
PENNSYLVANIA HOUSING FINANCE AGENCY

AND

**THE PHILADELPHIA NATIONAL BANK
AS TRUSTEE**

INDENTURE OF TRUST

Dated as of April 1, 1982

THIS INDENTURE OF TRUST, made and dated as of the first day of April, 1982 by and between the Pennsylvania Housing Finance Agency (the "Agency") and The Philadelphia National Bank, a national banking association organized and existing and authorized to accept and execute trusts of the character herein set forth under and by virtue of the laws of the United States of America, with its principal office in the City of Philadelphia, Pennsylvania, as Trustee:

WITNESSETH THAT:

WHEREAS, the Housing Finance Agency Law, Act of December 3, 1959, P.L. 1688, as amended (35 P.S. Section 1680.101, et seq.) (the "Act") determines and declares that the welfare of the Commonwealth is threatened by an inadequate supply of safe affordable housing for its citizens: that projected needs for housing supply have been created by existing and expanding substandard dwellings; that increased construction costs, a scarce monetary supply for financing of housing and the resultant increase of mortgage interest rates have created a market demand situation that is unable to be satisfied through traditional methods; that the United States Congress has, as a matter of policy, enacted legislation which will help alleviate the desperate housing needs of Pennsylvania; that through the adoption of the act of November 26, 1980, known as the Omnibus Reconciliation Act of 1980 (94 Stat. 2399), the Federal Government has recognized the issuance of tax-free mortgage revenue bonds as a proper innovative method for the states to ensure an adequate supply of money for mortgages; that under the provisions of the Mortgage Subsidy Bond Tax Act of 1980 (P.L. 96-499, 94 State. 2660). Title XI, of the Omnibus Reconciliation Act of 1980, the Congress has set forth specific actions which state governments may and may not be involved in for a specified period of time; and that it is appropriate for the Commonwealth of Pennsylvania to assist its citizens in acquiring safe affordable shelter through the issuance of tax-free mortgage revenue bonds; and

WHEREAS, the Agency is authorized to make or purchase loans or mortgage by contract with lending institutions to finance the purchase, construction, improvement or rehabilitation of owner-occupied single family residences pursuant to the provisions of the Mortgage Subsidy Bond Tax Act of 1980; and

WHEREAS, the Agency may acquire and contract and enter into advance commitments to acquire by assignment or otherwise, loans secured by insurance or by mortgages owned by lending institutions or participations therein at such purchase price and upon such other terms as the Agency shall determine; and

WHEREAS, the Agency may make and execute contracts with lending institutions for the origination and servicing of such loans and pay the value of services rendered under such contracts; and

WHEREAS, the Act empowers the Agency to do all things necessary or convenient to carry out the powers granted by the Act; and

WHEREAS, the Agency is further authorized to issue and sell, subject to written approval by the Governor, revenue bonds in such principal amounts as, in the opinion of the Agency, are necessary to provide sufficient funds for achieving its corporate purposes and, in connection therewith, to establish capital reserve funds pursuant to the Act to be maintained in amounts established by the Act; and

WHEREAS, the Agency has the power to invest any funds held in reserve or sinking funds, and any funds not required for immediate disbursement, in such investments as may be lawful for fiduciaries under any law of the Commonwealth and the Agency may pledge to the holders of its bonds issued pursuant to the Act proceeds of mortgage loans, reserve funds created therefor by the Agency, all or any part of the assets acquired by the Agency pursuant to the Act and any other lawfully available money to secure the payment of such bonds; and

WHEREAS, the Act provides that bonds issued by the Agency may be secured by a trust agreement by and between it and a trustee and that the resolution providing for the issuance of such bonds or such trust agreement may contain such provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the Agency in relation to the custody, safeguarding and application of all moneys, may set forth the rights and remedies of the bondholders and of the trustees, and may contain such other provisions as the Agency may deem reasonable and proper for the security of the bondholders; and

WHEREAS, the Agency has formulated a program for the origination and purchase of mortgage loans for owner-occupied single family residences in conformity with applicable law; and

WHEREAS, the Agency has heretofore distributed to lending institutions in the Commonwealth an Invitation to Participate, together with Program Guidelines and proposed form of Origination, Sale and Servicing Agreement, and has held informational meetings for prospective participating lending institutions with respect to the program in various locations in the Commonwealth; and

WHEREAS, the Agency, in furtherance of the purposes of the Act, has determined to finance the purchase of single family residential mortgage loans in accordance with the requirements of the Act and proposes to issue bonds as herein provided for such purposes and to provide funds for deposit in a capital reserve fund established in accordance with the Act; and

WHEREAS, the Agency has determined to issue and secure said bonds in accordance with, pursuant to and under the Resolution and this Indenture of Trust; and

WHEREAS, the Agency is now desirous of proceeding with financing the purchase of single family residential mortgage loans and is willing to apply certain moneys in its General Fund in aid of such financing; and

WHEREAS, all things necessary to make such bonds, when issued and authenticated by the Trustee as in this Indenture provided, the valid, binding and legal obligations of the Agency according to the import thereof and to constitute this Indenture a valid mortgage, pledge and assignment of the revenues and assets from time to time securing the payment of the bonds to be issued hereunder and the creation, execution and delivery of this Indenture and the Bonds, subject to the terms hereof, have in all respects been duly authorized:

NOW, THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS:

That the Agency in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the bonds to be issued hereunder (the "Bonds") by the holders and owners thereof, and in order to secure the payment of the principal of and the premium, if any, and interest on the Bonds according to their tenor and effect and the performance and observance by the Agency of all the covenants expressed or implied herein and in the Bonds subject to terms and provisions of the Act, and the terms and provisions of any agreements, resolutions or indentures of the Agency now existing or hereafter made pledging any particular revenues or assets of the payment of obligations other than the Bonds, does hereby grant, bargain, sell, convey, mortgage, pledge and assign unto, and grant a first security interest in favor of, the Trustee, and unto its respective successors in trust, and to their respective assigns, forever, for the security of the performance of the obligations of the Agency hereinafter set forth, all right, title and interest of the Agency, now owned or hereafter acquired, in and to the following:

I

The Mortgage Loans (as defined in this Indenture) including all extensions and renewals of the term thereof, if any, together with all right, title and interest of the Agency as purchaser thereof, including, but without limiting the generality of the foregoing, the present and continuing right to make claim

for, collect, receive and receipt for any of the income, revenues, sums of money, rents, issues and profits and other property or assets payable or receivable thereunder, whether payable as scheduled therein or otherwise to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Agency or any mortgagee is or may become entitled to do under the Mortgage Loans;

II

All Revenues (as herein defined), foreclosure proceeds, insurance and guaranty proceeds or sale proceeds which reduce or eliminate the principal balance due on Mortgage Loans to be received by the Agency under the Mortgage Loans, together with all revenues arising out of or on account of the ownership of the subject premises;

III

The Agency's interest, now owned or hereafter acquired, as purchaser or otherwise, in Residences and any other interests, easements, licenses and rights in real property at any time acquired by the Agency for use in connection therewith, together with all buildings, additions and improvements thereto and substitutions therefor now or hereafter located thereon or therein;

IV

The Agency's interests in and to the Agreements and the policies of insurance with respect to the Mortgage Loans, including all extensions and renewals of their terms, if any, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive and receipt for any income, revenues, issues, profits, insurance proceeds and other sums of money payable to or receivable by the Agency under the Agreements on such policies of insurance, whether payable pursuant to the Agreements on such policies or otherwise, to bring action under the Agreements on such policies or for the enforcement thereof, and to do any and all things which the Agency is or may become entitled to do under the Agreements on such policies;

V

The Funds and Accounts established by this Indenture, and all moneys from time to time held therein by the Trustee under the terms of this Indenture including Investment Securities and any and all other real or personal property of every type, name and nature from time to time hereinafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or

transferred as and for additional security hereunder by the Agency or by anyone on 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 pursuant and subject to the terms thereof;

VI

Any and all proceeds and products of the foregoing;

TO HAVE AND TO HOLD all and singular the trust estate, whether now owned or hereafter acquired, unto the Trustee and its respective successors in trust and assigns forever to its and their only proper use and behoof but:

IN TRUST NEVERTHELESS, upon the terms and trust herein set forth for the equal and proportionate benefit, security and protection of all present and future holders and owners of the Bonds, from time to time, issued and to be issued under and secured by this Indenture without privilege, priority or distinction as to the lien or others of any of the Bonds over any of the other Bonds;

PROVIDED, HOWEVER, that if the Agency, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of and the premium, if any, 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 on the Bonds as required under Article V 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 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 to it in accordance with the terms and provisions hereof, then upon the final payment thereof this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture is to be and remain in full force and effect.

THIS INDENTURE OF TRUST FURTHER WITNESSETH, and it is expressly declared that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all said property, rights and interests, including, without limitation, the revenues and other 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 as hereinafter expressed, and the Agency has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective holders and owners of the Bonds as follows:

ARTICLE I
DEFINITIONS AND INTERPRETATION

Section 101. Definitions. In this Indenture, the following words and terms shall, unless the context otherwise requires, have the following meanings:

"Accountant" shall mean a reputable and experienced independent certified public accountant or firm of independent certified public accountants selected by the Agency and satisfactory to the Trustee and which may be the accountant or firm of accountants who regularly audit the books and accounts of the Agency.

"Act" shall mean the Housing Finance Agency Law, Act of December 3, 1959, P.L. 1688, as amended (35 P.S. 1680.101, et seq.)

"Agency" shall mean the Pennsylvania Housing Finance Agency.

"Additional Bonds" shall mean Bonds of any series issued pursuant to the Indenture duly authorized pursuant to a Series Resolution, other than the 1982 Series A Bonds, duly executed, authenticated and delivered pursuant to the provisions hereof, but shall not refer or apply to any bonds issued under any other indenture or bond resolution of the Agency.

"Agency Resolution" shall mean a resolution duly adopted by the Agency.

"Agreement" shall mean the Origination, Sale and Servicing Agreement between the Participant and the Agency, and all amendments or supplements thereto and where appropriate, the Invitation, the Advance Commitment Agreement, the Notice of Acceptance, the Notice of Availability of Funds, the Program Guidelines, and all forms or reports prescribed by the Agency as provided therein.

"Authorized Newspapers" shall mean not less than two newspapers or financial journals, printed in the English language and customarily published (except in the case legal holidays) at least once a day for at least five days in each calendar week, one of which is of general circulation either in the City of Philadelphia, Pennsylvania, or of general circulation in the City of Pittsburgh, Pennsylvania, and the other of which is of general circulation in the Borough of Manhattan, City and State of New York.

"Authorized Officer" shall mean the Executive Director and, in the case of any act to be performed or duty to be discharged, any other member, officer or employee of the Agency then authorized to perform such act or discharge such duty.

"Bond" or *"Bonds"* shall mean one of the bonds or all of the Bonds, as the case may be, to be authenticated and delivered pursuant to this Indent-

ure, including any Additional or Refunding Bonds to be issued pursuant to Article II or any Bond issued in lieu of or in exchange for such Bond pursuant to Article III or Article VI.

"Bond Counsel's Opinion" shall mean an opinion signed by an attorney or firm of attorneys experienced in the area of public law and Section 103A of the Code and nationally recognized as bond counsel, selected by the Agency.

"Bond Year" shall mean a twelve month period commencing on the second day of April of any year.

"Bondholder" or *"holder"* or words of similar import, when used with reference to a Bond, shall mean any person who shall from time to time be the registered owner of any Outstanding Bond.

"Capital Reserve Fund Requirement" shall mean an amount equal to 3% of the aggregate principal amount of Bonds Outstanding on said date.

"Certificate" shall mean (i) a signed document either attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or setting forth matters to be determined pursuant to this Indenture or (ii) the report of an accountant as to audit or other procedures called for by this Indenture.

"Closing" shall mean the execution of a Mortgage Note and Mortgage by a Mortgagor and the concurrent origination and funding of a Mortgage Loan by a Participant pursuant to the Agreement.

"Closing Date" shall mean the date of any Closing.

"Code" shall mean the Internal Revenue Code of 1954, as amended and the regulations of the United States Department of Treasury which may be from time to time promulgated thereunder.

"Commitment Fee" shall mean the fee to be paid to the Agency by a Participant in the amount specified in the Program Guidelines, which fee is not refundable except as provided in the Agreement and the Program Guidelines.

"Commonwealth" shall mean the Commonwealth of Pennsylvania.

"Costs of Issuance" shall mean all items of expense, directly or indirectly payable or reimbursable by the Agency and related to the authorization, sale and issuance of Bonds, including but not limited to printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee or any paying agent, legal fees and charges, fees and disbursements of consultants and professionals, costs of credit ratings, fees and charges for preparation,

execution, transportation and safekeeping of Bonds, costs and expenses of refunding, premiums for the insurance of the payment of Bonds and any other costs, charge or fee in connection with the original issuance of Bonds.

"Debt Service" shall mean, with respect to any particular calendar year or Fiscal Year, an amount equal to the sum of (i) all interest payable on the Outstanding Bonds during such calendar year or Fiscal Year, respectively, plus (ii) the Principal Installments due on such Bonds during such calendar year or Fiscal Year, respectively.

"Depository" shall mean any bank, trust company, national banking association, savings bank or savings and loan association selected by the Agency or the Trustee as a depository of moneys or securities held under the provisions of the Indenture, and permitted by law to be a depository of Agency funds, and may include the Trustee.

"Event of Default" shall mean any of the events specified in Section 1001.

