

REMARKETING – NOT A NEW ISSUE

RATINGS: See “RATINGS” herein.

Remarketing Opinion: On the date of issuance of the 2005 Subseries A-3 Bonds, Foley & Lardner LLP and Burke, Burns & Pinelli, Ltd., Co-Bond Counsel (collectively, “Initial Bond Counsel”), rendered separate opinions that, under then current law, if there is continuing compliance with applicable requirements of the Internal Revenue Code of 1986, as amended (the “Code”), (A) interest on the 2005 Subseries A-3 Bonds (AMT) is excludable from gross income of their owners for federal income tax purposes, but is a specific preference item for purposes of the federal alternative minimum tax and (B) under the Illinois Housing Development Act (the “Act”), in its then present form, interest on the 2005 Subseries A-3 Bonds is exempt from Illinois income taxes. See “TAX MATTERS” for a fuller discussion of tax considerations and Appendix E – “Opinions of Initial Bond Counsel” for the opinions delivered by Initial Bond Counsel.

In the opinion of Mayer Brown LLP, Bond Counsel (“2010 Bond Counsel”), to be rendered upon the remarketing of the 2005 Subseries A-3 Bonds, the delivery of the Substitute Liquidity Facility will not adversely affect the exclusion from gross income for Federal income tax purposes of interest on the 2005 Subseries A-3 Bonds and will not adversely affect the exemption of interest on the 2005 Subseries A-3 Bonds from Illinois income tax. See “TAX MATTERS” for a fuller discussion of tax considerations and Appendix D – “Proposed Form of Opinion of 2010 Bond Counsel Relating to the Substitute Liquidity Facility” for the proposed form of 2010 Bond Counsel opinion regarding the remarketing.

\$20,000,000

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY
Homeowner Mortgage Revenue Bonds, 2005 Subseries A-3
(AMT) (Variable Rate)**

Dated: March 10, 2005

Due: August 1, 2035

The Illinois Housing Development Authority (the “Authority”) is remarketing \$20,000,000 of its Homeowner Mortgage Revenue Bonds, 2005 Subseries A-3 (AMT) (Variable Rate) (the “Reoffered Bonds”). The Reoffered Bonds will remain issuable only in registered form. The Depository Trust Company (“DTC” or the “Depository”), New York, New York, will act as securities depository for the Reoffered Bonds and its nominee will be the registered owner of the Reoffered Bonds. Individual purchases of interests in the Reoffered Bonds must be in authorized denominations and will be recorded on a book-entry only system operated by DTC. Principal of and interest on the Reoffered Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois, as Fiscal Agent and Trustee.

The Reoffered Bonds will bear interest for a Weekly Interest Rate Period, payable on each February 1 and August 1. The Reoffered Bonds are subject to optional and mandatory tender for purchase as described herein. See “THE BONDS” and Appendix F.

The purchase of the Reoffered Bonds may be made with the proceeds of the remarketing of such Bonds by Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Remarketing Agent for the Reoffered Bonds. Funds for the timely payment of the purchase price of Reoffered Bonds tendered for purchase and not remarketed will be provided pursuant to a Standby Bond Purchase Agreement (the “Substitute Liquidity Facility”) among the Authority, the Trustee and the Federal Home Loan Bank of Chicago (the “Substitute Liquidity Provider”). The Substitute Liquidity Facility expires on March 10, 2013, subject to earlier termination as provided therein and subject to extension or renewal. *The obligations of the Substitute Liquidity Provider to purchase Reoffered Bonds under the Substitute Liquidity Facility may be terminated, in some circumstances, without notice to the Trustee, as described herein.*



The Reoffered Bonds are subject to optional and special mandatory redemption prior to maturity at par as more fully described herein.

This Reoffering Circular is not intended to describe the terms of any Reoffered Bond after its conversion to a Long-Term Interest Rate Period.

The Reoffered Bonds are special limited obligations of the Authority. Together with the Prior Bonds and Additional Bonds, the Reoffered Bonds have a claim for payment solely from Pledged Property as described in the General Resolution, including Revenues derived from Mortgage Loans, Mortgage-Backed Securities, Transfer Amounts, Contributed Assets and other Funds and Accounts held by the Trustee.

The Reoffered Bonds are not general obligations of the Authority and are not a debt of or guaranteed by the State or the United States or any agency or instrumentality thereof. The Authority has determined by resolution that Section 26.1 of the Act, which requires the Governor to submit to the General Assembly the amount certified by the Authority as being required to pay debt service on its bonds because of insufficient moneys available for such payments, shall not apply to the Reoffered Bonds.

The Reoffered Bonds are remarketed by the Remarketing Agent subject to prior sale, withdrawal or modification without notice, and to delivery of the opinion described herein of Mayer Brown LLP, Chicago, Illinois, Bond Counsel. Certain legal matters in connection with the remarketing of the Reoffered Bonds will be passed upon for the Authority by its General Counsel, Mary R. Kenney, Esq., and for the Substitute Liquidity Provider by Peter E. Gutzmer, its Executive Vice President, General Counsel and Corporate Secretary. It is expected that the Reoffered Bonds will be remarketed on or about March 10, 2010.

**BofA Merrill Lynch
as Remarketing Agent**

This Reoffering Circular is dated March 5, 2010.

\$20,000,000
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
Homeowner Mortgage Revenue Bonds, 2005 Subseries A-3 (AMT) (Variable Rate)

DATED: March 10, 2005

MATURITY SCHEDULE

2005 Subseries A-3 Bonds (AMT)
\$20,000,000 Variable Rate Demand Bonds due August 1, 2035

Price of all Reoffered Bonds

100%

No person has been authorized by the Authority to give any information or to make any representations other than those contained in this Reoffering Circular and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority. This Reoffering Circular does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the Reoffered Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion in this Reoffering Circular are subject to change without notice, and neither the delivery of this Reoffering Circular nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority since the date as of which information is given in this Reoffering Circular.

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THE REOFFERED BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE RESOLUTIONS RELATING TO THE REOFFERED BONDS HAVE NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE REOFFERED BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF LAW OF THE STATES IN WHICH THE REOFFERED BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF.

REOFFERING CIRCULAR
of
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
Relating to
\$20,000,000
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
Homeowner Mortgage Revenue Bonds, 2005 Subseries A-3

INTRODUCTION

This Reoffering Circular (including the cover page and the appendices) is being distributed by the Illinois Housing Development Authority (the “Authority”) in order to furnish information in connection with the reoffering of \$20,000,000 aggregate principal amount of Homeowner Mortgage Revenue Bonds, 2005 Subseries A-3 (the “Reoffered Bonds”) and in connection with the delivery of a substitute Standby Bond Purchase Agreement (the “Substitute Liquidity Facility”) among the Authority, The Bank of New York Mellon Trust Company, N.A. (the “Trustee”) and the Federal Home Loan Bank of Chicago (the “Substitute Liquidity Provider”).

The Reoffered Bonds were issued by the Authority pursuant to the Illinois Housing Development Act, as amended (the “Act”), in furtherance of its single-family housing mortgage loan program, and pursuant to the Authority’s Amended and Restated Homeowner Mortgage Revenue Bonds General Resolution, adopted on July 15, 1994, as supplemented and amended from time to time, including as it was amended and restated on September 19, 2008 (the “General Resolution”). The issuance of the Reoffered Bonds was authorized by the General Resolution and the 2005 Series A Resolution adopted by the Authority on November 19, 2004 (together with the initial determination of the Authority with respect to the Reoffered Bonds, the “2005 Series A Resolution”). The General Resolution and the 2005 Series A Resolution are collectively called the “Resolution.”

The Authority has been involved in the financing of low and moderate income housing in the State for more than 30 years. The Authority has operated bond financed single-family mortgage purchase programs since 1982. See “THE AUTHORITY,” “THE PROGRAM” and “OTHER PROGRAMS.”

In 1994, the Authority established the Homeowner Mortgage Revenue Bonds Program (the “Program”) to provide funds to purchase mortgage loans (“Mortgage Loans”) originated throughout the State of Illinois (the “State”), in accordance with the requirements of State and federal law and the General Resolution. The General Resolution was amended and restated on September 19, 2008 to additionally authorize the acquisition of mortgage-backed securities (“Mortgage-Backed Securities”) of the Government National Mortgage Association (“GNMA”), Freddie Mac, or Fannie Mae. Such Mortgage-Backed Securities evidence a guarantee by GNMA, Freddie Mac or Fannie Mae, as the case may be, of the timely payment of monthly principal of and interest on underlying pools of Mortgage Loans. See “THE PROGRAM – General.”

The Reoffered Bonds are subject to optional and mandatory redemption prior to maturity at par as more fully described herein.

The Authority has issued \$3,035,775,000 aggregate original principal amount of bonds (collectively, the "Prior Bonds") under the Program and General Resolution. As of December 31, 2009, \$853,520,000 aggregate principal amount of Prior Bonds were Outstanding under the General Resolution. The proceeds of all Prior Bonds have been used to purchase Mortgage Loans.

The Reoffered Bonds, the Prior Bonds and all other bonds subsequently issued under the General Resolution are referred to in this Reoffering Circular as the "Bonds." Additional Bonds, may be issued by the Authority for purposes, upon the terms and subject to the conditions provided in the General Resolution. The Prior Bonds are, and each Series of Additional Bonds (other than Subordinate Bonds) will be, on a parity with the Reoffered Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Additional Bonds."

The Bonds are secured under the General Resolution by "Pledged Property" which includes, without limitation, all right, title and interest of the Authority in and to the Mortgage Loans and the Mortgage-Backed Securities (see "SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION – Certain Definitions"). The General Resolution provides that the details of the Mortgage Loans to be purchased with the proceeds of a Series of Bonds, or that are eligible to back the Mortgage-Backed Securities purchased with the proceeds of a Series of Bonds, are to be determined by Series Program Determinations set forth in a Series Resolution. These details include the types of security, payment provisions, maximum term, nature of residences, primary mortgage insurance requirements, Supplemental Mortgage Coverage and other credit support and loan-to-value ratios.

In order to assist the Authority in the administration of the Program pursuant to the General Resolution, the Authority has entered into a Mortgage Servicing Agreement, dated as of April 14, 2009, as amended, (the "Mortgage Servicing Agreement"), with U.S. Bank N.A., a national banking association (the "Master Servicer"). Mortgage Loans purchased with the proceeds of the Reoffered Bonds or Prior Bonds or underlying the Mortgage-Backed Securities that may be purchased with the proceeds of Additional Bonds after any issuance thereof must be qualified under the Mortgage Purchase Agreement (the "Mortgage Purchase Agreement") or the First Supplement to the Mortgage Purchase Agreement (the "First Supplement"), as amended and supplemented from time to time (collectively the "Purchase Agreements") by and among certain lending institutions (the "Mortgage Lenders"), the Master Servicer and the Authority. Once originated, the Mortgage Loans underlying Mortgage-Backed Securities are to be serviced by the Master Servicer pursuant to the Mortgage Servicing Agreement. Such Mortgage Loans must be in the form of a mortgage or other instrument approved by the Federal Housing Administration of the United States Department of Housing and Urban Development (the "FHA") in the case of an FHA insured loan, Rural Development (formerly the Farmers Home Administration), United States Department of Agriculture ("USDA/RD") in the case of a loan guaranteed by USDA/RD, Fannie Mae or Freddie Mac in the case of a conventional loan, or as approved by the Authority for other loans and which meets the requirements set forth in the Purchase Agreements, including the requirements of federal tax law applicable to the Reoffered Bonds. See "THE PROGRAM – Origination and Purchase."

From time to time proceeds of Bonds are used to reimburse the Authority for the purchase price of Mortgage Loans or Mortgage-Backed Securities (which meet the requirements of the Program and the applicable Series Program Determinations) purchased by the Authority from its Administrative Fund. Upon such reimbursement, those Mortgage Loans and Mortgage-Backed Securities are transferred to the General Resolution as Pledged Property. See “SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION – Program Fund – Series Program Accounts.”

From time to time the Authority has used proceeds of Bonds issued under the Program to redeem or refund Residential Mortgage Revenue Bonds issued under the Authority’s Residential Mortgage Revenue Bond General Resolution, adopted August 19, 1983 (as amended and supplemented, the “1983 Resolution”), which is the Authority’s prior single family mortgage loan purchase program. In connection with such redemptions and refundings, certain of the mortgage loans originally purchased with the proceeds of the refunded bonds were transferred from the 1983 Resolution to the General Resolution. Those mortgage loans (referred to as “Transferred Mortgage Loans”) are included as Pledged Property under the General Resolution. As further described under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Mortgage-Backed Securities and Mortgage Loans,” the details concerning Transferred Mortgage Loans when they were originated, *i.e.*, the types of security, payment provisions, maximum term, nature of residences, primary mortgage insurance requirements, credit support and loan-to-value ratios, are similar to those set forth in the Series Program Determinations for the Prior Bonds.

While, as of the date of this Reoffering Circular, Pledged Property consists primarily of Mortgage Loans, it is the Authority’s current intention to purchase Mortgage-Backed Securities with proceeds of any Additional Bonds. The details concerning Mortgage Loans, if any, purchased with proceeds of any Additional Bonds or underlying Mortgage-Backed Securities purchased with proceeds of any Additional Bonds may differ from those concerning the Mortgage Loans purchased with the proceeds of the Prior Bonds. In addition, the Authority may amend or supplement Series Program Determinations, including the Determination or Determinations which may be made in connection with the series resolution or resolutions related to the Reoffered Bonds or Prior Bonds, upon filing a Cash Flow Certificate and Rating Certificate with the Trustee. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Cash Flow Certificates and Rating Certificates.”

The Reoffered Bonds are special limited obligations of the Authority. Together with the Prior Bonds and Additional Bonds, the Reoffered Bonds have a claim for payment solely from Pledged Property as described in the General Resolution, including Revenues derived from Mortgage-Backed Securities, Mortgage Loans and Transfer Amounts, and other Funds and Accounts held by the Trustee. See “THE BONDS – Redemption” and “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

The Reoffered Bonds are not general obligations of the Authority and are not a debt of or guaranteed by the State or the United States or any agency or instrumentality thereof. The Authority has determined by resolution that relevant provisions of Section 26.1 of the Act, which require the Governor to submit to the General Assembly the amount certified

by the Authority as being required to pay debt service on its bonds because of insufficient moneys available for such payments, shall not apply to the Reoffered Bonds.

The descriptions and summaries of various documents set forth in this Reoffering Circular do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all terms and conditions. All statements in this Reoffering Circular are qualified in their entirety by reference to each document. See “SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION – Certain Definitions” for definitions of certain capitalized words and terms used in this Reoffering Circular.

THE AUTHORITY

Powers and Duties

The Authority is a body politic and corporate of the State created by the Act for the purposes of assisting in the financing of decent, safe and sanitary housing for persons and families of low and moderate income in the State and assisting in the financing of residential mortgages in the State. To accomplish its purposes, the Authority is authorized by the Act to make mortgage or other loans to nonprofit corporations and limited-profit entities for the acquisition, construction or rehabilitation of dwelling accommodations, to make loans for housing related commercial facilities, to issue or provide for the issuance of obligations secured by or representing an ownership interest in residential mortgages, to acquire, and to contract and enter into advance commitments to acquire residential mortgage loans from lending institutions, and to develop and own rental housing developments. The Act also authorizes the Authority to issue its bonds and notes to fulfill its corporate purposes, including the financing of mortgage and construction loans, the acquisition of residential mortgage loans, the making of loans for housing related commercial facilities and the refunding of bonds and notes previously issued to finance mortgage and construction loans. The Authority has issued various bonds and notes to finance mortgage loans and construction loans, to purchase residential mortgage loans from lending institutions and to make loans to private lending institutions for making new residential mortgage loans. See “Other Programs.”

The Authority has the power under the Act to have up to \$3,600,000,000 of bonds and notes outstanding, excluding those issued to refund its outstanding bonds and notes. As of December 31, 2009, the Authority had debt outstanding in the amount of \$1,764,623,134, which consisted of general obligation debt, special limited obligation debt and conduit debt. The conduit debt, which is special limited obligation debt, accounts for \$365,192,334 of the total as of that date.

Membership

The Authority consists of nine Members appointed by the Governor of the State (the “Governor”) with the advice and consent of the State Senate. The Act provides that not more than three Members shall be from any one county in the State, not more than five shall be of any one political party, and at least one shall be a person of age 60 or older. Members hold office from the second Monday in January of the year of their respective appointments for a term of

four years and until their successors are appointed and qualified. The concurrence of five Members is required for action by the Authority. The Governor designates a Chairman from among the Members, and the Chairman is considered to be a Member for purposes of concurrence. The Chairman is the Authority's chief executive officer. The Members of the Authority serve without compensation. The Authority has determined by resolution to indemnify its Members and officers for any actions taken or omitted to be taken in performing their duties, except actions or omissions which constitute gross negligence or malfeasance.

The Members of the Authority are:

TERRY E. NEWMAN, Chairman – Partner, Katten Muchin Rosenman LLP

ROBERT BARKER, Vice-Chairman – President, Barker Brothers, Inc.

MARY KANE, Secretary – Senior Vice President, Stifel, Nicolaus & Company, Inc.

KAREN DAVIS, Treasurer – Manager, Regions Bank, NA

FLOYD GARDNER III, Member – Deputy Director, Single Family Programs, NHS Redevelopment Corporation

MARK KOCHAN, Member – Attorney, Kochan & Kochan

GEORGE L. LAMPROS, Member – President and Managing Partner, Business Growth Innovations, Inc.

There are currently two vacancies in the Authority's membership.

Management

The Authority employs a staff of approximately 210 persons, including persons who have experience and responsibilities in the areas of finance, accounting, law, mortgage loan underwriting, loan servicing, housing development, market analysis, construction, housing marketing and housing management. Certain members of the senior staff of the Authority are listed below.

GLORIA L. MATERRE, Executive Director, was appointed by the Authority's Members on September 18, 2009. Ms. Materre served as Deputy Chief of Staff under Governor Pat Quinn, playing an instrumental role in housing, legislative matters, economic and business development and community stabilization. In October 2009, she became chair of the Illinois Task Force on Minority Business Development. Ms. Materre holds a bachelor's degree in journalism from the University of Wisconsin-Madison, and a law degree from the University of Illinois at Urbana-Champaign.

PHIL CULPEPPER, Deputy Executive Director and Chief of Staff, joined the Authority in October 2009. He brings extensive experience to the Authority in the areas of public finance, bond fund accounting, strategic planning and revenue forecasting. As the Director of Debt Management for the State of Illinois, Mr. Culpepper oversaw more than \$7 billion in public

finance transactions. He also served as a Debt Management Specialist for the Illinois Toll Highway Authority, where he structured and coordinated more than \$3 billion of municipal bonds and derivative transactions to support construction projects for Illinois' Congestion Relief Program. Mr. Culpepper served as a Non-Commissioned Officer in the U.S. Army and holds a bachelor's degree in economics from Loyola University of Chicago.

ROBERT W. KUGEL, Chief Financial Officer, Assistant Treasurer and Assistant Executive Director, has served as Chief Financial Officer of the Authority since 1983. He has been with the Authority since 1975. Previously, he served as finance manager of Telco Marketing Services Inc. for three years and of a division of The Greyhound Corporation for four years. Mr. Kugel holds a Juris Doctor degree from John Marshall Law School, a Master of Business Administration degree from Loyola University of Chicago and a Bachelor of Science degree from Northern Illinois University.

MARY R. KENNEY, General Counsel, returned to the Authority in August 2000. She previously served as an administrator of the Authority's Portfolio Administration Department from 1988 through 1991 and earned her law degree from Loyola University of Chicago. After law school, she joined the Chicago law firm of Johnson & Bell in 1994 where she specialized in commercial litigation. Ms. Kenney has argued before various appellate courts and has participated in all phases of litigation at the trial court level. She also holds a Bachelor of Science degree in finance from DePaul University, where she concentrated in real estate and graduated with honors.

WILLIAM SMIRNIOTIS, Managing Director of Homeownership Programs, joined the Authority in March 2005. Prior to his employment at the Authority, he served as the National Taxable Fixed Income Sales Manager at Alex Brown, the Regional Taxable Fixed Income Sales Manager at Smith Barney and Vice-president, Fixed Income Sales at Merrill Lynch. Mr. Smirniotis attended Loyola University of Chicago.

The offices of the Authority are located at 401 North Michigan Avenue, Suite 700, Chicago, Illinois 60611. The telephone number of the Authority is (312) 836-5200.

THE BONDS

General

The following information is furnished solely to provide summary information regarding the terms of the Reoffered Bonds, the Substitute Liquidity Facility, and the Substitute Liquidity Provider and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions and definitions appearing in Appendices F and G to this Reoffering Circular and by reference to the portions of the Resolution relating to the Reoffered Bonds and should be read together therewith.

This Reoffering Circular is not intended to describe the terms of any Reoffered Bond after its conversion to a Long-Term Interest Rate Period.

The Reoffered Bonds are dated the date of their delivery and will mature on the maturity date set forth on the inside cover page of this Reoffering Circular. The Reoffered Bonds are

issuable only in registered form in authorized denominations of \$100,000 or any integral multiple of \$5,000 in excess of \$100,000 during any Daily Interest Rate Period, Weekly Interest Rate Period or Short-Term Interest Rate Period.

The Reoffered Bonds are registered in the name of Cede & Co., as Owner and nominee of DTC, which will act as securities depository for the Reoffered Bonds. Purchasers of the Reoffered Bonds will not receive physical delivery of the bond certificates representing their beneficial ownership interests. See “THE OFFERED BONDS - Book-Entry Only System.”

The Reoffered Bonds bear interest for a Weekly Interest Rate Period. The Reoffered Bonds will continue to bear interest for a Weekly Interest Rate Period until adjusted at the option of the Authority to bear interest for a Daily Interest Rate Period, a Short-Term Interest Rate Period or a Long-Term Interest Rate Period, as more fully described herein, at the rate or rates determined during such Interest Rate Period. Reoffered Bonds shall not bear interest at a rate higher than the Maximum Rate (as defined herein), except that the Maximum Rate does not apply to Purchased Bonds. As used herein, the term “Maximum Rate” means, with respect to all Reoffered Bonds other than Purchased Bonds, the lesser of (i) 12 percent per year, or (ii) the maximum interest rate permitted by applicable law (currently under applicable law, there is no maximum interest rate limitation).

As described herein, the Reoffered Bonds are subject to mandatory tender for purchase (i) generally, on the first day of each Interest Rate Period; (ii) for Reoffered Bonds bearing a Bond Interest Term Rate, on the day next succeeding the last day of each Bond Interest Term for any Reoffered Bond; (iii) upon the termination, expiration, reduction, suspension, modification or replacement of the Substitute Liquidity Facility or any Alternate Liquidity Facility; and (iv) under certain circumstances, following the occurrence of an event of default under the Substitute Liquidity Facility or any Alternate Liquidity Facility (a “Liquidity Facility Event of Default”), unless the Liquidity Facility Event of Default is also a Termination Event. Upon the occurrence of a Termination Event, the Substitute Liquidity Provider’s obligation to purchase Reoffered Bonds under the Substitute Liquidity Facility shall immediately terminate without notice or demand to any person, and thereafter the Substitute Liquidity Provider shall be under no obligation to purchase Reoffered Bonds. See “SUBSTITUTE LIQUIDITY FACILITY FOR THE REOFFERED BONDS - Liquidity Facility Events of Default” in Appendix G.

Payment of the purchase price for tendered Reoffered Bonds is expected to be made from (i) proceeds of remarketing of such Reoffered Bonds, (ii) amounts drawn on the Liquidity Facility, and (iii) amounts legally available therefor under the Resolution. If the amounts described in (i) — (iii) above are insufficient to pay the purchase price for all Reoffered Bonds so tendered or deemed tendered for purchase on the date such purchase price is due, then no such tendered or deemed tendered Reoffered Bonds shall be purchased. Instead, all outstanding Reoffered Bonds (x) shall thereafter bear interest in the Weekly Interest Rate Period, at a rate, reset weekly, equal to the BMA Index plus three percent (not to exceed the Maximum Rate), and (y) Owners of such Bonds shall have no further right to tender their Bonds for purchase.

See “THE REOFFERED BONDS - Purchase of Bonds” in Appendix F for certain other information regarding circumstances under which the Reoffered Bonds are subject to optional

and mandatory tender for purchase and the purchase price of Reoffered Bonds that are tendered for purchase.

The following summarizes certain terms of the Reoffered Bonds during each Interest Rate Period other than the Long-Term Interest Rate Period.

Weekly Interest Rate Period

Interest Rate. The Weekly Interest Rate for each seven day period (each, a “Weekly Interest Rate Period”), Wednesday through Tuesday, inclusive, shall be determined by the Remarketing Agent on Tuesday or on the first preceding Business Day if any such Tuesday is not a Business Day.

The Weekly Interest Rate shall be a rate determined by the Remarketing Agent (based on then prevailing market conditions) to be the minimum rate, which, if borne by the Reoffered Bonds, would enable the Remarketing Agent to sell such Reoffered Bonds on such date of determination at a price (without regarding accrued interest) equal to the principal amount thereof. In the event that the Remarketing Agent fails to establish a Weekly Interest Rate for any week, then the Weekly Interest Rate for such week shall be the same as the Weekly Interest Rate for the immediately preceding week if the Weekly Interest Rate for such preceding week was determined by the Remarketing Agent. In the event that the Weekly Interest Rate for the immediately preceding week was not determined by the Remarketing Agent, or in the event that the Weekly Interest Rate determined by the Remarketing Agent shall be held to be invalid or unenforceable by a court of law, then the interest rate for such week shall be equal to 110 percent of the BMA Index made available for the week preceding the date of determination, or if such index is no longer available, or no such index was so made available for the week preceding the date of determination, 75 percent of the interest rate on 30-day high grade unsecured commercial paper notes sold through dealers by major corporations as reported in *The Wall Street Journal* on the day the Weekly Interest Rate would otherwise be determined in accordance with the provisions of the Resolution for such Weekly Interest Rate Period.

Interest during a Weekly Interest Rate Period shall be computed on the basis of a 365-or 366-day year, as appropriate, for the actual number of days elapsed.

Semi-Annual Interest Payment. Interest shall accrue from an Interest Payment Date through and including the calendar day immediately preceding the next Interest Payment Date. Until an adjustment from the Weekly Interest Rate Period, the Interest Payment Date for Reoffered Bonds bearing interest at a Weekly Interest Rate shall be each February 1 and August 1. Reoffered Bonds bearing interest at other than a Weekly Interest Rate shall be payable on the first Business Day of each calendar month. The Record Date for the payment of interest shall be the Business Day immediately preceding such Interest Payment Date.

Bondholder Election to have Reoffered Bonds Purchased. The Beneficial Owners of Reoffered Bonds bearing interest at a Weekly Interest Rate may elect to have any of their Reoffered Bonds purchased in whole on any Business Day by giving irrevocable written notice, or telephonic notice promptly confirmed in writing, to the Tender Agent, with a copy to the Remarketing Agent, on a Business Day at least seven days prior to the Business Day selected by

the owner for such purchase. Reoffered Bonds to be purchased must be delivered to the Tender Agent by 12:00 Noon, New York City time, on the date designated for purchase.

Optional Redemption. The Reoffered Bonds are subject to optional redemption by the Authority, at the direction of the Authority, on any Interest Payment Date during a Weekly Interest Rate Period, at a redemption price of par.

Change of Interest Rate Period. The Interest Rate Period may be adjusted at any time during a Weekly Interest Rate Period to an alternative Interest Rate Period upon notice being sent to the owner at least 12 days prior to the effective date of such adjustment. The Reoffered Bonds are subject to mandatory purchase on the day following the last day of each Weekly Interest Rate Period.

Daily Interest Rate Period

Interest Rate. The Daily Interest Rate shall be determined by the Remarketing Agent on each Business Day. In the event that the Remarketing Agent fails to establish a Daily Interest Rate for any day, then the Daily Interest Rate for such day shall be the same as the Daily Interest Rate for the preceding Business Day if the Daily Interest Rate for such preceding Business Day was determined by the Remarketing Agent. In the event that the Daily Interest Rate for the immediately preceding day was not determined by the Remarketing Agent, or in the event that the Daily Interest Rate determined by the Remarketing Agent shall be held to be invalid or unenforceable by a court of law, then the interest rate for such day shall be equal to 110 percent of the BMA Index made available for the week preceding the date of determination, or if such index is no longer available, or no such index was so made available for the week preceding the date of determination, 75 percent of the interest rate on 30-day high grade unsecured commercial paper notes sold through dealers by major corporations as reported in *The Wall Street Journal* on the day the Daily Interest Rate would otherwise be determined as provided in the Resolution for such Daily Interest Rate Period.

The Daily Interest Rate shall be a rate determined by the Remarketing Agent (based on then prevailing market conditions) to be the minimum interest rate which, if borne by the Reoffered Bonds, would enable the Remarketing Agent to sell the Reoffered Bonds on such date of determination at a price (without regarding accrued interest) equal to the principal amount thereof.

Interest during a Daily Interest Rate Period shall be computed on the basis of a 365-or 366-day year, as appropriate, for the actual number of days elapsed.

Monthly Interest Payment. Interest shall accrue from the first day of the Daily Interest Rate Period, and thereafter from an Interest Payment Date through and including the calendar day immediately preceding the next Interest Payment Date. The Interest Payment Date shall be the first business day of each calendar month. Until an adjustment from the Daily Interest Rate Period, the Interest Payment Date shall be the first Business Day of each calendar month. The Record Date for the payment of interest shall be the Business Day immediately preceding such Interest Payment Date.

Bondholder Election to Have Reoffered Bonds Purchased. The Beneficial Owners of Reoffered Bonds bearing interest at a Daily Interest Rate may elect to have any of their Reoffered Bonds purchased in whole on any Business Day by giving irrevocable written or telephonic notice, promptly confirmed in writing, to the Tender Agent, with a copy to the Remarketing Agent, by 10:30 a.m., New York City time, on such Business Day.

Optional Redemption. The Reoffered Bonds are subject to optional redemption by the Authority, at the direction of the Authority, in whole or in part on any Interest Payment Date during a Daily Interest Rate Period, at a redemption price of par.

Change of Interest Rate Period. The Interest Rate Period may be adjusted at any time during a Daily Interest Rate Period to an alternative Interest Rate Period upon notice being sent to the owner at least 12 days prior to the effective date of such adjustment. The Reoffered Bonds are subject to mandatory purchase on the day following the last day of each Daily Interest Rate Period.

Short-Term Interest Rate Period

Individual Bond Interest Terms and Bond Interest Term Rates. A Short-Term Interest Rate Period shall comprise coincident and consecutive Bond Interest Terms ranging from one to 180 days, as determined by the Remarketing Agent. The Bond Interest Term and the Bond Interest Term Rates for each Reoffered Bond need not be the same for any two Reoffered Bonds, even if determined on the same date. Each Bond Interest Term shall commence on a Business Day and end on a day immediately preceding a Business Day or on the day immediately preceding the Maturity Date.

The Remarketing Agent will determine the Bond Interest Terms (each of which should be a period of not less than one day nor more than 180 days) and Bond Interest Term Rates no later than 12:00 noon, New York City time, on the first day of a Bond Interest Term for such Reoffered Bond. Notwithstanding the foregoing, the Remarketing Agent may change the Bond Interest Terms or ranges of Bond Interest Terms and/or associated Bond Interest Term Rates announced and offered at such times and as often as the Remarketing Agent deems appropriate.

Any Reoffered Bond with a Bond Interest Term Rate that is not remarketed by the Remarketing Agent shall have a Bond Interest Term of one day (or such longer period to assure that the Bond Interest Term ends on the day immediately preceding the next succeeding Business Day or, for the final period, the Maturity Date). If for any reason a Bond Interest Term cannot be so determined by the Remarketing Agent, or if the determination of such Bond Interest Term is held by a court of law to be invalid or unenforceable, then such Bond Interest Term shall be 30 days (or such longer period to assure that the Bond Interest Term ends on the day immediately preceding the next succeeding Business Day or, for the final period, the Maturity Date).

The Bond Interest Term Rate for any Reoffered Bond shall be a rate determined by the Remarketing Agent (based on then-prevailing market conditions) to be the minimum interest rate which, if borne by such Reoffered Bond, would enable the Remarketing Agent to sell such Reoffered Bond on the date and at the time determined at a price (without regarding accrued interest) equal to the principal amount thereof. If for any reason a Bond Interest Term Rate for

any Reoffered Bond is not so established by the Remarketing Agent for any Bond Interest Term, or such Bond Interest Term Rate is determined by a court of law to be invalid or unenforceable, then the Bond Interest Term Rate for such Bond Interest Term shall be the rate per annum equal to 75 percent of the interest rate on high grade unsecured commercial paper notes sold through dealers by major corporations as reported by *The Wall Street Journal* on the first day of such Bond Interest Term and which maturity most nearly equals the Bond Interest Term for which a Bond Interest Term Rate is being calculated.

Interest during a Short-Term Interest Rate Period shall be computed on the basis of a 365- or 366-day year, as appropriate, for the actual number of days elapsed.

Interest Payment. Interest with respect to each Bond Interest Term for each Reoffered Bond shall be payable on the day immediately succeeding the end of each Bond Interest Term in accordance with wire transfer instructions provided by the owner of such Reoffered Bond, but only upon presentation of such Reoffered Bond to the Paying Agent. The Record Date for the payment of interest shall be the Business Day immediately preceding such Interest Payment Date.

Mandatory Purchase of Reoffered Bonds. Each Reoffered Bond shall be purchased or deemed purchased on the day immediately succeeding the last day of each Bond Interest Term. The purchase price of any Reoffered Bond so purchased shall be payable only upon surrender of such Reoffered Bond to the Tender Agent accompanied, when the Reoffered Bonds are not in a Book Entry System, by an instrument of transfer thereof.

Optional Redemption. The Reoffered Bonds are subject to optional redemption by the Authority, in whole or in part, on the day succeeding the last day of any Bond Interest Term, at a redemption price of par.

Change of Interest Rate Period. The Interest Rate Period may be adjusted at any time during a Short-Term Interest Rate Period to an alternative Interest Rate Period upon notice being sent to the owner at least 12 days prior to the effective date of such adjustment. The Reoffered Bonds are subject to mandatory purchase on the day following the last day of each Short-Term Interest Rate Period.

Mandatory Tender for Purchase Upon Termination, Expiration, Suspension, Modification or Replacement of the Liquidity Facility

The Reoffered Bonds are subject to mandatory tender for purchase upon notice from the Trustee that the Reoffered Bonds shall, on the date specified in such notice, cease to be payable from such Liquidity Facility as a result of (i) (A) the termination or expiration of the term of such Liquidity Facility, or (B) the Liquidity Facility being reduced, suspended, replaced or modified (other than a reduction or modification in connection with the redemption of Reoffered Bonds) with the effect that the Reoffered Bonds are no longer payable from the Liquidity Facility, or (ii) the Liquidity Provider notifying the Trustee of a Liquidity Facility Event of Default and that the Liquidity Provider is suspending or terminating the Liquidity Facility in accordance with its terms as described under the caption “SUBSTITUTE LIQUIDITY FACILITY FOR THE REOFFERED BONDS - Liquidity Facility Events of Default” in Appendix G. Notwithstanding

the foregoing, no mandatory tender for purchase shall occur as a result of a Liquidity Facility Event of Default if such event of default is also a Termination Event, which results in the immediate suspension or termination of the obligation of the Liquidity Provider to purchase Reoffered Bonds thereunder. See Appendix F under the caption “Purchase of Bonds — Mandatory Tender for Purchase Upon Termination, Expiration, Modification or Replacement of the Liquidity Facility” and Appendix G under the caption “SUBSTITUTE LIQUIDITY FACILITY FOR THE REOFFERED BONDS - Events of Default.”

Duration of Interest Rate Periods

Each Short-Term Interest Rate Period, Daily Interest Rate Period, and Weekly Interest Rate Period shall continue until the date on which an adjustment to an alternative Interest Rate Period occurs or the Maturity Date, whichever is earlier.

Mandatory Redemption

The Reoffered Bonds maturing on August 1, 2035, are subject to mandatory redemption in part by lot, on February 1 and August 1 at the times and in the amounts shown below, at a Redemption Price equal to the principal amount of such Reoffered Bonds so redeemed plus accrued interest to the date of redemption, without premium:

| <u>Redemption Date</u> | <u>Sinking Fund Requirement</u> | <u>Redemption Date</u> | <u>Sinking Fund Requirement</u> |
|------------------------|---------------------------------|------------------------|---------------------------------|
| February 1, 2025 | \$ 700,000 | August 1, 2030 | \$ 910,000 |
| August 1, 2025 | 715,000 | February 1, 2031 | 935,000 |
| February 1, 2026 | 730,000 | August 1, 2031 | 955,000 |
| August 1, 2026 | 750,000 | February 1, 2032 | 980,000 |
| February 1, 2027 | 770,000 | August 1, 2032 | 1,005,000 |
| August 1, 2027 | 785,000 | February 1, 2033 | 1,025,000 |
| February 1, 2028 | 805,000 | August 1, 2033 | 1,050,000 |
| August 1, 2028 | 825,000 | February 1, 2034 | 1,075,000 |
| February 1, 2029 | 845,000 | August 1, 2034 | 1,100,000 |
| August 1, 2029 | 865,000 | February 1, 2035 | 1,130,000 |
| February 1, 2030 | 885,000 | August 1, 2035* | 1,160,000 |

*Final maturity

Substitute Liquidity Facility

The Authority, the Trustee and the Federal Home Loan Bank of Chicago (the “Substitute Liquidity Provider”) intend to enter into a Standby Bond Purchase Agreement dated as of February 25, 2010 (the “Substitute Liquidity Facility”) with respect to the Reoffered Bonds. The following summary is qualified in its entirety by reference to the more detailed descriptions appearing in Appendix G to this Reoffering Circular and by reference to the Substitute Liquidity Facility, a copy of which is available from the Trustee.

Funds for the purchase of the Reoffered Bonds tendered or required to be tendered for purchase (“Tendered Bonds”) that are not remarketed will be provided, subject to certain conditions, from funds made available by the Substitute Liquidity Provider pursuant to the Substitute Liquidity Facility. The aggregate amount available under the Substitute Liquidity Facility from time to time (such amount being equal to the aggregate principal amount of the Reoffered Bonds outstanding at the time, plus accrued and unpaid interest thereon to the date of purchase up to an amount equal to 186 days of interest computed at a rate of 12% per annum, is referred to herein as the “Commitment”). The Trustee will be authorized to draw funds under the Substitute Liquidity Facility on behalf of the Authority.

IN CERTAIN CIRCUMSTANCES DESCRIBED HEREIN UNDER APPENDIX G - “SUBSTITUTE LIQUIDITY FACILITY FOR THE REOFFERED BONDS,” RELATING TO THE OCCURRENCE OF CERTAIN DEFAULTS UNDER THE SUBSTITUTE LIQUIDITY FACILITY (REFERRED TO AS “AUTOMATIC TERMINATION EVENTS” AND “SUSPENSION EVENTS”), THE OBLIGATION OF THE SUBSTITUTE LIQUIDITY FACILITY PROVIDER TO PURCHASE TENDERED BONDS PURSUANT TO THE SUBSTITUTE LIQUIDITY FACILITY SHALL TERMINATE OR, IN THE CASE OF SUSPENSION EVENTS, SHALL BE SUSPENDED, IMMEDIATELY, WITHOUT PRIOR NOTICE TO HOLDERS OF VARIABLE BONDS. IN SUCH EVENTS, THE OBLIGATIONS OF THE REMARKETING AGENT TO REMARKET TENDERED BONDS ALSO WILL BE TERMINATED OR SUSPENDED, AS THE CASE MAY BE. THE REOFFERED BONDS ARE NOT SUBJECT TO MANDATORY TENDER FOR PURCHASE AS A RESULT OF THE OCCURRENCE OF AN AUTOMATIC TERMINATION EVENT OR A SUSPENSION EVENT UNDER THE SUBSTITUTE LIQUIDITY FACILITY.

Upon the occurrence of certain other defaults or termination events under the Substitute Liquidity Facility (referred to as “Non-Automatic Termination Events”), the obligation of the Substitute Liquidity Provider to purchase Tendered Bonds pursuant to the Substitute Liquidity Facility may be terminated by the Substitute Liquidity Provider upon 30 days’ prior notice to the Authority, the Trustee and the Remarketing Agent. The obligation of the Substitute Liquidity Provider to purchase Tendered Bonds after giving notice to the appropriate parties of the occurrence of a Non-Automatic Termination Event shall terminate whether or not the Trustee gives notice of said event to the holders of Reoffered Bonds.

Purchased Bonds

Purchased Bonds will bear interest at the rate or rates, and shall be payable and subject to redemption in such amounts and in such manner, as provided in the Substitute Liquidity Facility.

General Redemption Provisions

As long as a Series of Bonds is held by Cede & Co., as nominee of DTC, notice of any redemption of such Series of Bonds will be mailed not less than 30 days and not more than 90 days prior to the date set for redemption. Such notices will be furnished to DTC. The Authority has been informed that DTC will in turn forward the information to the participants (as defined below), which will then provide the appropriate notification to correspondents and beneficial owners (as defined below). Failure to so mail any such notice to DTC or any Bondowner (as

defined below) will not affect the validity of the proceedings for the applicable Series of Bonds. **Failure of DTC or any participant to provide notice to any beneficial owner will not affect the validity of the proceedings for the redemption of the applicable Series of Bonds.**

If a Series of Bonds is not held by the nominee of DTC or the nominee of any successor securities depository, notice of any redemption will be mailed at least 30 days but no more than 90 days prior to the date established for the redemption of Bonds to the Bondowners of the Bonds, or portions thereof, to be redeemed at their addresses as they appear on the registry books of the Authority. Redemption notices shall be sent by first-class mail and, in addition, by certified mail, return receipt requested, to registered owners of \$1 million or more in principal of Bonds. Such notice will specify the Redemption Price, the redemption date, the place or places where amounts due upon redemption will be payable, the maturities and the distinctive numbers (*e.g.*, CUSIP numbers), if any, of the Bonds to be redeemed and, if less than all of the Bonds of a given maturity are to be redeemed, the portion of the principal amounts to be redeemed. The notice of redemption may be conditional. If conditional, the notice shall set forth in summary terms the conditions precedent to such redemption and that if such conditions shall not have been satisfied on or prior to the redemption date, such notice shall be of no force and effect and such Bonds shall not be redeemed. The mailing of such notice will be a condition precedent to redemption, *provided* that any notice that is mailed in accordance with the General Resolution will be conclusively presumed to have been duly given whether or not the Bondowners actually receive such notice, and failure to give notice by mail, or any defect in such notice, to the Bondowner of any Bond designated for redemption in whole or in part will not affect the validity of the proceedings for the redemption of any Bonds.

Regardless of whether the Bonds of a Series are held by the nominee of DTC or the nominee of any successor securities depository, the General Resolution requires that notice be given to Bondowners within 30 days after the Trustee has received from the Authority written notice of an Event of Default under the General Resolution. For purposes of these provisions, a beneficial owner is as defined below, *provided* that such beneficial ownership is established to the satisfaction of the Trustee.

The Bonds selected for redemption and redeemed in part from time to time shall be redeemed in Authorized Denominations. The Bonds or portions thereof so called for redemption will become due and payable at the applicable Redemption Price, plus accrued interest, if any, to the date fixed for redemption. If, on the redemption date, money for the redemption of all the Bonds or portions thereof to be redeemed, together with interest to the redemption date, is held by the Trustee and Paying Agents so as to be available therefor on such date (or, in the case of interest, has been mailed to the Bondowners) and if notice of redemption has been given as aforesaid, then, from and after the date fixed for redemption, interest on the Bonds or portions thereof so called for redemption will cease to accrue and become payable.

Pursuant to the Resolution, the Trustee, upon receipt of an Authority Request accompanied by a Compliance Certificate or a Cash Flow Certificate, as appropriate, may purchase Bonds from amounts on deposit in the Redemption Account at the most advantageous price obtainable with reasonable diligence, such price not to exceed the Redemption Price plus accrued interest that would be payable on (i) the next redemption date, if such Bonds are then redeemable, or (ii) on the date such Bonds are first redeemable.

Any Bonds to be purchased or redeemed, other than pursuant to Sinking Fund Requirements, will be purchased or redeemed by the Fiscal Agent upon written direction of the Authority accompanied by a Compliance Certificate or Cash Flow Certificate, as appropriate, giving effect to such redemption or purchase.

If less than all of the Bonds of one maturity are called for redemption, the particular Bonds of such maturity to be redeemed will be selected by lot not later than 45 days prior to the date fixed for redemption; *provided* that (1) the portion of any Bonds to be redeemed is in the principal amount of \$5,000 or a multiple thereof and (2) in selecting Bonds for purchase upon redemption, each Bond of the applicable Series will be treated as representing that number of Bonds that is obtained by dividing the principal amount of such Bond by \$5,000. So long as the Bonds are held by a nominee of DTC, DTC will determine the method of allocating the redemption among the beneficial owners of the series and maturity of such Bonds to be redeemed.

Book-Entry Only System

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources the Authority and the Special Advisor believe to be reliable, but neither the Authority nor the Special Advisor take any responsibility for the accuracy or completeness thereof.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds of each Series or, if applicable, each Subseries, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTC is owned by users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations

that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co, or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notice and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds of a Series within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments (including redemption proceeds) on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Trustee or the Authority, on payable date in

accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest (including redemption proceeds) to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Tender Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Tender Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Bonds of a Series at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, certificates for the affected Bonds are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates for the affected Bonds will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

THE TRUSTEE, ANY PAYING AGENT AND THE AUTHORITY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY PARTICIPANT, ANY PERSON CLAIMING A BENEFICIAL OWNERSHIP INTEREST IN ANY BOND UNDER OR THROUGH DTC OR ANY PARTICIPANT, OR ANY OTHER PERSON THAT IS NOT SHOWN ON THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING A BONDOWNER, WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT, THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT IN RESPECT OF PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON ANY BOND, ANY NOTICE THAT IS REQUIRED TO BE GIVEN TO BONDOWNERS UNDER THE RESOLUTION (EXCEPT IN CONNECTION WITH CERTAIN NOTICES OF DEFAULT AND REDEMPTION), THE SELECTION BY DTC OR ANY PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS, OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF THE BONDS.

Fiscal Agent and Trustee

The Authority has consolidated all paying agent, registration, transfer and exchange functions for all of its outstanding bonds in a fiscal agent (the “Fiscal Agent”) appointed from time to time by the Authority. Currently, the Fiscal Agent for the Bonds is The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois. The Authority reserves the right to remove and appoint successor Fiscal Agents upon the same terms and in the same manner as it may remove, and appoint, successor Trustees. All paying agent, registration, transfer and exchange functions with respect to the Reoffered Bonds will be performed by the Fiscal Agent.

The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois, also serves as Trustee under the General Resolution.

The Resolution provides for the Trustee to perform certain duties with respect to the Bonds, including the Reoffered Bonds. The Trustee will perform certain fiduciary duties for the Bondowners, such as maintaining the funds and accounts established under the Resolution. The foregoing notwithstanding, the duties of the Trustee to the Bondowners of the Reoffered Bonds will run solely to DTC or its nominee as the registered owner of the Reoffered Bonds, except in connection with certain notices of default and redemption.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds are special limited obligations of the Authority with a claim for payment solely from Pledged Property, as defined in the General Resolution. The Bonds are not general obligations of the Authority. The Bonds are not a debt of or guaranteed by the State or by the United States or any agency or instrumentality of the United States.

