
SUPPLEMENTAL INDENTURE OF TRUST

between

PENNSYLVANIA HOUSING FINANCE AGENCY

and

**THE PHILADELPHIA NATIONAL BANK,
as Trustee**

Supplementing the Indenture of Trust dated as of April 1, 1982, as amended and supplemented as of October 27, 1983, June 15, 1984, April 1, 1985, July 1, 1985, October 1, 1985, June 1, 1986, June 1, 1987, October 1, 1987, March 1, 1988 and March 31, 1988

securing

**Pennsylvania Housing Finance Agency
Single Family Mortgage Revenue Bonds
Series A through Series Y**

Dated as of September 14, 1989

SUPPLEMENTAL INDENTURE OF TRUST

This Supplemental Indenture of Trust, made and dated as of the 14th day of September, 1989, by and between the Pennsylvania Housing Finance Agency (the "Agency") and The Philadelphia National Bank, as Trustee (the "Trustee"):

W I T N E S S E T H:

WHEREAS, the Agency and the Trustee entered into an Indenture of Trust made and dated as of the 1st day of April, 1982 (the "Original Indenture") pursuant to which the Agency has issued its Single Family Mortgage Revenue Bonds; and

WHEREAS, the Original Indenture was amended pursuant to (a) a Resolution of the Agency on October 23, 1983, and pursuant to Supplemental Indentures made and dated as of June 15, 1984, April 1, 1985, July 1, 1985 and October 1, 1985, which Supplemental Indentures were all restated in a Supplemental Indenture dated as of June 1, 1986; (b) a Supplemental Indenture dated as of June 1, 1986; (c) a Supplemental Indenture dated as of October 1, 1987; (d) a Supplemental Indenture dated as of March 1, 1988; and (e) a Supplemental Indenture dated as of March 31, 1989; and

WHEREAS, Section 8.02 of the Indenture provides that the Indenture may be amended to "cure any ambiguity, supply any omission, or cure any defect or inconsistent provision" thereof.

NOW THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS:

Section 1. Definitions. Unless expressly given different meanings hereunder or in the recitals hereto, or the context clearly requires otherwise, all capitalized terms used herein shall have the meanings ascribed to them in the Original Indenture, as heretofore supplemented.

Section 2. Definition of Investment Securities.

(a) Pursuant to Section 8.02 of the Indenture, paragraph (11) of the definition of Investment Securities in Article I of the Indenture is hereby amended to provide in full as follows:

"(11) investment agreements with an entity whose unsecured debt obligations are rated not less than "AA" by Standard & Poor's Corporation and "Aa" by Moody's Investors Service."

(b) Pursuant to Section 8.02 of the Indenture, there is hereby added to the definition of Investment Securities in Article I of the Indenture a paragraph (12), which shall provide in full as follows:

"(12) short-term investment agreements with a maturity not greater than one year with an entity whose short-term unsecured debt obligations are rated A-1+ by Standard and Poor's Corporation and P-1 by Moody's Investors Service."

Section 3. Definition of Self Insurance Fund Requirement. Pursuant to Section 8.02 of the Indenture, the definition of Self Insurance Fund Requirement in Article I of the Original Indenture is hereby amended and restated to provide in full as follows:

" 'Self Insurance Fund Requirement' shall mean an amount equal to (I) 2% of the outstanding principal amount of Mortgage Loans funded from the Series I Bonds, the Series J Bonds and the Series L through Series Y Bonds, plus (ii) 1.1% of the outstanding principal amount of Mortgage Loans funded from the Series K Bonds, plus (iii) such additional amount as may be specified by the Agency in any resolution authorizing the issuance of Additional Bonds."

Section 4. Self Insurance Fund. Pursuant to Section 802 of the Indenture, Section 505A of the Indenture is hereby amended and restated in full as follows:

"The Agency shall deposit and maintain with the Trustee a Self Insurance Fund equal to (i) 2% of the outstanding principal amount of the Mortgage Loans funded from the Series I, Series J, and Series L through Series Y Bonds and (ii) 1.1% of the outstanding principal amount of the Mortgage Loans funded from the Series K Bonds. If on any interest payment date for the Bonds, the amount in the Revenue Account shall be insufficient to pay Debt Service on the Bonds, the Trustee shall apply amounts from the Self Insurance Fund to the extent necessary to cure the deficiency in the Revenue Account.

Periodically, the Agency may withdraw from the Self Insurance Fund established hereunder amounts held in such fund in excess of the Self Insurance Fund Requirement, upon written request of the Agency to the Trustee accompanied by written confirmation of each Rating Agency that such withdrawal will not adversely affect the then current rating on the Bonds.

Annually, the Agency may transfer from the Revenue Account its premium charged to the Self Insurance Fund established hereunder equal to ten basis points (.10%) of the Self Insurance Fund. The premium will first be applied to restoring the Fund to the Self Insurance Fund Requirement and may then be transferred to the Agency's General Fund."

Section 5. Confirmation. Except as amended and supplemented by this Supplemental Indenture and earlier Supplemental Indentures, the Original Indenture is

hereby ratified and confirmed in all respects and made applicable in all respects to the Bonds, the holders thereof and the security therefor. The Original Indenture, as heretofore supplemented, and this Supplemental Indenture shall be read, taken and construed as one in the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture of Trust to be executed in their respective names by duly authorized officers and to be dated as of the 14th day of September, 1989.

[SEAL]
ATTEST:

By /s/ Carrie Barnes
Secretary

PENNSYLVANIA HOUSING
FINANCE AGENCY
By /s/ Karl Smith
Executive Director

[SEAL]
ATTEST:

 /s/ Alan G. Finn
Authorized Officer

THE PHILADELPHIA NATIONAL
BANK
By /s/ Beverly Graham
Authorized Officer