Fund to any Fund or Account created by the Original Indenture or created under any other trust indenture of the Board. Any moneys so directed to be disbursed shall, upon disbursement, be deemed released from the lien created by this Seventh Supplemental Indenture, unless in the Board Request directing such disbursement the Board indicates to the contrary.

Section 2.05. Investments of Moneys. Any moneys held in the Special Reserve Fund may be invested in any investments permitted by the Original Indenture. Any interest or income earned with respect to any investments of moneys in the Special Reserve Fund shall be retained in the Special Reserve Fund.

Section 2.06. Creation of Prior Liens. Upon the filing with the Trustee of a Board Request, the Board may create or permit the creation of a lien on all or any part of the amounts, investments or assets held in the Special Reserve Fund, and not otherwise restricted by a Supplemental Indenture or previous Board Request, to secure or pay any obligation of the Board or fund any program of the Board, and, if so specified in such Board Request, such lien shall be prior to the lien on the otherwise unrestricted amounts, investments or assets in the Special Reserve Fund granted by this Seventh Supplemental Indenture to the Trustee in favor of the outstanding Bonds. The moneys, investments or assets so restricted, and while restricted, shall be held in a restricted account of the Special Reserve Fund which in each case the Trustee is hereby directed to create for such purpose. Such Board Request shall state (i) the name of the person(s) in whose favor the pledge is being made, (ii) the obligation or program secured or payable thereby, (iii) the conditions under which such pledge is to be discharged if different from payment and cancellation of the secured obligation or funding of the program, (iv) which amounts, investments or other assets are subject to such lien and (v) the priority of such lien vis-a-vis the lien created by this Seventh Supplemental Indenture or any other outstanding liens previously created with respect thereto.

Section 2.07. Bond Debt Service Withdrawal. If on any Bond Payment Date the amount in the Revenue Fund is less than the amount of the Debt Service payment becoming due

and payable on such Bond Payment Date on all Outstanding Bonds, before applying moneys in the Debt Service Reserve Fund in accordance with Section 5.06(b) of the Original Indenture but after applying moneys in other Funds and Accounts pursuant to Section 5.09 of the Original Indenture, the Trustee shall transfer (i) from any restricted account of the Special Reserve Fund amounts restricted for transfer to the Revenue Fund pursuant to this Article to pay such Debt Service and (ii), to the extent necessary, any necessary amounts on deposit from the unrestricted amounts in the Special Reserve Fund, and transfer to the Revenue Fund such available amounts as are necessary to provide sufficient funds for the required Debt Service payments from the Revenue Fund.

ARTICLE III

MISCELLANEOUS

Section 3.01. Counterparts. This Seventh Supplemental Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 3.02. Applicability of the Original Indenture. The provisions of the Original Indenture are hereby ratified, approved and confirmed and, except as otherwise provided in this Seventh Supplemental Indenture, shall be applicable to the authorization, execution, authentication, issuance, redemption, payment, sale and delivery of the Bonds, the custody and the distribution of the proceeds and the security, payment, redemption and enforcement of payment thereof. This Seventh Supplemental Indenture shall be construed as having been authorized, executed and delivered under the provisions of Section 9.01 of the Original Indenture.

Section 3.03. Privileges and Immunities of Trustee. In executing and delivering this Seventh Supplemental Indenture, the Successor Trustee shall be entitled to all of the privileges and immunities afforded to the Trustee under the terms and provisions of the Original Indenture.

IN WITNESS WHEREOF, the Montana Board of Housing has caused these presents to be signed in its name and behalf by the Chairman, and to be attested by its Treasurer and Executive Secretary, and, to evidence its acceptance of the trusts hereby created, Wells Fargo Bank West, N.A., as Trustee, has caused these presents to be signed in its name and behalf by its duly authorized officers, as of the day first above written.

MONTANA BOARD OF HOUSING

Attest:

By _____
Treasurer/Executive Secretary

By _____
Chairman

WELLS FARGO BANK WEST, N.A., as Trustee

Attest:

By _____
Title Vice President

By _____
Title Vice President

EIGHTH AMENDING SUPPLEMENTAL TRUST INDENTURE

between

MONTANA BOARD OF HOUSING

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Successor Trustee

Dated as of June 1, 2006

Relating to

Trust Indenture
(Single Family Program Bonds)
Dated as of August 16, 1979

EIGHTH AMENDING SUPPLEMENTAL TRUST INDENTURE

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EIGHTH AMENDING SUPPLEMENTAL TRUST INDENTURE

THIS EIGHTH AMENDING SUPPLEMENTAL TRUST INDENTURE dated as of June 1, 2006 by and between the **MONTANA BOARD OF HOUSING**, a Board created by the Montana Housing Act of 1975, whose members are appointed by the Governor of the State of Montana, and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association incorporated under the laws of the United States of America and authorized by such laws to execute trust powers, as Successor Trustee, amending and supplementing the Trust Indenture dated as of August 16, 1979, as heretofore amended.

W I T N E S S E T H :

WHEREAS, the Montana Housing Act of 1975 provides that the Board has the authority to purchase notes, mortgages and other securities evidencing loans for the construction or purchase of housing developments for persons and families of lower income in the State of Montana; and

WHEREAS, the Board is authorized to issue and provide for the security of bonds to finance the Single Family Program, under which the Board purchases mortgage loans; and

WHEREAS, pursuant to and in accordance with the provisions of the Act, by resolution adopted by the Board, and in furtherance of the purposes of the Act, the Board, pursuant to the provisions of a Trust Indenture dated as of August 16, 1979, as amended previously on six occasions (the "Original Indenture"), between the Board and United California Bank, as the Prior Trustee, and The Conrad National Bank of Kalispell, as co-trustee, issued its Single Family Program Bonds from time to time (the "Bonds") to finance the cost of the acquisition of Mortgage Loans as provided in the Original Indenture; and

WHEREAS, the Board has determined to amend the Original Indenture to revise, simplify and update the provisions thereof for the filing of Cash Flow Certificates; and

WHEREAS, pursuant to Section 9.01 of the Original Indenture, the parties hereto desire to amend and supplement the Original Indenture as set forth in this Eighth Supplemental Trust Indenture, particularly to add other covenants and agreements to be observed by the Board which are not contrary to or inconsistent with the Original Indenture, to add other limitations and restrictions to be observed by the Board which are not contrary to or inconsistent with the Original Indenture, to insert such provisions clarifying matters or questions arising under the Original Indenture as are necessary or desirable and are not contrary to or inconsistent with the Original Indenture, and to make changes to the Original Indenture which are not materially adverse to the interests of the Holders of the Bonds; and

WHEREAS, based on the foregoing, this Eighth Supplemental Trust Indenture may be entered into pursuant to Section 9.01 of the Original Indenture by the Board and the Successor Trustee without the consent of, or notice to, any of the Bondholders; and

WHEREAS, all things necessary to make this Eighth Supplemental Trust Indenture have, in all respects, been duly authorized;

NOW, THEREFORE, THIS EIGHTH SUPPLEMENTAL TRUST INDENTURE

W I T N E S S E T H :

That, in consideration of the premises and the acceptance by the Trustee of the trust created hereby and the Original Indenture, it is mutually agreed and covenanted by and between the parties hereto, for the equal and proportionate benefit and security of all the holders of the Bonds issued or to be issued under the Original Indenture, without preference, priority or distinction as to lien or otherwise, except as otherwise provided herein and in the Original Indenture, of any one Bond over any other Bond, as follows:

ARTICLE I

DEFINITIONS

Except as provided in the succeeding sentence, all defined terms contained in the Original Indenture when used in this Eighth Supplemental Indenture shall have the same meanings as set forth in the Original Indenture. As used in this Eighth Supplemental Indenture, unless the context shall otherwise require, the following terms shall have the following respective meanings:

"*Eighth Supplemental Indenture*" means this Eighth Amending Supplemental Trust Indenture dated as of June 1, 2006.

"*Original Indenture*" means the Trust Indenture dated as of August 16, 1979, as amended and supplemented to date, by and between the Board and the Trustee (as successor trustee).

"*Rating Agency*" means any nationally recognized rating agency which rates the Bonds at the request of the Board and includes (i) Moody's Investors Service, Inc. and (ii) Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

The terms "*hereby*," "*hereof*," "*hereto*," "*herein*," "*hereunder*" and any similar terms, as used in this Eighth Supplemental Indenture, refer to this Eighth Supplemental Indenture.

ARTICLE II

CASH FLOW CERTIFICATES

Section 6.09(a) of the Original Indenture shall be amended to read as follows:

"**Section 6.09. Cash Flow Certificates**. (a) The Board shall file a Cash Flow Certificate with the Trustee (i) prior to or concurrent with the issuance or conversion (i.e., in conjunction with the resetting of the interest rate thereon) of any Series of Bonds, (ii) on or within 60 days after any June 1, if a Cash Flow Certificate has not been filed within the prior year, (iii) upon purchase or redemption of Bonds in a manner other than as contemplated in the most recent Cash Flow Certificate filed by the Board with the Trustee and (iv) at such other times as required by this Indenture or as may be required by a Supplemental Indenture, and may file a Cash Flow Certificate at any time in its

discretion, provided that the Board shall not be required to file a Cash Flow Certificate as aforesaid if the Board certifies to the Trustee that the assumptions for the most recently filed Cash Flow Certificate are still correct, and in the case of (ii) above if a Cash Flow Statement has not been filed within the prior year each Rating Agency is notified of the Board's intention to not prepare a new Cash Flow Certificate and does not object to the same within 10 days, in which case such most recently filed Cash Flow Certificate shall be deemed a newly filed Cash Flow Certificate as required aforesaid.

If a Cash Flow Certificate indicates at any time that projected Revenues are not sufficient to pay Program Expenses and accrued Debt Service when due in each Bond Year, the Board shall immediately notify each Rating Agency of the same."

ARTICLE III

MISCELLANEOUS

Section 3.01. Counterparts. This Eighth Supplemental Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 3.02. Applicability of the Original Indenture. The provisions of the Original Indenture are hereby ratified, approved and confirmed and, except as otherwise provided in this Eighth Supplemental Indenture, shall be applicable to the authorization, execution, authentication, issuance, redemption, payment, sale and delivery of the Bonds, the custody and the distribution of the proceeds and the security, payment, redemption and enforcement of payment thereof. This Eighth Supplemental Indenture shall be construed as having been authorized, executed and delivered under the provisions of Section 9.01 of the Original Indenture.

Section 3.03. Privileges and Immunities of Trustee. In executing and delivering this Eighth Supplemental Indenture, the Successor Trustee shall be entitled to all of the privileges and immunities afforded to the Trustee under the terms and provisions of the Original Indenture.

IN WITNESS WHEREOF, the Montana Board of Housing has caused these presents to be signed in its name and behalf by the Chairman, and to be attested by its Treasurer and Executive Secretary, and, to evidence its acceptance of the trusts hereby created, Wells Fargo Bank, National Association, as Trustee, has caused these presents to be signed in its name and behalf by its duly authorized officers, as of the day first above written.

MONTANA BOARD OF HOUSING

Attest:

By _____
Treasurer/Executive Secretary

By Bob Thomas
Chairman

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

Attest:

By _____
Title Asst. President

By Sandra J. Shupe
Title Vice President

TRUST INDENTURE

by and between

MONTANA BOARD OF HOUSING

and

WELLS FARGO BANK, NATIONAL ASSOCIATION

Dated as of December 1, 2009

Relating to
Montana Board of Housing
Single Family Homeownership Bonds

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TRUST INDENTURE

This TRUST INDENTURE (this "Indenture"), dated as of December 1, 2009, made and executed by and between the MONTANA BOARD OF HOUSING (the "Board"), a board of the State of Montana created by the Montana Housing Act of 1975 (the "Act"), and WELLS FARGO BANK, NATIONAL ASSOCIATION, Denver, Colorado, a national banking association incorporated under the laws of the United States of America, as Trustee (the "Trustee"):

WITNESSETH:

WHEREAS, the Board is authorized by the Act to purchase notes, mortgages and other securities evidencing loans for the construction or purchase of housing developments for persons and families of lower income in the State of Montana; and

WHEREAS, the Board finds that there exists a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of lower income can afford within the housing market area to be served by the housing developments to be assisted as herein provided; and that private enterprise has not provided an adequate supply of such housing at such rentals or prices, or provided sufficient mortgage financing therefor so that the provisions of the Act and of this Indenture constitute a valid public purpose, of primary benefit to all citizens of the State; and

WHEREAS, the execution and delivery of this Indenture have been authorized by a resolution duly adopted by the Board, under authority and in accordance with the provisions of the Act and on the basis of the findings hereinabove recited, for the purpose of authorizing the issuance and providing for the security of bonds to finance the Program, under which the Board will purchase or finance housing loans and carry out its other powers in accordance with the Act; and

WHEREAS, all things have been done that are necessary to make the Bonds herein authorized, when executed and issued by the Board upon the terms and conditions to be set forth in supplemental trust indentures and authenticated and delivered hereunder, the valid and binding obligations of the Board in accordance with their terms and to constitute this Indenture a valid contract for the security of the Bonds herein authorized, in accordance with its terms;

GRANTING CLAUSES

NOW, THEREFORE, THIS INDENTURE WITNESSETH that, to secure payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect and the provisions herein contained, and in consideration of the premises, and of the purchase of the Bonds by the holders thereof, the Board by these presents does hereby grant a security interest in, bargain, sell, release, convey, assign, transfer, pledge and confirm to the Trustee and its successors in trust, the following-described property, rights, privileges and franchises (which collectively are hereinafter called the "Trust Estate," with capitalized terms used in these Granting Clauses being defined as set forth in this Indenture), to wit:

(i) the proceeds of the Bonds;

(ii) all right, title and interest of the Board in and to all Loans and Mortgage-Backed Securities acquired with moneys subject to the lien of this Indenture, and any other loans or other assets acquired with moneys or assets subject to the lien of this Indenture;

(iii) all Revenues;

(iv) all moneys and investments in all Funds and Accounts established by or pursuant to this Indenture (except any Rebate Account); and

(v) any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred as and for additional security hereunder;

which pledge and assignment is valid and binding from the time when made, and all revenues, money and property pledged and hereafter received by the Board shall immediately be subject to the lien thereof and the security interests created thereby, it being the intention of the parties hereto that such lien and security interest shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the Board;

SUBJECT, in all cases to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein;

TO HAVE AND TO HOLD, the Trust Estate unto the Trustee and its successors and assigns forever;

In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued pursuant to this Indenture by those who shall hold the same from time to time: (i) this Indenture shall be deemed to be and shall constitute a contract among the Board, the Trustee and the Holders from time to time of the Bonds and (ii) the pledge and assignment made in this Indenture and the covenants set forth herein to be performed by the Board shall be for the equal and proportionate benefit, protection and security of the holders from time to time of all the Bonds, all of which regardless of the time or times of their issue or maturity shall be of equal rank without any preference, priority or distinction of any one Bond over any other except as herein expressly provided or as provided with respect to a Series of Bonds in the Supplemental Indenture authorizing the issuance of such Bonds, and upon the trusts and subject to the covenants and conditions herein set forth;

PROVIDED, however, that if the Board, its successors or assigns shall pay or cause to be paid the principal of or redemption price, if applicable, and interest on the Bonds due or to become due, at the times and in the manner provided herein and in the Bonds, or shall provide, as permitted by Article XI hereof, for the payment thereof by depositing with the Trustee moneys or certain securities sufficient for that purpose, and shall keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by the Board and shall pay or cause to be paid to the Trustee and all Paying Agents all sums of money due or to become due to any of them in accordance with the terms and provisions hereof, then this Indenture and the rights and interests hereby granted shall cease, terminate and

be void, and the Trustee shall execute and deliver such written instruments as are necessary to satisfy the lien hereof; otherwise this Indenture shall be and remain in full force and effect.

AS PROVIDED IN THE ACT, the Bonds do not constitute a debt or liability or obligation or a pledge of the faith and credit of the State. Except as may be provided with respect to a Series of Bonds in the Supplemental Indenture authorizing such Bonds, the Bonds are general obligations of the Board, the principal, redemption price, if any, of and interest on which are payable from any of its revenues, assets or moneys subject only to agreements previously or hereafter made with holders of particular notes or bonds pledging particular revenues, assets or moneys and are secured by the revenues, assets and moneys pledged to the payment thereof pursuant to this Indenture.

THIS INDENTURE FURTHER WITNESSETH that the Board hereby agrees and covenants with the Trustee for the equal and proportional benefit of the respective holders, from time to time, of the Bonds, or any part thereof, as follows:

ARTICLE I

DEFINITIONS, CONSTRUCTION AND BOND CONTRACT

Section 1.01. ***Definitions.*** As used in this Indenture, unless the context otherwise requires, the following terms shall have the following respective meanings:

"*Account*" or "*Accounts*" means one or more of the accounts created and established pursuant to this Indenture.

"*Accountant*" means a nationally recognized firm (including the Legislative Audit Division of the Legislative Branch of the State) of independent certified public accountants selected by the Board, which may be the firm of accountants who regularly audit the books of the Board.

"*Accrued Debt Service*" means, as of any date of calculation, unless otherwise specified in the Supplemental Indenture with respect to a particular Series of Bonds, an amount equal to the aggregate of the following with respect to each Series of Outstanding Bonds: (i) accrued and unpaid interest on the Outstanding Bonds of a Series (accrued and unpaid interest shall not include the Appreciated Amount of a Deferred Interest Bond), plus (ii)(A) in the case of a Series of Bonds with Principal Installments scheduled on the first day of a month or months, the amount obtained by dividing the amount of the next succeeding Principal Installment by the number of months elapsed from the immediately preceding Principal Installment payment date to the next succeeding Principal Installment payment date, and then multiplying such amount by the number of full months elapsed since the immediately preceding Principal Installment payment date, and, (B) in the case of Principal Installments due on other dates, the amount obtained by dividing the amount of the next succeeding Principal Installment by the number of days elapsed from the immediately preceding Principal Installment payment date to the next succeeding Principal Installment payment date, and then multiplying such amount by the number of days elapsed since the immediately preceding Principal Installment date.

"*Act*" means the Montana Housing Act of 1975, Montana Code Annotated, Sections 90-6-101 through 90-6-127, as it now exists or may hereafter be amended or supplemented.

"*Amortized Value*," when used with respect to securities purchased at a premium above or a discount below par (i.e., the principal maturity amount thereof), means the value as of any given date obtained by dividing the total amount of the premium or the discount at which such securities were purchased by the number of days remaining to maturity of such securities at the time of such purchase and by multiplying the amount so calculated by the number of days having passed from the date of such purchase; and (i) in the case of securities purchased at a premium, by deducting the product thus obtained from the purchase price and (ii) in the case of securities purchased at a discount, by adding the product thus obtained to the purchase price.

"*Annual Budget*" means the budget or amended budget of the Board in effect as provided in or adopted pursuant to Section 6.11 hereof.

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

For the purposes of (i) actions, requests, notifications, consents or directions of Bondowners under this Indenture, (ii) required payments upon default or anticipated default pursuant to acceleration of maturity or otherwise as described in Article VII hereof and (iii) release of excess amounts to the Board pursuant to Sections 5.02(e), 5.05(f)(2) or 5.05(g) hereof, the calculation of the Appreciated Amount shall be as of the applicable Interest Payment Dates for such Deferred Interest Bond, as specified in a Supplemental Indenture, preceding such date of calculation (unless such date of calculation shall be an Interest Payment Date, in which case, as of the date of calculation).

"*Authorized Investments*" means and includes any of the following securities, if and to the extent the same are at the time of investment specifically permitted investments in accordance with the then-effective written Board-approved investment policy:

(i) Direct obligations of or obligations guaranteed by the United States of America;

(ii) Obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following: Farm Credit System or predecessors (the Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives); Federal Home Loan Bank System; Export-Import Bank of the United States; Federal National Mortgage Association; Federal Home Loan Mortgage Corporation; Tennessee Valley Authority; or the (Federal) Financing Corporation;

(iii) Shares of any investment company that (A) is registered under the Investment Company Act of 1940, as amended (including both corporations and Massachusetts business trusts, and including companies for which the Trustee may provide advisory, administrative, custodial or other services for compensation), (B) invests substantially all of its assets in short-term high-quality money market instruments, limited to obligations issued or guaranteed by the United States, (C) maintains a constant asset value per share and (D) will not adversely affect the Rating Quality of the Bonds;

(iv) Certificates of deposit issued by, or time deposits with, any bank or trust company organized under the laws of the State, any national banking association which is a member of the Federal Reserve System, or any savings and loan association which is a member of the Federal Savings Association Insurance Fund (including the Trustee, a Lender or Paying Agent), provided that any such lender has capital stock, surplus and undivided profits aggregating at least $1,000,000, and provided further that such time deposits or certificates of deposit, to the extent not insured by the Federal Deposit Insurance Corporation, are fully secured by obligations of the type specified in (i) or (ii) above which have a market value, exclusive of accrued interest, at least equal to the amount of such deposits, and provided still further that (at the time the investment is made) in no case shall the same adversely affect the Rating Quality of the Bonds; and

(v) Repurchase agreements or guaranteed investment agreements, fully collateralized as to both principal and interest by obligations of the type specified in (i) or (ii) above and which collateral is held by the Trustee or its agent, with any bank (including the subsidiary of a foreign bank) or insurance company organized under the laws of the United States of America or any state thereof and subject to supervision by the appropriate authorities of either the United States of America or the state under whose laws it is organized, or any other financial institution organized under the laws of the United States of America or any state thereof, provided that (at the time the investment is made) in no case shall the same adversely affect the Rating Quality of the Bonds,

provided that it is expressly understood that the definition of Authorized Investments may be, and be deemed to be, expanded, or new definitions and related provisions may be added to this

Indenture, by a Supplemental Indenture, thus permitting investments with different characteristics from those permitted above which the Board deems from time to time to be in the interest of the Board to include as Authorized Investments if at the time of inclusion such inclusion will not, in and of itself, adversely affect the Rating Quality of the Outstanding Bonds.

"*Authorized Officer*" means the Chairman, Vice Chairman, Secretary, Treasurer or Executive Director of the Board and any other officer or employee of the Board designated from time to time as an Authorized Officer by resolution of the Board, and when used with reference to any act or document also means any other person authorized by resolution of the Board to perform such act or sign such document.

"*Board Request*" means a written request of the Board signed by an Authorized Officer.

"*Bond*" or "*Bonds*" means any of the bonds of the Board authorized by this Indenture and issued pursuant to a Supplemental Indenture.

"*Bond Counsel*" means a firm of attorneys of nationally recognized standing in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, appointed by the Board.

"*Bondholder*" or "*Holder*" or "*Holders of Bonds*" or "*Owner*" or similar term, when used with respect to a Bond or Bonds, means any person who shall be the registered owner of any Outstanding Bond.

"*Bond Payment Date*" means each date on which interest or both Principal Installments and interest shall be payable on any of the Bonds according to their respective terms.

"*Bond Year*" means the 12-month period beginning on June 2 in any year and ending on June 1.

"*Book Entry System*" means such system for registering the Bonds set forth in a Supplemental Indenture.

"*Cash Flow Certificate*" means a Certificate of the Board which complies with the requirements of Section 6.10 hereof.

"*Certificate*" means, as the case may be, either (i) a signed document attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or (ii) a signed document setting forth matters to be determined by an Authorized Officer pursuant to this Indenture.

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

"*Corporate Trust Office*," when used with respect to any Fiduciary, means the office of such Fiduciary in the State (unless otherwise approved by the Board) at which its corporate trust business shall be administered. It shall also mean such other office or offices as shall be agreed upon by such Fiduciary and the Board.

"*Costs of Issuance*" mean the items of expense payable or reimbursable directly or indirectly by the Board and related to the authorization, sale and issuance of Bonds, which items of expense may include but are not limited to printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of the Trustee and Paying Agents, bond discounts, legal fees and charges, professional consultants' fees, costs of credit ratings, fees and charges for execution, transportation and safekeeping of Bonds.

"*Counsel's Opinion*" means an opinion signed by any attorney or any firm which includes an attorney (who may be counsel to the Board or an attorney or any firm of attorneys retained by it in other connections) licensed to practice in the state in which he or it maintains an office, selected by the Board.

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

"*Debt Service Reserve Fund*" means the Fund so designated which is created and established pursuant to Section 5.01 hereof.

"*Debt Service Reserve Requirement*" means, as of any date of calculation, the aggregate of the amounts specified, if any, as the Debt Service Reserve Requirement in each Supplemental Indenture.

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

"*Depositary*" means any bank, trust company or national banking association selected by the Board and approved by the Trustee as a depositary of moneys, securities or other assets held under the provisions of this Indenture, and its successor or successors.

"*Escrow Payment*" means any payments made in order to obtain or maintain mortgage insurance and fire and other hazard insurance with respect to Mortgage Loans, and any payments required to be made with respect to Mortgage Loans for taxes, other governmental charges and other similar charges customarily required to be escrowed.

"*Event of Default*" means any of those events defined as Events of Default by Section 7.02 hereof.

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

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

"*FHLMC*" means the Federal Home Loan Mortgage Corporation, a corporate instrumentality of the United States created pursuant to Title III of the Emergency Home Finance Act of 1970, as amended, or any successor thereto.

"*FHLMC Guides*" means the FHLMC Seller/Servicer Guides, as amended from time to time.

"*FHLMC Security*" means a certificate representing a pool of Loans pursuant to which timely payments of principal and timely payment of interest at the applicable coupon rate are guaranteed by or an obligation of FHLMC.

"*Fiduciary*" or "*Fiduciaries*" means the Trustee, the Paying Agents, the Depositaries or any or all of them, as may be appropriate.

"*FNMA*" means the Federal National Mortgage Association or any successor thereto.

"*FNMA Guides*" means the FNMA Selling and Servicing Guides, as amended from time to time, as modified by a FNMA Pool Purchase Contract.

"*FNMA Pool Purchase Contract*" means a FNMA Pool Purchase Contract with FNMA relating to the sale of Loans to FNMA and the servicing thereof.

"*FNMA Security*" means a single pool, guaranteed mortgage pass-through FNMA Mortgage-Backed Security, bearing interest at the Pass-Through Rate, issued by FNMA in book-entry form, recorded in the name of the Trustee or its nominee, guaranteed as to timely payment of principal and interest by FNMA and backed by Loans in the related mortgage pool.

"*Fund*" or "*Funds*" means one or more of the special trust funds created and established pursuant to this Indenture.

"*GNMA*" means the Government National Mortgage Association, a corporate instrumentality of the United States of America within the Department of Housing and Urban Development, or any successor thereto. Its powers are prescribed generally by Title III of the National Housing Act of 1934, as amended (12 U.S.C. §1716 et seq.).

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

"*GNMA Guide*" means the GNMA I or GNMA II Mortgage-Backed Securities Guide in effect on the date of issuance of the GNMA Guaranty Agreement.

"*GNMA's Custodian*" means the entity, if any, identified in a Supplemental Indenture for a particular Series of Bonds.

"*GNMA Security*" means a certificate bearing interest at a rate per annum as set forth in or determined in accordance with the applicable Supplemental Indenture, registered in the name

of the Trustee and guaranteed as to timely payment of principal and interest by GNMA pursuant to GNMA's GNMA I or GNMA II mortgage-backed securities program under Section 306(g) and other related provisions of the National Housing Act of 1934, as amended, and based on and backed by Loans as provided in the GNMA Guide, which certificate shall unconditionally obligate the servicer to remit monthly to the owner thereof (a) principal payments and prepayments made in respect of the pool of Loans represented by the GNMA Security and (b) interest in an amount equal to the Pass-Through Rate. GNMA shall guarantee to the owner of each GNMA Security (i) the timely payment of interest at the applicable Pass-Through Rate on the unpaid principal balance of the Loans represented by the GNMA Security and (ii) the timely payment of principal in accordance with the terms of the principal amortization schedule applicable to the Loans represented by such GNMA Security.