The Bonds are secured by a pledge and assignment and grant of a lien on and security interest in the Pledged Property. Pledged Property includes all Revenues, as defined in the General Resolution, including money received by or on behalf of the Authority or the Trustee representing (i) payments on the Mortgage-Backed Securities and the documents evidencing and securing the Mortgage-Backed Securities, including any guaranty of such Mortgage-Backed Securities, (ii) principal and interest payments on Mortgage Loans, including, without limitation, Recoveries of Principal, (iii) interest earnings on Funds and Accounts held by the Trustee and (iv) the Authority’s payment obligation with respect to Transfer Amounts. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Transfer Amounts.” Pledged Property also includes all Funds and Accounts held by the Trustee (other than the Rebate Accounts established by various Series Resolutions), and the Authority’s right, title and interest in the Mortgage Loans (other than accrued interest on Mortgage Loans not purchased by the Authority) and the Mortgage-Backed Securities. Pledged Property does not include amounts paid under Mortgage Loans as to which the obligor is required to be given a rebate or credit under federal income tax law, or amounts required to be paid as rebate to the United States. The pledge of Funds and Accounts established in a Series Resolution may be limited in purpose and time, as set forth in the Series Resolution.

THE AUTHORITY HAS DETERMINED BY RESOLUTION THAT RELEVANT PROVISIONS OF SECTION 26.1 OF THE ACT, WHICH REQUIRE THE GOVERNOR TO SUBMIT TO THE GENERAL ASSEMBLY THE AMOUNT CERTIFIED BY THE AUTHORITY AS BEING REQUIRED TO PAY DEBT SERVICE ON ITS BONDS BECAUSE OF INSUFFICIENT MONEYS AVAILABLE FOR SUCH PAYMENT, SHALL NOT APPLY TO THE PRIOR BONDS OR THE REOFFERED BONDS.

Mortgage-Backed Securities and Mortgage Loans

Pursuant to the Resolution, the Authority is permitted to purchase Mortgage Loans or Mortgage-Backed Securities originated pursuant to the Purchase Agreements and the Mortgage Servicing Agreement. **Pools of Mortgage Loans underlying Mortgage-Backed Securities are not Pledged Property as defined in the General Resolution.**

Although the Mortgage Loans and Mortgage-Backed Securities purchased under the Program secure all Series of Bonds equally, the terms of the Mortgage Loans, the Mortgage Loans underlying Mortgage-Backed Securities and the type of Mortgage-Backed Securities which may be purchased from the proceeds of a particular Series of Bonds are set forth in the Series Resolution relating to that Series of Bonds.

Series Program Determinations include the types of facilities financeable, whether each Mortgage Loan must be secured by a first lien mortgage, second lien mortgage, a combination or no lien, whether each Mortgage Loan shall have approximately equal monthly payments or shall be a graduated payment mortgage loan or have a fixed or variable rate of interest, maximum term, required mortgage insurance, other insurance or additional collateral in lieu thereof, if any, and the level of coverage thereof. Notwithstanding the foregoing, the proceeds of the Prior Bonds have only been used for the purchase of First Lien Mortgage Loans.

Series Program Determinations for subsequent Series of Additional Bonds may vary from the Series Program Determinations for the Prior Bonds and the Reoffered Bonds.

For information related to the Mortgage Loans currently held as Pledged Property under the General Resolution, see “CERTAIN PROGRAM INFORMATION” attached as Appendix A.

Mortgage-Backed Securities

Pursuant to the General Resolution, each Mortgage-Backed Security must be a Fannie Mae Security, a GNMA Security or a Freddie Mac Security (or such other security backed by a loan or loans which is specified in a Series Resolution, the purchase of which will not adversely affect the Rating Quality of the Outstanding Bonds).

Mortgage Loans Underlying Mortgage-Backed Securities. Each Mortgage Loan underlying a Mortgage-Backed Security must meet the requirements set forth in the Resolution (see “*Mortgage Loans*” below under this subheading), must be substantially in accordance with the then current underwriting policies of FHA, VA, USDA/RD, GNMA, Fannie Mae, and Freddie Mac, as applicable, and must meet all other requirements established by the Purchase Agreements, the Mortgage Servicing Agreement and the then current criteria set forth in the

GNMA Guide, Freddie Mac Guide or the Fannie Mae Guide, subject to the final review of the Master Servicer.

All Mortgage Loans underlying Mortgage-Backed Securities are required either (i) to be insured by FHA or guaranteed by VA or USDA/RD before they are pooled by the Master Servicer and delivered to GNMA, or (ii) to be insured by a private mortgage insurance policy (if in an amount in excess of certain loan-to-value ratios) before they are pooled by the Master Servicer and delivered to Fannie Mae upon the issuance of a Fannie Mae Security or delivered to Freddie Mac upon the issuance of a Freddie Mac Security. Each Mortgage Lender is required to obtain and maintain an errors and omissions policy and fidelity bond in amounts required by GNMA, Fannie Mae or Freddie Mac, as applicable, for parties acting in their capacity under the Program.

The Master Servicer is required to remit to GNMA, Fannie Mae or Freddie Mac all scheduled payments of principal, interest and any principal prepayments that are payable with respect to the applicable GNMA Security, Fannie Mae Security or Freddie Mac Security when any of the same shall be due and payable (excluding the scheduled interest on a GNMA Security, Fannie Mae Security or Freddie Mac Security received in the month such GNMA Security, Fannie Mae Security or Freddie Mac Security is purchased) and to meet all its obligations under the GNMA Guide, the GNMA Guaranty Agreements, the Fannie Mae Guide and the Fannie Mae Pool Purchase Contract, the Freddie Mac Guide and the Freddie Mac Pool Purchase Contract or contractual agreements entered into between the Master Servicer and GNMA, Fannie Mae or Freddie Mac.

GNMA Securities. The Government National Mortgage Association (“GNMA”) is a wholly-owned corporate instrumentality of the United States of America within the Department of Housing and Urban Development (“HUD”). GNMA’s powers are prescribed generally by Title III of the National Housing Act, as amended (12 U.S.C. § 1716 et seq.).

GNMA is authorized to guarantee the timely payment of the principal of and interest on certificates (“GNMA Securities” or “GNMA Certificates”) that represent undivided ownership interests in pools of mortgage loans that are: (i) insured by the FHA under the National Housing Act of 1934, as amended; (ii) guaranteed by the Department of Veterans Affairs under the Servicemen’s Readjustment Act of 1944, as amended; (iii) guaranteed by the Rural Housing Service (“RHS”) of the United States Department of Agriculture pursuant to Section 502 of Title V of the Housing Act of 1949, as amended; or (iv) guaranteed by the Secretary of Housing and Urban Development (“HUD”) under Section 184 of the Housing and Community Development Act of 1992, as amended and administered by the Office of Public and Indian Housing (“PIH”). The GNMA Certificates are issued by approved servicers and not by GNMA. GNMA guarantees the timely payment of principal of and interest on the GNMA Certificates. The full faith and credit of the United States is pledged to the payment of all amounts required to be paid under each such guaranty. To the extent necessary, GNMA will borrow from the United States Treasury any amounts necessary to enable GNMA to honor its guaranty of the GNMA Securities. GNMA is required to honor its guaranty only if the Master Servicer is unable to make the full payment on any GNMA Certificate, when due. GNMA Certificates constitute GNMA Securities under the Resolution.

GNMA administers two guarantee programs, the “Ginnie Mae I MBS Program” and the “Ginnie Mae II MBS Program.” The principal differences between the two programs relate to the interest rate structure of the mortgage loans backing the GNMA Certificates and the means by which principal and interest payments are made. These differences are not expected to affect adversely the availability of Revenues to pay principal of and interest on the Bonds. While the Master Servicer may issue GNMA Certificates under either GNMA program, proceeds of the Bonds are expected to be used to purchase GNMA Certificates under the Ginnie Mae I MBS Program.

See “GNMA, FANNIE MAE AND FREDDIE MAC PROGRAMS” attached as Appendix C for more information regarding GNMA and its mortgage-backed security program.

Fannie Mae Securities. The Federal National Mortgage Association (“FNMA” or “Fannie Mae”) is a federally-chartered, private, stockholder-owned corporation organized and existing under the Federal National Mortgage Association Charter Act (12 U.S.C. § 1716 et seq.). The Federal Housing Finance Agency exercises general regulatory power over Fannie Mae. Among other things, Fannie Mae issues mortgage-backed securities primarily in exchange for pools of mortgage loans from lenders.

Fannie Mae operates a mortgage-backed securities program pursuant to which Fannie Mae issues securities backed by pools of mortgage loans (“Fannie Mae Certificates” or “Fannie Mae Securities”). Each Fannie Mae Certificate represents an undivided ownership interest in a specified pool of mortgage loans purchased by Fannie Mae. Generally, Fannie Mae Certificates are issued in book-entry form, representing a minimum of \$1,000 unpaid principal amount of mortgage loans. Any Fannie Mae Certificates created with the proceeds of the Reoffered Bonds, will represent pools of mortgage loans created by the Master Servicer. Unless otherwise indicated, each pool will consist of fixed-rate mortgage loans having an initial aggregate unpaid principal balance of at least \$250,000.

Fannie Mae guarantees to the registered holders of Fannie Mae Certificates that it will distribute amounts representing (i) scheduled principal and interest at the applicable pass-through rate on the mortgage loans in the pools represented by such Fannie Mae Certificates, whether or not received, and (ii) the full principal balance of any foreclosed or other finally liquidated mortgage loans, whether or not such principal balance is actually received. FANNIE MAE’S OBLIGATIONS UNDER THE FANNIE MAE CERTIFICATES ARE OBLIGATIONS SOLELY OF FANNIE MAE AND ARE NOT BACKED BY, OR ENTITLED TO, THE FULL FAITH AND CREDIT OF THE UNITED STATES OR ANY OF ITS AGENCIES OR INSTRUMENTALITIES OTHER THAN FANNIE MAE. If Fannie Mae is unable to satisfy such obligations, distributions to the Trustee, as the registered holder of Fannie Mae Certificates, would consist solely of payments and other recoveries on the underlying mortgage loans. Accordingly, monthly distributions to the Trustee after a Fannie Mae default could be adversely affected by delinquent payments and defaults on such mortgage loans. Fannie Mae Certificates constitute Fannie Mae Securities under the Resolution.

See “GNMA, FANNIE MAE AND FREDDIE MAC PROGRAMS” attached as Appendix C for more information regarding Fannie Mae and its mortgage-backed security program.

Freddie Mac Securities. The Federal Home Loan Mortgage Corporation (“Freddie Mac” or “Freddie Mac”) is a corporate instrumentality of the United States organized pursuant to the Federal Home Loan Mortgage Corporation Act (Title III of the Emergency Home Finance Act of 1970, as amended (12 U.S.C. §§ 1451-1459)).

Freddie Mac has established a mortgage purchase program pursuant to which Freddie Mac purchases a pool of mortgage loans from approved sellers in exchange for a security issued by Freddie Mac representing an undivided interest in such mortgage pool (a “Freddie Mac Certificate” or “Freddie Mac Security”). Payments by borrowers on the underlying mortgage loans are passed through monthly by Freddie Mac to the holders of the Freddie Mac Certificate.

Freddie Mac guarantees the payment of scheduled principal payments on the mortgage loans underlying each Freddie Mac Certificate, together with interest thereon at the applicable pass-through rate, in each case whether or not such principal or interest is received from the mortgagors. The obligations of Freddie Mac under such guarantees are obligations of Freddie Mac only. **THE FREDDIE MAC CERTIFICATES, INCLUDING THE INTEREST THEREON, ARE NOT GUARANTEED BY THE UNITED STATES AND DO NOT CONSTITUTE DEBTS OR OBLIGATIONS OF THE UNITED STATES OR ANY AGENCY OR INSTRUMENTALITY OF THE UNITED STATES OTHER THAN Freddie Mac.** If Freddie Mac is unable to satisfy its obligations under its guarantees, distributions on the Freddie Mac Certificates would consist solely of payment and other recoveries on the related mortgage. Accordingly, delinquencies and defaults on the mortgages after a Freddie Mac default may adversely affect distributions on the Freddie Mac Certificates. This could adversely affect payments on the Bonds. Freddie Mac Certificates constitute Freddie Mac Securities under the Resolution.

See “GNMA, FANNIE MAE AND FREDDIE MAC PROGRAMS” attached as Appendix C for more information regarding Freddie Mac and its mortgage-backed security program.

Mortgage Loans

Under the General Resolution, a Mortgage Loan, whether purchased with the proceeds of a Series of Bonds or underlying Mortgage-Backed Securities purchased with the proceeds of a Series of Bonds, must be evidenced by a note and secured by a mortgage or equivalent security on an owner-occupied residence in the State. If a Mortgage Loan is made for cooperative dwelling units, such Mortgage Loan may be evidenced by a note and secured by a lien on the related shares of stock in the cooperative housing corporation and the related proprietary lease. A Mortgage Loan includes any instrument evidencing an ownership interest in or security for such a loan except for a Mortgage-Backed Security, in which case the Mortgage-Backed Security is the instrument that constitutes Pledged Property and, as such, includes the pool of Mortgage Loans backing it. With respect to the details of a Mortgage Loan, the Authority may amend or supplement a Series Resolution concerning the related Series Program Determinations upon filing a Cash Flow Certificate and Rating Certificate with the Trustee. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Cash Flow Certificates and Rating Certificates.”

For the Prior Bonds, the respective Series Resolutions establish the following Program Determinations:

First Mortgage Loans. Each First Mortgage Loan must comply with the following requirements:

1. each First Mortgage Loan shall be a 30-year maximum term (for certain Prior Bonds, a 40 year maximum term), level payment Mortgage Loan;
2. the original principal amount of each First Mortgage Loan, together with the principal amount of any Second Mortgage Loan, shall not exceed 110 percent of the Property Value (including financed improvements);
3. no conventional First Mortgage Loan shall have a loan-to-Property Value ratio (when combined with the loan-to-Property Value ratio of any related Second Mortgage Loan) in excess of 105 percent (103 percent in the case of FHA Insured Mortgage Loans and certain prior Series Program Determinations and 95 percent in the case of Transferred Mortgage Loans);
4. each First Mortgage Loan that has a loan-to-Property Value ratio in excess of 80 percent at the time of origination shall (A) in the case of conventional First Mortgage Loans, be insured by a private mortgage insurer meeting the requirements set forth in paragraph (6) below so that the uninsured portion of such First Mortgage Loan shall not exceed 68 percent (72 percent in the case of Transferred Mortgage Loans) of the Property Value or (B) be subject to insurance or guaranty by FHA, VA, USDA/RD or any other agency or instrumentality of the United States of America having similar powers to insure or guarantee mortgage loans;
5. the Authority may purchase First Mortgage Loans described in paragraph (4)(B) above only if it files with the Trustee a Cash Flow Certificate and a Rating Certificate, advising that the purchase of such First Mortgage Loans will not result in a reduction of the Ratings of the Bonds;
6. private mortgage insurance must be issued by a mortgage insurer that is: (A)(1) qualified to do business in the State, and (2) approved by Fannie Mae and Freddie Mac and (3) rated as to its claims paying ability in the two highest rating categories by each Rating Agency; or (B) accepted in writing by the Authority, subject to filing by the Authority of a Rating Certificate with the Trustee, advising that the use of such insurer will not result in a reduction of the Ratings of the Bonds. The Authority may permit mortgagors to maintain private mortgage insurance issued by a mortgage insurer whose rating is subsequently reduced below the two highest rating categories of the Rating Agencies;
7. each First Mortgage Loan shall be secured by a mortgage constituting a valid first mortgage lien on a Qualified Dwelling;

8. each Qualified Dwelling shall be covered by a valid and existing policy of hazard insurance meeting the requirements of the Mortgage Purchase Agreements (as defined in this Reoffering Circular); and
9. each First Mortgage Loan shall have the benefit of (A) the current form of ALTA title insurance policy, with an environmental protection lien endorsement, in an amount at least equal to the original principal amount of such First Mortgage Loan, insuring that the mortgage relating to such First Mortgage Loan constitutes a first lien on the mortgaged property, subject only to exceptions that the Authority has previously approved, and (B) flood insurance for any property located in a special flood hazard area in which the United States Department of Housing and Urban Development (“HUD”) has made federal flood insurance available.

Second Mortgage Loans. Program Determinations for Prior Bonds have included provisions for the making of Second Mortgages. Each Second Mortgage Loan must comply with the following requirements:

1. each Second Mortgage Loan shall be a 10-year maximum term Mortgage Loan and shall be non-interest bearing;
2. the original principal amount of each Second Mortgage Loan, together with the related First Mortgage Loan, shall not exceed 110 percent (100 percent under certain prior Series Resolutions) of the Property Value (including financed improvements);
3. the loan-to-Property Value ratio of each Second Mortgage Loan shall not exceed the lesser of (i) four percent or (ii) the difference between 110 percent and the actual loan-to-Property Value of the First Mortgage Loan (under certain prior Series Resolutions, the cumulative loan-to-Property Value ratio of a Second Mortgage Loan, together with the related First Mortgage Loan, shall not exceed 100 percent);
4. each Second Mortgage Loan shall be secured by a mortgage constituting a valid second lien on a Qualified Dwelling;
5. each Qualified Dwelling shall be covered by a valid and existing policy of hazard insurance meeting the requirements of the Mortgage Purchase Agreements; and
6. each Second Mortgage Loan shall have the benefit of (A) the current form of ALTA title insurance policy, with an environmental protection lien endorsement, in an amount at least equal to the original principal amount of such Mortgage Loan, insuring that the mortgage relating to such Second Mortgage Loan constitutes a second lien on the mortgaged property, subject only to exceptions that the Authority has previously approved, and (B) flood insurance for any property located in a special flood hazard area in which HUD has made federal flood insurance available.

A Second Mortgage Loan is made only in connection with a First Mortgage Loan with respect to the same Qualified Dwelling. Second Mortgage Loans are not covered by private mortgage insurance or Pool Policies.

Supplemental Mortgage Coverage. The Authority has obtained, in the case of the Reoffered Bonds and the Prior Bonds Supplemental Mortgage Coverage in the form of one or more Pool Policies for all conventional First Mortgage Loans purchased with proceeds of those Bonds. It is not, however, the Authority's present intent to purchase Mortgage Loans with the proceeds of any Additional Bonds. Some Pool Policies may also cover Transferred Mortgage Loans and First Mortgage Loans insured by FHA or guaranteed by VA or USDA/RD. A Pool Policy insures the Authority against losses sustained by it arising from an event of default under any Mortgage Loan covered by such Pool Policy up to certain specified aggregate limits, after the absorption of losses under the Program equal to any applicable Deductible, as set forth in the related Series Resolution. The Authority may cancel a Pool Policy and obtain alternative Supplemental Mortgage Coverage, or obtain additional Supplemental Mortgage Coverage, *provided* that the Authority first files a Cash Flow Certificate and a Rating Certificate with the Trustee, advising that the use of such alternative or additional Supplemental Mortgage Coverage will not result in a reduction of the Ratings of the Bonds.

Some Pool Policies provide that no claim is required to be paid under such policy unless total net losses that would otherwise be covered within the coverage limits of such policy have been incurred in an amount equal to the applicable Deductible. For additional information regarding primary mortgage insurance programs, the Pool Policies and the Mortgage Pool Insurers, see "CERTAIN PROGRAM INFORMATION" attached as Appendix A and "SUMMARY OF CERTAIN MORTGAGE INSURANCE AND ILLINOIS FORECLOSURE PROCEDURES" attached as Appendix B.

Proceeds of Convertible Option Bonds

From time to time the Authority issues Bonds as convertible option bonds that are subject to tender for purchase prior to their maturity ("Convertible Option Bonds"). Until those Bonds, or portions thereof, are converted to bear interest at a Fixed Rate or refunded with proceeds of other Bonds, moneys on deposit in the respective Series Program Accounts for those Bonds will not be used to purchase Mortgage Loans. Rather, such moneys will be held in Investment Obligations and will be available for application, subject to the requirements of the General Resolution and the Series Resolution for those Bonds, to the payment of the purchase price on their Tender Date or to the redemption of such Bonds. **All moneys in the Series Program Accounts established for those Bonds are subject to the pledge of the General Resolution for the benefit of all Bonds (other than Subordinate Bonds) issued or to be issued thereunder, including the Prior Bonds and the Reoffered Bonds, and are not separately pledged to the outstanding Convertible Option Bonds.** As of December 31, 2009, there were no Convertible Option Bonds outstanding under the Resolution.

Proceeds of Notes

From time to time the Authority issues Bonds as short term notes or bonds ("Notes"), typically with a maturity of two years or less (such as, for example, the 2007 Series C Bonds).

These Notes are often subject to mandatory redemption prior to their maturity date after a lock-out period. Proceeds of Notes are not used to purchase Mortgage Loans. Rather, such moneys are held in Investment Obligations and are expected to be available for application, subject to the requirements of the General Resolution and the applicable Series Resolution, to scheduled interest payments on the applicable Series of Notes and the payment of such Notes at their maturity or to the payment of their redemption price to the extent they are redeemed prior to their maturity. **All moneys in the Series Program Account representing proceeds of a Series of Notes are subject to the pledge of the General Resolution for the benefit of all Bonds (other than Subordinate Bonds) issued or to be issued thereunder, including the Prior Bonds and the Reoffered Bonds, and are not separately pledged to the particular Series of Notes.** As of December 31, 2009, there were no Bonds currently Outstanding as Notes.

Reserve Fund

The General Resolution establishes a Reserve Fund to be used to pay debt service on Bonds other than Subordinate Bonds to the extent sufficient amounts are not available in the Revenue Fund. The General Resolution establishes a Reserve Requirement, as of any particular date of calculation, equal to the sum of all amounts established as Series Reserve Requirements in the Series Resolutions for all Series of Bonds Outstanding. The Reserve Requirement cannot be less than two percent of the sum of (i) the outstanding principal balance of Mortgage Loans (other than Mortgage-Backed Securities) and (ii) the amounts on deposit to the credit of the Series Program Accounts of the Program Fund other than such accounts for Subordinate Bonds (except Mortgage Loans or amounts in Series Program Accounts allocated to purchase Mortgage-Backed Securities, and other than Mortgage Loans made or to be made with proceeds of Subordinate Bonds).

The related Series Resolutions for the Reoffered Bonds and the Prior Bonds, as amended, establish the Series Reserve Requirements at three percent of the sum of (i) the outstanding principal balance of (a) Mortgage Loans (other than Mortgage Certificates) purchased from amounts on deposit in the applicable Series Program Account, plus (b) Transferred Mortgage Loans, and (ii) the amount on deposit to the credit of the applicable Series Program Account for the purpose of purchasing the principal amount of Mortgage Loans (other than Mortgage Certificates).

As of December 31, 2009, the Reserve Fund contained money and securities (valued at Amortized Value) in the aggregate amount of \$29,700,302, which was at least equal to the Reserve Requirement at that date.

Amounts on deposit in the Reserve Fund in respect of the proceeds of a Series of Bonds in excess of the Series Reserve Requirement for such Series of Bonds may be used to meet all or a portion of the Series Reserve Requirement of other Series of Bonds.

Cash Equivalents are not initially authorized to be used to meet the Reserve Requirement. However, the Authority may, upon filing a Cash Flow Certificate and Rating Certificate with the Trustee, provide for the use of Cash Equivalents to meet any portion of the Reserve Requirement.

On each debt service payment date, after paying debt service on Bonds (other than Subordinate Bonds), various credit or liquidity fees and Expenses, amounts in the Revenue Fund are required to be transferred to the Reserve Fund until the amount on deposit in the Reserve Fund equals the Reserve Requirement.

Transfer Amounts

The Bonds are also secured by Transfer Amounts. Transfer Amounts are used to supplement Revenues otherwise generated under the General Resolution in order that the Cash Flow Certificate to be filed in connection with the issuance of a Series of Bonds will show that Revenues will be sufficient for the Authority to deliver a Rating Certificate in connection with the issuance of such Bonds.

The General Resolution permits Transfer Amounts to be accelerated, deferred, increased, reduced, eliminated or changed upon filing a Cash Flow Certificate and Rating Certificate with the Trustee. Transfer Amounts are Revenues under the General Resolution and are therefore available to redeem Bonds of any Series.

The nature, timing and amount of Transfer Amounts were revised in connection with the issuance of the 2003 Series B Bonds. The Cash Flow Certificate filed in connection with the issuance of those Bonds reflected the transfer to the General Resolution of the following (a) cash and Investment Obligations (“Contributed Cash”); (b) single-family mortgage loans made by the Authority from amounts held outside of the General Resolution; and/or (c) certain single-family mortgage loans held under the 1983 Resolution that were eligible for release free and clear of the lien of the 1983 Resolution (the mortgage loans described in (b) and (c) are collectively referred to as “Contributed Mortgage Loans,” and collectively with Contributed Cash, “Contributed Assets”).

The Contributed Cash, if any, will be held in a Fund or Account outside of any Series Program Account, and is invested in Investment Obligations. The Authority anticipates using Contributed Cash to purchase single family mortgage loans. Those mortgage loans will also be considered Contributed Mortgage Loans. Contributed Mortgage Loans are not Mortgage Loans as defined in the General Resolution and are not governed by Series Program Determinations. However, the details concerning Contributed Mortgage Loans, *i.e.*, the types of security, payment provisions, maximum term, nature of residences, primary mortgage insurance requirements, credit support and loan-to-value ratios, are anticipated to be substantially similar to those set forth in the Series Program Determinations for the Prior Bonds.

As a result of the contribution of the Contributed Assets, Transfer Amounts will thereafter be made up of the following:

- (a) interest earnings received on Contributed Cash;
- (b) principal and interest payments on the Contributed Mortgage Loans including, without limitation, all Contributed Mortgage Recoveries of Principal (as defined in this Reoffering Circular) and all prepayment premiums or penalties received by or on behalf of the Authority in respect to the Contributed Mortgage Loans; and

- (c) all Contributed Mortgage Insurance Proceeds (as defined in this Reoffering Circular).

The Contributed Assets themselves are not Transfer Amounts but are Pledged Property.

As of December 31, 2009, the Contributed Assets consisted of approximately \$13,828,434 in principal amounts of Contributed Mortgage Loans.

As used in this Reoffering Circular:

(i) “Contributed Mortgage Recovery(ies) of Principal” means any payment by a mortgagor or any other recovery of principal on a Contributed Mortgage Loan not applied to a scheduled installment of principal and interest on the Contributed Mortgage Loan (including any deficiency in the payment of any scheduled installments of principal and interest then due and payable or interest paid in connection with a voluntary prepayment of a Contributed Mortgage Loan). Contributed Mortgage Recovery of Principal includes, without limitation, the portion of any Contributed Mortgage Insurance Proceeds (to the extent not applied to the repair or restoration of any mortgaged premises), Contributed Mortgage Liquidation Proceeds (as defined in this Reoffering Circular), amounts from the sale or other disposition of a Contributed Mortgage Loan, or net recovery from any mortgage insurance to the extent not included in Contributed Mortgage Insurance Proceeds, in each case representing such principal amounts;

(ii) “Contributed Mortgage Insurance Proceeds” means payments received with respect to the Contributed Mortgage Loans under any insurance policy, guarantee or fidelity bond, less any expenses incurred in realizing such payments and less any reimbursement of advances due the insurer or provider of such a bond; and

(iii) “Contributed Mortgage Liquidation Proceeds” means the net amounts (other than Contributed Mortgage Insurance Proceeds) received in connection with the liquidation of a defaulted Contributed Mortgage Loan, whether through foreclosure, trustee’s sale, repurchase by a mortgage lender, or otherwise, less any costs and expenses incurred in realizing those amounts.

Authority Contribution

In September, 2004, the Members of the Authority authorized the transfer of up to \$10,000,000 from the Authority’s Administrative Fund to the Program Fund established under the General Resolution to be held in an Authority Program Account and used to acquire additional Mortgage Loans for the Program, to pay costs of Supplemental Mortgage Coverage with regard to such Mortgage Loans or as otherwise provided in an Authority Program Determination. The Authority transferred \$10,000,000 to an Authority Program Account on October 1, 2004, virtually all of which has been used to acquire additional Mortgage Loans for the Program. Amounts transferred to an Authority Program Account may be transferred back to the Authority in whole or in part upon Authority request if a Ratings Certificate (and in certain circumstances a Cash Flow Certificate) is filed with the Trustee.

On June 19, 2009, the Members of the Authority authorized the transfer of up to \$35,000,000 from the Authority Administrative Fund to the Program Fund established under the General Resolution to be held in an Authority Program Account and used to acquire additional Mortgage Loans or Mortgage-Backed Securities for the Program. The Authority transferred \$35,000,000 to an Authority Program Account on June 22, 2009.

Cash Flow Certificates and Rating Certificates

The General Resolution allows the Authority to take various actions subject to filing with the Trustee a Cash Flow Certificate and a Rating Certificate. A Cash Flow Certificate is a Certificate stating that, as shown in cash flow projections included in the Certificate, there will at all times be available sufficient amounts in the Funds and Accounts under the General Resolution, without additional contributions from the Authority other than Transfer Amounts to pay timely all principal of and interest on the Bonds, under each set of cash flow scenarios described in the General Resolution. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Transfer Amounts.” A Rating Certificate is a Certificate that the Authority has been advised by each Rating Agency (including by means of published rating criteria) that the then Rating of the Bonds by the Rating Agency will not be reduced as a result of the actions to be taken by the Authority.

Except as provided in a Series Resolution, a Cash Flow Certificate for Bonds that are not Subordinate Bonds need only show the sufficiency of amounts so as to pay debt service for Bonds that are not Subordinate Bonds. The Cash Flow Certificate shall include projections of the amounts available for payment of debt service on Bonds under each then current cash flow scenario, using the assumptions described in the General Resolution. See “SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION – Compliance Certificates and Cash Flow Certificates.” The Cash Flow Certificate shall also include a set of operating policies setting forth rules or limitations to be followed with respect to discretionary activities of the Authority under the General Resolution and Series Resolutions. Cash flow projections shall take into account the financial position of the Program as of the stated starting date of the projection, shall be consistent with the General Resolution and the Series Resolutions and shall assume compliance with the operating policies set forth in the Cash Flow Certificate and the various Series Program Determinations. A Cash Flow Certificate shall be filed at least annually with the Trustee and each Rating Agency.

The actions for which filing a Cash Flow Certificate and a Rating Certificate is required are:

1. issuing any Series of Bonds;
2. changing in a Cash Flow Certificate any assumptions in any cash flow scenario from the then current Cash Flow Certificate;
3. making certain supplements or amendments to a Series Resolution including, without limitation, Series Program Determinations or changing any provisions as to Transfer Amounts;

4. remarketing any Bonds in connection with a change in tender period except as required at the time of their issuance; or
5. converting the interest rate on Bonds bearing interest at a COB Rate to a Fixed Rate or a new COB Rate.

In addition to the above requirements, prior to taking certain other actions, the General Resolution requires the Authority to file with the Trustee either a Cash Flow Certificate or a Compliance Certificate. A Compliance Certificate with respect to any action is a Certificate stating that the action complies with the operating policies of the Authority as set forth in the then current Cash Flow Certificate. The actions for which either a Cash Flow Certificate or a Compliance Certificate must be filed are:

1. any purchase or redemption of Bonds (other than mandatory redemption pursuant to Sinking Fund Requirements and certain purchases of Bonds in lieu of Sinking Fund Requirements);
2. certain withdrawals of amounts from the Revenue Fund free and clear of the pledge and lien of the Resolution;
3. any amendment, sale or other disposition of any Mortgage Loan not in default;
4. any use of Recoveries of Principal for any use other than payment of scheduled debt service; or
5. any deviation from the operating policies set forth in the most recent Cash Flow Certificate.

Additional Bonds

Under the General Resolution, the Authority may issue Additional Bonds on a parity with Outstanding Bonds for the purpose of purchasing or making Mortgage Loans, purchasing Mortgage-Backed Securities, making deposits in Funds and Accounts under the General Resolution, refunding Bonds or other obligations and other lawful purposes of the Authority. Additional Series of Bonds on a parity with the Bonds may be issued only upon filing a Cash Flow Certificate and Rating Certificate with the Trustee. Upon issuing any such Series of Bonds, the amount in the Reserve Fund must equal the Reserve Requirement. The Authority may also issue Subordinate Bonds under the General Resolution, but only upon filing a Cash Flow Certificate and a Rating Certificate with respect to Bonds other than Subordinate Bonds.

Interest Rate Protection Agreements

With respect to certain Prior Bonds that bear interest at a variable rate, the Authority has entered into or maintains, or has caused the Trustee to enter into or maintain, a swap agreement, rate cap agreement or similar interest rate protection agreement (an “Interest Rate Protection Agreement”) to help stabilize the cost of borrowing under the Program. The 2001 Series D Bonds and the 2001 Series F Bonds were issued as Taxable Floating Rate Term Bonds, and the

Authority entered into or caused the Trustee to enter into Interest Rate Protection Agreements with respect to those Bonds (the “Prior Swap Agreements”).

On October 5, 2008, the counterparty for a swap agreement entered into in connection with the Authority’s 2002 Series B Bonds filed for bankruptcy. The bankruptcy filing constituted a default under the swap agreement and triggered an automatic termination of the swap agreement. Pursuant to the Authority’s Notice of an Event of Default, the Authority set November 24, 2008 as the early termination date. Under the swap agreement, the Authority is obligated to pay a settlement amount and, as of June 30, 2009, the Authority has recorded a liability of \$428,907 for the settlement.

Regularly scheduled payments to the respective Swap Providers under the Prior Swap Agreements (JP Morgan Chase Bank, N.A. with respect to the 2001 Series D Bonds and Merrill Lynch Capital Services, Inc. with respect to the 2001 Series F Bonds), are secured by the pledge of the General Resolution on a parity basis with the Bonds, and amounts payable by the respective Swap Providers to the Authority or the Trustee, as applicable, will be deemed to be Revenues under the General Resolution.

THE PROGRAM

General

The Authority established the Program to provide funds to purchase Mortgage Loans or Mortgage-Backed Securities backed by pools of Mortgage Loans made to eligible borrowers (“Eligible Borrowers”) for owner-occupied, one- to four-unit dwellings (“Qualified Dwellings”) in accordance with the requirements of State and federal law and the General Resolution. The description of the Program that follows reflects the current policies of the Authority and is subject to change, including in connection with the issuance of Additional Bonds, which will be secured on a parity with the Reoffered Bonds and the Prior Bonds.

The interest rate or rates at which the Authority will acquire Mortgage Loans or Mortgage-Backed Securities with amounts on deposit in the various Series Program Accounts may be adjusted from time to time. If the adjustment of an interest rate results in a lowering of the weighted average mortgage interest rate assumption in the then current Cash Flow Certificate applicable to a Series of Bonds, then prior to acquiring Mortgage Loans or Mortgage-Backed Securities with amounts on deposit in the applicable Series Program Account at the new interest rate, the Authority will file a Cash Flow Certificate and Rating Certificate with the Trustee. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Cash Flow Certificates and Rating Certificates.” Generally, the Authority’s staff reviews activity weekly under the Program and determines whether to so modify the interest rate or rates. Factors considered include the prevailing conventional mortgage interest rates, the volume of reservations for the acquisition of Mortgage Loans, or for pending Mortgage Loans that are to be pooled to back Mortgage-Backed Securities, received during the prior week and the amount available for the purchase of Mortgage Loans and Mortgage-Backed Securities. If a new mortgage interest rate or rates are established, the Authority generally applies the new rates to all subsequently received

reservations for the acquisition of Mortgage Loans or pools of Mortgage Loans from all Series Program Accounts until a new rate or rates are established.

The Authority also retains the right to determine from which Series Program Account it will acquire Mortgage Loans or Mortgage-Backed Securities. The Authority generally allocates new reservations for such acquisition to available proceeds of its older Series of Bonds first. A Mortgage Loan or Mortgage-Backed Security may be acquired with funds from one or more of the various Series Program Accounts. Principal and interest obligations with respect to such Mortgage Loans and payments received from such Mortgage-Backed Securities shall be allocated to the various Series of Bonds as provided by the Authority.

The Authority began purchasing Mortgage Loans under the Program in the fourth quarter of 1994. The General Resolution, as amended and restated on September 19, 2008, authorized the acquisition of Mortgage-Backed Securities with amounts available under the Series Program Accounts. As of December 31, 2009, there were \$59,991,783 of Series Program Account deposits that were unreserved and available for the purchase of Mortgage Loans and Mortgage-Backed Securities. To the extent Mortgage Loans or Mortgage-Backed Securities are not purchased, unexpended proceeds of a Series of Bonds may be used to redeem at par without premium Bonds of such Series. See “CERTAIN PROGRAM INFORMATION – Bond Redemptions and Purchases” attached as Appendix A. As of December 31, 2009, 9,074 Mortgage Loans in the principal amount of \$725,959,052 were outstanding, less than one percent of which were Second Mortgage Loans. Of these, 8,773 Mortgage Loans in the principal amount of \$712,130,618 were purchased Mortgage Loans and 301 Mortgage Loans in the principal amount of \$13,828,434 were Contributed Mortgage Loans.

For certain additional information regarding the Program, including Bonds issued, purchased and redeemed, Mortgage Loan payment delinquencies and Mortgage Pool Insurers in connection with Purchased Mortgage Loans, see “CERTAIN PROGRAM INFORMATION” attached as Appendix A.

Certain information regarding single-family mortgage loans purchased under the Authority’s Residential Mortgage Revenue Bond program is set forth under the caption “OTHER PROGRAMS – Other Single-Family Mortgage Purchase Programs.” Such information is provided for purposes of general reference only. The performance of the Program may differ substantially from the historical experience of the Authority’s prior single-family mortgage purchase program.

Mortgage Loans

Mortgage Loans purchased with the proceeds of a Series of Bonds are generally purchased from Mortgage Lenders on a first-come, first-served basis. The Authority’s records of Mortgage Loan originations indicate that purchases tend to be dispersed throughout the State in a manner that is proportionate to each county’s population. The Authority maintains the right to reserve a certain percentage of the non-targeted lendable proceeds from each Series of Bonds for the purpose of making Mortgage Loans in areas of the State outside of the Chicago metropolitan area.

Second Mortgage Loans are made to provide down payment assistance and closing cost assistance to certain Eligible Borrowers to whom First Mortgage Loans are made. The amount of the First Mortgage Loan and Second Mortgage Loan, taken together, may not exceed 110 percent of the Property Value of the Qualified Dwelling (in each case, including financed improvements). These Eligible Borrowers are also required to participate in home ownership counseling programs. The Authority currently anticipates that the total aggregate principal amount of Second Mortgage Loans purchased will be less than one percent of the aggregate principal amount of Mortgage Loans held under the Program.

For certain information regarding primary mortgage insurance programs and Mortgage Pool Insurance as related to Purchased Mortgage Loans, see “SUMMARY OF CERTAIN MORTGAGE INSURANCE AND ILLINOIS FORECLOSURE PROCEDURES” attached as Appendix B.

Mortgage-Backed Securities

Each Mortgage Loan underlying a Mortgage-Backed Security must meet the general conditions of the Authority’s Program as well as all other conditions of GNMA, Fannie Mae or Freddie Mac, as the case may be, all as set forth in the Master Servicing Agreement, the Master Servicer Lender Guide and the GNMA Guide, the Fannie Mae Guides or the Freddie Mac Guides, as the case may be. Under the Mortgage Servicing Agreement, the Master Servicer determines the eligibility of Mortgage Loans prior to pooling them for the purpose of issuing or delivering a Mortgage-Backed Security for purchase by the Authority. Each Mortgage Loan that backs a Mortgage-Backed Security must be FHA-insured or VA- or USDA/RD-guaranteed, and must be made only to an Eligible Borrower for the purpose of providing financing for the purchase, or in certain circumstances set forth in a Series Program Determination, the refinancing, of a Qualified Dwelling. Each Mortgage Loan underlying a Mortgage-Backed Security must meet the origination and loan-to-value standards set forth in the applicable Series Program Determination, the Master Servicing Agreement, the Master Servicer Lender Guide and the GNMA Guide, the Fannie Mae Guide and the Freddie Mac Guide, as the case may be. The maximum loan-to-value ratio will be the FHA maximum with respect to the FHA-insured Mortgage Loans, the VA maximum with respect to VA-guaranteed Mortgage Loans, the USDA/RD maximum with respect to USDA/RD-guaranteed Mortgage Loans and the Fannie Mae and Freddie Mac maximums, as the case may be, with respect to conventional Mortgage Loans. Each Mortgage Loan underlying a Mortgage-Backed Security will provide for substantially level monthly payments of principal and interest on the first day of each month.

For further information related to the requirements of the Mortgage-Backed Security programs, see “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Mortgage Loans and Mortgage-Backed Securities” and “GNMA, FANNIE MAE AND Freddie Mac PROGRAMS” in Appendix C.

Program Eligibility

Under the Act, the Authority may acquire mortgage loans secured by a lien on real property located in the State and improved by a residential structure, or unimproved if the mortgage loan proceeds are used for the erection of a residential structure. The Authority has

adopted rules and regulations for the purchase of such mortgage loans governing, among other things, the residences, the borrowers, the mortgage lenders and the mortgage loans.

The General Resolution provides that the details of the Mortgage Loans to be purchased with the proceeds of a Series of Bonds or to be pooled into Mortgage-Backed Securities to be purchased with the proceeds of a Series of Bonds are to be determined by the Series Program Determinations set forth in a Series Resolution.

Under the Code, all proceeds of any Prior Bonds that are tax-exempt (exclusive of issuance costs and a reasonably required reserve) must be used to finance one- to four-unit owner-occupied residences owned by persons who meet certain income and Mortgage Loan eligibility requirements. The Code mandates different income and acquisition cost limitations for different areas of the State.

The Authority will adjust the limitations on Eligible Borrower household gross income and acquisition cost from time to time in accordance with requirements of the Code. There is no assurance that any such adjustments will not reduce the maximum Eligible Borrower household gross income or the maximum acquisition cost applicable to the Program. See “THE PROGRAM – Eligibility Requirements of the Code” in this Reoffering Circular for a further discussion of eligibility requirements for Eligible Borrowers and Mortgage Loans.

Origination and Purchase

The discussion under this caption does not apply to Transferred Mortgage Loans, which were originally purchased under the Authority’s 1983 Resolution.

The Authority invites selected Mortgage Lenders to participate in the Program. Mortgage Lenders are required to enter into a mortgage purchase agreement with the Authority. In order to participate in the Program, a Mortgage Lender must complete and send a form application to the Authority offering to participate. The mortgage purchase agreement, the form application and the Authority’s Procedural Guide (defined below), with any amendments thereto, are collectively referred to in this Reoffering Circular as the “Mortgage Purchase Agreement.” In connection with the amendment and restatement of the General Resolution, the Authority, the Master Servicer and the Participating Lenders have entered into a First Supplement to the Mortgage Purchase Agreement which is referred to in this Reoffering Circular as the “First Supplement” and, together with the Mortgage Purchase Agreement, as the same may be amended or supplemented from time to time, as the “Purchase Agreements.” The First Supplement, together with the Mortgage Servicing Agreement, allow Mortgage Lenders to originate and sell Mortgage Loans to the Master Servicer in order that the Master Servicer may pool such Mortgage Loans into Mortgage-Backed Securities and sell them to the Authority. The terms of the Purchase Agreements are subject to change so long as there is compliance with State and federal law and the Resolution.

The Mortgage Lenders must process all Mortgage Loans in compliance with the requirements of the Purchase Agreements and the Mortgage Servicing Agreement. The Mortgage Lender performs the initial underwriting of the Mortgage Loan. Credit underwriting must be in compliance with (i) accepted mortgage industry underwriting standards, (ii) standards

approved by the insurer providing the mortgage pool insurance, if any, (iii) for Mortgage Loans required to have private mortgage insurance, standards approved by the qualified private mortgage insurer, (iv) for Mortgage Loans that are FHA-insured, VA-guaranteed or USDA/RD-guaranteed, standards specified by the applicable agency, and (iv) for Mortgage Loans that are to be pooled into Mortgage-Backed Securities, standards specified in the Mortgage Servicing Agreement, the Master Servicer Lender Guide and the applicable Guides of GNMA, Fannie Mae and Freddie Mac. The Authority’s procedure manual (the “Procedural Guide”) emphasizes use of Fannie Mae underwriting guidelines (other than with respect to FHA-insured Mortgage Loans, VA insured Mortgage Loans or USDA/RD insured Mortgage Loans, which shall be subject to FHA, VA or USDA/RD underwriting guidelines, respectively).

The Mortgage Lender must obtain an application package consisting of all required credit and employment information, appraisals, affidavits, certificates and other documents required by the Procedural Guide, and in the case of Mortgage Loans underlying Mortgage-Backed Securities, the Master Servicer Lender Guide, with respect to each Mortgage Loan and forward the application package to the Authority and, in the case of Mortgage Loans underlying Mortgage-Backed Securities, the Master Servicer, who review the compliance package and mortgage file for each Mortgage Loan to be financed with proceeds of Bonds and, if acceptable, send a notice of acceptance to the Mortgage Lender. In the case of Mortgage Loans underlying Mortgage-Backed Securities, the Master Servicer, in accordance with the applicable procedures under the Mortgage Servicing Agreement, reviews the compliance package and mortgage file for each Mortgage Loan to be pooled in order to back a Mortgage Security and determines its acceptability before pooling them into a related Mortgage-Backed Security.

The Authority purchases Mortgage Loans or Mortgage-Backed Securities backed by pools of Mortgage Loans in accordance with the provisions of the Purchase Agreements and the Mortgage Servicing Agreement, as applicable. A notice to participating Mortgage Lenders specifies the interest rate or rates for Mortgage Loans to be purchased by the Authority. Prepayment penalties are prohibited in connection with Mortgage Loans, but late charges may be collected and retained by the related servicer. Under the Purchase Agreements, the Authority is not obligated to purchase any Mortgage Loan unless the Mortgage Loan is delivered to the Authority within 80 days of its reservation date unless an extension is requested. The Authority purchases Mortgage Loans at purchase prices determined on a Series by Series basis. The purchase prices for First Mortgage Loans purchased from amounts on deposit in the respective Series Program Accounts for the various Series of Bonds are typically based on a percentage of the original principal amount of the applicable First Mortgage Loan at the time of purchase, plus accrued interest through the day prior to the date of purchase. The percentage depends on the points paid to Mortgage Lenders in connection with a First Mortgage Loan, and except in the case of First Mortgage Loans as to which the Mortgagor is a Veteran (as defined in the various Series Program Determinations), according to the following schedule:

| <u>Points</u> | <u>Purchase Price Percentage</u> |
|---------------|----------------------------------|
| 0 | 101.25% |
| 1 | 100.25 |
| 2 | 99.25 |
| 3 | 98.25 |

The purchase price percentage for a First Mortgage Loan as to which the Mortgagor is a Veteran also depends on the points paid to Mortgage Lenders in connection with such First Mortgage Loan, but according to the following schedule:

| <u>Points</u> | <u>Purchase Price Percentage</u> |
|---------------|----------------------------------|
| 0 | 101.50% |
| 1 | 100.50 |
| 2 | 99.50 |
| 3 | 98.50 |

The Authority may increase the purchase price of a First Mortgage Loan by up to \$2,500, with the additional amount being used for down payment assistance or costs of closing, all as the Authority determines from time to time. The Authority may also purchase smaller Mortgage Loans at par plus a flat fee.

The purchase prices for Second Mortgage Loans purchased from amounts on deposit in the respective Series Program Accounts for the various Series of Bonds will be 101.25 percent of the original principal amount of the applicable Second Mortgage Loan at the time of purchase, plus accrued interest, if any, through the day prior to the date of purchase.

All Mortgage Loans financed through the acquisition of Mortgage-Backed Securities must meet (i) the requirements outlined in the applicable Series Program Determination, (ii) the requirements of the Fannie Mae Guide, the Freddie Mac Guide or the GMNA Guide, as applicable and (iii) the requirements of the Mortgage Servicing Agreement. The purchase price for such Mortgage Loans underlying Mortgage-Backed Securities will be the price set forth in the Mortgage Servicing Agreement, as amended from time to time.

Each First Mortgage Loan and Second Mortgage Loan is required to have the benefit of (i) the current form of ALTA title insurance policy with an environmental protection lien endorsement in an amount at least equal to the original principal amount of such Mortgage Loan, insuring that the mortgage relating to such Mortgage Loan constitutes a first lien or second lien, as applicable, on the mortgaged property, subject only to exceptions that the Authority has previously approved, and (ii) flood insurance for any property located in a special flood hazard area for which HUD has made federal flood insurance available. Each First Mortgage Loan also requires certain escrow payments with respect to taxes, assessments, insurance premiums and other charges or alternative arrangements that are satisfactory to the Authority to assure payment thereof.

