

Orrick, Herrington & Sutcliffe LLP, ("Bond Counsel") expects to deliver its opinion dated January 12, 2010, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, compliance with certain covenants, that interest on the 2009 Series A Bonds is exempt from State of California personal income taxes. Bond Counsel observes that prior to the Release Date (as defined herein) for any of the 2009 Series A Bonds, interest on such 2009 Series A Bonds is not excludable from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2009 Series A Bonds. See "TAX MATTERS" herein for additional information.

\$65,780,000
ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS
AFFORDABLE MULTIFAMILY HOUSING REVENUE BONDS
(TAXABLE PROGRAM BONDS)
2009 SERIES A

Dated Date: December 30, 2009

Interest Accrual Date: January 12, 2010

Due: as shown on inside cover

The ABAG Finance Authority for Nonprofit Corporations (the "Issuer") has agreed to issue its Affordable Multifamily Housing Revenue Bonds, 2009 Series A (the "Bonds") in the aggregate principal amount of \$65,780,000. This cover page contains selected information for quick reference only. It is not a summary of all relevant information. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms are defined inside.

Interest on 2009 Series A Bonds will begin to accrue on January 12, 2010, and will be payable on the applicable Release Date for 2009 Series A Bonds which are being Converted as described herein, or upon redemption of the 2009 Series A Bonds which have not been Converted. See "The 2009 Series A Bonds — General." 2009 Series A Bonds which have not been Converted are subject to mandatory redemption on or before February 1, 2011. See "The 2009 Series A Bonds — Redemption Provisions."

The 2009 Series A Bonds are issuable in denominations of \$10,000 principal amount or any integral multiple thereof. DTC will hold the 2009 Series A Bonds in book entry form. Purchasers will not receive certificates representing their interests in the 2009 Series A Bonds. Interest on and principal of the 2009 Series A Bonds are payable on behalf of the Issuer to DTC by Wells Fargo Bank, National Association, as Trustee and Paying Agent under the Indenture pursuant to which the 2009 Series A Bonds are issued (the "Indenture"). So long as DTC or its nominee remains the registered owner of the 2009 Series A Bonds, disbursement of payments to DTC Participants is the responsibility of DTC and disbursement of payments to the Beneficial Owners of the 2009 Series A Bonds is the responsibility of DTC Participants and Indirect Participants. See "The 2009 Series A Bonds — DTC and Book-Entry."

The 2009 Series A Bonds are issued under the Indenture in connection with the New Issue Bond Program of the HFA Initiative described herein and, upon initial issuance and delivery, net proceeds of the 2009 Series A Bonds along with an additional deposit of the Issuer shall be deposited in the escrow fund established under the Indenture (the "Escrow Fund").

THIS OFFICIAL STATEMENT IS INTENDED TO DESCRIBE 2009 SERIES A BONDS ONLY TO THE APPLICABLE RELEASE DATE, IF ANY, FOR 2009 SERIES A BONDS THAT ARE CONVERTED, OR TO THE APPLICABLE REDEMPTION DATE OF 2009 SERIES A BONDS THAT ARE NOT CONVERTED. THIS OFFICIAL STATEMENT IS NOT INTENDED TO DESCRIBE OR OTHERWISE PROVIDE ANY INFORMATION ABOUT ANY 2009 SERIES A BOND AFTER THE RELEASE DATE THEREOF.

Pursuant to a placement agreement by and among the Issuer, the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac" and, together with Fannie Mae, the "GSEs"), dated December 18, 2009 (the "Placement Agreement"), the Bonds are expected to be sold by the Issuer as an issue of Program Bonds pursuant to the New Issue Bond Program of the Housing Finance Agency Initiative announced October 19, 2009 by the U.S. Treasury (the "NIBP").