"Fiscal Year" shall mean a twelve-month period commencing on the first day of July of any year or any other twelve-month period as the Agency may by resolution determine from time to time, and shall include such shorter or longer period as the Agency shall deem advisable for transitional purposes.

"Indenture" shall mean this Indenture of Trust and any amendments or supplements made in accordance with its terms.

"Interest Payment Date" shall mean any date upon which interest on Bonds is due and payable in accordance with their terms.

"Insurance Proceeds" shall mean payments received with respect to the Mortgage Loans under any insurance policy required to be maintained hereunder.

"Investment Securities" shall mean and include any of the following obligations, to the extent the same are at the time legal for investment of funds of the Agency under the Act, including amendments thereto hereafter made, or under other applicable law:

(1) direct obligations of or obligations guaranteed by the United States of America;

(2) any bond, debenture, note, participation certificate or other similar obligation issued by any of the following agencies: Government National Mortgage Association, Federal Land Bank, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Farm Credit Banks Consolidated Statewide, Tennessee Valley

Authority, United States Postal Service, Farmers' Home Administration and Export-Import Bank;

(3) any bond, debenture, note, participation certificate or other similar obligation issued by the Federal National Mortgage Association to the extent such obligations are guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States other than as provided in (1) hereof;

(4) any other obligation of the United States of America or any federal agencies which may then be purchased with funds belonging to the Agency or which are legal investments for saving banks, savings associations or savings and loan associations in the Commonwealth;

(5) Public Housing Bonds 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;

(6) direct and general obligations of or obligations guaranteed by the Commonwealth, to the payment of the principal of and interest on which the full faith and credit of the Commonwealth is pledged;

(7) direct and general obligations of any state of the United States, to the payment of the principal and interest on which the full faith and credit of such state are pledged, but only if, at the time of their purchase hereunder, such obligations are rated in either of the two highest rating categories by either Standard and Poor's or Moody's rating service or, upon the discontinuance of either or both of such services, such other nationally recognized rating service or services, as the case may be, as shall be determined in a Supplemental Indenture pursuant to Section 802;

(8) deposits in interest-bearing time or demand deposits, or certificates of deposit, secured (i) as provided under the laws of the Commonwealth or (ii) as to principal by investments described in clauses (1) through (7) above;

(9) repurchase agreements fully collateralized by Investment Securities of the types described in clauses (1) through (4) above; and

(10) deposits in mutual or money market funds which invest solely in Investment Securities or the types described in clauses (1) through (4) above and with total assets (deposited funds) of one billion dollars or greater.

The Investment Securities described in the preceding clauses (8) and (9) may be deposits in, certificates of deposit of, or repurchase agreements with the Trustee.

"Invitation" shall mean the Invitation to Participate and the Program Guidelines pertaining to the Program, as all or part of them may be supplemented and amended from time to time, sent to lending institutions by the Agency.

"Liquidation Proceeds" shall mean amounts (other than Insurance Proceeds) received in connection with the liquidation of defaulted Mortgage Loans, whether through trustee's sale, foreclosure sale, condemnation, taking under power of eminent domain, conveyance in lieu of foreclosure or condemnation, or otherwise;

"Mortgage" shall mean the instrument securing a Mortgage Loan which creates a first lien on the fee simple or leasehold estate in a Residence subject only to Permitted Encumbrances, and which shall be in the form, as amended from time to time, prescribed by the Agency.

"Mortgage Documents" shall mean the documents specified as such by the Agency in the Program Guidelines, pertaining to a particular Mortgage Loan.

"Mortgage Loan" shall mean any loan evidenced by a Mortgage Note which is secured by the related Mortgage for financing the purchase by an Eligible Borrower of a Residence, and which loan is being presented to the Agency for Purchase or has been Purchased pursuant to the Agreement.

"Mortgage Note" means the promissory note evidencing the obligation to repay the Mortgage Loan, payable to the order of Participant, and, prior to Purchase, assigned to Trustee, executed by a Mortgagor to evidence such Mortgagors obligation to repay the Mortgage Loan which shall be in the form, as amended from time to time, of the Pennsylvania 1 to 4 Family FNMA/FHLMC Uniform Instrument, with such additions or modifications as required under the Loan Origination Guidelines and prescribed by the Agency.

"Mortgage Pool Insurance Policy" shall mean the policy of pool insurance insuring the Mortgage Loans.

"Mortgage Submission Voucher" shall mean the voucher in the form prescribed from time to time by the Agency, which is submitted by Participant with each Mortgage Loan.

"Mortgagor" shall mean the obligor(s) on a Mortgage Note.

"Origination Period" shall mean the period described in the Series Resolution authorizing the issuance of Bonds for the origination of Mortgage Loans.

"Outstanding" when used with reference to Bonds, shall mean, as of any date, all Bonds theretofore or thereupon being authenticated and delivered under this Indenture except:

(1) any Bond cancelled by the Trustee or the Agency at or prior to such date;

(2) any Bond (or portion of a Bond) for the payment or redemption of which there shall be held in trust and set aside either:

(a) moneys in an amount sufficient to effect payment when due of the principal or the applicable Redemption Price thereof, together with all accrued interest, or

(b) Investment Securities, as described in subsection (B) of Section 1201, in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications, as shall be necessary to provide moneys (whether as principal or interest) in an amount sufficient to effect payment when due of the principal or applicable Redemption Price thereof, together with all accrued interest, or

(c) any combination of (a) and (b) above,

and, if such Bond or portion of a Bond is to be redeemed, for which notice of redemption shall have been given as provided in Article VI or provision satisfactory to the Trustee shall have been made for the giving of such notice;

(3) any Bond in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to Article III, Section 606 or Section 906; and

(4) any Bond deemed to have been paid as provided in subsection (B) of Section 1201.

"Participants" shall mean the lending institutions accepted by the Agency to participate in the Program.

"Permitted Encumbrances" shall mean those liens of current real property taxes and assessments, covenants, conditions, and restrictions, rights of ways, easements and other matters of public record, provided that none of the foregoing materially affect the security of the Mortgage Loan.

"Principal Payment Date" shall mean any date upon which a Principal Installment is due and payable.

"Principal Prepayment" shall mean any Mortgagor payment or other recovery of principal on a Mortgage Loan which is not applied by Participant to a scheduled payment under the Mortgage Loan and the portion of any Insurance Proceeds, Liquidation Proceeds, or other collections representing similar payments.

"Principal Installment" shall mean, as of any date of calculation, (i) the aggregate principal amount of Outstanding Bonds due on a certain future date, reduced by the aggregate principal amount of such Bonds which would be retired by reason of the payment when due and application in accordance with this Indenture of Sinking Fund Payments payable before such future date.

"Program" shall mean the Agency's Single Family Mortgage Revenue Bond Program.

"Program Guidelines" shall mean the guidelines established for the Program by the Agency as from time to time amended and provided to Participants.

"Purchase" shall mean the purchase of a Mortgage Loan by the Agency from Participant pursuant to the Agreement.

"Purchase Date" shall mean the day of any Purchase.

"Purchase Price" shall mean the amount which the Agency will pay to Participant for a Mortgage Loan being purchased, as specified in the Program Guidelines.

"Refunding Bonds" shall mean Additional Bonds authenticated and delivered pursuant to Section 206, the proceeds of which are to be applied to the payment of principal of, interest on and redemption premium, if any, of Bonds theretofore Outstanding under this Indenture.

"Redemption Price" shall mean, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or any Agency Resolution.

"Revenues" shall mean (i) all amounts paid or required to be paid with respect to principal and interest from time to time on the Mortgage Loans, including prepayments, amounts paid on account of acceleration of any Mortgage Loan and amounts received from the sale or other disposition of any Mortgage Loan, including private mortgage insurance proceeds, or of any collateral securing any Mortgage Loan, and including any such amounts held by persons collecting such amounts on behalf of the Agency, after deducting any fees payable for accounts, collection and other ser-

vices required and (ii) all interest received and investment gains on moneys or securities held pursuant to the Indenture and paid or to be paid into the Revenue Account.

"Series" shall mean all of the Bonds issued, authenticated and delivered in a simultaneous transaction, regardless of variations in maturity, interest rate, Sinking Fund Payments or other provision.

"Series Resolution" shall mean an Agency Resolution authorizing the issuance of a Series of Bonds under the Indenture, and setting forth the terms and conditions thereof, consistent with the provisions of the Indenture.

"Service Fee " shall mean a fee which may be retained by Participant as permitted by the Agreement, in the monthly amount as specified in the Program Guidelines.

"Sinking Fund Payment" shall mean, with respect to any series of Bonds, an amount so designated which is established pursuant to a Series Resolution.

"Statement of Projected Revenues and Expenses" shall mean the Statement of Projected Revenues and Expenses described in Section 506 hereof.

"Target Area" shall mean those census tracts and areas of the Commonwealth identified by the Agency in the Program Guidelines which constitute qualified census tracts or areas of chronic economic distress within the meaning of Section 103A of the Code.

"Trustee" shall mean The Philadelphia National Bank or any successor to its duties under the Indenture.

ARTICLE II TERMS AND AUTHORIZATION OF BONDS

Section 201. *Authorization for Indenture and Bonds.* This Indenture and the initial issuance of Bonds hereunder have been duly authorized by a Series Resolution adopted on April 7, 1982. The principal amount of Bonds that may be issued hereunder is not limited except as provided in Section 204. The Agency has ascertained and hereby determines and declares that the execution and delivery of this Indenture is necessary to carry out the powers and duties expressly provided by the Act, that each and every act, matter, thing or course of conduct as to

which provision is made herein is necessary or convenient in order to carry out and effectuate the purposes of the Agency in accordance with the Act and to carry out powers expressly given in the Act and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Bonds and are contracts or agreements necessary, useful and convenient to carry out and effectuate the corporate purposes of the Agency under the Act.

Section 202. *Indenture to Constitute Contract.* (A) In consideration of the purchase and acceptance of the Bonds by those who shall hold the same from time to time, the provisions of this Indenture shall be a part of the contract of the Agency with the holders of Bonds and shall be deemed to be and shall constitute a contract between the Agency, the Trustee and the holders from time to time of the Bonds. The pledges and assignments made hereby and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Agency shall be for the equal benefit, protection and security of the holders of any and all of such Bonds, each of which, regardless of the time of its issue or maturity, shall be of equal rank without preference, priority or distinction over any other thereof except as expressly provided in this Indenture.

(B) In accordance with the provisions of Section 508-A of the Act, the Agency, on behalf of the Commonwealth, does hereby pledge to and covenant and agree with the holders of the Bonds, that the Commonwealth will not limit or alter the rights or powers vested by the Act in the Agency to perform and fulfill the terms of any agreement made with such holders, until the Bonds, together with interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or in behalf of such holders, are fully met and discharged or provided for.

Section 203. *Obligation of Bonds.* This Indenture creates an issue of Bonds of the Agency and creates a continuing pledge and lien to secure the full and final payment of the principal and Redemption Price of and interest on such Bonds, including any Sinking Fund Payments for the retirement thereof. Subject to any agreements heretofore or hereafter made with the holders of any other notes or bonds of the Agency pledging any particular revenues or assets not pledged under this Indenture, the Bonds shall be general obligations of the Agency payable out of any moneys or revenues of the Agency available for the payment of the principal or Redemption Price, if any, thereof and the interest thereon. The Bonds shall contain on their face a statement that neither the Commonwealth nor any political subdivision thereof shall be obligated to pay the Bonds or the interest thereon and that neither the faith and credit nor the taxing power

of the Commonwealth or any political subdivision thereof is pledged to the payment of the principal thereof or the interest thereon.

Section 204. *Additional and Refunding Bonds.* Upon the satisfaction of the conditions contained in Section 206, one or more Series of Additional Bonds may be issued hereunder, pursuant to authorization therefor in an Agency Resolution, without limitation as to amount except as may be provided herein or by law, from time to time, subsequent to the initial issuance of Bonds for the purpose of purchasing Mortgage Loans under and pursuant to the Indenture or in the refunding of Outstanding Bonds. With regard to each issue of Additional Bonds, the rate or rates of interest payable thereon, the Interest Payment dates, the principal amount, the Redemption Price or Prices, and the Redemption Date or Dates shall be specified in the Series Resolution relating to such issues of Bonds.

Section 205. *Issuance and Delivery of Bonds.* After their authorization by a Series Resolution, Bonds may be executed by or on behalf of the Agency and delivered to the Trustee for authentication and, upon compliance by the Agency with the requirements, if any, set forth in such resolution and with the requirements of Section 206 hereof, the Trustee shall thereupon authenticate and deliver such Bonds to or upon the order of the Agency.