Each Mortgage Purchase Agreement contains certain Mortgage Lender representations and warranties to the Authority concerning each Mortgage Loan being sold to the Authority, including, among others, that, at the time of delivery of such Mortgage Loan to the Authority: (i) there is no default or delinquency under the Mortgage Loan; (ii) the First Mortgage Loan or Second Mortgage Loan is secured by a valid and existing first lien or second lien, respectively, on the mortgaged property; and (iii) all documents required to be filed to perfect the lien on the mortgaged property against third parties have been filed.

Each Mortgage Purchase Agreement further provides that the Mortgage Lender will repurchase any Mortgage Loan sold to the Authority or, if the Authority has acquired title to and sold the residence securing the Mortgage Loan, reimburse the Authority for any losses, upon the Authority's written notice if any of the following events occurs with respect to such Mortgage Loan: (i) the Mortgage Lender fails to deliver the recorded mortgage, the recorded assignment of mortgage or the title insurance policy when available; (ii) the Authority suffers, or is threatened with, a material loss by reason of the misfeasance, non-feasance or malfeasance of the Mortgage Lender with respect to the Mortgage Loan; (iii) the Authority determines that any Mortgage Lender representation with respect to such Mortgage Loan was untrue when made, any warranty or term of the Mortgage Purchase Agreement has been breached, or a misstatement of a material fact exists in any of the documents relating to the Mortgage Loan; (iv) in the case of First Mortgage Loans, any primary mortgage insurance or mortgage pool insurance policy with respect to the First Mortgage Loan is canceled or lapses at any time during the term of the First Mortgage Loan due to the fault of the Mortgage Lender or the party servicing the First Mortgage Loan and such insurance is not promptly reinstated to the satisfaction of the Authority; (v) the Mortgage Lender, without the prior written consent of the Authority, waives the enforcement of (or consents on behalf of the Authority to the waiver of) any provisions of the mortgage note or mortgage, (vi) if the Mortgage Lender is not the party servicing the Mortgage Loans, the Mortgage Lender fails to transfer the escrow amounts and Mortgage Loan documents for a Mortgage Loan to the designated servicer within ten (10) days of the Mortgage Lender being notified of the name and address of such designated servicer; (vii) the Master Servicer reasonably believes there has been a violation of any rule, regulation, or requirement of (A) the Authority or specific guidelines as outlined in the Authority's General Resolution and any documents in connection with the Bonds; (B) the Master Servicer; (C) the rules, regulations and requirements of HUD's FHA program; (D) GNMA; (E) FNMA; or (F) Freddie Mac; (viii) for loans not underwritten by the Master Servicer, or its approved designees, should the mortgagor fail to make the first payment due to the Master Servicer by the due date of the next mortgage payment resulting from the Mortgage Lender's negligence or failure to exercise due diligence; (ix) any false statement, misstatement, or act or omission of material fact contained in the Mortgage Loan documentation resulting from the Mortgage Lender's negligence or failure to exercise due diligence as disclosed by actual inspection by the Master Servicer or its representative, or otherwise disclosed; (x) the Mortgage Lender fails to obtain FHA insurance, or, in the case of loans designated by the Authority as FNMA or Freddie Mac loans, the appropriate mortgage insurance, or if such insurance or guaranty lapses or for any reason becomes unavailable, as a result of any negligent act or omission by the Mortgage Lender, or the failure by the Mortgage Lender to obtain such insurance or guaranty within ninety (90) days from the date of purchase; (xi) the Master Servicer is required to repurchase any Mortgage Loan sold by it to GNMA, FNMA, or Freddie Mac, by reason of the Mortgage Lender's negligence or failure to exercise due diligence or a deficiency in or omission with respect to the documents, instruments, and agreements, pertaining to any Mortgage Loan covered by the First Supplement; (xii) any representation or warranty made by the Mortgage Lender under the First Supplement or any documents in connection with the Bonds with respect to any Mortgage Loan shall, in the reasonable opinion of the Master Servicer, be, in whole or in part and with or without knowledge of the Mortgage Lender, false at the time when made by Mortgage Lender or become false upon the occurrence of subsequent events; (xiii) any material fraud, misrepresentation or act or omission with respect to the information submitted on a particular Mortgage Loan is determined

to exist by the Master Servicer or the Authority, resulting from the Mortgage Lender's negligence or failure to exercise due diligence; (xiv) the Mortgage Lender's breach of any covenant or obligation to the Master Servicer with respect to the Mortgage Loan under the First Supplement, the Master Servicer Lender Guide, the Authority's documents in connection with the Bonds or, the Procedural Guide.

Loan Servicing

Mortgage Loans Purchased with Proceeds of a Series of Bonds

With respect to a Mortgage Loan purchased by the Authority with the proceeds of a Series of Bonds, it is serviced under a Mortgage Servicing Agreement (a "Servicing Agreement") by an approved mortgage loan servicer (a "Servicer"), which may be the Mortgage Lender that sold such Mortgage Loan to the Authority. The Authority may also act as a Servicer. The Authority has covenanted that, as of each June 30, the sum of the servicing fees withdrawn as Expenses from the General Resolution over the previous 12 months with respect to Mortgage Loans will not be greater, on an aggregate basis, than three-eighths of one percent (0.375%) of the average outstanding principal amount of Mortgage Loans on the final day of each of the previous 12 months. The Servicer remits Mortgage Loan payments (net of the servicing fee) to the Authority, is reimbursed for certain expenses pertaining to delinquent loans and is entitled to retain late payment charges.

Under the terms of the Servicing Agreement, the Servicer must deposit all payments of principal and interest received on account of the Mortgage Loan being serviced in payment accounts ("P&I Accounts") and all payments for taxes, insurance and the like in escrow accounts ("T&I Accounts"). All such accounts must be insured by the Federal Deposit Insurance Corporation (the "FDIC"). These accounts must be established in financial institutions in the State unless otherwise approved by the Authority upon such conditions as are deemed appropriate to protect its interests and the interests of the beneficial owners of the Bonds.

Under federal regulations, the FDIC presumes that all P&I Accounts established by a Servicer in a given insured financial institution are entitled in the aggregate to the standard maximum deposit insurance amount. These FDIC regulations also provide, however, in certain circumstances, for "pass-through" deposit insurance protection for funds in P&I Accounts that are designated as custodial accounts for other persons or entities. The interest of each beneficial owner in funds in custodial accounts may be determined on a fractional or percentage basis, provided that the deposit account records sufficiently indicate that the depositor is acting in a fiduciary capacity for such persons or entities. Under the terms of the Servicing Agreement, the Servicer must establish and title each P&I Account to indicate that funds in such account are held by the Servicer and the depository as custodial funds for the benefit of the Authority, the Trustee and the beneficial owners of the Bonds. The Authority has received informal written confirmation from FDIC staff attorneys that the manner in which it requires Servicers to maintain the P&I Accounts complies with the FDIC's pass-through insurance regulations.

The Servicing Agreements require the Servicer to service Mortgage Loans in accordance with acceptable mortgage lending practices of prudent lending institutions and in accordance with the Servicing Agreement. This includes, among other things, taking steps to assure the

maintenance of required mortgage and hazard insurance policies, inspection of mortgaged premises, and properly applying, paying and rendering an accounting of all sums collected from a mortgagor for payment of principal and interest, taxes, assessments and hazard and mortgage insurance premiums.

In the event of any default on a Mortgage Loan, the Servicer is obligated to take all actions it would take with respect to mortgage loans serviced for others or held for its own account consistent with the terms of the Servicing Agreement and the requirements of the applicable primary mortgage insurer or pool insurer, including, at the direction of the Authority or when required by the mortgage insurance policies, the institution of foreclosure proceedings.

From the funds deposited in each T&I Account, the Servicer must pay when due primary mortgage and hazard insurance premiums, taxes and special assessments. The FDIC permits pass-through deposit insurance protection (as described above) to the individual borrowers for funds in mortgage escrow accounts denominated as such on the depository's and Servicer's books and records.

The rights of the Owners and the beneficial owners of the Bonds with respect to funds held by a Servicer in a clearing account before deposit in a P&I Account or a T&I Account may, under certain circumstances, in the event of insolvency of the Servicer or the depository that is not the Servicer, be subject to the claims of creditors of the Servicer or the depository for the Servicer in the ensuing insolvency proceeding. The Authority, however, requires funds received and cleared in such accounts to be promptly transferred to the applicable P&I Accounts and T&I Accounts.

The Authority may approve the transfer of a Servicer's servicing functions under a Servicing Agreement to another Servicer. As of September 30, 2009, there were approximately 46 Servicers servicing Mortgage Loans under the Program.

In September 2009, the Members of the Authority authorized the entering into of an agreement with a division of Bank of America, N.A. known as BAC Home Loans Servicing, L.P. ("BAC Home Loan Servicing") pursuant to which the servicing function for all existing Mortgage Loans would be consolidated and transferred from the existing pool of servicers to BAC Home Loan Servicing. Pursuant to such authorization, the Authority with BAC Home Loan Servicing, effective as of February 8, 2010. Although no assurances can be made, the Authority expects to begin the transfer of servicing responsibility to BAC Home Loan Servicing in April 2010.

Mortgage Loans Underlying Mortgage-Backed Securities

Under the Mortgage Servicing Agreement, the Master Servicer is primarily responsible for the purchase, pooling and servicing of Mortgage Loans that underlie Mortgage-Backed Securities that are to be purchased by the Authority under its Program.

With respect to Mortgage Loans underlying GNMA Certificates, the Mortgage Servicing Agreement provides for a monthly servicing fee (equal to 1/12th of the product of (1) 0.50% and (2) the aggregate outstanding principal amount of Mortgage Loans underlying GNMA Certificates) from which the Master Servicer pays 1/12th of the GNMA Guarantee Fee (equal to

the product of (1) 0.06% and (2) the aggregate outstanding principal amount of Mortgage Loans underlying the applicable GNMA Certificates). With respect to Mortgage Loans underlying Fannie Mae Securities or Freddie Mac Securities, the Mortgage Servicing Agreement provides for a monthly servicing fee (equal to 1/12th of the product of (1) 0.25% and (2) the outstanding principal amount of each Mortgage Loan underlying the applicable Fannie Mae Security or Freddie Mac Security as of the day preceding the last day on which a scheduled payment on the underlying Mortgage Loan was due.

Under the terms of the Mortgage Servicing Agreement, the Master Servicer must service the applicable Mortgage Loans in accordance with generally accepted practices of the mortgage lending industry, the Master Servicing Agreement and with the requirements of the GNMA Guide, Freddie Mac Guide or Fannie Mae Guide, as applicable, including maintenance of all accounts required thereby, cause monthly principal and interest payments under the GNMA Securities, Freddie Mac Securities and Fannie Mae Securities to be paid to the Trustee in accordance with the GNMA Guide, Freddie Mac Guide or the Fannie Mae Guide, and perform all loan servicing duties in accordance and in compliance with the applicable mortgage loan guarantors, mortgage loan insurer's (FHA-HUD), private mortgage loan insurers', and mortgage loan security agencies' (GNMA, Fannie Mae, Freddie Mac) published guidelines, regardless of any terms and/or conditions stated herein that may conflict.

The Master Servicer has agreed not to consent to any changes in the terms and conditions of any Mortgage Loan, the release of specified property from the lien of a Mortgage or the grant of an easement or right of way upon property securing a Mortgage Loan, except any such amendment, release or grant which is not inconsistent with or prejudicial to the rights and interests of GNMA, Freddie Mac or Fannie Mae, the Authority, the Trustee or the owners of the Bonds; and provided further that no such change shall affect the time or amounts of payment of principal and interest on the Mortgage Loan or the obligation to pay taxes and maintain insurance on the property securing the Mortgage Loan at the times and in the manner specified in the Purchase Agreements.

The Master Servicer must diligently enforce and take all reasonable steps, actions and the proceedings necessary for the enforcement of all terms, covenants and conditions of all Mortgage Loans, including the prompt payment of all Mortgage Loan principal and interest payments and all other amounts due thereunder and compliance with all provisions of the Purchase Agreements. Except as provided in the Purchase Agreements, the Master Servicer has agreed not to release the obligations of any mortgagor under any Mortgage Loan.

The Master Servicer must undertake reasonable efforts to collect all payments required under the terms and provisions of the Mortgage Loans it is obligated to service. The Master Servicer shall, at a minimum, take the following actions in an effort to mitigate the potential for losses resulting from delinquent Mortgage Loans: (i) if a Mortgage Loan becomes delinquent for 17 days, contact the mortgagor via automated telephone call; (ii) if a Mortgage Loan is delinquent for more than 17 days but less than 30 days, contact the mortgagor via a second automated telephone call; (iii) if a Mortgage Loan is delinquent for more than 30 days, contact the mortgagor via personal telephone call; (iv) if a Mortgage Loan is delinquent for more than 30 days but less than 60 days, contact the mortgagor by written notice and personal telephone call; (v) if a Mortgage Loan is delinquent for more than 60 days, send to the mortgagor any loss

mitigation materials deemed appropriate by the Master Servicer and offer to the mortgagor extended delinquencies options, as permissible.

Master Servicer

The Master Servicer is U.S. Bank N.A., operating by and through its U.S. Bank Home Mortgage – MRBP Division. As of September 30, 2009, the Master Servicer, operating by and through its U.S. Bank Home Mortgage–MRBP Division, serviced 146,663 single-family mortgage loans with an aggregate principal balance of approximately \$12.1 billion. The Master Servicer currently services single-family mortgage loans for mutual savings banks, life insurance companies, savings and loan associations and commercial banks, as well as Fannie Mae, GNMA and Freddie Mac.

Eligibility Requirements of the Code

The Code provides that interest on obligations of the Authority is excluded from “gross income” of the owners thereof for federal income tax purposes only if, among other things, all proceeds (exclusive of issuance costs and a reasonably required reserve) are used to finance one-to four-family, owner-occupied residences, and if certain requirements are met, including eligibility requirements for home mortgage loans and borrowers (“Eligibility Requirements”) and certain other requirements related to the issue.

OTHER PROGRAMS

Other Single-Family Mortgage Purchase Programs

Information regarding the Authority’s other single-family mortgage purchase and multi-family mortgage loan programs is provided below for purposes of general reference only. The performance of the Program may differ substantially from the historical experience of the single-family programs described below. The mortgage loans and other funds and assets held under these single-family programs are not pledged as security for the Bonds.

Residential Mortgage Revenue Bonds. The Authority adopted its 1983 Resolution for the purpose of purchasing mortgage loans from approved lending institutions located throughout the State, on owner-occupied, one-to-four unit dwellings acquired by eligible buyers. From 1983 through 1993, the Authority issued 32 series of bonds (a *de minimis* amount of which remain outstanding) under the 1983 Resolution for an aggregate amount of approximately \$1.8 billion in lendable proceeds. The Authority does not plan to issue additional bonds to purchase additional mortgage loans under this program.

Multi-Family Mortgage Loan Programs

Many of the developments financed under these programs depend upon subsidies by the United States Department of Housing and Urban Development (“HUD”) under Section 8 (“Section 8”) of the United States Housing Act of 1937, as amended (the “1937 Housing Act”) to meet their mortgage loan payments to the Authority. There have been several proposals discussed by HUD and members of Congress that could reduce or eliminate Section 8 subsidies.

The Authority is unable to predict the outcome of these discussions or future discussions or the potential impact on developments financed under these programs.

Affordable Housing Program Trust Fund Bonds. The Authority is designated the administrator of the Illinois Affordable Housing Program. The program is funded by the Illinois Affordable Housing Trust Fund. The Authority is authorized to pledge an aggregate of \$10 million annually of the revenues and amounts on deposit or to be deposited to the Affordable Housing Trust Fund as security for affordable housing bonds that the Authority issues under this program to finance low and very low income single-family and multi-family housing. The Authority has pledged and may in the future pledge its general obligation in certain limited respects as security for some of these bonds, but such bonds are not and will not be subject to the relevant provisions of Section 26.1 of the Act, which require the Governor to submit to the General Assembly the amount certified by the Authority as being required to pay debt service on its bonds because of insufficient moneys available for such payments.

Housing Bonds. The Authority issued bonds for the first time under this program in April 1999. Bonds issued under this program are anticipated to be used to finance new mortgage loans and refinance, directly or indirectly, and to make additional loans for, multi-family developments. The bonds issued under this program to date are general obligations of the Authority but not subject to the relevant provisions of Section 26.1 of the Act, which require the Governor to submit to the General Assembly the amount certified by the Authority as being required to pay debt service on its bonds because of insufficient moneys available for such payments.

Multifamily Initiative Bonds. The Authority expects to issue Multifamily Initiative Bonds for the first time in December 2009 as a part of the U.S. Treasury New Issue Bond Program. Bonds issued under this program are anticipated to be used to finance new mortgage loans for multi-family developments. The bonds issued under this program will not be general obligations of the Authority and will not be subject to the relevant provisions of Section 26.1 of the Act, which require the Governor to submit to the General Assembly the amount certified by the Authority as being required to pay debt service on its bonds because of insufficient moneys available for such payments.

Single Project Financings. The Authority issues from time to time special limited obligation bonds to finance single projects. These bonds are generally conduit financings and are not general obligations of the Authority or subject to the relevant provisions of Section 26.1 of the Act, which require the Governor to submit to the General Assembly the amount certified by the Authority as being required to pay debt service on its bonds because of insufficient moneys available for such payments.

Other Authorized Activities

In addition to the bond programs described above, the Authority is authorized under the Act to: (i) make grants to non-profit corporations for operating, administrative and other expenses relating to developments financed under assisted or unassisted mortgage financing programs; (ii) make housing assistance grants to non-profit corporations and limited profit entities for the benefit of residents of developments in order to achieve lower rentals for some or

all of the housing units in such developments financed under assisted or unassisted mortgage financing programs; (iii) make loans, grants or deferred payment loans to low and moderate income persons or to non-profit and limited profit entities to finance the improvement or rehabilitation of single-family residences; (iv) make non-interest bearing advances to non-profit corporations for constructing or rehabilitating developments to make housing available to low and moderate income persons; (v) make loans for housing related commercial facilities; (vi) act as a developer of land or structures to provide developments, community facilities or housing related commercial facilities; and (vii) make loans or grants to encourage research in demonstration projects to develop new and better techniques for increasing the supply of housing for low and moderate income persons and families. The Authority may also provide technical assistance in the development of housing for low and moderate income persons and families.

FHA Direct Lending programs. The Authority is an FHA and HUD approved lender to initiate loans under the following programs:

Risk Share Program – Under the Risk Share Program, the Authority underwrites certain mortgage loans on multi-family housing following its own underwriting guidelines to be insured by HUD. In the event of a foreclosure, HUD will bear 10 to 90 percent of the loss, as elected by the Authority at the time the loan was made. The Authority will bear the remainder of the risk. The Authority has made a number of Risk Share loans, but cannot predict whether additional Risk Share loans will be made.

Multifamily Accelerated Processing (MAP) Program – Under the MAP Program, the Authority processes applications for multi-family mortgage loans using underwriting requirements for FHA insurance programs for new construction or substantial rehabilitation of multi-family housing under Section 221 (d)(4) and refinancing of existing multi-family housing including moderate rehabilitation under Section 223 (f).

FHA LEAN Program – Under the FHA LEAN Program, the Authority processes applications targeting supportive living or assisted living facilities using underwriting for FHA insurance programs for new construction or substantial rehabilitation under Section 232 and refinancing of existing facilities under Section 207.

Trust Fund Loan Program. As the administrator of the Illinois Affordable Housing Program, the Authority may use Trust Fund moneys, not otherwise pledged as security for Affordable Housing Program Trust Fund Bonds, to make grants, mortgages or other loans to acquire, construct, rehabilitate, develop, operate, insure and retain affordable single family and multi-family housing for low and very low income households. The program is funded by the Illinois Affordable Housing Trust Fund. See “OTHER PROGRAMS – Multi-Family Mortgage Loan Programs.”

HOME Loan Program. The Authority is designated the program administrator for the HOME Program for the State, as authorized by Title II of the National Affordable Housing Act of 1990. Under that program, participating Mortgage Lenders that have been approved by the Authority may be allowed to originate Mortgage Loans on Qualified Dwellings. The HOME Program provides down payment and closing cost assistance to certain eligible borrowers whose income is at or below 80 percent of the median income for the area in which the Qualified

Dwelling is located, as determined by HUD. Applications for HOME Program funds are accepted on a quarterly basis from for-profit and not-for-profit organizations, local and county governments and public agencies. HOME Program funds may be used, with the approval of the Authority, to make grants or loans for moderate or substantial rehabilitation, property acquisition, new construction, tenant-based rental assistance, reconstruction, site improvements, owner-occupied rehabilitation, demolition and relocation expenses, all in connection with providing housing for low and very low income persons.

Tax Credit Assistance Program and Section 1602 Program. In addition to the loan programs described above, the Authority serves as the administrator on behalf of the State for the low income housing tax credit program. As such, and pursuant to the American Recovery and Reinvestment Act of 2009 (“ARRA”), the Authority serves as the administrator for the Tax Credit Assistance Program (“TCAP”) and the Section 1602 Program (“Section 1602”). Under TCAP, HUD makes a grant to the Authority for the Authority to award fund to projects, on a competitive basis, that have received low income housing tax credits under Section 42(h) of the Code during the period from October 1, 2006 to September 30, 2009. ARRA requires that 75% of the TCAP funds be committed no later than February 16, 2010 and that 75% of TCAP funds be expended by February 16, 2011. Under Section 1602, the U.S. Treasury Department (“Treasury”) will make a grant to the Authority in lieu of, or in exchange for, low income housing tax credits. Section 1602 funds will be used to finance the construction or acquisition and rehabilitation of qualified low-income buildings, with or without an allocation under Section 42. Funds from TCAP and Section 1602 are subject to recapture for non-compliance with the requirements of TCAP and Section 1602.

Rental Housing Support Program. The Illinois Rental Housing Support program is the state’s rental assistance program, which provides rent subsidies each year on units for extremely low income households. Funding for the program is generated through a \$10 real estate document recording fee collected throughout the state. The Illinois Housing Development Authority administers the program overall, but the RHS Program is designed to utilize local agencies, called Local Administering Agencies (LAAs), that manage the program in their communities. LAAs are awarded funding and contract directly with landlords to rent units in the program to qualified tenants. In addition, the RHS Program provides funding through the Long Term Operating Support (LTOS) Program, which awards contracts directly with developments throughout Illinois. All tenants participating either through a LAA, or through the LTOS Program, pay approximately 30% of their income in rent and must be at or below 30% of their area’s median income.

Neighborhood Stabilization Program. The Authority has been designated by the State as the party with the lead administrative and implementation responsibilities with respect to the federal Neighborhood Stabilization Program (the “NSP”), which was authorized by the Housing and Economic Recovery Act of 2008. The NSP provides funding to projects located in areas of greatest need to acquire, rehabilitate, and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities. Grant funds under the NSP may be allocated for eligible activities including purchase, rehabilitation, and redevelopment of foreclosed or abandoned homes and property for resale or rental in order to stabilize neighborhoods and stem the decline of values of neighboring homes.

SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION

The following is a summary of certain provisions of the General Resolution. This summary does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the General Resolution, to which reference is hereby made and copies of which are available from the Trustee or the Authority.

Certain Definitions

The following are definitions in summary form of certain terms contained in the General Resolution and used in this Reoffering Circular:

“*Accountant*” means a major national firm of independent certified public accountants of recognized national standing for auditing financial statements of major issuers of state and local governmental bonds throughout the United States.

“*Act*” means the Illinois Housing Development Act, as amended from time to time.

“*Additional Bonds*” means any additional Bonds issued pursuant to the General Resolution.

“*Amortized Value*” means the purchase price of securities, excluding accrued interest, plus an amortization of any discount or less an amortization of any premium on the purchase price. The premium or discount shall be amortized on a straight line basis by multiplying the amount of that premium or discount by a fraction, the numerator of which is the number of days having then passed from the date of purchase and the denominator is the number of days from the date of purchase to the maturity date.

“*Appreciated Amount*” shall mean with respect to a Deferred Interest Bond, as of any date of computation, an amount equal to its initial principal amount plus the interest accrued on it from the date of its original issuance to the earlier of the date of computation or the date, if any, set forth in the related Series Resolution on which interest to be paid on current interest payment date shall begin to accrue. The accrued interest shall be calculated at the rate per year set forth in the related Series Resolution, and shall be compounded on such dates set forth in that Series Resolution, with accrual between compounding dates in equal daily amounts.

For the purposes of actions, requests, notifications, consents or directions of Bondowners under the General Resolution, the calculation of the Appreciated Amount shall be as of the interest payment date or compounding date preceding such date of calculation (unless such date of calculation shall be an interest payment date or compounding date, in which case it shall be as of the date of calculation).

“*Authority*” means the Illinois Housing Development Authority.

“*Authority Program Account(s)*” mean(s) any one or more accounts by that name in the Program Fund as established from time to time by a Series Resolution or Supplemental Resolution.

“*Authority Program Determinations*” mean any determination(s) by the Authority relating to Mortgage Loans to be originated with amounts in a related Authority Program Account, all consistent with the General Resolution. Authority Program Determinations may include, without limitation, such matters as are set forth in the definition of Series Program Determination.

“*Authority Request*” means a written request or direction of the Authority signed by an Authorized Representative.

“*Authorized Representative*” means the Chairman, Vice Chairman, Director, Acting Director, Deputy Director or Assistant Director of the Authority and any other authorized representative as from time to time may be designated by resolution or by-law to act on behalf of the Authority under the General Resolution.

“*Bond*” or “*Bonds*” means any Bond or Bonds issued pursuant to the General Resolution.

“*Bond Counsel Opinion*” means an opinion of a lawyer or firm of lawyers nationally recognized as bond counsel, selected by the Authority.

“*Bondowner*” or “*Owner of Bonds*” or “*Owner*” means the registered owner of any registered Bond.

“*Cash Equivalent*” means a letter of credit, insurance policy, surety, guarantee or other security arrangement upon which the Authority or Trustee may make a draw to provide funds as needed for the Reserve Fund or to provide Supplemental Mortgage Coverage.

“*Cash Flow Certificate*” means a certificate of an Authorized Representative filed with the Trustee and meeting the requirements of the General Resolution.

“*Certificate*” means a signed document either attesting to or acknowledging the circumstances, representations or other matters stated in it or setting forth matters to be determined pursuant to the General Resolution or a Series Resolution.

“*Code*” means applicable provisions of the Internal Revenue Code of 1986, as amended, and the applicable regulations under it, or predecessor or successor provisions, as applicable.

“*Compliance Certificate*” means a certificate of an Authorized Representative filed with the Trustee and meeting the requirements of the General Resolution.

“*Contributed Assets*” means any monies or assets contributed by the Authority to be held under the General Resolution as additional Pledged Property, as set forth in any Series Resolution or Supplemental Resolution.

“*Costs of Issuance*” means items of expense payable or reimbursable directly or indirectly by the Authority and related to the authorization, sale, issuance and remarketing of the Bonds, as certified by an Authorized Representative.

“*Counsel’s Opinion*” means an opinion of a lawyer or firm of lawyers selected by the Authority, including a lawyer in the regular employment of the Authority.

“*Deferred Interest Bond*” means any Bond designated as such by the related Series Resolution.

“*Event of Default*” means any of the events of default described in the General Resolution.

“*Expenses*” means any money required by the Authority to pay the fees or expenses of the Trustee or the Fiscal Agent and any expenses which the Authority lawfully may pay relating to the Program including, without limitation, Supplemental Mortgage Coverage, Guaranty Fees, or the redemption of Bonds, or rebates to mortgagors as required by the Code, except as limited with respect to any Series of Bonds by the applicable Series Resolution.

“*Fannie Mae*” means Fannie Mae, a federally chartered corporation, or any successor to it.

“*Fannie Mae Guides*” means the Fannie Mae Selling and Servicing Guides, as amended from time to time, and as modified by a Pool Purchase Contract with Fannie Mae.

“*Fannie Mae Pool Purchase Contract*” means a FNMA Pool Purchase Contract with Fannie Mae relating to the sale of Mortgage Loans to Fannie Mae and the servicing of such Mortgage Loans.

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

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

“*Freddie Mac*” means the Federal Home Loan Mortgage Corporation, a corporate instrumentality of the United States of America created pursuant to Title III of the Emergency Home Finance Act of 1970, as amended, or any successor to it.

“*Freddie Mac Guides*” means the Freddie Mac Seller/Services Guides, as amended from time to time.

“*Freddie Mac Pool Purchase Contract*” means a Freddie Mac Pool Purchase Contract with Freddie Mac relating to the sale of Mortgage Loans to Freddie Mac and the servicing of such Mortgage Loans.

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

“*Fiscal Agent*” means, collectively, such institution or institutions designated by the Authority, from time to time, as Fiscal Agent for a Series of Bonds pursuant to Series Resolutions to perform the duties established under the General Resolution and the Series Resolution for the Fiscal Agent with respect to that Series. If a Fiscal Agent is not designated in a Series Resolution, then for that Series of Bonds the Trustee shall be the Fiscal Agent.

“*Fiscal Year*” means the year beginning on the first day of July and ending on the last day of June in the next succeeding year.

“*Fund*” or “*Account*” means a Fund or Account created by or pursuant to the General Resolution or a Series Resolution.

“*GNMA*” means the Government National Mortgage Association, a wholly-owned corporate instrumentality of the United States of America within the Department of Housing and Urban Development, and its successors or assigns. Its powers are prescribed generally by Title III of the National Housing Act of 1934, as amended (12 U.S.C. §1716 *et seq.*).

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

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

“*GNMA Security*” means a mortgage pass-through certificate (in book-entry form) purchased by the Trustee, issued by the applicable servicer, recorded in the name of the Trustee or its nominee, and guaranteed by GNMA pursuant to GNMA’s GNMA I or GNMA II mortgage-backed securities program under Section 306(g) and other related provisions of the National Housing Act of 1934, as amended. Each GNMA Security shall be based on and backed by Mortgage Loans referred to in the applicable GNMA Guaranty Agreement and shall unconditionally obligate the servicer to remit monthly to the Trustee or its designee, or a paying agent acting on behalf of the Trustee, its pro rata share of (x) principal payments and prepayments made with respect to the pool of Mortgage Loans represented by the GNMA Security and (y) interest received in an amount equal to the principal balance of the GNMA Security multiplied by the applicable Pass-Through Rate. GNMA shall guarantee to the holder of each GNMA Security such holder’s pro rata share of (i) the timely payment of interest at the applicable Pass-Through Rate on the unpaid principal balance of the Mortgage Loans represented by the GNMA Security and (ii) the timely payment of principal in accordance with the terms of the principal amortization schedule applicable to the Mortgage Loans represented by such GNMA Security.

“*Government Obligations*” means (i) direct obligations of or obligations fully guaranteed as to timely payment by the United States of America which may include, but are not limited to: United States Treasury obligations; Separate Trading or Registered Interest and Principal of Securities (STRIPS) and Coupons Under Book-Entry Safekeeping (CUBES), provided that the underlying United States Treasury obligation is not callable prior to maturity; certificates of beneficial ownership of the Farmers Home Administration; participation certificates of the General Services Administration; guaranteed Title IX financings of the U.S. Maritime Administration; guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration; guaranteed mortgage-backed securities and guaranteed participation certificate of the Government National Mortgage Association; local authority bonds guaranteed by the U.S. Department of Housing and Urban Development; guaranteed transit bonds of the Washington Metropolitan Area Transit Authority and (ii) interest obligations of the Resolution Funding Corporation (REFCORP), including, but not limited to, interest obligations of REFCORP stripped by the Federal Reserve Bank of New York.

“*Guaranty Fee*” means a fee paid to Fannie Mae, Freddie Mac or GNMA, as applicable, in consideration of the respective guaranties provided by them relating to Fannie Mae Securities, Freddie Mac Securities and GNMA Securities, respectively.

“*Insurance Proceeds*” means payments received with respect to the Mortgage Loans under any insurance policy, guarantee or fidelity bond, including amounts available under any Supplemental Mortgage Coverage, less any expenses incurred in realizing such payments and less any reimbursement of advances due the insurer or provider of such guarantee or bond.

“*Investment Obligations*” means, to the extent authorized by law at the time of such investment,

(i) (A) Government Obligations, or (B) obligations with the highest long term rating by each Rating Agency, of any state of the United States of America or any political subdivision of such a state, payment of which is secured by an irrevocable pledge of such Government Obligations;

(ii) (A) notes, bonds, debentures or other obligations issued by Student Loan Marketing Association (excluding securities which do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date), Federal Home Loan Banks, the Tennessee Valley Authority, Farm Credit System, Federal Home Loan Mortgage Corporation (which guarantees full and timely payment of principal and interest), the Resolution Trust Corporation and the Small Business Administration; or (B) bonds, debentures or other obligations issued by Federal National Mortgage Association; in each case (1) excluding stripped mortgage securities which are purchased at prices exceeding their principal amounts, and (2) with a rating by each Rating Agency at least equal to that Rating Agency’s existing Rating on the Bonds, other than Subordinate Bonds;

(iii) any other obligations of any agency controlled or supervised by and acting as an instrumentality of the United States pursuant to authority granted by the Congress of the United States, as set forth in a Series Resolution, with a rating by each Rating

Agency at least that Rating Agency's existing rating on the Bonds, other than Subordinate Bonds;

(iv) time deposits, certificates of deposit or any other deposit with a bank, trust company, national banking association, savings bank, federal mutual savings bank, savings and loan association, federal savings and loan association or any other institution chartered or licensed by any state or the United States, including the Trustee (as used in this (iv), "deposits" means obligations evidencing deposit liability which rank at least on a parity with the claims of general creditors in liquidation), which are fully insured by the Federal Deposit Insurance Corporation;

(v) certificates of deposit or time deposits of any bank, including the Trustee, trust company or savings and loan association, if all of the direct, unsecured debt obligations of such bank, trust company or savings and loan association at the time of purchase of such certificates of deposit or time deposits which are rated by each Rating Agency at least equal to that Rating Agency's existing Rating on the Bonds, other than Subordinate Bonds, or are rated in the highest rating category assigned by each such Rating Agency (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) of short-term obligations if the investment is for a period not exceeding one year;

(vi) repurchase agreements backed by or related to obligations described in (i), (ii) or (iii) above, structured and secured in such a manner as set forth in a Series Resolution or by action of an Authorized Representative upon filing a Rating Certificate with the Trustee, (A) with any institution whose unsecured debt securities are rated by each Rating Agency at least equal to that Rating Agency's existing Rating on the Bonds, other than Subordinate Bonds (or the highest rating of short-term obligations if the investment is for a period not exceeding one year) or (B) with members of the Association of Primary Dealers in any United States Government Securities which do not qualify under (A) and as to whom a Rating Certificate is filed with the Trustee;

(vii) investment agreements, structured and secured in such a manner as set forth in a Series Resolution, secured or unsecured, as required by the Authority, (A) with any institution whose debt securities are rated by each Rating Agency at least equal to that Rating Agency's existing Rating on the Bonds, other than Subordinate Bonds (or the highest rating of short-term obligations if the investment is for a period not exceeding one year), or (B) with members of the Association of Primary Dealers in any United States Government Securities which do not qualify under (A) and as to whom a Rating Certificate is filed with the Trustee;

(viii) direct and general obligations of or obligations guaranteed by any state, municipality or political subdivision or agency of a state or municipality, and certificates of participation in obligations of the State which obligation may be subject to annual appropriations which obligations are rated by each Rating Agency at least equal to that Rating Agency's existing Rating on the Bonds, other than Subordinate Bonds;

(ix) bonds, debentures, or other obligations (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date) issued by any bank, trust company, national banking association, insurance company, corporation, government or governmental entity (foreign or domestic), provided that such bonds, debentures or other obligations are (A) payable in any coin or currency of the United States of America which at the time of payment will be legal tender for the payment of public and private debts and (B) rated by each Rating Agency at least equal to that Rating Agency's lowest Rating on the Bonds, other than Subordinate Bonds;

(x) commercial paper (having original maturities of not more than 365 days) with the highest short-term rating by each Rating Agency;

(xi) money market and similar funds which invest their assets exclusively in obligations described in clauses (i) through (x) above and which have been rated by each Rating Agency in the highest rating category assigned by each such Rating Agency (without regard to any refinement or gradation of rating category by numerical modifier or otherwise), provided that with respect to Standard & Poor's Ratings Group such funds have ratings with the subscripts "m" or "m-G", including those for which the Trustee or an affiliate performs services for a fee, whether as custodian, transfer agent, investment advisor or otherwise; and

(xii) any investments authorized in a Series Resolution authorizing Bonds.

The definition of Investment Obligations may be amended and additional obligations included by a Supplemental Resolution upon filing of a Rating Certificate with the Trustee. Any reference in this definition to the highest rating of short-term obligations shall be without regard to any refinement or gradation such as a "+" or a "-".

For purposes of this definition, "institution" means an individual, partnership, corporation, trust or unincorporated organization, or a government or agency, instrumentality, program, account, fund, political subdivision or corporation of a government.

The Trustee is not responsible for monitoring the ratings of Investment Obligations after an investment is made in those Investment Obligations.

"Liquidation Proceeds" means the net amounts (other than Insurance Proceeds) received in connection with the liquidation of a defaulted Mortgage Loan, whether through foreclosure, trustee's sale, repurchase by a Mortgage Lender, or otherwise, less any costs and expenses incurred in realizing those amounts.

"Master Servicer" means the person with which the Authority has entered into a Master Servicing Agreement.

"Master Servicing Agreement" means an agreement between the Authority and a Master Servicer relating to the purchase by the Authority of Mortgage-Backed Securities.

“*Mortgage Lender*” means any entity or person approved by the Authority for participation in the Program which shall participate in the financing of Mortgage Loans by the Authority. It may also include the Authority if it makes Mortgage Loans itself.

“*Mortgage Loan*” means (i) any loan financed with amounts deposited in the Funds and Accounts (other than other Funds and Accounts so specified in a Series Resolution) and which is included in Pledged Property, evidenced by a note and secured by a mortgage or equivalent security on an owner-occupied residence in Illinois, or (ii) any loan financed through the purchase of a Mortgage-Backed Security with amounts deposited in the Funds and Accounts (other than other Funds and Accounts so specified in a Series Resolution) and which is included in Pledged Property, which loan is included in the pool of loans with respect to which the Mortgage-Backed Security is issued and which is evidenced by a note and secured by a mortgage or equivalent security on an owner-occupied residence in Illinois. With respect to loans related to cooperative dwelling units, the loan may be evidenced by a promissory note and secured by a lien upon the related shares of stock in the cooperative housing corporation and proprietary lease related to the financed premises. Mortgage Loan includes any instrument evidencing an ownership interest in or security for such a loan.

“*Mortgage-Backed Security*” means a Fannie Mae Security, a Freddie Mac Security or a GNMA Security.

“*1983 Resolution*” means the Authority’s Residential Mortgage Revenue Bond General Resolution, adopted August 19, 1983, as amended and supplemented. During any period when Transfer Amounts consist solely of amounts and assets described in clause (ii) of the definition of “Transfer Amounts” in the General Resolution, all references, requirements and conditions precedent contained in the General Resolution with respect to the 1983 Resolution shall have no force and effect.

“*Outstanding*” means, with respect to any Bonds as of any date, all Bonds authenticated and delivered by the Trustee under the General Resolution to that date, except:

- (a) any Bond deemed paid in accordance with the General Resolution;
- (b) any Bond cancelled by, or delivered for cancellation to, the Trustee because of payment at maturity or redemption or purchase prior to maturity; and
- (c) any Bond in lieu of or in substitution for which another Bond has been authenticated and delivered pursuant to the General Resolution, unless proof satisfactory to the Trustee is presented that any Bond for which such Bond has been authenticated and delivered is held by a bona fide purchaser, as that term is defined in Article Eight of the Uniform Commercial Code of the State, as amended, in which case both the Bond so substituted and replaced and the Bond or Bonds authenticated and delivered in lieu of, or in substitution for, it shall be deemed outstanding.

“*Pass-Through Rate*” means the rate of interest on a Mortgage-Backed Security, which shall be the rate or rates of interest per year set forth in or determined in accordance with the applicable Series Resolution.

“*Pledged Property*” means Revenues and all other money in all Funds and Accounts established under the General Resolution and Series Resolutions, including the investments, if any, of such amounts, and the earnings, if any, on such investments until applied in accordance with the terms of the General Resolution; all right, title and interest of the Authority in and to the Mortgage Loans and the documents evidencing and securing the Mortgage Loans; all right, title and interest of the Authority in and to the Mortgage-Backed Securities and the documents evidencing and securing the Mortgage-Backed Securities including any guaranty of such Mortgage-Backed Securities; all right, title and interest of the Authority in and to Insurance Proceeds and Liquidation Proceeds, but excluding Mortgage Loan accrued interest not purchased by the Authority. Pledged Property also includes all Transfer Amounts and all Contributed Assets. Pledged Property does not include amounts paid under Mortgage Loans as to which the obligor is required to be given a rebate or credit under federal income tax law, or amounts required to be paid as rebate to the United States. The pledge of Funds and Accounts established in a Series Resolution may be limited in purpose and time, as set forth in the Series Resolution.

“*Pool Purchase Contract*” means a Pool Purchase Contract between a servicer and Fannie Mae or Freddie Mac, as applicable, relating to the sale by the servicer of Mortgage Loans to Fannie Mae or Freddie Mac, as applicable, and the servicing of such Mortgage Loans.

“*Principal*” means (a) with respect to the principal amount of a Deferred Interest Bond, the Appreciated Amount and (b) with respect to any other Bond, the stated principal amount.

“*Program*” means the residential mortgage finance program of the Authority financed by the Bonds.

“*Program Fund*” means the Fund of that name and Accounts in it established pursuant to the General Resolution and Series Resolutions.

“*Rating*” means at any date the then existing rating of Bonds (other than Subordinate Bonds and other than any Series of Bonds which has a rating based on bond insurance or other credit support for that Series) by a Rating Agency.

“*Rating Agency*” means any nationally recognized rating agency maintaining a rating of any Bonds (other than Subordinate Bonds), pursuant to a request for a rating by the Authority.

“*Rating Certificate*” means, in connection with certain actions to be taken by the Authority, a Certificate of an Authorized Representative filed with the Trustee that the Authority has been advised by each Rating Agency that the Rating of that Rating Agency will not be reduced as a result of the Authority taking that action. Published rating criteria by a Rating Agency shall also constitute advice of that Rating Agency. When a Rating Certificate is required to accompany a Cash Flow Certificate, the Rating Certificate must be based on a confirmation of the then current Rating of the Bonds other than Subordinate Bonds by each Rating Agency.

“*Rebate Fund*” means the Fund of that name and Accounts in it which may be created and designated in Series Resolutions pursuant to the General Resolution.

“*Recovery(ies) of Principal*” means any payment by a mortgagor or any other recovery of principal on a Mortgage Loan not applied to a scheduled installment of principal and interest on

the Mortgage Loan (including any deficiency in the payment of any scheduled installments of principal and interest then due and payable or interest paid in connection with a voluntary prepayment of a Mortgage Loan). Recoveries of Principal include, without limitation, the portion of any Insurance Proceeds (to the extent not applied to the repair or restoration of any mortgaged premises), Liquidation Proceeds, amounts from the sale or other disposition of a Mortgage Loan, or net recovery from Supplemental Mortgage Coverage to the extent not included in Insurance Proceeds, in each case representing such principal amounts. Recoveries of Principal also include any principal payments received on any Mortgage-Backed Security other than regularly scheduled payments of principal and include, without limitation, amounts representing principal prepayments received on the Mortgage Loans underlying such Mortgage-Backed Security.

“*Redemption Account*” means the Account of that name in the Revenue Fund established pursuant to the General Resolution.

“*Redemption Price*” means, with respect to a Bond or portion of a Bond, the portion of the principal amount of such Bond or portion plus the applicable premium, if any, payable upon redemption of a Bond in the manner contemplated by the General Resolution and the related Series Resolution.

“*Reserve Fund*” means the Fund of that name established pursuant to the General Resolution.

“*Reserve Requirement*” means, as of any particular date of calculation, an amount equal to the sum of all amounts established as Series Reserve Requirements in the Series Resolutions for all Series of Bonds Outstanding authorizing the issuance of such Outstanding Bonds, but in no event less than an amount equal to two percent (2%) of the sum of (i) the outstanding principal balance of Mortgage Loans and (ii) the amounts on deposit to the credit of the Series Program Accounts of the Program Fund other than such Accounts for Subordinate Bonds (except (i) Mortgage Loans included in the pool of loans with respect to which any Mortgage-Backed Security is issued and (ii) amounts in Series Program Accounts allocated to purchase Mortgage-Backed Securities or certificates or securities of similar tenor issued or guaranteed by Fannie Mae, Freddie Mac, GNMA, or any other federal agency currently existing or later constituted and other than Mortgage Loans made or to be made with proceeds of Subordinate Bonds). The Trustee may rely upon a Certificate from an Authorized Representative of the Authority which states the Reserve Requirement as of the date of the Certificate.

“*Resolution*” means the General Resolution, as amended or supplemented by Supplemental Resolutions and any Series Resolution (to the extent that such Series Resolution purports to amend the General Resolution). References to “the General Resolution” mean the Resolution.

“*Revenue Fund*” means the Fund of that name established pursuant to the General Resolution.

“*Revenues*” means all money received by or on behalf of the Authority or Trustee representing (i) principal and interest payments on the Mortgage Loans and Mortgage-Backed

Securities (including any payments received from GNMA pursuant to the GNMA Guaranty Agreement and from Fannie Mae or Freddie Mac pursuant to their respective guarantees of payment of Fannie Mae Securities and Freddie Mac Securities) including, without limitation, all Recoveries of Principal and all prepayment premiums or penalties received by or on behalf of the Authority in respect to the Mortgage Loans and Mortgage-Backed Securities, (ii) all Insurance Proceeds, (iii) interest earnings received on the investment of amounts in any Account or Fund and (iv) all Transfer Amounts.

“*Serial Bonds*” means Bonds which are not Term Bonds.

“*Series*” means one of the series of Bonds issued under the General Resolution pursuant to a Series Resolution.

“*Series Program Accounts*” means the Series Program Accounts in the Program Fund established by Series Resolutions.

“*Series Program Determinations*” means determinations by the Authority relating to Mortgage Loans and certain other matters required to be set forth in connection with a Series of Bonds under the Program (or provision to be determined at certain specified times in the future), as provided in a Series Resolution. Series Program Determinations shall be consistent with the General Resolution. They may include, without limitation, (i) the security which may be provided for each Mortgage Loan; (ii) the principal and interest payment provisions for those Mortgage Loans; (iii) the maximum term to maturity of each Mortgage Loan; (iv) the nature of the residences to which the Mortgage Loans relate and limitations on who may be a mortgagor; (v) required credit standards and other terms of primary mortgage insurance or other credit support, if any, and the levels of coverage and applicable loan to value ratios, if appropriate; (vi) Supplemental Mortgage Coverage, if any; (vii) provisions for limiting or restricting use of Recoveries of Principal; and (viii) limitations on Expenses.

“*Series Reserve Requirement*” means an amount established by a Series Resolution as a component of the Reserve Requirement while Bonds of the Series are Outstanding.

“*Series Resolution*” means a resolution of the Authority authorizing the issuance of a Series of Bonds and includes any determination with regard to that Series made by an Authorized Representative pursuant to the authority delegated by the Series Resolution, and executed prior to issuance of those Bonds. Series Resolution includes any resolution of the Authority amending a Series Resolution as provided in the General Resolution or the related Series Resolution.

“*Sinking Fund Requirement*” means, as of any particular date of calculation, with respect to the Term Bonds of any Series and maturity, the amount of money required to be applied on any applicable date to the redemption prior to maturity or the purchase of those Bonds. Sinking Fund Requirements may be established as fixed dollar amounts or by formula.

“*State*” means the State of Illinois.