"*Government Obligations*" means and includes direct general obligations of the United States of America or obligations the payment of principal or interest on which is fully and unconditionally guaranteed by the United States of America (including those the payment of principal or interest on which, in the opinion of the Attorney General of the United States, is so fully and unconditionally guaranteed). This shall include custodial receipts evidencing ownership of future interest payments only, on bonds issued by the Financial Corporation, a mixed-ownership government corporation, chartered by the Federal Home Loan Bank Board pursuant to the Federal Savings and Loan Insurance Corporation Recapitalization Act of 1987, provided the same are rated "AAA" by S&P and "Aaa" by Moody's.

"*Indenture*" means this Trust Indenture, dated as of December 1, 2009, by and between the Board and Trustee, as it may hereafter be amended or supplemented by one or more Supplemental Indentures.

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

"*Investment Agreement*" means, with respect to any Series of Bonds, the repurchase agreement or guaranteed investment agreement, if any, authorized in the applicable Supplemental Indenture pursuant to which funds are invested at specified rates and any additional, supplemental or successor agreements thereto.

"*Lender*" means any public or private entity or government agency, approved by the Board, maintaining an office in the State and authorized by law to make or participate in making residential mortgages in the State.

"*Loan*" means a loan or comparable instrument(s) which satisfies the requirements of Section 6.07 hereof, and includes a participation or other beneficial or legal interest in a loan.

"*Moody's*" means Moody's Investors Service, Inc. or any successor thereto.

"*Mortgage-Backed Security*" means an FNMA Security, an FHLMC Security or a GNMA Security backed by a Loan or Loans (or such other security backed by a Loan or Loans which is specified in a Supplemental Indenture, the purchase of which will not adversely affect the Rating Quality of the Outstanding Bonds), and includes a participation or other beneficial or legal interest in such an FNMA Security, an FHLMC Security or a GNMA Security, in each case

registered in the name of the Trustee. The definition of "Mortgage-Backed Security" shall not include, unless otherwise specified in a Supplemental Indenture, any Mortgage-Backed Security which is not credited to the Program Fund.

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

"*Outstanding*," when used with respect to Bonds, means, as of any date, all Bonds theretofore authenticated and delivered under this Indenture except:

(i) any bond cancelled or delivered to the Trustee for cancellation on or before such date;

(ii) any bond in lieu of or in exchange for which another Bond shall have been authenticated and delivered pursuant to Article II or Section 10.06 of this Indenture; and

(iii) Bonds deemed to have been paid as provided in Section 11.03 hereof.

"*Parity Certificate*" means a Certificate, giving effect to any action contemplated to be taken in connection with the filing thereof, showing that (a) the sum of (i) the moneys, Authorized Investments and Reserve Equivalents then credited to the Program Fund, the Revenue Fund (but excluding moneys held therein for the payment of interest on Outstanding Bonds or Program Expenses), the Debt Service Reserve Fund and the Redemption Fund (but not including any moneys or Authorized Investments held therein for the payment of Bonds no longer deemed Outstanding under this Indenture), (ii) the unpaid principal amount of all Loans and Mortgage-Backed Securities credited to the Program Fund and (iii) such other amounts, if any, as may be specified by a Supplemental Indenture (which may be part or all of the assets in the Special Reserve Fund), equals or exceeds (b) an amount equal to 102% (or such lesser percentage as does not adversely affect the Rating Quality of the Bonds) of the principal amount of Outstanding Bonds of all Series.

"*Pass-Through Rate*" shall mean the rate of interest on a Mortgage-Backed Security, which shall be the rate or rates of interest per annum as set forth in or determined in accordance with the respective Supplemental Indenture.

"*Paying Agent*" means any bank, trust company or national banking association, which may include the Trustee or its successor or successors, authorized by the Board pursuant to a Supplemental Indenture to pay the principal or Redemption Price of or interest on any Bonds and having the duties, responsibilities and rights provided for in this Indenture and such Supplemental Indenture and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to this Indenture.

"*Person*" means an individual, partnership, corporation, trust or unincorporated organization, or a government or agency or political subdivision thereof.

"*Prepayment*" means any payments on the Mortgage-Backed Securities other than regularly scheduled principal and interest payments thereon and any moneys received or

recovered by the Board from any payment of or with respect to principal (including any penalty, fee, premium or other additional charge for prepayment of principal which may be provided by the terms of a Loan) on any Loan other than the scheduled payments of principal called for by such Loan, whether (i) by voluntary prepayment made by the mortgagor, (ii) as a consequence of the damage, destruction or condemnation of the mortgaged premises or any part thereof, (iii) in the event of a default thereon by the mortgagor, by the acceleration, sale, assignment, endorsement or other disposition of such Loan by the Board or by any other proceedings taken by the Board, including, without limitation, payments received from any private mortgage insurer and (iv), unless otherwise specified in the related Supplemental Indenture authorizing a Series of Bonds, amounts received or transferred to the Board as a result of the sale, assignment, endorsement or disposition of a Loan or Mortgage-Backed Security.

Nothing in the preceding definition shall be construed to constitute a Prepayment in the event that the Board makes a good-faith substitution of a Loan for another Loan or in the event the Board authorizes a mortgagor to apply the proceeds of hazard insurance to restore the mortgaged premises.

A Prepayment shall not include any moneys received or recovered by the Board with respect to any Loan to the extent that delinquencies or defaults of payments of principal on such Loan required that moneys be withdrawn from the Debt Service Reserve Fund to pay principal on the Bonds.

"*Principal Installment*" means, as of any date of calculation, (i) the principal amount of all Bonds (in the case of Deferred Interest Bonds, the Appreciated Amount thereof) due on a specified date with respect to which no Sinking Fund Installments have been provided, plus (ii) any Sinking Fund Installments due on such specified date.

"*Program*" means the Board's single family housing program pursuant to which the Board has determined to finance or acquire Loans and/or to otherwise effectuate its public purpose of providing housing, all in accordance with the Act and this Indenture.

"*Program Expenses*" means all the Board's expenses of administering the Program under this Indenture and the Act and shall include without limiting the generality of the foregoing: salaries, supplies, utilities, labor, materials, office rent, maintenance, furnishings, equipment, machinery and apparatus; insurance premiums, legal, accounting, management, consulting and banking services and expenses; the fees and expenses of the Trustee, any Depositaries and Paying Agents; Costs of Issuance not paid from proceeds of Bonds; and payments to pension, retirement, health and hospitalization funds; and any other expenses required or permitted to be paid by the Board under the provisions of this Indenture and any Supplemental Indenture all to the extent properly allocable to the Program.

"*Program Fund*" means the Fund so designated which is created and established pursuant to Section 5.01 hereof.

"*Rating Agency*" means Moody's or any other nationally recognized rating agency approved by the Board.

"*Rating Quality*" means, with respect to any Series of Bonds, having terms, conditions and/or a credit quality such that the item stated to be of "Rating Quality" will not, as confirmed in writing received by the Trustee from the Rating Agency, impair the ability of the Board to maintain the then existing rating or ratings received from the Rating Agency with respect to the Bonds, and if not with respect to a particular Series of Bonds, will not cause the Rating Agency to lower or withdraw the ratings it has assigned to the Bonds; provided that for such purposes the ratings assigned to the Bonds shall not be required to exceed "Aa3" by Moody's.

"*Rebate Account*" means the Account so designated which may be created and established pursuant to Section 5.01 hereof.

"*Record Date*" means, with respect to a Series of Bonds, the fifteenth day of the month preceding each month with a Bond Payment Date, or such date or dates set forth in the Supplemental Indenture authorizing the particular Series of Bonds.

"*Redemption Fund*" means the Fund so designated which is created and established pursuant to Section 5.01 hereof.

"*Redemption Price,*" when used with respect to a Bond or portion thereof to be redeemed, means the principal amount of such Bond or such portion thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to this Indenture and the applicable Supplemental Indenture.

"*Redemption Record Date*" means, with respect to a Series of Bonds, the fifteenth day of the month preceding each month in which Bonds of such Series are to be redeemed, or such date or dates set forth in the Supplemental Indenture authorizing the particular Series of Bonds.

"*Refunding Bonds*" means any Bonds authenticated in accordance with Section 2.17 hereof.

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

"*Revenue Fund*" means the Fund so designated which is created and established pursuant to Section 5.01 hereof.

"*Revenues*" means (i) all amounts received as repayment of principal, interest and all other charges received for, and all other income and receipts derived by the Board from, the Mortgage-Backed Securities and Loans or any way in connection therewith, including Prepayments, (ii) moneys deposited in a sinking, redemption or reserve fund or other Fund or Account to secure Bonds or to provide for the payment of the principal of, premium or interest on Bonds and (iii) to the extent hereinafter provided, interest earnings or income received on moneys so deposited in any Fund or Account pursuant to this Indenture and all other payments and receipts received with respect to Loans or Mortgage-Backed Securities, including the proceeds of mortgage insurance claims (but excluding commitment fees, service fees and escrow payments and, unless otherwise provided in a Supplemental Indenture, any income or earnings on amounts credited to the Special Reserve Fund).

"*Scheduled Principal Payment*" means all moneys received or recovered by the Board from any scheduled payment of principal on any Mortgage-Backed Security or on any Loan determined as if such Loan or the Loan underlying such Mortgage-Backed Security was amortized over its original term.

Nothing in the preceding definition shall be construed to constitute a Scheduled Principal Payment in the event that the Board makes a good-faith substitution of a Loan for another Loan or in the event the Board authorizes a mortgagor to apply the proceeds of hazard insurance to restore the mortgaged premises.

A Scheduled Principal Payment shall not include any moneys received or recovered by the Board with respect to any Loan to the extent that delinquencies or defaults of payments of principal on such Loan required that moneys be withdrawn from the Debt Service Reserve Fund to pay principal on the Bonds.

"*Serial Bonds*" means the Bonds of any Series so designated in a Supplemental Indenture.

"*Series of Bonds*" or "*Bonds of a Series*" means any Series of Bonds authorized by a Supplemental Indenture.

"*Series Program Determinations*" means determinations by the Board relating to Loans and certain other matters required in connection with a Series of Bonds under the Program to be set forth (or provision to be determined at certain specified times in the future) in a Supplemental Indenture and shall include the following: (i) the types of facilities financeable by a Loan financed by such Series, (ii) whether each Loan shall be secured by a first lien mortgage, a second lien mortgage, a combination, or no lien; (iii) whether each Loan shall have approximately equal monthly payments or shall be a graduated payment mortgage loan or have a fixed or variable rate of interest; (iv) the maximum term to maturity of each Loan; (v) required mortgage insurance, other insurance or additional collateral in lieu thereof, if any, and the level of coverage thereof; (vi) limitations, if any, applicable to purchases of Loans relating to condominiums, planned unit developments and/or cooperatives, geographic concentration and type of principal and interest characteristics; (vii) provisions relating to Prepayments, including application thereof for redemption or purchasing, acquiring or financing new Loans or Mortgage-Backed Securities; (viii) restrictions, if any, on the applications of the proceeds of the voluntary sale of Loans, if any; and (ix) any other provision deemed advisable by the Board not in conflict with this Indenture.

"*Sinking Fund Installment*" means, as of any particular date of calculation and with respect to any Series of Bonds, the amount of money required to be applied, on any Bond Payment Date, as the Redemption Price of Bonds prior to maturity pursuant to the Supplemental Indenture for such Series, as such Installment shall have been previously reduced (a) by the principal amount of any Bonds of such Series of the maturity with respect to which such Sinking Fund Installment is payable which (i) are purchased by the Trustee in accordance with the provisions of Section 3.08 of this Indenture, or (ii) are purchased or redeemed by the Trustee at least 45 days prior to such Bond Payment Date and (b) as set forth in Section 5.07 hereof.

"*Special Reserve Fund*" means the Fund so designated which is created and established pursuant to Section 5.01 hereof.

"*State*" means the State of Montana.

"*Supplemental Indenture*" means any Supplemental Indenture executed and delivered by the Board and the Trustee in accordance with Article IX hereof amending or supplementing this Indenture or any Supplemental Indenture.

"*Term Bonds*" means the Bonds of any Series so designated in a Supplemental Indenture

"*Trustee*" means the bank, trust company or national banking association appointed as trustee by Section 8.01 of this Indenture and having the duties, responsibilities and rights provided for in this Indenture and its successor or successors, and any other corporation or association which may at any time be substituted in its place as Trustee pursuant to this Indenture. It also includes any co-Trustee appointed pursuant to the provisions of Section 8.14 of this Indenture, but only in the limited circumstances giving rise to such appointment.

"*USDA-RD*" means USDA Rural Development (formerly the Farmers Home Administration) or other agency or instrumentality created or chartered by the United States to which the powers of the USDA-RD have been transferred.

"*VA*" means the Department of Veterans Affairs of the United States or other agency or instrumentality created or chartered by the United States to which the powers of the Department of Veterans Affairs of the United States have been transferred.

Section 1.02. ***Construction***. In this Indenture, unless the context otherwise requires:

(a) Articles and Sections referred to by number shall mean the corresponding Articles and Sections of this Indenture.

(b) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms refer to this Indenture, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of adoption of this Indenture.

(c) Words of the masculine gender shall mean and include correlative words of the female and neuter genders, and words importing the singular number shall mean and include the plural number and vice versa.

(d) Words importing persons shall include firms, associations, partnerships, trusts, corporations and other legal entities, including public bodies, as well as natural persons.

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

(f) Any Fiduciary shall be deemed to hold an Authorized Investment in which moneys are invested pursuant to the provisions of this Indenture, even though such Authorized Investment is evidenced only by a book entry or similar record of investment.

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

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

Section 2.01. ***Authorization of Bonds***. In order to provide sufficient moneys for the Board's Program, there are hereby authorized Bonds of the Board to be known and designated as "Single Family Homeownership Bonds" which may be issued in series from time to time as hereinafter provided. Except as may be provided with respect to a Series of Bonds in the Supplemental Indenture authorizing such Bonds, the Bonds shall be general obligations of the Board payable from any of its revenues, assets and moneys, subject only to agreements previously or hereafter made with holders of particular notes or bonds pledging particular revenues, assets or moneys. The Bonds shall be secured by the revenues, assets or moneys of the Board pledged to the payment thereof pursuant to this Indenture. The aggregate principal amount of the Bonds or of the Bonds of a Series which may be executed, authenticated and delivered is not limited, except as provided by this Indenture and from time to time by law.

Section 2.02. ***Provisions for Issuance of Bonds***. The issuance of Bonds of a Series shall be by a Supplemental Indenture or Supplemental Indentures duly authorized by the Board and executed pursuant to this Indenture. The Bonds may be issued in one or more Series, and the Bonds of each Series shall, in addition to the title "Montana Board of Housing Single Family Homeownership Bonds," contain an appropriate Series designation. Bonds of a Series may be issued in the form of Serial Bonds or Term Bonds or both, or in such other form as the Board may determine.

Section 2.03. ***Supplemental Indenture***. Each Supplemental Indenture authorizing the issuance of a Series of Bonds shall either specify or prescribe the manner of determining:

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

(b) The purposes for which such Series of Bonds are being issued which shall be one or more of the following purposes: (i) the purchase of Mortgage-Backed Securities in order to finance Loans or the financing, purchasing or acquiring of Loans, (ii) the making of deposits in amounts, if any, required or authorized by the Supplemental Indenture to be paid into Funds or Accounts established herein or in the Supplemental Indenture from the proceeds of such Series of Bonds, (iii) the refunding of Bonds, (iv) to pay or defease notes or bonds or other indebtedness issued by the Board to acquire, finance or purchase Loans or Mortgage-Backed Securities in exchange for Loans or Mortgage-Backed Securities with respect to which such notes, bonds or other indebtedness were issued and meeting any other requirements set forth in a Supplemental

Indenture or (v) any other purpose as stated in the Supplemental Indenture and permitted by the Act;

(c) The issue date or dates, the maturity date or dates and amounts of each maturity (or the method of determining the same) and, if interest is to be paid, the Interest Payment Dates and the first Interest Payment Date of the Bonds of such Series, and, if appropriate, any specification with respect to the calculation of Accrued Debt Service;

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

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

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

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

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

(i) The Redemption Price or Redemption Prices, if any, and, subject to Articles III and V hereof, the time or times and the terms and conditions upon which the Bonds of such Series may be redeemed prior to their maturities, including without limitation the method of selection for redemption as among maturities;

(j) The form of Bonds and of the Trustee's certificate of authentication;

(k) The amounts to be deposited from the proceeds of such Series of Bonds in the Funds and Accounts created and established by this Indenture and the Supplemental Indenture;

(l) The amount, if any, of the Debt Service Reserve Fund Requirement for such Series of Bonds;

(m) The Series Program Determinations;

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

(o) If a collateral pledge will be made by the Board in such Supplemental Indenture, the assets to be subject to such pledge;

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

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

(r) Any other provisions deemed advisable by the Board and the Trustee not in conflict with or in substitution for the provisions of this Indenture.

Section 2.04. ***Medium of Payment; Form and Dates of Bonds; Place of Payment.*** (a) The Bonds shall be payable, with respect to interest, principal and premium, if any, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, or in such other coin or currency as set forth in a Supplemental Indenture. Payment of interest (other than at a stated maturity date) and premium, if any, on, and principal (payable upon redemption) of, the Bonds will be made by wire transfer to the Person in whose name each Bond is registered at the close of business on the applicable Record Date so long as ownership of such Bond is registered in accordance with a Book Entry System; provided, however, that, if the Board shall default in the payment of interest due on any Interest Payment Date, such interest shall cease to be payable to the Person in whose name such Bond was registered on such Record Date and shall be payable, when and if paid by the Board, to the Person in whose name such Bond is registered at the close of business on the record date fixed therefor by the Trustee (each a "Special Record Date"), which shall not be more than 15 days and not less than 10 days prior to the date of the proposed payment. Interest on the Bonds shall be paid when due, if ownership of such Series of the Bonds is not maintained in accordance with a Book Entry System, by check or draft drawn on the Trustee and mailed by the Trustee to the registered owner at the address shown on the registration books of the Trustee as of the Record Date. Payment of principal and interest on the stated maturity date on a Bond will be made upon presentation and surrender of such Bond at the office of the Trustee or Paying Agent maintained for that purpose. CUSIP number identification with appropriate dollar amount of payment pertaining to each CUSIP number (if such payment represents payment on more than one Bond identified by a particular CUSIP number) shall accompany all payments of principal of, premium, if any, and interest on the Bonds.

(b) Current Interest Bearing Bonds of each Series issued prior to the first Interest Payment Date thereof shall be dated as of the date or dates specified in the Supplemental Indenture authorizing the issuance thereof. Bonds issued on or subsequent to the first Interest Payment Date shall be dated as of the date of authentication of the Bonds and interest shall be paid from the Interest Payment Date next preceding the date of authentication, unless such date of authentication shall be an Interest Payment Date in which case they shall be dated as of such date; provided, however, that if, as shown by the records of the Trustee, interest on the Bonds of

any Series shall be in default, the Bonds of such Series issued in lieu of Bonds surrendered for transfer or exchange shall be dated as of the date to which interest has been paid in full on the Bonds surrendered. Deferred Interest Bonds of any Series shall be dated as of the date or dates specified in the Supplemental Indenture authorizing the issuance thereof. Except as set forth in a Supplemental Indenture, Bonds of each Series shall bear interest from their dated date (except in the case of Bonds issued while interest on the Bonds shall be in default, in which case they shall bear interest from the date to which interest has been paid in full).

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

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

Section 2.05. ***Legends***. The Bonds may contain or have endorsed thereon such provisions, specifications, certifications and descriptive words not inconsistent with the provisions of this Indenture or of any Supplemental Indenture authorizing the same as may be necessary or desirable and as may be determined by the Board prior to their authentication and delivery. Each Bond shall contain the statement contained in Section 90-6-123 of the Act relating to the fact that the credit of the State is not pledged.

Section 2.06. ***Execution and Authentication***. (a) The Bonds shall be executed in the name and on behalf of the Board by the manual or facsimile signature of an Authorized Officer, with its corporate seal (or a facsimile thereof) impressed, imprinted or otherwise reproduced thereon, and attested by the manual or facsimile signature of its Treasurer, Executive Director, or other Authorized Officer (other than the officer executing such Bonds). Bonds bearing the manual or facsimile signature of any person who shall have been such an Authorized Officer at the time such Bonds were so executed shall bind the Board notwithstanding the fact that he may have ceased to be such Authorized Officer prior to the authentication and delivery of such Bonds or was not such Authorized Officer at the date of such Bonds.

(b) No Bond shall be valid or obligatory for any purpose or shall be entitled to any right or benefit hereunder unless there shall be endorsed on such Bond a certificate of authentication in the form set forth in or fixed pursuant to the applicable Supplemental Indenture duly executed by the Trustee by the manual signature of an authorized officer thereof, and such certificate of the Trustee upon any officer thereof, and such certificate of the Trustee upon any Bond executed on behalf of the Board shall be conclusive evidence that the Bond so authenticated has been duly issued hereunder and that the Holder thereof is entitled to the benefit of this Indenture.

Section 2.07. ***Interchangeability of Bonds.*** Bonds, upon surrender thereof at the Corporate Trust Office of the Trustee (or any duly designated agent thereof) with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered Holder or his duly authorized attorney, may, at the option of the registered Holder thereof, be exchanged for an equal aggregate principal amount or Original Principal Amount as the case may be, of Bonds in authorized denominations of the same Series, interest rate and maturity, subject to any provisions contained in a Supplemental Indenture relating to the registration of a Series of Bonds pursuant to a Book Entry System.

Section 2.08. ***Negotiability and Registry.*** All the Bonds issued under this Indenture shall be negotiable as provided in Article 8 of the Uniform Commercial Code, subject to the provisions for registration and transfer contained in this Indenture and in the Bonds. So long as any of the Bonds shall remain Outstanding, the Board shall maintain and keep, at the Corporate Trust Office of the Trustee, books for the registration and transfer of Bonds, and, upon presentation thereof for such purpose at such Corporate Trust Office, subject to any provisions in a Supplemental Indenture relating to the registration of a Series of Bonds pursuant to a Book Entry System, the Board shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it or the Trustee may prescribe, any Bond. So long as any of the Bonds remain Outstanding, the Board shall make all necessary provisions to permit the exchange of Bonds at the Corporate Trust Office of the Trustee, subject to any provisions in a Supplemental Indenture relating to the registration of a Series of Bonds pursuant to a Book Entry System.

Section 2.09. ***Transfer of Bonds.*** (a) Subject to any provisions contained in a Supplemental Indenture relating to the registration of a Series of Bonds pursuant to a Book Entry System, each Bond shall be transferable only upon the books of the Board, which shall be kept for such purpose at the Corporate Trust Office of the Trustee, by the Holder thereof in person or by his attorney duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered Holder or his duly authorized attorney. Upon surrender for transfer of any such Bond, the Board shall execute and the Trustee shall authenticate and deliver, in the name of the transferee, one or more new fully registered Bonds of the same aggregate principal amount or Original Principal Amount, same Series and maturity and rate of interest as the surrendered Bond.

(b) The Board, the Trustee and any Paying Agent may deem and treat the person in whose name any Outstanding registered Bond shall be registered upon the books of the Board as the absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal, Appreciated Amount or Redemption Price of and interest on such Bond and for all other purposes, and payment of the principal, Redemption Price and interest shall be made only to, or upon the order of, such registered Holder. All such payments to such registered Holder shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Board, the Trustee nor any Paying Agent shall be affected by any notice to the contrary. The transfer of Bonds of a particular Series may be further limited as provided in the Supplemental Indenture relating hereto.

Section 2.10. ***Regulations With Respect to Exchanges and Transfers.*** Subject to any provisions contained in a Supplemental Indenture relating to the registration of a Series of Bonds pursuant to a Book Entry System and Section 2.09, in all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Board shall execute and deliver Bonds in accordance with the provisions of this Indenture and the Supplemental Indenture under which any such Bond is issued. All Bonds surrendered in any such exchanges or transfers shall be cancelled by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the Board or the Trustee may make a charge sufficient to reimburse it or them for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the Holder requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Board shall not be obligated to (i) issue, exchange or transfer any Bond of any Series after the Regular Record Date next preceding a Bond Payment Date of the Bonds of such Series, (ii) issue, exchange or transfer any Bond during a period beginning at the opening of business 15 days next preceding any selection of Bonds to be redeemed and ending at the close of business on the date of the first mailing of notice of such redemption or (iii) transfer or exchange any Bonds called or being called for redemption in whole or in part.

Section 2.11. ***Mutilated, Destroyed, Lost and Stolen Bonds.*** (a) If (i) any mutilated Bond is surrendered to the Trustee, or the Trustee and the Board receive evidence to their satisfaction of the destruction, loss or theft of any Bond, and (ii) there is delivered to the Trustee and the Board such security or indemnity as may be required by them to save each of them harmless, then the Board shall execute, and upon Board Request the Trustee shall authenticate and deliver, in exchange for any such mutilated Bond, or in lieu of any such destroyed, lost or stolen Bond, a new Bond of like tenor and principal amount, bearing a number not contemporaneously Outstanding. The Trustee shall thereupon cancel any such mutilated Bond so surrendered. In case any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the Board in its discretion may, instead of issuing a new Bond, pay such Bond.

(b) Upon the issuance of any new Bond under this Section 2.11, the Board may require the payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto and any other expenses, including counsel fees, of the Board or the Trustee, connected therewith.

(c) Each new Bond issued pursuant to this Section 2.11 in lieu of any destroyed, lost or stolen Bond shall constitute an additional contractual obligation of the Board, whether or not the destroyed, lost or stolen Bond shall at any time be enforceable by any one, and shall be entitled to all the benefits hereof equally and proportionately with any and all other Bonds duly issued under this Indenture. All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds and shall preclude (to the extent lawful) all other rights or remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds or securities.

Section 2.12. ***Cancellation of Bonds.*** All Bonds purchased, redeemed or paid shall, if surrendered to the Board or any Paying Agent, be cancelled by it and delivered to the Trustee, or

if surrendered to the Trustee, be cancelled by it. No such Bonds shall be deemed Outstanding under this Indenture and no Bonds shall be issued in lieu thereof. All such Bonds shall be cancelled and shall be destroyed and notice thereof delivered to the Board upon request.

Section 2.13. ***Book Entry System of Bonds***. Notwithstanding anything herein to the contrary, the Board may elect, by Supplemental Indenture, that Bonds for a particular Series be registered pursuant to a Book Entry System, without certificates being provided or available to the registered owner thereof.

Section 2.14. ***Payments Due on Saturdays, Sundays and Holidays***. In any case where the Bond Payment Date or the date fixed for redemption of any Bonds shall be a Saturday or Sunday or shall be, at the place designated for payment, a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest on or Principal Installments or Redemption Price of the Bonds need not be made on such date but may be made on the next succeeding business day not a Saturday, Sunday or a legal holiday or a day upon which banking institutions are authorized by law to close with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Section 2.15. ***Authorization and Preparation of Temporary Bonds***. (a) Until definitive Bonds of any Series are prepared, the Board may execute and, upon Board Request, the Trustee shall authenticate and deliver temporary Bonds which may be typewritten, printed or otherwise reproduced in lieu of definitive Bonds subject to the same provisions, limitations and conditions as definitive Bonds. The temporary Bonds initially shall be dated as of the initial date of such definitive Bonds, shall be in such denomination or denominations and shall be numbered as prepared and executed by the Board, shall be substantially of the tenor of such definitive Bonds, but with such omissions, insertions and variations as the Authorized Officer executing the same may in his discretion determine, and may be issued in the form of a single Bond.