Section 206. *Conditions Precedent to Delivery of Bonds.* (A) Bonds shall be executed by the Agency for issuance and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Agency or upon its order, but only upon the receipt by the Trustee of:

(1) A copy of the Series Resolution authorizing such Bonds, certified by an Authorized Officer, which shall specify:

(a) the purpose for which such Bonds are being issued, which shall be one or more of the following: (i) the making of deposits into the Program Account to purchase Mortgage Loans, to pay Costs of Issuance, to provide for capitalized interest on the Bonds, or to pay or provide for the payment of obligations issued by the Agency in order to provide for the purchase of Mortgage Loans, and the making of deposits in the amounts, if any, required by this Indenture or such Resolution into the Revenue Account and the Capital Reserve Fund, (ii) the refunding of any Bonds, or (iii) any combination of the foregoing;

(b) the amount, if any, of any payments by the Agency not constituting Bond proceeds, and the Fund or Account into which said payments are to be deposited;

(c) the date or dates, and the maturity date or dates, of such Bonds, each of which maturity dates shall fall upon an Interest Payment Date;

(d) the interest rate or rates of such Bonds or the manner of determining such rate or rates and the Interest Payment Dates therefor;

(e) the denomination of, and the manner of dating, numbering and lettering such Bonds, but such Bonds shall be in the denomination of \$5,000 each or in denominations of such multiple or multiples (including \$5,000) thereof as may be authorized by such resolution;

(f) the place or places of payment of the principal and Redemption Price, if any, of, and interest on, such Bonds;

(g) the Redemption Price or Prices, if any, of and, subject to the provisions of Article VI, the redemption terms for such Bonds;

(h) the amount and due date of each Sinking Fund Payment, if any, for such Bonds of like maturity, but the due date of each such Sinking Fund Payment shall fall upon an Interest Payment Date;

(i) if so determined by the Agency, provisions for the sale of such Bonds;

(j) with respect to Additional Bonds, the amount of the Commitment Fee, if any, and the application thereof during the applicable Origination Period;

(k) the forms of such Bonds and of the Trustee's certificate of authentication; and

(l) any other provisions deemed advisable by the Agency as shall not conflict with the provisions hereof;

(2) A Bond Counsel's Opinion to the effect that (i) the Agency has the right and power to adopt such resolution under the Act as amended to the date of such opinion; (ii) such resolution has been duly and lawfully adopted by the Agency and is in full force and effect; (iii) this Indenture has been duly and lawfully authorized, executed and delivered by the Agency and is valid and binding upon the Agency and enforceable in accordance with its terms (except to the extent that the enforceability thereof may be limited, rendered unenforceable or otherwise altered by the operation of bankruptcy, insolvency and similar laws or equitable principles affecting the rights and remedies of creditors); (iv) this Indenture creates the valid pledge which it purports to create of the Revenues and of the Funds and Accounts

established hereunder, including the investments, if any, thereof, subject to the application thereof to the purposes and on the conditions permitted by this Indenture; and (v) upon the execution, authentication and delivery thereof, such Bonds will have been duly and validly authorized and issued in accordance with the constitution and statutes of the Commonwealth, including the Act as amended to the date of such Opinion, and in accordance with this Indenture;

(3) A written order as to the delivery of such Bonds, signed by an Authorized Officer;

(4) The amount of the proceeds of such Bonds and of the payment by the Agency, if any, to be deposited with the Trustee pursuant to Section 401 and the aforesaid Agency Resolution in the Funds and Accounts held by the Trustee;

(5) Prior to the issuance of Additional Bonds, the Statement of Projected Revenues and Expenses described in subsection 2 of Section 506 hereof,

(6) In the case of Refunding Bonds, irrevocable instructions to the Trustee to give due notice of the payment or redemption of all the Bonds to be refunded and the payment or redemption date or dates, if any, upon which such Bonds are to be paid or redeemed;

(7) In the case of Refunding Bonds, if the Bonds to be refunded are to be redeemed subsequent to the next succeeding forty-five days, irrevocable instructions to the Trustee to publish as provided in Article VI notice of redemption of such Bonds on a specified date prior to their redemption date;

(8) In the case of Refunding Bonds, either (i) moneys (which may include all or a portion of the proceeds of the Refunding Bonds to be issued) in an amount sufficient to effect payment or redemption at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the due date or redemption date, or (ii) Investment Securities, as described in subsection (b) of Section 1201, the principal of and interest on which when due (without reinvestment thereof), together with the moneys (which may include all or a portion of the proceeds of the Refunding Bonds to be issued), if any, contemporaneously deposited with the Trustee, will be sufficient to pay when due the applicable principal or Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the redemption date or redemption dates or date of maturity thereof, which moneys or Investment Securities shall be held by the Trustee in a separate account irrevocably in trust for and assigned to the holders of the Bonds; and

(9) Such further documents and moneys as are required by the provisions of Article VIII or any Supplemental Indenture entered into pursuant to Article VIII.

(B) Neither Investment Securities nor moneys deposited with the Trustee pursuant to paragraph (A) (8) of this Section nor principal or interest payments on any such Investment Securities shall be withdrawn or used for any purpose other than the payment of the applicable principal or Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the redemption date, and any cash received from such principal or interest payments, if not then needed for such purpose, may be applied to the payment of any obligation issued to provide funds for the acquisition of such Investment Securities, but otherwise shall, to the extent practicable, be reinvested in such Investment Securities as are described in clause (ii) of said paragraph maturing at times and in amounts sufficient to pay when due the principal or applicable Redemption Price of such Bonds, together with such accrued interest.

ARTICLE III GENERAL TERMS AND PROVISIONS OF BONDS

Section 301. *Medium of Payment; Form and Date.* (A) The Bonds shall be payable with respect to interest, principal and Redemption Price, 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.

(B) The Bonds shall be issued as fully registered Bonds, without coupons.

(C) Bonds delivered prior to the first Interest Payment Date thereof shall be dated as of the date specified in the resolution of the Agency authorizing the issuance thereof. Bonds delivered on or subsequent to the first Interest Payment Date thereof shall be dated as of the date six months preceding the Interest Payment Date next following the date of delivery thereof, unless such date of delivery shall be an Interest Payment Date, in which case they shall be dated as of such date of delivery. If, however, as shown by the records of the Trustee, interest on such Bonds shall be in default, the Bonds issued in lieu of Bonds surrendered for transfer or exchange may be dated as of the date to which interest has been paid in full on the Bonds surrendered. Bonds shall bear interest from their date.

Section 302. *Legends.* The Bonds 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 desir-

able to comply with custom, or otherwise, as may be determined by the Agency prior to the delivery thereof.

Section 303. *Interchangeability of Bonds.* 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 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 of Bonds of the same maturity, interest rate and other terms of any other authorized denominations.

Section 304. *Transfer and Registry.* All the Bonds issued under this Indenture shall be fully registered and shall be transferable as provided in this Indenture and in the Bonds. So long as any of the Bonds shall remain Outstanding, the Agency 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 purposes at said office, the Agency 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 Agency shall make all necessary provisions to permit the exchange of Bonds at the corporate trust office of the Trustee.

Section 305. *Transfer of Bonds.* (A) No transfer of a Bond shall be made unless made upon the books of the Agency, which shall be kept for the purpose at the corporate trust office of the Trustee, by the registered owner thereof 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 transfer of any such Bond, the Agency shall issue in the name of the transferee a new fully registered Bond or Bonds, of the same aggregate principal amount, interest rate, maturity and other terms as the surrendered Bond.

(B) The Agency and the Trustee may deem and treat the person in whose name any Bond shall be registered upon the books of the Agency as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, 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, and neither the Agency nor the Trustee shall be affected by any notice to the contrary.

Section 306. *Regulations With Respect to Exchanges and Transfers.* In all cases in which the privilege of exchanging Bonds or transferring registered Bonds is exercised, the Agency shall execute and the Trustee shall authenticate and deliver bonds in accordance with the provisions of this Indenture. All registered Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the Agency or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, may charge a sum sufficient to pay the cost of preparing each new Bond issued upon such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Agency shall not be obliged to make any such exchange or transfer of Bonds during the ten days preceding an Interest Payment Date on such Bonds or, in the case of any proposed redemption of Bonds, during the ten days next preceding the date of the first publication of notice of such redemption or to transfer or exchange Bonds previously called for redemption.

Section 307. *Bonds Mutilated, Destroyed, Stolen or Lost.* In case any Bond shall become mutilated or be destroyed, stolen or lost, the Agency shall execute and the Trustee shall authenticate and deliver a new Bond, of like interest rate, maturity, principal amount and other terms as the Bond, so mutilated, destroyed, stolen or lost, either (i) in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or (ii) in lieu of and substitution for the Bond, destroyed, stolen or lost, upon filing with the Trustee of evidence satisfactory to the Agency and the Trustee that such Bond, has been destroyed, stolen or lost and proof of ownership thereof and upon furnishing the Agency and the Trustee with a bond of indemnity issued by a reputable surety company satisfactory to them. The person requesting the authentication and delivery of a new Bond pursuant to this Section shall comply with such other reasonable regulations as the Agency and the Trustee may prescribe and pay such expenses as the Agency and the Trustee may incur in connection therewith. All Bonds so surrendered to the Trustee shall be canceled by it and evidence of such cancellation shall be given to the Agency.

Section 308. *Preparation of Definitive Bonds; Temporary Bonds.*
(A) Definitive Bonds shall be lithographed or printed on steel engraved borders. Until definitive Bonds are prepared, the Agency 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 and as to exchangeability, 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 denominations of \$5,000 or any authorized multiple thereof, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The installments of interest payable on such temporary Bonds shall be payable upon presentation of such temporary Bonds for notation thereon of the payment of such interest. The Agency at its own expense shall prepare and execute and, upon the surrender of such temporary Bonds for exchange and cancellation of such surrendered temporary Bonds, without charge to the holder thereof, deliver in exchange therefor, at the corporate trust office of the Trustee, definitive Bonds, of the same aggregate principal amount 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.

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

ARTICLE IV APPLICATION OF BOND PROCEEDS AND OTHER AMOUNTS

Section 401. *Application of Bond Proceeds; Accrued Interest; Premium; Commitment Fees.* (A) The proceeds of sale of Bonds, other than Refunding Bonds shall as soon as practicable upon the delivery of such Bonds by the Trustee pursuant to Section 206, be applied as follows:

(1) the amount, if any, necessary to cause the amount on deposit in the Capital Reserve Fund to equal the Capital Reserve Fund Requirement at the time of such delivery (after taking into account deposits made by the Agency from moneys other than Bond Proceeds for such purpose) shall be deposited in the Capital Reserve Fund;

(2) the amounts, if any, provided in the resolution of the Agency authorizing the issuance of such Bonds, representing accrued interest and capitalized interest shall be deposited in the Revenue Account; and

(3) the balance remaining (after payment of the costs and expenses of issuance of the Bonds as specified in the Resolution authorizing the issuance of such Bonds) shall be deposited in the Program Account.

(B) Upon the delivery of the Bonds by the Trustee, other than Refunding Bonds, the amount, if any, received at such time as a premium above the aggregate principal amount of such Bonds shall be deposited in

the Program Account or shall be applied as otherwise specified in the Certificate of an Authorized Officer, and the amount, if any, received as accrued interest shall be deposited in the Revenue Account.

(C) Amounts received from Participants as Commitment Fees shall be deposited in the Program Account and accounted for by the Agency separately from amounts deposited therein from Bond proceeds, and shall be applied as specified in Section 502(D) hereof with respect to the 1982 Series A Bonds, and as specified in a Series Resolution with respect to Additional Bonds.

Section 402. *Purchase of Mortgage Loans; Conditions Precedent.* Amounts in the Program Account shall not be disbursed for the purchase of a Mortgage Loan unless the Agency shall have provided the Trustee with a written requisition and certificate of an Authorized Officer setting forth the following:

- (1) the name or names of the Mortgagor and such other identification of the Mortgage Loan as is reasonably necessary to identify the Mortgage Loan;
- (2) the Purchase Price of the Mortgage Loan;
- (3) that the Mortgage Documents have been reviewed and approved by the Agency, that such Mortgage Documents comply with the Program Guidelines and the Agreement and that the use of Bond proceeds to acquire such Mortgage Loan will comply with Section 103A of the Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder;
- (4) the amount to be paid to the Participant originating the Mortgage Loan from the Program Account, representing a return of Commitment Fees; and
- (5) the covenants set forth in Section 707 hereof have been complied with by the Agency.

Such requisition and certificate shall be accompanied by evidence that the assignment of the Mortgage Note and Mortgage for such Mortgage Loan to the Trustee has been duly recorded.

Upon receipt of the foregoing documents, the Trustee shall disburse an amount equal to the Purchase Price to the Agency or its designee.

Within sixty (60) days from the Purchase Date of a Mortgage Loan, the Agency shall deliver or cause to be delivered the originals of the Mortgage, the Mortgage Note and the related title insurance policy to the Trustee, and shall give written notification to the Trustee either (i) that it has received the Mortgage Loan file with respect to such Mortgage Loan, prepared in accordance with the Program Guidelines and containing the

documents specified therein, or (ii) that it has not received such Mortgage Loan file. If such Mortgage Loan file has not been received, the Trustee may direct the Participant originating such Mortgage Loan, or cause the Agency to so direct such Participant, to repurchase the Mortgage Loan in accordance with the Agreement.

ARTICLE V

Section 501. *Establishment of Accounts and Capital Reserve Fund.* (A) The Agency hereby establishes and creates the following Funds and Accounts:

(1) the Program Account;

(2) the Revenue Account;

(3) the Capital Reserve Fund, consisting for accounting purposes of an Agency Account and a General Account.

(B) All Funds and Accounts shall be held and maintained by the Trustee, including one or more Depositories, in trust for the Trustee. All Funds and Accounts shall be identified by the Agency and the Trustee according to the designations herein provided in such manner as to distinguish such Accounts and Funds from the accounts and funds established by the Agency for any other of its obligations; provided, that designations of Accounts or Subaccounts within a Fund or Account as set forth herein shall be for accounting purposes only and shall not require the Trustee to segregate investments or deposits therein among such Accounts or Subaccounts. All moneys or securities held by the Agency, the Trustee or any Depository pursuant to this Indenture shall be held in trust and applied only in accordance with the provisions of this Indenture and the Act.

Section 502. *Program Account.* (A) There shall be deposited in the Program Account the amount described in Section 401 (A)(3) hereof, and, at the option of the Agency, any additional amounts which may be available for the purpose of purchasing Mortgage Loans.