“*Subordinate Bonds*” means Bonds payable on a basis as set forth in the related Series Resolution with a claim to payment which is subordinate to the claim of Bonds which are not Subordinate Bonds.

“*Supplemental Mortgage Coverage*” means the coverage, if any, whether in the form of insurance (including insurance provided by the FHA), Cash Equivalent or additional pledged funds, of losses from Mortgage Loan defaults provided in a Series Resolution which may supplement other mortgage insurance. Supplemental Mortgage Coverage may include any insurance or reserve fund funded by the Authority.

“*Supplemental Resolution*” means any resolution of the Authority supplementing or amending the General Resolution.

“*Term Bonds*” means the Bonds of a Series with respect to which Sinking Fund Requirements have been established.

“*Transfer Amounts*” means amounts and assets required pursuant to the General Resolution and the Series Resolution most recently approved by the Authority (i) to be withdrawn from time to time from the Surplus Account under the 1983 Resolution and to be deposited in the Revenue Fund, and/or (ii) to be contributed by the Authority from any available source and held under the General Resolution.

“*Trustee*” means any institution named in the Series Resolution related to the initial Series of Bonds and designated to act as trustee with respect to the Bonds and its successors including as a result of any consolidation, conversion, merger or transfer of all or substantially all of its corporate trust business and assets to which it or its successors may be a party.

General Resolution to Constitute Contract

In consideration of the purchase and acceptance of any and all of the Bonds issued under the General Resolution by those who shall own the same from time to time, the General Resolution shall be deemed to be and shall constitute a contract between the Authority and the owners of the Bonds, and the pledges made in the General Resolution and the covenants and agreements set forth in the General Resolution to be performed by the Authority shall be for the equal benefit, protection and security of the owners of any and all of the Bonds, all of which, without regard to the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided in or permitted by the General Resolution.

Issuance of Bonds

The Bonds shall be executed substantially in the form and manner set forth in the General Resolution and shall be deposited with the Fiscal Agent for authentication. Before the Bonds of the Series shall be authenticated and delivered by the Fiscal Agent, the Trustee shall advise the Fiscal Agent that there is on file with the Trustee the following:

- (a) A copy of the General Resolution and the Series Resolution duly certified by an Authorized Representative;

(b) A Bond Counsel's Opinion stating in the opinion of such counsel that (i) the General Resolution, and the applicable Series Resolution, have been duly adopted and are valid and binding upon the Authority and (ii) the Bonds being issued are valid and legally binding special limited obligations of the Authority secured in the manner and to the extent set forth in the General Resolution and the applicable Series Resolution, and are entitled to the benefit, protection and security of the provisions, covenants and agreements contained in the General Resolution and the applicable Series Resolution;

(c) A Cash Flow Certificate conforming to the requirements of the General Resolution, accompanied, in the case of each Series other than the initial Series of Bonds, by a Rating Certificate with respect to Bonds other than Subordinate Bonds; and

(d) A request and authorization to the Fiscal Agent and the Trustee on behalf of the Authority, signed by an Authorized Representative, to authenticate and deliver the Bonds to the purchaser or purchasers identified in such request upon payment to the Trustee for the account of the Authority of the purchase price of the Bonds.

Funds and Accounts

The following Funds and Accounts are established:

- Program Fund
 - Series Program Accounts
 - Authority Program Accounts
- Revenue Fund
 - Debt Service Account
 - Recovery of Principal Account
 - Redemption Account
 - Subordinate Bond Accounts
- Reserve Fund

Program Fund - Series Program Accounts

Upon the issuance of a Series of Bonds, a Series Program Account within the Program Fund shall be established and be applicable solely to such Series of Bonds. Moneys held in each Series Program Account shall be used to pay Costs of Issuance of the related Series of Bonds, or to reimburse the Authority for Costs of Issuance, in either case in the amount specified in or pursuant to the Series Resolution, upon a requisition stating generally the nature and amount of those Costs of Issuance signed by an Authorized Representative. Moneys held in each Series Program Account other than the amounts used or to be used to pay Costs of Issuance shall be applied by the Trustee to finance the making or acquisition of Mortgage Loans (the characteristics of which conform to the Series Program Determinations applicable to the applicable Series of Bonds), or to finance the making or acquisition of Mortgage Loans (the characteristics of which conform to the Series Program Determinations applicable to the applicable Series of Bonds) through the purchase of one or more Mortgage-Backed Securities (for which the characteristics of the Mortgage Loans in the pool underlying such Mortgage-Backed Security or Mortgage-Backed Securities conform to the Series Program Determinations applicable to that Series of Bonds), or, upon Authority Request, to pay costs of Supplemental Mortgage Coverage with regard to those Mortgage Loans or as otherwise provided within the Series Resolution. As provided in a Series Resolution, the Authority may use amounts in a related Series Program Account to acquire as Pledged Property Mortgage Loans and Mortgage-Backed Securities previously acquired by the Authority not as Pledged Property. Amounts in Authority Program Accounts shall be applied by the Trustee to (i) finance the making or acquisition of Mortgage Loans (the characteristics of which conform to the related Authority Program Determination), (ii) finance the making or acquisition of Mortgage Loans (the characteristics of which conform to the related Authority Program Determination) through the purchase of one or more Mortgage-Backed Securities, (iii) upon Authority Request, to pay costs of Supplemental Mortgage Coverage with regard to those Mortgage Loans, or (iv) as otherwise provided in the applicable Authority Program Determination. The Trustee shall transfer unexpended amounts in an Authority Program Account to the Authority as specified in an Authority Request accompanied by a Ratings Certificate. The Trustee shall transfer unexpended amounts in a Series Program Account to the Revenue Fund to the credit of the Redemption Account, as specified by an Authority Request. The Trustee shall transfer amounts from the Program Fund to the Revenue Fund to the credit of the Debt Service Account as provided in the

General Resolution. The Trustee shall transfer amounts in a Series Program Account for Bonds refunded in whole or in part by Bonds to the Series Program Account for the refunding Bonds, if so directed by the Series Resolution for the refunding Bonds.

All Revenues received by the Trustee shall be deposited in the Revenue Fund. The Authority shall identify and notify the Trustee of the amount of any Revenues that are Recoveries of Principal. Recoveries of Principal shall be credited to the Recovery of Principal Account. Except as may be limited by a Series Resolution, amounts in the Recovery of Principal Account may be transferred at any time upon Authority Request to the Redemption Account or the Debt Service Account or, if upon filing a Compliance Certificate or Cash Flow Certificate, as applicable, any Series Program Account or Authority Program Account.

In addition, at any time, upon Authority Request, the Trustee (1) shall transfer any Transfer Amounts to any designated Series Program Account but only upon the filing by the Authority with the Trustee of a Cash Flow Certificate or a Compliance Certificate, and (2) shall apply amounts in the Revenue Fund not credited to any Account in the Fund to pay the accrued interest portion of the cost of acquiring any Mortgage Loan.

Upon their receipt, the Authority shall notify the Trustee as to any amounts that have been received for accrued interest with respect to Mortgage Loans made or acquired from amounts that were expended from the Series Program Account or Authority Program Account (to the extent not so funded from a transfer from the Revenue Fund). The Trustee shall transfer those amounts to the credit of the applicable Series Program Account or Authority Program Account.

On or prior to each debt service payment date for the Bonds the Trustee shall transfer all amounts in the Revenue Fund not in any Account in the Revenue Fund to the credit of Funds and Accounts in the following priority:

- (i) to the Debt Service Account, an amount sufficient, together with amounts on deposit in that Account, timely to pay interest and principal, at maturity or mandatory redemption, due on such debt service payment date on the Bonds, other than Subordinate Bonds, and to pay any fees in connection with tender option features, letters of credit, standby bond purchase agreements and other forms of credit or liquidity related to such Bonds, as set forth in the Series Resolution or a Supplemental Resolution;
- (ii) to the payment of Expenses specified in a Series Resolution, or such other Expenses provided in an Authority Request, accompanied by a Compliance Certificate or Cash Flow Certificate, as applicable;
- (iii) to the Reserve Fund, an amount sufficient to cause the amount on deposit in that Fund, including Cash Equivalents permitted by a Series Resolution, to equal the Reserve Requirement;
- (iv) to the Redemption Account, an amount as specified in an Authority Request accompanied by a Compliance Certificate or Cash Flow Certificate, as appropriate;

(v) to any Series Program Account or Authority Program Account in the Program Fund, an amount as specified in an Authority Request accompanied by a Compliance Certificate or Cash Flow Certificate, as appropriate;

(vi) to any Subordinate Bond Accounts, an amount sufficient together with amounts on deposit in that Account, established by a Series Resolution for Subordinate Bonds, timely to pay interest and principal, at maturity or mandatory redemption, due on such succeeding debt service payment date on the Subordinate Bonds and to pay any fees in connection with tender option features, letters of credit, standby Bond purchase agreements and other forms of credit or liquidity related to such Bonds, as set forth in the Series Resolution or a Supplemental Resolution or to provide any reserve with respect to Subordinate Bonds; or

(vii) to the Authority, for any other purpose authorized or required under the Act free and clear of the pledge and lien of the General Resolution. No such payment shall be made except upon filing of a Compliance Certificate or Cash Flow Certificate, as appropriate.

At any time the Trustee shall, upon Authority Request, apply amounts in the Revenue Fund not credited to any Account in it or the Rebate Fund to make required rebates to mortgagors or the United States as required by the Code.

At any time, upon an Authority Request, the Trustee shall apply amounts in the Revenue Fund and not credited to any Account in it to the purchase of Bonds as provided in the General Resolution.

At any time, upon Authority Request, amounts on deposit in the Revenue Fund may be applied to pay Expenses as specified in an Authority Request, accompanied by a Compliance Certificate or Cash Flow Certificate.

Debt Service Account

The Trustee shall, on each principal and interest payment date, withdraw from the Debt Service Account and pay to the Fiscal Agent(s) for the various Series of Bonds an amount in immediately available Funds for the payment of principal of and interest on the Bonds (other than Subordinate Bonds) on that date and credit for liquidity fees as provided in the General Resolution.

Purchase of Bonds from Revenue Fund

Amounts on deposit in the Revenue Fund and not credited to any Account in it may be applied as applicable to the purchase of Term Bonds of each Series then Outstanding, subject to Sinking Fund Requirements on the next date in such Fiscal Year such payments are scheduled as provided in this paragraph. The Fiscal Agent, upon an Authority Request, shall endeavor to purchase from such amounts to be transferred to it by the Trustee the Term Bonds or portions of Term Bonds of each Series stated to mature on the next maturity date or to be redeemed pursuant to Sinking Fund Requirements for Term Bonds of such Series then Outstanding at a price not to exceed the Redemption Price (plus accrued interest to the date of redemption) that would be

payable on the next redemption date to the Owners of such Term Bonds under the provisions of the applicable Series Resolution if such Term Bonds or portions of Term Bonds should be called for redemption on such date. However, subject to applicable law, notwithstanding the maximum purchase price set forth in the preceding sentence, if at any time the Trustee notifies the Fiscal Agent that the investment earnings on the money in the Revenue Fund and not credited to any Account in it available for such a purchase shall be less than the interest accruing on the Bonds to be redeemed on such date from such Sinking Fund Requirement, then the Fiscal Agent may pay a purchase price for any such Bond in excess of the Redemption Price that would be payable on the next redemption date to the Owner of such Bond under the provisions of the applicable Series Resolution if an Authorized Representative certifies to the Trustee and the Fiscal Agent that the amount paid in excess of such Redemption Price is expected to be less than the interest that is expected to accrue on the Bond less any investment earnings on such available money during the period from the settlement date of the proposed purchase to the redemption date. The Fiscal Agent shall pay the interest accrued on such Term Bonds or portions of Term Bonds to the date of settlement for the Term Bonds from the Revenue Fund. No such purchase of a Bond shall be made by the Fiscal Agent after the giving of notice of redemption as to that Bond by the Fiscal Agent. Purchased Bonds shall be delivered to the Trustee for cancellation.

Subordinate Bond Accounts

Amounts on deposit in the Revenue Fund to the credit of any Subordinate Bond Account(s) shall be applied as provided in the Series Resolution authorizing those Bonds.

Use of Amounts in Redemption Account for Purchase or Redemption

The Trustee may at any time apply all money deposited in the Revenue Fund to the credit of the Redemption Account for the purchase or redemption of Bonds as follows:

(a) The Fiscal Agent, upon Authority Request accompanied by evidence that a Compliance Certificate or a Cash Flow Certificate, as appropriate, has been filed with the Trustee, shall endeavor to purchase from such amounts to be transferred to the Fiscal Agent by the Trustee Bonds or portions of Bonds then Outstanding, whether or not such Bonds or portions of such Bonds shall then be subject to redemption, at a price not to exceed the Redemption Price (plus accrued interest, if any, to the date of redemption) that would be payable on the next redemption date for such Bonds if such Bonds or portions of Bonds should be called for redemption. The interest accrued on such Bonds to the date of settlement shall be paid from the Debt Service Account or the Revenue Fund (not credited to any Account in it), but no such purchase shall be contracted for by the Fiscal Agent after the giving of notice by the Fiscal Agent that such Bonds have been called for redemption except from money other than money set aside in the Redemption Account or other account established by Series Resolution for the redemption of such Bonds.

(b) The Fiscal Agent, upon Authority Request accompanied by evidence that a Compliance Certificate or a Cash Flow Certificate, as appropriate, has been filed having endeavored to purchase Bonds pursuant to paragraph (a) above, shall call for redemption on the earliest practicable date on which Bonds are subject to redemption from moneys in the Redemption Account and, with respect to interest on such Bonds payable upon

redemption, the Debt Service Account or the Revenue Fund (not credited to any Account in it).

Reserve Fund

Moneys held for the credit of the Reserve Fund shall be transferred by the Trustee to the Debt Service Account to the extent that amounts on deposit in such Account, the Revenue Fund (not credited to any Account), the Recovery of Principal Account and the Redemption Account are insufficient to pay the interest or the principal or Redemption Price payable on the Bonds. Moneys in the Reserve Fund in excess of its requirement, taking into account any Cash Equivalents in the Reserve Fund, shall, upon an Authority Request, be transferred to the Revenue Fund. See “SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION – Purchase of Bonds from Revenue Fund.” A Series Resolution may provide that the Reserve Requirement with respect to the applicable Series of Bonds may be funded in whole or in part through Cash Equivalents.

Deficiencies in Debt Service Account

In the event that amounts in the Debt Service Account are insufficient on any interest payment date or principal payment date to pay the principal of and interest on the Bonds (but only for Bonds other than Subordinate Bonds) due and unpaid on such date, whether at the stated payment or maturity date or by the retirement of such Bonds in satisfaction of the Sinking Fund Requirements, the Trustee shall withdraw amounts from the following Funds and Accounts in the following order of priority to the extent necessary to eliminate such deficiency:

- (a) Revenue Fund (not credited to any Account);
- (b) Recovery of Principal Account;
- (c) Redemption Account;
- (d) Reserve Fund; and
- (e) Program Fund

No amounts on deposit in the Revenue Fund being held to pay the Redemption Price of Bonds called for redemption or purchase shall be used for such purpose to the extent that such amounts have been set aside for the payment of Bonds that have been identified for purchase or called for redemption, and no amounts on deposit in any Series Program Account shall be used for such purpose to the extent that the Authority is contractually obligated to finance or originate identified Mortgage Loans acceptable for financing with amounts on deposit in such Series Program Account.

Trustee Payment of Expenses

The Authority grants to the Trustee, and the Trustee retains at all times, an ownership interest in the Pledged Property, sufficient to enable the Trustee to make any payments to be made by it as provided under this caption. This ownership interest is not in limitation of the ability of the Authority to sell or otherwise dispose of Mortgage Loans and to expend amounts in Funds and Accounts as provided in the General Resolution. However, the right of the Trustee to use unexpended amounts in the Revenue Fund to make payments of Program expenses, as

provided under this caption shall have priority over any payment of amounts in the Revenue Fund to the Authority.

If the Trustee, in its sole discretion, shall conclude that the Authority for any reason, including without limitation, its inability to act, has failed timely to pay any of the expenses relating to the Trustee or the Program and that such failure, if not corrected, has resulted or may result in an Event of Default, the Trustee may at any time itself apply any amounts in the Revenue Fund (which are or would be available for payment of Program expenses under clauses (ii) and (vii) and the last paragraph under the caption “Program Fund - Series Program Accounts”) above to pay any such expenses other than general administrative expenses of the Authority, including, without limitation, the following:

- (i) any costs of maintaining Supplemental Mortgage Coverage as provided by the General Resolution or any Series Resolution;
- (ii) the fees or expenses of the Trustee;
- (iii) costs of servicing Mortgage Loans and of realizing on any Mortgage Loan upon any default;
- (iv) costs of maintaining all necessary records with respect to Pledged Property, preparing any necessary cash flow projections and complying with any covenant in the General Resolution or any Series Resolution, including any tax covenant;
- (v) any payments required to comply with any tax covenants; and
- (vi) any other expenses determined by the Trustee, in its sole discretion, to be necessary or appropriate to maintain the value of the Pledged Property.

Any powers given the Trustee as described under this caption are in addition to and not in lieu of or in limitation on any other rights or remedies of the Trustee under the General Resolution, except that to the extent applicable, payments received by the Trustee shall be applied as provided under the caption “Pro Rata Application of Funds” and not as provided under this caption.

Security for Deposits; Investment of Moneys

All amounts held by the Trustee or the Fiscal Agent(s) under the General Resolution, except as otherwise expressly provided in the General Resolution, shall be held in trust, shall be applied only in accordance with provisions of the General Resolution and shall not be subject to any lien, charge or attachment by any creditor of the Authority. All money deposited with the Trustee shall, until invested as described below, to the extent such deposits are in excess of the amounts guaranteed by the Federal Deposit Insurance Corporation or other federal agency, be continuously secured for the benefit of the Authority and the Owners of the Bonds either (a) by lodging with a bank or trust company selected by the Authority as custodian, or, if then permitted by law, by setting aside under control of the trust department of the bank holding such deposit as collateral security, Government Obligations or, with the approval of the Trustee, other marketable securities eligible as security for the deposit of trust funds under regulations of the

Comptroller of Currency of the United States of America or (b) if the security provided for in clause (a) is not then permitted by law, then in such manner as may be required or permitted by law. However, it shall not be necessary, except as otherwise provided in the General Resolution, for the Trustee to give security for any money which shall be represented by obligations purchased under the provisions of this Article as an investment of such money.

Moneys deposited for the credit of the Funds and Accounts under the General Resolution shall, as nearly as is practicable, be continuously invested or reinvested by the Trustee upon the direction of an Authorized Representative in Investment Obligations, which shall be in such amounts and bear interest at such rates that sufficient money will be available to pay the principal and interest due on the Bonds and shall mature, or which shall be subject to redemption by the holder thereof, at the option of such holder, such that sufficient moneys will be available for the purposes intended.

Any Investment Obligations so purchased in any Fund or Account shall be deemed at all times to be part of such Fund or Account. Any interest paid on the investment in any Fund or Account (except the Rebate Fund) shall be credited to the Revenue Fund and shall be treated as Revenues. Any interest paid on the investment of the Rebate Fund shall be credited to the Rebate Fund. Any profit or loss resulting therefrom shall be credited to or charged against such Fund or Account. The Trustee shall sell or present for redemption any obligations so purchased whenever it shall be necessary so to do in order to provide moneys to meet any payment or transfer from any such Fund or Account. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such transactions, including cash sweep account fees. Neither the Trustee nor the Authority shall be liable or responsible for any loss resulting from any such investment.

For the purposes of making any investment, the Trustee may consolidate money in any Fund or Account with money in any other Fund or Account and may transfer an interest in an investment from one Fund or Account to another without liquidating the investment.

Except as may be provided in a Series Resolution with respect to the Reserve Fund, in computing the amount in any Fund or Account held by the Trustee under the provisions of the General Resolution, Investment Obligations held in any Fund or Account shall be valued at their Amortized Value, plus the amount of interest on such obligations purchased with money in such Account or Fund.

Compliance Certificates and Cash Flow Certificates

The Authority shall file with the Trustee a Cash Flow Certificate accompanied by a Rating Certificate prior to (i) issuing any Series of Bonds (except no Rating Certificate is required for the initial Series of Bonds), (ii) changing any assumptions in any cash flow scenario in the current Cash Flow Certificate, (iii) making any supplement or amendment to a Series Resolution without consent of Owners of Bonds to amend any provisions in a Series Resolution for the Series Reserve Requirement, the use of Cash Equivalents in the Reserve Fund, Supplemental Mortgage Coverage, Investment Obligations or the Series Program Determinations, including changing any provision regarding Transfer Amounts, (iv) remarketing

any Bonds in connection with a change in tender period except as required at the time of their issuance, or (v) causing amounts to be transferred from Authority Program Accounts to the Authority.

The Authority shall file with the Trustee either a Compliance Certificate or a Cash Flow Certificate, as appropriate, prior to (i) any purchase or redemption of Bonds (other than mandatory redemption pursuant to Sinking Fund Requirements and purchases of Bonds as provided in the General Resolution), (ii) withdrawal of amounts from the Revenue Fund pursuant to the General Resolution, (iii) any amendment, sale or other disposition of any Mortgage Loan or Mortgage-Backed Securities not in default, (iv) any use of Recoveries of Principal with respect to Mortgage Loans (other than Mortgage Loans acquired solely with amounts in any Authority Program Account) or Mortgage-Backed Securities for any use other than purchase or redemption of Bonds or payment of scheduled debt service, or (v) any deviation from the operating policies set forth in the most recent Cash Flow Certificate.

A Compliance Certificate with respect to any action is a certificate of an Authorized Representative stating that the action complies with the operating policies of the Authority relating to the Program as set forth in the then current Cash Flow Certificate.

A Cash Flow Certificate is a certificate of an Authorized Representative stating that, as shown in cash flow projections included in the certificate, there will at all times be available sufficient amounts in the Funds and Accounts, without additional contributions from the Authority, timely to pay all principal of and interest on the Bonds, under each set of cash flow scenarios as described below. Except as provided in the Series Resolution, a Cash Flow Certificate for Bonds that are not Subordinate Bonds need only show the sufficiency of amounts so as to pay debt service for Bonds that are not Subordinate Bonds. The Cash Flow Certificate shall include projections of the amounts available for payment of debt service on Bonds under each then current cash flow scenario.

The Cash Flow Certificate shall set forth various cash flow scenarios, that is, sets of assumptions including, without limitation, the following: (i) the timing and amounts of mortgage prepayments, (ii) the timing of the acquisition of Mortgage Loans and Mortgage-Backed Securities, (iii) the future issuance or remarketing of Bonds, (iv) the timing and amounts of the receipt of payments of scheduled principal of and interest on Mortgage Loans and Mortgage-Backed Securities, (v) the investment return on Funds and Accounts, (vi) availability of amounts in the Reserve Fund, (vii) the form of Supplemental Mortgage Coverage, the amount and timing of defaults on Mortgage Loans and disposition or recovery prices of defaulted Mortgage Loans, or (viii) receipts of Transfer Amounts. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Transfer Amounts.” The Cash Flow Certificate shall also include a set of operating policies setting forth rules or limitations to be followed with respect to discretionary activities of the Authority under the General Resolution and Series Resolutions. Cash flow projections shall take into account the financial position of the Program as of the stated starting date of the projection, shall be consistent with the General Resolution and the Series Resolutions and shall assume compliance with the operating policies set forth in the Cash Flow Certificate and the various Series Program Determinations. A Cash Flow Certificate shall be filed at least annually with the Trustee and each Rating Agency.

Tax Covenants

The Authority shall at all times perform the applicable tax covenants contained in any applicable Series Resolution.

Books and Records

The Trustee shall keep proper books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocations and applications of all money received by the Trustee under the General Resolution, and such books shall be available for inspection by the Authority and any Bondowner during business hours, upon reasonable notice and under reasonable conditions.

On or before the tenth business day of each month the Trustee shall furnish to the Authority a written statement of the Funds and Accounts held pursuant to the General Resolution and any Series Resolution.

The Authority shall keep proper books of record and account for all its transactions, other than those recorded in the books maintained by the Trustee described above, and such books shall be available for inspection by the Trustee and any Bondowner during business hours and upon reasonable notice.

Annual Audit and Report

Within 120 days of the end of each fiscal year of the Authority, the Authority shall file with the Trustee and each Rating Agency a copy of its audited financial statements for its previous Fiscal Year, accompanied by the related report of an Accountant.

Program Covenants

The Authority covenants (a) that no Mortgage Loan shall be financed by the Authority under the Program unless the Mortgage Loan complies in all respects with the Act in effect on the date of financing and (b) to comply with the applicable Series Program Determinations and Authority Program Determinations.

Mortgage-Backed Securities

(a) Each Mortgage-Backed Security acquired by the Trustee on behalf of the Authority shall be held at all times by the Trustee or its designee in trust for the benefit of the Owners of the Bonds and shall be held in book-entry form as described in this subsection. A Mortgage-Backed Security will be issued in book-entry form through the book-entry system of the Federal Reserve System, pursuant to which the Mortgage-Backed Security shall have been registered on the books of the New York or other branch of the Federal Reserve Bank in the name of the Trustee or a depository acting on its behalf (in either case, acting as a "Participant" as defined in CFR §357.2, as made applicable to 24 CFR Part 81); and if held by a depository, the Trustee shall have received confirmation in writing that the Depository is holding such Mortgage-Backed Security on behalf of, and has identified such Mortgage-Backed Security on its records as

belonging to, the Trustee. If the Trustee does not receive payment or advice of payment from the depository with respect to a Mortgage-Backed Security when due by the close of business on the day of the month specified in such Mortgage-Backed Security (or the next business day if the day so specified is not a business day), the Trustee shall make demand by telephone for payment in immediately available funds from the issuer of the Mortgage-Backed Security (in the case of Fannie Mae Securities or FHLMC Securities) or from GNMA in the case of GNMA Securities in accordance with the terms of the Mortgage-Backed Security, the GNMA Guaranty Agreement (in the case of GNMA Securities) or the guaranties made by Fannie Mae or FHLMC (in the case of Fannie Mae Securities and FHLMC Securities, respectively).

(b) The Authority will take whatever action is required by law from time to time to pledge the Mortgage-Backed Securities to the Trustee.

(c) The Authority shall diligently enforce and shall take all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of all Mortgage-Backed Securities, including but not limited to the prompt payment of all amounts due to the Authority under the Mortgage-Backed Securities. The Authority shall at all times, to the extent permitted by law, defend, enforce, preserve and protect the rights and privileges of the Authority under or with respect to each Mortgage-Backed Security. This covenant shall not be construed to prevent the Authority from settling a default on any Mortgage-Backed Security on such terms as the Authority shall determine to be in the best interest of the Authority and the Owners of the Bonds.

(d) The Trustee shall diligently enforce all terms, covenants and conditions of the Mortgage-Backed Securities. The Trustee shall duly and punctually exercise its rights under the applicable GNMA Guaranty Agreements, guaranties by Fannie Mae of Fannie Mae Securities and guaranties by FHLMC of FHLMC Securities. The Trustee shall in a timely manner give all notices and take all actions necessary to preserve and protect the respective guaranties of the Mortgage-Backed Securities.

Unclaimed Money

Any money held by the Trustee or any Fiscal Agent in trust for the payment and discharge of any of the Bonds which remain unclaimed for two (2) years after the date of deposit of such moneys if deposited with the Trustee or any Fiscal Agent after the date when the Bonds became due and payable shall, at the written request of the Authority, be repaid by the Trustee or any Fiscal Agent to the Authority, as its absolute property and free from trust, and the Trustee or any Fiscal Agent shall then be released and discharged with respect to such amounts and the Owners of the Bonds shall look only to the Authority for the payment of such Bonds.

Events of Default

An “Event of Default” occurs if:

(a) payment of interest on or the principal or Redemption Price of any of the Bonds is not made when due and payable; or

(b) default in the due and punctual performance of any other covenants or agreements contained in the Bonds or in the General Resolution or any Series Resolution and such default continues for 90 days after written notice requiring the same to be remedied has been given to the Authority by the Trustee. The Trustee may give such notice in its discretion and shall give such notice at the written request of the owners of not less than 25 percent in aggregate principal amount of the Bonds then Outstanding. However, if such default can be remedied, so long as following such notice the Authority is diligently taking actions to remedy such default, such default shall not be an Event of Default.

An Event of Default with respect to Subordinate Bonds is not an Event of Default on Bonds that are not Subordinate Bonds. For purposes of determining the percentages of Owners of Bonds as provided in the General Resolution, only Bonds other than Subordinate Bonds shall be taken into account unless the Event of Default relates only to Subordinate Bonds in which case the percentage relates only to Subordinate Bonds. In the case of an Event of Default relating only to Subordinate Bonds, any acceleration or other remedy shall relate only to Subordinate Bonds.

Except upon the happening of an Event of Default specified in clause (a) above, the Trustee shall not be obliged to take notice or be deemed to have notice of any Event of Default unless specifically notified in writing of such Event of Default by the Authority or by the Owners of not less than 25 percent in aggregate principal amount of the Outstanding Bonds.

Acceleration of Maturity

Upon the happening and continuance of any Event of Default under clause (a) above (except as may be limited in a Series Resolution), then and in every such case the Trustee may and, subject to the Trustee's right to indemnification, upon the written direction of the Owners of not less than two-thirds in aggregate principal amount of the Bonds then Outstanding shall, by notice in writing to the Authority, declare the principal of all the Bonds then Outstanding (if not then due and payable) to be due and payable immediately. Upon such declaration, the principal of all Bonds then Outstanding shall become immediately due and payable, anything contained in the Bonds or in the General Resolution to the contrary notwithstanding. However, if at any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such Event of Default, or before the completion of the enforcement of any other remedy under the General Resolution, money shall have accumulated in the Debt Service Account sufficient to pay the principal of all matured Bonds and all arrears of interest, if any, upon all the Outstanding Bonds (except the principal and interest of any Bonds that have become due and payable by reason of such declaration and except the principal of any Bonds not then due and payable by their terms and the interest accrued on such Bonds since the last interest payment date), and the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and the Authority and all other amounts then payable by the Authority under the General Resolution have been paid or a sum sufficient to make that payment has been deposited with the Trustee, and every other default known to the Trustee in the observance or performance of any covenant, condition or agreement or provision contained in the Bonds or in the General Resolution (except a default in the payment of the principal of such Bonds then due and payable only because of a

declaration under this paragraph) has been remedied to the satisfaction of the Trustee, then and in every such case the Trustee may, and upon the written request of the Owners of not less than two-thirds in aggregate principal amount of the Outstanding Bonds not then due and payable by their terms shall, by written notice to the Authority, rescind and annul such declaration and its consequences. No such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent to it.

Enforcement of Remedies

Upon the happening and continuance of any Event of Default under the General Resolution, then and in every such case the Trustee may, and upon the written request of the Owners of not less than 25 percent in aggregate principal amount of the Bonds then Outstanding shall proceed, subject to the right of the Trustee to indemnification, to protect and enforce its rights and the rights of the Bondowners under applicable laws and under the General Resolution by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained in the General Resolution or in aid or execution of any power granted in the General Resolution or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under the General Resolution the Trustee shall be entitled to sue for, enforce payment of unpaid and recover judgment for in its own name as Trustee of an express trust, any and all amounts then or after any default becoming, and at any time remaining, due from the Authority for unpaid principal, premium, if any, interest or otherwise under any of the provisions of the General Resolution or the Bonds, with, to the extent permitted by the applicable law, interest on overdue payments of principal of and interest at the rate or rates of interest specified in the Bonds, together with any and all costs and expenses of collection and of all proceedings under the General Resolution and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondowners, and (2) to recover and enforce any judgment or decree against the Authority, but solely as provided in the General Resolution, the Series Resolution, and in the Bonds, for any portion of such amounts remaining unpaid and interest, costs and expenses as above provided, and to collect, in any manner provided by law, the money adjudged or decreed to be payable.

Regardless of the happening of an Event of Default, the Trustee may, and, subject to the right of indemnification, if requested in writing by the Owners of not less than 25 percent in aggregate principal amount of the Bonds then Outstanding (other than Subordinate Bonds), shall institute and maintain such suits and proceedings as it may be advised are necessary or expedient (i) to prevent any impairment of the Pledged Property by any acts that may be unlawful or in violation of the General Resolution or of any Series Resolution or (ii) to preserve or protect the interests of the Bondowners, provided that such request is in accordance with law and the provisions of the General Resolution and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Owners of Bonds not making such request.

Pro Rata Application of Funds

Anything in the General Resolution to the contrary notwithstanding, if at any time the money in the Funds and Accounts is not sufficient to pay the principal of or interest on the Bonds as they become due and payable (either by their terms or by acceleration) such money, together with any money then or later available for such purpose shall be applied, following the satisfaction of any payments due to the Trustee and payment of such Expenses as the Trustee concludes shall enhance the value of the Pledged Property, as follows:

(a) If the principal of all the Bonds has not become or has not been declared due and payable, all such money shall be applied:

FIRST: to the payment of all installments (other than interest on overdue principal) of interest on Bonds, other than Subordinate Bonds, then accrued and unpaid in the chronological order in which such installments accrued and, if the amount available is not sufficient to pay in full any particular installment, then to the payment, ratably, according to the amounts due on such installment, on Bonds other than Subordinate Bonds, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds, other than Subordinate Bonds;

SECOND: to the payment of the unpaid principal of any of the Bonds, other than Subordinate Bonds, which have become due and payable (except Bonds other than Subordinate Bonds called for redemption for the payment of which money is held pursuant to the provisions of the General Resolution) in the order of their stated payment dates, with interest on the principal amount of such Bonds, other than Subordinate Bonds, at the respective rates specified in such Bonds from the respective dates upon which such Bonds, other than Subordinate Bonds, became due and payable, and, if the amount available is not sufficient to pay in full the principal of the Bonds, other than Subordinate Bonds, by their stated terms due and payable on any particular date, together with such interest, then (1) to the payment first of such interest, ratably, according to the amount of such interest due on such date, and (2) to the payment of such principal, ratably, according to the amount of such principal due on such date of Bonds, other than Subordinate Bonds, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds, other than Subordinate Bonds;

THIRD: to the payment of the interest on and the principal of the Bonds, other than Subordinate Bonds, to the purchase and retirement of Bonds, other than Subordinate Bonds, all in accordance with the provisions of the General Resolution governing redemption of Bonds;

FOURTH: to the payment of interest (except interest on overdue principal) on Subordinate Bonds then accrued and unpaid in the chronological order in which such installments of interest accrued and, if the amount available is not sufficient to pay in full any particular installment, then to the payment,

ratably, according to the amounts due on such installment, of Subordinate Bonds, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Subordinate Bonds;

FIFTH: to the payment of the unpaid principal of any of the Subordinate Bonds that has become due and payable (except Subordinate Bonds called for redemption for the payment of which, money is held pursuant to the provisions of the General Resolution) in order of their stated payment dates, with interest on the principal amount of such Subordinate Bonds at the respective rates specified in such Subordinate Bonds from the respective dates upon which such Subordinate Bonds became due and payable, and, if the amount available is not sufficient to pay in full the principal of the Subordinate Bonds by their stated terms due and payable on any particular date, together with such interest, then to the payment first of such interest, ratably, according to the amount of such interest due on such date on such Subordinate Bonds, and then to the payment of such principal, ratably, according to the amount of such principal due on such date, of Subordinate Bonds, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Subordinate Bonds; and

SIXTH: to the payment of the interest on and the principal of the Subordinate Bonds, to the purchase and retirement of Subordinate Bonds and to the redemption of Subordinate Bonds.

(b) If the principal of all the Bonds has become or has been declared due and payable, all such money shall be applied first, to the payment of the principal and premium, if any, and interest then accrued and unpaid upon the Bonds that are not Subordinate Bonds, without preference or priority of principal over interest or of interest over principal, or of any daily accrual of interest over any other daily accrual of interest, or of any Bond that is not a Subordinate Bond over any other Bond that is not a Subordinate Bond, ratably, according to the amounts due respectively for principal and interest, without any discrimination or preference except as to the respective rates of interest specified in the Bonds that are not Subordinate Bonds, and second, to the payment of the principal and premium, if any, and interest then accrued and unpaid upon the Subordinate Bonds, without preference or priority of principal over interest or of interest over principal, or of any daily accrual of interest over any other daily accrual of interest, or of any Subordinate Bond over any other Subordinate Bond, ratably, according to the amounts due respectively for principal and interest, without any discrimination or preference except as to the respective rates of interest specified in the Subordinate Bonds.

(c) If the principal of all the Bonds has been declared due and payable and if such declaration has been rescinded and annulled under the provisions of the General Resolution, then, subject to the provisions of clause (b) above, if the principal of all the Bonds later becomes or is declared to be due and payable, the money remaining in and later accruing to the Debt Service Account, any Subordinate Bond Debt Service Account of the Revenue Fund and the Reserve Fund, together with any other money held by the

Trustee under the General Resolution, shall be applied in accordance with the provisions of clause (a) above.

In case the time for payment of interest on any Bond is extended, such interest so extended shall not be entitled, in the case of a default, to the benefit or security of the General Resolution except upon the prior payment in full of the principal of all Bonds then outstanding and of all interest the time for payment of which shall not have been extended.

Restrictions Upon Actions by Individual Bondowner

No Owner of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law on any Bond or to enforce the General Resolution or enforce any Series Resolution unless such Owner previously has given to the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, and unless also the Owners of not less than 15 percent in aggregate principal amount of the Bonds then Outstanding (other than Subordinate Bonds) have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, has accrued, and have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in the General Resolution or to institute such action, suit or proceeding in its or their 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. Such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the General Resolution or to any other remedy under the General Resolution; provided, however, that notwithstanding the foregoing and without complying therewith, the Owners of not less than 25 percent in aggregate principal amount of the Bonds then Outstanding may institute any such suit, action or proceeding in their own names for the benefit of all owners of Bonds.

Notwithstanding the foregoing paragraph, nothing shall affect or impair the right of any Bondowner to enforce the payment of the principal of and interest on that Owner's Bond, or obligation of the Authority to pay the principal of and interest on each Bond to its Owner at the time and place expressed in such Bond.

Trustee Entitled to Indemnity

The Trustee shall be under no obligation to institute any suit, or to take any remedial proceeding under the General Resolution, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts created by the General Resolution or in the enforcement of any rights and powers, until it is indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability. The Trustee may, nevertheless, begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Trustee, without indemnity. In such case the Authority shall reimburse the Trustee for all costs and expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith.

Limitation of Obligations and Responsibilities of Trustee

The Trustee shall be under no obligation (a) to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the Authority, (b) to report, or make or file claims or proof of loss for, any loss or damage insured against or which may occur or (c) to keep itself informed or advised as to the payment of any taxes or assessments, or to require any such payment to be made. The Trustee shall be under no obligation to record or file the General Resolution, or any other security instruments and financing statements, or continuation statements with respect to it, except pursuant to directions from the Authority, in form and substance satisfactory to the Trustee, set forth in an Authority Request. The Trustee and the Fiscal Agent shall have no responsibility in respect of the validity, sufficiency, due execution or acknowledgment by the Authority of the General Resolution, or in respect of the validity of the Bonds or their due execution or issuance. The Trustee and the Fiscal Agent shall be under no obligation to see that any duties imposed upon the Authority or any party other than itself, or any covenants on the part of any party other than itself to be performed, be done or performed, and the Trustee and the Fiscal Agent shall be under no obligation for failure to see that any such duties or covenants are so done or performed.

Compensation and Indemnification of Trustee

Subject to the provisions of any contract between the Authority and the Trustee relating to the compensation of the Trustee, the Authority shall pay, from the Pledged Property, to the Trustee reasonable compensation for all services performed by it and also all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees incurred in and about the administration and execution of the trusts created and the performance of its powers and duties, and, from such source only, shall indemnify and save the Trustee harmless against any liabilities, losses, damages, costs and expenses (including attorney's fees and expenses of the Trustee), causes of action, suits, claims, demands and judgments at any kind of nature, which it may incur in the exercise and performance of its powers and duties. Payment of compensation for the Fiscal Agent shall be by separate agreement.

Resignation and Removal of Trustee

No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to the General Resolution shall become effective until the acceptance of appointment by the successor Trustee as described below. Subject to the foregoing, the Trustee may resign by notice in writing to be given to the Authority and mailed, first class, postage prepaid, to all Bondowners not less than 60 days before such resignation is to take effect, but such resignation shall take effect immediately upon the appointment of a new Trustee.

Subject to the first sentence of the prior paragraph, the Trustee may be removed at any time by an instrument in writing executed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding and filed with the Authority. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any applicable provision of the General Resolution by any court of competent jurisdiction upon the application of the Authority pursuant to resolution or of the owners of not less than ten percent of the Bonds then Outstanding. The

Trustee may be removed at any time by the Authority if an Event of Default, or any event which upon the passage of time would be an Event of Default, has not occurred and is continuing.

Appointment of Successor Trustee

If the Trustee shall resign, be removed or otherwise become incapable of acting, or the bank or trust company acting as Trustee is taken over by any governmental official, agency, department or board, the position of Trustee shall become vacant. If the position of Trustee becomes vacant, the Authority shall appoint a Trustee to fill such vacancy and shall cause notice of such appointment to be mailed, first class, postage prepaid, to all Owners of Bonds at their addresses as they appear on the registration books kept by the Fiscal Agent. At any time within one year after any vacancy has occurred, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding may, by an instrument in writing, executed by such Bondowners and filed with the Authority, appoint a successor Trustee, which shall supersede any Trustee theretofore appointed by the Authority prior to that filing. Any successor Trustee must be a bank or trust company having a corporate trust office in the State, duly authorized to exercise corporate trust powers and subject to examination by federal or State authority, of good standing, and having at the time of its appointment, a combined capital and surplus of not less than \$50 million.

Successor Fiscal Agent

The Fiscal Agent may at any time resign and be discharged of the duties and obligations created by the General Resolution by giving at least 60 days' written notice to the Authority and the Trustee. The Fiscal Agent may be removed at any time by an instrument filed with it and the Trustee and signed by an Authorized Officer of the Authority. Any successor Fiscal Agent shall be appointed by the Authority and shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, having a capital and surplus aggregating at least \$5 million and willing and able to accept the office of Fiscal Agent on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the General Resolution.

Supplemental Resolutions

The Authority may, from time to time and at any time, adopt Supplemental Resolutions that shall be effective without the consent of Bondowners:

- (a) to cure any ambiguity or defect or omission in the General Resolution, or
- (b) to grant to or confer upon the Trustee for the benefit of the Bondowners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondowners or the Trustee, or
- (c) to include as Revenues or Pledged Property any additional amounts, receipts or property, or
- (d) to cure any ambiguity, to correct or supplement any provision of the General Resolution that may be inconsistent with any other provision thereof, or to make

any other provisions with respect to matters or questions arising under the General Resolution that are not inconsistent with the provisions thereof, provided such action shall not materially adversely affect the interests of the Bondowners, or

(e) to add to the covenants and agreements of the Authority in the General Resolution additional covenants and agreements to be observed by the Authority or to surrender any right or power reserved to or conferred upon the Authority, or

(f) to modify any of the provisions of the General Resolution in any respect whatever; provided, however, that (i) such modification shall apply only to Series of Bonds issued after the effective date of the Supplemental Resolution and shall not materially adversely affect the interests of the owners of Bonds of any Series Outstanding on the effective date of the Supplemental Resolution or (ii) (a) such modification shall be, and be expressed to be, effective only after all Bonds of any Series Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding and (b) such Supplemental Resolution shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the adoption of such Supplemental Resolution and of Bonds issued in exchange for, or in place of, such Bonds, or

(g) to modify, amend or supplement the General Resolution or any Supplemental Resolution in such manner as to permit, if presented, the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or under any state Blue Sky Law, or

(h) to surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of the General Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Authority contained in the General Resolution or a Series Resolution, or

(i) to add to the definition of Investment Obligations pursuant to the last proviso of the definition thereof, or

(j) to modify, amend or supplement the General Resolution or any Supplemental Resolution in such manner as to permit a trustee (other than the Trustee) with respect to any Subordinated Bonds issued under the General Resolution, or

(k) to make any other change that, in the judgment of the Trustee, does not materially adversely affect the interest of the Bondowners.

The General Resolution may be modified, supplemented or amended by a Supplemental Resolution in ways not described above as provided in this paragraph. No such Supplemental Resolution shall be effective except upon the consent of (i) the Owner of greater than 50 percent in aggregate principal amount of Outstanding Bonds; (ii) if less than all of the Outstanding Bonds are affected, of the Owners of greater than 50 percent in principal amount of Bonds so affected then Outstanding and (iii) in case the terms of any Sinking Fund Requirements are changed, of the Owners of greater than 50 percent in principal amount of the Outstanding Bonds

of the particular Series and maturity entitled to such Sinking Fund Requirements. However, without the consent of all adversely affected Bondowners, no Supplemental Resolution shall (a) change the terms of redemption or of the maturity of the principal of or the interest on any Bond, or (b) reduce the principal amount of any Bond or the redemption premium or the rate of interest on it, or (c) create or grant a pledge, assignment, lien or security interest of the Pledged Property, or any part of it, other than as created or permitted by the General Resolution without the Supplemental Resolution, or (d) create a preference or priority of any Bond or Bonds over any other Bond or Bonds, except as may be permitted by the General Resolution, or (e) reduce the aggregate principal amount or classes of the Bonds required for consent to such Supplemental Resolution. If any such modification, supplement or amendment will by its terms, not take effect so long as any Bonds of any specified Series and maturity remain Outstanding, the consent of the Owners of those 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 paragraph. For the purpose of this paragraph, a Series shall be deemed to be affected by a modification or amendment of the General Resolution if it adversely affects or diminishes the rights of the Owner of Bonds of such Series. The Trustee may in its discretion determine whether Bonds of any particular Series and maturity would be affected by any modification, supplement or amendment of the General Resolution or a Supplemental Resolution and any such determination shall be binding and conclusive on the Authority and all Owners of Bonds.

Defeasance

If, when the Bonds secured by the General Resolution shall have become due and payable in accordance with their terms or otherwise as provided in the General Resolution, or shall have been duly called for redemption or irrevocable instructions to call the Bonds for redemption shall have been given by the Authority to the Trustee, and the whole amount of the principal of, Redemption Price, and the interest on all of the Bonds then Outstanding shall be paid or the Trustee or Fiscal Agent shall hold either money and/or Government Obligations sufficient to pay the principal of, redemption premium, if any, and interest on all Outstanding Bonds or which when due will provide sufficient moneys, together with other money held by the Trustee or Fiscal Agent, to pay the principal of, redemption premium, if any, and interest on such Bonds, and provisions shall also be made for paying all other sums payable under the General Resolution by the Authority, then and in that case, the Trustee shall pay over or deliver to the Authority all money or securities held by it pursuant to the General Resolution that are no longer required for the payment or redemption of Bonds not already then surrendered for such payment or redemption.

TAX MATTERS

Opinions of Initial Bond Counsel

On the date of issuance of the 2005 Subseries A-3 Bonds, Foley & Lardner LLP and Burke, Burns & Pinelli, Ltd., Co-Bond Counsel collectively, “Initial Bond Counsel”), rendered separate opinions that, under then current law, if there is continuing compliance with applicable requirements of the Internal Revenue Code of 1986, as amended (the “Code”), (A) interest on the 2005 Subseries A-3 Bonds (AMT) is excludable from gross income of their owners for federal income tax purposes, but is a specific preference item for purposes of the federal alternative

minimum tax and (B) under the Illinois Housing Development Act (the “Act”), in its then present form, interest on the 2005 Subseries A-3 Bonds is exempt from Illinois income taxes. Copies of such opinions are set forth in Appendix E – “Copies of Opinions Delivered by Initial Bond Counsel.” Each such opinion spoke only as of its date. Initial Bond Counsel have not been engaged to advise on the correctness of such opinions to reflect any facts and circumstances that may have come to their attention since the date thereof. The inclusion of such opinions in this Remarketing Circular shall not constitute any reissuance or republication of such opinions.