THE 2009 SERIES A BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE REVENUES AND OTHER FUNDS AND MONEYS PLEDGED AND ASSIGNED UNDER THE INDENTURE, INCLUDING AMOUNTS ON DEPOSIT IN THE ESCROW FUND. THE BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF, ANY PROGRAM PARTICIPANT OF THE ISSUER, OR THE ISSUER (OTHER THAN THE ISSUER TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE), OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF CALIFORNIA OR OF ANY SUCH POLITICAL SUBDIVISION. THE FAITH AND CREDIT OF THE ISSUER, ANY PROGRAM PARTICIPANT OF THE ISSUER, THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION OF THE STATE ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND. THE ISSUER HAS NO TAXING POWER.

The Bonds are offered when, as and if issued and received by the purchasers thereof, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel. Eichner & Norris PLLC, Washington, D.C., has served as Disclosure Counsel in connection with the issuance of the Bonds. The Bonds are expected to be available for delivery in New York, New York through the facilities of DTC on or about January 12, 2010.

Investors must read this Official Statement in its entirety to obtain information essential to the making of an informed investment decision.

Dated: December 18, 2009

MATURITY SCHEDULE

\$65,780,000

**ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS
AFFORDABLE MULTIFAMILY HOUSING REVENUE BONDS
(TAXABLE PROGRAM BONDS)
2009 SERIES A**

Term Bonds

Maturity Date	Principal Amount	Interest Rate	Price	CUSIP
January 1, 2052	\$65,780,000	Variable	100%	00037N NN2

This Official Statement, including the cover page hereof, is provided for the purpose of setting forth information in connection with the issuance and sale of the 2009 Series A Bonds. No dealer, broker, salesperson or other person has been authorized by the Issuer to give any information or to make any representations with respect to the 2009 Series A Bonds other than those contained in this Official Statement, and, if given or made, such information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the 2009 Series A Bonds offered herein, nor shall there be any sale of the 2009 Series A Bonds by any person in any jurisdiction in which such offer, solicitation or sale is not authorized or in which the person making such offer, solicitation or sale is not qualified to do so or to any person to whom it is unlawful to make such offer, solicitation or sale.

The information set forth herein has been furnished by the Issuer and other sources which are believed to be reliable, but has not been independently verified, and such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Issuer. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the Issuer or any other parties described herein since the date hereof. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

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\$65,780,000
ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS
AFFORDABLE MULTIFAMILY HOUSING REVENUE BONDS
(TAXABLE PROGRAM BONDS)
2009 SERIES A

INTRODUCTION

The purpose of this Official Statement, including the cover page and the appendices attached hereto, is to set forth information concerning the offering and sale by the ABAG Finance Authority for Nonprofit Corporations (the "Issuer") of its \$65,780,000 Affordable Multifamily Housing Revenue Bonds, 2009 Series A (the "2009 Series A Bonds").

The Bonds are authorized to be issued pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California in accordance with Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California (the "Act") and the resolution adopted by the Issuer on December 18, 2009 (the "Resolution") and are being issued pursuant to an Indenture, dated as of December 1, 2009 (the "General Indenture"), by and between the Issuer and Wells Fargo Bank, National Association, as trustee (the "Trustee"), as supplemented by that certain Series Indenture, dated as of December 1, 2009 (including the NIBP Appendix (the "NIBP Appendix") incorporated therein, the "2009 Series A Series Indenture" and, together with the General Indenture, the "Indenture"). The 2009 Series A Bonds are the first Series of Bonds issued under the Indenture. The 2009 Series A Bonds are herein called the "Bonds."

Capitalized terms used in this Official Statement and not otherwise defined have the meanings specified in the Indenture. All references to times in this Official Statement, unless otherwise indicated, are to New York City time.

The 2009 Series A Bonds are expected initially to be purchased by the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac") (collectively, the "GSEs") pursuant to the Placement Agreement by and among Fannie Mae and the Issuer, to be dated December 30, 2009 (the "Placement Agreement") as an issue of Program Bonds pursuant to the New Issue Bond Program of the HFA Initiative announced October 19, 2009 ("NIBP") by the United States Department of the Treasury ("Treasury"). The Issuer expects to deliver the 2009 Series A Bonds to the GSEs on December 18, 2009 in exchange for securities issued by the GSEs and representing beneficial ownership of the 2009 Series A Bonds ("GSE Securities"). Under the Placement Agreement and the related Settlement Agreement, dated December 18, 2009, by and among the GSEs, Treasury, the Issuer and Wells Fargo Bank, National Association as closing agent (the "Settlement Agreement"), on January 12, 2010, Treasury will purchase the Bonds from the Trustee and wire the purchase price thereof through the closing agent to the Trustee for deposit in the Escrow Fund (as hereinafter defined) established under the 2009 Series A Series Indenture. The purchase price will be par, less certain securitization fees and expenses owed to the GSEs pursuant to the Placement Agreement and the Settlement Agreement (net of an initial \$25,000 deposit paid by the Issuer pursuant to the NIBP). The net purchase proceeds to the Issuer will be \$65,652,500.

