

MONTANA BOARD OF HOUSING
INVESTMENT POLICY
Effective August 15, 2016
Board Reviewed August 15, 2016

The Investment Policy of the Board of Housing is as follows:

- I. Investment Committee:
 - A. The Board shall have an Investment Committee which shall be responsible for oversight of the investment of the assets of the Montana Board of Housing.
 - B. Membership of the Committee:
All Board members will be on the committee with the Board Chairman designating the Chairman of the committee.
 - C. Frequency of Meetings:
The committee shall meet at least once a year.
 - D. Functions of the Investment Committee of the Board shall be:
 1. To review compiled investment reports;
 2. To review the functioning of the investment policy for potential enhancement;
 3. To review the return on assets of the Board; including reviewing a report that shows the status of any negative or positive rebate earnings for each bond series.
 4. To address any staff concerns regarding investments or the investment policy; and,
 5. To monitor compliance with the investment policy.
- II. Section 90-6-104, Montana Code Annotated, which outlines the general powers of the Board, includes subsection 13 which states:
“The Board may invest any funds not required for immediate use, **subject to any agreements with its bondholders and note holders**, as provided in Title 17, Chapter 6, except all investment income from funds of the Board less the cost for investment as prescribed by law shall be deposited in the housing authority enterprise fund.” (Emphasis added)
- III. All investments shall be made in accordance with the prudent expert principle as contained in Chapter 17, Part 6, Montana Code Annotated, the requirements of the particular indenture, and the Internal Revenue Code.
- IV. Permissibility of investments, security, liquidity and rate of return on investments are of primary concern. The Board has a responsibility in the investment of funds to

seek the highest rate of return available in the market consistent with the legality, security, liquidity, cash flow and programmatic requirements of each fund for which they are invested. The Board also has a responsibility to diligently monitor and calculate (or cause to be calculated) any arbitrage rebate required to be remitted to the federal government.

- V. The Board shall not invest in leveraged investments, including but not limited to derivative investments which involve leveraging. Investments are to be made with the expectation that they will be held to maturity; investments are not to be made with the intention of participating in trading activities to generate investment return.

Sales of securities should be limited to the following:

1. A sale and subsequent purchase would improve the quality or yield of the portfolio.
2. Liquidity needs of the portfolio require that the security be sold.
3. A sale of an investment is necessary as a result of refunding a bond issue.

Sales other than the abovementioned should be approved by the Executive Director.

- VI. The Board may invest in the following securities providing such securities meet the requirements of Section 17-6-103, MCA:

A. Direct obligations of or obligations guaranteed by the United States of America, which includes certificates of ownership in the guaranteed portion of loans guaranteed by the Rural Housing and Community Development Service of the United States Department of Agriculture (formerly the Farmers Home Administration), participation certificates in obligations of the General Services Administration, obligations guaranteed by the U.S. Maritime Administration pursuant to Title XI, Small Business Administration guaranteed participation certificates and guaranteed pool certificates, mortgage-backed securities and pool certificates guaranteed by the Government National Mortgage Association, and Veterans Administration guaranteed REMIC securities and passthrough certificates;

B. Obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following:

1. Farm Credit System or predecessors (the Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives);
2. Federal Home Loan Bank System;
3. Export-Import Bank of the United States;
4. Federal National Mortgage Association, (only senior debt obligations or mortgage-backed securities, but excluding stripped mortgage securities which are purchased at prices exceeding their principal amounts and excluding interest-only strips);

5. Federal Home Loan Mortgage Corporation, (only senior debt obligations and participation certificates, but excluding stripped mortgage securities which are purchased at prices exceeding their principal amounts and excluding interest-only strips);
 6. Tennessee Valley Authority;
 7. Federal Financing Corporation;
- C. Certificates of deposit issued by, or time deposits with any financial institution (including a trustee, a lender or a paying agent) insured by the Federal Deposit Insurance Corporation (FDIC) and provided further that such time deposits or certificates of deposit, to the extent not insured by the FDIC, are fully secured by obligations of the type specified in parts A and B above which have a market value, exclusive of accrued interest, at least equal to the amount of such deposits. In no case shall the investment result in a reduction of the ratings by Standard & Poor's Rating Services or by Moody's Investors Services on the applicable bond series.
- D. Repurchase agreements or guaranteed investment agreements but only if:
1. The agreement is fully collateralized in an amount equal to 102% of the principal and interest of the agreement, by obligations of the type specified in A, B or C above and which collateral is delivered out and held by the Trustee or its agent, and the collateral is marked to market at least weekly; and
 2. The agreement is with (i) a financial institution as described under part C above (and including the subsidiary of a foreign bank) 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 which whose laws it is organized, or (ii) a financial institution (i.e. banks, insurance companies, etc.) organized under the laws of the United States of America or any state thereof and either (a) whose unsecured obligations are rated in either of the two highest rating categories by the agency or agencies rating the indenture or (b) whose obligations under such agreement are unconditionally guaranteed by such a financial institution which is rated as provided in 2(ii)(a).
 3. In no case shall the investment result in a reduction of the ratings by the agency or agencies rating the applicable bond series; and
 4. The Agreements shall be written to give the Board the maximum practical flexibility in the case of a downgrade in the rating of the provider.
- E. Any investments permitted for State funds, but only with respect to the investment of Board moneys held by the State Treasurer in the Housing Authority Enterprise Fund. All Funds invested with the State that are not needed for current operating expenses shall be invested in the State's Short-Term investment pool.

- VII. In no case may the Board or a trustee invest in any one financial institution an amount in excess of the net worth of that financial institution or its guarantor.
- VIII. Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interest in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Montana Board of Housing. Employees and officers shall disclose any material interest in financial institutions to the Executive Director and/or the Board within 30 days of acquiring a material interest. The Board and/or the Executive Director shall be updated as changes in material interests occur.
- IX. Authority to manage the investment programs is granted to the Accounting & Finance Officer. The Executive Director, Single Family and Multifamily Program Managers are authorized to handle investments in the absence of the abovementioned individual. Responsibility for the operation of the investment program is hereby delegated to these officers, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy. The Accounting & Finance Manager shall have the primary responsibility for all investment transactions and shall establish a system of controls to regulate the activities of subordinate officials.
- X. The Accounting & Finance Manager is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Montana Board of Housing are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. Accordingly, the Accounting & Finance Manager shall establish a process for an annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:
- Control of collusion
 - Separation of transaction authority from accounting and record keeping
 - Written confirmation of transactions for investments
- XI. Funds received by the Montana Board of Housing or its Trustees will be deposited as soon as possible upon receipt. Uninvested balances held by financial institutions will

be kept as low as is practical, typically under \$1 per account. Sweep accounts will be used to facilitate overnight investments of funds not invested in individual securities or in investment agreements. Funds in the sweep accounts will be invested as soon as loan prepayment transfers have been completed by the trustee.

- XII. The Accounting & Finance Manager shall prepare, and present to the Board, an investment report at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio transactions made over the last quarter. The summary will be prepared in a manner which will allow the Board to determine if the investment activities during the reporting period have conformed to the investment policy. The report should include:
 - a. Listing of individual securities held at the end of the reporting period.
 - b. Average weighted yield to maturity of the investment portfolio
 - c. Listing of investments by maturity date
 - d. Percentage of total portfolio which each type of investment represents
- XIII. Investment officers acting in accordance with these Investment Guidelines shall be relieved of personal responsibility for an individual security's credit risk or market price changes provided that deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.
- XIV. It is the responsibility of those Agency staff authorized to direct investments, and primarily the Accounting & Finance Manager, to keep abreast of the latest developments within the investment community. Particular attention should be paid to both interest rate trends and items relating to the credit of and the Montana Board of Housing's exposure to various dealers, banks and securities.
- XV. Each trustee and rating agency will be furnished copies of this policy, and any amendments to it.

Repurchase Agreement

September 1996 Version

PSA THE BOND MARKET TRADE ASSOCIATION

Dated as of May 15, 2007

Among:

WELLS FARGO BANK, NATIONAL ASSOCIATION

as Buyer

MONTANA BOARD OF HOUSING

as Issuer

and

SOCIETE GENERALE, NEW YORK BRANCH,

as Seller

1. Applicability

From time to time the parties hereto may enter into transactions in which one party ("Seller") agrees to transfer to the other ("Buyer") securities or other assets ("Securities") against the transfer of funds by Buyer, with a simultaneous agreement by Buyer to transfer to Seller such Securities at a date certain or on demand, against the transfer of funds by Seller. Each such transaction shall be referred to herein as a "Transaction" and, unless otherwise agreed in writing, shall be governed by this Agreement, including any supplemental terms or conditions contained in Annex I hereto and in any other annexes identified herein or therein as applicable hereunder.