Opinion of 2010 Bond Counsel

Upon remarketing of the 2005 Subseries A-3 Bonds, Mayer Brown LLP (“2010 Bond Counsel”) will issue an opinion that the delivery of the Substitute Liquidity Facility will not adversely affect the exclusion from gross income for Federal income tax purposes of interest on the 2005 Subseries A-3 Bonds and will not adversely affect the exemption of interest on the 2005 Subseries A-3 Bonds from Illinois income tax. See APPENDIX D – “Proposed Form of Opinion of 2010 Bond Counsel Relating to the Substitute Liquidity Facility.” 2010 Bond Counsel will render no opinion regarding the interest on the 2005 Subseries A-3 Bonds and its excludability from gross income.

Other Federal Tax Consequences

Although 2010 Bond Counsel is of the opinion that the delivery of the Substitute Liquidity Facility will not adversely affect the exclusion from gross income for Federal income tax purposes of interest on the 2005 Subseries A-3 Bonds, the ownership or disposition of, or the accrual or receipt of interest on, the 2005 Subseries A-3 Bonds may otherwise affect a bondholder’s federal tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the bondholder or its other items of income or deduction. 2010 Bond Counsel will express no opinion regarding any such other tax consequences.

LEGAL MATTERS

The opinion of Mayer Brown LLP, Chicago, Illinois, Bond Counsel, will be delivered with the Reoffered Bonds. The proposed form of such opinion for the Reoffered Bonds is included in this Reoffering Circular as Appendix D. Certain legal matters will be passed upon for the Authority by its General Counsel, Mary R. Kenney, Esq. Certain legal matters will be passed upon for the Substitute Liquidity Provider by Peter E. Gutzmer, its Executive Vice President, General Counsel and Corporate Secretary.

LITIGATION

The Authority is not engaged in and has not been threatened with any litigation of any nature that seeks to restrain or enjoin the issuance, remarketing, sale, execution or delivery of the Reoffered Bonds or that in any way contests the validity of the Reoffered Bonds or any proceedings of the Authority taken with respect to their issuance, remarketing or sale or the pledge or application of any moneys or the security provided for the payment of the Bonds, including the Reoffered Bonds, or that contests the existence of the Authority.

The Authority may from time to time be a party to litigation incident to the conduct of its programs. The Authority is not engaged in and has not been threatened with any litigation with respect to its statutory powers or otherwise which in the judgment of the Authority is material to the performance of its programs or its obligations with respect to notes and bonds, including the Bonds, of the Authority.

LEGALITY FOR INVESTMENT

Under the Act, the Reoffered Bonds, in the State, are securities in which all public officers and bodies of the State and all its municipalities and municipal subdivisions, all insurance companies and associations, and other persons carrying on an insurance business, all banks, trust companies, savings banks and savings associations, savings and loan associations, investment companies, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons authorized to invest in bonds or other obligations of the State, may properly and legally invest funds, including capital, in their control or belonging to them. State laws governing specific types of investors may, however, impose restrictions on such investors with respect to the legality of purchases of the Reoffered Bonds and may also contain limitations that permit purchases of the Reoffered Bonds only with specified percentages of their assets.

RATINGS

The Reoffered Bonds have received short-term ratings of “A-1+” from Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc. (“S&P”) and “VMIG-1” from Moody’s Investors Service, Inc. (“Moody’s”). Ratings assigned to the Reoffered Bonds reflect only the views of the respective rating agencies and an explanation of the significance of such ratings may be obtained only from the respective rating agencies. There is no assurance that the ratings that have been assigned to the Reoffered Bonds will continue for any given period of time or that they will not be revised or withdrawn entirely by such rating agencies if, in the judgment of the rating agencies, circumstances so warrant. A downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Reoffered Bonds.

INVESTMENT POLICY

The Authority’s management of funds under its control is governed by the Act and the Authority’s Financial Management Policy, as amended from time to time. The Act permits the Authority to invest its funds in any investments as may be lawful for fiduciaries in the State of Illinois, for Illinois or nationally chartered banks and savings banks and fiduciaries subject to the Employment Retirement Income Security Act of 1974.

The Authority’s Financial Management Policy (the “Policy”), contains the following stated objectives:

- Safety of principal. Preservation and safety of principal is the foremost objective of the Authority’s investments. Each investment transaction shall seek to ensure that capital losses within the investment portfolio are

avoided, whether they be from securities defaults or erosion of market value.

- **Liquidity.** The investment portfolio shall remain sufficiently flexible to enable the Authority to meet all operating requirements that may be reasonably anticipated in any fund. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demand.
- **Maximum rate of return.** The investment portfolio shall be designed with the purpose of regularly exceeding the average return of United States Treasury obligations of comparable maturities. The investment program shall seek to augment returns above this threshold, consistent with risk limitations identified in this Reoffering Circular and prudent investment principles.

In addition, the Policy establishes guidelines for the use and management of all interest rate risk management agreements including, but not limited to, interest rate swaps, swaptions, caps, collars and floors (collectively, “Risk Management Agreements”) executed in connection with debt obligations.

CONTINUING DISCLOSURE

In order to assist in compliance with certain requirements of Rule 15c2-12 of the Securities and Exchange Commission, the Authority has agreed in the Resolution to provide to certain parties certain annual financial information and operating data and notices of certain material events. A summary of the Authority’s continuing disclosure undertaking is included as Appendix E to this Reoffering Circular. This undertaking may be enforced by any beneficial owner of any Reoffered Bonds, but the Authority’s failure to comply will not be a default under the Resolution.

In addition, pursuant to the General Resolution, the Authority has agreed to file with the Trustee, within 120 days after the close of each Fiscal Year, a copy of its audited financial statements for the previous Fiscal Year, accompanied by the related report of its independent public accountants.

MISCELLANEOUS

All quotations from, and summaries and explanations of, the Constitution of the State, the Act and the Resolution contained in this Reoffering Circular do not purport to be complete and reference is made to the Constitution of the State, the Act and the Resolution for full and complete statements of their provisions. Copies, in reasonable quantity, of the Resolution may be obtained upon request directed to the Authority at 401 North Michigan Avenue, Suite 700, Chicago, Illinois 60611.

Any statements in this Reoffering Circular involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of facts. This Reoffering Circular is not to be construed as a contract or agreement between the Authority and the purchasers or owners of any of the Reoffered Bonds. The execution and distribution of this Reoffering Circular have been duly authorized by the Authority.

Dated: March 5, 2010.

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

/s/ Gloria L. Materre

Executive Director

**APPENDIX A
CERTAIN PROGRAM INFORMATION**

Bonds Issued under the Program

As of December 31, 2009, the Authority had issued the following Series of Bonds under the Program:

| <u>Series</u> | <u>Date of Issue</u> | <u>Original Principal Amount</u> | <u>Principal Amount Outstanding As of 12/31/09</u> |
|----------------------------|------------------------------|--------------------------------------|--|
| 1994 Series A | August 30, 1994 | \$60,000,000 | 0 |
| 1994 Series B | December 13, 1994 | 41,100,000 | 0 |
| 1994 Series C ¹ | November 14, 1994 | 41,900,000 | 0 |
| 1995 Series A | March 8, 1995 | 40,000,000 | 0 |
| 1995 Series B | April 24 & May 3, 1995 | 51,920,000 | 0 |
| 1995 Series C ² | April 24, 1995 | 22,660,000 | 0 |
| 1995 Series D | September 28, 1995 | 50,000,000 | 0 |
| 1995 Series E ³ | December 21, 1995 | 65,000,000 | 0 |
| 1996 Series A | May 7, 1996 | 51,945,000 | 0 |
| 1996 Series B | June 12, 1996 | 40,000,000 | 0 |
| 1996 Series C | September 3, 1996 | 26,000,000 | 0 |
| 1996 Series D ⁴ | September 3, 1996 | 11,315,000 | 0 |
| 1996 Series E | December 19, 1996 | 37,000,000 | 0 |
| 1996 Series F ⁵ | December 19, 1996 | 51,500,000 | 0 |
| 1997 Series A | April 8, 1997 | 45,000,000 | 0 |
| 1997 Series B ⁶ | July 7, 1997 | 126,425,000 | 10,795,000 |
| 1997 Series C | August 21 & November 4, 1997 | 77,320,000 | 0 |
| 1997 Series D | December 18, 1997 | 25,500,000 | 0 |
| 1997 Series E ⁷ | December 18, 1997 | 24,855,000 | 0 |
| 1998 Series A | April 30, 1998 | 20,000,000 | 1,770,000 |
| 1998 Series B ⁸ | April 30, 1998 | 11,215,000 | 0 |
| 1998 Series C | June 29, 1998 | 16,500,000 | 0 |
| 1998 Subseries D-1/D-2 | June 29, 1998 | 70,320,000 | 25,575,000 |
| 1998 Subseries D-3 | July 9, 1998 | 28,120,000 | 2,310,000 |
| 1998 Series E | October 7, 1998 | 20,000,000 | 0 |
| 1998 Series F ⁸ | October 7, 1998 | 20,305,000 | 0 |
| 1998 Series G | December 17, 1998 | 31,500,000 | 11,815,000 |
| 1999 Series A | January 20, 1999 | 25,740,000 | 0 |
| 1999 Series B | April 29, 1999 | 17,160,000 | 0 |
| 1999 Series C | April 29, 1999 | 5,000,000 | 0 |
| 1999 Series D | July 29, 1999 | 59,500,000 | 4,140,000 |
| 1999 Series E | July 29, 1999 | 24,305,000 | 0 |
| 1999 Series F | October 27, 1999 | 10,850,000 | 0 |
| 1999 Series G | October 27, 1999 | 19,060,000 | 260,000 |
| 2000 Series A | January 26, 2000 | 5,175,000 | 0 |
| 2000 Series B | January 26, 2000 | 15,900,000 | 0 |
| 2000 Series C | June 7, 2000 | 29,990,000 | 0 |
| 2000 Series D | July 26, 2000 | 48,600,000 | 925,000 |
| 2000 Series E | October 26, 2000 | 31,775,000 | 1,845,000 |
| 2000 Series F | October 26, 2000 | 5,000,000 | 0 |
| 2001 Series A | March 27, 2001 | 42,120,000 | 24,495,000 |
| 2001 Series B | March 27, 2001 | 5,000,000 | 0 |
| 2001 Series C | July 24, 2001 | 48,310,000 | 10,330,000 |
| 2001 Series D | July 24, 2001 | 8,000,000 | 285,000 |
| 2001 Series E | January 23, 2002 | 56,895,000 | 13,410,000 |
| 2001 Series F | January 23, 2002 | 10,000,000 | 10,000,000 |
| 2002 Series A | May 2, 2002 | 40,000,000 | 6,225,000 |
| 2002 Series B | May 2, 2002 | 10,000,000 | 6,060,000 |
| 2002 Series C | July 30, 2002 | 50,000,000 | 34,910,000 |
| 2003 Series A | April 29, 2003 | 91,455,000 | 0 |
| 2003 Series B | September 30, 2003 | 50,000,000 | 36,715,000 |
| 2004 Series A | March 16, 2004 | 50,000,000 | 39,620,000 |
| 2004 Series B | March 16, 2004 | 91,290,000 | 0 |
| 2004 Series C | July 13, 2004 | 80,000,000 | 74,425,000 |
| 2004 Series D | July 13, 2004 | 43,405,000 | 0 |

| Series | Date of Issue | Original Principal | Principal Amount |
|---------------|------------------|------------------------|-------------------------------|
| | | Amount | Outstanding As of 12/31/09 |
| 2005 Series A | March 10, 2005 | 75,000,000 | 63,715,000 |
| 2005 Series B | March 10, 2005 | 39,805,000 | 0 |
| 2005 Series C | June 29, 2005 | 98,760,000 | 86,600,000 |
| 2006 Series A | January 26, 2006 | 84,555,000 | 76,385,000 |
| 2006 Series B | January 26, 2006 | 15,000,000 | 130,000 |
| 2006 Series C | July 27, 2006 | 125,000,000 | 118,740,000 |
| 2007 Series A | April 25, 2007 | 65,000,000 | 63,380,000 |
| 2007 Series C | April 25, 2007 | 57,990,000 | 0 |
| 2007 Series D | August 29, 2007 | 65,000,000 | 63,170,000 |
| 2007 Series H | October 31, 2007 | 117,010,000 | 55,550,000 |
| 2008 Series A | January 30, 2008 | 10,725,000 | 9,940,000 |
| TOTAL | | <u>\$2,835,775,000</u> | <u>\$ 853,520,000</u> |

1. The Authority refunded \$39,700,000 aggregate principal amount of the 1994 Series C Bonds with a portion of the proceeds of the 1995 Series B Bonds.
2. The Authority refunded \$1,240,000 and \$2,420,000 aggregate principal amount of the 1995 Series C Bonds with a portion of the proceeds of the 1996 Series C Bonds and the 1996 Series E Bonds, respectively.
3. The Authority refunded \$25,600,000, \$23,330,000 and \$8,070,000 aggregate principal amount of the 1995 Series E Bonds with a portion of the proceeds of the 1996 Series A Bonds, the 1996 Series E Bonds and the 1996 Series F Bonds, respectively.
4. The Authority refunded the 1996 Series D Bonds with a portion of the proceeds of the 1997 Series A Bonds.
5. The Authority refunded \$20,500,000 aggregate principal amount of the 1996 Series F Bonds with a portion of the proceeds of the 1997 Series D Bonds.
6. The Authority refunded \$65,925,000 aggregate principal amount of the 1997 Series B Bonds with a portion of the proceeds of the 1998 Series D Bonds.
7. The Authority refunded the 1997 Series E Bonds with a portion of the proceeds of the 1998 Series G Bonds.
8. The Authority refunded the 1998 Series B Bonds and the 1998 Series F Bonds with a portion of the proceeds of the 1999 Series D Bonds.

Bond Redemptions and Purchases

The following table sets forth as of December 31, 2009 for each Series of Bonds,[†] the amount redeemed or purchased (other than scheduled serial or sinking fund redemptions) and the source of funds used for such redemption or purchase. For a description of the circumstances under which Offered Bonds may be called for redemption, see "The Offered Bonds – Redemption." For information regarding the date of issuance and the amount outstanding as of December 31, 2009, for each Series of Bonds, see the under the caption "Bonds Issued under the Program" in this Appendix.

| Series | Source of Funds | | | |
|------------------------------|--|--|---|----------------------|
| | Principal Amount of Bonds Redeemed or Purchased (\$) | Bond Proceeds not used to Purchase Mortgage Loans (\$) | Mortgage Loan Prepayments and Repayments (\$) | Excess Revenues (\$) |
| 1994 Subseries A-1 (non-AMT) | 26,665,000 | 60,000 | 23,055,000 | 3,550,000 |
| 1994 Subseries A-2 (AMT) | 28,000,000 | 54,415 | 27,890,585 | 55,000 |
| 1994 Series B (AMT) | 38,255,000 | 11,071,476 | 26,588,524 | 595,000 |
| 1994 Subseries C-2 (AMT) | 2,200,000 | 0 | 2,200,000 | 0 |
| 1995 Subseries A-1 (non-AMT) | 16,545,000 | 10,000 | 16,535,000 | 0 |
| 1995 Subseries A-2 (AMT) | 20,650,000 | 7,566 | 20,577,434 | 65,000 |
| 1995 Subseries B-1 (non-AMT) | 8,290,000 | 0 | 8,290,000 | 0 |
| 1995 Subseries B-2 (AMT) | 26,850,000 | 0 | 26,849,824 | 176 |
| 1995 Subseries B-3 (Taxable) | 12,040,000 | 0 | 10,568,775 | 1,471,225 |
| 1995 Subseries C-1 (non-AMT) | 7,380,000 | 0 | 7,380,000 | 0 |
| 1995 Subseries C-2 (AMT) | 6,420,000 | 0 | 6,400,000 | 20,000 |
| 1995 Subseries D-1 (non-AMT) | 8,170,000 | 0 | 8,170,000 | 0 |
| 1995 Subseries D-2 (AMT) | 38,435,000 | 0 | 31,910,000 | 6,525,000 |
| 1995 Subseries E-2 (AMT) | 8,000,000 | 0 | 8,000,000 | 0 |
| 1996 Subseries A-1 (non-AMT) | 23,870,000 | 0 | 23,870,000 | 0 |
| 1996 Subseries A-2 (AMT) | 22,460,000 | 0 | 22,401,141 | 58,859 |
| 1996 Series B (AMT) | 40,000,000 | 0 | 39,924,415 | 75,585 |
| 1996 Subseries C-1 (AMT) | 21,000,000 | 0 | 18,185,000 | 2,815,000 |
| 1996 Subseries C-2 (Taxable) | 4,945,000 | 0 | 4,905,000 | 40,000 |
| 1996 Subseries E-1 (non-AMT) | 5,960,000 | 0 | 5,660,000 | 300,000 |
| 1996 Subseries E-2 (AMT) | 14,945,000 | 0 | 14,945,000 | 0 |
| 1996 Subseries E-3 (Taxable) | 11,250,000 | 0 | 11,210,000 | 40,000 |
| 1996 Subseries F-1 (non-AMT) | 6,775,000 | 0 | 6,775,000 | 0 |
| 1996 Subseries F-2 (AMT) | 20,085,000 | 0 | 20,085,000 | 0 |
| 1997 Subseries A-1 (non-AMT) | 8,515,000 | 0 | 4,640,000 | 3,875,000 |
| 1997 Subseries A-2 (AMT) | 24,095,000 | 0 | 24,095,000 | 0 |
| 1997 Subseries A-3 (Taxable) | 4,990,000 | 0 | 4,990,000 | 0 |
| 1997 Subseries B-1 (non-AMT) | 5,995,000 | 0 | 5,995,000 | 0 |
| 1997 Subseries B-2 (AMT) | 15,255,000 | 0 | 15,255,000 | 0 |
| 1997 Subseries B-1 (non-AMT) | 6,470,000 | 0 | 6,470,000 | 0 |
| 1997 Subseries B-2 (AMT) | 11,630,000 | 0 | 11,630,000 | 0 |
| 1997 Subseries C-1 (non-AMT) | 10,795,000 | 0 | 10,795,000 | 0 |
| 1997 Subseries C-2 (non-AMT) | 21,970,000 | 0 | 21,970,000 | 0 |
| 1997 Subseries C-3 (AMT) | 16,270,000 | 0 | 16,270,000 | 0 |
| 1997 Subseries C-4 (AMT) | 715,000 | 0 | 715,000 | 0 |
| 1997 Subseries C-5 (Taxable) | 19,965,000 | 0 | 19,915,000 | 50,000 |
| 1997 Subseries D-1 (non-AMT) | 4,485,000 | 0 | 4,485,000 | 0 |
| 1997 Subseries D-2 (AMT) | 11,965,000 | 0 | 11,965,000 | 0 |
| 1997 Subseries D-3 (Taxable) | 4,985,000 | 0 | 4,985,000 | 0 |
| 1998 Series A (Taxable) | 15,570,000 | 0 | 15,570,000 | 0 |
| 1998 Series C (Taxable) | 15,720,000 | 0 | 15,720,000 | 0 |
| 1998 Subseries D-1 (non-AMT) | 0 | 0 | 0 | 0 |
| 1998 Subseries D-2 (AMT) | 13,660,000 | 0 | 13,660,000 | 0 |
| 1998 Subseries D-1 (non-AMT) | 0 | 0 | 0 | 0 |
| 1998 Subseries D-2 (AMT) | 7,925,000 | 0 | 7,925,000 | 0 |
| 1998 Subseries D-1 (non-AMT) | 2,315,000 | 0 | 2,315,000 | 0 |
| 1998 Subseries D-2 (AMT) | 6,470,000 | 0 | 6,470,000 | 0 |
| 1998 Subseries D-3 (AMT) | 16,995,000 | 0 | 16,995,000 | 0 |
| 1998 Series E (Taxable) | 16,480,000 | 0 | 16,480,000 | 0 |
| 1998 Subseries G-1 (non-AMT) | 0 | 0 | 0 | 0 |
| 1998 Subseries G-2 (AMT) | 14,735,000 | 0 | 14,735,000 | 0 |
| 1999 Subseries A-1 (non-AMT) | 3,820,000 | 0 | 3,820,000 | 0 |
| 1999 Subseries A-2 (AMT) | 19,385,000 | 0 | 19,385,000 | 0 |
| 1999 Subseries B-1 (non-AMT) | 4,315,000 | 0 | 4,315,000 | 0 |
| 1999 Subseries B-2 (AMT) | 10,690,000 | 0 | 10,690,000 | 0 |
| 1999 Series C (Taxable) | 4,840,000 | 0 | 4,840,000 | 0 |
| 1999 Subseries D-1 (non-AMT) | 2,530,000 | 0 | 2,530,000 | 0 |
| 1999 Subseries D-2 (AMT) | 27,165,000 | 0 | 27,165,000 | 0 |
| 1999 Subseries D-3 (Taxable) | 19,540,000 | 0 | 19,540,000 | 0 |
| 1999 Subseries E-1 (non-AMT) | 8,485,000 | 0 | 8,485,000 | 0 |
| 1999 Subseries E-2 (AMT) | 13,655,000 | 0 | 13,655,000 | 0 |
| 1999 Series F (Taxable) | 10,395,000 | 0 | 10,395,000 | 0 |

Source of Funds

| Series | Principal Amount of Bonds Redeemed or Purchased (\$) | Bond Proceeds not used to Purchase Mortgage Loans (\$) | Mortgage Loan Prepayments and Repayments (\$) | Excess Revenues (\$) |
|------------------------------|--|--|---|----------------------------|
| 1999 Subseries G-1 (non-AMT) | 3,400,000 | 0 | 3,400,000 | 0 |
| 1999 Subseries G-2 (AMT) | 13,155,000 | 0 | 13,155,000 | 0 |
| 2000 Series A (Taxable) | 5,175,000 | 0 | 5,175,000 | 0 |
| 2000 Subseries B-1 (non-AMT) | 2,860,000 | 0 | 2,860,000 | 0 |
| 2000 Subseries B-2 (AMT) | 11,710,000 | 0 | 11,710,000 | 0 |
| 2000 Subseries C-1 (non-AMT) | 6,375,000 | 0 | 6,375,000 | 0 |
| 2000 Subseries C-2 (AMT) | 6,265,000 | 0 | 6,265,000 | 0 |
| 2000 Subseries C-3 (AMT) | 10,000,000 | 0 | 10,000,000 | 0 |
| 2000 Subseries C-4 (Taxable) | 5,355,000 | 0 | 5,355,000 | 0 |
| 2000 Subseries D-1 (non-AMT) | 2,150,000 | 0 | 2,150,000 | 0 |
| 2000 Subseries D-2 (AMT) | 9,315,000 | 0 | 9,315,000 | 0 |
| 2000 Subseries D-3 (non-AMT) | 3,320,000 | 0 | 3,320,000 | 0 |
| 2000 Subseries D-4 (AMT) | 21,215,000 | 0 | 21,215,000 | 0 |
| 2000 Subseries E-1 (non-AMT) | 3,750,000 | 0 | 3,750,000 | 0 |
| 2000 Subseries E-2 (AMT) | 2,745,000 | 0 | 2,745,000 | 0 |
| 2000 Subseries E-3 (non-AMT) | 2,785,000 | 0 | 2,785,000 | 0 |
| 2000 Subseries E-4 (AMT) | 16,455,000 | 0 | 16,455,000 | 0 |
| 2000 Series F (Taxable) | 4,935,000 | 0 | 4,935,000 | 0 |
| 2001 Subseries A-1 (non-AMT) | 0 | 0 | 0 | 0 |
| 2001 Subseries A-2 (AMT) | 7,625,000 | 0 | 7,625,000 | 0 |
| 2001 Subseries A-3 (AMT) | 4,795,000 | 0 | 4,795,000 | 0 |
| 2001 Series B (Taxable) | 4,925,000 | 0 | 4,925,000 | 0 |
| 2001 Subseries C-1 (non-AMT) | 0 | 0 | 0 | 0 |
| 2001 Subseries C-2 (AMT) | 22,135,000 | 0 | 22,135,000 | 0 |
| 2001 Subseries C-3 (non-AMT) | 6,345,000 | 0 | 6,345,000 | 0 |
| 2001 Subseries C-4 (AMT) | 3,070,000 | 0 | 3,070,000 | 0 |
| 2001 Series D (Taxable) | 7,040,000 | 0 | 6,835,000 | 205,000 |
| 2001 Subseries E-1 (non-AMT) | 170,000 | 0 | 170,000 | 0 |
| 2001 Subseries E-2 (AMT) | 27,710,000 | 0 | 27,710,000 | 0 |
| 2001 Subseries E-3 (AMT) | 10,480,000 | 0 | 10,480,000 | 0 |
| 2001 Series F (Taxable) | 0 | 0 | 0 | 0 |
| 2002 Subseries A-1 (non-AMT) | 0 | 0 | 0 | 0 |
| 2002 Subseries A-2 (AMT) | 32,905,000 | 0 | 32,905,000 | 0 |
| 2002 Subseries B (Taxable) | 0 | 0 | 0 | 0 |
| 2002 Subseries C-1 (non-AMT) | 0 | 0 | 0 | 0 |
| 2002 Subseries C-2 (AMT) | 10,315,000 | 0 | 10,315,000 | 0 |
| 2003 Subseries B-1 (non-AMT) | 0 | 0 | 0 | 0 |
| 2003 Subseries B-2 (AMT) | 7,355,000 | 0 | 7,355,000 | 0 |
| 2004 Subseries A-1 (non-AMT) | 0 | 0 | 0 | 0 |
| 2004 Subseries A-2 (AMT) | 5,530,000 | 0 | 5,530,000 | 0 |
| 2004 Subseries A-3 (AMT) | 0 | 0 | 0 | 0 |
| 2005 Subseries A-1 (non-AMT) | 0 | 0 | 0 | 0 |
| 2005 Subseries A-2 (AMT) | 2,965,000 | 0 | 2,965,000 | 0 |
| 2005 Subseries A-3 (AMT) | 1,890,000 | 0 | 1,890,000 | 0 |
| 2005 Subseries C-1 (non-AMT) | 835,000 | 0 | 835,000 | 0 |
| 2005 Subseries C-2 (AMT) | 3,675,000 | 0 | 3,675,000 | 0 |
| 2006 Subseries A-1 (non-AMT) | 1,955,000 | 0 | 1,955,000 | 0 |
| 2006 Subseries A-2 (AMT) | 5,150,000 | 0 | 5,150,000 | 0 |
| 2006 Series B | 10,695,000 | 0 | 10,695,000 | 0 |
| 2006 Subseries C-1 | 1,840,000 | 0 | 1,840,000 | 0 |
| 2006 Subseries C-2 | 2,220,000 | 0 | 2,220,000 | 0 |
| 2007 Series A-1 | 0 | 0 | 0 | 0 |
| 2007 Series A-2 | 0 | 0 | 0 | 0 |
| 2007 Series D | 695,000 | 0 | 695,000 | 0 |
| 2007 Subseries H-1 | 0 | 0 | 0 | 0 |
| 2007 Subseries H-2 | 70,000 | 0 | 70,000 | 0 |
| 2008 Subseries A-1 | 0 | 0 | 0 | 0 |
| 2008 Subseries A-2 | 0 | 0 | 0 | 0 |
| TOTAL | <u>\$1,135,335,000</u> | <u>\$11,203,457</u> | <u>\$1,104,390,698</u> | <u>\$19,740,845</u> |

† This table excludes information regarding the redemption or purchase of Series of Bonds that were purchased or redeemed as Convertible Option Bonds or Notes.

Mortgage Loan Interest Rate Information

Set forth in the following table is certain information regarding the interest rates borne by Mortgage Loans held under the Program (including Contributed Mortgage Loans and Second Mortgage Loans) as of December 31, 2009. The information below under the heading "Range of Mortgage Loan Interest Rates" includes the interest rates on Mortgage Loans purchased by the Authority under its various below market single-family home loan programs for certain low income borrowers and targeted areas.

| <u>Funding Series</u> | <u>No. of Mortgage Loans</u> | <u>Original Principal Purchased of Mortgage Loans Outstanding</u> | <u>Remaining Principal Purchased of Mortgage Loans Outstanding</u> | <u>Range of Mortgage Loan Interest Rates (%)¹</u> | <u>Weighted Average of Mortgage Loans Outstanding Interest Rates (%)</u> |
|-------------------------------|------------------------------|---|--|--|--|
| CONTRIBUTED MORTGAGE LOANS | 927 | 57,735,597.51 | 41,255,830.97 | 0.000 - 10.780 | 6.704 |
| HOMEOWNER GENERAL RECYCLE 1 | 37 | 3,084,764.92 | 3,043,096.77 | 4.800 - 6.750 | 6.099 |
| SERIES 1996E | 34 | 1,797,920.85 | 1,295,785.37 | 5.000 - 8.000 | 7.628 |
| SERIES 1996F | 49 | 3,118,332.34 | 2,382,091.36 | 4.250 - 7.240 | 6.702 |
| SERIES 1997A | 51 | 3,074,649.65 | 2,316,219.84 | 6.000 - 8.250 | 7.152 |
| SERIES 1997C | 68 | 4,578,040.98 | 3,476,175.20 | 3.000 - 7.510 | 6.084 |
| SERIES 1997D | 8 | 574,488.39 | 428,241.70 | 4.000 - 6.990 | 5.211 |
| SERIES 1997D / 1995C | 20 | 1,177,206.39 | 892,775.68 | 6.990 - 7.510 | 7.259 |
| SERIES 1998A / 1997Bi | 69 | 5,236,599.72 | 3,964,495.13 | 4.000 - 7.240 | 6.040 |
| SERIES 1998A/1997Bi/1995E | 22 | 1,361,039.02 | 1,035,814.54 | 6.000 - 7.240 | 6.781 |
| SERIES 1998C / 1997Biii | 74 | 4,182,474.75 | 3,320,500.95 | 5.000 - 7.950 | 6.397 |
| SERIES 1998C/1997Bii/1996A | 31 | 1,939,222.43 | 1,509,615.70 | 6.000 - 7.000 | 6.737 |
| SERIES 1998Dii | 33 | 2,114,548.88 | 1,676,181.07 | 5.000 - 7.100 | 5.718 |
| SERIES 1998Dii / 1996C | 17 | 1,142,982.15 | 885,345.43 | 6.000 - 7.100 | 6.752 |
| SERIES 1998E / 1998Di | 117 | 7,721,040.30 | 5,994,385.40 | 5.000 - 8.550 | 6.070 |
| SERIES 1998E/ 1998Di/ 1996B | 20 | 1,175,700.93 | 841,760.40 | 6.000 - 6.760 | 6.372 |
| SERIES 1998G | 50 | 3,640,511.56 | 2,870,623.58 | 5.000 - 7.350 | 6.298 |
| SERIES 1998G / 1996E | 8 | 396,187.93 | 317,314.24 | 3.000 - 7.100 | 6.717 |
| SERIES 1999 B | 22 | 2,146,818.32 | 1,692,809.48 | 4.375 - 8.200 | 5.688 |
| SERIES 1999 G | 37 | 2,858,882.73 | 2,358,064.56 | 5.000 - 8.550 | 6.115 |
| SERIES 1999C / 1998Diii | 119 | 7,847,373.27 | 6,214,938.97 | 3.000 - 7.990 | 5.363 |
| SERIES 1999C/1998Diii/1996F | 23 | 1,504,629.74 | 1,203,793.70 | 3.000 - 7.350 | 6.741 |
| SERIES 1999D | 29 | 1,945,371.77 | 1,541,517.41 | 5.000 - 8.300 | 6.581 |
| SERIES 1999D / 1997A | 47 | 2,999,602.37 | 2,438,681.34 | 0.000 - 7.500 | 6.487 |
| SERIES 1999F / 1997C | 87 | 8,507,272.30 | 6,309,835.00 | 0.000 - 4.250 | 4.034 |
| SERIES 1999F / 1997D | 46 | 3,626,115.00 | 2,768,132.01 | 0.000 - 4.250 | 4.047 |
| SERIES 199D / 1998C / 1997Bii | 16 | 1,182,166.17 | 976,558.86 | 6.000 - 7.950 | 6.924 |
| SERIES 2000 B | 29 | 2,059,489.32 | 1,764,515.83 | 5.375 - 8.250 | 6.719 |
| SERIES 2000 C- 4 / 1999 D | 14 | 1,269,894.51 | 1,039,721.83 | 6.000 - 7.100 | 6.291 |
| SERIES 2000 C-3 | 4 | 218,250.00 | 180,114.10 | 6.990 - 7.240 | 7.119 |
| SERIES 2000 C-3 / 1999 E | 60 | 5,162,561.98 | 4,137,426.65 | 0.000 - 8.800 | 5.692 |
| SERIES 2000 D - 4 | 73 | 4,663,058.79 | 3,168,629.65 | 5.000 - 8.400 | 6.347 |
| SERIES 2000 D / 1998 G | 74 | 6,027,559.49 | 4,869,152.63 | 5.000 - 8.240 | 5.554 |
| SERIES 2000 E / 2000 F | 94 | 8,620,880.18 | 7,127,852.87 | 5.000 - 8.300 | 5.666 |
| SERIES 2000A/1998Diii/1999C | 42 | 3,634,269.61 | 2,814,053.54 | 3.000 - 8.300 | 4.650 |
| SERIES 2001 A 1/2 -/ 2001 B | 134 | 9,464,712.95 | 7,481,671.60 | 5.000 - 8.550 | 5.899 |
| SERIES 2001C 1/2 - 20013/4 D | 202 | 14,102,122.46 | 11,157,546.82 | 3.000 - 8.210 | 6.047 |
| SERIES 2001E 1/2 - /2001 F | 203 | 14,298,703.10 | 11,977,652.28 | 3.000 - 8.100 | 6.366 |
| SERIES 2002 C | 240 | 18,305,307.41 | 15,614,287.15 | 3.000 - 6.750 | 5.889 |
| SERIES 2002A-1/2 - / 2002 B | 199 | 16,335,872.90 | 14,248,183.24 | 4.875 - 7.000 | 5.794 |
| SERIES 2003 B | 321 | 27,445,370.50 | 24,158,477.91 | 3.000 - 6.375 | 5.375 |
| SERIES 2004 A | 334 | 31,211,921.54 | 27,734,194.41 | 3.000 - 6.240 | 5.353 |
| SERIES 2004 C | 554 | 52,351,326.87 | 47,025,473.48 | 4.250 - 6.100 | 5.480 |
| SERIES 2005 A | 507 | 52,095,564.48 | 47,737,488.96 | 3.000 - 6.050 | 5.482 |
| SERIES 2005C | 760 | 77,775,334.73 | 72,004,605.10 | 3.000 - 6.400 | 5.509 |
| SERIES 2006 A1-A2/2006B | 694 | 73,191,124.94 | 68,652,494.09 | 4.250 - 6.800 | 5.988 |
| SERIES 2006 C1 - C2 | 869 | 94,313,704.29 | 90,039,972.25 | 3.000 - 7.000 | 6.106 |
| SERIES 2007 A1-A2 | 479 | 49,907,708.42 | 47,879,483.79 | 5.050 - 7.150 | 6.124 |
| SERIES 2007 H1-H2 RMKTD | 498 | 50,456,131.62 | 49,105,653.82 | 4.800 - 6.900 | 6.072 |
| SERIES 2007D | 537 | 55,272,003.09 | 53,233,194.77 | 4.750 - 7.150 | 6.214 |
| SERIES 2008 A1-A2 | 92 | 10,008,165.39 | 9,796,620.64 | 5.500 - 7.250 | 5.962 |

1. 0% interest rates represent interest rates on Second Mortgage Loans.

Mortgage Loan Interest Rate Information

Set forth in the following table is certain information regarding the interest rates borne by Mortgage Loans held under the Program (including Contributed Mortgage Loans and Second Mortgage Loans) as of December 31, 2009. The information below under the heading "Range of Mortgage Loan Interest Rates" includes the interest rates on Mortgage Loans purchased by the Authority under its various below market single-family home loan programs for certain low income borrowers and targeted areas.

| <u>Funding Series</u> | <u>No. of Mortgage Loans</u> | <u>Original Principal Purchased of Mortgage Loans Outstanding</u> | <u>Remaining Principal Purchased of Mortgage Loans Outstanding</u> | <u>Range of Mortgage Loan Interest Rates (%) ¹</u> | <u>Weighted Average of Mortgage Loans Outstanding Interest Rates (%)</u> |
|-----------------------|--------------------------------------|---|--|---|--|
| | <u>9,074</u> | <u>814,860,578.94</u> | <u>725,959,052.07</u> | | <u>5.901</u> |

1. 0% interest rates represent interest rates on Second Mortgage Loans.

Mortgage Pool Insurers

For each Series of Bonds (other than that portion of a Series of Bonds outstanding as Convertible Option Bonds or Notes), the following table sets forth (i) the initial Mortgage Pool Insurers for Mortgage Loans purchased with their proceeds (excluding Contributed Mortgage Loans and Second Mortgage Loans), (ii) the principal amount of Mortgage Loans subject to the Pool Policy, as of December 31, 2009, (iii) the principal amount of Mortgage Loans outstanding, as of December 31, 2009, (iv) the amount of loss coverage provided by the applicable Pool Policy (inclusive of the Deductible), (v) the amount of the applicable Deductible, and (vi) the claims against the Deductible or the Pool Policy for any Series of Bonds.

| Funding Series / Mortgage Pool Insurer | Principal Amount of Mortgage Loans Subject to Pool Policy | Principal Amount of Mortgage Loans Outstanding | Amount of Loss Coverage | Amount of Deductible | Claims Against Deductible or Pool Policy |
|--|---|--|-------------------------|----------------------|--|
| HOMEOWNER GENERAL RECYCLE 1 | | | | | |
| Genworth | 1,863,303.54 | 1,609,970.49 | 65,215.62 | 0.00 | 0.00 |
| RMIC | 1,543,291.91 | 1,291,807.88 | 54,015.22 | 0.00 | 0.00 |
| SERIES 1994 A1 - A2 | | | | | |
| Radian | 54,673,615.09 | 2,100,096.94 | 1,913,576.53 | 546,736.15 | 130,812.11 |
| SERIES 1994B | | | | | |
| Genworth | 26,676,993.45 | 801,672.45 | 933,694.77 | 266,769.93 | 37,005.31 |
| SERIES 1995A | | | | | |
| MGIC | 36,611,052.52 | 988,850.49 | 1,281,386.84 | 366,110.53 | 43,179.62 |
| SERIES 1995B | | | | | |
| Genworth | 49,053,582.76 | 2,619,747.08 | 1,716,875.40 | 490,535.83 | 168,553.78 |
| MGIC | 404,225.00 | 112,571.76 | 14,147.88 | 4,042.25 | 0.00 |
| USDA | 134,000.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| SERIES 1995C | | | | | |
| MGIC | 16,125,849.46 | 1,011,474.34 | 564,404.73 | 161,258.49 | 0.00 |
| SERIES 1995D | | | | | |
| UGI | 45,258,844.26 | 2,607,812.99 | 1,584,059.55 | 452,588.44 | 99,529.94 |
| SERIES 1995D / 1996A | | | | | |
| UGI | 2,785,375.12 | 33,301.25 | 97,488.13 | 27,853.75 | 562.82 |
| SERIES 1995E | | | | | |
| MGIC | 6,194,701.35 | 272,262.41 | 216,814.55 | 61,947.01 | 0.00 |
| SERIES 1996A | | | | | |
| UGI | 35,624,820.15 | 1,534,295.36 | 1,246,868.71 | 356,248.20 | 92,752.70 |
| SERIES 1996B | | | | | |
| UGI | 37,302,285.81 | 1,629,763.41 | 1,305,580.00 | 373,022.86 | 105,266.47 |
| SERIES 1996C | | | | | |
| MGIC | 23,546,292.74 | 987,225.70 | 824,120.25 | 235,462.93 | 95,783.46 |
| SERIES 1996E | | | | | |
| Genworth | 134,292.70 | 0.00 | 4,700.24 | 1,342.93 | 0.00 |
| MGIC | 33,987,035.04 | 1,295,785.37 | 1,189,546.23 | 339,870.35 | 82,117.54 |
| SERIES 1996F | | | | | |
| Genworth | 28,567,455.30 | 2,382,091.36 | 999,860.94 | 0.00 | 64,462.86 |
| SERIES 1997A | | | | | |
| MGIC | 40,992,083.97 | 2,316,219.84 | 1,434,722.94 | 409,920.84 | 165,993.93 |
| FHA | 87,604.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| SERIES 1997C | | | | | |
| Genworth | 40,826,052.64 | 3,476,175.20 | 1,428,911.84 | 0.00 | 58,011.78 |
| SERIES 1997D | | | | | |
| Genworth | 5,095,061.50 | 428,241.70 | 178,327.15 | 0.00 | 28,961.62 |
| SERIES 1997D / 1995C | | | | | |
| Genworth | 17,193,257.96 | 892,775.68 | 601,764.03 | 0.00 | 75,680.36 |
| SERIES 1998A / 1997Bi | | | | | |
| Genworth | 16,454,375.82 | 2,198,204.90 | 575,903.15 | 0.00 | 41,915.83 |

Mortgage Pool Insurers

For each Series of Bonds (other than that portion of a Series of Bonds outstanding as Convertible Option Bonds or Notes), the following table sets forth (i) the initial Mortgage Pool Insurers for Mortgage Loans purchased with their proceeds (excluding Contributed Mortgage Loans and Second Mortgage Loans), (ii) the principal amount of Mortgage Loans subject to the Pool Policy, as of December 31, 2009, (iii) the principal amount of Mortgage Loans outstanding, as of December 31, 2009, (iv) the amount of loss coverage provided by the applicable Pool Policy (inclusive of the Deductible), (v) the amount of the applicable Deductible, and (vi) the claims against the Deductible or the Pool Policy for any Series of Bonds.

| Funding Series / Mortgage Pool Insurer | Principal Amount of Mortgage Loans Subject to Pool Policy | Principal Amount of Mortgage Loans Outstanding | Amount of Loss Coverage | Amount of Deductible | Claims Against Deductible or Pool Policy |
|--|---|--|-------------------------|----------------------|--|
| MGIC | 16,530,430.71 | 1,766,290.23 | 578,565.07 | 0.00 | 67,900.27 |
| SERIES 1998A/1997Bi/1995E | | | | | |
| Genworth | 14,986,391.93 | 1,035,814.54 | 524,523.72 | 0.00 | 34,115.60 |
| SERIES 1998C / 1997Biii | | | | | |
| Genworth | 37,900.00 | 30,650.03 | 1,326.50 | 0.00 | 0.00 |
| MGIC | 11,240,425.67 | 967,903.35 | 393,414.90 | 0.00 | 4,303.95 |
| PMI | 6,342,293.62 | 1,358,936.86 | 221,980.28 | 0.00 | 50,013.40 |
| UGI | 11,638,772.01 | 963,010.71 | 407,357.02 | 0.00 | 25,602.42 |
| SERIES 1998C/1997Bii/1996A | | | | | |
| MGIC | 7,479,535.59 | 472,127.82 | 261,783.75 | 0.00 | 35,195.79 |
| PMI | 2,585,802.92 | 113,786.28 | 90,503.10 | 0.00 | 16,459.57 |
| UGI | 5,985,428.45 | 923,701.60 | 209,490.00 | 0.00 | 517.74 |
| SERIES 1998Dii | | | | | |
| MGIC | 7,317,585.36 | 1,348,022.73 | 256,115.49 | 0.00 | 5,850.36 |
| PMI | 1,335,338.44 | 139,622.89 | 46,736.85 | 0.00 | 0.00 |
| UGI | 1,880,861.79 | 188,535.45 | 65,830.16 | 0.00 | 0.00 |
| USDA | 143,600.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| SERIES 1998Dii / 1996C | | | | | |
| MGIC | 2,863,591.39 | 462,038.03 | 100,225.70 | 0.00 | 13,565.09 |
| PMI | 2,368,589.28 | 272,603.04 | 82,900.62 | 0.00 | 0.00 |
| UGI | 2,449,594.95 | 150,704.36 | 85,735.82 | 0.00 | 0.00 |
| SERIES 1998E / 1998Di | | | | | |
| MGIC | 18,981,399.90 | 4,009,510.63 | 664,349.00 | 0.00 | 27,666.97 |
| PMI | 8,335,949.09 | 1,142,399.87 | 291,758.22 | 0.00 | 13,312.16 |
| UGI | 13,428,967.47 | 842,474.90 | 470,013.86 | 0.00 | 23,207.27 |
| USDA | 47,000.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| SERIES 1998E/ 1998Di/ 1996B | | | | | |
| Genworth | 37,253.79 | 28,394.85 | 1,303.88 | 0.00 | 0.00 |
| MGIC | 6,483,801.13 | 636,592.70 | 226,933.04 | 0.00 | 0.00 |
| PMI | 1,055,286.65 | 67,929.91 | 36,935.03 | 0.00 | 0.00 |
| UGI | 2,419,456.73 | 108,842.94 | 84,680.99 | 0.00 | 10,794.90 |
| SERIES 1998G | | | | | |
| MGIC | 11,338,675.24 | 1,603,452.55 | 396,853.63 | 0.00 | 5,305.62 |
| PMI | 3,949,608.06 | 177,333.06 | 138,236.28 | 0.00 | 0.00 |
| UGI | 7,569,518.10 | 954,523.97 | 264,933.13 | 0.00 | 0.00 |
| Radian | 225,800.00 | 135,314.00 | 7,903.00 | 0.00 | 0.00 |
| SERIES 1998G / 1996E | | | | | |
| MGIC | 3,343,040.41 | 211,004.98 | 117,006.41 | 0.00 | 0.00 |
| PMI | 69,710.19 | 0.00 | 2,439.86 | 0.00 | 0.00 |
| UGI | 2,273,828.28 | 106,309.26 | 79,583.99 | 0.00 | 3,844.03 |
| SERIES 1999 A | | | | | |
| MGIC | 11,012,453.18 | 1,308,108.60 | 385,435.86 | 0.00 | 23,864.00 |
| PMI | 7,171,947.05 | 403,685.42 | 251,018.15 | 0.00 | 30,763.70 |
| UGI | 6,421,568.00 | 941,208.38 | 224,754.88 | 0.00 | 0.00 |
| SERIES 1999 B | | | | | |
| MGIC | 7,811,062.10 | 780,300.21 | 273,387.17 | 0.00 | 99,088.59 |

Mortgage Pool Insurers

For each Series of Bonds (other than that portion of a Series of Bonds outstanding as Convertible Option Bonds or Notes), the following table sets forth (i) the initial Mortgage Pool Insurers for Mortgage Loans purchased with their proceeds (excluding Contributed Mortgage Loans and Second Mortgage Loans), (ii) the principal amount of Mortgage Loans subject to the Pool Policy, as of December 31, 2009, (iii) the principal amount of Mortgage Loans outstanding, as of December 31, 2009, (iv) the amount of loss coverage provided by the applicable Pool Policy (inclusive of the Deductible), (v) the amount of the applicable Deductible, and (vi) the claims against the Deductible or the Pool Policy for any Series of Bonds.