Prior to the issuance of the 2009 Series A Bonds, the Issuer will transfer to the Trustee for deposit in the Escrow Fund such amounts as shall be necessary to increase the amount on deposit in the Escrow Fund on such date to \$65,780,000.

Pursuant to the terms of the 2009 Series A Series Indenture, proceeds of the 2009 Series A Bonds will be held in the Escrow Fund until released to the 2009 Series A Program Account established under

the Indenture for the purpose of financing Loans (as defined by the Indenture), or until applied to the redemption of 2009 Series A Bonds. See “The 2009 Series A Bonds — Redemption Provisions.” The Issuer may establish, subject to the approval of the GSEs, up to three release dates (each, a “Release Date”) and the respective amounts of proceeds to be released on each such Release Date. On the date 60 days after each Release Date, the interest rate on a principal amount of 2009 Series A Bonds equal to the amount of proceeds released on such Release Date will be converted (“Converted”) to a fixed rate known as the Permanent Rate (each such conversion, a “Conversion”). The Conversion of 2009 Series A Bonds will be subject to the provisions of the 2009 Series A Indenture and of the NIBP Appendix attached thereto.

THIS OFFICIAL STATEMENT IS INTENDED TO DESCRIBE 2009 SERIES A BONDS ONLY TO THE FINAL APPLICABLE RELEASE DATE, IF ANY, FOR 2009 SERIES A BONDS THAT ARE CONVERTED, OR TO THE APPLICABLE REDEMPTION DATE OF 2009 SERIES A BONDS THAT ARE NOT CONVERTED. THIS OFFICIAL STATEMENT IS NOT INTENDED TO DESCRIBE OR OTHERWISE PROVIDE ANY INFORMATION ABOUT ANY 2009 SERIES A BOND AFTER THE FINAL RELEASE DATE THEREOF.

The 2009 Series A Bonds are subject to optional and mandatory redemption as described in “The 2009 Series A Bonds — Redemption Provisions.”

The 2009 Series A Series Indenture permits the Issuer to use proceeds of the 2009 Series A Bonds released to the 2009 Series A Program Account for the following purposes:

(a) to acquire and finance the holding of the following types of multifamily loans: (i) loans insured by FHA, including loans under the FHA risk-sharing program, (ii) loans guaranteed by GNMA, [and] (iii) loans guaranteed by either GSE, and (iv) loans originated pursuant to underwriting criteria agreed to by the GSEs which are either newly originated or refinanced pursuant to (b) below, so long as all such loans are eligible to be financed on a tax-exempt basis under applicable federal income tax law (collectively, the “Permitted Mortgage Loans”);

(b) to refund, on a fixed-rate basis, any of the Issuer’s outstanding variable rate debt (including auction rate securities) issued on or before October 19, 2009, so long as such debt, in turn, was issued to acquire and finance the holding of Permitted Mortgage Loans for projects that were initially financed on or after October 19, 2004; or

(c) to acquire and finance the holding of Permitted Mortgage Loans which are either (i) loans guaranteed by either GSE or [(ii) loans originated pursuant to underwriting criteria agreed to by the GSEs and which are financed with bonds issued under NIBP that the Issuer elects to treat as construction program bonds.

(d) to fund reasonably required reserves and pay costs of issuance of the Program Bonds in accordance with the requirements and limitations of federal tax law.

The Issuer intends to use the proceeds of the 2009 Series A Bonds to finance mortgage loans insured by FHA that are guaranteed by GNMA and loans guaranteed by either GSE.