2. Definitions

(a) "Act of Insolvency", with respect to any party, (i) the commencement by such party as debtor of any case or proceeding under any bankruptcy, insolvency, reorganization, liquidation, moratorium, dissolution, delinquency or similar law, or such party seeking the appointment or election of a receiver, conservator, trustee, custodian or similar official for such party or any substantial part of Its property, or the convening of any meeting of creditors for purposes of commencing any such case or proceeding or seeking such an appointment or election, (ii) the commencement of any such case or proceeding against such party, or another seeking such an appointment or election, or the filing against a party of an application for a protective decree under the provisions of the Securities Investor Protection Act of 1970, which (A) is consented to or not timely contested by such party, (B) results in the entry of an order for relief, such an appointment or election, the issuance of such a protective decree or the entry of an order having a similar effect, or (C) is not dismissed within 15 days, (iii) the making by such party of a general assignment for the benefit of creditors, or (iv) the admission in writing by such party of such party's inability to pay such party's debts as they become due;

(b) "Additional Purchased Securities", Securities provided by Seller to Buyer pursuant to Paragraph 4(a) hereof;

(c) "Buyer's Margin Amount", with respect to any Transaction as of any date, the amount obtained by application of the Buyer's Margin Percentage to the Repurchase Price for such Transaction as of such date;

(d) "Buyer's Margin Percentage", with respect to any Transaction as of any date, a percentage (which may be equal to the Seller's Margin Percentage) agreed to by Buyer and Seller or, in the absence of any such agreement, the percentage obtained by dividing the Market Value of the Purchased Securities on the Purchase Date by the Purchase Price on the Purchase Date for such Transaction;

(e) "Confirmation", the meaning specified in Paragraph 3(b) hereof;

(f) "Income", with respect to any Security at any time, any principal thereof and all interest, dividends or other distributions thereon;

(g) "Margin Deficit", the meaning specified in Paragraph 4(a) hereof;

(h) "Margin Excess", the meaning specified in Paragraph 4(b) hereof;

- (i) "Margin Notice Deadline", the time agreed to by the parties in the relevant Confirmation, Annex I hereto or otherwise as the deadline for giving notice requiring same-day satisfaction of margin maintenance obligations as provided in Paragraph 4 hereof (or, in the absence of any such agreement, the deadline for such purposes established in accordance with market practice);
- (j) "Market Value", with respect to any Securities as of any date, the price for such Securities on such date obtained from a generally recognized source agreed to by the parties or the most recent closing bid quotation from such a source, plus accrued Income to the extent not included therein (other than any Income credited or transferred to, or applied to the obligations of, Seller pursuant to Paragraph 5 hereof) as of such date (unless contrary to market practice for such Securities);
- (k) "Price Differential", with respect to any Transaction as of any date, the aggregate amount obtained by daily application of the Pricing Rate for such Transaction to the Purchase Price for such Transaction on a 360-day-per-year basis for the actual number of days during the period commencing on (and including) the Purchase Date for such Transaction and ending on (but excluding) the date of determination (reduced by any amount of such Price Differential previously paid by Seller to Buyer with respect to such Transaction);
- (l) "Pricing Rate", the per annum percentage rate for determination of the Price Differential;
- (m) "Prime Rate", the prime rate of U.S. commercial banks as published in The Wall Street Journal (or, if more than one such rate is published, the average of such rates);
- (n) "Purchase Date", the date on which Purchased Securities are to be transferred by Seller to Buyer;
- (o) "Purchase Price", (i) on the Purchase Date, the price at which Purchased Securities are transferred by Seller to Buyer, and (ii) thereafter, except where Buyer and Seller agree otherwise, such price increased by the amount of any cash transferred by Buyer to Seller pursuant to Paragraph 4(b) hereof and decreased by the amount of any cash transferred by Seller to Buyer pursuant to Paragraph 4(a) hereof or applied to reduce Seller's obligations under clause (ii) of Paragraph 5 hereof;
- (p) "Purchased Securities", the Securities transferred by Seller to Buyer in a Transaction hereunder, and any Securities substituted therefor in accordance with Paragraph 9 hereof. The term "Purchased Securities" with respect to any Transaction at any time also shall include Additional Purchased Securities delivered pursuant to Paragraph 4(a) hereof and shall exclude Securities returned pursuant to Paragraph 4(b) hereof;
- (q) "Repurchase Date", the date on which Seller is to repurchase the Purchased Securities from Buyer, including any date determined by application of the provisions of Paragraph 3(c) or 11 hereof;
- (r) "Repurchase Price", the price at which Purchased Securities are to be transferred from Buyer to Seller upon termination of a Transaction, which will be determined in each case (including Transactions terminable upon demand) as the sum of the Purchase Price and the Price Differential as of the date of such determination;
- (s) "Seller's Margin Amount", with respect to any Transaction as of any date, the amount obtained by application of the Seller's Margin Percentage to the Repurchase Price for such Transaction as of such date;
- (t) "Seller's Margin Percentage", with respect to any Transaction as of any date, a percentage (which may be equal to the Buyer's Margin Percentage) agreed to by Buyer and Seller or, in the absence of any such agreement, the percentage obtained by dividing the Market Value of the Purchased Securities on the Purchase Date by the Purchase Price on the Purchase Date for such Transaction.

3. Initiation; Confirmation; Termination

- (a) An agreement to enter into a Transaction may be made orally or in writing at the initiation of either Buyer or Seller. On the Purchase Date for the Transaction, the Purchased Securities shall be transferred to Buyer or its agent against the transfer of the Purchase Price to an account of Seller.
- (b) Upon agreeing to enter into a Transaction hereunder, Buyer or Seller (or both), as shall be agreed, shall promptly deliver to the other party a written confirmation of each Transaction (a "Confirmation"). The Confirmation shall describe the Purchased Securities (including CUSIP number, if any), identify Buyer and Seller and set forth (i) the Purchase Date, (ii) the Purchase Price, (iii) the Repurchase Date, unless the Transaction is to be terminable on demand, (iv) the Pricing Rate or Repurchase Price applicable to the Transaction, and (v) any additional terms or conditions of the Transaction not inconsistent with this Agreement. The Confirmation, together with this Agreement, shall constitute conclusive evidence of the terms agreed between Buyer and Seller with respect to the Transaction to which the Confirmation relates, unless with respect to the Confirmation specific objection is made promptly after receipt thereof. In the event of any conflict between the terms of such Confirmation and this Agreement, this Agreement shall prevail.
- (c) In the case of Transactions terminable upon demand, such demand shall be made by Buyer or Seller, no later than such time as is customary in accordance with market practice, by telephone or otherwise on or prior to the Business Day on which such termination will be effective. On the date specified in such demand, or on the date fixed for termination in the case of Transactions having a fixed term, termination of the Transaction will be effected by transfer to Seller or its agent of the Purchased Securities and any Income in respect thereof received by Buyer (and not previously credited or transferred to, or applied to the obligations of, Seller pursuant to Paragraph 5 hereof) against the transfer of the Repurchase Price to an account of Buyer.

4. Margin Maintenance

(a) If at any time the aggregate Market Value of all Purchased Securities subject to all Transactions in which a particular party hereto is acting as Buyer is less than the aggregate Buyer's Margin Amount for all such Transactions (a "Margin Deficit"), then Buyer may by notice to Seller require Seller in such Transactions, at Seller's option, to transfer to Buyer cash or additional Securities reasonably acceptable to Buyer ("Additional Purchased Securities"), so that the cash and aggregate Market Value of the Purchased Securities, including any such Additional Purchased Securities, will thereupon equal or exceed such aggregate Buyer's Margin Amount (decreased by the amount of any Margin Deficit as of such date arising from any Transactions in which such Buyer is acting as Seller).

(b) If at any time the aggregate Market Value of all Purchased Securities subject to all Transactions in which a particular party hereto is acting as Seller exceeds the aggregate Seller's Margin Amount for all such Transactions at such time (a "Margin Excess"), then Seller may by notice to Buyer require Buyer in such Transactions, at Buyer's option, to transfer cash or Purchased Securities to Seller, so that the aggregate Market Value of the Purchased Securities, after deduction of any such cash or any Purchased Securities so transferred, will thereupon not exceed such aggregate Seller's Margin Amount (increased by the amount of any Margin Excess as of such date arising from any Transactions in which such Seller is acting as Buyer).

(c) If any notice is given by Buyer or Seller under subparagraph (a) or (b) of this Paragraph at or before the Margin Notice Deadline on any Business Day, the party receiving such notice shall transfer cash or Additional Purchased Securities as provided in such subparagraph no later than the close of business in the relevant market on such day. If any such notice is given after the Margin Notice Deadline, the party receiving such notice shall transfer such cash or Securities no later than the close of business in the relevant market on the next Business Day following such notice.

(d) Any cash transferred pursuant to this Paragraph shall be attributed to such Transactions as shall be agreed upon by Buyer and Seller.

(e) Seller and Buyer may agree, with respect to any or all Transactions hereunder, that the respective rights of Buyer or Seller (or both) under subparagraphs (a) and (b) of this Paragraph may be exercised only where a Margin Deficit or a Margin Excess, as the case may be, exceeds a specified dollar amount or a specified percentage of the Repurchase Prices for such Transactions (which amount or percentage shall be agreed to by Buyer and Seller prior to entering into any such Transactions).

(f) Seller and Buyer may agree, with respect to any or all Transactions hereunder, that the respective rights of Buyer and Seller under subparagraphs (a) and (b) of this Paragraph to require the elimination of a Margin Deficit or a Margin Excess, as the case may be, may be exercised whenever such a Margin Deficit or a Margin Excess exists with respect to any single Transaction hereunder (calculated without regard to any other Transaction outstanding under this Agreement).