(B) Moneys representing Commitment Fees shall be deposited in the Program Account, and shall be held therein as described in Section 401(C) hereof.

(C) Moneys in the Program Account, except for moneys held as Commitment Fees, shall be used to pay costs of issuance of the Bonds and to pay the Purchase Price of Mortgage Loans during the Origination Period, upon the submission of the documents by the Participants as required by, and upon the terms and conditions specified in, Section 402 hereof and the Agreement until disbursed as provided in paragraph (E) hereof.

(D) Moneys in the Program Account representing Commitment Fees shall be applied to the repayments thereof to Participants originating Mortgage Loans in the amounts and at such times as are designated in the certificates and requisitions delivered to the Trustee from time to time in connection with the Purchase of Mortgage Loans pursuant to Section 402 hereof until in the case of the 1982 Series A Bonds, a date six months after the date of issuance of the 1982 Series A Bonds, and in the case of Additional Bonds, such date after the date of issuance of such Additional Bonds, as shall be set forth in a Series Resolution. On such date, all such amounts remaining in the Program Account shall be applied in the manner directed by an Agency Resolution.

(E) Any balance of proceeds of the 1982 Series A Bonds remaining in the Program Account between February 1, 1983 and November 1, 1983 may at the direction of the Agency be transferred to the Revenue Account and shall be applied to the redemption or purchase of the 1982 Series A Bonds. On February 1, 1983, and quarterly thereafter if there are 1982 Series A Bond proceeds remaining in the Program Account, the Agency shall file a Statement of Projected Revenues and Expenses described in Section 506(A) hereof to determine whether such proceeds are to remain in the Program Account or (except to the extent of amounts required to be set aside for target areas) be transferred to the Revenue Account for the redemption or purchase of 1982 Series A Bonds. Upon the close of an Origination Period with respect to Additional Bonds any balance remaining in the Program Account shall be applied as provided in the Series Resolution for such Additional Bonds.

Section 503. *Application of Moneys in Revenue Account.* (A) Except as provided in the next sentence, all Revenues shall promptly upon receipt thereof by the Agency be deposited with the Trustee to the credit of the Revenue Account. Revenues which have been received by the Participants but have not yet been paid over directly to the Agency by the Participants shall not be required to be so deposited until so paid over, provided, however, that such Revenues held by the Participants shall be deemed to have been received by the Agency.

(B) The Trustee shall pay out of the Revenue Account the following amounts in the following order, on the dates specified for the following purposes:

(1) On or before April 1 of each year, the amount, if any, set forth in the Statement of Projected Revenues and Expenses most recently filed with the Trustee prior to such date, to the Agency for rebate to the United States or to mortgagors consistent with the requirements of Section 103A of the Code, or as otherwise prescribed by law for such Series of Bonds;

(2)(a) On each Interest Payment Date, the amount required for the payment of interest due on such date, to the holders of the Outstanding Bonds
(b) on each Principal Payment Date, the amount required for the payment of the Principal Installment due on such date to the holders of the Bonds maturing on said date; (c) on each Sinking Fund Payment Date, the amount required for the payment of the Sinking Fund Payment due on such date, to the holders of the Bonds being redeemed on such date;

(3) On each Interest Payment date, the amount required, if any, to be deposited to the Capital Reserve Fund to maintain the Capital Reserve Fund Requirement therein;

(4) On each Redemption Date, the amount required to pay the Redemption Price of the Bonds being redeemed on such date;

(5) After making provision for any amount anticipated to be required for the purposes set forth in paragraphs (1) through (4) hereof, on any date to any of the following purposes:

(a) the payment of fees and expenses of the Trustee, including costs of redemption of Bonds;

(b) to pay taxes, insurance, security, repair and other expenses incurred by the Agency in connection with the protection and enforcement of its rights in any Mortgage Loan and the preservation of the mortgaged property securing such Mortgage Loan;

(c) the payment of foreclosure fees, including legal and appraisal fees.

(6) Subject to the determination made in the Statement of Projected Revenues and Expenses described in subsection (A) of Section 506 hereof, after making provision for any amounts anticipated to be required for the purposes set forth in paragraphs (1) through (5) hereof, on any date for any of the following purposes:

(a) optional redemption or purchase of the Bonds;

(b) the deposit to the Program Account for the purchase of additional Mortgage Loans;

(c) payment to the Agency for deposit in its general fund to the extent of surpluses in excess of \$150,000 as determined by a Statement of Projected Revenues and Expenses delivered to the Trustee pursuant to Section 506 (A) hereof.

Prior to the application for any amounts in the Revenue Account for the purposes described in subsection (6) hereof, the Agency shall

deliver the Statement of Projected Revenues and Expenses described in subsection (A) of Section 506 hereof to the Trustee.

Section 504. *Sinking Fund Payments.* (A) Amounts in the Revenue Account with respect to any Sinking Fund Payment (together with amounts therein with respect to interest on the Bonds for which such Sinking Fund Payment was established) shall be applied by the Trustee to the redemption of Bonds of the Series and maturity for which such Sinking Fund Payment was established in an amount not exceeding that necessary to complete the retirement of such Sinking Fund Payment as hereinafter provided. As soon as practicable after the 45th day preceding the date of any such Sinking Fund Payment, the Trustee shall proceed to call for redemption, by giving notice as provided in Section 605, on such due date Bonds of the Series and maturity for which such Sinking Fund Payment was established (except in the case of Bonds maturing on a Sinking Fund Payment date) in such amount as shall be necessary to complete the retirement of such Sinking Fund Payment, provided that for this purpose the principal amount of the Bonds of such Series and maturity theretofore delivered by the Agency to the Trustee to satisfy such Sinking Fund Payment as provided in subsection (B) of this Section shall be credited against the amount of such Sinking Fund Payment. Such notice shall be given regardless of whether or not moneys therefore shall have been deposited in the Revenue Account and without any instructions of the Agency. The agents, on or before the day preceding such redemption date (or maturity date), the amount required for the redemption of the Bonds so called for redemption (or for the payment of such Bonds then maturing), and such amount shall be applied by such paying agents to such redemption (or payment). All expenses in connection with such redemption of Bonds shall be paid by the Agency from the Revenue Account.

(B) In satisfaction, in whole or in part, of any Sinking Fund Payment, the Agency may deliver to the Trustee at least 45 days prior to the due date of such Sinking Fund Payment for cancellation, Bonds of the Series and maturity for which such Sinking Fund Payment was established.

(C) Upon any purchase or redemption of Bonds of any Series and maturity for which Sinking Fund Payments have been established, there shall be credited toward each such Sinking Fund Payment thereafter to become due an amount bearing the same ratio to such Sinking Fund Payment as the total principal amount of such Bonds to purchased or redeemed bears to the total amount of all such Sinking Fund Payments to be credited; provided that, if there shall be filed

with the Trustee a Statement of Projected Revenues and Expenses specifying a different method for crediting Sinking Fund Payments upon any such purchase or redemption of Bonds, complying with subsection (A) of Section 506 hereof, then such Sinking Fund Payments shall be so credited as shall be provided in such instructions. The portion of any such Sinking Fund Payments remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Payment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Payment for the purpose of calculation of Sinking Fund Payments due on a future date.

Section 505. *Capital Reserve Fund.* (A) The Capital Reserve Fund shall contain two accounts to be designated respectively the Agency Account and the General Account. Amounts deposited in the Capital Reserve Fund derived from the Agency's own funds shall be credited to the Agency Account. Amounts deposited in the Capital Reserve Fund derived from Bond proceeds or Revenues shall be credited to the General Account.

(B) If on any interest payment date for the Bonds, after allocations from the Revenue Account, the amount in the Revenue Account shall be insufficient to pay Debt Service on the Bonds, the Trustee shall apply amounts from the Capital Reserve Fund, first from the General Account and second from the Agency Account, to the extent necessary to cure the deficiency in the Revenue Account. As long as no event of default shall have occurred and be continuing, the Trustee shall be entitled to rely on a Statement of Projected Revenues and Expenses as to the proper amounts to be applied to the purposes described herein, and as to the amount to be retained in the Capital Reserve Fund.

(C) No later than 92 days after the end of each fiscal year, the Trustee shall calculate the amount of the Capital Reserve Fund Requirement as of such date (after giving effect to the maturity or redemption of any Bonds to occur on the next day) and shall determine the amount, if any, then in the General Account which is in excess of such Capital Reserve Fund Requirement. The amount of such excess may, in the discretion of the Agency, immediately prior to such allocation be transferred to the Revenue Account. Amounts held in the Agency Account shall be repaid to the Agency in amount and at times as shall be determined by the Statement of Projected Revenues and Expenses to be filed on April 1 of each year as described in subsection (c) of Section 506 hereof.

Section 506. *Statement of Projected Revenues and Expenses.* The Agency shall deliver to the Trustee a Statement of Projected Revenues and Expenses as follows:

(A) Quarterly for the period February 1, 1983 through November 1, 1983, and prior to the application of any amounts in the Revenue Account for the purposes described in paragraph (6) of subsection (B) of Section 503, a Statement of Projected Revenues and Expenses setting forth for the current and each succeeding Bond Year a schedule of all anticipated Revenues, which will first assume no future prepayments of Mortgage Loans and will then assume future repayments of Mortgage Loans at a rate of 500% of the prepayment experience of the Federal Housing Administration in the Commonwealth of Pennsylvania, and all anticipated expenses referred to in paragraphs (1) through (5) of subsection (B) of Section 503 and showing (i) the most beneficial effect on the ratio of Revenues to Expenses by a redemption of Bonds or by the purchasing of Mortgage Loans, or by a combination of both, and (ii) that any proposed payment to the Agency shall be made only upon a determination that Revenues, together with other amounts pledged to Bondholders and available for debt service and other expenses, produces a surplus in each Bond Year.

(B) Prior to the issuance of Additional Bonds, a Statement of Projected Revenues and Expenses setting forth for the current and each succeeding Bond Year a schedule of all anticipated Revenues, which assumes prepayments to the extent provided in the applicable Series Resolution, and all anticipated expenses referred to in paragraphs (1) through (5) of subsection (B) of Section 503 and showing that the effect of the issuance of the Additional Bonds will not produce a materially adverse effect on the ratio of Revenues to expenses in any Bond Year.

(C) A Statement of Projected Revenues and Expenses prior to April 1 of each year commencing April 1, 1984 setting forth for the current and each succeeding Bond Year a schedule of all anticipated Revenues, including prepayments and a statement of the assumptions for the calculation of prepayments, and all anticipated expenses referred to in paragraphs (1) through (5) of subsection (B) of Section 503 and showing the Agency's ability to provide for all such expenses. Such annual Statement of Projected Revenues and Expenses shall determine the amount held in the Agency Account of the Capital Reserve Fund representing reserves for insufficient prepayments to be repaid to the Agency provided that no such repayment shall impair the ability of the Agency to pay debt service with the future prepayment assumptions set forth in the Statement. Such annual Statement

of Projected Revenues and Expenses shall further determine the amount held in the Agency Account of the Capital Reserve Fund representing reserves for debt service to be repaid to the Agency provided there is a showing that such amount is not required for the payment of the expenses referred to in paragraphs (1) through (5) of subsection (B) of Section 503.

As long as no event of default shall have occurred and be continuing, the Trustee shall be entitled to rely on a Statement of Projected Revenues and Expenses as to the proper amounts to be applied to the purposes described above.

Section 507. *Income from Investments.* Interest (except that which represents a return of accrued interest paid in connection with the purchase by the Agency or Trustee of any investment) earned on any moneys or investments and net gains on the sale of any investments in any Fund or Account may be transferred at the direction of the Agency from time to time to the Revenue Account except for interest and net gains on investments in the Agency Account in the Capital Reserve Fund, which may be so transferred at the direction of the Agency to the Revenue Account or repaid to the Agency in accordance with Section 503(3).

The Trustee shall transfer and apply amounts of such interest and net gains to the purposes and in the order set forth in Section 503 hereof prior to the application of other Revenues for such purposes, so that all such amounts of interest and net gains are fully expended within one year from the date of receipt thereof.

Neither the Agency nor the Trustee shall be liable for any loss or depreciation in value resulting from any investment made pursuant to the Indenture.

Section 508. *Deposits.* (A) In the case of Investment Securities which are deposits (except as provided in Section 206 with respect to Refunding Bonds, and Section 1201), the Trustee shall, if permitted by law, at the written direction of an Authorized Officer, deposit amounts or cause amounts to be deposited from any Fund or Account held by the Trustee or under its control pursuant to the terms of this Indenture in interest bearing time deposits or certificates of deposit (such deposits or certificates of deposit may be in or issued by the Trustee), or shall make other similar banking arrangements with itself or a member bank or banks of the Federal Reserve System or a bank, the deposits of which are insured by the Federal Deposit Insurance Corporation or its successor, or savings and loan association, the deposits of which are insured by the Federal Savings and Loan Insurance Corporation or its successor. Each such interest bearing time deposit or certificate of deposit or other similar banking arrangement shall permit the moneys so placed to be available at

the times at which moneys are needed by the Agency to be expended and, except to the extent that any such deposit shall be insured by the United States of America or the federal corporations enumerated above on terms which in the judgment of the Agency provide reasonable liquidity, all moneys in each such interest bearing time deposit or certificate of deposit or other similar banking arrangement shall be continuously and fully secured under the laws of the Commonwealth or by Investment Securities having a market value equal at all times to the amount of the deposit, certificate or other similar banking arrangement.