Descriptions of the Issuer, the 2009 Series A Bonds, the security for the 2009 Series A Bonds, and the Indenture are included in this Official Statement. All summaries or descriptions in this Official Statement of documents and agreements are qualified in their entirety by reference to such documents and agreements and all summaries in this Official Statement of the 2009 Series A Bonds are qualified in their entirety by reference to the Indenture and the provisions with respect thereto included in the aforesaid

documents and agreements, copies of which are available for inspection at the offices of the Issuer. The agreements of the Issuer with the Holders of the 2009 Series A Bonds are fully set forth in the Indenture, and this Official Statement is not to be construed as a contract with the purchasers of the 2009 Series A Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as such and not as representations of fact.

ESCROW FUND

In connection with the issuance of the 2009 Series A Bonds, an account has been established under the Indenture (the "Escrow Fund") into which all of the proceeds of the 2009 Series A Bonds will be deposited on their date of issuance. On each Release Date related to a Conversion of 2009 Series A Bonds, an amount equal to the principal amount of 2009 Series A Bonds being Converted to a Permanent Rate will be withdrawn from the Escrow Fund and transferred to the 2009 Series A Program Account. Any amounts remaining on deposit in the Escrow Fund on January 1, 2011 will be applied to pay the redemption price of, and accrued interest on, the 2009 Series A Bonds for which no Release Date has occurred. See "The 2009 Series A Bonds — Redemption Provisions — Mandatory Redemption — Failure to Establish Release Date." Amounts in the Escrow Fund are to be invested only in Permitted Escrow Investments.

THE ISSUER

The Issuer is a joint powers authority duly organized and existing under the laws of the State of California. The Issuer was formed pursuant to the terms of a Joint Powers Agreement, dated as of April 1, 1990, as amended as of September 18, 1990 and June 9, 1992 (the "Joint Powers Agreement"), and the Act in order to assist nonprofit corporations and other entities to obtain financing for projects located within the several jurisdictions of the members of the Issuer with purposes serving the public interest.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE REVENUES AND OTHER FUNDS AND MONEYS PLEDGED AND ASSIGNED UNDER THE INDENTURE. THE BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF, ANY PROGRAM PARTICIPANT OF THE ISSUER, OR THE ISSUER (OTHER THAN THE ISSUER TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE), OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF CALIFORNIA OR OF ANY SUCH POLITICAL SUBDIVISION. THE FAITH AND CREDIT OF THE ISSUER, ANY PROGRAM PARTICIPANT OF THE ISSUER, THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION OF THE STATE ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND. THE ISSUER HAS NO TAXING POWER.

The Issuer has sold and delivered obligations other than the Bonds, which other obligations are and will be secured by instruments separate and apart from the Indenture and the bonds. The holders of such obligations of the Issuer have no claim on the security for the Bonds, and the owners of the Bonds will have no claim on the security for such other obligations issued by the Issuer.

APPLICATION OF THE PROCEEDS OF THE BONDS

The following table sets forth the estimated uses of funds in connection with the Bonds:

Sources of Funds	
Bond Principal	\$65,780,000
(Less certain fees net of deposit)	(127,500)
Shortfall Deposit by Issuer	127,500
Cost of Issuance Deposit	84,500
Total	<u>\$65,864,500</u>
Uses of Funds	
Escrow Fund	\$65,780,000
Cost of Issuance Deposit	84,500
Total	<u>\$65,864,500</u>

THE 2009 SERIES A BONDS

See Appendix A to this Official Statement – the form of the 2009 Series A Series Indenture, including the NIBP Appendix included in Appendix A, for the definitions of certain capitalized terms with respect to the 2009 Series A Bonds and for a more detailed description of the terms of the 2009 Series A Bonds and the process of Conversion.