5. Income Payments

Seller shall be entitled to receive an amount equal to all Income paid or distributed on or in respect of the Securities that is not otherwise received by Seller, to the full extent it would be so entitled if the Securities had not been sold to Buyer. Buyer shall, as the parties may agree with respect to any Transaction (or, in the absence of any such agreement, as Buyer shall reasonably determine in its discretion), on the date such Income is paid or distributed either (i) transfer to or credit to the account of Seller such Income with respect to any Purchased Securities subject to such Transaction or (ii) with respect to Income paid in cash, apply the Income payment or payments to reduce the amount, if any, to be transferred to Buyer by Seller upon termination of such Transaction. Buyer shall not be obligated to take any action pursuant to the preceding sentence (A) to the extent that such action would result in the creation of a Margin Deficit, unless prior thereto or simultaneously therewith Seller transfers to Buyer cash or Additional Purchased Securities sufficient to eliminate such Margin Deficit, or (B) if an Event of Default with respect to Seller has occurred and is then continuing at the time such Income is paid or distributed.

6. Security Interest

Although the parties intend that all Transactions hereunder be sales and purchases and not loans, in the event any such Transactions are deemed to be loans, Seller shall be deemed to have pledged to Buyer as security for the performance by Seller of its obligations under each such Transaction, and shall be deemed to have granted to Buyer a security interest in, all of the Purchased Securities with respect to all Transactions hereunder and all Income thereon and other proceeds thereof.

7. Payment and Transfer

Unless otherwise mutually agreed, all transfers of funds hereunder shall be in immediately available funds. All Securities transferred by one party hereto to the other party (i) shall be in suitable form for transfer or shall be accompanied by duly executed instruments of transfer or assignment in blank and such other documentation as the party receiving possession may reasonably request, (ii) shall be transferred on the book-entry system of a Federal Reserve Bank, or (iii) shall be transferred by any other method mutually acceptable to Seller and Buyer.

8. Segregation of Purchased Securities

To the extent required by applicable law, all Purchased Securities in the possession of Seller shall be segregated from other securities in its possession and shall be identified as subject to this Agreement. Segregation may be accomplished by appropriate identification on the books and records of the holder, including a financial or securities intermediary or a clearing corporation. All of Seller's interest in the Purchased Securities shall pass to Buyer on the Purchase Date and, unless otherwise agreed by Buyer and Seller, nothing in this Agreement shall preclude Buyer from engaging in repurchase transactions with the Purchased Securities or otherwise selling, transferring, pledging or hypothecating the Purchased Securities, but no such transaction shall relieve Buyer of its obligations to transfer Purchased Securities to Seller pursuant to Paragraph 3, 4 or 11 hereof, or of Buyer's obligation to credit or pay Income to, or apply Income to the obligations of, Seller pursuant to Paragraph 5 hereof.

Required Disclosure for Transactions in Which the Seller Retains Custody of the Purchased Securities

Seller is not permitted to substitute other securities for those subject to this Agreement and therefore must keep Buyer's securities segregated at all times, unless in this Agreement Buyer grants Seller the right to substitute other securities. If Buyer grants the right to substitute, this means that Buyer's securities will likely be commingled with Seller's own securities during the trading day. Buyer is advised that, during any trading day that Buyer's securities are commingled with Seller's securities, they [will]* [may]** be subject to liens granted by Seller to [its clearing bank]* [third parties]** and may be used by Seller for deliveries on other securities transactions. Whenever the securities are commingled, Seller's ability to resegment substitute securities for Buyer will be subject to Seller's ability to satisfy [the clearing]* [any]** lien or to obtain substitute securities.

*Language to be used under 17 C.F.R. §403.4(e) if Seller is a government securities broker or dealer other than a financial institution.

**Language to be used under 17 C.F.R. §403.5(d) if Seller is a financial institution.

9. Substitution

(a) Seller may, subject to agreement with and acceptance by Buyer, substitute other Securities for any Purchased Securities. Such substitution shall be made by transfer to Buyer of such other Securities and transfer to Seller of such Purchased Securities. After substitution, the substituted Securities shall be deemed to be Purchased Securities.

(b) In Transactions in which Seller retains custody of Purchased Securities, the parties expressly agree that Buyer shall be deemed, for purposes of subparagraph (a) of this Paragraph, to have agreed to and accepted in this Agreement substitution by Seller of other Securities for Purchased Securities; provided, however, that such other Securities shall have a Market Value at least equal to the Market Value of the Purchased Securities for which they are substituted.

10. Representations

Each of Buyer and Seller represents and warrants to the other that (i) it is duly authorized to execute and deliver this Agreement, to enter into Transactions contemplated hereunder and to perform its obligations hereunder and has taken all necessary action to authorize such execution, delivery and performance, (ii) it will engage in such Transactions as principal (or, if agreed in writing, in the form of an annex hereto or otherwise, in advance of any Transaction by the other party hereto, as agent for a disclosed principal), (iii) the person signing this Agreement on its behalf is duly authorized to do so on its behalf (or on behalf of any such disclosed principal), (iv) it has obtained all authorizations of any governmental body required in connection with this Agreement and the Transactions hereunder and such authorizations are in full force and effect and (v) the execution, delivery and performance of this Agreement and the Transactions hereunder will not violate any law, ordinance, charter, by-law or rule applicable to it or any agreement by which it is bound or by which any of its assets are affected. On the Purchase Date for any Transaction Buyer and Seller shall each be deemed to repeat all the foregoing representations made by it.

11. Events of Default

In the event that (i) Seller fails to transfer or Buyer fails to purchase Purchased Securities upon the applicable Purchase Date, (ii) Seller fails to repurchase or Buyer fails to transfer Purchased Securities upon the applicable Repurchase Date, (iii) Seller or Buyer fails to comply with Paragraph 4 hereof, (iv) Buyer fails, after one Business Day's notice, to comply with Paragraph 5 hereof, (v) an Act of Insolvency occurs with respect to Seller or Buyer, (vi)

any representation made by Seller or Buyer shall have been incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated, or (vii) Seller or Buyer shall admit to the other its inability to, or its intention not to, perform any of its obligations hereunder (each an "Event of Default"):

(a) The nondefaulting party may, at its option (which option shall be deemed to have been exercised immediately upon the occurrence of an Act of Insolvency), declare an Event of Default to have occurred hereunder and, upon the exercise or deemed exercise of such option, the Repurchase Date for each Transaction hereunder shall, if it has not already occurred, be deemed immediately to occur (except that, in the event that the Purchase Date for any Transaction has not yet occurred as of the date of such exercise or deemed exercise, such Transaction shall be deemed immediately canceled). The nondefaulting party shall (except upon the occurrence of an Act of Insolvency) give notice to the defaulting party of the exercise of such option as promptly as practicable.

(b) In all Transactions in which the defaulting party is acting as Seller, if the nondefaulting party exercises or is deemed to have exercised the option referred to in subparagraph (a) of this Paragraph, (i) the defaulting party's obligations in such Transactions to repurchase all Purchased Securities, at the Repurchase Price therefor on the Repurchase Date determined in accordance with subparagraph (a) of this Paragraph, shall thereupon become immediately due and payable, (ii) all Income paid after such exercise or deemed exercise shall be retained by the nondefaulting party and applied to the aggregate unpaid Repurchase Prices and any other amounts owing by the defaulting party hereunder, and (iii) the defaulting party shall immediately deliver to the nondefaulting party any Purchased Securities subject to such Transactions then in the defaulting party's possession or control.

(c) In all Transactions in which the defaulting party is acting as Buyer, upon tender by the nondefaulting party of payment of the aggregate Repurchase Prices for all such Transactions, all right, title and interest in and entitlement to all Purchased Securities subject to such Transactions shall be deemed transferred to the nondefaulting party, and the defaulting party shall deliver all such Purchased Securities to the nondefaulting party.

(d) If the nondefaulting party exercises or is deemed to have exercised the option referred to in sub-paragraph (a) of this Paragraph, the nondefaulting party, without prior notice to the defaulting party, may:

(i) as to Transactions in which the defaulting party is acting as Seller, (A) immediately sell, in a recognized market (or otherwise in a commercially reasonable manner) at such price or prices as the nondefaulting party may reasonably deem satisfactory, any or all Purchased Securities subject to such Transactions and apply the proceeds thereof to the aggregate unpaid Repurchase Prices and any other amounts owing by the defaulting party hereunder or (B) in its sole discretion elect, in lieu of selling all or a portion of such Purchased Securities, to give the defaulting party credit for such Purchased Securities in an amount equal to the price therefor on such date, obtained from a generally recognized source or the most recent closing bid quotation from such a source, against the aggregate unpaid Repurchase Prices and any other amounts owing by the defaulting party hereunder; and

(ii) as to Transactions in which the defaulting party is acting as Buyer, (A) immediately purchase, in a recognized market (or otherwise in a commercially reasonable manner) at such price or prices as the nondefaulting party may reasonably deem satisfactory, securities ("Replacement Securities") of the same class and amount as any Purchased Securities that are not delivered by the defaulting party to the nondefaulting party as required hereunder or (B) in its sole discretion elect, in lieu of purchasing Replacement Securities, to be deemed to have purchased Replacement Securities at the price therefor on such date, obtained from a generally recognized source or the most recent closing offer quotation from such a source.

Unless otherwise provided in Annex I, the parties acknowledge and agree that (1) the Securities subject to any Transaction hereunder are instruments traded in a recognized market, (2) in the absence of a generally recognized source for prices or bid or offer quotations for any Security, the nondefaulting party may establish the source therefor in its sole discretion and (3) all prices, bids and offers shall be determined together with accrued Income (except to the extent contrary to market practice with respect to the relevant Securities).