(b) Without unreasonable delay after the issuance of temporary Bonds, if any, the Board shall cause definitive Bonds of each Series to be prepared, executed and delivered to the Trustee. The definitive Bonds of each Series shall be prepared in such fashion as is acceptable in the investment banking business. Temporary Bonds shall be exchangeable for definitive Bonds upon surrender to the Trustee at its Corporate Trust Office of any such temporary Bond or Bonds, and, upon such surrender, the Board shall execute and, upon Board Request, the Trustee shall authenticate and deliver to the Holder of the temporary Bond or Bonds, in exchange therefor, a like principal amount of definitive Bonds in authorized denominations. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits as definitive Bonds authenticated and issued pursuant to this Indenture and the applicable Supplemental Indenture.

(c) All temporary Bonds surrendered in exchange for a definitive Bond or Bonds shall forthwith be cancelled by the Trustee.

Section 2.16. ***Conditions Precedent to Authentication and Delivery of a Series of Bonds***. Except as provided in Sections 2.07, 2.11 and 2.17 hereof, the Trustee shall authenticate

and deliver, to or upon the order of the Board, Bonds of a Series authorized to be issued pursuant to this Indenture and a Supplemental Indenture only upon delivery to the Trustee of:

(a) a copy of this Indenture and the applicable Supplemental Indenture, each certified by an Authorized Officer; provided, however, that a certified copy of this Indenture need only be delivered to the Trustee upon the delivery of the initial Series of Bonds under this Indenture;

(b) the written order of the Board to the Trustee as to the delivery of such Bonds signed by an Authorized Officer describing such Bonds to be authenticated and delivered, designating the purchaser or purchasers to whom such Bonds are to be delivered, and stating the purchase price of such Bonds;

(c) the amount, if any, necessary for deposit in (i) the Debt Service Reserve Fund so that the amount in such Fund shall at least equal the Debt Service Reserve Requirement calculated immediately after the delivery of such Series of Bonds and (ii) the Special Reserve Fund;

(d) a Certificate of an Authorized Officer stating that, upon the issuance of such Series of Bonds, no Event of Default hereunder nor an event which with notice or lapse of time or both would become an Event of Default hereunder has occurred and is continuing;

(e) an opinion of Bond Counsel to the effect that this Indenture and the Supplemental Indenture authorizing the Series of Bonds have been duly and lawfully authorized, executed and delivered by the Board; that this Indenture and such Supplemental Indenture are valid and binding upon the Board and enforceable in accordance with their terms, subject to State and Federal laws affecting the enforcement of creditors' rights, and no other authorization for this Indenture or the Supplemental Indenture is required; that this Indenture creates the valid lien or pledge it purports to create; that the Bonds of such Series have been duly and validly authorized and issued and constitute valid and binding general obligations of the Board, enforceable in accordance with their terms and the terms of this Indenture and entitled to the benefits of this Indenture and such Supplemental Indenture and the Act, as amended to the date of such opinion, except that (i) no opinion need be expressed as to the effect upon such enforceability of bankruptcy, insolvency, reorganization, moratorium and other similar laws heretofore or hereafter enacted for the relief of debtors and (ii) no opinion need be expressed as to the availability of the remedy of specific performance, mandamus, injunctive relief or any other equitable remedy;

(f) except with respect to the initial Series of Bonds issued hereunder, a Cash Flow Certificate taking into account the issuance of the Bonds and the Loans or Mortgage-Backed Securities reasonably expected to be financed with the proceeds of such Bonds and projecting Revenues sufficient to pay Program Expenses and Accrued Debt Service when due in each Bond Year;

(g) Written verification from the Rating Agency (i) that the rating on such Series of Bonds is not lower than the Rating Quality of the Bonds Outstanding prior thereto, or (ii) to the effect that the issuance of such Series of Bonds will not, in and of itself, adversely affect the Rating Quality of any Outstanding Bonds of any prior Series of Bonds; and

(h) Such further documents and moneys as may be required by the provisions of the Supplemental Indenture.

Section 2.17. ***Conditions Precedent to Authentication and Delivery of a Series of Refunding Bonds***. The Trustee shall authenticate each Series of Refunding Bonds and deliver such Bonds to the Board or upon its order only upon the receipt by the Trustee of:

(a) The documents referred to in paragraphs (a), (b), (c), (d), (e), (f) and (g) of Section 2.16 hereof;

(b) Instructions to the Trustee, satisfactory to it, to pay when due or to redeem all the Bonds to be refunded on such date or dates specified in such instructions;

(c) If the Bonds to be refunded are, upon issuance of the Refunding Bonds, to be deemed no longer Outstanding, either (i) moneys in an amount sufficient to effect payment of the maturing principal amount of or the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the redemption date or maturity date, as the case may be, which moneys shall be held by the Trustee or any one or more of the alternate Paying Agents in a separate account irrevocably in trust for and assigned to the respective holders of the Bonds to be refunded, or (ii) Government Obligations, the principal of and interest on which when due, together with the moneys, if any, deposited with the Trustee or such alternate Paying Agent or Paying Agents at such time, will be sufficient to pay when due the maturing principal amount of or the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the redemption date or maturity date, as the case may be, which Government Obligations and moneys shall be held by the Trustee pursuant to Section 11.03 hereof; and

(d) Such further documents and moneys as may be required by the provisions of the Supplemental Indenture.

ARTICLE III

REDEMPTION OF BONDS

Section 3.01. ***Authorization of Redemption***. Bonds subject to redemption prior to maturity pursuant to a Supplemental Indenture, by Sinking Fund Installments or otherwise, shall be redeemable, in accordance with this Article III, at such times, at such Redemption Prices and upon such terms as may otherwise be specified in the Supplemental Indenture authorizing such Series of Bonds.

Section 3.02. ***Board's Election To Redeem.*** Bonds of any Series may be subject to redemption in whole or in part at any time at the option of the Board prior to maturity pursuant and subject to the provisions of the applicable Supplemental Indenture. The Board shall give notice by Board Request to the Trustee of each optional redemption, which Board Request shall specify the date fixed for redemption and, subject to the provisions of Section 5.07 hereof and all applicable Supplemental Indentures, the Series of Bonds from which Bonds are to be redeemed and the aggregate principal amount of Bonds of each maturity in such Series to be redeemed (and in the case of Bonds for which Sinking Funds Installments have been established, the amounts to be credited toward those Installments). Such notice shall be given at least 30 days prior to the date fixed for redemption or such lesser number of days as shall be acceptable to the Trustee.

Section 3.03. ***Redemption Other Than at Board's Election.*** Whenever by the terms of this Indenture or a Supplemental Indenture the Board or the Trustee is required to redeem Bonds other than at the election of the Board, the Trustee shall select the Bonds within each maturity of Bonds to be redeemed, give the notice of redemption and pay the Redemption Price thereof and the accrued interest thereon to the redemption date to itself or to the appropriate alternate Paying Agents in accordance with the terms of this Article III.

Section 3.04. ***Notice of Redemption.*** (a) When any Bonds are to be redeemed, by Sinking Fund Installments or otherwise, the Trustee shall give notice of the redemption of the Bonds in the name of the Board specifying (i) the Series of Bonds to be redeemed; (ii) the redemption date; (iii) the Redemption Price; (iv) the numbers, CUSIP numbers and other distinguishing marks of the Bonds to be redeemed (except in the event that all of the Outstanding Bonds of any Series are to be redeemed); (v) the place or places where amounts due upon such redemption will be payable; and (vi) in the case of Bonds to be redeemed in part only, the respective portions of the principal thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, together with interest accrued to the redemption date, and that, from and after such date, interest thereon shall cease to accrue. Such notice shall be given by mailing a copy of such notice, postage prepaid, not less than 15 days nor more than 60 days before the redemption date to the registered owners of any Bonds or portions of Bonds which are to be redeemed at their last addresses appearing upon the registration books, but failure to so mail any such notice to any of such registered owners shall not affect the validity of the proceedings for the redemption of other Bonds. In addition, the Trustee will send (no more than 60 days after the date for redemption) a further notice of redemption to each registered owner who has not presented his or her Bond for redemption within 30 days subsequent to the Redemption Date. Each such notice will be sent by first-class mail, postage prepaid. The obligation of the Trustee to give the notice required by this Section 3.04 shall not be conditioned upon the prior payment to the Trustee of moneys or Authorized Investments sufficient to pay the Redemption Price of the Bonds to which such notice relates or the interest thereon to the redemption date. Any notice of redemption pursuant to this Section 3.04 may, if directed by the Board, be given specifying that the redemption of the Bonds so called for redemption is made conditional upon the deposit of sufficient amounts to pay the redemption price therefor on the Redemption Date and, if amounts are not so available, such notice of redemption shall be cancelled and be null and void and the Bonds so called for redemption and subject to such conditional redemption notice shall continue to remain Outstanding.

(b) Notice of redemption having been given as provided in subsection (a) hereof, the Bonds or portions thereof so to be redeemed shall, on the date fixed for redemption, become due and payable at the Redemption Price specified therein plus accrued interest to the redemption date, and upon presentation and surrender thereof at the place specified in such notice, such Bonds or portions thereof shall be paid at the Redemption Price, plus accrued interest to the redemption date. On and after the redemption date (unless the Board shall default in the payment or the Redemption Price and accrued interest), such Bonds shall cease to bear interest, and such Bonds shall no longer be considered as Outstanding hereunder. If moneys sufficient to pay the Redemption Price and accrued interest have not been made available by the Board to the Trustee or the appropriate alternate Paying Agent or Paying Agents on the redemption date, such Bonds shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Section 3.05. ***Selection by Trustee of Bonds To Be Redeemed.*** (a) If less than all of the Bonds of like maturity of any Series are to be redeemed, the particular Bonds or portions of Bonds to be redeemed shall be selected, not more than 15 days prior to the date of notice of redemption, by the Trustee in the manner required by the applicable Supplemental Indenture or, if not so required, at random in such manner as the Trustee in their discretion may deem fair and appropriate.

(b) Unless otherwise provided in the applicable Supplemental Indenture, in making such selection, the Trustee shall treat each Bond to be redeemed as representing that number of Bonds of the lowest authorized denomination as is obtained by dividing the principal amount of such Bond by such denomination.

(c) The Trustee shall promptly notify the Board in writing of the Bonds so selected for redemption.

Section 3.06. ***Deposit of Redemption Price.*** On or before any date fixed for redemption of any Bonds by Sinking Fund Installment or otherwise, cash and/or a principal amount of Authorized Investments maturing or redeemable at the option of the holder thereof not later than the date fixed for redemption which, together with income to be earned on such Authorized Investments prior to such date fixed for redemption, will be sufficient to provide cash to pay the Redemption Price of and accrued interest on all Bonds or portions thereof which are to be redeemed on such date, shall be deposited with the Trustee unless such amount shall have been previously deposited with the Trustee pursuant to this Indenture or the applicable Supplemental Indenture.

Section 3.07. ***Partial Redemption of Registered Bonds.*** In case part but not all of an Outstanding Bond shall be selected for redemption, upon presentation and surrender of such Bond by the Holder thereof or his attorney duly authorized in writing (with, if the Board or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Board and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing) to the Trustee, the Board shall execute and the Trustee shall authenticate and deliver to or upon the order of such Holder, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a Bond or Bonds, at the option of such Holder or

such attorney, of any authorized denomination of like tenor. Bonds so presented and surrendered shall be cancelled in accordance with Section 2.13 hereof.

Section 3.08. ***Purchase of Bonds; Tenders.*** Unless expressly provided otherwise herein, if at any time moneys are held in any Fund or Account hereunder or in a Supplemental Indenture to be used to redeem Bonds, in lieu of such redemption the Board may direct the Trustee to use part or all of such moneys to purchase Bonds of the respective Series, interest rates and maturities that would otherwise be subject to redemption from such moneys. The purchase price of such Bonds shall not exceed the applicable Redemption Price of the Bonds which would be redeemed but for the operation of this Section (accrued interest to be paid from the same Fund or Account from which accrued interest would be paid upon the redemption of such Bonds); provided that the purchase price may exceed the applicable Redemption Price if (i) the amount of purchase price in excess of the applicable Redemption Price is paid from moneys not held under this Indenture, or from moneys in the Special Reserve Fund not restricted as to use by a Supplemental Indenture or Board Request, or (ii) the Board shall first file with the Trustee a Parity Certificate and a Cash Flow Certificate projecting Revenues sufficient to pay Program Expenses and Accrued Debt Service when due in each Bond Year, in the case of each such Certificate giving effect to the proposed purchase. Any such purchase must be completed prior to the time notice would otherwise be required to be given to redeem the related Bonds. All Bonds so purchased shall be cancelled by the Trustee and applied as a credit against the Board's obligation to redeem such Bonds from such moneys. Savings resulting from the purchase of Bonds at less than their respective redemption prices may be (i) used to purchase or redeem additional Bonds to the extent permitted by the provisions hereof and the relevant Supplemental Indenture or (ii), at the request of the Board, transferred to the Revenue Fund or (iii), at the request of the Board, and upon receipt of a Counsel's Opinion that such action will not adversely affect the tax-exempt status of interest on the Bonds, and upon the filing of a Cash Flow Certificate with the Trustee, withdrawn and paid to the Board free and clear of the lien of this Indenture.

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

ARTICLE IV

APPLICATION OF BOND PROCEEDS AND OTHER MONEYS

Section 4.01. ***Proceeds of Bonds of a Series.*** The proceeds of the sale and delivery of the Bonds of each Series shall, except as provided in Section 4.02 hereof, simultaneously with the delivery thereof by the Trustee, be applied as follows:

(a) The amount, if any, received upon the delivery of any Series of Bonds as accrued interest shall be deposited in the Revenue Fund;

(b) The amount necessary to cause the amount on deposit in the Debt Service Reserve Fund to equal the Debt Service Reserve Requirement, calculated to give effect to the issuance of such Series of Bonds, shall be deposited in such Funds;

(c) The amounts, if any, specified in the Supplemental Indenture to be deposited in the Program Fund to pay Costs of Issuance shall be deposited in such Fund;

(d) The amounts, if any, specified in the Supplemental Indenture to be deposited in the Revenue Fund or the Program Fund to pay capitalized interest on Bonds of such Series shall be deposited in such Fund; and

(e) The balance of the proceeds of such Series of Bonds shall be deposited in the Program Fund.

Section 4.02. ***Premium and Refunding Proceeds.*** The amount, if any, received upon delivery of the Bonds of a Series as a premium above the aggregate principal amount of the Bonds of such Series or as the proceeds attributable to Refunding Bonds, constituting all or part of the Bonds of such Series, shall be applied as provided in the Supplemental Indenture.

ARTICLE V

ESTABLISHMENT OF FUNDS AND ACCOUNTS

AND APPLICATION OF MONEYS THEREIN

Section 5.01. ***Establishment of Funds and Accounts.*** (a) The following Funds are hereby created and established as special trust funds:

(i) Program Fund;

(ii) Revenue Fund;

(iii) Debt Service Reserve Fund;

(iv) Special Reserve Fund (and therein a Restricted Account); and

(v) Redemption Fund.

To the extent necessary to comply with the provisions of Section 6.15, the Board shall also direct the establishment of a Rebate Account.

(b) All Funds and Accounts shall be held by the Trustee in trust for application only in accordance with the provisions of this Indenture.

(c) The Trustee shall also establish such other funds or accounts as the Board may direct or as the Trustee shall determine may be reasonably required to carry out its duties under this Indenture, and moneys deposited therein shall be used and pledged only as provided in the directions of the Board.

Section 5.02. ***Program Fund.*** (a) There shall be paid into the Program Fund, the amounts required to be so paid by the provisions of each Supplemental Indenture, any amounts transferred pursuant to Section 5.05 hereof, and, to the extent directed in accordance with Section 5.10 hereof, amounts received as Prepayments on Loans. All Loans and Mortgage-Backed Securities shall be deemed to be held in the Program Fund except as otherwise provided herein.

(b) The Trustee shall from time to time pay out money from the Program Fund (i) for the purpose of acquiring, financing or purchasing Loans or Mortgage-Backed Securities in accordance with Article VI hereof and the terms of any applicable Supplemental Indenture, (ii) to pay or defease notes or bonds or other indebtedness (pursuant to Section 5.02(d) hereof) issued by the Board to finance or purchase Loans or Mortgage-Backed Securities in exchange for Loans or Mortgage-Backed Securities with respect to which such notes, bonds or other indebtedness were issued and meeting any other requirements set forth in a Supplemental Indenture and (iii) for any other authorized purpose of the Board in accordance with the Act and as permitted by the terms of any applicable Supplemental Indenture.

(c) The Trustee shall withdraw moneys from the Program Fund pursuant to Section 5.02 (b)(i) hereof upon receipt of (i) a Board Request stating (A) the name of the Lender or other person, firm or corporation to be paid, (B) that the Board has received the Loan or Mortgage-Backed Securities, (C) the amount to be paid and (D) that all conditions precedent to the purchase or financing of the Loan or Mortgage-Backed Securities have been filled and (ii) in the case of moneys deposited in the Program Fund from Prepayments pursuant to Section 5.10 hereof, a Cash Flow Certificate (which may be the Cash Flow Certificate filed in connection with the Series of Bonds with respect to which such Prepayments, or any subsequent Cash Flow Certificate giving effect to the purchase as hereinafter described) giving effect to the purchase of such Loans or Mortgage-Backed Securities (or all Loans or Mortgage-Backed Securities to be purchased or financed as contemplated by the Cash Flow Certificate); provided, however, that in the event the Cash Flow Certificate does not project Revenues sufficient to pay Program Expenses and Accrued Debt Service when due for any Bond Year, the Board may purchase such Loan or Mortgage-Backed Securities (or all Loans or Mortgage-Backed Securities to be purchased or financed as contemplated by the Cash Flow Certificate) if the Board notifies each Rating Agency and delivers to the Trustee a Certificate to the effect that the deficiency in Cash Flow in each Bond Year in which a deficiency is projected is less than it would have been if all or a portion of the amount to be applied to the purchase or financing of such Loan or Mortgage-Backed Securities (or all Loans or Mortgage-Backed Securities to be purchased or

financed as contemplated by the Cash Flow Certificate) had been transferred to the Redemption Fund and used to redeem Bonds or had been invested in Authorized Investments on available terms.

(d) Moneys in the Program Fund may be withdrawn pursuant to Section 5.02(b)(ii) hereof and used to pay notes or other temporary indebtedness issued to purchase or finance Loans or Mortgage-Backed Securities or, if the terms of such notes or temporary indebtedness so permit, to defease such notes or temporary indebtedness, upon receipt by the Trustee of a Certificate signed by an Authorized Officer setting forth (i) such notes or temporary indebtedness to be paid or defeased, (ii) the person to whom payment shall be made and (iii) the arrangements for the payment or defeasance of such notes or temporary indebtedness, provided, upon such payment or provision therefor, that (A) the Board shall have acquired Loans or Mortgage-Backed Securities with respect to which such notes or temporary indebtedness were issued, (B) the Loans or Mortgage-Backed Securities satisfy the requirements of Article VI hereof and (C) the Loans or Mortgage-Backed Securities are subject to no lien prior to the lien and pledge of this Indenture. Notwithstanding any other provision of this Indenture, no security interest is granted by this Indenture in the moneys so withdrawn from the Program Fund to pay or defease notes or temporary indebtedness, the investments thereof or the income thereon. In the event that the moneys withdrawn from the Program Fund to pay or defease notes or temporary indebtedness, together with the income, if any, earned from the investment thereof, exceed the amount necessary to pay or defease such notes or temporary indebtedness and the interest thereon in accordance with the terms thereof, the Board shall deposit any such excess moneys in the Program Fund.

(e) In the event the Board shall at any time file with the Trustee a Parity Certificate, and a Cash Flow Certificate projecting Revenues sufficient to pay Program Expenses and Accrued Debt Service when due in each Bond Year, taking into account the use or release of any moneys, Loans or Mortgage-Backed Securities pursuant to this subsection, the Trustee may, upon receipt of a Board Request, use all or any part of such excess for any purpose specified by the Board and in accordance with the Act, or transfer all or any part of the amount of such excess to the Special Reserve Fund or to the Board, free and clear of the lien and pledge of this Indenture, for any lawful housing programs of the Board, provided that prior to the use or release of amounts representing Bond proceeds or Loans or Mortgage-Backed Securities acquired or financed by Bond proceeds or Prepayments thereof, the Board shall also file an opinion of Bond Counsel to the effect that the release will not adversely affect the tax-exempt status of interest on the Bonds, and provided, further, that, in the case of any transfer or release from the lien and pledge of this Indenture, the Board shall notify each Rating Agency of the same.

Section 5.03. ***Transfers From the Program Fund to the Redemption Fund.*** (a) Any moneys deposited in the Program Fund (whether from Prepayments pursuant to Section 5.10 hereof, from the proceeds of a Series of Bonds or any other source) which are not used to purchase or finance Loans or Mortgage-Backed Securities in accordance with Section 5.02 hereof may be transferred to the Redemption Fund pursuant to a Board Request at any time upon compliance with the provisions of subsection (b) below.

(b)(i) Prior to any transfer pursuant to subsection (a) above, the Board shall deliver to the Trustee a Certificate specifying the amount to be transferred, the Series, maturities and the

amount of each maturity to be redeemed from such moneys (and, in the case of Bonds for which Sinking Fund Installments have been established, the amounts to be credited toward those Installments) so that the total principal amount of Bonds to be redeemed at the applicable Redemption Prices equals the amount to be transferred and (ii) within 60 days of any such transfer the Board shall deliver to the Trustee a Cash Flow Certificate giving effect to such redemption of Bonds, provided that no additional Cash Flow Certificate shall be required if the Cash Flow Certificate delivered upon the issuance of the related Series of Bonds includes schedules addressing such a redemption. In the event that the Cash Flow Certificate would not project Revenues sufficient to pay Program Expenses and Accrued Debt Service when due for any Bond Year, the Board may nevertheless transfer such moneys if the Board notifies each Rating Agency and delivers to the Trustee a Certificate to the effect that the deficiency in cash flow in each Bond Year in which a deficiency is projected is less than it would have been if all or a portion of such amounts to be transferred had been applied to the financing of Loans or Mortgage-Backed Securities or had been invested in Authorized Investments on available terms.

Section 5.04. ***Payment of Costs of Issuance.*** (a) Upon the issuance, sale and delivery of any Series of Bonds pursuant to this Indenture, the Supplemental Indenture authorizing such Series of Bonds may provide for the deposit of any proceeds of such Bonds in the Program Fund to be used to pay the Costs of Issuance of such Series of Bonds. The Trustee shall issue checks (or make payments by wire transfer of funds) for each disbursement from the Program Fund to pay Costs of Issuance upon being furnished with a Board Request in form and substance satisfactory to the Trustee, stating: (i) the name of the person(s) to whom payment is to be made, (ii) the amount of payment, (iii) that the disbursement is for a proper Cost of Issuance, (iv) that none of the items for which payment is to be made has been the basis for any prior disbursement from the Program Fund and (v) that the amount so requested to be disbursed, together with all other amounts previously disbursed from the Program Fund to pay Costs of Issuance of such Series, does not exceed the amount deposited in the Program Fund from the proceeds of such Series to pay Costs of Issuance.

(b) In the event that the moneys deposited in the Program Fund from a Series of Bonds are not sufficient to pay all Costs of Issuance incurred with respect to such Series, Costs of Issuance of such Series may be paid from other moneys available therefore in the Program Fund, but only upon delivery of a Parity Certificate and a Cash Flow Certificate projecting Revenues sufficient to pay Program Expenses and Accrued Debt Service when due in each Bond Year, taking into account the use of such amounts, or any other available funds of the Board.

Section 5.05. ***Revenue Fund.*** (a) The Board shall cause all Revenues received by the Board to be paid to the Trustee. Any Revenues received by the Board shall be paid to the Trustee promptly upon their receipt by the Board and, in any event, at least once every two weeks. Except as provided in Sections 5.10 and 5.12 hereof, all Revenues shall be deposited by the Trustee to the credit of the Revenue Fund (provided that, if directed in a Supplemental Indenture, amounts representing accrued interest on the Loans and Mortgage-Backed Securities from the origination or issue date thereof to the date purchased by the Trustee shall be remitted to the applicable servicer). There may also be deposited in the Revenue Fund, at the option of the Board, any other moneys of the Board, unless required to be otherwise applied as provided by this Indenture.

(b) Unless otherwise specified in the Supplemental Indenture for a particular Series of Bonds, the Trustee shall pay out of the Revenue Fund to the respective Paying Agents for any of the Bonds (i) on or before each Bond Payment Date, the amounts required for the payment of the Principal Installments, if any, and interest due on the Outstanding Bonds on such date and (ii) on or before the date of purchase or redemption of any Bonds, the amounts required for the payment of accrued interest on Outstanding Bonds being redeemed or purchased for retirement, and in each such case, such amounts shall be applied by such Paying Agents to such payments.

(c) In the event that any proceeds of a Series of Bonds are deposited in the Revenue Fund pursuant to Section 4.01(d) hereof, the Board shall deliver to the Trustee, at the time of such deposit, a Certificate setting forth in a schedule the respective amounts so deposited to be used to pay interest on Bonds of such Series on each Bond Payment Date. The Trustee shall hold and apply any moneys so deposited in accordance with such Certificate until all such moneys have been so applied or until the Board shall file with the Trustee a certificate to the effect that any moneys so deposited which remain in the Revenue Fund are no longer required to pay capitalized interest with respect to such Series of Bonds, in which event the Trustee shall transfer any such remaining moneys to the Program Fund or apply the same in accordance with the provisions of this Section 5.05. The Board may at any time file with the Trustee a Certificate revising the schedule for application of such moneys.

(d) Subject to the provisions of Section 6.15 hereof, any amount accumulated in the Revenue Fund in any Bond Year up to the unsatisfied balance of the Sinking Fund Installment payable in such Bond Year may, and if so directed by the Board shall, be applied (together with amounts accumulated in the Revenue Fund with respect to interest on the Bonds for which such Sinking Fund Installment was established) by the Trustee prior to the fifteenth day preceding the last date on which the Trustee is required to give notice of the redemption of Bonds from such Sinking Fund Installment as follows:

(i) to the purchase of Bonds of the Series and maturity for which such Sinking Fund Installment was established, such purchases to be made in such manner as the Board shall determine; or

(ii) to the redemption, pursuant to Article III hereof, of such Bonds if then redeemable by their terms.

The principal amount of any Bonds so purchased or redeemed shall be credited against such Sinking Fund Installment.

(e) As soon as practicable after the fifteenth day preceding the last date on which the Trustee is required to give notice of the redemption of Bonds from such Sinking Fund Installment, the Trustee shall proceed to call for redemption pursuant to Article III hereof, on such due date, Bonds of the Series and maturity for which such Sinking Fund Installment was established in such amount as shall be necessary to complete the retirement of a principal amount of the Bonds of such maturity equal to the unsatisfied balance of such Sinking Fund Installment. The Trustee shall so call such Bonds for redemption whether or not it then has moneys in the Revenue Fund sufficient to pay the applicable Redemption Price thereof on the date of redemption. The Trustee shall pay out of the Revenue Fund to the appropriate Paying Agents on

or before each such date of redemption the amount required for the redemption of the Bonds so called for redemption, and such amount shall be applied by such Paying Agents to such redemption.