| Funding Series / Mortgage Pool Insurer | Principal Amount of Mortgage Loans Subject to Pool Policy | Principal Amount of Mortgage Loans Outstanding | Amount of Loss Coverage | Amount of Deductible | Claims Against Deductible or Pool Policy |
|--|---|--|-------------------------|----------------------|--|
| PMI | 4,355,231.50 | 547,514.89 | 152,433.10 | 0.00 | 0.00 |
| UGI | 4,143,606.89 | 364,994.38 | 145,026.24 | 0.00 | 12,665.74 |
| SERIES 1999 G | | | | | |
| MGIC | 8,618,061.79 | 1,542,883.02 | 301,632.16 | 0.00 | 4,965.38 |
| PMI | 3,173,545.64 | 264,493.85 | 111,074.10 | 0.00 | 0.00 |
| UGI | 4,488,825.49 | 537,460.57 | 157,108.89 | 0.00 | 0.00 |
| Radian | 1,884,772.50 | 13,227.12 | 65,967.04 | 0.00 | 0.00 |
| SERIES 1999C / 1998Diii | | | | | |
| MGIC | 16,772,502.48 | 4,588,789.35 | 587,037.59 | 0.00 | 54,930.73 |
| PMI | 7,057,700.93 | 373,160.33 | 247,019.53 | 0.00 | 15,942.70 |
| UGI | 9,596,034.56 | 1,252,989.29 | 335,861.21 | 0.00 | 33,048.60 |
| USDA | 282,658.38 | 0.00 | 0.00 | 0.00 | 0.00 |
| SERIES 1999C / 1998Diii / 1996F | | | | | |
| MGIC | 2,526,128.71 | 195,463.23 | 88,414.50 | 0.00 | 22,162.18 |
| PMI | 5,827,438.11 | 608,368.14 | 203,960.33 | 0.00 | 5,452.40 |
| UGI | 4,636,263.54 | 399,962.33 | 162,269.22 | 0.00 | 9,580.85 |
| SERIES 1999D | | | | | |
| MGIC | 8,502,839.66 | 538,251.28 | 297,599.39 | 0.00 | 25,598.42 |
| PMI | 4,150,908.97 | 204,488.23 | 145,281.81 | 0.00 | 0.00 |
| UGI | 9,717,908.59 | 798,777.90 | 340,126.80 | 0.00 | 82,928.68 |
| SERIES 1999D / 1997A | | | | | |
| MGIC | 11,625,414.27 | 812,899.56 | 406,889.50 | 0.00 | 43,352.09 |
| PMI | 8,099,365.57 | 954,845.21 | 283,477.79 | 0.00 | 59,397.85 |
| UGI | 3,353,323.78 | 670,912.82 | 117,366.33 | 0.00 | 39,220.59 |
| USDA | 46,600.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| SERIES 1999F / 1997C | | | | | |
| MGIC | 5,643,985.92 | 2,316,559.40 | 197,539.51 | 0.00 | 0.00 |
| PMI | 5,149,181.31 | 2,060,109.07 | 180,221.35 | 0.00 | 11,822.77 |
| UGI | 4,801,743.76 | 1,933,141.36 | 168,061.03 | 0.00 | 0.00 |
| SERIES 1999F / 1997D | | | | | |
| MGIC | 2,467,161.81 | 994,939.92 | 86,350.66 | 0.00 | 0.00 |
| PMI | 1,955,344.60 | 648,033.06 | 68,437.06 | 0.00 | 5,006.45 |
| UGI | 2,290,077.66 | 1,125,143.25 | 80,152.72 | 0.00 | 219.81 |
| SERIES 199D / 1998C / 1997Bii | | | | | |
| MGIC | 2,360,608.09 | 226,196.28 | 82,621.28 | 0.00 | 0.00 |
| PMI | 5,258,531.48 | 387,726.86 | 184,048.60 | 0.00 | 7,638.83 |
| UGI | 4,475,572.71 | 362,635.72 | 156,645.04 | 0.00 | 10,491.48 |
| SERIES 2000 B | | | | | |
| MGIC | 6,213,975.69 | 708,286.15 | 217,489.15 | 0.00 | 12,054.07 |
| PMI | 2,055,964.15 | 274,152.92 | 71,958.75 | 0.00 | 0.00 |
| UGI | 2,349,262.56 | 359,433.59 | 82,224.19 | 0.00 | 0.00 |
| Radian | 4,493,562.05 | 422,643.17 | 157,274.67 | 0.00 | 19,684.94 |
| SERIES 2000 C- 4 / 1999 D | | | | | |
| MGIC | 2,948,394.17 | 346,606.58 | 103,193.80 | 0.00 | 0.00 |
| PMI | 2,368,765.24 | 478,058.54 | 82,906.78 | 0.00 | 2,716.09 |
| UGI | 1,719,969.34 | 215,056.71 | 60,198.93 | 0.00 | 4,273.05 |

Mortgage Pool Insurers

For each Series of Bonds (other than that portion of a Series of Bonds outstanding as Convertible Option Bonds or Notes), the following table sets forth (i) the initial Mortgage Pool Insurers for Mortgage Loans purchased with their proceeds (excluding Contributed Mortgage Loans and Second Mortgage Loans), (ii) the principal amount of Mortgage Loans subject to the Pool Policy, as of December 31, 2009, (iii) the principal amount of Mortgage Loans outstanding, as of December 31, 2009, (iv) the amount of loss coverage provided by the applicable Pool Policy (inclusive of the Deductible), (v) the amount of the applicable Deductible, and (vi) the claims against the Deductible or the Pool Policy for any Series of Bonds.

| Funding Series / Mortgage Pool Insurer | Principal Amount of Mortgage Loans Subject to Pool Policy | Principal Amount of Mortgage Loans Outstanding | Amount of Loss Coverage | Amount of Deductible | Claims Against Deductible or Pool Policy |
|--|---|--|-------------------------|----------------------|--|
| SERIES 2000 C-3 | | | | | |
| MGIC | 2,529,938.07 | 0.00 | 88,547.83 | 0.00 | 0.00 |
| UGI | 1,258,471.87 | 180,114.10 | 44,046.52 | 0.00 | 0.00 |
| Radian | 275,391.04 | 0.00 | 9,638.69 | 0.00 | 0.00 |
| SERIES 2000 C-3 / 1999 E | | | | | |
| MGIC | 15,506,484.55 | 2,465,956.06 | 542,726.96 | 0.00 | 22,100.02 |
| PMI | 6,145,228.04 | 672,743.90 | 215,082.98 | 0.00 | 39,052.25 |
| UGI | 7,136,582.15 | 998,642.33 | 249,780.38 | 0.00 | 1,472.31 |
| USDA | 42,844.34 | 0.00 | 0.00 | 0.00 | 0.00 |
| SERIES 2000 D - 4 | | | | | |
| MGIC | 4,603,809.30 | 1,364,736.79 | 161,133.33 | 0.00 | 22,728.91 |
| PMI | 2,227,975.01 | 492,477.54 | 77,979.13 | 0.00 | 0.00 |
| UGI | 2,508,483.24 | 406,082.06 | 87,796.91 | 0.00 | 0.00 |
| Radian | 532,264.50 | 0.00 | 18,629.26 | 0.00 | 0.00 |
| SERIES 2000 D / 1998 G | | | | | |
| MGIC | 12,968,142.02 | 2,532,685.36 | 453,884.97 | 0.00 | 17,313.07 |
| PMI | 3,410,770.86 | 1,100,954.27 | 119,376.98 | 0.00 | 2,293.31 |
| UGI | 6,478,279.09 | 1,086,209.39 | 226,739.77 | 0.00 | 40,148.43 |
| Radian | 2,601,915.22 | 149,303.61 | 91,067.03 | 0.00 | 0.00 |
| SERIES 2000 E / 2000 F | | | | | |
| MGIC | 12,874,535.71 | 3,758,313.35 | 450,608.75 | 0.00 | 14,519.51 |
| PMI | 1,546,675.45 | 362,155.97 | 54,133.64 | 0.00 | 0.00 |
| UGI | 6,198,642.50 | 1,996,711.26 | 216,952.49 | 0.00 | 0.00 |
| Radian | 5,451,499.82 | 1,010,672.29 | 190,802.49 | 0.00 | 0.00 |
| SERIES 2000A/1998Diii/1999C | | | | | |
| MGIC | 6,232,784.81 | 2,120,500.17 | 218,147.47 | 0.00 | 10,542.50 |
| PMI | 736,462.30 | 248,309.56 | 25,776.18 | 0.00 | 20,426.66 |
| UGI | 2,043,481.70 | 445,243.81 | 71,521.86 | 0.00 | 0.00 |
| USDA | 174,369.06 | 0.00 | 0.00 | 0.00 | 0.00 |
| SERIES 2001 A 1/2 -/ 2001 B | | | | | |
| MGIC | 25,742,759.89 | 5,609,210.93 | 900,996.60 | 0.00 | 95,560.89 |
| PMI | 210,566.00 | 181,134.30 | 7,369.81 | 0.00 | 0.00 |
| UGI | 4,201,527.04 | 489,840.77 | 147,053.45 | 0.00 | 5,859.66 |
| Radian | 7,664,767.56 | 750,366.48 | 268,266.86 | 0.00 | 0.00 |
| USDA | 40,950.73 | 0.00 | 0.00 | 0.00 | 0.00 |
| SERIES 2001C 1/2 - 20013/4 D | | | | | |
| MGIC | 24,343,358.08 | 6,039,804.06 | 852,017.53 | 0.00 | 33,380.23 |
| PMI | 240,699.38 | 0.00 | 8,424.48 | 0.00 | 0.00 |
| UGI | 7,253,093.82 | 1,939,769.89 | 253,858.28 | 0.00 | 0.00 |
| Radian | 7,912,722.37 | 1,807,762.02 | 276,945.28 | 0.00 | 23,129.46 |
| SERIES 2001E 1/2 - /2001 F | | | | | |
| MGIC | 21,269,791.45 | 5,917,801.68 | 744,442.70 | 0.00 | 28,960.10 |
| UGI | 8,725,071.39 | 1,424,898.75 | 305,377.50 | 0.00 | 0.00 |
| Radian | 20,696,924.69 | 3,573,285.78 | 724,392.36 | 0.00 | 46,001.65 |
| SERIES 2002 C | | | | | |
| MGIC | 29,171,399.12 | 10,633,911.99 | 1,020,998.97 | 0.00 | 80,883.71 |
| UGI | 8,313,844.94 | 2,664,105.59 | 290,984.57 | 0.00 | 12,190.08 |

Mortgage Pool Insurers

For each Series of Bonds (other than that portion of a Series of Bonds outstanding as Convertible Option Bonds or Notes), the following table sets forth (i) the initial Mortgage Pool Insurers for Mortgage Loans purchased with their proceeds (excluding Contributed Mortgage Loans and Second Mortgage Loans), (ii) the principal amount of Mortgage Loans subject to the Pool Policy, as of December 31, 2009, (iii) the principal amount of Mortgage Loans outstanding, as of December 31, 2009, (iv) the amount of loss coverage provided by the applicable Pool Policy (inclusive of the Deductible), (v) the amount of the applicable Deductible, and (vi) the claims against the Deductible or the Pool Policy for any Series of Bonds.

| Funding Series / Mortgage Pool Insurer | Principal Amount of Mortgage Loans Subject to Pool Policy | Principal Amount of Mortgage Loans Outstanding | Amount of Loss Coverage | Amount of Deductible | Claims Against Deductible or Pool Policy |
|--|---|--|-------------------------|----------------------|--|
| Radian | 9,705,855.28 | 2,316,269.57 | 339,704.93 | 0.00 | 73,286.51 |
| SERIES 2002A-1/2 - / 2002 B | | | | | |
| MGIC | 29,069,231.39 | 9,928,244.97 | 1,017,423.10 | 0.00 | 52,159.90 |
| UGI | 8,871,833.84 | 2,424,018.58 | 310,514.18 | 0.00 | 6,250.41 |
| Radian | 8,540,508.56 | 1,737,653.36 | 298,917.80 | 0.00 | 0.00 |
| FHA | 176,000.00 | 158,266.33 | 0.00 | 0.00 | 0.00 |
| SERIES 2003 B | | | | | |
| MGIC | 22,004,831.97 | 10,537,544.53 | 770,169.12 | 0.00 | 67,385.93 |
| UGI | 9,499,571.22 | 5,145,280.49 | 332,484.99 | 0.00 | 0.00 |
| Radian | 17,601,740.38 | 8,475,652.89 | 616,060.91 | 0.00 | 71,702.47 |
| SERIES 2004 A | | | | | |
| MGIC | 22,368,512.49 | 12,308,453.81 | 782,897.94 | 0.00 | 50,896.24 |
| UGI | 12,976,630.32 | 6,721,948.02 | 454,182.06 | 0.00 | 101,654.37 |
| Radian | 13,762,492.43 | 8,594,177.44 | 481,687.24 | 0.00 | 0.00 |
| FHA | 191,797.52 | 109,615.14 | 0.00 | 0.00 | 0.00 |
| SERIES 2004 C | | | | | |
| MGIC | 31,192,699.84 | 18,907,921.61 | 1,091,744.49 | 0.00 | 61,600.42 |
| RMIC | 8,309,745.96 | 5,218,765.48 | 290,841.11 | 0.00 | 17,315.05 |
| UGI | 31,013,727.89 | 17,861,855.94 | 1,085,480.48 | 0.00 | 86,155.21 |
| Radian | 7,699,800.88 | 4,787,334.77 | 269,493.03 | 0.00 | 748.93 |
| FHA | 388,149.88 | 249,595.68 | 0.00 | 0.00 | 0.00 |
| SERIES 2005 A | | | | | |
| MGIC | 37,087,001.55 | 24,050,987.47 | 1,298,045.05 | 0.00 | 136,347.83 |
| RMIC | 7,719,111.13 | 5,340,584.97 | 270,168.89 | 0.00 | 0.00 |
| UGI | 24,393,605.95 | 15,572,569.88 | 853,776.21 | 0.00 | 19,733.64 |
| Radian | 4,275,493.00 | 2,410,955.60 | 149,642.26 | 0.00 | 0.00 |
| USDA | 52,691.45 | 0.00 | 0.00 | 0.00 | 0.00 |
| FHA | 392,651.08 | 362,391.04 | 0.00 | 0.00 | 0.00 |
| SERIES 2005C | | | | | |
| MGIC | 56,266,423.72 | 42,025,375.02 | 1,969,324.83 | 0.00 | 8,369.51 |
| RMIC | 9,175,736.90 | 6,591,991.80 | 321,150.79 | 0.00 | 29,516.09 |
| UGI | 32,762,104.00 | 23,257,680.75 | 1,146,673.64 | 0.00 | 55,852.86 |
| USDA | 139,848.20 | 129,557.53 | 0.00 | 0.00 | 0.00 |
| SERIES 2006 A1-A2/2006B | | | | | |
| MGIC | 59,812,452.50 | 41,228,321.63 | 2,093,435.84 | 0.00 | 118,677.16 |
| RMIC | 9,475,595.84 | 6,568,453.54 | 331,645.85 | 0.00 | 0.00 |
| UGI | 29,000,398.63 | 20,823,502.35 | 1,015,013.95 | 0.00 | 18,123.25 |
| USDA | 34,900.00 | 32,216.57 | 0.00 | 0.00 | 0.00 |
| SERIES 2006 C1 - C2 | | | | | |
| MGIC | 70,582,801.22 | 54,058,786.98 | 2,470,398.04 | 0.00 | 1,948.71 |
| RMIC | 13,694,850.70 | 9,093,834.18 | 479,319.77 | 0.00 | 34,112.36 |
| UGI | 34,701,664.79 | 23,662,653.64 | 1,214,558.27 | 0.00 | 371.24 |
| Radian | 3,905,789.80 | 3,095,997.06 | 136,702.64 | 0.00 | 0.00 |
| USDA | 263,307.42 | 128,700.39 | 0.00 | 0.00 | 0.00 |
| SERIES 2007 A1-A2 | | | | | |
| MGIC | 34,077,679.60 | 26,827,492.46 | 1,192,718.79 | 0.00 | 0.00 |

Mortgage Pool Insurers

For each Series of Bonds (other than that portion of a Series of Bonds outstanding as Convertible Option Bonds or Notes), the following table sets forth (i) the initial Mortgage Pool Insurers for Mortgage Loans purchased with their proceeds (excluding Contributed Mortgage Loans and Second Mortgage Loans), (ii) the principal amount of Mortgage Loans subject to the Pool Policy, as of December 31, 2009, (iii) the principal amount of Mortgage Loans outstanding, as of December 31, 2009, (iv) the amount of loss coverage provided by the applicable Pool Policy (inclusive of the Deductible), (v) the amount of the applicable Deductible, and (vi) the claims against the Deductible or the Pool Policy for any Series of Bonds.

| Funding Series / Mortgage Pool Insurer | Principal Amount of Mortgage Loans Subject to Pool Policy | Principal Amount of Mortgage Loans Outstanding | Amount of Loss Coverage | Amount of Deductible | Claims Against Deductible or Pool Policy |
|--|---|--|-------------------------|----------------------|--|
| RMIC | 1,454,107.99 | 1,059,547.21 | 50,893.78 | 0.00 | 0.00 |
| UGI | 11,335,080.03 | 8,993,695.51 | 396,727.80 | 0.00 | 0.00 |
| Radian | 14,405,391.90 | 10,110,223.17 | 504,188.72 | 0.00 | 0.00 |
| USDA | 940,840.10 | 888,525.44 | 0.00 | 0.00 | 0.00 |
| SERIES 2007 H1-H2 RMKTD | | | | | |
| Genworth | 3,042,339.30 | 2,074,795.69 | 106,481.88 | 0.00 | 0.00 |
| MGIC | 22,466,921.82 | 20,697,972.75 | 786,342.26 | 0.00 | 0.00 |
| RMIC | 2,435,159.20 | 2,230,885.79 | 85,230.57 | 0.00 | 0.00 |
| UGI | 1,030,954.83 | 760,143.33 | 36,083.42 | 0.00 | 0.00 |
| Radian | 26,091,830.53 | 23,214,851.77 | 913,214.07 | 0.00 | 0.00 |
| SERIES 2007D | | | | | |
| MGIC | 42,860,342.87 | 37,022,299.63 | 1,500,112.00 | 0.00 | 3,633.46 |
| RMIC | 400,800.00 | 390,121.71 | 14,028.00 | 0.00 | 0.00 |
| UGI | 3,784,953.04 | 2,600,401.39 | 132,473.36 | 0.00 | 0.00 |
| Radian | 15,115,620.80 | 13,220,372.04 | 529,046.73 | 0.00 | 0.00 |
| SERIES 2008 A1-A2 | | | | | |
| Genworth | 1,396,835.36 | 1,248,694.34 | 48,889.24 | 0.00 | 0.00 |
| MGIC | 386,751.14 | 312,200.03 | 13,536.29 | 0.00 | 0.00 |
| RMIC | 6,789,030.02 | 6,338,392.01 | 237,616.05 | 0.00 | 0.00 |
| UGI | 81,348.30 | 77,761.51 | 2,847.19 | 0.00 | 0.00 |
| Radian | 1,933,119.41 | 1,819,572.75 | 67,659.18 | 0.00 | 0.00 |
| | <u>1,990,120,322.55</u> | <u>697,998,496.43</u> | <u>69,528,917.86</u> | <u>4,093,710.49</u> | <u>3,797,519.56</u> |

Mortgage Pool Insurers under the Program

Certain information regarding the mortgage pool insurance coverage for Mortgage Loans purchased under the Program (including Contributed Mortgage Loans but excluding Second Mortgage Loans), as of December 31, 2009, is summarized in the following table:

| <u>Mortgage Pool Insurance Provider</u> | <u>No. of Mortgage Loans</u> | <u>Original Principal Amount of Mortgage Loans Covered</u> | <u>Remaining Principal Amount of Mortgage Loans Covered</u> | <u>Percentage of Mortgage Loans Covered</u> |
|---|--------------------------------------|--|---|---|
| Genworth Mortgage Insurance Corporation | 640 | 37,243,567.74 | 25,572,042.37 | 3.52 |
| Mortgage Guaranty Insurance Corporation | 4,490 | 419,100,102.26 | 379,194,029.46 | 52.25 |
| PMI Mortgage Insurance Company | 230 | 17,318,861.96 | 13,535,023.97 | 1.87 |
| Republic Mortgage Insurance Co. | 454 | 47,570,966.14 | 44,678,855.16 | 6.16 |
| United Guaranty Residential Insurance Company | 1,966 | 182,872,637.88 | 163,726,973.48 | 22.56 |
| Radian Guaranty, Inc. | 1,243 | 108,269,899.18 | 96,924,777.40 | 13.36 |
| USDA Rural Development | 17 | 1,250,895.72 | 1,178,999.93 | 0.16 |
| Federal Housing Administration | 9 | 960,570.48 | 879,868.19 | 0.12 |
| | <u>9,049</u> | <u>814,587,501.36</u> | <u>725,690,569.96</u> | <u>100.00%</u> |

Primary Mortgage Insurers under the Program

Certain information regarding the primary mortgage insurance coverage for Mortgage Loans purchased under the Program (including Contributed Mortgage Loans but excluding Second Mortgage Loans), as of December 31, 2009, is summarized in the following table:

| <u>Primary Mortgage Insurance Provider</u> | <u>No. of Mortgage Loans</u> | <u>Original Principal Amount of Mortgage Loans Covered</u> | <u>Remaining Principal Amount of Mortgage Loans Covered</u> | <u>Percentage of Mortgage Loans Covered</u> |
|---|--------------------------------------|--|---|---|
| Mortgage Loans not requiring primary mortgage insurance | 2,348 | 207,257,719.73 | 185,628,820.19 | 25.58 |
| Genworth Mortgage Insurance Corporation | 497 | 28,355,700.35 | 20,327,742.32 | 2.80 |
| Mortgage Guaranty Insurance Corporation | 2,654 | 267,208,346.76 | 241,992,297.34 | 33.35 |
| PMI Mortgage Insurance Company | 180 | 13,992,279.83 | 10,853,582.36 | 1.50 |
| Republic Mortgage Insurance Co. | 303 | 32,168,761.29 | 30,214,424.61 | 4.16 |
| United Guaranty Residential Insurance Company | 1,513 | 143,653,928.57 | 129,473,704.70 | 17.84 |
| Radian Guaranty, Inc. | 792 | 69,958,194.06 | 62,127,295.60 | 8.56 |
| USDA Rural Development | 753 | 51,032,000.29 | 44,192,834.65 | 6.09 |
| Federal Housing Administration | 9 | 960,570.48 | 879,868.19 | 0.12 |
| | <u>9,049</u> | <u>814,587,501.36</u> | <u>725,690,569.96</u> | <u>100.00%</u> |

Delinquency Information

Certain information regarding payment delinquencies with respect to Mortgage Loans purchased under the Program, including Contributed Mortgage Loans is summarized in the following table. The information is based upon the December 31, 2009 reports from Servicers.

| | Number of Mortgage Loans Outstanding | Mortgage Loans Outstanding | Percentage of Total Number of Mortgage Loans Outstanding |
|--|--|-------------------------------|--|
| Current | 8,517 | 667,090,432.16 | 91.89 |
| Two Payment Delinquencies | 135 | 11,096,171.92 | 1.53 |
| Three of more Payment Delinquencies* | 422 | 47,772,447.99 | 6.58 |
| | <u>9,074</u> | <u>725,959,052.07</u> | <u>100.00</u> |
| Of the Mortgage Loans Outstanding, Number of Loans in Foreclosure* | Mortgage Loans in Foreclosure* | Number of REO Loans | REO Mortgage Loans |
| <u>181</u> | <u>21,446,443.60</u> | <u>118</u> | <u>11,416,168.55</u> |

Summary of Investment Obligations

The following table sets forth for each Series of Outstanding Bonds the name of the counterparties to the respective collateralized demand repurchase agreements or, in the case of Investment Obligations other than collateralized demand repurchase agreements, the nature of the investment, in which funds in the various Series Program Accounts, Reserve Fund and Revenue Fund are invested, the maturity date and the interest rate applicable to that Investment Obligation.

| Series | Investment | Maturity Date | Interest Rate ¹ |
|------------------------------------|----------------------------------|---------------|----------------------------|
| Revenue Fund | | | |
| Series 2000D | WESTDEUTSCHE LANDESBANK | 08/01/2031 | 6.25 |
| Series 2000E | GSE SECURITIES | 02/01/2010 | DISCOUNT NOTE |
| Series 2001A | GSE SECURITIES | 02/01/2010 | DISCOUNT NOTE |
| Series 2001C | TRINITY PLUS FUNDING COMPANY LLC | 08/01/2032 | 5.00 |
| Series 2001D (TAXABLE) | TRINITY PLUS FUNDING COMPANY LLC | 08/01/2032 | 5.00 |
| Series 2001E | GSE SECURITIES | 02/01/2010 | DISCOUNT NOTE |
| Series 2001F (TAXABLE) | GSE SECURITIES | 02/01/2010 | DISCOUNT NOTE |
| Series 2002A | GSE SECURITIES | 02/01/2010 | DISCOUNT NOTE |
| Series 2002B (TAXABLE) | GSE SECURITIES | 02/01/2010 | DISCOUNT NOTE |
| Series 2002C | GSE SECURITIES | 02/01/2010 | DISCOUNT NOTE |
| Series 2003B | GSE SECURITIES | 02/01/2010 | DISCOUNT NOTE |
| Series 2004A | GSE SECURITIES | 02/01/2010 | DISCOUNT NOTE |
| Series 2004C | GSE SECURITIES | 02/01/2010 | DISCOUNT NOTE |
| Series 2005A | GSE SECURITIES | 02/01/2010 | DISCOUNT NOTE |
| Series 2005C | GSE SECURITIES | 02/01/2010 | DISCOUNT NOTE |
| Series 2006 A/B | GSE SECURITIES | 02/01/2010 | DISCOUNT NOTE |
| Series 2006C | GSE SECURITIES | 02/01/2010 | DISCOUNT NOTE |
| Series 2007A & C | GSE SECURITIES | 02/01/2010 | DISCOUNT NOTE |
| Series 2007D | GSE SECURITIES | 02/01/2010 | DISCOUNT NOTE |
| Series 2007H1 (REMARKETED 1/30/08) | GSE SECURITIES | 02/01/2010 | DISCOUNT NOTE |
| Series 2008A | GSE SECURITIES | 02/01/2010 | DISCOUNT NOTE |
| Series 1997B1 | WESTDEUTSCHE LANDESBANK | 08/01/2028 | 5.31 |
| Series 1997B2 | WESTDEUTSCHE LANDESBANK | 08/01/2029 | 5.00 |
| Series 1997D | GSE SECURITIES | 02/01/2010 | DISCOUNT NOTE |
| Series 1998A | WESTDEUTSCHE LANDESBANK | 08/01/2028 | 5.31 |
| Series 1998D1 | WESTDEUTSCHE LANDESBANK | 08/01/2029 | 4.37 |
| Series 1998D2 | WESTDEUTSCHE LANDESBANK | 08/01/2029 | 4.73 |
| Series 1998D3 | WESTDEUTSCHE LANDESBANK | 08/01/2029 | 5.21 |
| Series 1998G | WESTDEUTSCHE LANDESBANK | 08/01/2029 | 4.73 |
| Series 1999D | WESTDEUTSCHE LANDESBANK | 02/01/2030 | 5.77 |
| Series 1999G1-H | WESTDEUTSCHE LANDESBANK | 08/01/2031 | 6.25 |
| Reserve Fund | | | |
| Series 2000D | WESTDEUTSCHE LANDESBANK | 08/01/2031 | 6.38 |
| Series 2000E | GSE SECURITIES | 05/06/2010 | DISCOUNT NOTE |
| Series 2001A | GSE SECURITIES | 05/06/2010 | DISCOUNT NOTE |
| Series 2001C | TRINITY PLUS FUNDING COMPANY LLC | 08/01/2032 | 5.32 |
| Series 2001E | GSE SECURITIES | 05/15/2029 | 6.25 |
| Series 2002A | GSE SECURITIES | 07/15/2032 | 6.25 |
| Series 2007A & C | GOVERNMENT OBLIGATIONS | 05/15/2017 | 4.50 |
| Series 2007D | GOVERNMENT OBLIGATIONS | 05/15/2017 | 4.50 |
| Series 1997B1 | TRINITY PLUS FUNDING COMPANY LLC | 08/01/2028 | 5.25 |

| Series | Investment | Maturity Date | Interest Rate ¹ |
|---|----------------------------------|----------------------|-----------------------------------|
| Series 1997B2 | TRINITY PLUS FUNDING COMPANY LLC | 08/01/2028 | 5.25 |
| Series 1997D | MORGAN GUARANTY TRUST COMPANY | 08/01/2028 | 6.00 |
| Series 1998D1 | WESTDEUTSCHE LANDESBANK | 08/01/2029 | 6.77 |
| Series 1998D2 | WESTDEUTSCHE LANDESBANK | 08/01/2029 | 6.77 |
| Series 1998D3 | WESTDEUTSCHE LANDESBANK | 08/01/2029 | 5.28 |
| Series 1999D | WESTDEUTSCHE LANDESBANK | 02/01/2030 | 5.86 |
| Series 1999G1-H | WESTDEUTSCHE LANDESBANK | 08/01/2031 | 6.38 |
| <u>AUTHORITY PROGRAM ACCOUNT</u> | | | |
| Series GENERAL | GSE SECURITIES | 01/26/2010 | DISCOUNT NOTE |

1. These rates of interest are no guarantee of future rates of interest.

APPENDIX B

SUMMARY OF CERTAIN MORTGAGE INSURANCE AND ILLINOIS FORECLOSURE PROCEDURES

General

The following provides information about the Authority's Program relating to mortgage insurance requirements. The description of certain mortgage insurance policies and loan guarantees is only a brief outline and does not purport to summarize or describe all of the provisions thereof. For a more complete description of the terms of these policies and guarantee programs, reference is made to the provisions of such policies and guarantee programs.

Pursuant to the Series Program Determinations for the Prior Bonds, each First Mortgage Loan to be purchased with the proceeds of those Bonds must either:

- (i) in the case of uninsured conventional Mortgage Loans, have an original principal balance not exceeding 80 percent of the Property Value; or
- (ii) qualify for and obtain primary mortgage insurance in the form of either private mortgage insurance, FHA insurance, a VA guarantee, or a USDA guarantee.

Transferred Mortgage Loans, which are all conventional Mortgage Loans, when originated, each had an original principal balance not exceeding 80 percent of the Property Value, or qualified for and obtained primary mortgage insurance in the form of private mortgage insurance.

In addition, each First Mortgage Loan to be purchased with the proceeds of the Prior Bonds must either:

- (i) in the case of uninsured Mortgage Loans and Mortgage Loans insured with private mortgage insurance, be the subject of a mortgage pool insurance policy or policies that shall provide coverage of losses of the Authority by reason of default on any Mortgage Loan covered by such policy up to an aggregate limit equal to 3.5 percent of the aggregate original principal amount of the Mortgage Loans covered by such policy, less any applicable Deductible (as defined in this Reoffering Circular); or
- (ii) in the case of Mortgage Loans insured by the FHA or guaranteed by the VA or USDA, the Authority must provide a Cash Flow Certificate, accompanied by a Rating Certificate, advising that the purchase of such Mortgage Loans will not result in a reduction of the Ratings of the Bonds.

The various mortgage insurance alternatives required by the Series Program Determinations for the Prior Bonds and applicable to Transferred Mortgage Loans, and the Freddie Mac Mortgage Certificate program, are described generally below.

Primary Mortgage Insurance Programs

Private Mortgage Insurance. Private mortgage insurance must be issued by a mortgage insurer that is: (i) (A) qualified to do business in the State; (B) approved by Fannie Mae and Freddie Mac; and (C) rated as to its claims paying ability in the two highest rating categories by each Rating Agency; or (ii) accepted in writing by the Authority subject to the filing by the Authority of a Rating Certificate with the Trustee, advising that the use of such insurer will not result in a reduction of the Ratings of the Bonds.

The Authority may permit Eligible Borrowers to maintain private mortgage insurance issued by a mortgage insurer whose rating is subsequently reduced below the two highest rating categories of the Rating Agencies. Coverage is required on the amount of the First Mortgage Loan in excess of 68 percent (72 percent in the case of Transferred First Mortgage Loans) of the original Property Value and is required to remain in force until the principal balance of the First Mortgage Loan is reduced to 80 percent of the original Property Value, at which time the coverage requirement may be waived by the Authority. In certain circumstances, the federal Homeowners Protection Act of 1998 (which applies to mortgage loans made after July 29, 1999) requires cancellation or termination of private mortgage insurance, including automatic termination on the date on which the principal balance of the mortgage loan is first scheduled to reach 78 percent of the original value of the property (so long as mortgage loan payments are current). The Homeowners Protection Act of 1998 also provides that in no case may private mortgage insurance be required beyond the first day of the month immediately following the date that is the midpoint of the amortization period of the mortgage loan (so long as mortgage loan payments are current). Cancellation or termination of primary mortgage insurance under such circumstances does not affect the loss coverage provided by the Pool Policies.

Private mortgage insurance policies generally require that delinquencies must be reported to the insurer within four months of default, and proceedings to recover title are required to be commenced within six months of default. Prior to presenting a claim under the private mortgage insurance, title to the property, free and clear of all liens and encumbrances, including any right of redemption by the mortgagor, must be acquired and tendered to the insurer. Private mortgage insurance policies generally provide that the insurer has the option of either taking title to the property securing the mortgage loan and paying the holder of such mortgage loan the unrecovered balance of its loss, or of paying the holder the loss limit of the policy and allowing the holder to retain title. Should the private mortgage insurer elect to take title to the property, the amount of the claim payable generally consists of the unpaid principal amount of the mortgage loan, accumulated interest through the date of tender of conveyance of title to the residence to the insurer and incidental expenses such as usual and customary attorneys' fees, real estate taxes, hazard and private mortgage insurance premiums necessarily advanced by the insured, expenses incurred in preservation and maintenance of the property, and other costs and expenses incurred to acquire title to the property. Should the private mortgage insurer elect to allow the holder to retain title, the amount of the claim payable consists of the insured percentage of the loss, as calculated above. Private mortgage insurance settlements may be reduced by the cost to repair physical damage to the property that is beyond ordinary wear and tear.

Under most policies issued by private mortgage insurers, the maximum amounts insurable generally range from 90 percent to 100 percent of the appraised value or selling price for owner-occupied dwellings, whichever is lower. Requirements of borrower equity vary according to the percentage of the mortgage to be insured. Certain insurers will credit toward the value of the land to be improved, trade-in property or work equity a specified percentage of this amount, if at least a minimum cash equity is met and the home is to be owner-occupied. Although there may be variations among insurers, available coverage by private mortgage insurers is generally limited to first mortgage loans or contracts on improved real estate, with amortization over the term of the loan or contract in substantially equal monthly payments, including accruals for taxes and insurance.

Federal Housing Administration Insurance Programs. The National Housing Act of 1934, as amended, authorizes various FHA mortgage insurance programs, which differ in some respects depending primarily upon whether the premises contains five or more dwelling units or less than five such units. Insurance benefits are payable only upon foreclosure (or other acquisition of possession) and conveyance of the premises to FHA or upon assignment of the defaulted loan to FHA. Assignment is allowed only with FHA approval if the premises contains less than five dwelling units.

With respect to the assignment of defaulted loans to the United States Department of Housing and Urban Development (“HUD”), the insured must first make a determination as to whether or not the default is caused by a circumstance or set of circumstances beyond the borrower’s control that temporarily renders the family financially unable to cure the delinquency with a reasonable time or to make full mortgage payments. If a determination is made that the default is caused by such circumstances, HUD must be requested to accept assignment, and must have rejected the request in order for the insured to initiate foreclosure proceedings. FHA will generally provide insurance upon assignment of the mortgaged premises to HUD in an amount equal to 100 percent of the outstanding principal balance of the mortgage loan plus interest, and certain additional costs and expenses.

Under some of the FHA insurance programs, insurance claims are paid by FHA in cash unless the insured specifically requests payment in debentures issued by FHA. Under others, FHA has the option at its discretion to pay insurance claims in cash or in such debentures. The current FHA policy, subject to change at any time, is to make insurance payments on single-family mortgage loans in cash with respect to all programs covering such units as to which it has discretion to determine the form of insurance payment. FHA debentures issued in satisfaction of FHA insurance claims bear interest payable semi-annually on January 1 and July 1 of each year at the FHA debenture interest rate in effect under FHA regulations on the date the FHA mortgage insurance commitment was issued or of the initial insurance endorsement of the mortgage loan, whichever rate is higher.

When entitlement to insurance benefits results from foreclosure (or other acquisition of possession) and conveyance, the insurance payment is computed as of the date of the institution of foreclosure or the date of acquisition of the property whichever is earlier, and the insured generally is not compensated for interest accrued and unpaid prior to that date. However, the mortgagee will be reimbursed for uncollected interest resulting from the mortgagor’s default on a forbearance agreement. Under such circumstances, the amount of insurance benefits generally

paid by FHA is equal to the unpaid principal amount of the mortgage loan adjusted to reimburse the mortgagee for certain tax, insurance and similar payments made by it and to deduct certain amounts received or retained by the mortgagee after default, plus reimbursement not to exceed two-thirds of the mortgagee's foreclosure costs (or \$75, whichever is the greater). When entitlement to insurance benefits results from assignment of the mortgage loan to HUD, the insurance payment is computed on the date of assignment and includes full compensation for interest accrued and unpaid to the assignment date. The regulations under all insurance programs described above provide that the insurance payment itself bears interest for the date of default by the mortgagor, which under HUD regulations will occur no less than 30 days after the due date of a mortgage payment or, where applicable, assignment to the date payment of the claim at the same interest rate as the applicable HUD debenture interest rate determined in the manner set forth above.

When any property conveyed to FHA or securing a loan that is to be assigned to FHA has been damaged by fire, earthquake, flood or tornado or the property has suffered damage due to failure of the mortgagee to make required inspections, it is required, as a condition to payment of an insurance claim, that such property be repaired by the mortgage lender prior to such conveyance or assignment in some instances, when damage has resulted from failure of the mortgagee to inspect and preserve the property, FHA may deduct the amount of such damages from the insurance payment made by FHA.

The continuation of the availability of FHA mortgage insurance depends on periodic action by the United States Congress to increase the limitation on the aggregate amount of loan guarantees. Through legislative action by the United States Congress or changes in regulations by HUD, the fees and standards for participation in FHA insurance programs may change. The United States Congress has recently approved modifications to the FHA insurance program, including increases in insurance premiums and limitations on the financing of fees and downpayments. It is not possible to predict the effect of legislative or regulatory action, if any, on the ability of the Authority to purchase Mortgage Loans.

Department of Veterans Affairs Guarantee Program. The Servicemen's Readjustment Act of 1944, as amended, permits a veteran (or in certain instances, the veteran's spouse) to obtain a loan guarantee by the VA covering mortgage financing of the purchase of a one-to-four family dwelling unit at interest rates permitted by the VA. The program has no mortgage loan limits, requires no downpayment from the purchaser and permits the guarantee of mortgage loans with terms of up to 30 years. The maximum guarantee that may be issued by the VA under this program is based on the size of the mortgage loan that is, at present, as follows: (i) 50 percent of the original principal amount of the mortgage loan for a mortgage loan of not more than \$45,000; (ii) \$22,500 for a mortgage loan greater than \$45,000 but not more than \$56,250; and (iii) the lesser of \$36,000 or 40 percent of the original principal amount of the mortgage loan for a mortgage loan greater than \$56,250 but not more than \$144,000. The liability on the guarantee is reduced or increased pro rata with any reduction or increase in the amount of indebtedness, but in no event will the amount payable on the guarantee exceed the amount of the original guarantee. Notwithstanding the dollar and percentage limitations of the guarantee, a mortgage lender will ordinarily suffer a monetary loss only where the difference between the unsatisfied indebtedness and the proceeds of a foreclosure sale of a mortgaged premises is greater than the original guarantee, as adjusted. The VA may, at its option and without regard to the guarantee,

make full payment to a mortgage lender of unsatisfied indebtedness on a mortgage upon its assignment to the VA.

United States Department of Agriculture, Rural Development Service Guaranteed Rural Housing Loan Program. The Cranston-Gonzalez National Affordable Housing Act of 1990 revised and expanded the USDA interest assistance program for guaranteed loans under Section 502 of Title V of the Housing Act of 1949, as amended, by creating this program. The Agriculture Appropriations Act of 1991 included initial funding for the USDA loan guaranty program for both moderate and low income borrowers.

The USDA Guaranteed Rural Housing Loan Program is limited to certain qualified rural areas of the State. The USDA guaranty covers the lesser of (a) any loss equal to 90 percent of the original principal amount of the loan or (b) any loss in full up to 35 percent of the original principal amount of the loan plus any additional loss of the remaining 65 percent to be shared approximately 85 percent by USDA and approximately 15 percent by the Authority.

See “CERTAIN PROGRAM INFORMATION” attached as Appendix A for certain additional information regarding Primary Mortgage Insurers under the Program.

Mortgage Pool Insurance Policy

Each conventional First Mortgage Loan purchased with proceeds attributable to the Prior Bonds, (including Transferred First Mortgage Loans,) will be covered by one or more Pool Policies with terms generally as described below, provided by a private qualified mortgage pool insurer (the “Mortgage Pool Insurer”). The Pool Policy applicable to First Mortgage Loans purchased with proceeds of some of the Bonds may also cover some First Mortgage Loans insured by FHA or guaranteed by VA or USDA.

Subject to certain limitations, a Pool Policy insures the Authority against losses sustained by it arising from an event of default under any First Mortgage Loan covered by such Pool Policy up to certain specified aggregate limits, after absorption of losses under the Program equal to any applicable deductible (a “Deductible”). The Pool Policies applicable to First Mortgage Loans purchased with proceeds of Prior Bonds provide loss coverages and Deductibles. The Authority may cancel a Pool Policy and provide for alternative Supplemental Mortgage Coverage, or obtain additional Supplemental Mortgage Coverage, subject to the filing by the Authority of a Cash Flow Certificate and a Rating Certificate with the Trustee, advising that such alternative or additional Supplemental Mortgage Coverage will not result in a reduction of the Ratings of the Bonds.

Each Pool Policy provides that no claim may validly be presented thereunder unless (i) with respect to a First Mortgage Loan with an initial loan-to-Property Value ratio in excess of 80 percent, primary mortgage insurance coverage on the amount of such Mortgage Loan that exceeds 68 percent (72 percent in the case of Transferred First Mortgage Loans) of the Property Value (at the time of origination) has been kept in force for at least as long as the remaining principal balance of the First Mortgage Loan exceeds 80 percent of such Property Value; (ii) premiums for primary mortgage insurance on the property securing the defaulted First Mortgage Loan (the “Mortgaged Property”), real property taxes, property sale, preservation and protection

expenses and foreclosure expenses have been advanced by the Authority or otherwise have been paid, and (iii) if there has been physical loss or damage to the Mortgaged Property, it has been restored to the condition it was in at the time the First Mortgage Loan became subject to the coverage of the Pool Policy, subject to reasonable wear and tear (the Pool Policy does not provide coverage against casualty losses). Assuming the satisfaction of these conditions, the Mortgage Pool Insurer will have the option, after expiration of any applicable redemption period, to either (a) purchase the Mortgaged Property securing the defaulted First Mortgage Loan at a price equal to the unpaid principal balance thereof plus accrued and unpaid interest at the First Mortgage Loan rate to the date of purchase and certain expenses on the condition the Mortgage Pool Insurer must be provided with good and merchantable title to the Mortgaged Property or (b) pay the amount by which the sum of the unpaid principal balance of the defaulted First Mortgage Loan plus accrued and unpaid interest, at the First Mortgage Loan rate, to the date of the payment of the claim, plus certain expenses, exceeds such proceeds received from the Mortgage Pool Insurer-approved sale of the Mortgaged Property. In both (a) and (b), the amount of payment is reduced by the amount of loss paid under any applicable primary mortgage insurance policy, and any unreimbursed advance claim payments made under the Pool Policy.

A claim under each Pool Policy must be filed, (i) when a primary mortgage insurance policy is in force, within 60 days after the claim for loss has been settled or paid, or within 60 days after the sale approved by the Mortgage Pool Insurer, whichever is later, or (ii) when such insurance is not in force, within 60 days after the Authority has conveyed title to the Mortgaged Property pursuant to a Mortgage Pool Insurer-approved sale.

The amount of coverage under each Pool Policy will be reduced over its life by the dollar amount of claims paid under such Pool Policy less amounts realized by the Mortgage Pool Insurer upon disposition of Mortgaged Properties. The amount of claims payable includes certain expenses incurred by the Mortgage Lenders of the Authority as well as the accrued interest on delinquent First Mortgage Loans, including interest accrued through completion of foreclosure proceedings. Accordingly, if aggregate recoveries under the Pool Policy reach the Pool Policy limit (subject to the Deductible), coverage under the Pool Policy will be exhausted, and any further losses will be borne by Bondowners to the extent remaining moneys held under the General Resolution are inadequate to pay principal of an interest on the Bonds.

See “CERTAIN PROGRAM INFORMATION” attached as Appendix A for certain additional information regarding Mortgage Pool Insurers under the Program.

Mortgage-Backed Securities Programs

For a summary of Mortgage-Backed Securities programs applicable to the bonds, see Appendix C – “GNMA, FANNIE MAE AND FREDDIE MAC PROGRAMS.”

Summary of Illinois Foreclosure Procedures

If a mortgagor defaults on a Mortgage Loan and foreclosure or other recovery proceedings are instituted, there may at times be delays in collection. These delays could disrupt the flow of revenues available from Mortgage Loans to pay debt service on the Bonds if such defaults occur with respect to a substantial number of Mortgage Loans.

The foreclosure laws applicable to defaulted mortgage loans in many states permit a mortgagee to foreclose upon Mortgaged Property within a short period of time. Illinois law in this respect contains two provisions that cause foreclosures in the State to be more time consuming than in other states.

Under State law, foreclosure of defaulted mortgages must be pursuant to judicial proceedings. The sale of Mortgaged Property by virtue of any power of sale contained in any mortgage or trust deed is expressly prohibited. Judicial proceedings in a foreclosure suit are governed by the Illinois Code of Civil Procedure, 735 ILCS 5/1-101 *et seq.*, in particular by 5/15-1101 *et seq.* A mortgagor has the right to reinstate the mortgage by curing all defaults then existing, other than payment of such portion of the principal that would not have been due had no acceleration occurred, and by paying all costs and expenses required by the mortgage to be paid in the event of such defaults, provided that such cure and payment are made prior to the expiration of 90 days from the date all mortgagor(s) have been served with the foreclosure complaint or have otherwise submitted to the jurisdiction of the court. The reinstatement period must expire before a foreclosure sale is held. The mortgagor or other owner or co-owner of Mortgaged Property may redeem the Mortgaged Property by paying the mortgagee the amount specified in the judgment of foreclosure and certain expenses incurred by the mortgagee between the date of judgment of foreclosure and the date of redemption. The redemption may be made only during a specified redemption period. The applicable redemption period for residential Mortgaged Property ends on the later of (i) the date seven months from the date all mortgagors have been served with the foreclosure complaint or have otherwise submitted to the jurisdiction of the court or (ii) the date three months from the date of entry of a judgment of foreclosure, unless certain conditions are met, in which case the redemption period will end at the later of the date of the expiration of the 90-day reinstatement period described above or the date 60 days after the judgment of foreclosure is entered. The redemption period must expire before a foreclosure sale is held.

The Mortgage Pool Insurer is not obligated to pay claims thereunder until the Mortgaged Property has been sold at an approved sale, or until the insured has obtained marketable title, except to the extent of payments made under an advance claims payment coverage of the Pool Policy. Accordingly, unless they are within the scope of the advance claims payment coverage, delays in the sale of such Mortgaged Property may be expected to delay the collection of insurance proceeds. Although Mortgage Lender expenses and interest accruing during the period prior to sale are covered under the Pool Policy, the increased amounts of such items occasioned by the delays resulting from State law may serve to reduce the overall coverage of the Pool Policy as compared with a comparable policy written on mortgage loans in a state in which Mortgaged Properties may be sold more quickly.

Mortgagors may seek protection under the United States Bankruptcy Code, which provides a debtor with an opportunity to adjust his debts without losing control of his assets. Under a plan confirmed under Chapter 13 of the Bankruptcy Code, the debtor's unsecured and secured debts may be modified, except that debts secured by a mortgage on real property used as the debtor's principal residence may not be modified, unless the case is converted to a case under Chapter 7 (liquidation) or Chapter 11 (reorganization). Absent court ordered relief (which is only available under limited circumstances) the automatic stay under Section 362 of the Bankruptcy Code will apply to any case commenced under such Bankruptcy Code, and the

mortgagee will be stayed from any action to satisfy its claim, including foreclosure on the real property.