(e) As to Transactions in which the defaulting party is acting as Buyer, the defaulting party shall be liable to the nondefaulting party for any excess of the price paid (or deemed paid) by the nondefaulting party for Replacement Securities over the Repurchase Price for the Purchased Securities replaced thereby and for any amounts payable by the defaulting party under Paragraph 5 hereof or otherwise hereunder.

(f) For purposes of this Paragraph 11, the Repurchase Price for each Transaction hereunder in respect of which the defaulting party is acting as Buyer shall not increase above the amount of such Repurchase Price for such Transaction determined as of the date of the exercise or deemed exercise by the nondefaulting party of the option referred to in subparagraph (a) of this Paragraph.

(g) The defaulting party shall be liable to the nondefaulting party for (i) the amount of all reasonable legal or other expenses incurred by the nondefaulting party in connection with or as a result of an Event of Default, (ii) damages in an amount equal to the cost (including all fees, expenses and commissions) of entering into replacement transactions and entering into or terminating hedge transactions in connection with or as a result of an Event of Default, and (iii) any other loss, damage, cost or expense directly arising or resulting from the occurrence of an Event of Default in respect of a Transaction.

(h) To the extent permitted by applicable law, the defaulting party shall be liable to the nondefaulting party for interest on any amounts owing by the defaulting party hereunder, from the date the defaulting party becomes liable for such amounts hereunder until such amounts are (i) paid in full by the defaulting party or (ii) satisfied in full by the exercise of the nondefaulting party's rights hereunder. Interest on any sum payable by the defaulting party to the nondefaulting party under this Paragraph 11(h) shall be at a rate equal to the greater of the Pricing Rate for the relevant Transaction or the Prime Rate.

(i) The nondefaulting party shall have, in addition to its rights hereunder, any rights otherwise available to it under any other agreement or applicable law.

12. Single Agreement

Buyer and Seller acknowledge that, and have entered hereinto and will enter into each Transaction hereunder in consideration of and in reliance upon the fact that, all Transactions hereunder constitute a single business and contractual relationship and have been made in consideration of each other. Accordingly, each of Buyer and Seller agrees (i) to perform all of its obligations in respect of each Transaction hereunder, and that a default in the performance of any such obligations shall constitute a default by it in respect of all Transactions hereunder, (ii) that each of them shall be entitled to set off claims and apply property held by them in respect of any Transaction against obligations owing to them in respect of any other Transactions hereunder and (iii) that payments, deliveries and other transfers made by either of them in respect of any Transaction shall be deemed to have been made in consideration of payments, deliveries and other transfers in respect of any other Transactions hereunder, and the obligations to make any such payments, deliveries and other transfers may be applied against each other and netted.

13. Notices and Other Communications

Any and all notices, statements, demands or other communications hereunder may be given by a party to the other by mail, facsimile, telegraph, messenger or otherwise to the address specified in Annex II hereto, or so sent to such party at any other place specified in a notice of change of address hereafter received by the other. All notices, demands and requests hereunder may be made orally, to be confirmed promptly in writing, or by other communication as specified in the preceding sentence.

14. Entire Agreement; Severability

This Agreement shall supersede any existing agreements between the parties containing general terms and conditions for repurchase transactions. Each provision and agreement herein shall be treated as separate and independent from any other provision or agreement herein and shall be enforceable notwithstanding the unenforceability of any such other provision or agreement.

15. Non-assignability; Termination

(a) The rights and obligations of the parties under this Agreement and under any Transaction shall not be assigned by either party without the prior written consent of the other party, and any such assignment without the prior written consent of the other party shall be null and void. Subject to the foregoing, this Agreement and any Transactions shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns. This Agreement may be terminated by either party upon giving written notice to the other, except that this Agreement shall, notwithstanding such notice, remain applicable to any Transactions then outstanding.

(b) Subparagraph (a) of this Paragraph 15 shall not preclude a party from assigning, charging or otherwise dealing with all or any part of its interest in any sum payable to it under Paragraph 11 hereof.

16. Governing Law

This Agreement shall be governed by the laws of the State of New York without giving effect to the conflict of law principles thereof.

17. No Waivers, Etc.

No express or implied waiver of any Event of Default by either party shall constitute a waiver of any other Event of Default and no exercise of any remedy hereunder by any party shall constitute a waiver of its right to exercise any other remedy hereunder. No modification or waiver of any provision of this Agreement and no consent by any party to a departure herefrom shall be effective unless and until such shall be in writing and duly executed by both of the parties hereto. Without limitation on any of the foregoing, the failure to give a notice pursuant to Paragraph 4(a) or 4(b) hereof will not constitute a waiver of any right to do so at a later date.

18. Use of Employee Plan Assets

(a) If assets of an employee benefit plan subject to any provision of the Employee Retirement Income Security Act of 1974 ("ERISA") are intended to be used by either party hereto (the "Plan Party") in a Transaction, the Plan Party shall so notify the other party prior to the Transaction. The Plan Party shall represent in writing to the other party that the Transaction does not constitute a prohibited transaction under ERISA or is otherwise exempt therefrom, and the other party may proceed in reliance thereon but shall not be required so to proceed.

(b) Subject to the last sentence of subparagraph (a) of this Paragraph, any such Transaction shall proceed only if Seller furnishes or has furnished to Buyer its most recent available audited statement of its financial condition and its most recent subsequent unaudited statement of its financial condition.

(c) By entering into a Transaction pursuant to this Paragraph, Seller shall be deemed (i) to represent to Buyer that since the date of Seller's latest such financial statements, there has been no material adverse change in Seller's financial condition which Seller has not disclosed to Buyer, and (ii) to agree to provide Buyer with future audited and unaudited statements of its financial condition as they are issued, so long as it is a Seller in any outstanding Transaction involving a Plan Party.

19. Intent

(a) The parties recognize that each Transaction is a "repurchase agreement" as that term is defined in Section 101 of Title 11 of the United States Code, as amended (except insofar as the type of Securities subject to such Transaction or the term of such Transaction would render such definition inapplicable), and a "securities contract" as that term is defined in Section 741 of Title 11 of the United States Code, as amended (except insofar as the type of assets subject to such Transaction would render such definition inapplicable).

(b) It is understood that either party's right to liquidate Securities delivered to it in connection with Transactions hereunder or to exercise any other remedies pursuant to Paragraph 11 hereof is a contractual right to liquidate such Transaction as described in Sections 555 and 559 of Title 11 of the United States Code, as amended.

(c) The parties agree and acknowledge that if a party hereto is an "insured depository institution," as such term is defined in the Federal Deposit Insurance Act, as amended ("FDIA"), then each Transaction hereunder is a "qualified financial contract," as that term is defined in FDIA and any rules, orders or policy statements thereunder (except insofar as the type of assets subject to such Transaction would render such definition inapplicable).

(d) It is understood that this Agreement constitutes a "netting contract" as defined in and subject to Title IV of the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") and each payment entitlement and payment obligation under any Transaction hereunder shall constitute a "covered contractual payment entitlement" or "covered contractual payment obligation", respectively, as defined in and subject to FDICIA (except insofar as one or both of the parties is not a "financial institution" as that term is defined in FDICIA).

Remainder of page intentionally left blank.

20. Disclosure Relating to Certain Federal Protections

The parties acknowledge that they have been advised that:

(a) in the case of Transactions in which one of the parties is a broker or dealer registered with the Securities and Exchange Commission ("SEC") under Section 15 of the Securities Exchange Act of 1934 ("1934 Act"), the Securities Investor Protection Corporation has taken the position that the provisions of the Securities Investor Protection Act of 1970 ("SIPA") do not protect the other party with respect to any Transaction hereunder;

(b) in the case of Transactions in which one of the parties is a government securities broker or a government securities dealer registered with the SEC under Section 15C of the 1934 Act, SIPA will not provide protection to the other party with respect to any Transaction hereunder; and (c) in the case of Transactions in which one of the parties is a financial institution, funds held by the financial institution pursuant to a Transaction hereunder are not a deposit and therefore are not insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, as applicable.

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Buyer

By: _____
Title: Vice President
Date: May 15, 2007

MONTANA BOARD OF HOUSING,
as Issuer

By: _____
Title:
Date: May 15, 2007

SOCIETE GENERALE, NEW YORK BRANCH,
as Seller

By: _____
Title: Managing Director
Date: May 15, 2007

Annex I to PSA Master Repurchase Agreement 1996 Version

ANNEX I

Supplemental Terms and Conditions

This Annex I forms part of the PSA Master Repurchase Agreement, dated as of May 15, 2007 (the "Agreement"), among **SOCIETE GENERALE, NEW YORK BRANCH** (the "Seller"), **WELLS FARGO BANK, NATIONAL ASSOCIATION** (the "Buyer") and **MONTANA BOARD OF HOUSING** (the "Issuer").

The parties hereto agree to enter into a series of Transactions in accordance with the terms set forth in this Agreement including the Annexes hereto, whereby on the Initial Purchase Date, the Buyer shall purchase from the Seller Securities for the Initial Purchase Price. Unless otherwise specified, each Transaction shall terminate on the Final Repurchase Date. On the Final Repurchase Date, the Seller shall repurchase all the Purchased Securities subject to all Transactions hereunder and deliver any accrued but unpaid Price Differential to the Buyer.