(f)(i) The Board may at any time request the disbursement of moneys from the Revenue Fund to pay Program Expenses upon filing with the Trustee a Board Request stating (A) the name of the person(s) to whom payment is to be made, (B) the amount to be disbursed, (C) that the disbursement is for an appropriate Program Expense, (D) that none of the items for which payment is to be made has been the basis for any prior disbursement from the Revenue Fund and (E) that such amount together with amounts previously disbursed, is within the limitations for such disbursements in the Annual Budget for the current Bond Year on file with the Trustee.

(ii) The Board may at any time request the disbursement of moneys from the Revenue Fund to the Rebate Account to comply with the provisions of Section 6.15 hereof.

(iii) If at any time the Board shall file with the Trustee an amended Annual Budget pursuant to Section 6.11 hereof, the Board may request the withdrawal of additional moneys from the Revenue Fund to pay Program Expenses which were not anticipated in the prior Annual Budget upon filing with the Trustee (A) a Certificate setting forth the amount to be so withdrawn and a list of the Program Expenses to be paid with such moneys and (B) a Cash Flow Certificate giving effect to such amended Annual Budget projecting Revenues sufficient to pay Program Expenses and Accrued Debt Service when due in each Bond Year. The Trustee, upon being furnished with such items shall pay the requested amount to the Board or to its order.

(iv) Pursuant to a Board Request, the Board may direct the Trustee to transfer the amount of the Annual Budget for a Bond Year to the Treasurer of the State, to be thereupon disbursed as aforesaid for Program Expenses, and until so disbursed, said amount shall continue to be pledged hereunder as security for the Bondholders, pursuant to Section 90-6-113 of the Montana Revised Code.

(v) On any Bond Payment Date or on such other date or dates as directed by a Board Request, the Trustee shall withdraw from the Revenue Fund the balance of any moneys remaining therein in excess of Accrued Debt Service and deposit such balance to the credit of the following several Funds or Accounts the following amounts in the following order of priority:

First, to the credit of the Debt Service Reserve Fund, the amount, if any, needed to increase the amount in such Fund to equal the Debt Service Reserve Requirement;

Second, if so directed by the Board, to the credit of the Redemption Fund to be used to redeem a like amount of Bonds; and

Third, to the credit of the Program Fund, the amount remaining in the Revenue Fund as of such date, unless the Board shall have filed with the Trustee (i) a Cash Flow Certificate projecting Revenues sufficient to pay Program Expenses and Accrued Debt Service when due in each Bond Year and (ii) a Parity Certificate, in which case the Trustee may, upon receipt of a Board Request, transfer such remaining amount or any part thereof to the Special Reserve Fund or to the Board, free and clear of the lien or pledge created by this Indenture, for any housing programs of the Board.

Section 5.06. ***Debt Service Reserve Fund.*** (a) Upon the issuance, sale and delivery of any Series of Bonds pursuant to this Indenture, the Trustee shall deposit from the proceeds of such Bonds, the amount required to be paid into the Debt Service Reserve Fund by the provisions of the Supplemental Indenture authorizing such Series of Bonds, which amount, when added to the amount on deposit in the Debt Service Reserve Fund, shall at least be sufficient to equal the Debt Service Reserve Requirement, calculated after giving effect to the issuance of such Series of Bonds.

(b) On such date or dates as the Board shall direct by a Board Request, the Trustee shall (i) calculate the amount of the Debt Service Reserve Requirement as of the next succeeding day and shall determine the amount, if any, which would then be in the Debt Service Reserve Fund (other than amounts attributable to income on Authorized Investments) in excess of such Requirement (assuming the payment when due of the interest and Principal Installments on all Bonds Outstanding), and (ii) upon receipt of a Board Request, transfer all or a specified portion of such excess to the Revenue Fund, or to any other Fund (except the Special Reserve Fund) upon the direction of the Board.

(c) If on any Bond Payment Date the amount in the Revenue Fund shall be less than the amount required to be in such Fund to make the payments required pursuant to Section 5.05(b) hereof, the Trustee shall, after applying amounts pursuant to subsection (b) above, if any, and Section 5.09 hereof to make up such deficiency, apply amounts from the Debt Service Reserve Fund first to pay Principal Installments and then interest becoming due and payable on such Bond Payment Date on all Bonds Outstanding, to the extent necessary to make up the deficiency. If any unscheduled withdrawal is made pursuant to the foregoing, the Board shall notify each Rating Agency of such withdrawal.

(d) Moneys deposited in the Debt Service Reserve Fund may be withdrawn to pay taxes, insurance, foreclosure fees, including appraisal and legal fees, repairs to the residence and similar expenses incurred by the Board in connection with any protection and enforcement of its rights with respect to any Loan, upon receipt by the Trustee of a Certificate setting forth (i) the property with respect to which payment is to be made, (ii) the name of the person or party to whom payment is to be made, (iii) the amount to be paid, (iv) that the payment is for expenses required in order for the Board to obtain or preserve unencumbered title to such property, and (v) that other funds received or to be received with respect to such property are not available for the payment.

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

Section 5.07. ***Redemption Fund.*** (a) Amounts deposited in the Redemption Fund shall be applied by the Trustee to the purchase or redemption of Bonds in accordance with the provisions of this Section and in the manner provided in Article III of this Indenture and all applicable Supplemental Indentures.

(b) Upon any purchase or redemption (other than from Sinking Fund Installments) of Bonds of any Series and maturity for which Sinking Fund Installments have been established, there shall be credited toward each Sinking Fund Installment thereafter to become due an amount bearing the same ratio to such Sinking Fund Installment as the total principal amount of such Bonds so purchased or redeemed bears to the total amount of all such Sinking Fund Installments to be credited; provided that, if there shall be filed with the Trustee by the Board a Certificate specifying a different method for crediting Sinking Fund Installments upon any such purchase or redemption of Bonds, and if a Cash Flow Certificate which projects Revenues sufficient to pay Program Expenses and Accrued Debt Service when due in each Bond Year shall accompany such Certificate, or if such purchase or redemption shall follow a transfer from the Program Fund pursuant to Section 5.03 hereof, then such Sinking Fund Installments shall be so credited as shall be provided in the Certificate delivered to the Trustee. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited towards the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

Section 5.08. ***Special Reserve Fund.*** (a) At the direction of an Authorized Officer, the Trustee shall deposit in the Special Reserve Fund any securities, loans or other property not otherwise pledged hereunder.

(b) Any interest or income earned with respect to any investment of amounts in the Special Reserve Fund shall be retained in the Special Reserve Fund or released to the Board, except as otherwise provided herein or in a Supplemental Indenture.

(c) If on any date payments are required to be made from the Revenue Fund under Section 5.05(b), and there are not sufficient funds in the Revenue Fund to make such payments, the Trustee shall withdraw (i) from the Restricted Account of the Special Reserve Fund amounts restricted for transfer to the Revenue Fund pursuant to this Section and (ii) to the extent necessary, after withdrawing any necessary amounts on deposit from the unrestricted amounts in the Special Reserve Fund, and transfer to the Revenue Fund such available amounts as are necessary to provide sufficient funds for the required transfers from the Revenue Fund.

(d) At any time, at the direction of an Authorized Officer, the Trustee shall withdraw from the Special Reserve Fund and pay to the Board, free and clear of the lien of this Indenture, such amounts, securities, loans or other property as shall be specified therein, including any interest or income earned thereon, unless otherwise restricted by a Supplemental Indenture.

(e) Upon the filing with the Trustee of a Board Request, the Board may create a lien on all or any part of the moneys, investments or assets held in the Special Reserve Fund, and not otherwise restricted by a Supplemental Indenture or previous Board Request, to secure any obligation of the Board, and, if so specified in such Board Request, such lien shall be prior to the lien on the otherwise unrestricted moneys, investments or assets in the Special Reserve Fund granted by this Indenture to the Trustee in favor of the Outstanding Bonds. The moneys, investments or assets so restricted, and while restricted, shall be held in the Restricted Account of the Special Reserve Fund. Such Board Request shall state (i) the name of the person(s) in whose favor the pledge is being made, (ii) the debt secured thereby, (iii) the conditions under

which such pledge is to be discharged if different from payment and cancellation of the secured debt, (iv) which moneys, investments or other assets are subject to such lien and (v) the priority of such lien vis-a-vis the lien created by this Indenture or any other outstanding liens previously created with respect thereto.

Section 5.09. ***Withdrawals From Funds.*** Notwithstanding any other provision of this Indenture, if on any Bond Payment Date and before applying moneys in the Debt Service Reserve Fund in accordance with Section 5.06(c) hereof, the amount in the Revenue Fund is less than the amount of the Accrued Debt Service becoming due and payable on such Bond Payment Date on all Outstanding Bonds, the Trustee shall transfer from the following Funds and Accounts in the following order the amount of such deficit and apply such amount to pay Accrued Debt Service as necessary:

(a) Special Reserve Fund (but only from amounts restricted for transfer to the Revenue Fund pursuant to Section 5.08 hereof),

(b) Special Reserve Fund (from amounts not restricted pursuant to Section 5.08 hereof),

(c) Redemption Fund, and

(d) Program Fund;

provided, however, that moneys in (i) the Redemption Fund which are to be used to redeem Bonds as to which notice of redemption has been published or (ii) the Program Fund which are to be used to purchase or finance Loans or Mortgage-Backed Securities with respect to which the Board has entered into commitments or (iii) the Special Reserve Fund previously restricted for other purposes by a Supplemental Indenture or Board Request shall not be deemed available for transfer to the Revenue Fund, nor shall Loans or Mortgage-Backed Securities credited to the Program Fund be deemed available for such purpose, and provided further that prior to withdrawing any moneys from the Program Fund the Board shall file with the Trustee a Cash Flow Certificate giving effect to such withdrawal, which shall project Revenues sufficient to pay Program Expenses and Accrued Debt Service when due in each Bond Year, and notify the Rating Agencies of such withdrawal.

Section 5.10. ***Prepayments.*** (a) Except as otherwise provided in subsections (b) and (c) hereof, all Prepayments shall be deposited in the Revenue Fund.

(b) A Supplemental Indenture may provide that all or a portion of the proceeds of Prepayments of Loans or any Mortgage-Backed Security financed from the proceeds of such Series of Bonds or from Loans or any Mortgage-Backed Security financed from such Prepayments received in any Bond Year, or any part thereof, shall be deposited in the Program Fund or the Redemption Fund. In such event, Prepayments received in each Bond Year shall be deposited in the Program Fund or the Redemption Fund, as the case may be, until such time as the amount of Prepayments so deposited shall equal the aggregate of the amounts which have been specified in all Supplemental Indentures to be so deposited.

(c) Notwithstanding the provisions of subsections (a) and (b) hereof, any moneys received as a consequence of damage, destruction or condemnation of any property securing a Loan may, at the option of the Board expressed in a Board Request, be used to repair or restore such property, provided that the Loan continues to be insured or guaranteed to the extent required by any Supplemental Indenture, and otherwise shall be applied as a Prepayment of the Loan and be deposited in accordance with the provision of subsections (a) or (b) above.

Section 5.11. ***Moneys Held in Trust.*** All moneys, or other assets deposited under the provisions of this Indenture with the Trustee or any Depositary shall be held in trust and applied only in accordance with the provisions of this Indenture, and each of the Funds or Accounts established by this Indenture shall be a trust fund for the purposes thereof.

Section 5.12. ***Investment and Deposit of Funds and Accounts Held by the Trustee.*** (a) Moneys in the Funds and Accounts held by the Trustee shall be invested or deposited by the Trustee, upon written direction of an Authorized Officer, in Authorized Investments, the maturity or redemption date at the option of the holder of which shall coincide as nearly as practicable with the times at which moneys in said Funds and Accounts will be required for the purposes provided in this Indenture, provided that if the amount of the Annual Budget is transferred to the Treasurer of the State pursuant to Section 5.05(f)(iv) hereof, the Trustee shall not be required to track the investment thereof, and said amount may be invested, upon the filing of a Board Request, in any investments permitted for State funds.

(b) Authorized Investments held by the Trustee in any Fund or Account under the provisions of this Indenture shall be deemed at all times to be a part of such Fund or Account and any loss on an Authorized Investment shall be charged to such Fund or Account, but any income or interest earned by, or increment to, a Fund or Account due to any such Investment, net of any losses suffered as a result of such investments, shall be transferred to the Revenue Fund upon receipt thereof; provided, however, that any income or interest earned by, or increment to, any Authorized Investment held in the Debt Service Reserve Fund shall be held in the Debt Service Reserve Fund and not be transferred to the Revenue Fund if, following such transfer, the amount in the Debt Service Reserve Fund would be less than the Debt Service Reserve Requirement. On or before each Bond Payment Date, the Trustee shall examine the Authorized Investments held in all Funds and Accounts to determine if all such income or interest received has been deposited in the Revenue Fund unless required to be held in the Debt Service Reserve Fund.

(c) In computing the amount in any Fund or Account held by the Trustee under the provisions of this Indenture, Authorized Investments therein shall be valued at par if purchased at par or, if purchased at other than par, at their Amortized Value. To the extent that moneys are invested pursuant to an Authorized Investment that permits the same to be liquidated (or moneys invested therein to be withdrawn) at any time at par, such Authorized Investment shall be valued at par. Any Reserve Equivalent shall be valued at par.

(d) The Trustee shall sell at the best price obtainable, or present for redemption, any Authorized Investment whenever it shall be necessary in order to provide moneys to meet any payment from the Fund or Account for which such Investment was made. The Trustee shall advise the Board in writing (or in such other form or in such other manner as shall be acceptable to the Board) on or before the tenth day of each calendar month, of the details of all cash and

investments held for the credit of and transactions in each Fund and Account in its custody under the provisions of each Fund and Account in its custody under the provisions of this Indenture as of the end of the preceding month.

(e) When transferring moneys from one Fund or Account to another, investments need not be liquidated, and all or a portion of such invested moneys may be credited to a particular Fund or Account from another. The Trustee shall check the accuracy of all calculations of investment earnings on all Authorized Investments. Investments authorized to be made by the Trustee pursuant to this Section 5.12 may be made by the Trustee through its own bond or investment departments.

Section 5.13. ***Liability of Trustee for Investments.*** The Trustee shall not be liable or responsible for the making of any investment authorized by the provisions of this Article V in the manner provided in this Article V or for any loss resulting from any such investment so made, except for its own negligence.

Section 5.14. ***Relation to Capital Reserve Requirement.*** The Debt Service Reserve Fund established by Section 5.01 is not an account or a subfund within, or in any way related to, the state capital reserve account referred to in Sections 90-6-107(2) and 90-6-119 of the Act. The Debt Service Reserve Requirement is not a "minimum capital reserve requirement" within the meaning of Section 9-6-119 of the Act, and in computing such "minimum capital reserve requirement," amounts on deposit in the Debt Service Reserve Fund shall not be included in such computation. The Board reserves the right to establish an account or a subfund within the state capital reserve account in bond resolutions or other trust indentures relating to other programs of the Board.

ARTICLE VI

PARTICULAR COVENANTS OF THE BOARD

The Board covenants and agrees with the Trustee and the Bondholders of the Bonds as follows.

Section 6.01. ***Payment of Bonds.*** The Board shall duly and punctually pay or cause to be paid the principal or Redemption Price of every Bond and the interest thereon at the dates and places and in the manner mentioned in the Bonds according to the true intent and meaning thereof and shall duly pay or cause to be paid the Sinking Fund Installments, if any, becoming payable with respect to any Series of Bonds.

Section 6.02. ***Extension of Payment of Bonds.*** The Board shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any of the claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement. In case the maturity of any Bonds or the time for payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under this Indenture, to the benefit of this Indenture or to any payment out of the Revenues or Funds established by this Indenture, including Authorized Investments, if any, pledged under this Indenture or the moneys (except moneys held in trust for the payment of

particular Bonds or claims for interest pursuant to this Indenture) held by the Fiduciaries, except subject to the prior payment of the principal of all Bonds Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest. Nothing herein shall be deemed to limit the right of the Board to issue Refunding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

Section 6.03. ***Further Assurances***. At any and all times, the Board shall, so far as it may be authorized by law, make, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming all and singular the rights, Revenues and other moneys, securities and property, including the Loans or Mortgage-Backed Securities and all rights therein, hereby pledged or assigned, or intended so to be, or which the Board may become bound to pledge or assign.

Section 6.04. ***Power To Issue Bonds and Pledge Revenues and Other Funds***. Prior to the issuance of any Bonds, the Board will be duly authorized under all applicable laws to issue the Bonds and to adopt this Indenture and to pledge the Revenues and other moneys, securities, rights and interests purported to be pledged by this Indenture in the manner and to the extent provided in this Indenture. The Revenues and other moneys, securities, rights and interests so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by this Indenture, except as may be provided with respect to any Series of Bonds in the Supplementing Indenture authorizing such Series, and all action on the part of the Board to that end has been and will be duly and validly taken. The Bonds and the provisions of this Indenture are and will be the valid and legally enforceable obligations of the Board in accordance with their terms and the terms of this Indenture. The Board shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues and other moneys, securities, rights and interests pledged under this Indenture and all the rights of the Bondholders under this Indenture against all claims and demands of all persons whomsoever.

Section 6.05. ***Use of Bond Proceeds***. The Board will use the proceeds of Bonds only in accordance with the provisions of this Indenture.

Section 6.06. ***Program Covenants***. (a) The Board shall, from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act as then amended and in effect and with the provisions of this Indenture, use and apply the proceeds of the Bonds, to the extent not reasonably required for other Program purposes of the Board or otherwise specified in the Supplemental Indenture authorizing such Series of Bonds, to purchase or finance Loans or Mortgage-Backed Securities, and shall do all such acts and things consistent with sound banking practices and principles as may be necessary to receive and collect sufficient Revenues to pay Program Expenses and Debt Service when due in each Bond Year, and shall diligently enforce and take all steps, actions and proceedings reasonably necessary in the judgment of the Board to protect its rights with respect to or to maintain any insurance or guarantee on Loans or Mortgage-Backed Securities and to enforce all terms, covenants and conditions of Loans and Mortgage-Backed Securities, including the collection, custody and prompt application of all escrow payments required by the terms of a Loan for the purposes for

which they were made, the purchase of the property securing the Loan at any sale of such property, taking possession of, selling or otherwise disposing of such property.

(b) The Board shall (i) either store the notes evidencing the Loans with the Trustee or file with the Trustee annually, or more frequently as reasonably requested by the Trustee, a schedule of Loans purchased or financed by the Board identifying the same by reference to the Board loan number, the name of the borrower, the principal amount due on the Loan as of the date purchased and the interest rate on the Loan and (ii) register Mortgage-Backed Securities in the name of the Trustee and, if the Mortgage-Backed Securities are evidenced by physical certificates, shall deliver physical possession thereof to the Trustee.

(c) The Board shall maintain an account for each Lender having entered into a mortgage purchase agreement with the Board and shall record therein a description of each Loan purchased from such Lender.

(d) Nothing in this Indenture shall be construed to prohibit the Board from causing a Lender to repurchase a Loan in accordance with the applicable mortgage purchase agreement.

(e) The Board hereby covenants that it will not request payment from any government insurer in debentures of such insurer, in any case where, under government regulations, it is permitted to request such debentures as payment with respect to a defaulted Loan.

(f) The Board has, and will have so long as any Bonds are Outstanding, good right and lawful power to collect and hold scheduled payments of principal and interest on Loans or Mortgage-Backed Securities and Prepayments with respect to all Loans or Mortgage-Backed Securities.

Section 6.07. ***Purchase of Mortgage-Backed Securities; Purchase of Loans.*** In carrying out the Program, unless otherwise specified in the Supplemental Indenture authorizing a particular Series of Bonds the Board shall purchase or cause the Trustee to purchase, using proceeds from the Bonds of each Series, together with any other amounts deposited in the Program Fund, Mortgage-Backed Securities backed by Loans and/or Loans with such maturity dates, for such prices and at such rates of interest as will permit the Board to pay the debt service on such Bonds in a manner consistent with the Act, this Indenture, the related Supplemental Indenture and any other documents by which the Board is bound.

No amounts which have been deposited in the Program Fund shall be disbursed to finance, purchase or acquire any Loan or Mortgage-Backed Security unless the Loan or each Loan underlying the Mortgage-Backed Security meets the requirements of the applicable Program agreements and Supplemental Indenture.

The Board shall take whatever action is required by law from time to time to pledge the Mortgage-Backed Securities and the Loans to the Trustee.

The Board warrants and covenants (a) that no Loan or Mortgage-Backed Security shall be financed by the Board under the Program *unless* the Loan (or Loan underlying the

Mortgage-Backed Security) complies in all respects with the Act and (b) to comply with any additional Program covenants contained in any Supplemental Indenture.

Section 6.08. ***Enforcement of Mortgage-Backed Securities, Loans and Program Agreements.*** The Board shall diligently enforce and take all reasonable steps, actions and the proceedings necessary for the enforcement of all terms, covenants and conditions of all Mortgage-Backed Securities, Loans and the Program agreements, including the prompt payment of all payments and all other amounts due the Board thereunder. The Board shall not, without good cause, release the obligations of any mortgagor under any Loan, any issuer under any Mortgage-Backed Security or any Lender under any Program agreement, except as expressly provided therein and herein, and shall at all times, to the extent permitted by law, defend, enforce, preserve and protect the rights and privileges of the Board and of the Bondholders under or with respect to each Mortgage-Backed Security and Loan and the Program agreements, provided that this provision shall not be construed to prevent the Board from (i) settling a default thereof on any Loan or Mortgage-Backed Security on such terms as the Board shall determine to be in the best interests of the Board and the Bondholders or (ii) releasing any mortgagor from, or waiving, any of such mortgagor's obligations under the respective Loan to the extent necessary to preserve the tax-exempt status of the Bonds or as otherwise authorized in a Supplemental Indenture.

Section 6.09. ***Amendment of Loans; Disposition of Loans and Mortgage-Backed Securities.*** The Board shall not consent to or agree to or permit any amendment or modification of any Loan or Mortgage-Backed Security which will in any manner impair or materially adversely affect the rights or security of the Bondholders or the Trustee under this Indenture. In determining whether any amendment or modification will in any manner impair or materially adversely affect the rights or security of the Bondholders or the Trustee under this Indenture, the Board may rely on a Counsel's Opinion.

If the most recently filed Parity Certificate was calculated without including any such Loan or Mortgage-Backed Security and as a result would not meet the requirements for a Parity Certificate, the Board shall notify each Rating Agency prior to consenting, agreeing to or permitting any such amendment or modification.

The Board may at any time, consistent with the other provisions of this Indenture, sell, transfer, assign, dispose of or otherwise release from the lien of this Indenture a Loan or Mortgage-Backed Security:

(a) in order to realize the benefit of any insurance or guarantee with respect to such Loan or Mortgage-Backed Security or any covenant of a Lender under any Program agreement;

(b) in order to provide funds for the redemption or purchase of a principal amount of Bonds corresponding to the unpaid principal amount of such Loan or Mortgage-Backed Security, if a Cash Flow Statement shall be filed with the Trustee giving effect to the proposed sale thereof and the application of the proceeds of such sale; provided, however, that no such certificate shall be necessary if all Outstanding Bonds are simultaneously defeased pursuant to Article XI;

(c) upon payment in full of such Loan or Mortgage-Backed Security; or

(d) as provided in Section 5.02(e) hereof.

The Board may also sell any Loan, Mortgage-Backed Security or other obligation evidencing or securing a Loan financed or purchased by the Board if it is necessary for the Board to take such action in order to maintain the tax exemption of interest on any Series of Bonds pursuant to the Code.

Section 6.10. ***Cash Flow Certificates.*** (a) The Board shall file a Cash Flow Certificate with the Trustee (i) prior to or concurrent with the issuance or conversion (i.e., in conjunction with the resetting of the interest rate thereon) of any Series of Bonds, except with respect to the issuance of the initial Series of Bonds hereunder, (ii) on or within 60 days after any June 1, if a Cash Flow Certificate has not been filed within the prior year or within 60 days of the last day of such longer period as the Board shall adopt, provided that the adoption of such period shall not, in and of itself, adversely affect the Rating Quality on the Bonds, (iii) upon purchase or redemption of Bonds in a manner other than as contemplated in the most recent Cash Flow Certificate filed by the Board with the Trustee and (iv) at such other times as required by this Indenture or as may be required by a Supplemental Indenture, and may file a Cash Flow Certificate at any time in its discretion, provided that the Board shall not be required to file a Cash Flow Certificate as aforesaid if the Board certifies to the Trustee that the assumptions for the most recently filed Cash Flow Certificate are still correct, and in the case of (ii) above if a Cash Flow Statement has not been filed within the prior year each Rating Agency is notified of the Board's intention to not prepare a new Cash Flow Certificate and does not object to the same within 10 days, in which case such most recently filed Cash Flow Certificate shall be deemed a newly filed Cash Flow Certificate as required aforesaid.

If a Cash Flow Certificate indicates at any time that projected Revenues are not sufficient to pay Program Expenses and Accrued Debt Service when due in each Bond Year, the Board shall immediately notify each Rating Agency of the same.

(b) A Cash Flow Certificate shall be filed with the Trustee and shall set forth projected Revenues, Program Expenses and Accrued Debt Service for each Bond Year during which Bonds will be Outstanding based upon the reasonable expectations of the Board at the time such Certificate is filed showing, as of the date for which such Certificate is required:

(i) as to projected Revenues, the amounts of Revenues estimated to be available for the payment of such Principal Installments and interest when due, derived from all Loans and Mortgage-Backed Securities purchased or financed and reasonably expected to be purchased or financed from the proceeds of such Bonds or other moneys held under this Indenture, and derived from the investment of proceeds of all Bonds and Revenues, which estimate shall give effect to:

(A) estimated amounts of Prepayments of Loans and Mortgage-Backed Securities, at the times and in the amounts set forth in the Certificate;

(B) scheduled payments of principal and interest (less servicing fees) with respect to Loans and Mortgage-Backed Securities, giving effect to the estimated Prepayments;

(C) estimated income receivable from the investment of amounts held in all Funds and Accounts under this Indenture (other than amounts in any Rebate Account, unrestricted amounts in the Special Reserve Fund or amounts in the Special Reserve Fund restricted for purposes other than payment of Bonds) on the date of the Certificate, at the times and in the amounts set forth in the Certificate; and

(D) amounts held in the Program Fund, the Debt Service Reserve Fund and the Redemption Fund on the date of the Certificate, plus any amounts in the Special Reserve Fund restricted therein by a Supplemental Indenture, which are estimated to be available in accordance with the provisions of this Indenture for payment of Principal Installments and interest at times and in amounts set forth in the Certificate (assuming that the Debt Service Reserve Fund is at no time drawn below its Requirement);

(ii) as to Program Expenses, the Annual Budget or Amended Annual Budget most recently on file with the Trustee less the amount withdrawn prior to the date as of which the Cash Flow Certificate is delivered to pay Program Expenses for the current Bond Year pursuant to Section 5.05(f) hereof; and

(iii) as to Accrued Debt Service, the due dates and amounts of all Principal Installments of and interest on Outstanding Bonds, including any additional Bonds to be issued and Outstanding on such date and excluding Bonds, if any, which it is reasonably expected will no longer be Outstanding on such date and interest, if any, which will not thereafter be payable from Revenues as a result of defeasance in accordance with the provisions of Section 11.03 hereof;

except that (y) to the extent specified in a Supplemental Indenture, any additional fund or account established in said Supplemental Indenture shall not be taken into account when preparing such Cash Flow Certificate and (z) amounts credited to the Special Reserve Fund shall not be taken into account unless directed by the Board (and held in the Restricted Account of the Special Reserve Fund) and upon the written consent of the Rating Agency. The Cash Flow Certificate shall set forth the assumptions upon which the estimates therein are based, which assumptions shall be based upon the Board's reasonable expectations at the time such Cash Flow Certificate is filed and which Cash Flow Certificate shall contain similar assumptions as required by the Rating Agency (unless otherwise waived by the Rating Agency) in the most recent Cash Flow Certificate filed by the Board with the Trustee. Upon filing a Cash Flow Certificate with the Trustee, the Board shall thereafter administer the Program and perform its obligations hereunder in accordance, in all material respects, with the assumptions set forth in such Cash Flow Certificate. *Except* with respect to actions being taken contemporaneously with the delivery of a Cash Flow Certificate, facts reflected in a Cash Flow Certificate may be as of a date or reasonably adjusted to a date not more than 180 days prior to the date of delivery of such Cash Flow Certificate.