APPENDIX C

GNMA, FANNIE MAE AND FREDDIE MAC PROGRAMS

GNMA and the GNMA Certificates

The summary and explanation of the Government National Mortgage Association (“GNMA” or “Ginnie Mae”), GNMA’s mortgage-backed securities program and the other documents referred to herein do not purport to be complete. Reference is made to the *Ginnie Mae Mortgage-Backed Securities Guide* (HUD Handbook 5500.3) (the “GNMA Guide”) and to said documents for full and complete statements of their provisions. At the time of printing this Reoffering Circular, the GNMA Guide can be accessed at <http://www.ginniemae.gov/guide/guidtoc.asp>, and general information regarding GNMA can be accessed at <http://www.ginniemae.gov>. The Authority makes no representations regarding the content or accuracy of the information provided at either of such websites, and such websites are not part of this Reoffering Circular. Further, the procedures and fees described below and in the GNMA Guide are those currently in effect and are subject to change at any time by GNMA.

GNMA is a wholly-owned corporate instrumentality of the United States within the Department of Housing and Urban Development (“HUD”), with its principal office in Washington, D.C. GNMA’s powers are prescribed generally by Title III of the National Housing Act, as amended (12 U.S.C. § 1716 *et seq.*).

GNMA is authorized by Section 306(g) of Title III of the National Housing Act, as amended, to guarantee the timely payment of the principal of and interest on certificates (“GNMA Certificates” or “GNMA Securities”) that represent an undivided ownership interest in a pool of mortgage loans that are: (i) insured by the Federal Housing Administration (“FHA”) under the National Housing Act of 1934, as amended; (ii) guaranteed by the Department of Veterans Affairs under the Servicemen’s Readjustment Act of 1944, as amended; (iii) guaranteed by the Rural Housing Service (“RHS”) of the USDA/RD pursuant to Section 502 of Title V of the Housing Act of 1949, as amended; or (iv) guaranteed by the Secretary of the Department of Housing and Urban Development (“HUD”) under Section 184 of the Housing and Community Development Act of 1992, as amended and administered by the Office of Public and Indian Housing (“PIH”). The GNMA Certificates are issued by approved servicers and not by GNMA. GNMA guarantees the timely payment of principal of and interest on the GNMA Certificates. Section 306(g) further provides that “the full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection.” An opinion, dated December 9, 1969, of an Assistant Attorney General of the United States, states that such guaranties under Section 306(g) of mortgage-backed certificates of the type being delivered to the Trustee on behalf of the Authority (“GNMA Guaranty Agreements”) are authorized to be made by GNMA and “would constitute general obligations of the United States backed by its full faith and credit.” In order to meet its obligations under such guaranties, GNMA, in its corporate capacity under Section 306(d) of Title III of the Housing Act, may issue its general obligations to the United States Treasury Department in an amount outstanding at any one time sufficient to enable GNMA, with no limitations as to amount, to

perform its obligations under its guaranties of the timely payment of the principal of or interest on all GNMA Certificates. The Treasury is authorized to purchase any obligations so issued by GNMA and has indicated in a letter dated February 13, 1970 from the Secretary of the Treasury to the Secretary of HUD that the Treasury will make loans to GNMA, if needed, to implement GNMA's guaranties. Under the terms of its guaranties, GNMA warrants that, in the event it is called upon at any time to make payment on its guaranties, it will, if necessary, in accordance with Section 306(d) of Title III of the Housing Act, apply to the Treasury Department of the United States for a loan or loans in amounts sufficient to make payments of principal and interest.

GNMA administers two guarantee programs, the "Ginnie Mae I MBS Program" and the "Ginnie Mae II MBS Program." The Ginnie Mae I MBS Program is based on single-issuer pools in which the underlying mortgage loans generally have the same or similar maturities and bear the same interest rate. Ginnie Mae I payments are made to holders on the 15th day of each month. The Ginnie Mae II MBS Program permits multiple-issuer as well as single-issuer pools. Loans with different interest rates, within a one percent (1%) range, may be included in the same pool or loan package under the Ginnie Mae II MBS Program. Ginnie Mae II MBS payments are made to holders on the 20th day of each month.

To issue GNMA Certificates, the Servicer must apply for and receive from GNMA a Commitment to Guarantee Mortgage-Backed Securities ("GNMA Commitment"). A GNMA Commitment authorizes the Servicer to issue GNMA Certificates up to a stated amount during a one year period following the date thereof. The Servicer is obligated to pay GNMA commitment fees and guaranty fees.

Each GNMA Certificate is to be backed by a mortgage pool consisting of mortgage loans in a minimum aggregate amount of \$1,000,000 (or such lesser amount as may be approved by GNMA). Each GNMA I Certificate will be a "mortgage loan pass-through" certificate which will require the Servicer to pass through to the paying and transfer agent therefor (the "GNMA Paying Agent") by the fifteenth day of each month (or the sixteenth day, if the fifteenth day is not a business day, provided that, if neither the fifteenth nor the sixteenth day is a business day, then the first business day prior to the fifteenth day of the month), the regular monthly payments on the mortgage loans (less the GNMA guaranty fee and the Servicer's servicing fee), whether or not the Servicer receives such payments, plus any prepayments of principal of the mortgage loans received by the Servicer in the previous month. Each GNMA II Certificate will require the Servicer to pass through to the central paying and transfer agent for the GNMA II Program, by the nineteenth day of each month (or the twentieth day, if the nineteenth day is not a business day, provided that, if neither the nineteenth nor the twentieth day is a business day, then the first business day prior to the nineteenth day of the month), the regular monthly payments on the mortgage loans (less the GNMA guaranty fee and the Servicer's servicing fee), whether or not the Servicer receives such payments, plus any prepayments of principal of the mortgage loans received by the Servicer in the previous month. The GNMA Paying Agent is then required to pass through to the Trustee on or before the third business day following the nineteenth day of each month the scheduled payments received from the Servicer. GNMA guarantees timely payment of principal of and interest with respect to the GNMA Certificate.

GNMA, upon execution of the GNMA Guaranty Agreement (defined below), issuance of a GNMA Certificate by the Servicer and subsequent sale of such GNMA Certificate to the Trustee, will have guaranteed to the Trustee as holder of such GNMA Certificate the timely payment of principal of and interest on such GNMA Certificate.

Under contractual arrangements to be made between the Servicer and GNMA, and pursuant to the GNMA Guaranty Agreement, the Servicer is responsible for servicing the mortgage loans constituting GNMA Pools in accordance with FHA, RD or VA regulations, as applicable, and GNMA regulations.

The monthly remuneration of the Servicer for its servicing functions, and the guaranty fee charged by GNMA, are based on the unpaid principal amount of the GNMA Certificates outstanding. In compliance with GNMA regulations and policies, the total of these servicing and guaranty fees equals 0.50% per annum calculated on the principal balance of each mortgage loan outstanding on the last day of the month preceding such calculation. The Pass-Through Rate is determined by deducting from the Mortgage Rate the 0.50% servicing and guaranty fees because the servicing and guaranty fees are deducted from payments on the mortgage loans before payments are passed through to the Trustee.

It is expected that interest and principal payments on the mortgage loans received by the Servicer will be the source of money for payments on the GNMA Certificates. If such payments are less than the amount then due, the Servicer is obligated to advance its own funds to ensure timely payment of all scheduled payments on the GNMA Certificates. GNMA guarantees such timely payment in the event of the failure of the Servicer to pass through an amount equal to the scheduled payments (whether or not made by the mortgagors). If such payments are not received as scheduled, the Trustee has recourse directly to GNMA.

The Servicer is required to advise GNMA in advance of any impending default on scheduled payments so that GNMA as guarantor will be able to continue such payments as scheduled in accordance with the GNMA Mortgage-Backed Securities Guide (the "GNMA Guide").

The GNMA guaranty agreement to be entered into by GNMA and the Servicer upon issuance of the GNMA Certificates (the "GNMA Guaranty Agreement") will provide that, in the event of a default by the Servicer, including (i) a request to GNMA to make a payment of principal of or interest on a GNMA Certificate when the mortgagor is not in default under the mortgage note, (ii) insolvency of the Servicer, or (iii) default by the Servicer under any other guaranty agreement with GNMA, GNMA shall have the right, by letter to the Servicer, to effect and complete the extinguishment of the Servicer's interest in the related mortgage loans, and the related mortgage loans shall thereupon become the absolute property of GNMA, subject only to the unsatisfied rights of the holder of the GNMA Certificates. In such event, all power and authority of the Servicer with respect to the servicing of such GNMA Pools, including the right to collect the servicing fee, also will terminate and expire. The authority and power of the Servicer under the terms of the GNMA Guide will be required to pass to and be vested in GNMA, and GNMA will be the successor in all respects to the Servicer in its capacity as servicer, and will be subject to all duties placed on the Servicer by the GNMA Guide. At any

time, GNMA may enter into an agreement with an institution approved by GNMA under which such institution undertakes and agrees to assume any part or all of such duties, and no such agreement will detract from or diminish the responsibilities, duties or liabilities of GNMA in its capacity as guarantor.

Fannie Mae and the Fannie Mae Certificates

The summary and explanation of the Federal National Mortgage Association (“FNMA” or “Fannie Mae”), Fannie Mae’s mortgage-backed securities program and the other documents referred to herein do not purport to be complete. Reference is made to said documents for full and complete statements of their provisions. Said documents and the MBS Program are subject to change at any time by Fannie Mae. At the time of printing this Reoffering Circular, general information regarding Fannie Mae can be accessed at <http://www.fanniemae.com>. The Authority makes no representations regarding the content or accuracy of the information provided at such website, and such website is not part of this Reoffering Circular.

Fannie Mae is a federally-chartered and stockholder-owned corporation organized and existing under the Federal National Mortgage Association Charter Act (12 U.S.C. §1716 *et seq.*). Fannie Mae was originally established in 1938 as a United States government agency to provide supplemental liquidity to the mortgage market. Fannie Mae became a stockholder-owned and privately managed corporation in 1968. The Federal Housing Finance Agency exercises general regulatory power over Fannie Mae.

Fannie Mae provides funds to the mortgage market by purchasing mortgage loans from lenders, thereby replenishing their funds for additional lending. Fannie Mae acquires funds to purchase mortgage loans from many capital market investors that may not ordinarily invest in mortgage loans, thereby expanding the total amount of funds available for housing. Fannie Mae operates a mortgage-backed securities program pursuant to which Fannie Mae issues securities backed by pools of mortgage loans (the “MBS Program”).

Although the Secretary of the Treasury of the United States has certain discretionary authority to purchase obligations of Fannie Mae, neither the United States nor any agency or instrumentality thereof is obligated to finance Fannie Mae’s obligations or to assist Fannie Mae in any manner.

The obligations of Fannie Mae, including its obligations under the Fannie Mae Certificates, are obligations solely of Fannie Mae are not backed by, or entitled to, the full faith and credit of the United States of America.

The terms of the MBS Program are governed by the Fannie Mae Selling and Servicing Guides published by Fannie Mae (the “Fannie Mae Guides”), as modified by the Pool Purchase Contract, and in the case of mortgage loans such as the 2008 Series 2 Program Loans, a Trust Indenture dated as of November 1, 1981, as amended (the “Trust Indenture”), and a supplement thereto to be issued by Fannie Mae in connection with each pool. The MBS Program is further described in the MBS Prospectus issued by Fannie Mae (the “Fannie Mae Prospectus”). The Fannie Mae Prospectus is updated and supplemented from time to time.

Copies of the Fannie Mae Prospectus and Fannie Mae's most recent annual and quarterly reports and proxy statements are available without charge from the Office of Investor Relations, Fannie Mae, 3900 Wisconsin Avenue, N.W., Washington, D.C. 20016. At the time of printing this Reoffering Circular, these documents can be accessed at http://www.fanniemae.com/markets/mbssecurities/prospectuses/pro_role.jhtml. However, information on the Fannie Mae's website is not part of this Reoffering Circular.

The summary of the MBS Program set forth under this caption does not purport to be comprehensive and is qualified in its entirety by reference to the Fannie Mae Guides, the Fannie Mae Certificates, the Fannie Mae Prospectus and the other documents referred to herein.

Each Fannie Mae Certificate represents the entire interest in a specified pool of conventional mortgage loans purchased by Fannie Mae and identified in records maintained by Fannie Mae. The Pool Purchase Contract will require that each Fannie Mae Certificate be in a minimum amount of \$500,000. Each Fannie Mae Certificate will bear interest at the pass-through rate specified thereon.

Fannie Mae will guarantee to the registered holder of the Fannie Mae Certificates that it will distribute amounts representing scheduled principal and interest at the applicable Pass-Through Rate on the mortgage loans in the pools represented by such Fannie Mae Certificates, whether or not received, and the full principal balance of any foreclosed or other finally liquidated mortgage loans, whether or not such principal balance is actually received. *The obligations of Fannie Mae under such guarantees are obligations solely of Fannie Mae and are not backed by, nor entitled to the full faith and credit of the United States.* If Fannie Mae were unable to satisfy such obligations, distributions to the Trustee, as the registered holder of the Fannie Mae Certificates, would consist solely of payments and other recoveries on the underlying conventional mortgage loans, and accordingly, monthly distributions to the Trustee, as the holder of the Fannie Mae Certificates, and payments on the Bonds could be adversely affected by prepayments, delinquent payments and defaults on such conventional mortgage loans.

Payments on a Fannie Mae Certificate will be made to the Trustee on the 25th day of each month (beginning with the month following the month such Fannie Mae Certificate is issued), or if such 25th day is not a business day, on the first business day next succeeding such 25th day. With respect to each Fannie Mae Certificate, Fannie Mae will distribute to the Trustee an amount equal to the total of (1) the principal due on the mortgage loans in the related pool underlying such Fannie Mae Certificate during the period beginning on the second day of the month before the month of such distribution and ending on the first day of such month of distribution, (2) the stated principal balance of any mortgage loan that was prepaid in full during the second month next preceding the month of such distribution (including as prepaid for this purpose any mortgage loan repurchased by Fannie Mae because of Fannie Mae's election to repurchase the mortgage loan after it is delinquent, in whole or in part, with respect to four consecutive installments of principal and interest or because of Fannie Mae's election to repurchase such mortgage loan under certain other circumstances as permitted by the Trust Indenture), (3) the amount of any partial prepayment of a mortgage loan received in the second month next preceding the month of distribution, and (4) one month's interest at the Pass-Through

Rate on the principal balance of the Fannie Mae Certificate as reported to the Trustee (assuming the Trustee is the registered holder) in connection with the previous distribution (or, respecting the first distribution, on the principal balance of the Fannie Mae Certificate on its issue date).

For purposes of distributions, a mortgage loan will be considered to have been prepaid in full if, in Fannie Mae's reasonable judgment, the full amount finally recoverable on account of such mortgage loan has been received, whether or not such full amount is equal to the stated principal balance of the mortgage loan. Fannie Mae may, in its discretion, include with any distribution principal prepayments, both full and partial, received during the month before the month of distribution but is under no obligation to do so.

FHMLMC and the Freddie Mac Certificates

The following summary of the Federal Home Loan Mortgage Corporation ("Freddie Mac"), the Freddie Mac Guarantor Program, the Freddie Mac Certificates and Freddie Mac's mortgage purchase and servicing standards does not purport to be complete and is qualified in its entirety by reference to Freddie Mac's Mortgage Participation Certificates Offering Circular, any applicable Offering Circular Supplements, Freddie Mac's Information Statement, any Information Statement Supplements and any other documents made available by Freddie Mac. Copies of these documents can be obtained by writing, calling or e-mailing Freddie Mac's Investor Inquiry Department at 8200 Jones Branch Drive, McLean, Virginia 22102 (800-336-FMPC; e-mail: Investor_Inquiry@freddiemac.com). The Authority does not and will not participate in the preparation of Freddie Mac's Mortgage Participation Certificates Offering Circular, Information Statement or Supplements. At the time of printing this Reoffering Circular, general information regarding Freddie Mac can be accessed at <http://www.freddiemac.com>. The Authority makes no representations regarding the content or accuracy of the information provided at such website, and such website is not part of this Reoffering Circular.

Freddie Mac is a shareholder-owned, government-sponsored enterprise created on July 24, 1970, pursuant to the Federal Home Loan Mortgage Corporation Act (Title III of the Emergency Home Finance Act of 1970, as amended (12 U.S.C. §§ 1451-1459) (the "Freddie Mac Act"). Freddie Mac is also regulated by the Federal Housing Finance Agency.

Freddie Mac's statutory mission is (i) to provide stability in the secondary market for residential mortgages, (ii) to respond appropriately to the private capital market, (iii) to provide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low- and moderate-income families) and (iv) to promote access to mortgage credit throughout the United States (including central cities, rural areas and underserved areas) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing. Neither the United States nor any agency or instrumentality of the United States is obligated, either directly or indirectly, to fund the mortgage purchase or financing activities of Freddie Mac.

Freddie Mac has established a mortgage purchase program pursuant to which Freddie Mac purchases a group of mortgages from a single seller in exchange for a Freddie Mac Certificate representing an undivided interest in a pool consisting of the same mortgages (the "Guarantor Program"). Freddie Mac approves the institutions that may sell and service

mortgages under the Guarantor Program on an individual basis after consideration of factors such as financial condition, operational capability and mortgage origination and/or servicing experience. Most sellers and servicers are HUD-approved mortgagees or FDIC-insured financial institutions.

Freddie Mac Certificates will be mortgage pass-through securities issued and guaranteed by Freddie Mac under its Guarantor Program. Freddie Mac Certificates are issued only in book-entry form through the Federal Reserve Banks' book-entry system. Each Freddie Mac Certificate represents an undivided interest in a pool of mortgages. Payments by borrowers on the mortgages in the pool are passed through monthly by Freddie Mac to record holders of the Freddie Mac Certificates representing interests in that pool. The minimum original principal balance for a pool of mortgages is generally \$1,000,000. All of the mortgages are either conventional mortgages or mortgages guaranteed or insured by FHA, the Department of Veterans Affairs or the Rural Housing Service. Conventional mortgages are pooled separately from mortgages guaranteed or insured by FHA, the Department of Veterans Affairs or the Rural Housing Service.

Freddie Mac issues two types of Freddie Mac Certificates – Gold PCs and ARM PCs. Gold PCs are backed by fixed-rate, level payment, fully amortizing mortgages or balloon/reset mortgages. ARM PCs are backed by adjustable rate mortgages.

Payments on Freddie Mac Certificates begin on or about the fifteenth day of the first month following issuance for a Gold PC and on or about the 15th day of the second month after issuance for an ARM PC. Each month, Freddie Mac passes through to record holders of Freddie Mac Certificates their proportionate share of principal payments on the mortgages in the related pool and one month's interest at the applicable pass-through rate. The pass-through rate for a Freddie Mac Certificate is determined by subtracting from the lowest interest rate on any of the mortgages in the pool the applicable servicing fee and Freddie Mac's management and guarantee fee, if any. The interest rates on the mortgages in a pool formed under Freddie Mac's Guarantor Program must fall within a range from the pass-through rate on the Freddie Mac Certificate plus the minimum required servicing fee through the pass-through rate plus any additional amount determined by Freddie Mac.

Freddie Mac guarantees to each holder of a Freddie Mac Certificate, on each monthly payment date, its proportionate share of scheduled principal payments on the related mortgages, and interest at the applicable pass-through rate, in each case whether or not received. The full and final payment on each Freddie Mac Certificate will be made no later than the payment date that occurs in the month in which the last monthly payment on the Freddie Mac Certificate is scheduled to be made.

The obligations of Freddie Mac under its guarantees of the Freddie Mac Certificates are obligations of Freddie Mac only. The Freddie Mac Certificates, including the interest thereon, are not guaranteed by the United States and do not constitute debts or obligations of the United States or any agency or instrumentality of the United States other than Freddie Mac. If Freddie Mac were unable to satisfy its obligations under its guarantees, distributions on the Freddie Mac Certificates would consist solely of payments and other recoveries on the related mortgages;

accordingly, prepayments, delinquencies and defaults on the mortgages would affect distributions on the Freddie Mac Certificates and could adversely affect payments on the Bond of such Series.

All mortgages purchased by Freddie Mac must meet certain standards established by the Freddie Mac Act. In addition, Freddie Mac has established its own set of mortgage purchase standards, including credit, appraisal and underwriting guidelines. These guidelines are designed to determine the value of the real property securing a mortgage and the credit worthiness of the borrower. Freddie Mac's administration of its guidelines may vary based on its evaluation of and experience with the seller of the mortgages, the loan-to-value ratio and age of the mortgages, the type of property securing the mortgages and other factors.

Freddie Mac has also established servicing policies and procedures to support the efficient and uniform servicing of the mortgages it purchases. Each servicer must perform diligently all services and duties customary to the servicing of mortgages in a manner consistent with prudent servicing standards. The duties performed by a servicer include collection and remittance of principal and interest to Freddie Mac administration of escrow accounts; collection of insurance or guaranty claims; property inspections; and, if necessary, foreclosure. Freddie Mac monitors servicers' performance through periodic and special reports and inspections.

In the event of an existing or impending delinquency or other default on a mortgage, Freddie Mac may attempt to resolve the default through a variety of measures. In determining which measures to pursue with respect to a given mortgage and when to initiate such measures, Freddie Mac seeks to minimize the costs that may be incurred in servicing the mortgage, as well as Freddie Mac's possible exposure under its guarantees. However, the measures that Freddie Mac may choose to pursue to resolve a default will not affect Freddie Mac's guarantees. Freddie Mac generally repurchases from a pool any mortgage that has remained delinquent for at least 120 consecutive days and makes payment of principal to record holders.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL FOR REOFFERING

March 10, 2010

Illinois Housing Development Authority
Chicago, Illinois

The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois

Merrill Lynch, Pierce, Fenner & Smith Incorporated
New York, New York

Re: \$20,000,000 Illinois Housing Development Authority
Homeowner Mortgage Revenue Bonds, 2005
Subseries A-3 (AMT) (Variable Rate)

Ladies and Gentlemen:

We have been asked to furnish this opinion in connection with the delivery of the Substitute Liquidity Facility (as defined herein) occurring today pertaining to the above-captioned bonds (the "Bonds") issued by the Illinois Housing Development Authority (the "Authority"). The Bonds were issued pursuant to the Authority's Homeowner Mortgage Revenue Bonds General Resolution, adopted July 15, 1994, as amended and restated on September 19, 2008 (as so amended and restated, the "General Resolution"), a Series Resolution pertaining to the Bonds adopted November 17, 2004, a Determination made by authorized officers of the Authority (together, the "Series Resolution" and, together with the General Resolution, the "Resolution"). All terms used herein but not otherwise defined herein shall have the same meaning as assigned to such terms in the Resolution.

The delivery of the Standby Bond Purchase Agreement, dated as of February 25, 2010 (the "Substitute Liquidity Facility"), by and among the Authority, The Bank of New York Mellon Trust Company, N.A., as trustee and tender agent (the "Trustee"), and the Federal Home Loan Bank of Chicago (the "Bank") serves to replace the Standby Bond Purchase Agreement, dated as of March 1, 2005 (the "State Street Liquidity Facility"), by and among the Authority, J.P. Morgan Trust Company, N.A., as trustee and tender agent, and State Street Bank and Trust Company with. This opinion is being delivered as required by Section 302 of Appendix D to the Series Resolution.

We have reviewed the Resolution, the State Street Liquidity Facility and the Substitute Liquidity Facility. We have also made such investigations of law as we have deemed necessary or advisable for the opinions expressed below. As to questions of fact material to our opinions, we have relied, without independent investigation, upon certifications and information delivered to

us by the Authority, the Trustee, the Bank and others. We also understand that no other changes in the terms of the Bonds, including the interest rate mode and the security for the Bonds, are being made in connection with such replacement. We have assumed the genuineness of all signatures, the authenticity and validity of all documents delivered to us as originals and the conformity to originals of all documents delivered to us as copies. Our opinions set forth herein are limited to the laws of the State of Illinois and the federal laws of the United States of America in effect on the date hereof, and we do not express any opinion concerning any other law.

Based upon the foregoing and subject to the limitations and qualifications set forth herein, we are of the opinion that, under current law, the delivery of the Substitute Liquidity Facility (i) is authorized under the Resolution, (ii) complies with the terms of the Resolution, (iii) will not impair the exemption of the Bonds from the registration requirements of the Securities Act of 1933 or the exemption of the Resolution from the qualification requirements of the Trust Indenture Act of 1939, (iv) will not adversely affect the exclusion from gross income for Federal income tax purposes of interest on the Bonds and (v) will not adversely affect the exemption of interest on the Bonds from Illinois income tax.

This opinion is for the sole benefit of the addressee. No other person may rely on this opinion without our prior written consent. We undertake no obligation to revise or supplement this opinion should any law in effect on the date hereof be changed by legislative action, judicial decision or otherwise.

Sincerely,

APPENDIX E
ORIGINAL BOND COUNSEL OPINIONS

March 10, 2005

CLIENT/MATTER NUMBER
442918-0321Illinois Housing Development Authority
401 North Michigan Avenue
Suite 900
Chicago, Illinois 60611

We have examined a certified copy of the record of proceedings of the Illinois Housing Development Authority (the “**Authority**”), together with various accompanying certificates, pertaining to the issuance today by the Authority of \$75,000,000 aggregate principal amount of its Homeowner Mortgage Revenue Bonds, 2005 Series A (the “**2005 Series A Bonds**”). The 2005 Series A Bonds consist of \$19,200,000 aggregate principal amount of Homeowner Mortgage Revenue Bonds, 2005 Subseries A-1 (Non-AMT) (the “**2005 Subseries A-1 Bonds**”), \$35,800,000 aggregate principal amount of Homeowner Mortgage Revenue Bonds, 2005 Subseries A-2 (AMT) (the “**2005 Subseries A-2 Bonds**”), and \$20,000,000 aggregate principal amount of Homeowner Mortgage Revenue Bonds, 2005 Subseries A-3 (AMT) (Variable Rate) (the “**2005 Subseries A-3 Bonds**” and, together with the 2005 Subseries A-1 Bonds and the 2005 Subseries A-2 Bonds, the “**Bonds**”). The record of proceedings includes the Authority’s Homeowner Mortgage Revenue Bonds General Resolution, adopted July 15, 1994, as supplemented by Supplemental Resolutions adopted November 18, 1994, July 18, 1997, September 19, 2003 and September 17, 2004 (as so supplemented, the “**General Resolution**”), a Series Resolution pertaining to the Bonds adopted November 19, 2004, and a Determination made by authorized officers of the Authority (together, the “**Series Resolution**” and, together with the General Resolution, the “**Resolution**”). The record of proceedings also includes a Tax Exemption Certificate and Agreement of the Authority, dated today. As to matters of fact material to this opinion, we have relied upon the certified copy of the record of proceedings and accompanying certificates, without having undertaken to make an independent investigation or verification of those factual matters.

The Bonds mature on the dates and in the principal amounts and bear interest as set forth in the Series Resolution. The 2005 Subseries A-1 Bonds and 2005 Subseries A-2 Bonds are issuable only as fully registered bonds in the denomination of \$5,000, or any integral multiple of \$5,000 in excess of that amount. The 2005 Subseries A-3 Bonds are issuable only as fully registered bonds in the denomination of \$100,000, or any integral multiple of \$5,000 in excess of that amount. The Bonds are subject to redemption prior to their maturity as provided in their terms. The 2005 Subseries A-3 Bonds are subject to mandatory tender for purchase on the Tender Dates as set forth in the Series Resolution.

The Internal Revenue Code of 1986, as amended (the “**Code**”), to the extent applicable, establishes certain continuing requirements which must be met in order that interest on the Bonds not be included in gross income for federal income tax purposes. These include requirements as to the use and investment of proceeds of the Bonds, the payment of certain amounts to the United States and the Mortgage Loans to be purchased with the proceeds of the Bonds. The Authority has



Illinois Housing Development Authority

March 10, 2005

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covenanted in the Series Resolution and in the Tax Exemption Certificate and Agreement to take all steps within its power that are required to maintain the status of interest on the Bonds as not includible in the income of their owners under federal income tax law existing on the date of initial issuance of the Bonds.

Based upon this examination, we are of the opinion that:

1. The Authority is a legally existing body politic and corporate of the State of Illinois.
2. Under the Illinois Housing Development Act, as amended to the date of this opinion (the “Act”), the Authority has the right and power to adopt the Resolution. The Resolution (including the continuing disclosure undertaking contained in the Series Resolution) has been duly and lawfully adopted by the Authority, is in full force and effect, is valid and binding upon the Authority and is enforceable in accordance with its terms. No authorization of the Resolution is required in addition to that which the record of proceedings evidences has been taken.
3. The Bonds have been duly and validly authorized by the Authority and issued in accordance with law and the Resolution.
4. The Bonds are valid and legally binding special limited obligations of the Authority, secured in the manner and to the extent provided in the Resolution, including by the Transfer Amounts as defined in the Resolution, enforceable in accordance with their terms and the terms of the Resolution and entitled to the benefits of the Resolution and the Act.
5. The Bonds have a claim for payment solely from Pledged Property as defined in the Resolution. The Bonds are on a parity with any additional series of Bonds (other than Subordinate Bonds) which have been issued or may be issued in the future under the General Resolution.
6. Under existing law, interest on the Bonds is not includible in the gross income of their owners for federal income tax purposes under Section 103 of the Internal Revenue Code, if there is continuing compliance by the Authority with the covenants described above in the Series Resolution and the Tax Exemption Certificate and Agreement. Assuming that compliance by the Authority interest on the 2005 Subseries A-1 Bonds is not included as a preference item for purposes of computing the alternative minimum tax for individuals or corporations, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations; interest on the 2005 Subseries A-2 Bonds and the 2005 Subseries A-3 Bonds will be treated as a preference item for purposes of computing the alternative minimum tax for individuals and corporations. Interest on the Bonds may be subject to certain federal taxes not based on gross income and ownership of the Bonds may result in certain other federal income tax consequences to certain owners; we express no opinion as to these matters. Failure of the Authority to comply with certain of those tax covenants could cause the interest on the Bonds to be included as gross income for federal income tax purposes retroactively to the date of their issuance.
7. The Authority has no taxing power. The Bonds are not a debt of the State of Illinois and the State of Illinois is not liable on the Bonds. The Bonds are not subject to Section 26.1 of the Act.



Illinois Housing Development Authority
March 10, 2005
Page 3

8. Under the Act, interest on the Bonds is exempt from Illinois income tax.

We express no opinion in this letter as to the accuracy, adequacy or completeness of the Official Statement dated February 3, 2005, relating to the Bonds.

Under the Tax Exemption Certificate and Agreement and the Resolution, various actions may be taken only upon the receipt of an approving legal opinion of bond counsel. We give in this letter no opinion as to the effect on exclusion of interest on the Bonds from gross income of their owners for federal income tax purposes of any such actions.

Our opinions expressed in this letter represent our legal judgment based upon our review of the record of proceedings and the accompanying factual certificates as described above. It is not a guarantee of a result. This opinion is given as of today. We assume no obligation to review or supplement our opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after this opinion is given today.

Very respectfully yours,

Foley & Lashin LLP

BURKE BURNS & PINELLI, LTD.

ATTORNEYS AT LAW

SUITE 4300

THREE FIRST NATIONAL PLAZA

CHICAGO, ILLINOIS 60602-4229

TELEPHONE
(312) 541-8600

FACSIMILE
(312) 541-8603

EDWARD J. BURKE
MARY PATRICIA BURNS
VINCENT D. PINELLI
MARY ANN MURRAY
STEPHEN F. WELCOME
ELLEN B. EPSTEIN
ROBERT R. HALL, JR.
AMANDA RIPP

March 10, 2005

Illinois Housing Development Authority
401 North Michigan Avenue
Suite 900
Chicago, Illinois 60611

We have examined a certified copy of the record of proceedings of the Illinois Housing Development Authority (the "**Authority**"), together with various accompanying certificates, pertaining to the issuance today by the Authority of \$75,000,000 aggregate principal amount of its Homeowner Mortgage Revenue Bonds, 2005 Series A (the "**2005 Series A Bonds**"). The 2005 Series A Bonds consist of \$19,200,000 aggregate principal amount of Homeowner Mortgage Revenue Bonds, 2005 Subseries A-1 (Non-AMT) (the "**2005 Subseries A-1 Bonds**"), \$35,800,000 aggregate principal amount of Homeowner Mortgage Revenue Bonds, 2005 Subseries A-2 (AMT) (the "**2005 Subseries A-2 Bonds**"), and \$20,000,000 aggregate principal amount of Homeowner Mortgage Revenue Bonds, 2005 Subseries A-3 (AMT) (Variable Rate) (the "**2005 Subseries A-3 Bonds**") and, together with the 2005 Subseries A-1 Bonds and the 2005 Subseries A-2 Bonds, the "**Bonds**"). The record of proceedings includes the Authority's Homeowner Mortgage Revenue Bonds General Resolution, adopted July 15, 1994, as supplemented by Supplemental Resolutions adopted November 18, 1994, July 18, 1997, September 19, 2003 and September 17, 2004 (as so supplemented, the "**General Resolution**"), a Series Resolution pertaining to the Bonds adopted November 19, 2004, and a Determination made by authorized officers of the Authority (together, the "**Series Resolution**" and, together with the General Resolution, the "**Resolution**"). The record of proceedings also includes a Tax Exemption Certificate and Agreement of the Authority, dated today. As to matters of fact material to this opinion, we have relied upon the certified copy of the record of proceedings and accompanying certificates, without having undertaken to make an independent investigation or verification of those factual matters.

The Bonds mature on the dates and in the principal amounts and bear interest as set forth in the Series Resolution. The 2005 Subseries A-1 Bonds and 2005 Subseries A-2 Bonds are issuable only as fully registered bonds in the denomination of \$5,000, or any integral multiple of \$5,000 in excess of that amount. The 2005 Subseries A-3 Bonds are issuable only as fully registered bonds in the denomination of \$100,000, or any integral multiple of \$5,000 in excess of that amount. The Bonds are subject to redemption prior to their maturity as provided in their terms. The 2005 Subseries A-3 Bonds are subject to mandatory tender for purchase on the Tender Dates as set forth in the Series Resolution.

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The Internal Revenue Code of 1986, as amended (the “Code”), to the extent applicable, establishes certain continuing requirements which must be met in order that interest on the Bonds not be included in gross income for federal income tax purposes. These include requirements as to the use and investment of proceeds of the Bonds, the payment of certain amounts to the United States and the Mortgage Loans to be purchased with the proceeds of the Bonds. The Authority has covenanted in the Series Resolution and in the Tax Exemption Certificate and Agreement to take all steps within its power that are required to maintain the status of interest on the Bonds as not includible in the income of their owners under federal income tax law existing on the date of initial issuance of the Bonds.

Based upon this examination, we are of the opinion that:

1. The Authority is a legally existing body politic and corporate of the State of Illinois.
2. Under the Illinois Housing Development Act, as amended to the date of this opinion (the “Act”), the Authority has the right and power to adopt the Resolution. The Resolution (including the continuing disclosure undertaking contained in the Series Resolution) has been duly and lawfully adopted by the Authority, is in full force and effect, is valid and binding upon the Authority and is enforceable in accordance with its terms. No authorization of the Resolution is required in addition to that which the record of proceedings evidences has been taken.
3. The Bonds have been duly and validly authorized by the Authority and issued in accordance with law and the Resolution.
4. The Bonds are valid and legally binding special limited obligations of the Authority, secured in the manner and to the extent provided in the Resolution, including by the Transfer Amounts as defined in the Resolution, enforceable in accordance with their terms and the terms of the Resolution and entitled to the benefits of the Resolution and the Act.
5. The Bonds have a claim for payment solely from Pledged Property as defined in the Resolution. The Bonds are on a parity with any additional series of Bonds (other than Subordinate Bonds) which have been issued or may be issued in the future under the General Resolution.
6. Under existing law, interest on the Bonds is not includible in the gross income of their owners for federal income tax purposes under Section 103 of the Internal Revenue Code, if there is continuing compliance by the Authority with the covenants described above in the Series Resolution and the Tax Exemption Certificate and Agreement. Assuming that compliance by the Authority interest on the 2005 Subseries A-1 Bonds is not included as a preference item for purposes of computing the alternative minimum tax for individuals or corporations, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations; interest on the 2005 Subseries A-2 Bonds and the 2005 Subseries A-3 Bonds will be treated as a preference item for purposes of computing the alternative minimum tax for individuals and corporations. Interest on the Bonds may be subject to certain federal taxes not based on gross

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income and ownership of the Bonds may result in certain other federal income tax consequences to certain owners; we express no opinion as to these matters. Failure of the Authority to comply with certain of those tax covenants could cause the interest on the Bonds to be included as gross income for federal income tax purposes retroactively to the date of their issuance.

7. The Authority has no taxing power. The Bonds are not a debt of the State of Illinois and the State of Illinois is not liable on the Bonds. The Bonds are not subject to Section 26.1 of the Act.

8. Under the Act, interest on the Bonds is exempt from Illinois income tax.

We express no opinion in this letter as to the accuracy, adequacy or completeness of the Official Statement dated February 3, 2005, relating to the Bonds.

Under the Tax Exemption Certificate and Agreement and the Resolution, various actions may be taken only upon the receipt of an approving legal opinion of bond counsel. We give in this letter no opinion as to the effect on exclusion of interest on the Bonds from gross income of their owners for federal income tax purposes of any such actions.

Our opinions expressed in this letter represent our legal judgment based upon our review of the record of proceedings and the accompanying factual certificates as described above. It is not a guarantee of a result. This opinion is given as of today. We assume no obligation to review or supplement our opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after this opinion is given today.

Very respectfully yours,

Burke Burns & Pinelli, Ltd.

APPENDIX F

VARIABLE RATE PROVISIONS

This Reoffering Circular is not intended to describe the terms of any Reoffered Bond after its conversion to a Long-Term Interest Rate Period. Reoffered Bonds that are converted to a Long-Term Interest Rate Period will no longer have the benefit of the Substitute Liquidity Facility or be subject to tender by the Owners thereof during, or following, such Long-Term Interest Rate Period.

The Reoffered Bonds are dated the date of their delivery and will mature on the maturity date set forth on the inside cover page of this Reoffering Circular.

The Reoffered Bonds are issued in authorized denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof during any Daily Interest Rate Period, Weekly Interest Rate Period or Short-Term Interest Rate Period.

The principal of and redemption premium, if any, on the Reoffered Bonds shall be payable at the principal corporate trust office of the Fiscal Agent. Interest due on the Reoffered Bonds will be paid to the registered owners thereof by the Trustee by check or, in the case of owners of Reoffered Bonds in a principal amount equal to or exceeding \$1 million upon request by wire transfer. The Reoffered Bonds initially will be registered in the name of Cede & Co., as registered owner and nominee of DTC, which will act as securities depository for the Reoffered Bonds. Purchasers of the Reoffered Bonds will not receive a physical delivery of the bond certificates representing their beneficial ownership interests. See “**THE BONDS** - Book-Entry Only System.”

The Reoffered Bonds bear interest from and including the Interest Accrual Date immediately preceding the date of authentication thereof, or, if such date of authentication is an Interest Accrual Date to which interest on the Reoffered Bonds has been paid in full or duly provided for or the date of initial authentication of the Reoffered Bonds, from such date of authentication. However, if, as shown by the records of the Registrar, interest on the Reoffered Bonds is in default, Bonds issued in exchange for Bonds surrendered for registration of transfer or exchange will bear interest from the date to which interest has been paid in full on the Reoffered Bonds or, if no interest has been paid on the Reoffered Bonds, from the date of the first authentication of Bonds hereunder. Interest will be computed, in the case of any Interest Rate Period other than a Long-Term Interest Rate Period, on the basis of a 365- or 366-day year, as appropriate, for the actual number of days elapsed.

For any Daily Interest Rate Period, interest on the Reoffered Bonds will be payable on each Interest Payment Date for the period commencing on the preceding Interest Accrual Date and ending on the day preceding such Interest Payment Date. For any Weekly Interest Rate Period, interest on the Reoffered Bonds will be payable on each Interest Payment Date for the period commencing on the immediately preceding Interest Accrual Date and ending on the day preceding such Interest Payment Date. For any Short-Term Interest Rate Period, interest on the Reoffered Bonds will be payable on each Interest Payment Date for the period commencing on the preceding Interest Accrual Date and ending on the day immediately preceding such Interest

Payment Date. In any event, interest on the Reoffered Bonds will be payable for the final Interest Rate Period to but not including the date on which the Reoffered Bonds have been paid in full.

The term of the Reoffered Bonds will be divided into consecutive Interest Rate Periods during each of which the Reoffered Bonds shall bear interest at a Daily Interest Rate, a Weekly Interest Rate, Bond Interest Term Rates or a Long-Term Interest Rate. At any time, all Bonds must bear interest at a Daily Interest Rate, a Weekly Interest Rate, Bond Interest Term Rates or a Long-Term Interest Rate. Reoffered Bonds shall not bear interest at a rate higher than the Maximum Rate (as defined herein), except that the Maximum Rate does not apply to Purchased Bonds. The first Interest Rate Period for the Reoffered Bonds shall commence on the date of issuance of the Reoffered Bonds and shall be a Weekly Interest Rate Period. Upon the date of issuance of the Reoffered Bonds, the initial Weekly Interest Rate borne by the Reoffered Bonds shall be determined by the Remarketing Agent in the manner provided in the Resolution.

The determination of the interest rate of Reoffered Bonds by the Remarketing Agent shall be conclusive and binding upon the Authority, the Trustee, the Authenticating Agent, the Paying Agent, the Registrar, the Remarketing Agent, the Tender Agent, the Liquidity Provider and the holders of the Reoffered Bonds, except that interest rate borne by Purchased Bonds shall be determined in accordance with the Liquidity Facility.

Interest Rate Periods

Weekly Interest Rate Period

Determination of Weekly Interest Rate. During each Weekly Interest Rate Period, the Reoffered Bonds shall bear interest at the Weekly Interest Rate, which shall be determined by the Remarketing Agent by 4:30 p.m., New York City time, on Tuesday of each week during such Weekly Interest Rate Period, or if such day shall not be a Business Day, then on the first preceding Business Day. The first Weekly Interest Rate determined for each Weekly Interest Rate Period shall be determined on or prior to the first day of such Weekly Interest Rate Period and shall apply to the period commencing on the first day of such Weekly Interest Rate Period and ending on the next succeeding Tuesday. Thereafter, each Weekly Interest Rate shall apply to the period commencing on Wednesday and ending on the next succeeding Tuesday, unless such Weekly Interest Rate Period shall end on a day other than Tuesday, in which event the last Weekly Interest Rate for such Weekly Interest Rate Period shall apply to the period commencing on Wednesday preceding the last day of such Weekly Interest Rate Period and ending on the last day of such Weekly Interest Rate Period. The Weekly Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent (based on then-prevailing market conditions) to be the minimum interest rate which, if borne by the Reoffered Bonds, would enable the Remarketing Agent to sell the Reoffered Bonds on such date of determination at a price (without regarding accrued interest) equal to the principal amount thereof. In the event that the Remarketing Agent fails to establish a Weekly Interest Rate for any week, then the Weekly Interest Rate for such week shall be the same as the Weekly Interest Rate for the immediately preceding week if the Weekly Interest Rate for such preceding week was determined by the Remarketing Agent. In the event that the Weekly Interest Rate for the immediately preceding week was not determined by the Remarketing Agent, or in the event that the Weekly Interest Rate determined by the Remarketing Agent shall be held to be invalid or unenforceable by a

court of law, then the interest rate for such week shall be equal to 110 percent of the BMA Index made available for the week preceding the date of determination, or if such index is no longer available, or no such index was so made available for the week preceding the date of determination, 75 percent of the interest rate on 30-day high grade unsecured commercial paper notes sold through dealers by major corporations as reported in *The Wall Street Journal* on the day the Weekly Interest Rate would otherwise be determined in accordance with the provisions of the Resolution for such Weekly Interest Rate Period.

Adjustment to Weekly Interest Rate. At any time, the Authority, upon written notice to the Trustee, the Authenticating Agent, the Paying Agent, the Registrar, the Remarketing Agent, the Tender Agent and the Liquidity Provider, may elect, subject to the Authority's providing to the Trustee and the Remarketing Agent a Favorable Bond Counsel Opinion, that the Reoffered Bonds shall bear interest at a Weekly Interest Rate. Such notice of the Authority shall specify the effective date of such adjustment to a Weekly Interest Rate, which shall be (A) a Business Day not earlier than the 12th day following the second Business Day after receipt by the Registrar of such notice, and (B) in the case of an adjustment from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period. During each Weekly Interest Rate Period commencing on a date so specified and ending on the day immediately preceding the effective date of the next succeeding Interest Rate Period, the interest rate borne by the Reoffered Bonds shall be a Weekly Interest Rate.

Notice of Adjustment to Weekly Interest Rate. The Registrar shall give notice by first-class mail of an adjustment to a Weekly Interest Rate Period to the holders of the Reoffered Bonds and, if a Book Entry System is in effect, the Depository, not less than 12 days prior to the effective date of such Weekly Interest Rate Period. Such notice shall state (1) that the interest rate on the Reoffered Bonds will be adjusted to a Weekly Interest Rate unless Bond Counsel fails to deliver to the Trustee, the Authority and the Remarketing Agent a Favorable Bond Counsel Opinion as to such adjustment on the effective date of such adjustment in the Interest Rate Period, in which case the Reoffered Bonds, if being adjusted from a Daily Interest Rate Period or a Short-Term Interest Period, shall continue to bear interest at the Daily Interest Rate or Bond Interest Term Rates as in effect immediately prior to such proposed adjustment in the Interest Rate Period, (2) the effective date of such Weekly Interest Rate Period, (3) that the Reoffered Bonds are subject to mandatory tender for purchase on such effective date, setting forth the applicable purchase price (see "THE REOFFERED BONDS - Purchase of Bonds — Mandatory Tender for Purchase on First Day of Each Interest Rate Period" in this Appendix), and (4) if the Reoffered Bonds are no longer in Book Entry Form and are therefore in certificated form, information with respect to required delivery of Bond certificates and payment of the purchase price under the Resolution.

Daily Interest Rate Period

Determination of Daily Interest Rate. During each Daily Interest Rate Period, the Reoffered Bonds shall bear interest at the Daily Interest Rate, which shall be determined by the Remarketing Agent by 9:30 a.m., New York City time, on each Business Day during such Daily Interest Rate Period. The Daily Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent (based on then prevailing market conditions) to be the minimum interest rate which, if borne by the Reoffered Bonds, would enable the Remarketing Agent to sell

the Reoffered Bonds on such date of determination at a price (without regarding accrued interest) equal to the principal amount thereof. In the event that the Remarketing Agent fails to establish a Daily Interest Rate for any day, then the Daily Interest Rate for such day shall be the same as the Daily Interest Rate for the immediately preceding Business Day if the Daily Interest Rate for such preceding Business Day was determined by the Remarketing Agent. In the event that the Daily Interest Rate for the immediately preceding day was not determined by the Remarketing Agent, or in the event that the Daily Interest Rate determined by the Remarketing Agent shall be held to be invalid or unenforceable by a court of law, then the interest rate for such day shall be equal to 110 percent of the BMA Index made available for the week preceding the date of determination, or if such index is no longer available, or no such index was so made available for the week preceding the date of determination, 75 percent of the interest rate on 30-day high grade unsecured commercial paper notes sold through dealers by major corporations as reported in *The Wall Street Journal* on the day the Daily Interest Rate would otherwise be determined in accordance with the provisions of the Resolution for such Daily Interest Rate Period.

Adjustment to Daily Interest Rate. At any time, the Authority, upon written notice to the Trustee, the Authenticating Agent, the Paying Agent, the Registrar, the Remarketing Agent, the Tender Agent and the Liquidity Provider, may elect, subject to the Authority's providing to the Trustee and the Remarketing Agent a Favorable Bond Counsel Opinion, that the Reoffered Bonds shall bear interest at a Daily Interest Rate. Such notice of the Authority shall specify the effective date of such adjustment to a Daily Interest Rate, which shall be (A) a Business Day not earlier than the 12th day following the second Business Day after receipt by the Registrar of such notice, and (B) in the case of an adjustment from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period. During each Daily Interest Rate Period commencing on a date so specified and ending on the day immediately preceding the effective date of the next succeeding Interest Rate Period or the Maturity Date, the interest rate borne by the Reoffered Bonds shall be a Daily Interest Rate.