<p>Definitions:</p>	<p>Capitalized terms used but not otherwise defined or modified in this Annex I shall have the meanings ascribed to such term in the Agreement.</p> <p>"Business Day" means any day other than a (i) Saturday or Sunday or (ii) a day on which the principal office of the parties hereto are authorized or required by law to close.</p> <p>"Bonds" means \$86,015,000 Montana Board of Housing Single Family Mortgage Bonds, 2007 Series A, \$83,090,000 Montana Board of Housing Single Family Mortgage Bonds, 2007 Series B and \$72,000,000 Montana Board of Housing Single Family Mortgage Bonds, 2006 Series B.</p> <p>"Custodian" means Wells Fargo Bank, National Association.</p> <p>"Custodial & Valuation Agreement" means the Custodial & Valuation Agreement, dated as of May 15, 2007, among the Custodian, the Valuation Agent, the Buyer and the Seller.</p> <p>"Debt Service Reserve Fund" means the 2007 Series A Account of the Debt Service Reserve Fund, the 2007 Series B Account of the Debt Service Reserve Fund and the 2006 Series B Account of the Debt Service Reserve Fund as defined in the Indenture with respect to the Bonds.</p> <p>"Federal Funds Effective Rate" means the rate with respect to any day in effect on any such day, as published in the most recent weekly statistical release designated as H.15(519), or any successor publication, published by the Board of Governors of the Federal Reserve System.</p> <p>"Indenture" means Trust Indenture, dated March 10, 1977 (Amended and Restated as of May 1, 1997) and the 2007 Series A Supplemental Trust Indenture, dated January 1, 2007, the 2007 Series B Supplemental Indenture, dated April 1, 2007 and the 2006 Series B Supplemental Indenture, dated April 1, 2006 by and between the Issuer and the Buyer.</p> <p>"Moody's" means Moody's Investors Service, Inc.</p> <p>"Program Fund" means the 2007 Series B Account of the Program Fund, as defined in the Indenture with respect to the Bonds.</p>
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	<p>"Rating Downgrade" means the Seller's long-term unsecured credit rating has been reduced below AA-/A-1 by S& P or below Aa3/P-1 by Moody's.</p> <p>"S&P" means Standard and Poor's Ratings Group, a division of The McGraw-Hill Companies. Inc.</p> <p>"Valuation Agent" means Wells Fargo Bank, National Association.</p> <p>The definition of "Repurchase Price" in Paragraph 2(r) of the Agreement is hereby modified by deleting the words "the sum of" and "and the Price Differential as of the date of such determination".</p> <p>The definition of "Price Differential" in Paragraph 2(k) is hereby modified by deleting the words "the date of determination" on the fourth line thereof, and replaced with the following "the Repurchase Date for such Transaction".</p>
Confirmations:	The Seller shall prepare and deliver to the Buyer all Confirmations.
Initial Purchase Date:	May 15, 2007.
Initial Purchase Price:	\$81,775,441.50 with respect to the Program Fund and \$5,400,000 with respect to the Debt Service Reserve Fund.
Maximum Purchase Price:	\$81,775,441.50 with respect to the Program Fund and \$5,400,000 with respect to the Debt Service Reserve Fund.
Final Repurchase Date:	For the purposes of this Agreement and any Transaction hereunder the Final Repurchase Date shall be the earlier of (i) September 1, 2008, with respect to the Program Fund and June 1, 2037, with respect to the Debt Service Reserve Fund, (ii) the date of any termination pursuant to Paragraph 11, (iii) the date of any termination pursuant to the Rating Downgrade provisions herein, or (iv) the date that all Purchased Securities are repurchased by the Seller.
Pricing Rate:	5.15% with respect to the Program Fund and 4.995% with respect to the Debt Service Reserve Fund.
Price Differential Payment Date:	The Seller shall pay the Price Differential to the Buyer on (a) the Business Day prior to each June 1 and December 1, commencing on the Business Day prior to December 1, 2007, (b) the Final Repurchase Date, or (c) on the Business Day prior to any Bond redemption pursuant to the Indenture.
Price Differential Day Count Calculation:	30/360 day basis.
Investment of Pricing Rate Earnings:	No
Rating Downgrade	The Seller agrees to promptly notify in writing the parties to this Agreement of the occurrence of a Rating Downgrade and any subsequent rating downgrades of the Seller. Within ten (10) Business Days after the Buyer has received written notice of a Rating Downgrade, the Seller shall (i) continue this Agreement, subject to any increase in the Buyer's Margin Percentage requirements herein, or (ii) allow the Buyer to terminate this Agreement and return all Purchase Price and accrued but unpaid Price Differential. Each additional rating downgrade will activate the downgrade provisions herein regardless of whether the Buyer or the Issuer chose not to exercise their rights with the initial or previous downgrade.

Repurchases:	<p>Periodically, on demand in accordance with the terms of the Indenture and this Agreement, with one (1) Business Day's written notice to the Seller and on the Final Repurchase Date.</p> <p>Notwithstanding the foregoing no repurchase transactions shall be made: (i) for the purpose of making a competing investment (including, but not limited to, any agreement which guarantees a rate of return on the monies in the Fund), whether or not in compliance with the Indenture or applicable law, or (ii) in an amount greater than required by the Indenture.</p>
Additional Purchases:	No Additional Purchases are permitted hereunder.
Permitted Securities:	The Securities listed on Exhibit A hereto, the terms of which are incorporated by reference herein.
Margin Notice Deadline:	2:00 P.M. Eastern Standard Time. Notification shall be by telephone or by facsimile with return confirmation.
Buyer's Margin Percentage:	102% of the Repurchase Price. Upon a Rating Downgrade and so long as such Rating Downgrade is in effect the Buyer's Margin Percentage will be at a level sufficient to maintain the rating on the Bonds (without regard to the Issuer's excess collateral pledged under the Indenture).
Substitution Rights of Seller:	Full rights of substitution.
Valuation and Notice of Margin Excess or Deficit:	At least weekly with written notice to the Buyer. Such notice shall include the Market Value of the Purchased Securities and the amount of any Margin Excess or Margin Deficit. Such notice shall also include the outstanding principal amount of the Purchase Price as of the last day of each month and any Repurchases or Additional Purchases made during such month.
Cure Period for Margin Excess or Deficit:	No later than one (1) Business Day from the date of notification of a Margin Excess or a Margin Deficit.
Delivery Method for Cash and Securities:	Cash shall be delivered to each party as set for in Exhibit B and Securities shall be delivered as set forth in the Custodial & Valuation Agreement.
Unconditional Obligation:	The obligation of the Seller to repurchase Purchased Securities hereunder, at the Repurchase Price, constitutes an unconditional obligation of the Seller. Each of the parties hereto waive any right it may have at law or otherwise to set off against any payments made pursuant to the terms of this Agreement. In the event that the Seller fails, either in whole or in part, to discharge such obligation, the Buyer and/or the Issuer may proceed directly against the Seller to secure any remedy, for the repayment of moneys due hereunder, without resorting to any right or remedy that the Buyer may have with respect to any Securities held in accordance herewith.
Rehypothecation:	The third sentence of Paragraph 8 of the Agreement is hereby amended to read in its entirety as follows: "All of Seller's interest in the Purchased Securities shall pass to Buyer; <u>provided, however,</u> that, Buyer shall not engage in repurchase transactions with the Purchased Securities or otherwise pledge or hypothecate the Purchased Securities."
Additional Agreements:	It is expressly understood and agreed that the Seller makes no representation as to the authority of the Buyer or the Issuer to enter into or perform under this Agreement and that in performing its obligations hereunder, the Seller is not acting as a fiduciary, agent, or other representative for the Issuer, the Buyer, holders of the Bonds or any other person and that neither the Seller nor its directors, officers, employees, agents or

	<p>affiliates shall be liable or responsible for: (a) except as expressly set forth herein, the payment of any amounts owing on or with respect to the Bonds; (b) monitoring, investigating, enforcing or reporting on the Buyer's or the Issuer's performance of their respective obligations under the Bonds, this Agreement, the Indenture or any other agreement or instrument with respect thereto or the use or application by the Buyer of any moneys payable to the Buyer hereunder; (c) any acts or omissions of the Issuer or the Buyer hereunder or with respect to the validity or enforceability of the Bonds or the Indenture; (d) the tax-exempt nature of the Bonds; or (e) monitoring, segregating or otherwise separately identifying or accounting for or otherwise concerning itself with the source of the Purchase Price or the application of moneys in the various funds and accounts created pursuant to the Indenture.</p> <p>Without limiting the foregoing, regardless of whether Seller has reviewed the Indenture or is generally familiar with the terms of indentures of a similar type, Seller shall have no duty to comply with the terms of the Indenture or to ascertain whether Buyer or Issuer is in compliance therewith.</p> <p>If any of the Bonds are defeased or refunded, the Seller shall, within seven (7) days of such defeasance or refunding, repurchase Purchased Securities in an amount corresponding to the pro rata share of Bonds so defeased or refunded.</p> <p>The Buyer shall notify the Seller in writing no later than ten (10) Business Days before the date that any Bonds are to be defeased or refunded that such event is about to occur and shall include in such notice all details needed by the Seller in order to calculate the pro rata share of Purchased Securities to be repurchased</p>
<p>Acknowledgment:</p>	<p>Each of the Buyer and the Issuer acknowledges that the economic terms of this Agreement have been individually negotiated by it and that, to the extent it has deemed necessary, it has consulted with its own legal, tax and investment advisors regarding its decision to enter into this Agreement. Each of the Buyer and the Issuer understands that in entering into this Agreement pursuant to which it is agreeing upon the rate of return it will receive during the term of this Agreement on amounts held in the Fund and thereby minimizing the risks resulting from fluctuations in interest rates during the term hereof it is also foregoing the possibility of receiving greater returns on such amounts from such fluctuations. The Seller acknowledges that the Buyer is entering into this Agreement not in its individual capacity but solely as Trustee, and is doing so at the direction of the Issuer.</p>
<p>Additional Representations and Warranties:</p>	<p>The Issuer agrees to make all the Representations set forth in Paragraph 10 as modified.</p> <p>Paragraph 10 of the Agreement is hereby modified by including the following representations and warranties:</p> <p>Each of the parties hereto represents and warrants to the other parties hereto as of the date hereof, on any Purchase Date and on any Repurchase Date that: (i) its obligations under this Agreement (and, in the case of the Issuer and the Buyer, the Indenture) constitute its legal, valid and binding obligations, enforceable in accordance with its terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)); and (ii) there is not pending or, to its knowledge, threatened against it any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Agreement (and, in the case of the Issuer and the Buyer, the Indenture) or its ability to perform its obligations under this Agreement (and, in the case of the Issuer and the Buyer, the Indenture).</p>

