
PENNSYLVANIA HOUSING FINANCE AGENCY

AND

**U.S. BANK
NATIONAL ASSOCIATION,
As Trustee**

SUPPLEMENTAL INDENTURE OF TRUST

Dated as of March 1, 2007

SUPPLEMENTAL INDENTURE OF TRUST

This Supplemental Indenture of Trust, made and dated as of the 1st day of March, 2007 by and between the PENNSYLVANIA HOUSING FINANCE AGENCY (the "Agency") and U.S. BANK NATIONAL ASSOCIATION, as Trustee (the "Trustee"):

WITNESSETH:

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, Series A through Z and Series 1990-27 through Series 1997-60 (together with additional series issued by the Agency from time to time, the "Bonds"); and

WHEREAS, the Original Indenture has been amended pursuant to (a) a Resolution of the Agency on October 23, 1983, and pursuant to Supplemental Indentures of Trust made and dated as of June 15, 1984, April 1, 1985, July 1, 1985, and October 1, 1985, which Supplemental Indentures of Trust were all restated in a Supplemental Indenture of Trust dated as of June 1, 1986; (b) a Supplemental Indenture of Trust dated as of June 1, 1986; (c) a Supplemental Indenture of Trust dated as of October 1, 1987; (d) a Supplemental Indenture of Trust dated as of March 1, 1988; (e) a Supplemental Indenture of Trust dated as of March 31, 1988; (f) a Supplemental Indenture of Trust dated as of September 14, 1989; (g) a Supplemental Indenture of Trust dated as of May 30, 1990; (h) a Supplemental Indenture of Trust dated as of March 12, 1992; and (i) a Supplemental Indenture of Trust dated as of May 11, 1994; (j) a Supplemental Indenture of Trust dated as of December 11, 1997 (the "1997 Supplement"; and (k) a Supplemental Indenture of Trust dated as of May 27, 2004 (collectively, the "Supplemental Indentures" and, together with the Original Indenture, the "Indenture"); and

WHEREAS, the 1997 Supplement authorized the Agency to be the mortgagee of record with respect to the Mortgage Loans and to maintain physical possession of the Mortgages for the benefit and security of Bondholders in order to reduce the administrative costs of servicing the Mortgage Loans, facilitate the recordation of the Mortgages, coordinate information that the Agency has with respect to the Mortgages, and allow the Agency to more efficiently pursue remedies against defaulting mortgagors; and

WHEREAS, the 1997 Supplement amended Section 402 and 707 of the Trust Indenture to require the Agency to deliver to the Trustee at the time of loan origination an allonge assigning the Agency's rights to payments under the Mortgage Note and assigning the Agency's interest in the Mortgage to the Trustee; and

WHEREAS, recording requirements of the various counties have changed dramatically since December 11, 1997, with most counties now requiring a specific format for assignments of mortgage, and the allonges that have been prepared by the Agency and delivered to the Trustee on individual loans do not comply with the recording requirements of most counties; and

WHEREAS, Section 802(2) of the Indenture permits the Agency to amend the Indenture by entering into a Supplemental Indenture with the consent of the Trustee to insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable and are not contrary to or inconsistent with the Indenture as theretofore in effect.

NOW, THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS:

Section 1. Purchase of Mortgage Loans; Conditions Precedent. The second paragraph of Section 402 of the Indenture is hereby amended and restated in its entirety to provide as follows:

“Such requisition and certificate shall be followed promptly when available by (i) physical delivery of the Mortgage Note, and (ii) evidence of the execution and filing of the Mortgage securing the Note.”

The last paragraph of Section 402 of the Indenture is hereby further amended and restated in its entirety to provide as follows:

“Within one hundred and eighty (180) days from the Purchase Date of a Mortgage Loan, or if not received by the Agency within such 180 days, within 60 days of receipt of properly recorded documents, the Agency shall deliver to the Trustee the Mortgage Note, a copy of the recorded Mortgage and the related title insurance policy. The Agency shall maintain a record of the Purchase Date of each Mortgage Loan and shall provide information in writing to the Trustee concerning the status of each Mortgage Loan file not complete within one hundred eighty (180) days of the Purchase Date. If such Mortgage Loan file has not been received within one hundred eighty (180) days of the Purchase Date of the Mortgage Loan (other than on account of delays in receiving properly recorded documents from recording offices within the Commonwealth), 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.”

Section 2. Requirements for Mortgage Loans. Section 707(A)(7) is hereby amended and restated in its entirety to provide as follows:

“(7) Upon the occurrence of an Event of a Default, the Agency shall deliver to the Trustee one or more powers of attorney in recordable form or other such instruments as shall be necessary to enable the Trustee to assign on behalf of the Agency the Mortgage Loans to the Trustee or to a receiver appointed pursuant to Section 1002 (C).”

Section 3. Remedies. Section 1002(A)(7) is hereby amended and restated in its entirety to provide as follows:

“(7) by requiring the Agency to deliver to the Trustee one or more powers of attorney in recordable form and such other instruments as shall be necessary to enable the Trustee to assign on behalf of the Agency the Mortgage Loans to the Trustee or to a receiver appointed pursuant to Subsection (C) of this section.”

Section 4. Confirmation. Except as restated, amended, and supplemented by this Supplemental Indenture of Trust, the Indenture is hereby ratified and confirmed in all respects and made applicable in all respects to the Bonds, the holders thereof and the security therefore. The Indenture and this Supplemental Indenture of Trust shall be read, taken, and construed as one and the same instrument.

Section 5. Severability. If any part of the Indenture or this Supplemental Indenture of Trust shall be determined to be invalid or void in any respect, such determination shall not affect, impair, invalidate, or nullify the remaining provisions of the Indenture or this Supplemental Indenture of Trust, which shall continue in full force and effect.

Section 6. Counterparts. This Supplemental Indenture of Trust may be executed in several original counterparts by the parties hereto, which together shall constitute one and 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 1st day of March, 2007.

[SEAL]

ATTEST:

PENNSYLVANIA HOUSING FINANCE AGENCY

By: /s/ Carrie M. Barnes
Carrie M. Barnes
Secretary

By: /s/ Brian A. Hudson
Brian A. Hudson
Executive Director

ATTEST:

U.S. BANK NATIONAL ASSOCIATION

By: /s/ Terence C. McPoyle
Name: Terence C. McPoyle
Title: Vice President

By: /s/ Ralph E. Jones
Name: Ralph E. Jones
Title: Vice President