(B) In order to permit such amounts to be available for use at the time when needed, any amounts held under this Indenture by the Trustee or Depository, as such, may, if and as directed by the Agency, be deposited in the commercial banking department of the Trustee or Depository which may honor checks and drafts on such deposit with the same force and effect as if it were not such Fiduciary or Depository. The Trustee or Depository shall allow and credit on such amounts 0 such interest, if any, as it customarily allows upon similar funds of similar size and under similar conditions or as required by law.

(C) All amounts deposited by the Trustee or Depository pursuant to paragraph (B) above shall be continuously and fully secured either (a) by lodging with the Trustee as custodian, as collateral security, Investment Securities having a market value (exclusive of accrued interest) not less than the amount of such deposit, or (b) in such manner as may then be required by applicable federal or state laws and regulations regarding security for the deposit of public funds. It shall not be necessary, unless required by applicable law, for the Trustee to give security under this Section 507 for the deposit of any amounts to the extent that such deposit is insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, or their respective successors, or which are held in trust and set aside by them for the payment of the principal or Redemption Price of or interest on any Bonds, or for the Trustee or any Depository to give security for any moneys which shall be represented by obligations or certificates of deposit purchased as an investment of such moneys.

(D) All amounts so deposited by the Trustee or Depository shall be credited to the particular Fund or Account from which such amounts were derived.

Section 509. *Investment of Certain Funds.* (A) Subject to the right of the Agency to direct the investment or deposit of funds hereunder, moneys in any Fund or Account shall be continuously invested and reinvested and/or deposited and redeposited by the Trustee in the highest yield Investment Securities that may be reasonably known to the Trustee,

with a view toward maximizing yield (with proper preservation of principal) and minimizing the instances of uninvested funds. The Agency shall consult with the Trustee from time to time as to the investment of amounts in the Fund and Accounts established or confirmed by this Indenture. Except as otherwise provided herein, the Agency may direct the Trustee to or, in the absence of direction, the Trustee shall invest and reinvest the moneys in said Fund or any Account in Investment Securities so that the maturity date or date of redemption at the option of the holder thereof shall coincide as nearly as practicable with the times at which moneys are needed by the Agency to be so expended. The Investment Securities purchased shall be held by the Trustee in its own facilities or in a segregated account with a Depository and shall be deemed at all times to be part of such Fund or Account, and the Trustee shall keep the Agency advised as to the details of all such investments. Except as otherwise provided herein, the Trustee shall sell at the best price obtainable, or present for redemption, any Investment Securities purchased by it as an investment whenever it shall be necessary in order to meet any payment from such Fund or Account.

(B) Except as otherwise provided herein, Investment Securities 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 but the income or interest earned and gains realized in excess of losses suffered by a Fund or Account due to the investment thereof shall be deposited in the Revenue Account in accordance with Section 507 hereof.

(C) Except as otherwise provided herein, the Trustee shall sell at the best price obtainable, or present for redemption or exchange, any Investment Security purchased by it pursuant to this Indenture 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. The Trustee shall advise the Agency in writing, on or before the twentieth day of each calendar month, of all investments held for the credit of each Fund and Account in its custody under the provisions of this Indenture as of the end of the preceding month.

Section 510. *Valuation and Sale of Investments.* In computing the amount in the Fund or any Account, obligations purchased as an investment of moneys therein shall be valued at amortized value. Amortized value shall mean par, if the obligation was purchased at par, when used with respect to an obligation purchased at a premium above or a discount below par, the value as of any given date obtained by dividing the total amount of the premium or discount at which such obligation was purchased by the number of days remaining to the maturity of such obligation on the date of such purchase and by multiplying the amount thus cal-

culated by the number of days having passed since the date of such purchase and either (i) adding the amount thus calculated to the purchase price, in the case of an obligation purchased at a discount, or (ii) deducting the amount thus calculated from the purchase price in the case of an obligation purchased at a premium. Valuation shall be made on each July 1 and shall not include the amount of interest than earned or accrued to such date on any such moneys or investment.

ARTICLE VI REDEMPTION OF BONDS

Section 601. *Privilege of Redemption and Redemption Price.* Bonds subject to redemption prior to maturity shall be redeemable, upon published notice as provided in this Article, at such times, at such Redemption Prices and upon such other terms as may be specified in this Indenture and in the resolution authorizing such Bonds.

Section 602. *Redemption at the Election or Direction of the Agency.* In the case of any redemption of Bonds otherwise than as provided in Section 603, the Agency shall give written notice to the Trustee of its election or direction so to redeem, of the redemption date, of the principal amounts and other terms of the Bonds of each maturity to be redeemed (which Redemption Date, maturities and principal amounts and other terms thereof to be redeemed shall be determined by the Agency in its sole discretion, subject to any limitations with respect thereto contained this Indenture) and of any moneys to be applied to the payment of the Redemption Price. Such notice shall be given at least forty-five days prior to the Redemption Date or such shorter period as shall be acceptable to the Trustee. If any of the Bonds to be redeemed as described above are Bonds for which Sinking Fund Payments have been established, the Agency shall also specify the year or years in which Sinking Fund Payments on such Bonds are to be reduced by the crediting thereto of the principal amounts of such Bonds so being redeemed and the amount by which each such Sinking Fund Payment is to be reduced. In the event notice of redemption shall have been given as provided in Section 606, the Trustee, if it holds the moneys to be applied to the payment of the Redemption Price, shall continue to hold or otherwise the Agency, shall, prior to the Redemption Date, pay to the Trustee an amount in cash which, in addition to other moneys, if any, available therefor held by the Trustee, will be sufficient to redeem on the Redemption Date at the Redemption Price thereof, all the Bonds to be redeemed.

Section 603. *Redemption Otherwise Than at Agency's Election or Direction.* Whenever by the terms of this Indenture the Trustee is re-

quired to redeem Bonds otherwise than at the election or direction of the Agency, and subject to and in accordance with the terms of this Article and, to the extent applicable, Section 504, the Trustee shall select the Redemption Date of the Bonds to be redeemed and give the notice of redemption.

Section 604. *Selection of Bonds to be Redeemed by Lot.* In the event of redemption of less than all the Outstanding Bonds of like maturity and other terms, the Trustee shall assign to each such Outstanding Bond a distinctive number for each \$5,000 of the principal amount of such Bond and shall select numbers by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to such Bonds as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; but only so much of the principal amount of each such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. For the purposes of this Section, Bonds which have theretofore been selected by lot for redemption shall not be deemed Outstanding.

Section 605. *Notice of Redemption.* When the Trustee shall receive notice from the Agency of its election or direction to redeem Bonds pursuant to Section 602 and when redemption of Bonds is required by this Indenture pursuant to Section 603, the Trustee shall give notice, in the name of the Agency, of the redemption of such Bonds, which notice shall specify the maturities and other terms of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all the Bonds of any like maturity and other terms are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount 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, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued to the Redemption Date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be given by publication once a week for at least two successive weeks in the Authorized Newspapers, the first such publication to be not less than thirty days, not more than sixty days prior to the Redemption Date. The Trustee shall also mail a copy of such notice, postage prepaid, not less than thirty days before the Redemption Date, to the registered owners of any Bonds or portion of Bonds which are to be redeemed, at their last addresses, if any,

appearing upon the registry books, but such mailing shall not be a condition precedent to such redemption and failure so to mail any such notice shall not affect the validity of the proceedings for the redemption of Bonds.

Section 606. *Payment of Redeemed Bonds.* Notice having been given by publication in the manner provided in Section 605, the Bonds or portion thereof so called for redemption shall become due and payable on the Redemption Date so designated at the Redemption Price, plus interest accrued and unpaid to the Redemption Date, and, upon presentation and surrender thereof at the office specified in such notice, together with a written instrument of transfer duly executed by the registered owner or his attorney duly authorized in writing, such Bonds, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the Redemption Date. If there shall be drawn for redemption less than the entire principal amount of a Bond, the Agency shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered at the option of the holder, Bonds of like maturity and other terms in any of the authorized denominations. If, on the Redemption Date, moneys for the redemption of all the Bonds or portions thereof of any like maturity and other terms to be redeemed, together with interest to the Redemption Date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been published as aforesaid, then, from and after the Redemption Date interest on the Bonds or portions thereof of such maturity and other terms so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the Redemption Date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

ARTICLE VII PARTICULAR COVENANTS

The Agency covenants and agrees with the Trustee and the holders of the Bonds as follows:

Section 701. *Payment of Bonds.* The Agency shall duly and punctually pay or cause to be paid, solely as herein provided, the principal or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner stated in the Bonds, according to the true intent and meaning thereof and shall duly and punctually pay or cause

to be paid all Sinking Fund Payments, if any, becoming payable with respect to any of the Bonds.

Section 702. *Extension of Payment of Bonds.* The Agency shall not directly or indirectly, extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any of the interest or claims for interest by the purchase or funding of such Bonds, interest or claims for interest or by any other arrangement and in the event that the maturity of any of the Bonds or the time for payment of any such interest or claims for interest shall be extended, such Bonds, interest or claims for interest shall not be entitled to the benefit of this Indenture or to any payment out of the Fund or Accounts established pursuant to this Indenture, including the investments, if any, thereof, or out of any assets or revenues pledged hereunder (except moneys held in trust for the payment of such Bonds, interest or claims for interest pursuant to this Indenture) prior to benefits accorded to or the 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 interest or claims for interest. Nothing herein shall be deemed to limit the right of the Agency to issue Refunding Bonds and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

Section 703. *Offices for Servicing Bonds.* The Agency shall at all times maintain an office or agency where Bonds may be presently for transfer or exchange, and where notices, presentations and demands upon the Agency in respect of the Bonds or of this Indenture may be served. The Agency hereby appoints the Trustee as its agent to maintain such office or agency for the transfer or exchange of Bonds, and for the service of such notices, presentations and demands upon the Agency.

Section 704. *Power to Issue Bonds and Pledge Revenues, Funds and Other Property.* The Agency is duly authorized under all applicable laws to authorize and issue the Bonds and to enter into, execute and deliver this Indenture and to mortgage, assign, and pledge the assets and revenues purported to be mortgaged, assigned and pledged hereby in the manner and to the extent herein provided. The assets and revenues so mortgaged, assigned and pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon, and all corporate or other action on the part of the Agency 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 Agency in accordance with their terms and the terms of this Indenture. The Agency shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Pledged Receipts, Recoveries of Principal and other assets and revenues, including rights therein pledged under this Indenture

and all the rights of the Bondholders under this Indenture against all claims and demands of all person whomsoever.

Section 705. *Further Assurance.* At any and all times the Agency shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver all and every such further resolution, 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, assets, revenues and other moneys, securities, funds and property hereby pledged or assigned, or intended so to be, or which the Agency may become bound to pledge or assign.

Section 706. *Purchase of Mortgage Loans.* The Agency shall apply amounts in the Program Account to acquire Mortgage Loans pursuant to the provisions of the Act, this Indenture and a Series Resolution.

Section 707. *Requirements for Mortgage Loans.* (A) Each Mortgage Loan acquired by the Agency out of amounts in the Program Account shall meet the following requirement at the date of purchase thereof:

(1) No Mortgage Loan shall be purchased if, at the date such Mortgage Loan was offered for sale to the Agency, the borrower was more than 30 days delinquent in the payment of any installment of principal, interest or other amount due under the terms of such Mortgage;

(2) Each Mortgage Loan shall be evidenced by a note secured by a first mortgage lien on the fee simple or a leasehold estate extending at least ten (10) years beyond the term of the mortgage, on which there is located a single family residence, which mortgage lien is subject only to the liens of current real property taxes and assessments, covenants, conditions, and restrictions, rights-of-way, easements, and other matters of public record, provided that none of the foregoing materially affect the security for the Mortgage Loan;

(3) The original principal amount of each Mortgage Loan shall not exceed the lesser of the purchase price of the property, or the appraised value of the Property, based upon an appraisal prepared by an appraiser with experience in appraising single family residential property;

(4) Each Mortgage Loan exceeding 80% of the lower of the appraised value or the sales price of the Residence must be insured by a private insurance company approved by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, or be insured by the Federal Housing Administration or be guar-

anted by the Veterans Administration. The limits of such insured or guaranteed Mortgage Loans, and the amounts of insurance required shall be established by the Agency in the Program Guidelines or by Agency Resolution.

(5) Each Mortgage Loan shall be covered by a valid mortgagee title insurance policy naming the Agency and Trustee as insureds, on the current standard American Land Title Association form issued by a title insurer licensed to do business in the Commonwealth in an amount at least equal to the outstanding principal balance of the Mortgage Loan with only such exceptions as are Permitted Encumbrances.

(6) The improvements on the real property securing each Mortgage Loan shall be covered by a valid policy of hazard insurance in an amount sufficient to compensate the mortgagee for a loss equal to the full amount of the unpaid balance of the Mortgage Loan.

(7) The Agency shall cause to be filed or recorded such instruments as shall be necessary to assign to the Trustee all Mortgage Loans acquired with proceeds of the Bonds and all rights with respect to such Mortgage Loans.

(B) With respect to the Mortgage Loans, the Agency shall execute a servicing agreement which provides that any Revenues collected by the servicer on Mortgage Loans shall be collected by such servicer on behalf of and for the benefit of the Agency and in making such collections such servicer shall act as agent for the Agency, that all such Revenues so collected are the property of the Agency and of such servicer and that all such amounts when received by such servicer are deemed to be received by the Agency and are subject to the pledge of the Indenture.