	<p>Each of Buyer and the Issuer represents and warrants to the other parties hereto as of the date hereof, on any Purchase Date and on any Repurchase Date that: (i) the Indenture is in full force and effect on the date hereof and no amendment, waiver or course of dealing has amended or terminated any of the terms thereof since the original execution and delivery of the Indenture, except as may have been delivered to Seller prior to the date hereof (ii) this Agreement and the transaction contemplated hereunder are authorized as a permitted investments for the Fund pursuant to the Indenture and any applicable law, and (iii) any Repurchase Price hereunder delivered to the Buyer will be applied to the payment of the Buyer's obligations with respect to the Bonds or otherwise pursuant to the Indenture and this Agreement.</p> <p>The Issuer represents and warrants to the Seller as of the date hereof, on any Purchase Date and on any Repurchase Date that: (i) it is not entitled to claim, and shall not assert any claim, with respect to itself or its revenues, assets or property (irrespective of the use or intended use thereof), of immunity on the grounds of sovereignty or similar grounds from suit, jurisdiction of any court, relief by way of injunction, order for specific performance or for recovery of property, attachment of its assets (whether before or after judgment, in aid of execution, or otherwise) and execution or enforcement of any judgment to which it or its revenues or assets or property might otherwise be entitled in any suit, action or proceeding relating to this Agreement in the courts of any jurisdiction, nor may there be attributed to the Issuer or its revenues, assets or property any such immunity (nor shall such attribution be claimed by the Issuer); and (ii) it has entered into this Agreement for purposes of managing its borrowings or investments by increasing the predictability of its cash flow from earnings on its investments and not for purposes of speculation.</p>
<p>Covenants:</p>	<p>Each party hereto covenants to the other parties hereto that so long as it shall have any obligations under this Agreement it shall: (i) maintain in full force and effect all authorizations and agreements of and exemptions, consents, licenses, actions or approvals by, and all filings with or notices to, any governmental or other authority that are required to be obtained or made by such party with respect to this Agreement and will use all reasonable efforts to obtain or make any that may become necessary in the future; (ii) comply in all material respects with applicable law if failure so to comply could materially impair its ability to perform its obligations under this Agreement; (iii) if it is the Issuer or the Buyer, not enter into any amendment or modification or request any waiver of the terms of the Indenture which (1) could impair its ability to perform its obligations to the Seller hereunder, (2) has the effect of materially increasing or decreasing the amount of cash in the Fund that would otherwise be invested hereunder or the period of investment hereunder without the Seller's consent, provided that no such consent is required for Bond refundings, redemptions or defeasances or (3) has the effect of making the transactions contemplated hereunder no longer permissible under the Indenture; (iv) if it is the Issuer or the Buyer, not invest or use any assets of an employee benefit plan subject to ERISA in connection with any transaction contemplated hereunder; (v) if it is the Issuer or the Buyer, not invest or use any funds other than those in the Fund in connection with any transaction contemplated hereunder and (vi) if it is the Issuer or the Buyer, not request a repurchase for the purpose of making a competing investment (including, but not limited to, any agreement which guarantees a rate of return on the monies in the Fund), whether or not in compliance with the Indenture or applicable law.</p>
<p>Events of Default:</p>	<p>The first paragraph in Paragraph 11 of the Agreement is hereby modified as follows:</p> <p>Insert the words ", in each case after one (1) Business Day's notice," (i) after the word "purchase" and before the words "Purchased Securities" in subsection (i) thereof and (ii) after the word "transfer" and before the words "Purchased Securities" in subsection (ii) thereof.</p>

	<p>Insert the word “,Issuer” after the word “Seller” in subsections (v), (vi) and (vii) thereof.</p> <p>The following Events of Default are hereby added:</p> <p>“(viii) Seller fails, after one (1) Business Day’s notice, to make any Price Differential Payment when due or (ix) Seller, Buyer or Issuer defaults, in each case after five (5) Business Days’ notice, in the observation or performance of any other covenant or obligation under this Agreement (other than those specified in subsections (i), (ii), (iii), (iv) or (vii) above) material to the performance of its obligations hereunder”.</p> <p>Paragraph 11 (h) of the Agreement is hereby modified by deleting the words “greater of the Pricing Rate for the relevant Transaction or the Price Rate” and inserting in lieu thereof the words “Federal Funds Effective Rate”.</p> <p>Any Event of Default with respect to the Buyer shall constitute an Event of Default with respect to the Issuer and any Event of Default with respect to the Issuer shall constitute an Event of Default with respect to the Buyer.</p>
<p>Inconsistency:</p>	<p>In the event of any inconsistency between this Annex I and the preprinted form of PSA Master Repurchase Agreement, the provisions of Annex I shall prevail.</p>
<p>Amendments and Assignability:</p>	<p>Paragraph 15 of the Agreement is hereby amended by adding “The Agreement shall only be amended by a writing signed by the parties.” as a sentence at the end thereof.</p>
<p>Setoff:</p>	<p>Seller’s obligation to pay amounts due and payable hereunder are unconditional and Seller hereby waives any right of setoff or counterclaim with respect thereto.</p>
<p>Miscellaneous:</p>	<p>Each of Buyer and Issuer agrees that if (i) any trustee succeeds to the duties of Buyer as trustee pursuant to the applicable provisions of the Indenture, or (ii) any corporation, association or agency into which the Trustee may be converted or merged, or which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger or transfer to which it is a party, shall become successor trustee, the Issuer will promptly notify Seller in writing of such succession, which notice shall identify the successor trustee, set out its address, telephone and facsimile numbers and identify the officer or officers authorized to transact business with Seller under the Agreement. Such successor trustee shall, upon delivery to Seller of such additional information as may reasonably be requested by Seller, and upon execution of an assumption of Buyer’s obligations under this Agreement, if required by Seller, automatically succeed to the rights and duties of Buyer pursuant to Paragraph 15 of the Agreement.</p> <p>This Agreement may be executed in counterparts by the parties hereto, and each such counterpart shall be considered an original and all such counterparts shall constitute one and the same instrument.</p> <p>The headings of the paragraph, articles and sections hereof are for convenience of reference only shall not affect the meaning or construction of any provisions hereof.</p> <p>All notices, demands or other communications hereunder shall be in writing (which may include a facsimile transmission) and be effective upon receipt thereof. All notices shall be directed to the attention of the persons and to the party intended as the recipient thereof at the address of such party set forth on Exhibit B to the Agreement, the terms of which are incorporated by reference herein, or at such other address or to the attention of such other person as such party shall have designated for such purpose in a written notice.</p>

<p>Monthly Statements:</p>	<p>During the term of this Agreement the Seller shall prepare and deliver to the Buyer and the Issuer a statement setting forth, as to the last day of each month, the outstanding principal amount of the Purchase Price and the accrued but unpaid Price Differential on the Purchase Price. The statement shall also set forth any repayments of principal and reinvestment of Price Differential on the Purchase Price during such month</p> <p>The Seller shall also prepare and deliver to the Buyer and the Issuer a statement setting forth the value of the principal amount of the Securities as of the last day of each month.</p>
<p>Authorized Traders:</p>	<p>(a) The parties shall only enter into Transactions with those individuals listed in the respective Appendix A, until such time as a party receives further written notice from the other party. A party may rely upon the authorization granted in Appendix A as continuing in full force and effect until a party receives, and acknowledges receipt thereof, a revised Appendix A from the other party accompanied by an appropriately certified corporate authorization, changing the information set forth therein. Each party agrees that it shall provide a revised Appendix A as changes in personnel occur. Each party acknowledges that no change in the list of Authorized Traders will affect the other party's obligations with respect to any Transaction arising prior to the receipt of such revised Appendix A. Any subsequent duly authorized amendment to Appendix A shall supersede the then existing Appendix A and shall be incorporated by reference herein.</p>
<p>Other Applicable Annexes:</p>	<p>In addition to this Annex I , the following Annexes and Agreements shall form part of the Agreement and shall be applicable thereunder: Custodial & Valuation Agreement</p>

Remainder of page intentionally left blank.