(c) The listing of Revenues from Loans, Mortgage-Backed Securities and Authorized Investments shall be supported by a schedule identifying the Loans, Mortgage-Backed Securities and Authorized Investments by maturity and interest rate which shall be furnished to the Trustee upon request. The Board shall also supply, at the request of the Trustee, a schedule showing the sources and applications of moneys used, including, particularly, amounts used to pay or redeem Bonds, transferred between Funds and used to pay Costs of Issuance and capitalized interest.

(d) The Board shall forward to each Rating Agency a copy of each Cash Flow Certificate filed with the Trustee.

Section 6.11. ***Annual Budget.*** Prior to using any amounts in the Revenue Fund to pay Program Expenses, the Board shall prepare and file with the Trustee an Annual Budget for the fiscal year during which it expects to so use any amount in the Revenue Fund to pay Program Expenses. Each such Annual Budget shall include allocations for estimated Program Expenses for such fiscal year. The Board may at any time adopt an amended Annual Budget for the remainder of the then current fiscal year. In determining its estimated Program Expenses, the Board shall take into account its estimates of moneys which will be available from Revenues not needed for payments of Accrued Debt Service and will use its best efforts to restrict Program Expenses to such estimated amounts.

Section 6.12. ***Accounts and Reports.*** (a) The Board shall keep or cause to be kept proper books and accounts (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions and the Funds and Accounts established by this Indenture. Such books, and all other books and papers of the Board, and such Funds and Accounts shall at all times be subject to inspection during the Board's regular business hours by the Trustee and the Bondholders holding an aggregate of not less than 5% in principal amount of the Bonds then Outstanding or their representatives duly authorized in writing.

(b) Upon request by the Board, the Trustee shall forward to the Board, on the business day following any transaction in connection with a Fund or Account, a statement of such transaction in reasonable detail and form. After the first day, and on or before the tenth day, of each month, the Trustee shall use its best efforts to forward to the Board a statement of account for transactions during the preceding month and balances as of the last day of such month in reasonable detail and form. The information required to be supplied to the Board pursuant to this paragraph may, upon the agreement of the Board and the Trustee, be supplied to the Board in such other manner as shall be satisfactory to the Board.

(c) The Board shall annually, after the close of each fiscal year of the Board, file with the Trustee and each Rating Agency, and otherwise as provided by law, a copy of an annual report for such fiscal year accompanied by an Accountant's Certificate, including the following statements in reasonable detail: a statement of assets and liabilities with respect to the Program as of the end of such fiscal year and a statement of income, expenses and changes in fund balances with respect to the Program for such fiscal year.

(d) The Board shall also make all reports and keep all records at the times and in the manner required by the Act.

(e) The Board shall supply the Rating Agency, upon reasonable request, reports (which reports may be based upon information provided to the Board by the Lenders) with respect to delinquency, prepayment and foreclosure rates for Loans and other financial information relating to the Program and all Funds and Accounts established by this Indenture.

Section 6.13. ***Creation of Liens***. The Board shall not issue any bonds or other evidences of indebtedness, other than the Bonds, secured by a pledge of the Revenues or of the moneys, securities, rights and interests pledged or held or set aside by the Board or by any Fiduciary under this Indenture and shall not create or cause to be created any lien or charge on the Revenues or such moneys, securities, rights or interests; provided, however, that nothing in this Indenture shall prevent the Board from (a) issuing evidences of indebtedness secured by a pledge of Revenues to be derived after the pledge of the Revenues provided in this Indenture shall be discharged and satisfied as provided in Article XI hereof, (b) issuing notes or bonds of the Board not secured under this Indenture or secured by a pledge or lien on amounts released from the lien of this Indenture, (c) issuing notes or bonds of the Board not initially secured under this Indenture or secured by amounts in the Special Reserve Fund, but convertible to Bonds secured hereunder upon satisfaction of the requirements of Section 2.16 hereof are satisfied, or (d) creating equal or superior liens on part or all of the assets in the Special Reserve Fund as and to the extent permitted by Section 5.08 hereof.

Section 6.14. ***Personnel and Servicing of Programs***. (a) The Board shall at all times appoint, retain and employ competent personnel for the purpose of carrying out its respective programs under the Act and shall establish and enforce reasonable rules, regulations, tests and standards governing the employment of such personnel at reasonable compensation, salaries, fees and charges and all persons employed by the Board shall be qualified for their respective positions.

(b) The Board may pay to any agency, municipality, political subdivision or governmental instrumentality of the State such amounts as are necessary to reimburse such agency, municipality, political subdivision or governmental instrumentality of the State for the reasonable costs of any services performed for the Board.

(c) Each Depositary which may from time to time hold amounts in excess of $5,000 shall enter into a written agreement with the Board or the Trustee providing that:

(i) any Revenues held by such Depositary shall be set aside and held in trust for the Trustee on behalf of the holders of the Bonds;

(ii) all such amounts shall be invested or deposited in accordance with Section 5.13 and as may be directed by the Board or the Trustee or, failing such direction, as such Depositary may determine;

(iii) any amounts held by such Depositary shall be transmitted to the Trustee regularly as required pursuant to this Indenture and shall be transmitted to the Trustee as soon as practicable upon the written demand at any time of the Board or the Trustee; and

(iv) such Depositary shall regularly deliver an accounting to the Board and the Trustee of the amount held by it hereunder and the deposits and investments thereof.

(d) The Board shall duly and properly service all Loans and enforce the payment and collection of all payments of principal and interest and all escrow payments or shall cause such servicing to be done by a servicer evidencing, in the judgment of the Board, the capability and experience necessary to adequately service Loans. Each such servicer shall enter into a servicing agreement providing that:

(i) all amounts received by such servicer, except as compensation for its services, shall be deposited promptly with a Depositary (which may be such servicer) subject to and in accordance with the provisions of this Indenture;

(ii) such servicer shall at all times remain qualified to act as such pursuant to such standards as the Board shall prescribe from time to time and shall determine to be reasonable to maintain the security for the Bonds; and

(iii) such servicer shall agree to maintain servicing facilities that are staffed with trained personnel to adequately service Loans in accordance with standards normally employed by private institutional mortgage investors, as determined in the Board's sole discretion, and shall maintain individual files for each Loan serviced pursuant to the servicing agreement and provide regular reports to the Board as to collections and delinquencies with respect to all Loans serviced by such servicer.

Section 6.15. ***Tax Covenants***. The provisions of this Section 6.15 shall apply only to the Bonds as to which the related Supplemental Indenture shall determine that interest thereon shall be excludable from gross income for federal income tax purposes. The Board shall take no action which may render interest on the Bonds subject to inclusion in gross income for federal income tax purposes and shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Board on the Bonds shall not be includable in gross income for federal income tax purposes.

The Board covenants and certifies to and for the benefit of the owners of the Bonds from time to time Outstanding that so long as any of the Bonds remain Outstanding, moneys on deposit in any Fund or Account in connection with the Bonds, whether or not such moneys were derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner which will cause the Bonds to be classified as "arbitrage bonds" within the meaning of Sections 143 and 148 of the Code. Pursuant to such covenant, the Board obligates itself, to the extent permitted by law, to comply throughout the term of the issue of the Bonds with the arbitrage requirements of Sections 143 and 148 of the Code.

In the event that at any time the Board is of the opinion (and for such purpose the Board may rely upon a Counsel's Opinion) that for purposes of this Section 6.15 it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under this Indenture, the Board shall so direct the Trustee in writing. The Trustee shall take such action as may be necessary in accordance with such instructions and shall be deemed to be in compliance hereof to the extent it follows such instructions.

In the event that at any time the Board is of the opinion (and for such purpose the Board may rely upon a Counsel's Opinion) that for purposes of this Section 6.15 it is necessary to make

payments of excess investment interest to the United States of America, it shall (i) direct the Trustee to establish a Rebate Account, if there is not one already existing, (ii) pay into said Account, or direct the Trustee to do so, from moneys available therefor, such amount as is necessary to comply with the provisions of this Section 6.15, and (iii) direct the Trustee to disburse moneys held therein to the United States of America at such times and in such amounts as are necessary to comply with the provisions of this Section 6.15, and if at any time it shall be determined that any amount in said Rebate Account is no longer needed for such purpose, such amount shall be transferred to the Revenue Fund.

The Board shall in good faith attempt to meet all the requirements of the Code which relate to the eligibility of the Loans or Loans underlying the Mortgage-Backed Securities before the Mortgage-Backed Securities or Loans are acquired or financed. The Board shall establish reasonable procedures to insure compliance with such requirements. The Board shall in good faith attempt to meet, and take all reasonable steps to assure compliance with, the requirements of Section 143(g) and (h) of the Code.

Section 6.16. ***Office for Servicing Bonds.*** The Board shall at all times maintain one or more Paying Agents where Bonds may be presented for payment.

ARTICLE VII

DEFAULT PROVISIONS AND REMEDIES

Section 7.01. ***Powers of Trustee.*** The Trustee shall be and is hereby vested with all of the rights, powers and duties of a trustee pursuant to Section 9-6-116 of the Act, and the Trustee shall have the rights, powers and duties set forth in this Article VII in addition to all its rights, powers and duties set forth elsewhere in this Indenture.

Section 7.02. ***Events of Default.*** Each of the following events is hereby declared an "Event of Default" under this Indenture:

(a) The Board shall fail to pay any Principal Installment or the Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption or otherwise;

(b) The Board shall fail to pay any installment of interest on any Bond when and as the same shall become due and payable;

(c) The Board shall fail to perform or observe any other covenant, agreement or condition on its part contained in this Indenture or in the Bonds, and such failure is not remedied after notice thereof pursuant to Section 7.13 hereof; or

(d) The Board shall file a petition seeking a composition of indebtedness under the federal bankruptcy laws or under any other applicable law or statute of the United States of America or of the State, or if the State has impaired, limited or altered the rights of the Board pursuant to the Act, as in force on the date of this Indenture, to fulfill the terms of any agreements made with the holders of Bonds, including, but not limited to, the agreements contained herein to administer the Program and to employ a

staff sufficient and competent for such purpose, or in any way impaired the rights and remedies of holders of Bonds while any Bonds are Outstanding.

Section 7.03. ***Acceleration; Annulment of Acceleration***. (a) Upon the occurrence of an Event of Default, the Trustee may and, upon the written request of the Holders of at least a majority (and in the case of a default under subsection (c) or (d) of Section 7.02 hereof, 100%) in aggregate principal amount of the Bonds Outstanding, shall give 30 days' notice in writing to the Governor and the Attorney General of the State and the Board of its intention to declare all Bonds Outstanding immediately due and payable. At the end of such 30-day period the Trustee may, and upon such written request of such required number of Bondholders shall, by notice in writing to the Board, declare all Bonds Outstanding immediately due and payable; then such Bonds shall become and be immediately due and payable, anything in the Bonds or in this Indenture to the contrary notwithstanding. In such event, there shall be due and payable on the Bonds an amount equal to the total principal amount of all such Bonds, plus all interest accrued thereon and which will accrue thereon to the date of payment.

(b) At any time after the principal of the Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Indenture, the Trustee may, and upon the written direction of the Holders of not less than 51% in aggregate principal amount of the Bonds Outstanding shall, annul such declaration and its consequences with respect to any Bonds not then due by their terms if (i) moneys shall have been deposited in the Revenue Fund sufficient to pay all matured installments of interest and principal or Redemption Price (other than principal then due only because of such declaration) of all Outstanding Bonds; (ii) moneys shall have been deposited with the Trustee sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and any Paying Agents; (iii) all other amounts then payable by the Board hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every Event of Default known to the Trustee (other than a default in the payment of the principal of such Bonds then due only because of such declaration) shall have been remedied to the satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent Default or impair any right consequent thereon.

Section 7.04. ***Additional Remedies and Enforcement of Remedies***. (a) Upon the occurrence and continuance of any Event of Default, the Trustee may, and upon the written request of the Holders of not less than 51% in aggregate principal amount of the Bonds Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce its rights and the rights of the Bondholders under the Act, the Bonds and this Indenture by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient, including, but not limited to:

(i) Enforcement of the right of the Bondholders to collect and enforce the payment of principal of and interest due or becoming due on Loans or Mortgage-Backed Securities and collect and enforce any rights in respect to the mortgages securing such Loans or Mortgage-Backed Securities and to require the Board to carry out its duties and obligations under the terms of this Indenture, and to require the Board to perform its duties under the Act;

(ii) Suit upon all or any part of the Bonds;

(iii) Civil action to require the Board to account as if it were the trustee of an express trust for the Holders of Bonds;

(iv) Civil action to enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of Bonds; and

(v) Enforcement of any other right of the Bondholders conferred by law or by this Indenture.

(b) Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Holders of not less than 51% in aggregate principal amount of the Bonds then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under this Indenture by any acts which may be unlawful or in violation of this Indenture, or (ii) to preserve or protect the interests of the Bondholders, provided that such request is in accordance with law and the provisions of this Indenture and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Holders of Bonds not making such request.

Section 7.05. ***Application of Revenues and Other Moneys After Default.*** (a) The Board covenants that, if an Event of Default shall happen and shall not have been remedied, the Board, upon demand of the Trustee, shall pay or cause to be paid over to the Trustee (i) forthwith, all moneys and securities then held by the Board in any Fund or Account under this Indenture and (ii) as promptly as practicable after receipt thereof, all Revenues and other payments or receipts pledged hereunder.

(b) During the continuance of an Event of Default, the Trustee shall apply such moneys, securities, Revenues, payments and receipts and the income therefrom as follows and in the following order:

(i) To the payment of the reasonable and proper charges of the Trustee, which may include reasonable attorney and other fees;

(ii) To the payment of the interest and Principal Installments or Redemption Price then due on the Bonds, subject to the provisions of Section 6.02 hereof, as follows:

(A) Unless the principal of all of the Bonds shall have become or have been declared due and payable:

First, to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference; and

Second, to the payment to the persons entitled thereto of the unpaid Principal Installments or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of Principal Installments or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference; or

(B) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference; and

(iii) To the payment of the amounts required for reasonable and necessary Program Expenses.

Section 7.06. ***Remedies Not Exclusive.*** No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Indenture or existing at law or in equity or by statute (including the Act) on or after the date of adoption of this Indenture.

Section 7.07. ***Remedies Vested in Trustee.*** All rights of action (including the right to file proof of claims) under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds. Subject to the provisions of Section 7.05 hereof, any recovery of judgment shall be for the equal benefit of the Holders of the Outstanding Bonds.

Section 7.08. ***Majority Bondholders Control Proceedings.*** If an Event of Default shall have occurred and be continuing, notwithstanding anything in this Indenture to the contrary, the Holders of at least a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of this Indenture or for the appointment of a receiver or any other proceedings hereunder, provided that such direction is in accordance with law and the provisions of this Indenture (including indemnity to the Trustee as provided in Section 8.03 hereof) and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of Bondholders not joining in such direction and provided further that nothing in this Section 7.08 shall impair the right of the Trustee in its discretion to take any other action under this Indenture which it may deem proper and which is not inconsistent with such direction by Bondholders.

Section 7.09. ***Individual Bondholder Action Restricted.*** (a) No Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereunder or for any remedy under this Indenture unless:

(i) an Event of Default has occurred (A) under subsection (a) or (b) of Section 7.02 hereof, (B) as to which the Trustee has actual notice or (C) as to which the Trustee has been notified in writing;

(ii) the Holders of at least 51% in aggregate principal amount of Bonds Outstanding shall have made written request to the Trustee to proceed to exercise the powers granted in this Indenture or to institute such action, suit or proceeding in its own name;

(iii) such Bondholders shall have offered the Trustee indemnity as provided in Section 8.03 hereof; and

(iv) the Trustee shall have failed or refused to exercise the powers herein granted or to institute such action, suit or proceedings in its own name for a period of 60 days after receipt by it of such request and offer of indemnity.

(b) No one or more Holders of Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the security of this Indenture or to enforce any right hereunder except in the manner herein provided and for the equal benefit of the Holders of all Bonds Outstanding.

(c) Nothing contained in this Indenture shall affect or impair, or be construed to affect or impair, the right of the Holder of any Bond (i) to receive payment of the principal of or interest on such Bond, as the case may be, on or after the due date thereof or (ii) to institute suit for the enforcement of any such payment on or after such due date; provided, however, no Holder of any Bond may institute or prosecute any such suit or enter judgment therein if, and to the extent that, the institution or prosecution of such suit or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the lien of this Indenture on the moneys, funds and properties pledged hereunder for the equal and ratable benefit of all Holders of Bonds.

Section 7.10. ***Termination of Proceedings.*** In case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Bondholders, the Board, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee and the Bondholders shall continue as if no such proceeding had been taken.

Section 7.11. ***Waiver and Non-Waiver of Event of Default.*** (a) No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by this

Article VII to the Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

(b) The Trustee may waive any Event of Default which its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Indenture or before the completion of the enforcement of any other remedy under this Indenture.

(c) Notwithstanding anything contained in this Indenture to the contrary, the Trustee, upon the written request of the Holders of at least a majority of the aggregate principal amount of Bonds then Outstanding (including, if more than one Series of Bonds shall at the time be Outstanding, the Holders of a majority in principal amount of the Bonds of each such Series), shall waive any Event of Default hereunder and its consequences; provided, however, that except under the circumstances set forth in subsection (b) of Section 7.03 hereof or subsection (b) of this Section 7.11, a default in the payment of the principal of, premium, if any, or interest on, any Bond, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Holders of all the Bonds at the time Outstanding.

(d) In case of any waiver by the Trustee of an Event of Default hereunder, the Board, the Trustee and the Bondholders shall be restored to their former positions and rights under this Indenture, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon. The Trustee shall not be responsible to anyone for waiving or refraining from waiving any Event of Default in accordance with this Section 7.11.

Section 7.12. ***Notice of Defaults.*** (a) Within 30 days after (i) the receipt of notice of an Event of Default as provided in Section 7.09(a)(i)(B) or (C) hereof or (ii) the occurrence of an Event of Default under Section 7.02(a) or (b) hereof, of which the Trustee is deemed to have notice, the Trustee shall, unless such Event of Default shall have theretofore been cured, give written notice thereof by first-class mail to each registered owner of Bonds then Outstanding, and to each Rating Agency, provided that, except in the case of a default in the payment of Principal Installments or the Redemption Price of or interest on any of the Bonds, the Trustee may withhold such notice if, in its sole judgment, it determines that the withholding of such notice is in the best interests of the Bondholders.

(b) The Trustee shall immediately notify the Board of any Event of Default known to the Trustee.

Section 7.13. ***Notice of Defaults Under Section 7.02(c); Opportunity of the Board To Cure Such Defaults.*** Anything herein to the contrary notwithstanding, no default under Section 7.02(c) hereof shall constitute an Event of Default until actual notice of such default by first class mail (postage prepaid) shall be given to the Board by the Trustee or by the holders of not less than 51% in aggregate principal amount of all Bonds Outstanding and the Board shall have had 60 days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period; provided, however, if said default be such that it cannot be corrected

within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Board within the applicable period and diligently pursued until the default is corrected.

ARTICLE VIII

CONCERNING THE FIDUCIARIES

Section 8.01. ***Trustee; Appointment and Acceptance of Duties.*** Wells Fargo Bank, National Association is hereby appointed as Trustee. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing this Indenture.

Section 8.02. ***Paying Agents; Appointment and Acceptance of Duties.*** (a) The Board shall appoint one or more Paying Agents for the Bonds of each Series and may at any time appoint one or more other Paying Agents having the qualifications set forth in Section 8.13 for a successor Paying Agent. The Trustee is hereby appointed as a Paying Agent, unless otherwise specified in the Supplemental Indenture authorizing the issuance of a Series of Bonds.

(b) Each Paying Agent other than the Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing and delivering to the Board and to the Trustee a written acceptance thereof.

(c) Unless otherwise provided, the principal offices of the Paying Agents are designated as the respective offices or agencies of the Board for the payment of the interest on and principal or Redemption Price of the Bonds.

Section 8.03. ***Responsibilities of Fiduciaries.*** (a) The recitals of fact herein and in the Bonds contained shall be taken as the statements of the Board, and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of this Indenture or of any Bonds issued hereunder or as to the security afforded by this Indenture, and no Fiduciary shall incur any liability in respect thereof. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to the Board or to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof or to advance any of its own moneys, unless properly indemnified. Subject to the provisions of subsection (b) hereof, no Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct.

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. Any provisions of this Indenture relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may rely shall be subject to the provisions of this Section 8.03.

Section 8.04. ***Evidence on Which Fiduciaries May Act.*** (a) Each Fiduciary, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document furnished to it pursuant to any provision of this Indenture, shall examine such instrument to determine whether it conforms to the requirements of this Indenture and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be of counsel to the Board, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Indenture in good faith and in accordance therewith.

(b) Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the Board, and such Certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Indenture upon the faith thereof, but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may seem reasonable.

(c) Except as otherwise expressly provided in this Indenture, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the Board to any Fiduciary shall be sufficiently executed if executed in the name of the Board by an Authorized Officer.

Section 8.05. ***Compensation.*** The Board shall pay to each Fiduciary from time to time reasonable compensation for all services rendered under this Indenture, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Indenture, and each Fiduciary shall have a lien therefor on any and all funds at any time held by it under this Indenture. Subject to the provisions of Section 8.03 hereof, the Board further agrees to indemnify and save each Fiduciary harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to its negligence or willful misconduct.

Section 8.06. ***Certain Permitted Acts.*** Any Fiduciary may become the owner of any Bonds, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depositary for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not any such committee shall represent the Holders of a majority in principal amount of the Bonds then Outstanding.

Section 8.07. ***Resignation of Trustee.*** The Trustee may at any time resign and be discharged of the duties and obligations created by this Indenture by giving not less than 60 days' written notice to the Board, and delivering notice thereof, specifying the date when such resignation shall take effect, to the Bondholders and to each Rating Agency and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have

been appointed by the Board or the Bondholders as provided in Section 8.09 hereof, in which event such resignation shall take effect immediately on the appointment of such successor. In no event, however, shall such a resignation take effect until a successor Trustee (or Temporary Trustee) has been appointed pursuant to Section 8.09 hereof and accepted such appointment.

Section 8.08. ***Removal of Trustee.*** (a) The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the Bondholders representing a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Board. Notice of such removal shall also be filed with each Rating Agency.

(b) Unless an Event of Default, or an event which with notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing, the Board shall have the right to remove the Trustee at any time upon filing with the Trustee an instrument in writing for such cause as shall be determined in the sole discretion of the Board. Notice of such removal shall also be filed with each Rating Agency.

Section 8.09. ***Appointment of Successor Trustee; Temporary Trustee.*** (a) In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of such Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of such Trustee, or of its property or affairs, a successor may be appointed by (i) the Board by a duly executed written instrument signed by an Authorized Officer or (ii) the Bondholders representing a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Board, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondholders or by their attorneys-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to the Board and the predecessor Trustee. The Board shall notify the Bondholders of any such appointment made by it, in the same manner as provided herein for the redemption of such Bonds, within 20 days after such appointment.

(b) If in a proper case no appointment of a successor Trustee shall be made by the Board or the Bondholders pursuant to the foregoing provisions of this Section within 45 days after any Trustee shall have given to the Board written notice as provided in Section 8.07 hereof or after a vacancy in the office of the Trustee shall have occurred by reason of its removal or inability to act, such Trustee or any Bondholder may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

(c) Any successor or Temporary Trustee appointed under the provisions of this Section shall be a bank or trust company or national banking association having capital and surplus aggregating at least $50,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture.

Section 8.10. ***Transfer of Rights and Property to Successor Trustee.*** Any successor Trustee appointed under this Indenture shall execute, acknowledge and deliver to its predecessor

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

Section 8.11. ***Merger or Consolidation***. Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it may be party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, and shall be authorized by law to perform all the duties imposed upon it by this Indenture, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

Section 8.12. ***Adoption of Authentication***. In case any of the Bonds contemplated to be issued under this Indenture shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Bonds and deliver such Bonds so authenticated. In case any of such Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of the predecessor Trustee or in the name of the successor Trustee, and in all such cases such certificate shall have the full force which it is anywhere in such Bonds or in this Indenture provided that the certificate of the Trustee shall have.

Section 8.13. ***Resignation or Removal of Paying Agent and Appointment of Successor***. (a) Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 60 days' written notice to the Board, the Trustee and the other Paying Agents, if any. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by the Board. Any successor Paying Agent shall be appointed by the Board with the approval of the Trustee and shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, having capital and surplus aggregating at least $10,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture.

(b) In the event of the resignation or removal of any Paying Agent, such Payment Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor or, if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

Section 8.14. ***Appointment of Co-Trustee.*** It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as the Trustee in such jurisdiction and that the security for payment of the Bonds be ensured to the maximum extent reasonably permitted by applicable state and federal laws. It is recognized that in case of litigation under this Indenture or any related agreement, and in particular in case of the enforcement thereof on default, or in case of a conflict of interest, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Board or the Trustee appoint an additional individual or institution as a separate or co-Trustee. The following provisions of this Section are intended to accomplish these ends.

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

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

ARTICLE IX

SUPPLEMENTAL INDENTURES

Section 9.01. ***Supplemental Indentures Not Requiring Consent of Bondholders.*** Without the consent of or notice to any of the Bondholders, the Board and the Trustee may enter into one or more Supplemental Indentures, not inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

(a) To authorize Bonds of a Series and, in connection therewith, to specify and determine the matters and things referred to in Section 2.03 hereof and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with this Indenture as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first delivery of such Bonds;

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

(c) To add to the covenants and agreements of the Board in this Indenture or any Supplemental Indenture other covenants and agreements to be observed by the Board which are not contrary to or inconsistent with this Indenture or the applicable Supplemental Indenture as theretofore in effect;

(d) To add to the limitations and restrictions in this Indenture or any Supplemental Indenture other limitations and restrictions to be observed by the Board which are not contrary to or inconsistent with this Indenture or the applicable Supplemental Indenture as theretofore in effect;

(e) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Indenture or any Supplemental Indenture, of the Revenues or of any other moneys, securities or funds;

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

(g) To cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision in this Indenture or any Supplemental Indenture;

(h) To insert such provisions clarifying matters or questions arising under this Indenture or any Supplemental Indenture as are necessary or desirable and are not contrary to or inconsistent with this Indenture or the applicable Supplemental Indenture theretofore in effect; or

(i) To make any change which, in the judgment of the Trustee (which, with respect to matters affecting the security for the Bonds, may conclusively rely upon written evidence from each Rating Agency, that such change will not adversely affect the Rating Quality of the Bonds), is not to the material prejudice of the Bondholders.