Section 708. *Enforcement of Mortgage Loans.* The Agency shall diligently enforce and take all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of the Mortgage Loans, including the prompt payment of all Mortgage Loan payments and all other amounts due the Agency thereunder. The Agency shall not release the obligations of any borrower under any Mortgage Loan and shall at all times, to the extent permitted by law, defend, enforce, preserve and protect the rights and privileges of the Agency and of the Bondholders under or with respect to each Mortgage Loan; provided that the Agency shall not be prevented from selling a default on any Mortgage Loan on such terms as the Agency shall determine to be in the best interests of the Agency and the Bondholders and may forbear taking action with respect to enforcement of a Mortgage Loan if it determines such forbearance to be in the best interests of the Agency and the Bondholders.

Whenever it shall be necessary in order to protect and enforce the rights of the Agency under a Mortgage Loan and to protect and enforce the rights and interests of Bondholders under the Indenture, the Agency shall take steps to enforce any policy or certificate of insurance or guaranty relating to such Mortgage Loan and to foreclose or cause to be foreclosed the mortgage or enforce the security interest and to collect, hold and maintain or to sell or otherwise dispose of the property securing the Mortgage Loan which is in default under the provisions of such Mortgage Loan and if the Agency deems such to be advisable, shall bid for and purchase such property at any sale thereof and acquire and take possession of such property.

Section 709. *Assignment of Disposition of Mortgage Loans.* The Agency shall not sell, assign, transfer or otherwise dispose of any Mortgage Loan or any of the rights of the Agency with respect to any Mortgage Loan unless (a) such Mortgage Loan does not qualify for purchase by the Agency under Section 103A of the Code or (b) the Agency determines that such action is in the best interests of the Agency and the Bondholders and will not adversely affect the ability of the Agency to pay when due the principal of or redemption price of and interest on the Bonds, in which case such Mortgage Loan may be so disposed of by the Agency free and clear of the pledge of the Indenture.

Section 710. *Amendment of Mortgage Loans.* The Agency shall not consent or agree to or permit any amendment or modification of any Mortgage Loan which will in any manner materially impair or materially adversely affect the rights or security of the Bondholders under the Indenture in such Mortgage Loan except for amendments and modifications made in connection with settling any default on any Mortgage loan which settlement the Agency determines to be in the best interests of the Agency and the Bondholders.

Section 711. *Limitations on Agency Expenses.* The Agency shall not incur expenses in connection with the Bonds, the Indenture or the Program in excess of the reasonable and necessary amounts therefor.

Section 712. *Issuance of Additional Obligations.* (A) The Agency shall not hereafter create or permit the creation of or issue any obligations or create any additional indebtedness which will be secured by a superior or equal charge and lien on the revenues and assets pledged hereunder, except that Additional Bonds may be issued from time to time pursuant to a resolution of the Agency subsequent to the issuance of the initial issue of Bonds under this Indenture on a parity with the Bonds of such initial issue of Bonds and secured by an equal charge and lien on the revenues and assets pledged hereunder and payable equally therefrom for one or more of the purposes set forth in Section 204.

(B) No additional issue of Bonds shall be issued subsequent to the issuance of the initial issue of Bonds under this Indenture unless:

(1) the principal amount of the Additional Bonds then to be issued, together with the principal amount of the Bonds, notes and other obligations of the Agency theretofore issued, will not exceed in aggregate principal amount any limitation thereon imposed by law; and

(2) Upon the issuance and delivery of such Additional Bonds, the amount credited to the Capital Reserve Fund shall not be less than the Capital Reserve Fund Requirement.

(C) The Agency hereby expressly reserves the right to adopt one or more general bond resolutions other than Series Resolutions and execute and deliver one or more indentures in addition to and separate and apart from this Indenture and any Supplemental Indenture for its corporate purposes, and reserves the right to issue other obligations for such purposes.

Section 713. *Statement of Projected Revenues and Expenses.* The Agency shall file a Statement of Projected Revenues and Expenses with the Trustee at the times and on the occasions described in Section 506 hereof.

Section 714. *Accounts and Reports.* The Agency shall keep proper books of record and account in which complete and correct entries shall be made of its transactions in accordance with generally accepted accounting principles. The Funds and accounts established by the Indenture, such books, and all other books and papers of the Agency, shall, to the extent permitted by law, at all times be subject to the inspection of the Trustee or the Holders of an aggregate of not less than 25% in principal amount of the Bonds then Outstanding or other representatives duly authorized in writing. The Agency will permit the Trustee, such Bondholders, and their agents, auditors, attorneys and counsel, at all reasonable times, to take copies and extracts from the books of record and account, and will from time to time furnish, or cause to be furnished, to the Trustee such information and statements as the Trustee may reasonably request, all as may be reasonably necessary for the purpose of determining performance or observance by the Agency of the covenants, conditions and obligations contained in this Indenture.

The Trustee shall advise the Agency within 10 business days after the end of each month of its transactions during such month relating to the Funds and accounts held by it under this Indenture.

The Agency shall annually, within 150 days after the close of each fiscal year, file with the Trustee, (1) a copy of an annual report, setting forth its operations and accomplishments during such fiscal year, (2) a balance sheet showing its assets and liabilities at the end of such fiscal year, (3) a statement of revenues and expenses in accordance with the classifications established by the Agency for its operating and program purposes, and (4) a statement of changes in fund balances for such fiscal year. The financial statements must be accompanied by a certificate of an accountant either stating that the financial statements examined present fairly the financial position of the Agency at the end of the fiscal year, the results of its operations and the changes in fund balances for the period examined, in conformity with generally accepted accounting principles, or to which is attached a certificate of an authorized officer to the effect that any qualification or exception to such opinion does not reflect circumstances which are materially adverse to the interests of the holders of the Bonds. A copy of such annual report and accompanying Accountant's Certificate shall be mailed to any Bondholder who has filed his name and address with the Agency for such purpose.

Section 715. *Creation of Liens.* The Agency shall not issue any bonds or other evidences of indebtedness, other than the Bonds, secured by a pledge of the Revenues and shall not create or cause to be created or suffer to exist any lien or charge on the Revenues; provided, however, that nothing in the Indenture shall prevent the Agency from issuing evidences of indebtedness secured by a pledge of Revenues to be derived on and after such date as the pledge of the Revenues provided in the Indenture shall be discharged and satisfied.

Section 716. *Special Tax Covenants.* The Agency shall not use or permit the use of any proceeds of Bonds or any other funds of the Agency, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any amounts received by the Agency or the Trustee with respect to the Mortgage Loans in any manner, and shall not take or permit to be taken any other action or actions, which would cause any Bond to be an "arbitrage bond" within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended (the "Code"), or which would cause any Bond to violate any of the restrictions contained in Section 103A or the applicable Treasury Regulations promulgated thereunder.

The Agency shall not take any action or fail to take any action or permit any action to be taken on its behalf or cause or permit any circumstances within its control to arise or continue, if such action or inaction would adversely affect the exemption from Federal income taxation of the interest on the Bonds.

Section 717. *General.* The Agency will at all times maintain its corporate existence or assure the assumption of its obligations under the Indenture by any public body succeeding to its powers under the Act, and it will use its best efforts to maintain, preserve and renew all the rights and powers provided to it by the Act.

The Agency 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 Agency under the provisions of the Act, as amended and supplemented, the Indenture and any other law or regulation applicable to the Agency.

Upon the date of authentication and delivery of any of the Bonds, all conditions, acts and things required by law, the Indenture and the Resolution 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 Agency, shall be within every debt and other limit prescribed by the laws of the Commonwealth applicable thereto.

Section 718. *Waiver of Liens.* The Agency shall not at any time insist upon or plead in any manner whatsoever, or claim to take the benefit or advantage of any stay or extension law now or at any time hereafter in force which may affect the covenants and agreements contained in this Indenture or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Agency.

ARTICLE VIII SUPPLEMENTAL INDENTURES

Section 801. *Supplemental Indentures Effective Upon Filing With the Trustee.* For any one or more the following purposes and at any time or from time to time, a Supplemental Indenture of the Agency may be executed and delivered which, upon the filing with the Trustee if a copy thereof certified by an Authorized Officer of the Agency, shall be fully effective in accordance with its terms:

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

(2) to add to the covenants and agreements of the Agency in this Indenture other covenants and agreements to be observed by the Agency which are not contrary to or inconsistent with this Indenture as theretofore in effect; or

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

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

(5) 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 the Pledged Receipts and Recoveries of Principal or of any other revenues or assets; or

(6) to modify any of the provisions of this Indenture in any respect whatever, but only if (i) such modification shall be and be expressed to be effective only after all Bonds Outstanding at the date of the execution and delivery 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 authenticated and delivered after the date of the adoption of such Supplemental Indenture and of Bonds issued in exchange therefor or in place thereof; or

(7) to provide for the issuance of Additional Bonds pursuant to this Indenture and to provide for the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed; or

(8) to provide for the issuance of coupon bonds in bearer form, and exchange thereof with the Bonds in registered form, to the extent permitted by law.

Section 802. *Supplemental Indentures Effective Upon the Consent of Trustee.*

(A) For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture may be entered into, which, upon (i) the filing with the Trustee of a copy thereof certified by an Authorized Officer, and (ii) the filing with the Trustee and the Agency of an instrument in writing made by the Trustee consenting thereto, shall be fully effective in accordance with its terms:

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

(2) 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 the Indenture as theretofore in effect; or

(3) to provide for additional duties of the Trustee in connection with the Mortgage Loans.

(B) Any such Supplemental Indenture may also contain one or more of the purposes specified in Section 801, 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 subsection (A) of this Section.

Section 803. *Supplemental Indentures Effective With Consent of Bondholders.* At any time or from time to time, a Supplemental Indenture may be entered into subject to consent by Bondholders in accordance with and subject to the provisions of Article IX. Any such Supplemental Indenture shall become fully effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer and upon compliance with the provisions of Article IX.

Section 804. *General Provisions.* (A) This Indenture shall not be modified or amended in any respect except as provided in and in accordance with the subject to the provisions of this Article and Article IX. Nothing contained in this Article or Article IX shall affect or limit the right or obligation of the Agency to adopt, make, do, execute, acknowledge or deliver any resolution, act or other instrument pursuant to the provisions of Section 705 or the right or obligation of the Agency to execute and deliver to any Fiduciary any instrument which is to be delivered to said Fiduciary pursuant to this Indenture.

(B) Any Supplemental Indenture permitted or authorized by Section 801 or 802 may be adopted by the Agency 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 filed with the Trustee shall be accompanied by a Bond Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully executed and delivered in accordance with the provisions of this Indenture, is authorized or permitted by this Indenture, and is valid and binding upon the Agency.

(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 801, 802 or 803 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 any opinion of counsel (which shall be acceptable to the Trustee and may be rendered by an attorney in the regular employment of the Agency) that such Supplemental Indenture is authorized or permitted by the provision of this Indenture.

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

ARTICLE IX AMENDMENTS

Section 901. *Mailing and Publication of Notice of Amendment.* (A) Any provision in this Article 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 Agency, and (ii) to the Trustee.

(B) Any provision in this Article for publication of a notice or other matter shall require the publication thereof only in the Authorized Newspapers.

Section 902. *Powers of Amendment.* Any modification of or amendment to this Indenture and of the rights and obligations of the Agency and of the holders of the Bonds hereunder in any particular, may be made by a Supplemental Indenture, but only, in the event such Supplemental Indenture shall be adopted pursuant to Section 803, with the written consent given as provided in Section 903, (i) of the holders of at least two-thirds in principal amount of the Bonds Outstanding at the time such consent is given, (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 such series and so affected at the time such consent is given, and (iii) in case the modification or amendment changes the terms of any Sinking Fund Payment of the holders of at least two-thirds in principal amount of each of the Bonds of the particular series then Outstanding and of the maturity of Bonds entitled to such Sinking Fund Payment. If any such modification or amendment will not take effect so long as any Bonds of any specified 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. 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.

Section 903. *Consent of Bondholders.* (A) A copy of any Supplemental Indenture making a modification or amendment which is not permitted by the provisions of Section 801 or 802 (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 Agency to the holders of any registered Bond and shall be published in the 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 in this Section provided). 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 902 and (b) and opinion of counsel (which shall be acceptable to the Trustee and may be rendered by an attorney in the regular employment of the Agency) stating that such Supplemental Indenture has been duly and lawfully adopted by the Agency in accordance with the provisions of this Indenture, is authorized or permitted hereby and is valid and binding upon the Agency and enforceable in accordance with its terms, and (ii) a notice shall have been published as hereinafter provided in this Section.

(B) The consent of a Bondholder to any modification or amendment 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 1113. A Certificate by the Trustee filed with the Trustee that it has examined such proof is sufficient in accordance with such Section 1113 shall be conclusive that the consents have been given by the holders of the Bonds described in such Certificate of the Trustee. 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 thereafter (whether or not such subsequent holder thereof has notice thereof) unless such consent is revoked in writing by the holder of such Bonds giving such consent or a subsequent holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee hereinafter provided for in this Section is filed, such revocation. The fact that a consent has not been revoked may likewise be provided by a Certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee.