Agreed to and annexed to the Agreement dated as of the date first written above among Buyer, Seller, and Issuer.

WELLS FARGO BANK, NATIONAL ASSOCIATION
AS BUYER

By: _____
Title: Vice President
Date: May 15, 2007

MONTANA BOARD OF HOUSING
AS ISSUER

By: _____
Title:
Date: May 15, 2007

SOCIETE GENERALE, NEW YORK BRANCH
AS SELLER

By: _____
Title: Managing Director
Date: May 15, 2007

EXHIBIT A**SECURITIES**

Security Type	Description
Ginnie Maes	Government National Mortgage Association obligations that are unconditionally guaranteed and backed by the full faith and credit of the United States.
Government Agencies	United States agency obligations that have a full faith and credit guarantee of the United States of America which include, but shall not be limited to, securities issued by the Small Business Administration.
Government Sponsored Enterprises	Student Loan Marketing Association ("SLMA") (only SMLA letter of credit backed issues and senior debt obligations, but excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at a maturity or call date).
Mortgage-Backed Securities	Federal National Mortgage Association (only senior debt obligations or mortgage-backed securities) and Federal Home Loan Mortgage Corporation (only senior debt obligations and participation certificates); <u>provided, however</u> , that this shall exclude stripped mortgage securities which are purchased at prices exceeding their principal amounts and excluding interest-only strips.
Treasuries	United States Treasury notes, bonds, bills, or securities that bear the full faith and credit of the United States.
Other	Any other securities permitted in the Indenture and mutually agreed to by the Buyer and the Seller.

EXHIBIT B

NOTICES AND DELIVERY INSTRUCTIONS

Seller	Buyer	Issuer
<p>Societe Generale, New York Branch 1221 Avenue of the Americas 7th Floor New York, New York 10020 Attn: Dudley H. Roski, Mng. Director Email: dudley.roski@sgcib.com Telephone: 212-278-6820 Telecopier: 212-278-7467</p> <p><u>Cash Wire Instructions:</u> Societe Generale ABA #026-004-226 Acct. #09020748 Ref: IAU/GIC Re: Montana Bd Hsg 2007A/B and 2006B #102474-75</p>	<p>Wells Fargo Bank, National Association MAC-C7300-107 1740 Broadway Denver, Colorado 80274 Attn: Ms. Sandy Shupe Email: sandy.shupe@wellsfargo.com Telephone: 303-863-4558 Telecopier: 303-863-5645</p> <p><u>Cash Wire Instructions:</u> Wells Fargo Bank NA ABA # 121-000-248 Acct. # 6355010133 Ref: IA Clearing Account Re: Montana Board of Housing 2007A/B and 2006B</p>	<p>Montana Board of Housing 301 South Park Avenue Helena, Montana 59601 Attn: Bruce Brensdal Email: bbrensdal@mt.gov Telephone: 406-841-2844 Telecopier: 406-841-2841</p>

APPENDIX A

Appendix A to the Agreement, dated as of May 15, 2007, among the Buyer, Seller and Issuer.

LIST OF AUTHORIZED TRADERS FOR WELLS FARGO BANK, NATIONAL ASSOCIATION

The following persons (the "Authorized Traders") are authorized to place orders by telephone in order to trade on behalf of Wells Fargo Bank, National Association.

Name	Title
Tamara Urman	Operations Manager
Sybil Hill	Securities Ops Service Specialist
Mai Nguyen	Securities Ops Service Specialist
Kimberly Trego	Securities Ops Service Specialist
Aleksandr Ustinenkov	Securities Ops Service Specialist

LIST OF AUTHORIZED TRADERS FOR SOCIETE GENERALE, NEW YORK BRANCH

The following (the "Authorized Traders") are authorized to accept orders by telephone in order to trade on behalf of Societe Generale:

Name	Title
Dudley H. Roski	Managing Director
Donald S. Travis	Managing Director
Laurie Edelman	Director
Lisa M. Muzio	Vice President
Helene Kennison	Vice President

The parties shall only enter into Transaction upon the telephone or written instructions of one of the Authorized Traders identified for each party above. Each party is authorized to act upon such telephone instructions provided that it has used reasonable endeavors to ascertain that the caller is one of the other party's Authorized Traders.

WELLS FARGO BANK, NATIONAL ASSOCIATION
Custodial & Valuation Agreement
Custody Account #22249802

May 15, 2007

Wells Fargo Bank, National Association
Institutional Trust Services
MAC N9303-09C
608 2nd Avenue South, 9th Floor
Minneapolis, Minnesota 55479
Attn: Scott R. Little, Vice President

Dear Mr. Little:

The undersigned, Societe Generale, New York Branch (the "Seller") will deposit in the securities account number 22249802 (the "Account") maintained in the name of the Buyer at Wells Fargo Bank, National Association in its capacity as custodian (in such capacity, the "Custodian"), as securities intermediary for the Seller, the Purchased Securities transferred to the Buyer pursuant to the PSA Master Repurchase Agreement, including the Annexes and Exhibits thereto (the "Repurchase Agreement"), dated as of the date hereof, by and between the Seller, the Montana Board of Housing (the "Issuer") and Wells Fargo Bank, National Association (the "Buyer"). All capitalized terms used herein and not otherwise defined herein shall have the respective meanings assigned to them in the Repurchase Agreement, which Purchased Securities are to be held by the Custodian and shall be valued by Wells Fargo Bank, National Association, in its capacity as valuation agent (in such capacity, the "Valuation Agent") subject to the following terms and conditions:

1. Custody.

(a) The Custodian hereby certifies that it is a bank or trust company that in the ordinary course of business maintains securities accounts for others and in that capacity has established the Account as a securities account in the name of the Seller, entitled as follows: " Wells Fargo Bank, National Association, as trustee for the Montana Board of Housing Single Family Mortgage Bonds 2007 Series A/B and 2006B".

(b) The Custodian agrees that it will treat each item of property from time to time credited to the Account (the "Delivered Financial Asset") as a "financial asset" for purposes of Article 8 of the Uniform Commercial Code as in effect from time to time in New York ("UCC"), that it will hold each Delivered Financial Asset for the benefit of the Buyer.

(c) The Custodian will not agree with any other person or entity to comply with entitlement orders concerning the Account without the prior written consent of the Seller and the Buyer.

(d) The Custodian agrees to segregate on its books the Delivered Financial Assets from any other property held for the Seller, and to confirm to the Buyer the receipt of the initial and any subsequent deposits of the Delivered Financial Assets pursuant to a written notice in customary form.

(e) The Custodian agrees that the Delivered Financial Assets shall not be subject to any security interest, lien or right of set off by the Custodian and the Custodian shall not pledge, encumber or hypothecate, transfer, dispose of or otherwise grant any third party any interest in any Delivered Financial Assets. The delivery of the Delivered Financial Assets by the Seller requires the crediting of the securities

free and clear of all liens, claims and interests on the securities, therefore, the use of repo codes will be prohibited.

2. Delivered Financial Assets. The Delivered Financial Assets eligible to be held hereunder shall be limited to Securities. The Custodian agrees that it will not credit to the Account any Delivered Financial Assets other than Securities in the Marketable Form (as defined below).

3. Income. The Custodian shall pay over to the Seller any interest or income as received with respect to the Delivered Financial Assets within one (1) Business Day unless prior to the payment thereof the Custodian shall have received written notice from the Buyer that an Event of Default where the Seller is the defaulting party has occurred, in which event the Custodian shall pay such interest to the Buyer.

4. Release of Delivered Financial Assets. The Custodian shall promptly deliver any or all of the Delivered Financial Assets to the Seller upon its receipt of a written request from the Seller, together with a written approval of the Buyer. A list of authorized signers for the Buyer is attached herewith as Appendix 1.

5. Substitution of Delivered Financial Assets.

(a) The Custodian is authorized to permit the Seller at any time and from time to time to substitute Securities without additional authorization from the Buyer and without any other authority; provided that the substitute Securities do not cause the aggregate value of the account to be less than the Buyer's Margin Percentage pursuant to the PSA Master Repurchase Agreement.

(b) In permitting such substitutions, the Custodian may conclusively rely on directions received from the Seller to release specified Delivered Financial Assets upon the Custodian's receipt of substitute Securities valued by the Valuation Agent in accordance with the terms of the Repurchase Agreement and shall have no obligation to independently verify such valuation. Whenever such substitutions are made, receipts describing the substituted Delivered Financial Assets are to be promptly forwarded by the Custodian to the Seller and the Buyer. The Custodian shall not be under any duty or obligation to ensure that the Delivered Financial Assets received or substituted are Permitted Securities as defined in Annex I of the Repurchase Agreement.

(c) Any Delivered Financial Assets credited to the Account pursuant to this Section 5, shall become part of the Delivered Financial Assets pledged by the Seller for the aforementioned purpose and shall be held in every respect subject to the terms and conditions herein provided.

6. Defaults. Upon receipt by the Custodian from the Buyer of written notice of the occurrence of an Event of Default where the Seller is the defaulting party, the Custodian shall immediately cease releasing Delivered Financial Assets to the Seller and shall promptly deliver all Delivered Financial Assets to the Buyer.