Notice of Adjustment to Daily Interest Rate. The Registrar shall give notice by first-class mail of an adjustment to a Daily Interest Rate Period to the holders of the Reoffered Bonds not less than 12 days prior to the effective date of such Daily Interest Rate Period. Such notice shall state (1) that the interest rate on the Reoffered Bonds will be adjusted to a Daily Interest Rate unless Bond Counsel fails to deliver to the Trustee, the Authority and the Remarketing Agent a Favorable Bond Counsel Opinion as to such adjustment on the effective date of such adjustment in the Interest Rate Period, in which case the Reoffered Bonds, if being adjusted from a Weekly Interest Rate Period or a Short-Term Interest Rate Period, shall continue to bear interest at the Weekly Interest Rate or the Bond Interest Term Rates as in effect immediately prior to such proposed adjustment in the Interest Rate Period, (2) the effective date of such Daily Interest Rate Period, and (3) that the Reoffered Bonds are subject to mandatory tender for purchase on such effective date, setting forth the applicable purchase price. See "THE REOFFERED BONDS - Purchase of Bonds — Mandatory Tender for Purchase on First Day of Each Interest Rate Period" in this Appendix.

Short-Term Interest Rate Period

Determination of Bond Interest Terms and Bond Interest Term Rates

(A) During each Short-Term Interest Rate Period, each Bond shall bear interest during each Bond Interest Term for such Bond at the Bond Interest Term Rate for such Bond. The Bond Interest Term and the Bond Interest Term Rate for each Bond need not be the same for any two Bonds, even if determined on the same date. Each of such Bond Interest Terms and Bond Interest Term Rates for each Bond shall be determined by the Remarketing Agent no later than 12:00 noon, New York City time, on the first day of each Bond Interest Term. Each Bond Interest Term for each Bond shall be a period of not less than one day nor more than 180 days, determined by the Remarketing Agent to be the period which, together with all other Bond Interest Terms for all Bonds then outstanding, will result in the lowest overall interest expense on the Reoffered Bonds, taking into account the following factors: (I) existing short-term tax-exempt market rates and indices of such short-term rates, (II) the existing market supply and demand for short-term tax-exempt securities, (III) existing yield curves for short-term and long-term tax-exempt securities for obligations of credit quality comparable to the Reoffered Bonds, (IV) general economic conditions, (V) economic and financial conditions that may affect or be relevant to the Reoffered Bonds, (VI) the Bond Interest Terms of other Bonds, and (VII) such other facts, circumstances and conditions pertaining to financial markets as the Remarketing Agent, in its sole discretion, shall determine to be relevant. Any Bond purchased on behalf of the Authority and remaining unsold by the Remarketing Agent as of the close of business on the first day of the Bond Interest Term for that Bond shall have a Bond Interest Term of one day or, if that Bond Interest Term would not end on a day immediately preceding a Business Day, a Bond Interest Term ending on the day immediately preceding the next Business Day. Each Bond Interest Term shall end on either a day which immediately precedes a Business Day or on the day immediately preceding the Maturity Date, but in no event shall any Bond Interest Term extend beyond the day which is three Business Days prior to the Expiration Date of the Liquidity Facility. If for any reason a Bond Interest Term for any Bond cannot be so determined by the Remarketing Agent, or if the determination of such Bond Interest Term is held by a court of law to be invalid or unenforceable, then such Bond Interest Term shall be 30 days, but if the last day so determined shall not be a day immediately preceding a Business Day, such Bond Interest Term shall end on the first day immediately preceding the Business Day next succeeding such last day, or if such last day would be after the day immediately preceding the Maturity Date, such Bond Interest Term shall end on the day immediately preceding the Maturity Date. In determining the number of days in each Bond Interest Term, the Remarketing Agent shall take into account the following factors: (I) existing short-term tax-exempt market rates and indices of such short-term rates, (II) the existing market supply and demand for short-term tax-exempt securities, (III) existing yield curves for short-term and long-term tax-exempt securities for obligations of credit quality comparable to the Reoffered Bonds, (IV) general economic conditions, (V) economic and financial conditions that may affect or be relevant to the Reoffered Bonds, (VI) the Bond Interest Terms of other Bonds, and (VII) such other facts, circumstances and conditions pertaining to financial markets as the Remarketing Agent, in its sole discretion, shall determine to be relevant.

(B) The Bond Interest Term Rate for each Bond Interest Term for each Bond shall be the rate of interest per annum determined by the Remarketing Agent (based on then prevailing market conditions) to be the minimum interest rate which, if borne by such Bond, would enable the Remarketing Agent to sell such Bond on the date and at the time of such determination at a price (without regarding accrued interest) equal to the principal amount thereof. If for any reason a Bond Interest Term Rate for any Bond is not so established by the Remarketing Agent for any

Bond Interest Term, or such Bond Interest Term Rate is determined by a court of law to be invalid or unenforceable, then the Bond Interest Term Rate for such Bond Interest Term shall be the rate per annum equal to 75 percent of the interest rate on high grade unsecured commercial paper notes sold through dealers by major corporations as reported by *The Wall Street Journal* on the first day of such Bond Interest Term and which maturity most nearly equals the Bond Interest Term for which a Bond Interest Term Rate is being calculated.

Adjustment to Bond Interest Term Rates. At any time, the Authority, upon written notice to the Trustee, the Authenticating Agent, the Paying Agent, the Registrar, the Remarketing Agent, the Tender Agent and the Liquidity Provider, may elect, subject to the Authority's providing to the Trustee and the Remarketing Agent a Favorable Bond Counsel Opinion, that the Reoffered Bonds shall bear interest at Bond Interest Term Rates; *provided* that the Liquidity Facility then in effect must have an interest component of at least 180 days of interest coverage. Such notice of the Authority shall specify the effective date of the Short-Term Interest Rate Period (during which the Reoffered Bonds shall bear interest at Bond Interest Term Rates), which shall be (A) a Business Day not earlier than the 12th day following the second Business Day after receipt by the Registrar of such notice, and (B) in the case of an adjustment from a Daily Interest Rate Period or a Weekly Interest Rate Period, the day immediately following the last day of such Interest Rate Period. During each Short-Term Interest Rate Period commencing on the date so specified and ending, with respect to each Bond, on the day immediately preceding the effective date of the next succeeding Interest Rate Period with respect to such Bond, each Bond shall bear interest at a Bond Interest Term Rate during each Bond Interest Term for such Bond.

Notice of Adjustment to Bond Interest Term Rates. The Registrar shall give notice by first-class mail of an adjustment to a Short-Term Interest Rate Period to the holders of the Reoffered Bonds and, if a Book Entry System is in effect, the Depository, not less than 12 days prior to the effective date of such Short-Term Interest Rate Period. Such notice shall state (1) that the Reoffered Bonds shall bear interest at Bond Interest Term Rates unless Bond Counsel fails to deliver to the Trustee, the Authority and the Remarketing Agent a Favorable Bond Counsel Opinion as to such adjustment on the effective date of such adjustment in the Interest Rate Period, in which case the Reoffered Bonds, if being adjusted from a Daily Interest Rate Period or a Weekly Interest Rate Period, shall continue to bear interest at a Daily Interest Rate or a Weekly Interest Rate as in effect immediately prior to such proposed adjustment in the Interest Rate Period, (2) the effective date of such Short-Term Interest Rate Period, (3) that the Reoffered Bonds are subject to mandatory tender for purchase on the effective date of such Short-Term Interest Rate Period, setting forth the applicable purchase price (see "Purchase of Bonds — Mandatory Tender for Purchase on First Day of Each Interest Rate Period" in this Appendix), and (4) if the Reoffered Bonds are no longer in Book Entry Form, information with respect to the required delivery of Bond certificates and payment of the purchase price.

Adjustment from Short-Term Interest Rate Period. At any time during a Short-Term Interest Rate Period, the Authority may elect that the Reoffered Bonds no longer shall bear interest at Bond Interest Term Rates and shall instead bear interest at a Daily Interest Rate, a Weekly Interest Rate or a Long-Term Interest Rate, as specified in such election. The date on which all Bond Interest Terms determined shall end, shall be the last day of the then current Short-Term Interest Rate Period, and the day next succeeding such date shall be the effective

date of the Daily Interest Rate Period, the Weekly Interest Rate Period or the Long-Term Interest Rate Period elected by the Authority.

Favorable Bond Counsel Opinion as Condition to Any Adjustment of an Interest Rate Period

In connection with any adjustment of the Interest Rate Period on the Reoffered Bonds, the Authority shall cause to be provided to the Trustee, the Liquidity Provider and the Remarketing Agent a Favorable Bond Counsel Opinion on the effective date of such adjustment. In the event that Bond Counsel fails to deliver a Favorable Bond Counsel Opinion on any such date, then the Interest Rate Period on the Reoffered Bonds shall not be adjusted, and the Reoffered Bonds shall continue to bear interest at a Daily Interest Rate, Weekly Interest Rate or Bond Interest Term Rates, as the case may be, as in effect immediately prior to such proposed adjustment in the Interest Rate Period. In any event, if notice of such adjustment has been mailed to the owners of the Reoffered Bonds and Bond Counsel fails to deliver a Favorable Bond Counsel Opinion on the effective date as herein described, the Reoffered Bonds shall continue to be subject to mandatory purchase on the date which would have been the effective date of such adjustment.

Purchased Bonds

Purchased Bonds will bear interest at the rate or rates, and shall be payable and subject to redemption in such amounts and in such manner, as provided in the Substitute Liquidity Facility.

Purchase of Bonds

Described below are the circumstances under which the Reoffered Bonds are subject to optional and mandatory tender for purchase.

During a Daily Interest Rate Period. During any Daily Interest Rate Period when a Book Entry System is in effect, a Beneficial Owner (through its direct Participant in the Depository) may tender its interest in a Bond on any Business Day at a purchase price equal to the principal amount thereof plus accrued interest, if any, from and including the Interest Accrual Date immediately preceding the date of purchase through and including the day immediately

preceding the date of purchase, unless the date of purchase shall be an Interest Accrual Date, in which case at a purchase price equal to the principal amount thereof, payable in immediately available funds, upon delivery to the Tender Agent at its Principal Office for delivery of notices, with a copy to the Remarketing Agent, of an irrevocable written notice or telephonic notice, promptly confirmed in writing, which states the principal amount of such Bond and the date on which the same shall be purchased, which date shall be the date of the delivery of such notice to the Tender Agent. Any notice delivered to the Tender Agent after 10:30 a.m., New York City time, shall be deemed to have been received on the next succeeding Business Day.

During a Weekly Interest Rate Period. During any Weekly Interest Rate Period when a Book Entry System is in effect, a Beneficial Owner (through its direct Participant in the Depository) may tender its interest in a Bond on any Business Day at a purchase price equal to the principal amount thereof plus accrued interest, if any, from and including the Interest Accrual

Date immediately preceding the date of purchase through and including the day immediately preceding the date of purchase, unless the date of purchase shall be an Interest Accrual Date, in which case at a purchase price equal to the principal amount thereof, payable in immediately available funds, upon delivery to the Tender Agent at its principal corporate trust office for delivery of notices, with a copy to the Remarketing Agent, of an irrevocable written notice or telephonic notice, promptly confirmed in writing, which states the principal amount of such Bond and the date on which the same shall be purchased, which date shall be a Business Day not prior to the 7th day next succeeding the date of the delivery of such notice to the Tender Agent. Any notice delivered to the Tender Agent after 4:00 p.m., New York City time, shall be deemed to have been received on the next succeeding Business Day.

Not later than 12:00 Noon, New York City time, on the date for purchase specified in the notice, the Beneficial Owner shall effect delivery of such Bonds by causing the direct Participant through which such Beneficial Owner owns such Bonds to transfer its interest in such Bonds equal to such Beneficial Owner's interest on the records of the Depository for such Bonds to the participant account of the Tender Agent with the Depository. During any Daily Interest Rate Period or Weekly Interest Rate Period when a Book Entry System is not in effect, an owner of a Bond may tender the Reoffered Bond by delivery of the notice described above by the time set forth above and shall also deliver the Reoffered Bond to the Tender Agent on the date specified for purchase.

Mandatory Tender for Purchase on Day Next Succeeding the Last Day of Each Bond Interest Term. On the day next succeeding the last day of each Bond Interest Term for a Bond, unless such day is the Maturity Date or the first day of a new Interest Rate Period (in which event such Bond shall be subject to mandatory purchase pursuant to the provisions of the Resolution summarized in the immediately succeeding paragraph), such Bond shall be purchased from its holder at a purchase price equal to the principal amount thereof payable in immediately available funds. The purchase price of any Bond so purchased shall be payable only upon surrender of such Bond to the Tender Agent at its Principal Office for delivery of Bonds, accompanied, when such Bonds are not in a Book Entry System, by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the holder thereof or his duly authorized attorney, with such signature guaranteed by a bank, trust company or member firm of the New York Stock Exchange.

Mandatory Tender for Purchase on First Day of Each Interest Rate Period. The Reoffered Bonds shall be subject to mandatory tender for purchase on the first day (or, under certain circumstances, on the day that otherwise would have been the first day) of each Interest Rate Period at a purchase price, payable in immediately available funds, equal to the principal amount of the Reoffered Bonds.

Mandatory Tender for Purchase Upon Termination, Expiration, Reduction, Suspension, Modification or Replacement of the Liquidity Facility. If the Registrar shall give holders of the Reoffered Bonds payable from the Liquidity Facility (or if a Book Entry System is in effect, the Depository) notice that the Reoffered Bonds shall, on the date specified in such notice, cease to be payable from such Liquidity Facility as a result of (i) (A) the termination or expiration of the term of such Liquidity Facility, or (B) the Liquidity Facility being reduced, replaced or modified (other than a reduction or modification in connection with the redemption of Reoffered Bonds)

with the effect that the Reoffered Bonds are no longer payable from the Liquidity Facility, or (ii) the Liquidity Provider notifying the Trustee of a Liquidity Facility Event of Default and that the Liquidity Provider is suspending or terminating the Liquidity Facility in accordance with its terms as described under the caption “SUBSTITUTE LIQUIDITY FACILITY FOR THE REOFFERED BONDS - Liquidity Facility Events of Default” in Appendix G, then 45 days prior to the applicable event, in the case of clause (i) above, and no later than 30 days after the date of the notice specified in clause (ii) above, each Reoffered Bond shall be subject to mandatory tender for purchase; *provided, however*, that no mandatory tender for purchase shall occur as a result of such Liquidity Facility being reduced or modified in connection with Reoffered Bonds being redeemed and no mandatory tender for purchase shall occur as a result of a Liquidity Facility Event of Default if such event of default is also a Termination Event, which results in the immediate suspension or termination of the obligation of the Liquidity Provider to purchase Reoffered Bonds thereunder. See “SUBSTITUTE LIQUIDITY FACILITY FOR THE REOFFERED BONDS - Liquidity Facility Events of Default” in Appendix G. The purchase price for such Reoffered Bonds shall be equal to the principal amount thereof, plus accrued interest (if any).

Notice of Mandatory Tender for Purchase. In connection with any mandatory tender for purchase of Bonds pursuant to the provisions of the Resolution described in the immediately preceding three paragraphs, the Trustee shall give notice of a mandatory tender for purchase. Such notice shall state (A) in the case of a mandatory tender for purchase described under “Mandatory Tender for Purchase on First Day of Each Interest Rate Period” in this Appendix, the type of Interest Rate Period to commence on such mandatory purchase date; (B) in the case of a mandatory tender for purchase described under “Mandatory Tender for Purchase Upon Termination, Expiration, Suspension, Modification or Replacement of Liquidity Facility” in this Appendix, that the Liquidity Facility will expire, terminate, be suspended, be replaced or be modified and that the Reoffered Bonds shall no longer be payable from the Liquidity Facility then in effect or that the coverage thereof with respect to the Reoffered Bonds shall be reduced and that any rating applicable thereto may be reduced or withdrawn; (C) that the purchase price of any Bond so subject to mandatory purchase shall be payable only upon (i) if a Book Entry System is not in effect, surrender of such Bond to the Tender Agent at its Principal Office for delivery of Bonds, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the holder thereof or his duly authorized attorney, with such signature guaranteed by a bank, trust company or member firm of the New York Stock Exchange; or (ii) if a Book Entry System is in effect, registration of the ownership rights in such Bond to the Tender Agent on the records of the Depository; (D) that, *provided* that moneys sufficient to effect such purchase have been provided through the remarketing of such Bonds by the Remarketing Agent, through the Liquidity Facility or through payments made by the Authority, all Bonds so subject to mandatory tender for purchase shall be purchased on the mandatory purchase date, and that if any owner of a Bond subject to mandatory tender for purchase shall not surrender such Bond to the Tender Agent for purchase (or if a Book Entry System is in effect, effect the transfer of ownership rights to the Tender Agent on the records of the Depository) on such mandatory purchase date, and moneys sufficient to pay the purchase price thereof are on deposit with the Tender Agent, then such Bond shall be deemed to be an Undelivered Bond, and that no interest shall accrue thereon on and after such mandatory purchase date and that the holder thereof shall have no rights under the Resolution other than to receive payment of the purchase price thereof, and (E) in the event that moneys sufficient to pay

the purchase price of such Reoffered Bonds have not been provided to the Tender Agent from (i) proceeds of remarketing of such Reoffered Bonds, (ii) amounts drawn on the Liquidity Facility, and (iii) amounts legally available therefor under the Resolution, then no such tendered or deemed tendered Reoffered Bonds shall be purchased, and instead, all outstanding Reoffered Bonds (x) shall thereafter bear interest in the Weekly Interest Rate Period, at a rate, reset weekly, equal to the BMA Index plus three percent (not to exceed the Maximum Rate), and (y) Owners of such Bonds shall have no further right to tender their Bonds for purchase. In connection with any mandatory tender for purchase of Bonds as a result of the termination, expiration, reduction, modification or replacement of a Liquidity Facility (see “THE REOFFERED BONDS - Purchase of Bonds — Mandatory Tender for Purchase Upon Termination, Expiration, Suspension, Modification or Replacement of Liquidity Facility” in this Appendix), such notice also shall (F) describe generally the Alternate Liquidity Facility, if any, in effect or to be in effect upon such termination, expiration, suspension, modification or replacement and identify the provider of such Alternate Liquidity Facility, (G) state the date of such termination, expiration, suspension, modification or replacement and the date of the proposed provision of the Alternate Liquidity Facility, if any, (H) specify the ratings, if any, to be applicable to such Bonds after such termination, expiration, suspension, modification or replacement of the Liquidity Facility or state that no ratings will be assigned to such Bonds subsequent to such termination, expiration, suspension, modification or replacement of the Liquidity Facility, and (I) describe any special restrictions or procedures (if any) applicable to the registration of transfer of such Bonds. The Authority shall provide the Trustee with a form of any such notice. No notice of mandatory purchase shall be given in connection with the provision of an Alternate Liquidity Facility unless and until the Alternate Liquidity Facility shall have been delivered to the Tender Agent.

Subject to the provisions of the Resolution relating to Reoffered Bonds held in a Book Entry System, for payment of the purchase price of any Bond required to be purchased pursuant an optional or mandatory tender for purchase described herein, on the date specified, such a Bond must be delivered, at or prior to 12:00 noon, New York City time, on the date specified in such notice, to the Tender Agent at its Principal Office for delivery of Bonds, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the holder thereof or his duly authorized attorney, with such signature guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange. In the event any such Bond is delivered after 12:00 noon, New York City time, on such date, payment of the purchase price of such Bond need not be made until the Business Day following the date of delivery of such Bond, but such Bond shall nonetheless be deemed to have been purchased on the date specified in such notice and no interest shall accrue thereon after such date.

Irrevocable Notice Deemed to be Tender of Bond; Undelivered Bonds. The giving of notice by an owner of a Bond shall constitute the irrevocable tender for purchase of each such Bond with respect to which such notice shall have been given, regardless of whether such Bond is delivered to the Tender Agent for purchase on the relevant purchase date; *provided* that moneys sufficient to pay the purchase price of such Bonds are on deposit with the Tender Agent for such purpose. The Tender Agent may refuse to accept delivery of any Bonds for which a proper instrument of transfer has not been provided; such refusal, however, shall not affect the validity of the purchase of such Bond as herein described. If any holder of a Bond who shall have given notice of tender of purchase, if a Book Entry System is not in effect, shall fail to deliver such Bond to the Tender Agent at the place and on the applicable date and at the time

specified, or shall fail to deliver such Bond properly endorsed, or if a Book Entry System is in effect, shall fail to cause its beneficial ownership to be transferred to the Tender Agent on the records of the Depository, and moneys sufficient to pay the purchase price thereof are on deposit with the Tender Agent for such purpose, such Bond shall constitute an Undelivered Bond. If funds in the amount of the purchase price of the Undelivered Bonds are available for payment to the holder thereof on the date and at the time specified, from and after the date and time of that required delivery, (1) each Undelivered Bond shall be deemed to be purchased and shall no longer be deemed to be outstanding under the Resolution, (2) interest shall no longer accrue thereon, and (3) funds in the amount of the purchase price of each such Undelivered Bond shall be held by the Tender Agent for the benefit of the holder thereof (*provided* that the holder shall have no right to any investment proceeds derived from such funds), to be paid on delivery (and proper endorsement) of such Undelivered Bond to the Tender Agent at its Principal Office for delivery of Bonds. Any funds held by the Tender Agent as described in clause (3) of the preceding sentence shall be held uninvested and not commingled.

Payment of the purchase price for tendered Reoffered Bonds is expected to be made from (i) proceeds of remarketing of such Reoffered Bonds, (ii) amounts drawn on the Liquidity Facility, and (iii) amounts legally available therefor under the Resolution. If the amounts described in (i) — (iii) above are insufficient to pay the purchase price for all Reoffered Bonds so tendered or deemed tendered for purchase on the date such purchase price is due, then no such tendered or deemed tendered Reoffered Bonds shall be purchased. Instead, all outstanding Reoffered Bonds (x) shall thereafter bear interest in the Weekly Interest Rate Period, at a rate, reset weekly, equal to the BMA Index plus three percent (not to exceed the Maximum Rate), and (y) Owners of such Bonds shall have no further right to tender their Bonds for purchase.

Redemption Prior to Maturity

In addition to other circumstances under which the Offered Bonds are subject to redemption, the Reoffered Bonds shall be subject to redemption prior to maturity as follows:

Optional Redemption of Bonds

During a Daily Interest Rate Period or a Weekly Interest Rate Period. On any Interest Payment Date during a Daily Interest Rate Period or Weekly Interest Rate Period, the Reoffered Bonds shall be subject to optional redemption by the Authority, at the direction of the Authority, in whole or in part, at a redemption price of par.

On the Day Succeeding the Last Day of a Bond Interest Term. On the day succeeding the last day of any Bond Interest Term with respect to any Bond, such Bond shall be subject to optional redemption by the Authority, at the direction of the Authority, in whole or in part, at a redemption price of par.

Definitions

The following are definitions in summary form of certain terms contained in the Resolution with respect to the Reoffered Bonds.

“Alternate Liquidity Facility” means an irrevocable letter of credit, a standby bond purchase agreement, a line or lines of credit or other similar agreement or agreements or any other agreement or agreements used to provide liquidity support for the Reoffered Bonds, satisfactory to the Authority and the Remarketing Agent and containing administrative provisions reasonably satisfactory to the Trustee, issued and delivered to the Trustee in accordance with the Resolution.

“Authenticating Agent” means the Registrar and any additional or successor Authenticating Agent as may be appointed from time to time pursuant to the Resolution. *“Principal Office”* of the Authenticating Agent means the Principal Office of the Registrar or such other office as designated in writing to the Authority, the Trustee, the Paying Agent, the Tender Agent and the Remarketing Agent.

“BMA Index” means the rate calculated weekly, and released each Wednesday, on the basis of an index based upon the weekly interest reset rates of tax-exempt variable rate issues included in a data base maintained by Municipal Market Data, a division of Thomson Financial Services, which meet specific criteria established by the Bond Market Association, and which is in effect on a particular day.

“Bond Interest Term” means, with respect to any Reoffered Bond, each period during which such Reoffered Bond shall bear interest at a Bond Interest Term Rate.

“Bond Purchase Fund” means the fund so designated which is established with the Tender Agent pursuant to the Tender Agreement and the Resolution.

“Business Day” means any day other than (i) a Saturday, a Sunday or any other day on which banks located in the cities in which the principal corporate trust offices of the Trustee, the Tender Agent, the Remarketing Agent, the Paying Agent, the Registrar, the Authority, the Liquidity Provider or the Authenticating Agent are located, or in which the office of the Liquidity Provider from which payments are made pursuant to the Liquidity Facility is located, are authorized or required to remain closed; or (ii) a day on which the New York Stock Exchange is closed.

“Daily Interest Rate” means a variable interest rate on the Reoffered Bonds established on each Business Day during a Daily Interest Rate Period.

“Daily Interest Rate Period” means each period during which Daily Interest Rates are in effect.

“Favorable Bond Counsel Opinion” means a bond counsel opinion, addressed to the Authority, the Remarketing Agent and the Trustee to the effect that the action proposed to be taken is authorized or permitted by the laws of the State of Illinois and the Resolution and will not adversely affect any exclusion from gross income for federal income tax purposes of interest on the Reoffered Bonds.

“Interest Accrual Date” means (i) with respect to any Daily Interest Rate Period or any Weekly Interest Rate Period, the first day thereof, and, thereafter, each next Interest Payment

Date; and (ii) with respect to each Bond Interest Term within a Short-Term Interest Rate Period, the first day of each Bond Interest Term.

“Interest Payment Date” means (i) with respect to any Daily Interest Rate Period, the first Business Day of each calendar month; (ii) with respect to any Weekly Interest Rate Period, each February 1 and August 1; (iii) with respect to any Short-Term Interest Rate Period, the day next succeeding the last day of each Bond Interest Term; and (iv) with respect to each Interest Rate Period, the day next succeeding the last day thereof (or the day next succeeding the day that would have been last day thereof had one of the events described in this Appendix in the last paragraph under *“Interest Rate Periods — Favorable Bond Counsel Opinion as Condition to Any Adjustment of An Interest Rate Period”* not occurred).

“Interest Rate Period” means any Daily Interest Rate Period, Weekly Interest Rate Period, Short-Term Interest Rate Period or Long-Term Interest Rate Period.

“Liquidity Provider” means initially State Street Bank and Trust Company and its successors and assigns, as the provider of the Substitute Liquidity Facility for the Reoffered Bonds, and if an Alternate Liquidity Facility is provided, the provider thereof and in any case where a Liquidity Facility is provided by more than one bank or other entity, the term *“Liquidity Provider”* means all such entities collectively, *provided* that each such entity’s obligation for the purchase price of bonds tendered for purchase shall be determined in accordance with the applicable Liquidity Facility.

“Long-Term Interest Rate” means, with respect to each Reoffered Bond, a term or indexed interest rate on such Reoffered Bond established in accordance with the terms of the Resolution.

“Long-Term Interest Rate Period” means each period during which a Long-Term Interest Rate is in effect.

“Maximum Rate” means, with respect to all Reoffered Bonds other than Purchased Bonds the lesser of (i) 12 percent, or (ii) the maximum interest rate permitted by applicable law (currently under applicable law, there is no maximum interest rate limitation). The Maximum Rate does not apply to Purchased Bonds.

“Paying Agent” means The Bank of New York Mellon Trust Company, N.A. and any successor paying agent or agents appointed in accordance with the Resolution. If two or more paying agents have been appointed and are acting in such capacity, each shall be considered a co-paying agent.

“Purchased Bond” means any Reoffered Bond purchased by, or on behalf of, and/or held for the account of the Liquidity Provider.

“Record Date” means (i) with respect to any Interest Payment Date in respect of any Daily Interest Rate Period, any Weekly Interest Rate Period or any Bond Interest Term, the Business Day immediately preceding such Interest Payment Date.

“*Registrar*” means The Bank of New York Mellon Trust Company, N.A. and any successor or additional registrar appointed in accordance with the Resolution.

“*Remarketing Agent*” means Merrill Lynch, Pierce, Fenner & Smith Incorporated and any successor remarketing agent for the Reoffered Bonds appointed in accordance with the Resolution.

“*Short-Term Interest Rate Period*” means each period, comprised of Bond Interest Terms, during which Bond Interest Term Rates are in effect.

“*Tender Agent*” means The Bank of New York Mellon Trust Company, N.A. and any successor or additional tender agent appointed in accordance with the Resolution.

“*Undelivered Bonds*” means any Reoffered Bond where funds in the amount of the purchase price of such Reoffered Bonds are available for payment to the holder(s) thereof on the date and at the time specified for the pertinent tender.

“*Weekly Interest Rate*” means a variable interest rate on the Reoffered Bonds established for each period from Wednesday to Tuesday, inclusive, during a Weekly Interest Rate Period.

“*Weekly Interest Rate Period*” means each period during which a Weekly Interest Rate is in effect.

APPENDIX G

SUBSTITUTE LIQUIDITY FACILITY FOR THE REOFFERED BONDS

Substitute Liquidity Facility

The Authority, the Trustee and the Federal Home Loan Bank of Chicago (the “Substitute Liquidity Provider”) have entered into a Standby Bond Purchase Agreement dated as of February 25, 2010 (the “Substitute Liquidity Facility”) with respect to the Reoffered Bonds. The following summary is qualified in its entirety by reference to the Substitute Liquidity Facility, a copy of which is available from the Trustee.

General. The Substitute Liquidity Facility requires the Substitute Liquidity Provider to provide funds for the purchase of the Reoffered Bonds that have been tendered for purchase and not remarketed, subject to certain conditions described below. Capitalized terms used in this Appendix G that have not otherwise been defined have the respective meanings given to such terms in the Substitute Liquidity Facility.

Subject to the terms of the Substitute Liquidity Facility, the Substitute Liquidity Provider agrees, at the request from time to time of the Trustee on behalf of the Authority, to purchase, during the “Commitment Period” (as such term is defined herein), any Reoffered Bonds bearing interest at a rate of Interest other than a Fixed Rate (as that term is defined in the Resolution) tendered for purchase in accordance with the Resolution with respect to which the Trustee does not, on the date any such tendered Reoffered Bonds are required to be purchased pursuant to the Resolution, have sufficient funds from, among other sources, the remarketing of such tendered Reoffered Bonds, to make such purchase. Reoffered Bonds so purchased constitute Purchased Bonds under the terms of the Substitute Liquidity Facility and the Resolution. Purchased Bonds will bear interest at the Purchased Bond Rate and be payable in accordance with the Substitute Liquidity Facility.

The “Available Commitment” (as defined in the Substitute Liquidity Facility) initially means \$21,240,000 (\$20,000,000 being the “Available Principal Commitment” and \$1,240,000 being the “Available Interest Commitment”) which is calculated based on 186 days of interest at an assumed rate of 12% per annum, subject to reduction for, among other reasons, the principal amount of Reoffered Bonds previously purchased by the Substitute Liquidity Provider and not resold as well as any Reoffered Bonds which are redeemed by the Authority and increased (but not above the amount of the Available Commitment) for the principal amount of Reoffered Bonds which are held for the account of the Substitute Liquidity Provider and remarketed. As a result, the Available Commitment will, during the Commitment Period, always equal at least 100% of the principal amount of Reoffered Bonds bearing interest at a Weekly Interest Rate, a Daily Interest Rate or a Bond Interest Term Rate outstanding, plus 186 days of accrued interest at an assumed rate of 12% per annum, less the principal amount of any Reoffered Bonds held for the account of the Substitute Liquidity Provider from time to time.

Representations and Covenants. The Authority makes certain representations, warranties and covenants under the Substitute Liquidity Facility relating to various matters, including, without limitation, existence, authorization and validity, compliance with laws and litigation. The covenants and agreements contained in the Substitute Liquidity Facility run only in favor of the Substitute Liquidity Provider and may be waived at any time in the sole discretion of the Substitute Liquidity Provider or amended at any time upon the agreement of the Authority and

the Substitute Liquidity Provider. Holders are not entitled to and should not rely upon any of the covenants and agreements in the Substitute Liquidity Facility.

Expiration of the Substitute Liquidity Facility. The Substitute Liquidity Provider is obligated to purchase Reoffered Bonds pursuant to the Substitute Liquidity Facility from the March 10, 2010 until the earliest to occur of the following dates and events (the “Commitment Period”): (1) the later of the close of business at the Substitute Liquidity Provider on March 10, 2013 (the “Expiration Date”), and the date to which such Expiration Date is extended at the sole discretion of the Substitute Liquidity Provider (or if such date is not a Business Day, the Business Day next preceding such day); (2) the close of business at the Substitute Liquidity Provider on the date that is one Business Day following the date on which all Reoffered Bonds have been converted to a Fixed Mode; (3) the date on which the Available Commitment has been (A) reduced to zero by reason of a redemption, repayment or other payment of all of the principal amount of the Reoffered Bonds so that such Reoffered Bonds cease to be Outstanding or (B) terminated in its entirety by reason of an Automatic Termination Event; (4) of the close of business at the Substitute Liquidity Provider on the date that is the last day of the notice period specified by the Authority in any notice of termination given to the Substitute Liquidity Provider pursuant to Section 2.3 of the Substitute Liquidity Facility, or if such day is not a Business Day, the next succeeding Business Day; (5) of the close of business at the Substitute Liquidity Provider on the Substitution Date as that term is defined in the Substitute Liquidity Facility; or (6) the close of business at the Substitute Liquidity Provider on the date that is one Business Day following the Special Mandatory Tender Date.

In the event there is an occurrence of an “Automatic Termination Event” as described below, the obligation of the Substitute Liquidity Provider to purchase Reoffered Bonds immediately terminates without notice or demand to any person. In such event, holders of Reoffered Bonds will have no right to optionally tender the Reoffered Bonds and may be required to hold such Reoffered Bonds until the earlier of the redemption or maturity thereof.

Purchase of Reoffered Bonds. On each Purchase Date on which the Reoffered Bonds are to be purchased by the Tender Agent, by no later than 12:00 p.m. (Eastern United States time), the Tender Agent shall give the Substitute Liquidity Provider notice by telecopier and in writing of the aggregate Purchase Price of the tendered Reoffered Bonds required to be purchased by the Substitute Liquidity Provider pursuant to the Substitute Liquidity Facility, and the amount of principal and interest constituting such Purchase Price. Upon receipt of the notice set forth above, the Substitute Liquidity Provider, unless it determines that its obligation to purchase pursuant to the Substitute Liquidity Facility has been suspended or terminated in accordance therewith, shall, by no later than 2:30 p.m. (Eastern United States time) on the same day, (or not later than 2:30 p.m. (Eastern United States time) on the next Business Day if the Substitute Liquidity Provider receives such notice after 12:00 p.m. (Eastern United States time)) make available to the Tender Agent, in immediately available funds, such Purchase Price, to be deposited in accordance with the Resolution. As soon as such funds become available, the Tender Agent is required to purchase therewith, for the account of the Substitute Liquidity Provider, that portion of the tendered Reoffered Bonds for the purchase of which immediately available funds are not otherwise then available for such purposes under the Resolution. Under the Substitute Liquidity Facility, the Substitute Liquidity Provider is obligated to make available

to the Tender Agent an amount equal to the principal amount of the Reoffered Bonds plus 186 days of interest at an assumed interest rate of 12%.

Extension of the Substitute Liquidity Facility. The Expiration Date of the Substitute Liquidity Facility shall be automatically extended for an additional one-year period unless the Substitute Liquidity Provider has notified the Authority, the Trustee and the Remarketing Agent in writing not less than 90 days prior to the Expiration Date then in effect that it does not intend to grant such extension. The decision whether to grant any such extension or not, shall be in the sole and absolute discretion of the Substitute Liquidity Provider. If the Substitute Liquidity Provider fails to notify the Authority of its decision not to extend the Expiration Date within the time period specified in the first sentence, then the Expiration Date shall be extended to the date that is one year after the Expiration Date then in effect. If the Substitute Liquidity Provider notifies the Authority of its decision not to extend the Expiration Date in the manner required by the Substitute Liquidity Facility, then the Substitute Liquidity Facility shall expire on the Expiration Date then in effect. The automatic extension provisions of the Substitute Liquidity Facility shall apply to each new Expiration Date, if any, to which the term of the Substitute Liquidity Facility has been extended.

Substitute Liquidity Facility Events of Default

The Substitute Liquidity Facility Events of Default are as set forth below. A Substitute Liquidity Facility Event of Default described in paragraphs (a) or (g) below is called an “Automatic Termination Event.” **Upon the occurrence of a Termination Event, the Substitute Liquidity Provider’s obligation to purchase Reoffered Bonds under the Substitute Liquidity Facility shall immediately terminate without notice or demand to any person, and thereafter the Substitute Liquidity Provider shall be under no obligation to purchase Reoffered Bonds.**

(a) Non-Payment of Obligations. The Authority shall (1) default in the payment when due of any principal of or interest on any Variable Rate Bond, whether or not a Purchased Bond, or (2) default in the payment when due of any commitment fee or other payment obligation hereunder.

(b) Breach of Warranty. Any representation or warranty of the Authority made or deemed to be made hereunder or in any other Related Document or any other writing or certificate furnished by or on behalf of the Authority to the Substitute Liquidity Provider for the purposes of or in connection with this Agreement or any such other Related Document (including any certificates delivered pursuant to Section 6.1 of the Substitute Liquidity Facility) is or shall be incorrect when made in any material respect.

(c) Non-Performance of Certain Covenants and Obligations. The Authority shall default in the due performance or observance of any of its obligations under Section 5.2(a) of the Substitute Liquidity Facility.

(d) Non-Performance of Other Covenants and Obligations. The Authority shall default in the due performance or observance of any covenant, term, or obligation (other than those that are otherwise addressed in the other clauses of this section) contained Substitute Liquidity Facility or in any other Related Document, and such default shall continue unremedied for a period of 30 days after notice thereof shall have been given to the Authority by the

Substitute Liquidity Provider. Among the covenants of the Authority is to promptly provide, upon notice from the Substitute Liquidity Provider, credit enhancement from a source satisfactory to the Substitute Liquidity Provider sufficient to restore the ratings on the Reoffered Bonds to AA by S&P and Aa3 by Moody's to the extent that the ratings on the Reoffered Bonds fall below such rating levels.

(e) Default on Other Indebtedness. A default shall occur in the payment when due (subject to any applicable grace period), whether by acceleration or otherwise, of any indebtedness of the Authority (other than indebtedness described in Section 7.1(a) of the Substitute Liquidity Facility) having a principal amount, individually or in the aggregate, in excess of \$5,000,000, or a default shall occur in the performance or observance of any obligation or condition with respect to such indebtedness if the effect of such default is to accelerate the maturity of any such indebtedness or such default shall continue unremedied for any applicable period of time to permit or cause such indebtedness to become due and payable prior to its expressed maturity.

(f) Judgments. Any judgment or order for the payment of money in excess of \$1,000,000 shall be rendered against the Authority and such judgment or order shall remain unstayed, unsatisfied, or bonded for more than 30 days or enforcement proceedings shall have been commenced by a creditor upon such judgment or order.

(g) Bankruptcy, Insolvency, etc. The Authority shall (i) become insolvent or admit in writing its inability or unwillingness to pay, debts as they become due; (ii) apply for, consent to, or acquiesce in, the appointment of a trustee, receiver, or other custodian for the Authority or any property of any thereof, or make a general assignment for the benefit of creditors; (iii) in the absence of such application, consent, or acquiescence, permit or suffer to exist the appointment of a trustee, receiver, or other custodian for the Authority, which appointment shall not be discharged within 60 days; (iv) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law, or any dissolution, winding up or liquidation proceeding, in respect of the Authority, and, if any such case or proceeding is not commenced by the Authority, such case or proceeding shall be consented to or acquiesced in by the Authority or shall result in the entry of an order for relief or shall remain for 60 days undismissed; (v) become subject to a moratorium (whether or not in writing) with respect to any debt of the Authority that (A) has been declared or announced by the Authority or (B) has been imposed as a result of any finding or ruling by any government agency or authority having jurisdiction over the Authority; or (vi) take any action authorizing, or in furtherance of, any of the foregoing.

(h) Bond Ratings. The Reoffered Bonds shall be rated lower than A- by S&P or A3 by Moody's, or the Reoffered Bonds shall become unrated.

(i) Repudiation of Authority Obligations. The Authority shall repudiate any of its obligations with respect to the Reoffered Bonds or under any of the Related Documents, or any agency or official having authority over the Authority shall repudiate any such obligations of the Authority.

Remedies Upon Occurrence of a Substitute Liquidity Facility Event of Default. Following the occurrence of certain of the above referenced events of default, the Substitute Liquidity Provider may take any one or more of the following actions.

(1) In the case of the occurrence of a Substitute Liquidity Facility Event of Default specified in paragraphs (a) or (g) above (each, an “Automatic Termination Event”), the obligations of the Substitute Liquidity Provider under the Substitute Liquidity Facility to purchase the Reoffered Bonds shall immediately terminate without notice or demand to any Person, and thereafter the Substitute Liquidity Provider shall be under no obligation to purchase the Reoffered Bonds. Promptly upon such Automatic Termination Event, the Substitute Liquidity Provider shall give written notice of the same to the Authority, the Trustee, the Remarketing Agent, and Moody’s and S&P (and any other rating agency actually known to the Substitute Liquidity Facility to have published a rating for the Reoffered Bonds), provided that the Substitute Liquidity Provider’s failure to give, or any delay in the giving of, such notice shall not affect the termination of the Substitute Liquidity Provider’s obligation to purchase Reoffered Bonds as provided in the first sentence of this subsection.

(2) In the case of the occurrence of any Substitute Liquidity Facility Event of Default that is not an Automatic Termination Event, the Substitute Liquidity Provider may, in its sole discretion, give written notice of such Event of Default to the Remarketing Agent, requesting a mandatory tender of all Reoffered Bonds, and to the Authority and the Trustee (the “Special Termination Notice”), specifying such Substitute Liquidity Facility Event of Default and the date on which the Available Principal Commitment and Available Interest Commitment will terminate should said Substitute Liquidity Event of Default not be cured, which date (the “Special Mandatory Tender Date”) shall not be less than 30 days from the Authority’s receipt of the Special Termination Notice. After the Special Mandatory Tender Date, the Substitute Liquidity Provider shall be under no obligation to purchase Reoffered Bonds under the Substitute Liquidity Facility.

(3) In addition to the rights and remedies set forth in subsections (1) and (2) above, the Purchased Bonds shall become due and payable as provided pursuant to Section 3.2 of the Substitute Liquidity Facility.

(4) In addition to the Substitute Liquidity Provider’s remedies described above, the Substitute Liquidity Provider shall have all remedies provided at law or equity, including, without limitation, specific performance; *provided*, the Substitute Liquidity Provider agrees to purchase the Reoffered Bonds on the terms and conditions of the Substitute Liquidity Facility notwithstanding the occurrence of a Substitute Liquidity Facility Event of Default which does not terminate its obligation to purchase Reoffered Bonds under paragraphs (1) and (2) above.

SUBSTITUTE LIQUIDITY PROVIDER

The information contained below under this caption “Substitute Liquidity Provider” has been furnished by the Substitute Liquidity Provider. No representation is made as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date of this Reoffering Circular. Neither the Authority nor the Underwriters make any representation as to the ability of the Substitute Liquidity Provider to make payments in accordance with the Substitute Liquidity Facility.

Federal Home Loan Bank of Chicago

The following information has been provided by the Federal Home Loan Bank of Chicago (the "FHLBC"). The delivery of this Reoffering Circular does not create any implication that there has been no change in the affairs of the FHLBC since the date hereof, or that the information contained or referred to in this Appendix is correct as of any time subsequent to its date. Neither the Authority nor the Remarketing Agent makes any representation or warranty as to the accuracy or completeness of the information contained in this Appendix.

The FHLBC is one of the twelve regional banks in the Federal Home Loan Bank ("FHLB") System, which was created by authority of the Federal Home Loan Bank Act ("FHLBC Act") to provide a flexible credit reserve for shareholder institutions engaged in home mortgage lending. The twelve regional Federal Home Loan Banks ("Regional FHLBs") are corporations operating under a charter issued by the United State government and their capital stock is owned by their shareholder institutions. The management of each Regional FHLBC is vested in a board of directors. Ten of the FHLBC's directors are elected by the FHLBC's shareholders from among its shareholders and the other seven independent directors are also elected by the FHLBC's shareholders. The directors of each Regional FHLBC elect a president and other officers.

The Federal Housing Financing Agency ("FHFA"), an agency of the United States government, supervises the FHLBC and the other Regional FHLBs. The FHFA also sets system-wide policies for the Regional FHLBs, prescribes the conditions upon which the Regional FHLBs are authorized to make advances to shareholders, determines the conditions under which the Regional FHLBs are authorized to borrow and to pay interest on borrowings, and requires an independent audit of each of the Regional FHLBs. In addition, the FHFA monitors the overall investment policies of the Regional FHLBs and reviews the operating budgets of the Regional FHLBs.

The FHLBC serves shareholder institutions of the Seventh District of the Federal Home Loan Bank System (the "District"). As of December 31, 2008, there were 816 shareholder institutions in the District. At December 31, 2008, the FHLBC's total assets were \$92.1 billion, and its total capital stock and retained earnings were \$2.3 billion. The FHLBC's net income for the year ended December 31, 2008 was a loss of \$119 million.

Each shareholder institution of the FHLBC is required to purchase stock in relation to its holding of mortgage loans and its outstanding borrowings from the FHLBC. The FHLBC obtains other lendable funds through the issuance of FHLBC System debt obligations (the "Consolidated Obligations") in the public money and capital markets, which are the joint and several liabilities of the twelve Regional FHLBs, and through time and demand deposits accepted from shareholder institutions and other Regional FHLBs. Consolidated Obligations of the Regional FHLBs are issued in the form of notes or bonds. The Regional FHLBs are required to maintain, in the aggregate, unpledged qualifying assets in an amount equal to the Consolidated Obligations outstanding. Qualifying assets include cash, obligations of, or instruments fully guaranteed by, the United States government, collateralized advances to shareholder institutions and federally insured or guaranteed mortgages.

Although the Regional FHLBs are instrumentalities of the United States government, their securities are not obligations of, and are not guaranteed by, the United States government. Upon certain conditions, the Secretary of the Treasury is authorized, in his or her discretion, by the FHLBC Act to extend credit to the Regional FHLBs up to an aggregate amount of \$4.0 billion outstanding at any one time. There were no outstanding borrowings from the United States Treasury during the two-year period ended December 31, 2009.

The primary business of the FHLBC is lending to its shareholder institutions. Total advances by the FHLBC to shareholders amounted to \$38.1 billion on December 31, 2008. The FHLBC implements its statutory responsibility to support thrift and housing finance by providing appropriate loans to its shareholders to supplement savings flows in meeting recurring variations in the supply of, and demand for, residential mortgage credit and other loans. The FHLBC does not conduct a banking business with the general public.

The financial statements of the FHLBC for the year ending December 31, 2008, are available for inspection at www.sec.gov.

The FHLBC makes no representation as to the contents of this Reoffering Circular (except as to this Appendix to the extent it relates to the FHLBC), the suitability of the Reoffered Bonds for any investor, the feasibility or performance of any project, or compliance with any securities or tax laws and regulations.

THE ABOVE INFORMATION RELATING TO THE FHLBC RELATES TO AND HAS BEEN SUPPLIED BY THE FHLBC. THE DELIVERY OF THIS REOFFERING CIRCULAR SHALL NOT CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE FHLBC SINCE THE DATE HEREOF, OR THAT THE INFORMATION CONTAINED OR REFERRED TO IN THIS OFFICIAL STATEMENT IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE. NEITHER THE AUTHORITY NOR THE REMARKETING AGENT MAKES ANY REPRESENTATION AS TO THE ABILITY OF THE FHLBC TO FULFILL ITS OBLIGATIONS PURSUANT TO THE SUBSTITUTE LIQUIDITY FACILITY.