The Board shall notify each Rating Agency of any Supplemental Indenture proposed to be adopted.

Section 9.02. ***Supplemental Indentures Requiring Consent of Bondholders.*** At any time or from time to time, a Supplemental Indenture may be issued by the Board subject to consent by the Bondholders in accordance with and subject to the provisions of Article X, which Supplemental Indenture, upon the filing with the Trustee of a copy thereof and upon compliance with the provisions of said Article X, shall become fully effective in accordance with its terms as provided in said Article X. The Board shall notify each Rating Agency of any Supplemental Indenture proposed to be adopted.

Section 9.03. ***General Provisions.*** (a) This Indenture and any Supplemental Indenture shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article IX and Article X. Nothing in this Article IX or Article X contained shall affect or limit the right or obligation of the Board to adopt, make, do, execute, acknowledge or deliver any certificate, act or other instrument pursuant to the provisions of Section 6.03 hereof or the right or obligation of the Board to execute and deliver to any Fiduciary any instrument which elsewhere in this Indenture or any Supplemental Indenture it is provided shall be delivered to said Fiduciary.

(b) Any Supplemental Indenture referred to and permitted or authorized by Sections 9.01 and 9.02 hereof may be adopted by the Board without the consent of any of the Bondholders, but shall become effective only on the conditions to the extent and at the time provided in said Sections, respectively. The copy of every Supplemental Indenture when filed with the Trustee shall be accompanied by a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully adopted in accordance with the provisions of this Indenture, is authorized or permitted by this Indenture and is valid and binding upon the Board and enforceable in accordance with its terms.

(c) The Trustee is hereby authorized to accept the delivery of a certified copy of any Supplemental Indenture referred to and permitted or authorized by Section 9.01, 9.02 or 9.03 hereof and, subject to a requirement of Bondholders' consent, if any, to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action, shall be fully protected in relying on an opinion of counsel (which may be a Counsel's Opinion) that such Supplemental Indenture is authorized or permitted by the provisions of this Indenture.

(d) No Supplemental Indenture shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

(e) The Board shall forward a copy of any supplemental indenture (in substantially final form) to the Rating Agency.

ARTICLE X

AMENDMENTS AND MODIFICATIONS REQUIRING CONSENT OF BONDHOLDERS

Section 10.01. ***Mailing***. Any provision in this Article X for the mailing of a notice or other paper to Bondholders shall be fully complied with if it is mailed postage prepaid only:

(a) To each owner of Bonds then Outstanding at his address appearing upon the registry books of the Board maintained by the Trustee; and

(b) To the Trustee.

Section 10.02. ***Powers of Amendment***. Any modification or amendment of this Indenture or any Supplemental Indenture and of the rights and obligations of the Board and of the Bondholders, in any particular, may be made by a Supplemental Indenture, with the written consent given as provided in Section 10.03 hereof (a) of the Holders of at least two-thirds in principal amount of the Bonds Outstanding at the time such consent if given and (b) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of at least two-thirds in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section 10.02. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purposes of this Section 10.02, a Series of Bonds shall be deemed to be affected by a modification or amendment of this Indenture if the same adversely affects or diminishes the rights of the Holders of such Series of Bonds. The Trustee, relying upon Counsel's Opinion, may determine whether or not in accordance with the foregoing powers of amendment Bonds of any particular Series or maturity would be affected by any modification or amendment of this Indenture and any such determination shall be binding and conclusive on the Board and the Bondholders.

Section 10.03. ***Consent of Holders of Bonds***. The Board may at any time adopt a Supplemental Indenture making a modification or amendment permitted by the provisions of Section 10.02 hereof, to take effect when and as provided in this Section 10.03. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Board to the Holders of Bonds (but failure to mail such copy and request shall not affect the validity of the Supplemental Indenture when consented to as provided in this Section 10.03). Such Supplemental Indenture shall not be effective unless and

until (a) there shall have been filed with the Trustee (i) the written consents of Holders of the percentages of Outstanding Bonds specified in Section 10.02 hereof and (ii) a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully adopted and filed by the Board in accordance with the provisions of this Indenture, is authorized or permitted by this Indenture and is valid and binding upon the Board and enforceable in accordance with its terms and (b) a notice shall have been given as hereinafter in this Section 10.03 provided. Each consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 12.02 hereof. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with Section 12.02 hereof shall be conclusive that the consents have been given by the Bondholders described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Bondholder giving such consent and, anything in Section 12.02 hereof to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Bondholder thereof has notice thereof). At any time after the Bondholders of the required percentage of Bonds shall have filed their consent to the Supplemental Indenture, the Trustee shall make and file with the Board and the Trustee a written statement that the Bondholders of such required percentage of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter, notice stating in substance that the Supplemental Indenture (which may be referred to as a Supplemental Indenture adopted by the Board on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentage of Bonds and will be effective as provided in this Section 10.03, may be given to Bondholders by the Board by mailing such notice to Bondholders (but failure to mail such notice shall not prevent such Supplemental Indenture from becoming effective and binding as in this Section 10.03 provided) at least once not more than 90 days after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture and the written statement of the Trustee hereinabove provided for is filed. The Board shall file with the Trustee proof of the mailing of such notice. A record, consisting of the papers required or permitted by this Section 10.03 to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Indenture making such amendment or modification shall be deemed conclusively binding upon the Board, the Fiduciaries and the Holders of all Bonds at the expiration of 30 days after the filing with the Trustee of the proof of the mailing of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Indenture in a legal action or equitable proceeding for such purpose commenced within such 30-day period; provided, however, that any Fiduciary and the Board during such 30-day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action or to refrain from taking such action, with respect to such Supplemental Indenture, as they may deem expedient.

Section 10.04. ***Modifications by Unanimous Consent.*** The terms and provisions of this Indenture or any Supplemental Indenture and the rights and obligations of the Board and of the Bondholders may be modified or amended in any respect upon the issuance and filing by the Board of a Supplemental Indenture and the consent of the Bondholders of all Bonds then Outstanding, such consent to be given as provided in Section 10.03 hereof, except that no notice of such consent to Bondholders by mailing shall be required; provided, however, that no such

modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written assent thereto of such Fiduciary in addition to the consent of the Bondholders.

Section 10.05. ***Exclusion of Bonds***. Bonds owned or held by or for the account of the Board shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article X, and the Board shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article X. At the time of any consent or other action taken under this Article X, the Board shall furnish the Trustee a certificate, upon which the Trustee may rely, describing all Bonds to be excluded.

Section 10.06. ***Notation on Bonds***. Bonds delivered after the effective date of any action taken as in Article IX hereof or this Article X provided may, and if the Trustee so determines, shall bear a notation by endorsement or otherwise in form approved by the Board and the Trustee as to such action, and, in that case, upon demand of any Bondholder of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the principal office of the Trustee or upon any transfer or exchange of any Bond Outstanding at such effective date, suitable notation shall be made on such Bond or upon any Bond issued upon any such transfer or exchange by the Trustee as to any such action. If the Board or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Board to conform to such action shall be prepared and delivered and upon demand of the Bondholders of any Bond then Outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same Series and maturity then Outstanding, upon surrender of such Bonds.

ARTICLE XI

SATISFACTION AND DISCHARGE

Section 11.01. ***Discharge of Indenture in Entirety***. If the Board shall pay or cause to be paid, or there shall otherwise be paid, to the Bondholders of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Indenture, then the pledge of any Revenues, and other moneys and securities pledged under this Indenture and all covenants, agreements and other obligations of the Board to the Bondholders, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the Board to be prepared and filed with the Board and, upon the request of the Board, shall execute and deliver to the Board all such instruments as may be desirable to evidence such discharge and satisfaction, and the fiduciaries shall pay over or deliver to the Board all moneys or securities held by them pursuant to this Indenture which are not required for the payment of principal or Redemption Price, if applicable, of or interest on Bonds not theretofore surrendered to such payment or redemption.

Section 11.02. ***Discharge of Indenture as to a Series of Bonds***. If the Board shall pay or cause to be paid, or there shall otherwise be paid to the Bondholders of all Outstanding Bonds of a particular Series, the principal or Redemption Price, if applicable, thereof and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Indenture,

such Bonds shall cease to be entitled to any lien, benefit or security under this Indenture, and all covenants, agreements and obligations of the Board to the Bondholders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. Notice of the foregoing shall be given to each Rating Agency.

Section 11.03. ***Defeasance of Bonds.*** (a) Any Bond shall be deemed to be paid within the meaning of this Article and for all purposes of this Indenture and any Supplemental Indenture when payment of the principal amount of and premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided herein), either (i) shall have been made or caused to be made in accordance with the terms thereof or (ii) shall have been provided by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment (A) moneys sufficient to make such payment and/or (B) Government Obligations (which may be subject to redemption prior to maturity, provided that in such case it shall be assumed that such Government Obligations are redeemed at their earliest possible redemption date) maturing as to principal and interest in such amount and at such time as will ensure the availability of sufficient moneys to make such payment. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits of this Indenture, except for the purposes of any such payment from such moneys or Government Obligations.

Notwithstanding the foregoing, no deposit under clause (ii) of the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until the earlier of: (1) proper notice of redemption of such Bonds shall have been previously given in accordance with Article III of this Indenture, or in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, until the Board shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions to notify, as soon as practicable, the holders or owners of the Bonds, in accordance with Article III hereof, that the deposit required by (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Article and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal amount or redemption price, if applicable, on said Bonds; or (2) the maturity of such Bonds.

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

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

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

(iii) to mail, as soon as practicable, in the manner prescribed by Article III hereof, a notice to the holders of such Bonds and to the Rating Agency that the deposit required by (ii) above has been made with the Trustee and that said Bonds are deemed to

have been paid in accordance with this Article and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal amount or redemption price, if applicable, on said Bonds as specified in (i) hereof and whether or not such Bonds continue to be subject to redemption, provided that the foregoing shall in no way restrict the right of the Board to reserve its right to redeem Bonds pursuant to the provisions thereof.

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

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

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

ARTICLE XII

MISCELLANEOUS

Section 12.01. ***Failure To Present Bonds.*** Anything in this Indenture to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for two years after the date when such Bonds have become due and payable (or 90 days prior to the day such moneys would, under the laws of the State, escheat or be required to be paid to the State, if such date is earlier), either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for two years after the date of deposit of such moneys if deposited with the Fiduciary after the date when such Bonds became due and payable (or 90 days prior to the day such moneys would, under the laws of the State, escheat or be required to be paid to the State, if such date is earlier), shall, at the written request of the Board be repaid by the Fiduciary to the Board, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Board for the payment of such Bonds; provided, however, that before being required to make any such payment to the Board, the Fiduciary shall, at the expense of the Board, cause to be mailed to each such Bondholder a notice that such moneys remain unclaimed and that, after a date named

in said notice, which date shall be not less than 30 days after the date of such notice, the balance of such moneys then unclaimed will be returned to the Board.

Section 12.02. ***Consents, etc., of Bondholders and Ownership of Bonds.*** (a) Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the Bondholders (other than an assignment of a Bond) may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee and any Paying Agent with regard to any action taken by it under such request or other instrument, namely:

(i) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by an affidavit of any witness to such execution.

(ii) The fact of ownership of Bonds and the amount or amounts, numbers and other identification of Bonds, and the date of holding the same shall be proved by the registration books of the Board maintained by the Trustee pursuant to this Indenture.

(b) Any request or consent by the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Board or any Fiduciary in accordance therewith.

Section 12.03. ***Bonds Not an Obligation of the State or Any Political Subdivision.*** The Bonds shall not be in any way a debt or liability or obligation of the State or of any political subdivision thereof and shall not constitute or give rise to a pecuniary liability of the State or of any such political subdivision or be or constitute a pledge of the faith and credit of the State or of any such political subdivision.

Section 12.04. ***Moneys Held for Particular Bonds.*** Subject to the provisions of Section 12.01, the amounts held by any Fiduciary for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Bonds entitled thereto.

Section 12.05. ***Preservation and Inspection of Documents.*** All documents received by any Fiduciary under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Board, any other Fiduciary, and any Bondholders and their agents and their representatives, any of whom may make copies thereof.

Section 12.06. ***Parties Interested Herein.*** Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or corporation, other than the Board, the Fiduciaries and the Bondholders any right, remedy or claim under or by

reason of this Indenture or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Board shall be for the sole and exclusive benefit of the Board, the Fiduciaries and the Bondholders.

Section 12.07. ***No Recourse on the Bonds.*** No recourse shall be had for the payment of the principal of or interest on the Bonds or for any claim based thereon or on this Indenture against any officer of the Board or any person executing the Bonds.

Section 12.08. ***Severability of Invalid Provisions.*** If any one or more of the covenants or agreements provided in this Indenture on the part of the Board or any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Indenture.

Section 12.09. ***Successors.*** Whenever in this Indenture the Board is named or referred to, it shall be deemed to include any political subdivision or public benefit corporation of the State or division thereof, which may succeed to the principal functions and powers of the Board, and all the covenants and agreements contained in this Indenture by or on behalf of the Board shall bind and inure to the benefit of said successor whether so expressed or not.

Section 12.10. ***Consents and Approvals.*** Whenever the written consent or approval of the Board, Trustee, Fiduciaries or Bondholders shall be required under the provisions of this Indenture, such consent or approval shall not be unreasonably withheld or delayed.

Section 12.11. ***Notices, Demands and Requests.*** All notices, demands and requests to be given or made hereunder to or by the Board or the Trustee shall be in writing and shall be properly made if hand delivered or sent by electronic facsimile or similar means or courier service, with appropriate measures to assure receipt thereof, or by United States mail, postage prepaid and addressed as follows:

If to the Board:	Montana Board of Housing 301 South Park Avenue Helena, MT 59620-0528
If to the Trustee:	Wells Fargo Bank, National Association 1740 Broadway MAC C7300-107 Denver, CO 80274

Either the Board or the Trustee may change the address listed for it above at any time upon written notice of such change sent by United States mail, postage prepaid, to the Board or the Trustee, as the case may be.

Section 12.12. ***Agreement of the State.*** In accordance with the Act, the Board hereby includes as a part of its contract with Bondholders the following pledge and agreement of the State. The State pledges to and agrees with the Holders of any Bonds issued under the Act that the State will not in any way impair the obligations of any agreement (including but not limited to the agreements to administer the programs described herein and to employ staff sufficient and

competent for such purpose) between the Board and such Holders until the Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders are fully met and discharged.

Section 12.13. ***Filing of Security Instruments.*** (a) The Board hereby covenants that it will cause this Indenture, the Agreement and all supplements hereto and thereto, together with all other security instruments and financing statements, to be recorded and filed, as the case may be, in such manner and in such places as may be required by law in order to perfect the lien of, and the security interests created by, this Indenture.

(b) The Trustee hereby covenants that it will cause to be filed all continuation statements under the Uniform Commercial Code of the State, and any similar documents, security instruments and financing statements, in such manner and in such places as may be required by law in order to perfect, protect and maintain in force the lien and pledge of, and the security interests created by, this Indenture.

Section 12.14. ***Applicable Law.*** This Indenture shall be governed exclusively by the applicable laws of the State.

Section 12.15. ***Table of Contents and Section Headings Not Controlling.*** The Table of Contents and the headings of the several Articles and Sections of this Indenture have been prepared for convenience of reference only and shall not control, affect the meaning of, or be taken as an interpretation of any provision of this Indenture.

Section 12.16. ***Effective Date.*** This Indenture shall take effect immediately.

IN WITNESS WHEREOF, the Montana Board of Housing has caused this Trust Indenture to be executed by its Chairman and attested to by an Authorized Officer, and, to evidence its acceptance of the trusts hereby created, the Trustee has caused this Trust Indenture to be executed by one of its authorized officers all as of this 1st day of December, 2009.

MONTANA BOARD OF HOUSING

By _____
Chairman

Attest:

_____
Treasurer

WELLS FARGO BANK,
NATIONAL ASSOCIATION, as Trustee

By _____
Assistant Vice President

IN WITNESS WHEREOF, the Montana Board of Housing has caused this Trust Indenture to be executed by its Chairman and attested to by an Authorized Officer, and, to evidence its acceptance of the trusts hereby created, the Trustee has caused this Trust Indenture to be executed by one of its authorized officers all as of this 1st day of December, 2009.

MONTANA BOARD OF HOUSING

By _____
Chairman

Attest:

_____
Treasurer

WELLS FARGO BANK,
NATIONAL ASSOCIATION, as Trustee

By Sandra J. Shupe
Assistant Vice President

(NON-RATED)
GENERAL OBLIGATION INDENTURE OF TRUST

MONTANA BOARD OF HOUSING,
as Issuer

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

Dated as of July 1, 2005

General Obligation Bonds
(Non-Rated)

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(NON-RATED)
GENERAL OBLIGATION INDENTURE OF TRUST

THIS (NON-RATED) GENERAL OBLIGATION INDENTURE OF TRUST dated as of July 1, 2005 (this "Indenture") is by and between the **MONTANA BOARD OF HOUSING**, a board created by the Montana Housing Act of 1975 (the "Board"), and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association organized and operating under the laws of the United States of America, with its principal office in Denver, Colorado, as trustee (the "Trustee").

W I T N E S S E T H :

WHEREAS, pursuant to the Constitution and the laws of the State of Montana, particularly Section 90-6-108(l) of the Montana Housing Act of 1975, comprising Sections 90-6-101 et seq., as amended (the "Act"), the Board is authorized to carry out the public purposes described in the Act by issuing its general obligation bonds and by entering into any agreements made in connection therewith; and

WHEREAS, to provide a source of funds for its programs authorized by the Act, the Board has determined to authorize the issuance of its General Obligation Bonds (Non-Rated) (the "Bonds") pursuant to this Indenture and one or more supplemental indentures ("Supplemental Indentures") and to enter into this Indenture to secure the Bonds as hereafter described; and

WHEREAS, all things necessary to make the Bonds, when authenticated by the Trustee and issued as in this Indenture and the related Supplemental Indentures provided, the valid, binding and legal obligations of the Board according to the import thereof, and to constitute this Indenture a valid assignment and pledge of the amounts pledged to the payment of principal of and interest on the Bonds, and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of the Bonds, subject to the terms hereof and of the related Supplemental Indentures, have in all respects been duly authorized;

NOW, THEREFORE, THIS (NON-RATED) GENERAL OBLIGATION INDENTURE OF TRUST WITNESSETH:

GRANTING CLAUSES

The Board, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the holders and owners thereof, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, interest and redemption premium, if any, on each Series of the Bonds according to their tenor and effect and to secure the performance and observance by the Board of all the covenants expressed or implied herein and in each Series of the Bonds, does hereby irrevocably pledge and assign the following unto the Trustee, and its successors in trust and assigns forever, for the securing of the performance of the obligations of the Board hereinafter set forth and for the equal and proportionate benefit and security, from time to time, of the owners of each Series of the Bonds, without preference,

priority or distinction as to lien or otherwise, except as otherwise hereinafter provided, of any one Bond of a Series over any other Bond of such Series, by reason of priority in the issue, sale or negotiation thereof or otherwise, all in accordance with the terms hereof, each Series of Bonds being separately secured unless otherwise provided in the related Supplemental Indenture authorizing such Series;

All moneys and securities, including Bond proceeds (other than proceeds deposited in trust for the retirement of outstanding Bonds) from time to time held by the Trustee under and subject to the terms of this Indenture or any Supplemental Indenture and any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder by the Board for a Series of Bonds, or by anyone in its behalf or with its written consent, to the Trustee which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof;

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

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

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

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder and under each and every Supplemental Indenture are to be issued, authenticated and delivered, and all said property, rights and interests, including, without limitation, the amounts hereby assigned and pledged, are to be dealt with and disposed of, under,

upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter and in the related Supplemental Indenture expressed, and the Board has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective owners from time to time, or at anytime, of the Bonds, or any part thereof, as follows (subject, however, to the provisions of Section 1.02 hereof):

ARTICLE I

DETERMINATIONS AND DEFINITIONS

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

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

(a) the provisions of this Indenture shall be a contract of the Board with the Trustee for the benefit of the holders of the Bonds;

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

(c) the pledge made and security interests granted herein and the covenants and agreements herein set forth, to be performed by and on behalf of the Board, shall be for the equal benefit, protection and security of holders of any and all such Bonds of a Series, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any Bond of such Series over any other Bond of such Series, except as otherwise specified by the Supplemental Indenture with respect to such Series of Bonds;

(d) this pledge is valid and binding from the time when made, and the property so pledged and hereafter received by the Board shall immediately be subject to

the lien thereof without any physical delivery or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Board, whether or not such parties have notice thereof, and neither this Indenture nor any other instrument by which such pledge is created need be recorded; and

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

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

"*Account*" means an Account established pursuant to Article V hereof.

"*Accountant's Opinion*" means a certificate, letter or opinion signed by any certified public accountant or firm of certified public accountants (who may be the accountant or firm that regularly audits the books and accounts of the Board) from time to time selected by the Board and acceptable to the Trustee.

"*Act*" means the Montana Housing Act of 1975, comprising Sections 90-6-101 to 90-6-127, inclusive, as amended.

"*Amortized Value*" means for securities purchased at (a) par, par; and (b) a premium above or a discount below par, the value as of any given date obtained by multiplying the total amount of the premium or the discount at which such securities were purchased by a fraction, the numerator of which is the number of days remaining to maturity or redemption date on such securities at the time of such purchase and the denominator of which is the number of days reflected in the numerator *plus* the number of days having passed from the date of such purchase; and (i) in the case of securities purchased at a premium, by deducting the product thus obtained from the purchase price and (ii) in the case of securities purchased at a discount, by adding the product thus obtained to the purchase price, provided that, with respect to securities deposited in any Fund or Account by the Board for no consideration, such securities shall be treated as purchased by the Trustee at the fair market value as of the date of such deposit.

"*Appreciated Amount*" means with respect to a Deferred Interest Bond, (i) as of any date of computation with respect to any Deferred Interest Bond up to the date, *if any*, set forth in the Supplemental Indenture authorizing such Deferred Interest Bond as the date on which such Deferred Interest Bond shall commence to bear interest payable thereafter on applicable Interest

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

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

"*Authorized Officer*" means the Chairman, Vice Chairman, Secretary, Executive Director and Treasurer, Accounting and Finance Manager, Home Ownership Program Manager and any other officer or employee of the Board designated from time to time as an Authorized Officer by resolution of the Board and, when used with reference to any act or document, also means any other person authorized by resolution of the Board to perform such act or sign such document.

"*Board*" means the Montana Board of Housing and any successor thereto.

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

"*Bond Year*" means, for a particular Series of Bonds, the period of 12 calendar months (or shorter initial or ending periods), so designated in the corresponding Supplemental Indenture.

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

"*Book Entry System*" means such system for registering the Bonds set forth in a Supplemental Indenture.

"*Business Day*" means any day other than a Saturday, Sunday or other day on which the New York Stock Exchange or banks are authorized or obligated by law or executive order to

close in New York, New York, or any city in which is located the principal corporate trust office of the Trustee or such other date as set forth in a Supplemental Indenture.

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

"*Certificate*" means a certificate of an Authorized Officer of the Board.

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

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

"*Counsel's Opinion*" means an opinion signed by any Counsel.

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

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

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

"*Debt Service Reserve Requirement*" means, as of any particular date of calculation, the aggregate of such amounts, if any, as may be specified as the Debt Service Reserve Requirement in Supplemental Indentures for all Series of Bonds Outstanding.

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

"*Depositary*" means any bank or trust company or national banking association selected by the Trustee of the Board as a depositary of moneys or securities held under the provisions of this Indenture and may include the Trustee.

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

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

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

"*Federal Obligations*" means obligations of the type described in (a) under Investment Securities, and any other obligations so specified by the Supplemental Indenture for any Series of Bonds.

"*Fiduciary*" means any bank, trust company, national banking association or federally or state chartered savings and loan association, including the Trustee and its actions hereunder in its role as trustee, having combined capital and surplus of not less than $15,000,000.

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

"*Funds*" or "*Accounts*" means Funds or Accounts, including subaccounts, established pursuant to this Indenture or any Supplemental Indenture.

"*Indenture*" means this (Non-Rated) General Obligation Indenture of Trust dated as of July 1, 2005 between the Board and the Trustee, as amended and supplemented from time to time by any Supplemental Indenture.

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

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

"*Investment Securities*" means and includes any of the following securities, if and to the extent the same are at the time legal for investment of the Board's moneys:

(a) direct or general obligations of or obligations guaranteed by, and representing a pledge of the full faith and credit of, the United States of America;

(b) obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following: Banks for Cooperatives; Central Bank for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Bank; FNMA (excluding securities representing only interest payments); FHLMC (but only to the extent timely payment of principal and interest is guaranteed); FmHA; Tennessee Valley Authority; Federal Financing Bank; or GNMA;

(c) to the extent (at the time of such investment) they do not adversely affect the ratings on the Outstanding Bonds, certificates of deposit issued by, or time deposits with, any bank or trust company organized under the laws of the State, any national banking association which is a member of the Federal Reserve System or any savings and loan association which is a member of the Federal Deposit Insurance Corporation

(including the Trustee, a Lender or Paying Agent), provided that any such Lender has capital stock, surplus and undivided profits aggregating at least $1,000,000, and provided further that such time deposits or certificates of deposit, to the extent not insured, are fully secured by obligations of the type specified in (a) or (b) above which have a market value, exclusive of accrued interest, at least equal to the amount of such deposits plus interest accrued thereon;

(d) general obligations of any state of the United States to the payment of which the full faith and credit of such state is pledged;

(e) repurchase agreements with depositories, acting as principal, for securities described in (a) and (b) above, so long as the securities delivered are delivered in an amount equal to 100% of the principal and interest of the repurchase agreement, if such securities are delivered to the Trustee or are supported by a safekeeping receipt issued by a qualified depository so as to ensure the first security interest in such obligations; and

(f) investment agreements fully collateralized by obligations described in clause (a) or (b) above by investment providers or any investment agreement described in the applicable Supplemental Indenture providing for the issuance of a Series of Bonds.

"*Notice Address*" means (or such other address designated in writing to the other party hereto):

(a) As to the Board:

Montana Board of Housing
301 South Park Avenue
Helena, MT 59620-0528
Attention: Executive Director

(b) As to the Trustee:

Wells Fargo Bank, National Association
MAC C7300-107
1740 Broadway
Denver, CO 80274
Attention: Corporate Trust Department

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

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

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

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

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

(d) Bonds otherwise specified in a Supplemental Indenture.

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

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

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

"*Rebate Fund*" means the Fund so designated which is established by Section 5.01 hereof.

"*Record Date*" means any Regular Record Date, Special Record Date or Redemption Record Date.

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

"*Refunding Issue*" means the Bonds delivered pursuant to Section 2.03 hereof.

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

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

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

"*Series*" means, unless otherwise specified in a Supplemental Indenture, all of the Bonds authenticated and delivered on original issuance in a simultaneous transaction pursuant to a

Supplemental Indenture, and any Bonds thereafter delivered in lieu of or in substitution for such Bonds pursuant to Article III, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

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

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

"*State*" means the State of Montana.

"*Supplemental Indenture*" means any supplement to this Indenture entered into pursuant to Article IX hereof authorizing and specifying the terms of a Series of Bonds.