7. Marketable Forms. The Custodian may accept for deposit only Securities in Marketable Form. "Marketable Form" means, (i) in the case of Securities maintained in Federal book-entry form, the Securities held in the Custodian's account on the books of the Federal Reserve Bank of Minneapolis (the "FRB"), and credited by the Custodian to the Account; (ii) in the case of Securities maintained on deposit with the Depository Trust Company ("DTC"), the Securities credited to the Custodian's account on the books of DTC and credited to the Account by the Custodian and (iii) in the case of Securities maintained on deposit with the Participants Trusts Company ("PTC"), the Securities credited to the Custodian's account on the books of PTC and credited to the Account by the Custodian.

8. Commingled Accounts. Notwithstanding any provision herein to the contrary, the Custodian is authorized to deposit or arrange to deposit in a book entry account in its name maintained at either the FRB, DTC or PTC, as applicable, any Delivered Financial Assets at any time which are deposited by the Seller and which qualify for deposit therein and to withdraw or arrange to withdraw such Delivered Financial Assets therefrom. Delivered Financial Assets so deposited may be commingled in a securities account with securities belonging to the Custodian and its other customers on the books of the FRB, DTC or PTC, as applicable.

9. Inspection. Upon receipt of a written request from the Buyer or the Seller, the Custodian shall allow the Buyer or the Seller or the designated agent of either of them to conduct a reasonable inspection of the Delivered Financial Assets held in physical form hereunder.

10. Valuation of Securities.

(a) Each week, the Valuation Agent shall value the principal amount of each of the Securities, such value to be computed on the basis of the bid price last quoted by an appropriate automated service. The valuation of the collateral will be valued against the most current principal balance available plus accrued income from the last monthly statement received by the Valuation Agent. If monthly statements are not received from the Seller prior to such valuation, then the valuation will be performed based on the most current balance information available to the Valuation Agent. The Valuation Agent is not responsible for any inaccuracies due to lack of investment balance information. The Valuation Agent shall promptly confirm the value of the principal amount of the Securities to the Seller and the Buyer.

(b) In the event that the aggregate value of the principal amount of the Securities (as reported by the Valuation Agent) shall at any time be less than the Buyer's Margin Percentage, the Seller shall immediately deliver to the Custodian additional Securities to cure such deficiency. The Valuation Agent shall be under no duty or obligation to effect collection of additional collateral if the valuation statement reflects that the aggregate value of the account is less than the Buyer's Margin Percentage pursuant to the PSA Master Repurchase Agreement. The Valuation Agent will provide notice to the Buyer and Seller of any collateral deficiencies but it is the sole responsibility of the Seller to cure such deficiency pursuant to the PSA Master Repurchase Agreement. In the event that the aggregate value of the Securities (as reported by the Valuation Agent) shall at any time exceed the Buyer's Margin Percentage, the Custodian shall immediately deliver to the Seller, per its written request, Securities having a value equal to such excess amount.

11. Expenses and Indemnity.

(a) The Seller hereby agrees to be responsible for all fees and expenses as it and the Custodian may mutually agree in writing from time to time and to indemnify and hold harmless both the Custodian and its nominees from any and all liability, costs and expenses (including attorneys' fees) incurred as the record owner of the Delivered Financial Assets, except such as results of the Custodian's own gross negligence or willful misconduct.

(b) The Custodian and the Valuation Agent will be responsible for only those duties expressly provided for by the UCC, stated in this Custodian Agreement or expressly contained in instructions delivered to the Custodian or the Valuation Agent, as the case may be, pursuant to the provisions of this Custodial Agreement. The Custodian will use the same care with respect to safekeeping of the Delivered Financial Assets as the Custodian uses in respect of the Custodian's own similar property, but the Custodian need not maintain any insurance for the benefit of the Seller or the Buyer. Each of the Buyer and Seller hereby agrees to indemnify and hold the Custodian and the Valuation Agent harmless from all liabilities, costs and expenses (including attorneys' fees) arising out of actions taken by the Custodian or the Valuation Agent, as the case may be, pursuant to its instructions, except such as results from the gross negligence or willful misconduct of the Custodian.

12. Notices. Notices required or authorized hereunder shall be in writing and delivered either by Mail, postage prepaid, or by hand delivery to the following addressee at the address set forth below (or such other address as any party hereto may from time to time designate by notices duly given in accordance with this paragraph):

Seller	Custodian
<p>Societe Generale, New York Branch 1221 Avenue of the Americas, 7th Floor New York, New York 10020 Attn: Dudley H. Roski, Managing Director Telephone: 212-278-6820 Telecopier: 212-278-7467</p> <p><u>Cash Wire Instructions:</u> Societe Generale ABA #026-004-226 Acct. #09020748 Ref: IAU/GIC Re: Montana Board of Housing #102474-75</p> <p><u>Fed Wire Instructions (Treasuries):</u> BK of NYC/SGCGOV ABA #021000018</p> <p><u>Fed Wire Instructions (Non-Treasuries):</u> BK OF NYC/SGGIC ABA #021000018</p> <p><u>Wire Instructions for DTC:</u> DTC Participant #2358</p>	<p>Wells Fargo Bank, National Association Institutional Trust Services MAC N9303-09C 608 2nd Avenue South, 9th Floor Minneapolis, Minnesota 55479 Attn: Scott R. Little, Vice President</p> <p><u>Wire Instructions for the Cash:</u> Wells Fargo Bank, N.A. ABA #121000248 BNF ACCT. NAME: TRUST WIRE CLEARING Trust Clearing Account #0000840245 Attn: Scott Little FFC to: Montana Board of Housing 2007A/B & 2006B #102474-75 SEI Account No. 22249802</p> <p><u>Wire Instructions for Treasuries/Agencies:</u> San Francisco Federal Reserve WF SF/Trust ABA #121000248 Attn: Scott Little FFC to: Montana Board of Housing 2007A/B & 2006B #102474-75 SEI Account No. 22249802</p> <p><u>Wire Instructions for DTC Securities:</u> DTC Participant #2027 FFC to: Montana Board of Housing 2007A/B & 2006B #102474-75 SEI Account No. 22249802</p>
Buyer	Valuation Agent
<p>Wells Fargo Bank, National Association MAC-C7300-107 1740 Broadway Denver, Colorado 80274 Attn: Ms. Sandy Shupe Telephone: 303-863-4558 Telecopier: 303-863-5645</p>	<p>Wells Fargo Bank, National Association Institutional Trust Services MAC N9303-09C 608 2nd Avenue South, 9th Floor Minneapolis, Minnesota 55479 Attn: Scott R. Little, Vice President Telephone: 612-667-6647 Telecopier: 612-667-5248</p>

13. Monthly Statement. On or prior to the tenth Business Day of each month the Custodian shall furnish to the Seller, with a copy to the Buyer, a statement listing the Delivered Financial Assets held hereunder as of the last day or the prior month. On or prior to the tenth Business Day of each month the Seller shall furnish to the Custodian, with a copy to the Buyer, a statement listing the amount of principal balance and accrued interest as of the last day of the prior month. If monthly statements are not received from the Seller, the valuation reports will be performed based on the most current balance information available to the Valuation Agent. The Valuation Agent is not responsible for any inaccuracies due to the lack of investment balance information.

14. Resignation and Removal of Custodian. The Custodian and the Valuation Agent, as the case may be, may at any time, upon thirty (30) days' prior written notice to each of the Seller and the Buyer, resign as Custodian or Valuation Agent, as the case may be, such resignation to take effect upon the earlier to occur of (a) the acceptance of appointment by a successor custodian or valuation agent and (b) thirty (30) days after receipt of such notice. The Seller and the Buyer may, upon thirty (30) days' joint written notice, remove the Custodian or the Valuation Agent and appoint a successor custodian or valuation agent, as applicable.

14. GOVERNING LAW. THE PARTIES HERETO AGREE THAT THIS AGREEMENT, INCLUDING THE ESTABLISHMENT AND MAINTENANCE OF THE ACCOUNT AND ALL INTERESTS, DUTIES AND OBLIGATIONS RELATED THERETO, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. THE PARTIES HERETO HEREBY WAIVE TRIAL BY JURY IN AN JUDICIAL PROCEEDING IN ANY WAY INVOLVING ANY MATTER ARISING OUT OF THIS CUSTODIAL & VALUATION AGREEMENT.

Remainder of page intentionally left blank.

15. Counterparts. This Custodial Agreement may be executed in one or more counterparts and when each party hereto has executed at least one counterpart, this Custodial Agreement shall be deemed to be one and the same document.

ACCEPTED AND AGREED:

**WELLS FARGO BANK, NATIONAL ASSOCIATION
(Buyer)**

By: _____
Title: Vice President
Date: May 15, 2007

ACCEPTED AND AGREED:

**SOCIETE GENERALE, NEW YORK BRANCH
(Seller)**

By: _____
Title: Managing Director
Date: May 15, 2007

ACCEPTED AND AGREED:

**WELLS FARGO BANK, NATIONAL ASSOCIATION
(Custodian)**

By: _____
Title: Vice President
Date: May 15, 2007

ACCEPTED AND AGREED:

**WELLS FARGO BANK, NATIONAL ASSOCIATION
(Valuation Agent)**

By: _____
Title: Vice President
Date: May 15, 2007

APPENDIX I

Authorized Signers for Wells Fargo Bank, National Association
Custody Account #22249802

Name	Title	Signature
Sandra Shupe	Vice President	
Gretchen Middents	Vice President	
Ethel Vick	Vice President	