(C) At any time after the holders of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture, the

Trustee shall make and file with the Agency and the Trustee a written statement that the holders of such required percentages of Bonds have filed such consents. Such written statements 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 Agency on a stated date, a copy of which is on file with the Trustee) has been consented to by the holders of the required percentages of Bonds and will be effective as provided in this Section, may be given to Bondholders by the Agency by mailing such notice to Bondholders (but failure to mail such notice shall not prevent such Supplemental Indenture from becoming effective and binding as provided in this Section) and by publishing the same in the Authorized Newspapers at least once not more than ninety 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 Agency 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 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 Agency, the Trustee and the holders of all Bonds at the expiration of forty days after the filing with the Trustee of the proof of the first publication of the notice of such consent, 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 forty day period and except that the Trustee and the Agency during such forty 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 904. *Modifications by Unanimous Consent.* The terms and provisions of this Indenture and the rights and obligations of the Agency and the holders of the Bonds hereunder may be modified or amended in any respect upon the adoption and filing by the Agency of a Supplemental Indenture and the consent of the holders of all the Bonds then Outstanding, such consent to be given as provided in Section 903. No notice of any such modification or amendment to Bondholders either by mailing or publication shall be required.

Section 905. *Exclusion of Bonds.* Bonds owned or held by or for the account of the Agency shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds

provided for in this Article, and the Agency shall 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 taken under this Article, the Agency shall furnish to the Trustee a Certificate of an Authorized Officer, upon which the Trustee may rely, describing all Bonds so to be excluded.

Section 906. *Notation on Bonds.* Bond authenticated and delivered after the effective date of any action taken as provided in Article VIII or this Article may and, if the Trustee so determines, shall bear a notation by endorsement or otherwise in form approved by the Agency and the Trustee as to such action, and in that case upon demand of the holder of any Outstanding Bond 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 Agency or the Trustee shall so determine, new Bonds modified to conform to such action shall be prepared, executed, authenticated and delivered, and upon demand of the holder of any Bond then Outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same maturity and other terms then Outstanding, upon surrender of such Bonds.

ARTICLE X DEFAULTS AND REMEDIES

Section 1001. *Events of Default.* Each of the following events is hereby declared an "Event of Default":

(1) if default shall be made in the due and punctual payment of the principal or Redemption Price of any Bond which and as the same shall become due and payable, whether at maturity or by call for redemption, or otherwise,

(2) if default shall be made in the due and punctual payment of any installment of interest on any Bond or the unsatisfied balance of any Sinking Fund Installment thereafter (except when such Installment is due on the maturity date of such Bond), when and as such interest installment or Sinking Fund Installment shall become due and payable, and such default shall continue for a period of 30 days,

(3) if default shall be made by the Agency in the performance or observance of any other of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, and such de-

fault shall continue for a period of 60 days after written notice thereof to the Agency by the Trustee,

(4) if the Agency shall: (a) file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization, arrangement, readjustment or composition of its debts or for any other relief under the federal bankruptcy laws or under any other insolvency act or law, State or Federal, now or hereafter existing; (b) take any action indicating its consent to approval of or acquiescence in, any such petition or proceeding; (c) apply for, or consent or acquiesce in the appointment of, a receiver or a trustee of the Agency or for all or a substantial part of its property; (d) make an assignment for the benefit of creditors or (e) be unable, or admit in writing its inability, to pay its debt as they mature, or

(5) if proceedings shall be commenced against the Agency, without its authorization, consent or application, in bankruptcy or seeking reorganization, arrangement, readjustment or composition of its debts or for any other relief under the Federal bankruptcy laws or under any other insolvency act or law, State or Federal, now or hereafter existing, or seeking the involuntary appointment of a receiver or trustee of the Agency or for all or a substantial part of its property, and the same shall continue for 90 days undismissed or undischarged or shall result in the adjudication of bankruptcy or insolvency.

Section 1002. *Remedies.* (A) Upon the happening and continuance of any Event of Default the Trustee may proceed and, upon the written request of the holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds, shall proceed, in its own name, subject to the provisions of Section 1103, to protect and enforce the rights of the Bondholders by such of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights;

(1) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondholders, including the right to require the Agency to receive and collect Revenues, adequate to carry out the covenants and agreement as to the Mortgage Loans and to require the Agency to carry out its covenants and agreements with Bondholders and to perform its duties under the Act;

(2) by bringing suit upon the Bonds;

(3) by action or suit in equity, to require the Agency to account as if it were the trustee of an express trust for the holders of the Bonds;

(4) by action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights or the holders of the Bonds;

(5) by declaring all Bonds due and payable and, if all defaults shall be cured, then, with the written consent of the holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds, by annulling such declaration and its consequences; or

(6) in the event that all Bonds are declared due and payable, by selling Mortgage Loans.

(B) In the enforcement of any rights and remedies under this Indenture, the Trustee shall be entitled to sue for, enforce payment of, and receive any and all amounts then or during any default becoming, and at any time remaining due and unpaid from the Agency for principal, Redemption Price, interest or otherwise, under any provisions of this Indenture or a Supplemental Indenture or of the Bonds, with interest on overdue payments at the rate of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings thereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against the Agency for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any moneys available for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable.

(C) Upon the occurrence of any Event of Default and upon the filing of a suit or commencement of other judicial proceedings to enforce the rights of the Bondholders under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers for the Agency and any and all of its revenues, issues, income and profits pending such proceedings, with such powers as the court making such appointment shall confer.

Section 1003. *Priority of Payments After Default.* (A) In the event that upon the happening and continuance of any Event of Default the funds held by the Trustee shall be insufficient for the payment of principal or Redemption Price, if any, and interest then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds) and any other amounts received or collected by the Trustee acting pursuant to the Act and this Article, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the holders of the Bonds and for the payment of the charges and expenses and liabilities incurred and advances

made by the Trustee in the performance of their respective duties under this Indenture, shall be applied as follows:

(1) 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, then to the payment thereof ratably, according to the amounts due on such installment to the persons entitled thereto, without any discrimination or preference; and

SECOND: To the payment to the persons entitled thereto of the unpaid principal 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 or Redemption Price, if any, due on such date, to the persons entitled thereto, without any discrimination or preference.

(2) 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 except as to any difference in the respective rates of interest specified in the Bonds.

(B) Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional money becoming available for such application in the future. The setting aside such moneys in trust for the proper purpose, shall constitute proper application by the Trustee and the Trustee shall incur no liability whatsoever to the Agency, to any Bondholder or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at

the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate for the fixing of any such date. The Trustee shall not be required to make payment to the holder of any Bond unless such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 1004. *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, then in every such case the Agency, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

Section 1005. *Bondholders' Direction of Proceedings.* Anything in this Indenture to the contrary notwithstanding, the holders of the majority in principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this Indenture and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

Section 1006. *Limitation on Rights of Bondholders.* (A) No holder of any Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law hereunder, or for the protection or enforcement of any right under this Indenture or any right under law unless such holder shall have given to the Trustee written notice of the Event of Default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the holders of not less than twenty-five per centum (25%) in principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have occurred, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the power herein granted or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein

or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under this Indenture or for any other remedy hereunder or by law. It is understood and intended that no one or more holders of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder or under law with respect to the Bonds or this Indenture, 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 benefit of all holders of the Outstanding Bonds. Nothing in this Article contained shall affect or impair the right of any Bondholder to enforce the payment of principal of and interest on his Bonds, or the obligation of the Agency to pay the principal of and interest on each Bond issued hereunder to the holder thereof at the time and place in said Bond expressed.

(B) Anything to the contrary notwithstanding continued in this Section, or any other provision of this Indenture, each holder of any Bond by his acceptance thereof shall be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under this Indenture or any Supplemental Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of any undertaking to pay the reasonable costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in any such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this paragraph shall not apply to any suit instituted by the Trustee, to any suit instituted by any Bondholder or group of Bondholders, holding at least twenty-five per centum (25%) in principal amount of the Bonds Outstanding, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal or Redemption Price of or interest on any Bond on or after the respective due date thereof expressed in such Bond.

Section 1007. *Possession of Bonds by Trustee Not Required.* All rights of action under this Indenture or under any of the Bonds, enforceable by the Trustee, may be enforced by it without the possession of any of the Bonds or the production thereof as the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the holders of such Bonds subject to the provisions of this Indenture.

Section 1008. *Remedies Not Exclusive.* No remedy herein conferred upon or reserved to the Trustee or to the holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 1009. *No Waiver of Default.* No delay or omission of the Trustee or of any holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiesce therein, and every power and remedy given by this Indenture 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.

Section 1010. *Notice of Event of Default.* The Trustee shall give to the Bondholders notice of each Event of Default hereunder known to the Trustee within ninety days after knowledge of the occurrence thereof, unless such Event of Default shall have been remedied or cured before the giving of such notice; provided that, except, in the case of default in the payment of the principal of or Redemption Price, if any, or interest on any of the Bonds, or in the making of any payment required to be made into the Revenue Account, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors or responsible officers of the Trustee in good faith determines that the withholding of such notice is in the interests of the Bondholders. Each such notice of Event of Default shall be given by the Trustee by mailing written notice thereof (i) to all registered holders of Bonds, as the names and addresses of such holders appear upon the books for registration and transfer of Bonds as kept by the Trustee and (ii) to such other persons as is required by law.

Section 1011. *Claims for Interest.* No claim for interest appertaining to any of the Bonds which in any way at or after maturity shall have been transferred or pledged separate and apart from the Bond to which it appertains shall, unless accompanied by such Bond, be entitled in case of an Event of Default hereunder to any benefit by or from this Indenture, except after the prior payment in full of the principal of all of the Bonds then due and of all claims for interest then due not so transferred or pledged.

ARTICLE XI CONCERNING THE TRUSTEE

Section 1101. *Trustee.* The Philadelphia National Bank, Philadelphia, Pennsylvania is hereby appointed as Trustee. The Trustee shall sig-

nify its acceptance of the duties and obligations imposed upon it by this Indenture by executing the certificate of authentication endorsed upon the Bonds, and, by executing such certificate upon any Bond, the Trustee shall be deemed to have accepted such duties and obligations not only with respect to the Bond so authenticated, but with respect to all the Bonds thereafter to be issued, but only, however, upon the terms and conditions herein set forth.

Section 1102. *Payment of Interest, Principal and Redemption Price.* Interest on all Bonds and the principal and Redemption Price of all Bonds shall be payable at the corporate trust office of the Trustee.

Section 1103. *Responsibility of the Trustee.* The recitals of fact herein and in the Bonds contained shall be taken as the statements of the Agency and the Trustee assumes no responsibility for the correctness of the same. The Trustee shall not be deemed to make any representations as to the validity or sufficiency of this Indenture or of any Bonds issued hereunder or in respect of the security afforded by this Indenture, and the Trustee shall incur no responsibility in respect thereof. The Trustee shall, however, be responsible for its representations contained in its certificate on the Bonds. The Trustee shall not be under any responsibility or duty with respect to the issuance of the Bonds for value or the application of the proceeds thereof or the application of any moneys paid to the Agency. Except with respect to actions required to be taken by the Trustee pursuant to Article X upon the occurrence of an Event of Default, the Trustee shall be under no 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. The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or default.

Section 1104. *Evidence on Which the Trustee May Act.* The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, 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. The Trustee may consult with counsel, who may be counsel to the Agency, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith. Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, including payment of moneys out of any Fund or Account, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively provided and established by a certificate signed by an Authorized Officer, 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 Trustee 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. 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 the Agency to the Trustee shall be sufficiently executed if executed in the name of the Agency by an Authorized Officer. The Trustee shall comply with any oral directions of the Agency respecting the investment or reinvestment of any moneys held by the Trustee. The Agency shall promptly confirm any such oral directions in writing.

Section 1105. *Compensation.* The Agency shall pay to the Trustee 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 their attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Indenture and the Trustee shall have a lien therefor on any and all funds at any time held by it under this Indenture. The Agency further agrees to indemnify and save the Trustee 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 the negligence or default of the Trustee.

Section 1106. *Permitted Acts and Functions.* The Trustee may buy, own, hold and sell (including acting as an underwriter in respect of) any Bonds, coupons or Notes of the Agency, whether heretofore or hereafter issued or created; and may engage or be interested in any financial or other transaction with the Agency, with like effect and with the same rights it would have if it were not the Trustee. The Trustee 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 1107. *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 sixty days' written notice to the Agency and publishing notice thereof, specifying the date when such resignation shall take effect, once in Authorized Newspapers, and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed provided in Section 1109, in which

event such resignation shall take effect immediately on the appointment of such successor.

Section 1108. *Removal of Trustee.* The Trustee shall be removed by the Agency if at any time so requested by an instrument or concurrent instruments in writing, filed with the Trustee and the Agency and signed by the holders of a majority in principal amount of the Bonds then Outstanding or their attorney-in-fact duly authorized, excluding any Bonds held by or for the account of the Agency. The Agency may remove the Trustee at any time, except during the existence of an Event of Default, for such cause as shall be determined in the sole discretion of the Agency by filing with the Trustee an instrument signed by an Authorized Officer. Such removal shall then discharge the Trustee of future duties and obligations under this Indenture other than as provided in Section 1110 hereof.

Section 1109. *Appointment of Successor 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 the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Agency covenants and agrees that it will thereupon appoint a successor Trustee. The Agency shall publish notice of any such appointment made by it in the Authorized Newspapers, such publication to be made within twenty days after such appointment.

(B) If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within forty-five days after the Trustee shall have given to the Agency written notice, as provided in Section 1107, or after a vacancy in the office of a Trustee shall have occurred by reason of its inability to act, the Trustee or the holder of any Bond 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 and prescribe, appoint a successor Trustee.

(C) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a trust company or bank having the powers of a trust company within or outside the Commonwealth, having a capital and surplus aggregating at least Twenty Million Dollars (\$20,000,000) if there be such a trust company or bank 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 1110. *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 Agency 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 request of the Agency or of its 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 an 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 Agency be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estate, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Agency.