"*Term Bonds*" means that portion of a Series of Bonds so designated by the Board in a Supplemental Indenture as Term Bonds.

"*Trustee*" means the trustee appointed by or pursuant to Section 11.01, its successor or successors and any other corporation or association which may at any time be substituted in its place pursuant to this Indenture.

Section 1.04. Interpretation. The following principles govern the interpretation of other words and phrases used in this Indenture and any Supplemental Indenture:

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

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

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

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

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

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

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

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

ARTICLE II

ISSUANCE OF BONDS

Section 2.01. Authorization.

(a) To provide sufficient funds to carry out its public purposes and programs as set forth in the Act, Bonds of the Board, designated as "Montana Board of Housing General Obligation Bonds (Non-Rated)," are hereby authorized to be issued as hereinafter provided.

No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. The Bonds of each Series issued hereunder, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any Bond of such Series over any other Bond of such Series, except as expressly provided or permitted herein. There is hereby created, in the manner and to the extent provided herein, a continuing pledge and lien on the Trust Estate of a Series to secure the full and final payment of the principal and redemption price of and interest on all the Bonds of such Series, provided that such pledge and lien shall not in any way restrict the ability of the Board to restructure or otherwise deal with any assets held therein unless otherwise restricted hereby. The aggregate principal amount of the Bonds which may be executed, authenticated and delivered under this Indenture is not limited except as is or may hereafter be provided in this Indenture, any Supplemental Indenture or as may be limited by law.

The Bonds may, if and when authorized by the Board pursuant to one or more Supplemental Indentures, be issued in one or more Series, and the designation thereof, in addition to the name "General Obligation Bonds (Non-Rated)," shall include such further appropriate particular designation, added to or incorporated in such title for the Bonds of any particular Series, as the Board may determine. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

(b) The Bonds of each Series shall contain on the face thereof substantially the following statement:

> THIS BOND IS A GENERAL OBLIGATION OF THE BOARD FOR WHICH ITS FULL FAITH AND CREDIT ARE PLEDGED, AND IS PAYABLE FROM ANY OF THE BOARD'S REVENUES, ASSETS OR MONEYS, SUBJECT ONLY TO AGREEMENTS MADE WITH HOLDERS OF OTHER NOTES AND BONDS OF THE BOARD PLEDGING PARTICULAR REVENUES, MONEYS OR ASSETS FOR THE PAYMENT THEREOF. THE BOARD HAS NO TAXING POWER.

THIS BOND DOES NOT CONSTITUTE A DEBT, LIABILITY OR GENERAL OBLIGATION OF THE STATE OF MONTANA OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF MONTANA. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF MONTANA IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND.

Section 2.02. Conditions Precedent to the Issuance of Bonds.

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

(i) A Counsel's Opinion, dated the date of delivery thereof, to the effect that: (A) the Board has the power, among others, to issue the Bonds and to perform its obligations under this Indenture and the applicable Supplemental Indenture; (B) the Bonds are valid general obligations of the Board for which its full faith and credit are pledged, and are payable from any of the Board's revenues, assets or moneys, subject only to agreements made with holders of notes and bonds, other than the Bonds, pledging particular revenues, moneys or assets for the payment thereof; and (C) this Indenture and the applicable Supplemental Indenture have been validly authorized, executed and delivered and create an assignment and pledge of and lien on the moneys pledged hereby, except that (1) no opinion need be expressed as to the effect upon such enforceability of bankruptcy, insolvency, reorganization, moratorium and other similar laws heretofore or hereafter enacted for the relief of debtors and (2) no opinion need be expressed as to the availability of the remedy of specific performance, mandamus, injunctive relief or any other equitable remedy.

(ii) A certificate from the Board directing that the Trustee authenticate and deliver such Bonds and containing instructions as to the delivery of such Bonds and the purchase price therefor.

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

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

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

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

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

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

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

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

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

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

(J) Whether the security for such Series of Bonds will also secure any other Series of Bonds, and whether the Series of Bonds will be entitled to the security for any other Series of Bonds;

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

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

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

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

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

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

(Q) Any other provisions deemed advisable by the Board and not in conflict with the provisions of this Indenture or the Act.

(iv) A Certificate from the Board stating that the Board is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in this Indenture or in any Supplemental Indenture.

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

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

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

Section 2.03. Provisions for Refunding Issue.

(a) Bonds of one or more Series may be issued and delivered, subject to the provisions and limitations of this Section 2.03, for the purpose of refunding any Bonds

then Outstanding. The Supplemental Indenture authorizing each such Series of Bonds of a Refunding Issue shall set forth that the purposes for which such Series of Bonds is issued are the payment or redemption of any part or all of the Bonds of any one or more Series then Outstanding, and, if the expenses of such issuance and payment or redemption are not otherwise provided for, the payment of the expenses of such issuance and payment or redemption, and shall contain a description of the Bonds so to be redeemed.

(b) The Bonds of the Series of a Refunding Issue may be delivered by the Board only if:

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

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

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

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

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

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

Section 2.04. Other Obligations. So long as any Bonds are Outstanding, the Board hereby covenants that it will not create or permit the creation of or issue any obligations or create any additional indebtedness (other than additional Series of Bonds) which will be secured by a superior or equal charge or superior or equal lien on the amounts pledged hereunder or will be payable, on an equal or superior basis, from any of the Funds or Accounts established and

created by or pursuant to this Indenture. The Board may, however, issue evidences of indebtedness (including general obligations of the Board) not issued and secured under this Indenture.

ARTICLE III

GENERAL BOND PROVISIONS

Section 3.01. Medium of Payment; Form and Date.

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

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

specified in the Supplemental Indenture authorizing the issuance thereof. Except as set forth in a Supplemental Indenture, Bonds of each Series shall bear interest from their dated date until the first Interest Payment Date and thereafter from the Interest Payment Date next preceding the date of their authentication by the Trustee (unless authenticated on an Interest Payment Date, in which case they shall bear interest from such Interest Payment Date or, in the case of Bonds issued while interest on the Bonds shall be in default, from the date to which interest has been paid in full).

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

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

Section 3.02. Legends. The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Indenture as may be necessary or desirable to comply with custom, or otherwise, as may be determined by the Board prior to the delivery thereof.

Section 3.03. Execution and Authentication.

(a) The Bonds of each Series shall be executed in the name of the Board by the manual or facsimile signature of an Authorized Officer, attested by the manual or facsimile signature of its Secretary or other Authorized Officer, or in such other manner as may be required by law. In case any one or more of the members of the Board who shall have signed any of the Bonds or whose signature appears on any of the Bonds shall cease to be a member before the Bonds are actually delivered, such Bonds may, nevertheless, be delivered as herein provided, and may be issued as if the persons who signed them or whose signatures appear thereon had not ceased to hold such office. Any Bond of a Series may be signed on behalf of the Board by such persons as at the actual time of the execution of such Bond shall be duly authorized or shall hold the proper office in or employment by the Board, although on the Date of Original Issuance of a Series of Bonds such persons may not have been authorized or have held such office or employment.

(b) No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Indenture unless and until a certificate of authentication on such Bond substantially in the following form shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be

conclusive evidence that such Bond has been authenticated and delivered under this Indenture:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Dated:

This Bond is one of the Bonds of the issue described in the within-mentioned Indenture.

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By_____
Authorized Signer

The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer or signatory of the Trustee, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds issued hereunder.

Section 3.04. Interchangeability. Bonds, upon surrender thereof at the principal office of the Trustee, with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount or Original Principal Amount, as the case may be, of Bonds of the same Series, maturity and interest rate, subject to any provisions contained in a Supplemental Indenture relating to the registration of a Series of Bonds pursuant to a Book Entry System.

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

Section 3.06. Transfer of Bonds. Subject to any provisions contained in a Supplemental Indenture relating to the registration of a Series of Bonds pursuant to a Book Entry System, each Bond shall be transferable only upon the books of the Board, at the principal corporate trust office of the Trustee, by the registered owner thereof in person or by his attorney

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

The Board, the Trustee and any Paying Agent may deem and treat the person in whose name any Outstanding registered Bond shall be registered upon the books of the Board as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal, Appreciated Amount, premium, if any, of and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid; neither the Board, the Trustee nor any Paying Agent shall be affected by any notice to the contrary. The Board agrees to indemnify and save any Paying Agent harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence hereunder, in so treating such registered owner.

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

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

Section 3.08. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Trustee shall authenticate and deliver a new Bond of like Series, maturity, interest rate and principal amount or Original Principal Amount, as the case may be, as the Bond, if any, so mutilated, destroyed, stolen or lost in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, if any, or in lieu of and substitution for the Bond, if any, destroyed, stolen or lost, upon filing with the Board and the Trustee evidence satisfactory to them, the provision to the Board and the Trustee of satisfactory indemnification and complying with such other reasonable regulations as the Board or the Trustee may prescribe and paying such expenses as the Board or the Trustee may incur in connection therewith. All Bonds so surrendered to the Trustee shall be cancelled by it and notice of such cancellation shall be given to the Board upon request.

Upon the issuance of any new Bond under this Section 3.08, the Board may require the payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto and any other expenses, including counsel fees, of the Board, any Paying Agent or the Trustee connected therewith.

Section 3.09. Preparation of Definitive Bonds; Temporary Bonds. Until the definitive Bonds of any Series are prepared, the Board may execute and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, except as to the denominations thereof, one or more temporary Bonds, substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in any denominations authorized by the Board, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Board, at its own expense, shall prepare and execute and, upon the surrender of such temporary Bonds deliver in exchange therefor, at the principal office of the Trustee, definitive registered Bonds, of the same Series, aggregate principal amount or Original Principal Amount, as the case may be, interest rate and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds issued pursuant to this Indenture. All temporary Bonds surrendered in exchange for a definitive Bond or Bonds shall be forthwith cancelled by the Trustee.

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

Section 3.11. Money Held for Particular Bonds. The amounts held for the payment of the interest, principal, Appreciated Amount or premium, if any, due on any date with respect to particular Bonds shall be held by the Paying Agent and shall, pending such payment, be held in trust by it for the owners of the Bonds entitled thereto and the Paying Agent shall maintain adequate records for the purpose of segregating the funds, and for the purposes of this Indenture, such interest, principal or premium, after the due date thereof, shall no longer be considered to be unpaid. The Trustee shall notify the Board of any moneys so held for the payment of interest or principal or premium due with respect to particular Bonds which remain in the custody of the Trustee or Paying Agent on the date which is two years after the date on which such Bonds matured or were redeemed (or 90 days prior to the day such moneys would, under the laws of either the State or the State wherein the principal trust office of the Trustee is located, escheat or

be required to be paid to the State or the State wherein the principal trust office of the Trustee is located, respectively, if either of such dates is earlier) and, upon a written request from the Board, shall return such funds to the Board upon such request, and the owners of such Bonds shall thereafter look only to the Board for payment.

Section 3.12. Cancellation of Bonds. All Bonds purchased, redeemed or paid shall, if surrendered to the Board or any Paying Agent, be cancelled by it and delivered to the Trustee, or if surrendered to the Trustee, be cancelled by it. No such Bonds shall be deemed Outstanding under this Indenture and no Bonds shall be issued in lieu thereof. All such Bonds shall be cancelled and shall be destroyed and notice thereof delivered to the Board upon request.

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

ARTICLE IV

REDEMPTION OF BONDS

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

Section 4.02. Redemption at the Election or Direction of Board. In the case of any redemption of Bonds at the election or direction of the Board, the Board shall give written notice to the Trustee of its election or direction so to redeem, of the redemption date, of the Series, and of the principal amounts of the Bonds of each maturity of such Series to be redeemed, which Series maturities and principal amounts thereof to be redeemed shall be determined by the Board in its sole discretion, subject to any limitations with respect thereto contained in the applicable Supplemental Indenture or in this Indenture. Such notice shall be given at least 45 days prior to the redemption date or such shorter period as shall be acceptable to the Trustee or contained in the applicable Supplemental Indenture. In the event notice of redemption shall have been given as provided in Section 4.05 (except for a conditional notice as authorized by the last paragraph thereof), there shall be paid on or prior to the redemption date (but not necessarily prior to the date on which notice of redemption shall have been given as provided in Section 4.05) to the appropriate Paying Agents, an amount in cash which, in addition to other moneys, if any, available therefor held by such Paying Agents, will be sufficient to redeem on the redemption date at the redemption price thereof, plus interest accrued and unpaid to the redemption date, all of the Bonds to be redeemed. The Board shall promptly notify the Trustee in writing of all such payments by it to a Paying Agent.

Section 4.03. Redemption Otherwise Than at Board's Election or Direction. Whenever, by the terms of this Indenture and pursuant to a Supplemental Indenture, the Trustee is required or authorized to redeem Bonds otherwise than at the election or direction of the

Board, the Trustee shall select the Bonds to be redeemed, give the notice of redemption and pay out of moneys available therefor (or pay to any Paying Agent, if applicable) the redemption price thereof, plus interest accrued and unpaid to the redemption date, to the appropriate Paying Agents in accordance with the terms of this Article IV and the terms of the applicable Supplemental Indenture.

Section 4.04. Selection of Bonds To Be Redeemed. In the event of redemption of less than all of the Outstanding Bonds of like Series, interest rate and maturity, the Bonds to be redeemed in part shall be selected randomly or in such manner as the Trustee in its discretion deems fair, unless otherwise specified in the Supplemental Indenture authorizing such Series of Bonds.

Section 4.05. Notice of Redemption. This Section shall govern the provision of notice of redemption *unless* otherwise provided in a Supplemental Indenture. When the Trustee shall be required or authorized to redeem Bonds, the Trustee shall, in accordance with the terms and provisions of the Bonds and of this Indenture, select the Bonds to be redeemed and shall give notice (which notice shall be dated the date given), in the name of the Board, of the redemption of Bonds, which notice shall specify (a) the name of the Bonds, (b) the Series, (c) the date of issue, (d) the redemption price, (e) the maturities and interest rates of the Bonds to be redeemed, (f) the redemption date and the place or places where amounts due upon such redemption will be payable (including name and address of the Trustee or redemption agent, with contact person and telephone number), (g) if less than all of the Bonds of any like Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed (i.e., CUSIP and certificate numbers), (h) in the case of a Bond to be redeemed in part only, such notice shall also specify the portion of the principal amount or Original Principal Amount, as the case may be, thereof to be redeemed and (i) such other information as may be specified in a Supplemental Indenture with respect to a particular Series of Bonds. Such notice shall further state that, except as provided in the last paragraph hereof, on the Redemption Date there shall become due and payable upon each Bond to be redeemed the redemption price thereof, or the redemption price of the specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, with interest accrued and unpaid to such date, and that from and after such date, interest thereon shall cease to accrue and be payable. Such notice shall be given by mailing a copy of such notice, postage prepaid, at least 30 days but no more than 60 days prior to such Redemption Date, to the registered owner of any Bond, all or a portion of which is to be redeemed, at his last address, if any, appearing upon the registry books, but failure so to mail any such notice or any defect in such notice shall not be a condition precedent to or affect the validity of any proceedings for the redemption of other Bonds.

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

Any notice of redemption pursuant to this Section 4.05 may, if directed by the Board, be given specifying that the redemption of the Bonds so called for redemption is made conditional upon the deposit of sufficient amounts to pay the redemption price therefor on the Redemption Date and, if amounts are not so available, such notice of redemption shall be cancelled and be

null and void and the Bonds so called for redemption and subject to such conditional redemption notice shall continue to remain Outstanding.

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

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

Section 4.08. Purchase of Bonds; Tenders. Unless expressly provided otherwise herein, if at any time moneys are held in any Fund or Account hereunder or in a Supplemental Indenture to be used to redeem Bonds, in lieu of such redemption the Board may direct the Trustee to use part or all of such moneys to purchase Bonds of the respective Series, interest rates and maturities that would otherwise be subject to redemption from such moneys. The purchase price of such Bonds paid from such amounts shall not exceed the applicable redemption

price of the Bonds which would be redeemed but for the operation of this Section (accrued interest to be paid from the same Fund or Account from which accrued interest would be paid upon the redemption of such Bonds). Any such purchase must be completed prior to the time notice would otherwise be required to be given to redeem the related Bonds. All Bonds so purchased shall be cancelled by the Trustee and applied as a credit against the Board's obligation to redeem such Bonds from such moneys. Savings resulting from the purchase of Bonds at less than their respective redemption prices shall be used to purchase or redeem additional Bonds to the extent permitted by the provisions hereof and the relevant Supplemental Indenture or, at the request of the Board, and upon receipt of a Counsel's Opinion that such action will not adversely affect the tax-exempt status of interest on the Bonds, withdrawn and paid to the Board free and clear of the lien of this Indenture.

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

ARTICLE V

ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

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

(a) The following special Funds and Accounts shall be held by the Trustee or by a Fiduciary, in a segregated account, in the name of the Trustee and shall be established upon establishment of an Account in such Fund pursuant to a Supplemental Indenture and otherwise at such time, if any or as necessary, to account for funds to be deposited therein pursuant to the terms hereof or of any Supplemental Indenture or as directed by a Certificate:

(i) a Program Fund;

(ii) a Revenue Fund;

(iii) a Debt Service Reserve Fund; and

(iv) a Rebate Fund.

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

(b) The Trustee shall also establish such other funds, accounts or subaccounts as the Board may direct or as the Trustee shall determine may be reasonably required to carry out its duties under this Indenture, and moneys deposited therein shall be used and pledged only as provided in the directions of the Board.

(c) There is hereby established in each Fund a separate Account for each Series of Bonds. Except as otherwise provided in a Supplemental Indenture, the proceeds of a particular Series of Bonds issued under a Supplemental Indenture and the earnings on investments of moneys in the Funds or Accounts relating to a particular Series of Bonds, when required to be deposited in any Fund, shall be deposited or credited to the Account established therein for that particular Series of Bonds. Withdrawals from Funds and Accounts in connection with a particular Series of Bonds may be made and used (including for purposes of redemption) only for such Series of Bonds and not for any other Series of Bonds unless specifically permitted by a related Supplemental Indenture. For purposes of investment, the Trustee and the Board may consolidate the Accounts required to be established in a particular Fund into one Fund so long as adequate records are maintained as to the amounts held in each such Fund allocable to each Series of Bonds.

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

Section 5.02. Program Fund.

(a) The Trustee shall from time to time pay out money from the Program Fund, or transfer any assets therein, free and clear of the lien of this Indenture, at the direction of an Authorized Officer of the Board, for any purpose, except as may be restricted in a Supplemental Indenture.

(b) The Trustee shall, to the extent amounts are insufficient in the Revenue Fund to pay principal of or interest on any Series of the Bonds when due, transfer (after transferring amounts in any capitalized interest account for such Series of Bonds established in connection with a Supplemental Indenture, but prior to amounts for such Series of Bonds in the Debt Service Reserve Fund) moneys from the related Series Account of the Program Fund to the related Series Account of the Revenue Fund to pay principal of or interest on such Series of Bonds.

(c) Any investment earnings on moneys or other assets held in the related Series Account of the Program Fund shall be deposited in the related Series Account of the Revenue Fund on the Business Day prior to each Interest Payment Date to the extent necessary to pay principal or interest on such Series of the Bonds, and may otherwise be transferred or credited to the related Account or sub-account of any Fund or Account hereunder by the Trustee at any time as directed by the Board.

Section 5.03. Debt Service Deposits. On or before the tenth day preceding each Interest Payment Date and any other date on which principal of or interest on or any Sinking

Fund Installment with respect to the Bonds is due, if the Trustee does not have on deposit in the Revenue Fund for a Series of Bonds an amount sufficient and available to pay the interest, principal (if any) and Sinking Fund Installment due on such Interest Payment Date or other date, the Trustee shall give the Board notice of the amount so on deposit and the amount of the insufficiency.

On or before the last business day preceding each Interest Payment Date and each other date on which principal of or interest on or any Sinking Fund Installment with respect to a Series of the Bonds is due, the Board shall transfer, or cause to be transferred, to the Trustee for deposit to the related Series Account of the Revenue Fund such amount, if any, so that the amount or deposit therein is sufficient to pay the interest, principal (if any) and Sinking Fund Installment due on such Interest Payment Date or other date for application as provided in Section 5.04 hereof. At the direction of the Board, any other funds may also be deposited in the related Series Account of the Revenue Fund.

Section 5.04. Revenue Fund.

(a) On each Interest Payment Date and any other date on which interest on a Series of the Bonds is payable, the Trustee shall withdraw from the related Series Account of the Revenue Fund, an amount equal to the unpaid interest due on the Series of Bonds on that date, and on any redemption date or purchase date pursuant to Section 4.08 hereof, an amount equal to the unpaid interest due on the Series of Bonds to be paid, redeemed or purchased, and shall cause it to be applied to the payment of said interest when due, or shall transmit it to one or more Paying Agents, who shall apply it to such payment.

(b) The Trustee shall withdraw from the related Series Account of the Revenue Fund on each date on which principal on a Series of the Bonds is payable (i) an amount equal to the principal amount of the Outstanding Bonds, if any, due (whether by maturity, redemption or otherwise) on that date, which shall be applied to the payment or purchase of the principal of said Bonds when due or transmitted to one or more Paying Agents who shall apply it to such payment and (ii) an amount equal to the Sinking Fund Installment, if any, due on that date, which shall be applied to the redemption of such Series of Bonds to be redeemed on that date or transmitted to one or more Paying Agents who shall apply it to such redemption.

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

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

Unless other dates are specified in a Supplemental Indenture authorizing a Series of Bonds, on or before the third day preceding the date the Trustee so selects Outstanding Bonds for such redemption, the Trustee, if directed by a certificate of an Authorized Officer, shall apply moneys (if any) in the related Series Account of the Revenue Fund held for such Sinking Fund Installment to the purchase of Outstanding Bonds subject to redemption from such Sinking Fund Installment in the manner hereinafter provided, and upon such purchase such Bonds shall be canceled and the amount of such Sinking Fund Installment shall thereupon be reduced by the principal amount of such Bonds so purchased and canceled. The price paid by the Trustee (excluding accrued interest, but including any brokerage and other charges) for any Bond purchased pursuant to this subsection shall not exceed the redemption price applicable on the next date on which such Bond could be redeemed in accordance with its terms from a Sinking Fund Installment. Subject to the limitations set forth and referred to in this Section, the Trustee shall purchase Bonds at such times, for such prices, in such amounts and in such manner (whether after advertisement for tenders or otherwise) as the Trustee may be so directed by the Board and as may be possible with the amount of money available in the related Series Account of the Revenue Fund.

(d) On each Interest Payment Date, after the withdrawals described above, if the amount on deposit in the related Series Account of the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement for such Series, the Trustee shall transfer from the related Series Account of the Revenue Fund to the related Series Account of the Debt Service Reserve Fund an amount, to the extent available in the related Series Account of the Revenue Fund, equal to the deficit in the related Series Account of the Debt Service Reserve Fund.

(e) Any investment earnings on moneys held in the Revenue Fund shall be retained therein, or shall otherwise be transferred or credited by the Trustee to other Funds or Accounts hereunder, or at the option of the Board, to other uses free and clear of the lien of this Indenture.

(f) Any amounts remaining in a Series Account of the Revenue Fund on an Interest Payment Date after the payments specified above (and not being held for such payments) shall be retained therein, or shall otherwise be transferred or credited by the Trustee as directed by the Board.

(g) In the event that the amount in a Series Account of the Revenue Fund on any Interest Payment Date or other date on which principal of or interest on the related Series of Bonds is payable, or otherwise, is insufficient to pay in full interest when due, or is insufficient to pay in full principal and Sinking Fund Installments when due, the Trustee shall withdraw the amount of such deficiency from the following funds in the following order: (i) any amounts in any capitalized interest account established pursuant to a Supplemental Indenture for such Series of Bonds, (ii) the related Series Account of the Program Fund, to the extent of amounts available therein and (iii) the related Series Account of the Debt Service Reserve Fund.

Section 5.05. Debt Service Reserve Fund. There shall be deposited into the Series Account of the Debt Service Reserve Fund, from the proceeds of the sale of the related Series of Bonds or such other sources as specified by a direction of an Authorized Officer of the Board, the amounts specified by each Supplemental Indenture, provided that, as a result of such deposit, the amount on deposit in the Series Account of the Debt Service Reserve Fund shall be at least equal to the Debt Service Reserve Requirement for such Series.

If there is not a sufficient amount in the Series Account of the Revenue Fund to provide for the payment when due of principal of and interest on the Bonds of such Series and any related Sinking Fund Installments, the Trustee shall withdraw from the Series Account of the Debt Service Reserve Fund (after withdrawing any amounts in any capitalized interest account established pursuant to a Supplemental Indenture or the Series Account of the Program Fund, to the extent of amounts available therein) and pay into the Series Account of the Revenue Fund the amount of the deficiency then remaining.

Interest and other income from the investment or deposit of amounts in the Series Account of the Debt Service Reserve Fund, if and to the extent the Debt Service Reserve Requirement for such Series is satisfied, shall be deposited in the Series Account of the Revenue Fund on the Business Day prior to each Interest Payment Date to the extent necessary to pay principal or interest on the Bonds of such Series, or otherwise credited or transferred to any Fund or Account for such Series hereunder as directed by an Authorized Officer of the Board.

Any balance in the Series Account of the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement for such Series shall, at the option of the Board and upon the direction of an Authorized Officer of the Board, be credited or transferred to any Fund or Account hereunder at such times as directed by such Authorized Officer.

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

Section 5.06. Rebate Fund.

(a) Amounts deposited and held in the Rebate Fund shall not be subject to the pledge of this Indenture in favor of the holders of the Bonds; however, such amounts are held for public purposes and are necessary in order to comply with Section 148 of the

Code, and therefore, such amounts are hereby pledged, subject only to any withdrawals permitted by the Board pursuant to this Section 5.06, to the United States of America to the extent required to make any payments pursuant to Section 148 of the Code. Investment earnings on any moneys in the Rebate Fund shall be retained therein.

(b) The Trustee shall establish in the Rebate Fund a separate account for the Outstanding Bonds of each Series the interest on which is designated by the related Supplemental Indenture as intended to be excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Code or any successor statute thereto (each such account herein referred to as a "Series Rebate Account"). On or before July 31 of each year, the Trustee shall forward to the Board information as of the preceding June 30 with respect to the Average Balance of the investments in each of the Funds and Accounts. Annually, within 60 days after the end of each respective Tax Bond Year, the Board shall (i) calculate or cause to be calculated, the amount of Excess Arbitrage Earnings, (ii) file with the Trustee an Certificate containing a computation of the Excess Arbitrage Earnings, with a breakdown for each fund and account established under this Indenture, and (iii) transfer to the Trustee an amount equal to the amount of such Excess Arbitrage Earnings, and the Trustee shall thereupon transfer or deposit the Excess Arbitrage Earnings to the related Series Rebate Account in the Rebate Fund to the extent necessary to comply with the Code.

(c) If permitted by the Code, at such periodic intervals as the Board, by an Certificate, shall direct, the Board may withdraw from the related Series Rebate Account in the Rebate Fund and transfer to any other fund or Account hereunder or to the Board any amount in the Series Rebate Account in excess of the Excess Arbitrage Earnings, if any, as permitted by the Code. The moneys so transferred shall no longer represent a portion of the Excess Arbitrage Earnings.

(d) The Board shall, in accordance with the requirements of Section 148 of the Code, pay over moneys in the Rebate Fund to the United States of America. To the extent that moneys in the Rebate Fund are not withdrawn pursuant to paragraph (c) of this Section 5.06, moneys in the Rebate Fund shall be withdrawn by the Board for disbursement to the United States of America, at such times and in such amounts as shall be determined by the Board in accordance with the requirements of the Code.