Section 1111. *Merger and Consolidation.* Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which the Trustee shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a trust company or bank which is qualified to be a successor to the Trustee under Section 1110 or Section 1113 and shall be authorized by law to perform all the duties imposed upon it by this Indenture, shall be the successor to the Trustee without the execution or filing of any paper or the performance of any further act anything herein to the contrary notwithstanding.

Section 1112. *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, and in case any of the said 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 said Bonds or in this Indenture provided that the certificate of authentication of the Trustee shall have.

Section 1113. *Evidence of Signatures of Bondholders and Ownership of Bonds.* (A) Any request, consent or other instrument which this Indenture may require or permit to be signed and executed by the Bondholder 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 (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the holding by any person of the Bonds shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner, but the Trustee may nevertheless in its discretion require further or other proof in cases where it deems the same desirable: The fact and date of the execution by any Bondholder or his attorney of such instrument may be proved by the certificate, which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory to the Trustee or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, 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. The authority of the person or persons executing any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or a vice president of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary.

(B) The ownership of Bonds and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books. Any request, consent or vote of 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 Agency or the Trustee in accordance therewith.

Section 1114. *Preservation and Inspection of Documents.* All documents received by the Trustee under the provisions of this Indenture or any Supplemental Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Agency, and any Bondholder and their agents and their representatives, any of whom may make copies thereof.

ARTICLE XII DISCHARGE OF INDENTURE; MISCELLANEOUS PROVISIONS

Section 1201. *Defeasance.* (A) If the Agency shall pay or cause to be paid to the holders of the Bonds, the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the

manner stipulated therein and in this Indenture, then the pledge of any revenues and assets hereby pledged and all other rights granted hereby shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Agency, execute and deliver to the Agency all such instruments as may be desirable to evidence such discharge and satisfaction and the Trustee shall pay over to deliver to the Agency all moneys or securities held by it pursuant to this Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

(B) Bonds 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 (through deposit by the Agency of funds for such payment or redemption or otherwise), whether at or prior to the maturity or Redemption Date thereof, shall be deemed to have been paid within the meaning and with the effect expressed in subsection (A) of this Section. All Outstanding Bonds and all interest installments 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 subsection (A) of this Section if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Agency shall have given to the Trustee in form satisfactory to it irrevocable instructions to publish as provided in Article VI notice of redemption on said date of such Bonds, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Investment Securities 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, if any, 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 sixty days, the Agency shall have given the Trustee in form satisfactory to it irrevocable instruction 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 holders of such Bonds 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 Section and stating such maturity or Redemption Date upon which moneys are to be available for the payment of the principal or Redemption Price, if any, on said Bonds. Neither Investment Securities or moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Investment Securities 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 any, and interest on

said Bonds; but any cash received from such principal or interest payments on such Investment Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Investment Securities maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if any and interest to become due on said Bonds on or prior to such Redemption Date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Agency as received by the Trustee, free and clear of any trust, lien or pledge. For the purposes of this Section, Investment Securities shall mean and include only such obligations as are described in clauses (1), (2), (6) and (8) of the definition of Investment Securities herein, but time and demand deposits shall be secured as to both principal and interest by obligations described only in clause (1) or (6) or said definition.

(C) If, through the deposit of moneys by the Agency or otherwise, the Trustee shall hold, pursuant to this Indenture, moneys sufficient to pay the principal and interest to maturity on all Outstanding Bonds, or in the case of Bonds in respect of which the Agency shall have taken all action necessary to redeem prior to maturity, sufficient to pay the Redemption Price and interest to such Redemption Date, then at the request of the Agency all moneys held by any Paying Agent shall be applied over to the Trustee and together with other moneys held by it hereunder, shall be held by the Trustee for the payment or the redemption of Outstanding Bonds and interest.

(D) Anything in this Indenture to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for six years after the date when all of the 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 Trustee at such date, or for six years after the date of deposit of such moneys if deposited with the Trustee after the said date when all of the Bonds became due and payable, shall, at the written request of the Agency, be repaid by the Trustee to the Agency, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged; except that before being required to make any such payment to the Agency the Trustee shall, at the expense of the Agency, cause to be published at least twice, at an interval of not less than seven days between publications, in the Authorized Newspapers notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than ten nor more than twenty days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the Agency.

Section 1202. *Interpretation.* (A) In this Indenture, unless the context otherwise requires:

(1) The terms "hereby", "hereto", "hereunder" and any similar terms, used in this Indenture, refer to this Indenture, and the term "heretofore" shall mean before, and the term "hereafter" shall mean after, the date of this Indenture.

(2) words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

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

(4) Any headings proceeding the texts of the several Articles and Sections of this Indenture, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall neither constitute a part of this Indenture nor affect its meanings, construction or effect.

(5) Whenever in this Indenture the consent of the Trustee shall be required, such consent shall include the consent of any person who shall at the time be the registered holder of all the Outstanding Bonds, but only if there be such a person and if such person shall have consented within a reasonable period of time.

(6) This Indenture shall be deemed to be executed in the Commonwealth and shall be governed by and construed in accordance with the applicable laws of the Commonwealth.

(7) 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 of the successive publications but may be made in different Authorized Newspapers. 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.

(8) Words importing the redemption or redeeming 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.

(9) Whenever in this Indenture, the consent of the Trustee is required, such consent shall mean written consent.

(10) The date which any Sinking Fund Payment is required to be made pursuant to this Indenture or a Supplemental Indenture authorizing the issuance and delivery of Bonds shall be deemed to be the date upon which such Sinking Fund Payment is payable and the Outstanding Bonds to be retired by application of such Sinking Fund Payment.

(11) Any moneys, documents, securities, obligations or other items received by the trustee or a Depository pursuant to the terms of this Indenture shall be deemed to have been received by the Agency.

(B) Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person, other than the Agency, the Trustee and the holders of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation thereof. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the Agency, shall be for the sole and exclusive benefit of the Agency, the Trustee and the holders of the Bonds.

(C) If any one or more of the covenants or agreements provided herein on the part of the Agency or Trustee to be performed should be contrary to law, then such covenant or covenants or agreement or agreements, shall be deemed separable from the remaining covenants and agreement hereof and shall in no way affect the validity of the other provisions of this Indenture or of the Bonds.

Section 1203. *No Recourse Under Indenture or on Bonds.* All covenants, stipulations, promises, agreements and obligations of the Agency contained in this Indenture shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Agency and not of any member, officer or employee of the Agency in his individual capacity, and no recourse shall be had for the payment of the principal or Redemption Price of or interest on the Bonds or for any claim based thereon or on this Indenture against any member, officer or employee of the Agency or any person executing the Bonds.

Section 1204. *Form of Bonds.* The Bonds and the Trustee's certificate of authentication shall be of substantially the following form and tenor:

No. . . .

\$

PENNSYLVANIA HOUSING FINANCE AGENCY
SINGLE FAMILY MORTGAGE REVENUE BOND

1982 SERIES A

KNOW ALL MEN BY THESE PRESENTS that the Pennsylvania Housing Finance Agency (hereinafter sometimes called the "Agency"), a public corporation and government instrumentality of the Commonwealth of Pennsylvania, acknowledges itself indebted to, and for value received, hereby promises to pay to _____, or registered assigns, on the maturity date hereof, the principal sum of _____ unless redeemed prior thereto as hereinafter provided, upon presentation and surrender hereof at the principal corporate trust office of the Philadelphia National Bank, Philadelphia, Pennsylvania, as Trustee under the Indenture of Trustee by and between the Agency and The Philadelphia National Bank, dated as of April 1, 1982 (herein called the "Indenture") or its successor as Trustee (herein called the "Trustee"), and to pay to the registered owner hereof by check or draft drawn on the Trustee interest on such principal sum from the date hereof to the date of maturity or earlier redemption of this Bond at the rate hereof payable on the ____ day of _____ and the ____ day of _____ of each year commencing on _____. Both principal ____% and interest and redemption premium, if any, on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts.

This Bond is one of a duly authorized issue of Bonds of the Agency designated "Single Family Mortgage Revenue Bonds, 1982 Series A", (herein called the "Bonds"), issued in the aggregate principal amount of \$_____ under and pursuant to the Housing Finance Agency Law, Act of December 3, 1959, P.L. 1688, as amended (35 P.S. Section 1680.101 et seq.) (herein called the "Act"), and under and pursuant to a resolution adopted by the Agency on _____, 19____ (herein called the "Resolution") and the Indenture for the principal purpose of providing moneys to purchase mortgage loans made to eligible persons for single family owner-occupied housing. As provided in the Indenture, additional bonds may be issued from time to time under the Indenture in one or more series as authorized by resolution of the Agency for the purpose of providing additional funds to purchase mortgage loans under the Indenture or refunding

outstanding bonds issued under the Indenture. The aggregate principal amount of bonds which may be issued under the Indenture is not limited except as provided in said Indenture and by law and all bonds issued and to be issued under said Indenture are and will be equally secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the Indenture. Copies of the Indenture and the Resolution are on file at the office of the Agency and at the corporate trust office of the Trustee, and reference to the Indenture and the Resolution and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges and covenants securing the Bonds; the nature, extent and manner of enforcement of such pledges; the rights and remedies of the holders of the Bonds with respect thereto; and the terms and conditions upon which the Bonds are issued and upon which additional bonds may be issued thereunder. To the extent and in the manner permitted by the terms of the Indenture, the provisions of the Indenture or any indenture amendatory thereof or supplemental thereto may be modified or amended by the Agency, with the written consent of the holders of at least two-thirds in principal amount of the Bonds then outstanding, provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified 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 the calculation of outstanding Bonds.

This Bond is a general obligation of the Agency and the principal hereof and interest hereon shall be payable according to the terms hereof out of any moneys or revenues of the Agency, including the proceeds of the mortgage loans acquired under the Indenture, reserve funds created therefor by the Agency, mortgage insurance policies pertaining thereto and other lawfully available funds, subject, however, to the provisions of resolutions, agreements or indentures of the Agency pledging particular moneys, assets, proceeds, receipts or revenues to the payment of notes and bonds other than the Bonds. Neither the Commonwealth of Pennsylvania nor any political subdivision thereof shall be obligated to pay this Bond or the interest hereon, and neither the faith and credit nor the taxing power of the Commonwealth of Pennsylvania or of any political subdivision thereof is pledged to the payment of the principal of or the interest on this Bond.

This Bond is transferable, as provided in the Indenture, only upon the books of the Agency kept for that purpose at the corporate trust office of the Trustee, by the registered owner hereof, or his attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his attorney duly authorized in writing, and there-

upon a new registered Bond or Bonds, of the same aggregate principal amount, interest rate, maturity and other terms as the surrendered Bond, shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon the payment of the charges, if any, therein prescribed.

The Bonds are issuable as registered Bonds without coupons, in the denomination of \$5,000 or any integral multiple thereof, not exceeding the aggregate principal amount of Bonds maturing on the date of maturity of the Bond for which the denomination is to be specified. Subject to the conditions and upon the payment of the charges, if any, provided in the Indenture, 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 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 of Bonds of any other authorized denominations, of the same maturity.

[INSERT APPLICABLE REDEMPTION TERMS.]

In the event the Agency shall exercise its option to redeem any or all of the Bonds, notice of such redemption (a) shall be given by publication once a week for at least two (2) successive in Authorized Newspapers, the first such publication to be not less than thirty (30) days of more than sixty (60) days prior to the redemption date, and (b) shall be mailed, postage prepaid, not less than thirty (30) days before the redemption date, to the registered owners of any Bonds or portions of Bonds to be redeemed; provided, however, that such mailing shall not be a condition precedent to such redemption and failure so to mail any such notice shall not affect the validity of the proceedings for the redemption of Bonds. Notice of redemption having been given as aforesaid, the Bonds or portions thereof so called for redemption shall become due and payable at the applicable Redemption Price herein provided, and from and after the date so fixed for redemption, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and become payable.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the Commonwealth of Pennsylvania, the Resolution and the Indenture to exist, to have happened and to have been performed precedent to an in the issuance of this Bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issue of the Bonds, together with all other indebtedness of the Agency, is within every debt and other limit prescribed by law.

IN WITNESS WHEREOF, the Pennsylvania Housing Finance Agency has caused this Bond to be executed in its name by the manual or facsimile signature of its Chairperson and its corporate seal (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon, and attested by the manual or facsimile signature of its Executive Director.

PENNSYLVANIA HOUSING
FINANCE AGENCY

[Seal]

By _____
Chairperson

Attest:

Executive Director

TRUSTEE'S CERTIFICATE

This Bond is one of the Bonds delivered pursuant to the within mentioned Indenture.

, Trustee

By _____
Authorized Signature

Section 1205. *Security Instrument.* This Indenture shall constitute and shall be deemed to be a security instrument and agreement under the Uniform Commercial Code as in effect in the Commonwealth from time to time.

Section 1206. *Effective Date.* This Indenture shall take effect immediately upon its execution by the Agency and the Trustee.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture of Trust to be executed in their respective name by duly authorized officers and to be dated as of the first day of April, 1982.

PENNSYLVANIA HOUSING
FINANCE AGENCY

By /s/ Karl C. Smith
Acting Executive Director

Attest:

[Agency Seal]

By /s/ Carrie M. Barnes
Secretary

THE PHILADELPHIA NATIONAL BANK

By /s/ David Montgomery
Vice President

Attest:

[Trustee's Seal]

By /s/ Rosita Y. Forte
Assistant Secretary