ARTICLE VI

COVENANTS

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

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

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

Section 6.04. Tax Covenants. The provisions of this Section 6.04 shall apply only to the Bonds as to which the related Supplemental Indenture shall determine that interest thereon shall be excludable from gross income for federal income tax purposes. The Board shall take no action which may cause interest on the Bonds to be included in gross income for federal income tax purposes and shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Board on the Bonds shall not be includable in gross income for federal income tax purposes.

The Board covenants and certifies to and for the benefit of the owners of the Bonds from time to time Outstanding that so long as any of the Bonds remain Outstanding, moneys on deposit in any Fund or Account in connection with the Bonds, whether or not such moneys were derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner which will cause the Bonds to be classified as "arbitrage bonds" within the meaning of Sections 143 or 148 of the Code. Pursuant to such covenant, the Board obligates itself, to the extent permitted by law, to comply throughout the term of the issue of the Bonds with the requirements of Sections 143 or 148 of the Code.

In the event that at any time the Board is of the opinion that for purposes of this subsection it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under this Indenture, the Board shall so direct the Trustee in writing. The Trustee shall take such action as may be necessary in accordance with such instructions and shall be deemed to be in compliance hereof to the extent it follows such instructions.

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

such books to the Board and the same (including the balances shown thereon) are not consistent with those reported and maintained by the Board, the Trustee shall forthwith reconcile or hire an independent accountant of national standing to reconcile the same (any expenses of the Trustee in connection therewith to be reimbursed as provided in Section 11.07 hereof), and until so reconciled, such books maintained by the Board shall be deemed complete and accurate.

Upon request by the Board, the Trustee shall forward to the Board, on the business day following any transaction in connection with a Fund or Account, a statement of such transactions in reasonable detail and form. After the first day, and on or before the tenth day, of each month, the Trustee shall use its best efforts to forward to the Board a statement of account for transactions during the preceding month and balances as of the last day of such month in reasonable detail and form. The information required to be supplied to the Board pursuant to this paragraph may, upon the agreement of the Board and the Trustee, be supplied to the Board in such other manner as shall be satisfactory to the Board.

Annually, within 120 days after the close of each Fiscal Year, the Board shall cause a report of audit of its financial records and an Accountant's Opinion with respect thereto to be made. The report shall show (i) revenues and expenses for the Fiscal Year and (ii) assets, liabilities and fund balances at the end of the Fiscal Year, including all Funds and Accounts established by this Indenture (which may be consolidated). Notwithstanding any other provision of this Indenture, for purposes of such report, revenues and expenses shall be accrued, and assets shall be valued in such manner as is deemed by the Board and the accountant to be necessary to present fairly the results of operations for the Fiscal Year and the financial position of such Funds and Accounts at the end of the Fiscal Year in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding Fiscal Year.

A copy of each audit report and Accountant's Opinion shall be mailed promptly by the Board to each Bondholder or beneficial owner who shall have filed his name and address with the Board for such purpose.

The Trustee shall promptly notify the Board and the holders of the Bonds Outstanding of any fact or circumstance of which it has actual knowledge which could adversely affect the Trustee's ability to provide for timely payment of the principal of, premium, if any, or interest on the Bonds or any material defaults or failures of which the Trustee, after reasonable diligence, has knowledge, to comply with the provisions of this Indenture.

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

Section 6.07. Further Assurance. At any and all times, the Board shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning or confirming all and singular the rights, Funds and Accounts pledged, assigned and established pursuant to this Indenture,

including the moneys, securities and Investment Securities hereby pledged or assigned, or assigned in trust, or intended so to be, or which the Board may hereafter become bound to pledge or assign in trust.

Section 6.08. Powers as to Bonds and Pledge. The Board is duly authorized, pursuant to law, to authorize and issue Bonds, to enter into this Indenture and to pledge the Funds and Accounts (other than the Rebate Fund) established by this Indenture, including the money, Investment Securities and securities therein purported to be pledged, in the manner and to the extent provided in this Indenture, and to assign, transfer and set over unto the Trustee in trust the moneys held in such Funds or the Accounts thereof or any securities or Investment Securities purchased with amounts therein, purported to be so assigned in trust by this Indenture, in the manner and to the extent provided in this Indenture and in any Supplemental Indenture. The moneys, securities, Funds and Accounts so pledged and so held in trust are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and assignment in trust created by this Indenture, and all corporate action on the part of the Board to that end has been duly and validly taken. Each Series of Bonds and the provisions of this Indenture are and will be the valid and legally enforceable general obligations of the Board in accordance with their terms and the terms of this Indenture and the related Supplemental Indenture subject only to agreements made with holders of notes and bonds, other than the Bonds pledging particular revenues, moneys or assets for the payment thereof. The Board shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the money, securities, Funds and Accounts so pledged under this Indenture and all the rights of the Bondholders under this Indenture, against all claims and demands of all persons whomsoever.

ARTICLE VII

DISCHARGE OF LIEN

If the Board shall pay or cause to be paid, or there shall otherwise be paid or provision for payment made, to the holders of the Bonds the principal amount of, premium, if any, and interest due or to become due thereon at the times and in the manner stipulated therein, then unless there shall be delivered to the Trustee a certificate of an Authorized Officer to the contrary, these presents and the estate and rights hereby granted shall cease, determine and be void, whereupon the Trustee shall cancel and discharge the lien of this Indenture, and execute and deliver to the Board such instruments in writing as shall be requisite to release the lien hereof, and reconvey, release, assign and deliver unto the Board any and all the estate, right, title and interest in and to any and all rights or property assigned or pledged to the Trustee or otherwise subject to the lien of this Indenture, except cash held by the Trustee or any Paying Agent for the payment of the principal amount of, premium, if any, and interest on any Series of Bonds.

Any Bond shall be deemed to be paid within the meaning of this Article and for all purposes of this Indenture and any Supplemental Indenture when payment of the principal amount of and premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided herein), either (a) shall have been made or caused to be made in accordance with the terms thereof or (b) shall have been provided by irrevocably depositing with the Trustee, in trust and irrevocably set aside

exclusively for such payment (i) moneys sufficient to make such payment and/or (ii) Federal Obligations maturing as to principal and interest in such amount and at such time as will ensure the availability of sufficient moneys to make such payment. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits of this Indenture, except for the purposes of any such payment from such moneys or Federal Obligations.

Notwithstanding the foregoing, no deposit under clause (b) of the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until the earlier of: (I) proper notice of redemption of such Bonds shall have been previously given in accordance with Article IV of this Indenture, or in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, until the Board shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions to notify, as soon as practicable, the holders or owners of the Bonds, in accordance with Article IV hereof, that the deposit required by (b) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Article and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal amount or redemption price, if applicable, on said Bonds; or (II) the maturity of such Bonds.

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

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

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

(iii) to mail, as soon as practicable, in the manner prescribed by Article IV hereof, a notice to the holders of such Bonds that the deposit required by (b) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Article and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal amount or redemption price, if applicable, on said Bonds as specified in (I) hereof and, if a maturity date is stated, whether or not such Bonds continue to be subject to redemption.

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

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

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

ARTICLE VIII

DEFAULTS AND REMEDIES

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

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

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

(c) If the Board shall file any petition seeking relief under the federal bankruptcy laws or under any other applicable law or statute of the United States of America or of the State; or

(d) If the State has limited or altered the rights of the Board pursuant to the Act, as in force on the date of this Indenture, to fulfill the terms of any agreements made with the holders of Bonds or in any way impaired or diminished the rights and remedies or security of holders of Bonds while any Bonds are Outstanding.

If the Board determines that an Event of Default has occurred under Section 8.01(b), (c) or (d), the Board shall promptly notify the Trustee thereof.

Upon the occurrence of an Event of Default as set forth above and of which the Trustee has knowledge or has been provided a notice from the Board regarding an Event of Default, and upon the cure, if any, of any such Event of Default, in either case, the Trustee shall provide written notice thereof to the Board and the holders of the Bonds Outstanding (and each beneficial owner who has filed a written notice with the Trustee requesting the same) within 10 days of

receiving such notice or learning of the Event of Default or the occurrence of such Event of Default.

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

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

(b) The books of record and account of the Board and all records relating to the Bonds shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys; and

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

If an Event of Default shall have occurred and, if requested so to do by the holders of not less than 50% in aggregate principal amount of a Series of Bonds then Outstanding and indemnified as provided in Sections 11.03, 11.05 and 11.07 hereof, the Trustee shall be obligated to exercise one or more of the rights and powers conferred by this Section, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bondholders of such Series.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bondholders hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein; and every such right and power may be exercised from time to time as often as may be deemed expedient.

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

Section 8.03. Right of Bondholders To Direct Proceedings. Anything in this Indenture to the contrary notwithstanding, the holders of a majority in aggregate principal amount of a Series of Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture with respect to such Series, or for the appointment of a receiver or

any other proceedings hereunder, provided that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

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

Section 8.05. Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall (in the case of a default described in Section 8.01(a) hereof, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee and of any related expenses necessary to maintain the security for the Bonds) be deposited in the appropriate Series Account of the Revenue Fund and all moneys in such Series Account of the Revenue Fund (other than moneys held for redemption of Bonds duly called for redemption) shall be applied as follows:

(a) Unless the principal amount of all such Series of the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

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

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

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

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

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

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the principal amount to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all principal amounts of and interest on all Bonds of a Series have been paid under the provisions of this Section and all fees, expenses and charges of the Trustee and any Paying Agent have been paid, any balance remaining in the Revenue Fund for such Series shall be transferred to the related Series Account of the Program Fund or otherwise transferred or credited as directed by the Board.

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

Section 8.07. Rights and Remedies of Bondholders. No holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless (1) a default has occurred of which the Trustee has been notified as provided in Section 11.03 hereof, or of which by said subsection it is deemed to have notice,

(2) such default shall have become an Event of Default and the owners of not less than 50% in aggregate principal amount of Bonds then Outstanding of such Series or, if such Event of Default is an Event of Default described in clause (a) of Section 8.01 hereof, by the owners of not less than 50% in aggregate principal amount of Bonds then Outstanding of the Series with respect to which such Event of Default has happened, shall have given written notice to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in their own name or names, (3) such Bondholders have offered to the Trustee indemnity as provided in Article XI hereof and (4) the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by his action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal and ratable benefit of the holders of all Bonds of such Series then Outstanding, subject to the provisions of this Indenture. However, nothing contained in this Indenture shall affect or impair the right of any Bondholders to enforce the payment of the principal of and interest on any Bond at and after the maturity thereof, or the obligation of the Board to pay the principal of and interest on each of the Bonds issued hereunder to the respective holders thereof at the time, place, from the source and in the manner in the Bonds expressed.

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

Section 8.09. Waivers of Events of Default. The Trustee may at its discretion waive any Event of Default hereunder and its consequences, and shall do so upon the written request of the holders of (a) more than 66-2/3% in aggregate principal amount of all the Bonds of a Series then Outstanding in respect of which default in the payment of principal amount or interest, or both, exists or (b) more than 50% in aggregate principal amount of all Bonds then Outstanding of a Series in the case of any other default; provided, however, that there shall not be waived (i) any Event of Default in the payment of the principal amount of any Outstanding Bonds of a Series at the date of maturity or sinking fund redemption date specified therein or (ii) any default in the payment when due of the interest on any such Bonds unless, prior to such waiver or rescission, all arrears of interest or all arrears of payments of principal amount when due, as the case may be, with interest on overdue principal at the rate borne by the Bonds, and all fees and expenses of the Trustee in connection with such default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceedings taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in

every such case the Board, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Section 8.10. Notice of Defaults Under Section 8.01(b); Opportunity of the Board To Cure Such Defaults. Anything herein to the contrary notwithstanding, no default under Section 8.01(b) hereof shall constitute an Event of Default until actual notice of such default by first class mail (postage prepaid) shall be given to the Board by the Trustee or by the holders of not less than 25% in aggregate principal amount of all Bonds Outstanding of a Series and the Board shall have had 60 days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period; provided, however, if said default be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Board within the applicable period and diligently pursued until the default is corrected.

ARTICLE IX

SUPPLEMENTAL INDENTURES

Section 9.01. Supplemental Indentures Effective Upon Filing. For any one or more of the following purposes and at any time or from time to time, a supplemental indenture of the Board supplementing this Indenture may be adopted, which supplemental indenture, upon filing with the Trustee of a copy thereof certified by an Authorized Officer, shall be fully effective in accordance with its terms:

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

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

(c) (i) to add to the covenants or agreements of the Board in this Indenture other covenants or agreements to be observed by the Board which are not contrary to or inconsistent with this Indenture as theretofore in effect or (ii) to make any change which, in the judgment of the Trustee, is not to the material prejudice of the Bondholders;

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

(e) to surrender any right, power or privilege reserved to or conferred upon the Board by this Indenture;

(f) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Indenture, of any money, securities, Funds or Accounts; and

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

Section 9.02. Supplemental Indentures Effective Upon Consent of Trustee. For any one or more of the following purposes and at any time or from time to time, a supplemental indenture, amending or supplementing this Indenture, may be approved and entered into by the Board, which, upon (a) filing with the Trustee of a copy thereof certified by an Authorized Officer and (b) filing with the Trustee and the Board of an instrument in writing made by the Trustee consenting to such supplemental indenture, shall be fully effective in accordance with its terms:

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

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

Any such supplemental indenture may also contain one or more of the purposes specified in Section 9.01, and in that event, the consent of the Trustee required by this Section shall be applicable only to those provisions of such Supplemental Indenture as shall contain one or more of the purposes set forth in this Section 9.02.

Section 9.03. Supplemental Indentures Requiring Consent of Bondholders. Exclusive of supplemental indentures covered by Sections 9.01 and 9.02 hereof and subject to the terms and provisions contained in this Section, and not otherwise, (a) the holders of not less than two-thirds in aggregate principal amount of the Bonds then Outstanding at the time such consent is given and (b) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, the holders of not less than two-thirds in aggregate principal amount of the Bonds of the particular Series Outstanding affected at the time such consent is given shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the Board and the Trustee of such indentures supplemental hereto as shall be deemed necessary and desirable by the Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indentures; provided, however, that, except as set forth in Section 9.04 hereof, nothing in this Section contained shall permit, or be construed as permitting, without the consent of the holders of all Outstanding Bonds, (i) an extension of the maturity or mandatory sinking fund redemption

date of the principal of or the time for payment of the interest on any Bond issued hereunder, (ii) a reduction in the principal amount of any Bond or the rate of interest (except as otherwise provided in a Supplemental Indenture), or sinking fund redemption requirements, thereon, (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, (iv) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture, (v) the creation of any lien other than a lien ratably securing all of the Bonds at any time Outstanding hereunder, or (vi) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee without the written consent of the Trustee.

For the purposes of this Section, Bonds of any particular Series shall be deemed to be affected by a modification or amendment of this Indenture if the same adversely affects or diminishes the rights of the holders of Bonds of such Series. The Trustee, relying upon Counsel's opinion, may determine whether or not, in accordance with the foregoing powers of amendment, Bonds of any particular Series or maturity would be affected by a modification or amendment of the Indenture, and any such determination shall be binding and conclusive on the Board and all holders of Bonds.

Section 9.04. Modifications by Unanimous Consent. Notwithstanding anything contained in the foregoing provisions of this Article, the terms and provisions of this Indenture, and the rights and obligations of the Board and the holders of the Bonds, in any particular, may be modified or amended in any respect upon the execution by the Board and filing in accordance with the provisions of this Article of a supplemental indenture of the Board making such modification or amendment and the consent to such supplemental indenture of the holders of all of the Bonds then Outstanding, such consent to be given and proved as provided in Section 9.05, except that no notice to Bondholders, either by mailing or publication, shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of the Trustee without the Trustee's written assent thereto.

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

Section 9.05. Consent of Bondholder. The Board may at any time execute and file a supplemental indenture from the Board making a modification or amendment permitted by the provisions of Section 9.03 or 9.04, to take effect when and as provided in this Section. A copy of such supplemental indenture (or brief summary thereof or reference thereto in form approved by the Board), together with a request to the Bondholders for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Board to the Bondholders. Such supplemental indenture shall not be effective unless and until, and shall take effect in accordance with its terms when, (a) there shall have been filed with the Trustee (i) the written consent of the holders of the percentage of Outstanding Bonds specified in Section 9.03 or 9.04, as the case may be and (ii) a Counsel's Opinion stating that such supplemental indenture has been duly and lawfully adopted by the Board in accordance with the provisions of this Indenture, is authorized or permitted by the provisions of this Indenture, and, when effective, will be valid and binding upon the Board and enforceable in accordance with its terms and (b) a notice shall have been given as hereinafter

provided in this Section. Each such consent shall be effective only if executed by a holder of Bonds as of the date such consent is given.

In connection with this Section 9.05, any such consent shall be binding upon the holder of the Bonds giving such consent and upon any subsequent holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent holder thereof has notice thereof), but, notwithstanding the provisions of Section 12.01, such consent may be revoked in writing by the filing with the Trustee, not later than the time when the written statement of the Trustee hereinafter in this Section provided for is filed. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee to the effect that no revocation thereof is on file with the Trustee.

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

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

Section 9.06. Authorization to Trustee. The Trustee is authorized to accept the delivery of a certified copy of any supplemental indenture of the Board referred to and permitted or authorized by Section 9.01, 9.02, 9.03, 9.04 or 9.05, upon satisfaction of any requirements with respect thereto, to consent to such indenture as provided in such Section and to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action, shall be fully protected in relying on a Counsel's Opinion that such supplemental indenture is authorized or permitted by the provisions of this Indenture or contains no provisions which are contrary to or inconsistent with this Indenture as theretofore in effect.

Section 9.07. Exclusion of Bonds. Bonds owned or held by or for the account of the Board shall be excluded and shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article, and the Board shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article. At the time of any consent or other action under this Article, the Board shall furnish the Trustee a certificate of an Authorized Officer, upon which the Trustee may rely, describing all Bonds so to be excluded.

Section 9.08. Notation on Bonds. Bonds delivered after the effective date of any action taken as in this Article provided may, and if the Trustee so determines shall, bear a notation by

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

ARTICLE X

DEPOSITARIES OF MONEYS AND INVESTMENT OF FUNDS

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

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

Obligations purchased as an investment of moneys in any Fund or Account held by the Trustee under the provisions of this Indenture shall be deemed at all times to be a part of such Fund or Account (and of each Series subaccount thereof, and except as otherwise expressly provided in this Indenture, the income or interest earned by, or the increment to, a Fund or Account (other than the Rebate Fund, Revenue Fund and Debt Service Reserve Fund) due to the investment thereof shall be transferred or credited as specified herein. Moneys in separate Funds and Accounts may be commingled for the purpose of investment or deposit, subject to instructions from an Authorized Officer, to the extent possible in conformity with the provisions of this Section.

In computing the amount in any Fund or Account held by the Trustee under the provisions of this Indenture, obligations purchased by the Trustee or transferred by the Board to the Trustee as an investment of moneys therein shall be valued at the Amortized Value, plus the

amount of accrued interest, except that securities covered by repurchase agreements shall be valued at market price. Where market prices for obligations held by the Trustee are not readily available, the Trustee may determine the market price for such obligations in such manner as it deems reasonable. To the extent that moneys are invested pursuant to an Investment Agreement, such Investment Agreement shall be valued at par.

The Trustee shall sell outright or pursuant to a repurchase agreement at the best price reasonably obtainable, or present for redemption, any obligation purchased by it as an investment whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the Fund or Account for which such investment was made or as otherwise directed by the Board. When transferring moneys from one Fund or Account to another, investments need not be liquidated, and all or a portion of such invested moneys may be credited to a particular Fund or Account from another. The Trustee shall check the accuracy of all calculations of investment earnings on all investment agreements constituting Investment Securities.

At the direction of an Authorized Officer of the Board, the Trustee may sell Investment Securities hereunder and purchase any Investment Securities in exchange therefor.

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

ARTICLE XI

THE FIDUCIARIES

Section 11.01. Trustee and Depositaries; Appointment and Acceptance.

(a) The Trustee shall be and is hereby vested with all the property, rights, powers and duties granted, pledged and assigned to it by this Indenture, in trust for the Bondholders.

(b) The Board may appoint Fiduciaries as depositaries of money held under the provisions of this Indenture. Each Fiduciary shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing and delivering to the Board and the Trustee written acceptance thereof. The Trustee may be a depositary of the Board.

Section 11.02. Paying Agents. The Board hereby appoints the Trustee as the Paying Agent for the Bonds and may, at any time or from time to time by a supplemental indenture, appoint one or more other Paying Agents for such Bonds. Each additional Paying Agent shall be a bank, trust company or national banking association, having trust powers and having a capital and surplus aggregating at least $15,000,000, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture. Each Paying Agent, other than the Trustee, shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing and delivering to the Board and the Trustee a written acceptance thereof. The Trustee may be appointed and may act as a Paying Agent.

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

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

The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified above, and shall be entitled to advice of counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorneys (who may but need not be the attorney or attorneys for the Board) approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or nonaction in good faith in reliance upon such opinion or advice.

Unless an officer of the corporate trust department of the Trustee shall, after due diligence, have actual knowledge thereof, the Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except defaults under Section 8.01(a) hereof unless the Trustee shall be specifically notified in writing of such default by the Board or a court of law or by any owner of the Bonds. All notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the principal corporate trust office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no default except as aforesaid.

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

At any and all reasonable times, the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right to inspect any and all of the books, papers and records of the Board pertaining to the receipts under the Bonds, and to duplicate such memoranda in regard thereto as may be desired.

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

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

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

Section 11.05. Evidence on Which Fiduciaries May Act. Each Fiduciary shall be protected in acting upon any notice, resolution, request, consent, order, certificate, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be of counsel to the Board, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith. Whenever any Fiduciary shall deem it necessary or desirable that a fact or matter be proved or established prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer stating the same, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Indenture upon the faith thereof, but in its discretion the Fiduciary may, in lieu thereof, accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by or on behalf of the Board to any Fiduciary shall be sufficiently executed if executed by an Authorized Officer.

Section 11.06. Preservation and Inspection of Documents. All reports, certificates, statements and other documents received by any Fiduciary under the provisions of this Indenture shall be retained in its possession and shall be available at all reasonable times for inspection by the Board, any other Fiduciary or any Bondholder, and their agents and their representatives, any of whom may make copies thereof, but any such reports, certificates, statements or other documents may, at the election of such Fiduciary, be destroyed or otherwise disposed of at any

time six years after such date as the pledge created by this Indenture shall be discharged as provided in Article VII.

Section 11.07. Compensation and Expenses. Each Fiduciary shall be entitled to, from time to time, reasonable compensation for services rendered by it hereunder and also reimbursement for all its reasonable expenses, charges, legal fees and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties hereunder. In an Event of Default hereunder, but only upon an Event of Default, each Fiduciary shall have a lien for its compensation and expenses on any and all funds at any time held by it hereunder in the priority set forth in Section 8.05.

The Board shall indemnify and save each Fiduciary harmless against any liabilities (except for ordinary fees and ordinary expenses as covered in this Section 11.07) which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to its negligence or willful default.

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

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

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

Section 11.11. Appointment of Successor Fiduciary. In case at any time a Fiduciary, or any successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent or if a receiver, liquidator or conservator of such Fiduciary or of its property shall be appointed or if any public office or officer shall take charge or control of such Fiduciary or of its property or affairs, a successor may be appointed by the Board or by the holders of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Board, by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to such successor Fiduciary, notification thereof being given to the Board, the predecessor Fiduciary and any other Fiduciaries. Pending such appointment, the Board shall forthwith appoint a Fiduciary to fill such vacancy until a successor Fiduciary shall be appointed by Bondholders as herein authorized. The Board shall deliver notice to the Bondholders of any such appointment within 20 days after such appointment. Any successor Fiduciary appointed by the Board shall, immediately and without further act, be superseded by a Fiduciary appointed by Bondholders. If in a proper case no appointment of a successor Fiduciary shall be made pursuant to the foregoing provisions of this Section within 45 days after the Fiduciary shall have given to the Board written notice as provided in Section 11.09 or after notice received pursuant to Section 11.10 or after the occurrence of any other event requiring or authorizing such appointment, the Fiduciary or any other Fiduciary or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Said court may thereupon, after such notice, if any, as said court may deem proper and prescribe, appoint such successor Fiduciary. Any Fiduciary appointed under the provisions of this Section shall be a bank, trust company or national banking association having trust powers and having either (i) a combined capital and surplus of not less than $75,000,000 or (ii) $500,000,000 of assets under trust and delivered to the Trustee a copy of the Supplemental Indenture and this Indenture, certified by an Authorized Officer and have the qualifications prescribed for its predecessor in Section 11.01 or Section 11.02.

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

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

Section 11.14. Appointment of Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that, in case of litigation under this Indenture, and in particular in case of the enforcement of such instrument or agreement upon default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, the Trustee may appoint an additional individual or institution as a separate or Co-Trustee, in which event each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or Co-Trustee, but only to the extent necessary to enable such separate or Co-Trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or Co-Trustee shall run to and be enforceable by either of them. In the event of such an appointment, Trustee shall notify the Board of the appointment of such Co-Trustee and any fees and expenses of such Co-Trustee shall be payable solely from amounts as described in Section 11.07 hereof.

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

ARTICLE XII

MISCELLANEOUS

Section 12.01. Consents, etc., of Bondholders. Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the Bondholders (other than an assignment of a Bond) may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction,

approval, objection or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee and any Paying Agent with regard to any action taken by it under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by an affidavit of any witness to such execution.

(b) The fact of ownership of Bonds and the amount or amounts, numbers and other identification of Bonds, and the date of holding the same shall be proved by the registration books of the Board maintained by the Trustee pursuant to this Indenture.

Section 12.02. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture, any Supplement Indenture or the Bonds is intended or shall be construed to give to any person other than the Board, the Fiduciaries and the holders of the Bonds, any legal or equitable right, remedy or claim under or in respect to this Indenture or any Supplemental Indenture or any covenants, conditions and provisions herein contained; this Indenture, all Supplemental Indentures and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the Board, the Fiduciaries and the holders of the Bonds as herein provided.

Section 12.03. Severability. If any provision of this Indenture or any Supplemental Indenture shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein or therein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 12.04. Payments Due on Saturdays, Sundays and Holidays. In any case where the date of maturity of interest on or principal of, or the date fixed for redemption of, any Bond shall be in the city of payment a Saturday, a Sunday or a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest or principal may be made on the succeeding business day with the same force and effect as if made on the date of maturity or the date fixed for redemption.

Section 12.05. Applicable Provisions of Law. This Indenture and each Supplemental Indenture shall be governed by and construed in accordance with the laws of the State.

Section 12.06. No Recourse on Bonds. No recourse shall be had for the payment of the principal of or the interest on the Bonds or for any claim based thereon or on this Indenture or any Supplemental Indenture against any member or officer of the Board or any person executing the Bonds.

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

IN WITNESS WHEREOF, the Board has caused these presents to be signed in its name and behalf by its Chairman or Vice Chairman and attested to by its Executive Director and Treasurer, and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and behalf by its duly authorized officers, all effective as of the 1st day of July, 2005.

MONTANA BOARD OF HOUSING

By _____
Chairman

Attest:

By_____
Executive Director and Treasurer

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By _____
Sandra Shupe
Vice President