General

Until its Conversion Date or its date of redemption with amounts in the Escrow Fund, each 2009 Series A Bond will bear interest at the interest rate which produces an interest payment on such Release Date or date of redemption equal to the Investment Earnings on the proceeds of such Bond (the “Short Term Rate”). The maturity date of 2009 Series A Bonds that have not been Converted is January 1, 2052; however, the 2009 Series A Bonds are subject to mandatory redemption provisions thereto. See “Redemption Provisions — Failure to Establish Release Date” below. The 2009 Series A Bonds will be issuable, convertible and redeemable in the denominations set forth on the cover page.

The 2009 Series A Bonds are being offered only as fully registered bonds without coupons, in book-entry form only, registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the 2009 Series A Bonds. See “The 2009 Series A Bonds — DTC and Book-Entry.” Wells Fargo Bank, National Association is the Trustee.

Redemption Provisions

Mandatory Redemption - Failure to Establish Release Date. Any 2009 Series A Bonds with respect to which a Release Date has not occurred prior to January 1, 2011 are subject to mandatory redemption on February 1, 2011 (or an earlier date selected by the Issuer), at a redemption price equal to the principal amount thereof plus accrued interest, without premium, from amounts then on deposit in the Escrow Fund and any other available moneys under the Indenture.

Mandatory Redemption - Withdrawal of Closing Certificates. The 2009 Series A Bonds are subject to mandatory redemption in whole, at a redemption price equal to the principal amount thereof, plus accrued interest, on the first Business Day at least thirty (30) days after the Settlement Date, if there is delivered by mail or by electronic means to the Trustee on or prior to the Settlement Date a Certificate Withdrawal Notice and the GSEs have not, prior to the date 20 days following the Settlement Date,

provided the Trustee a written waiver, from amounts then on deposit in the Escrow Fund and any other available moneys under the Indenture.

Mandatory Redemption - 2009 Series A Bonds Not Meeting Minimum Rating Thresholds. The 2009 Series A Bonds are subject to redemption within ten (10) Business Days of receipt by the Trustee of notice that the Bond Rating has been withdrawn or fallen below 'A3' or 'A', at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, from amounts then on deposit in the Escrow Fund and any other available moneys under the Indenture.

Optional Redemption. The 2009 Series A Bonds are subject to redemption at the option of the Issuer, in whole or in part, from any source of funds, on the first Business Day of any month, at a redemption price equal to the principal amount thereof, without premium, plus accrued interest, if any, to the redemption date.

Selection of 2009 Series A Bonds to be Redeemed

If less than all of the 2009 Series A Bonds of a given maturity and tenor is to be redeemed, the particular 2009 Series A Bonds of such maturity and tenor or the respective portions thereof to be redeemed shall be selected by lot. In the event of such redemption, the Trustee shall select 2009 Series A Bonds by lot, using such method of selection as the Trustee shall deem proper in its sole discretion.

Notice of Redemption

When the Trustee shall be required or authorized or shall receive notice from the Issuer of its election to redeem Bonds, the Trustee shall, in accordance with the terms and provisions of the Bonds and the Indenture, select the Bonds to be redeemed and shall give notice, in the name of the Issuer, of the redemption of the Bonds. Each such notice shall state the date of such notice, the complete official name of the Bonds (including Series designation) to be redeemed, the Issue Date, maturity dates, interest rates and CUSIP numbers (if any) of such Bonds, the date fixed for redemption, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee or the Paying Agent) and, if less than all of the Bonds of any Series are being redeemed, the numbers of the Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall further state that on the date fixed for redemption there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the portion of the principal thereof to be redeemed in the case of a Bond to be redeemed in part only, together with interest accrued to such date, and that from and after such date interest thereon shall cease to accrue and be payable. Each such notice may state that such notice may be rescinded.

Such notice shall be given by mailing a copy of such notice, postage prepaid, not less than 15 days nor more than sixty (60) days before such redemption date, (1) by first class mail to the registered owner of any Bond all or a portion of which is to be redeemed, at such owner's last address, if any, appearing upon the registry books; and (2) by certified mail, return receipt requested, (i) upon written request of any registered owner of \$1,000,000 or more in aggregate principal amount of any Series of Bonds, each such request directed to the Trustee, (ii) to two or more Information Services, as defined in the Indenture, (iii) to the Securities Depositories, as defined in the Indenture, and (iv) to each Credit Provider, if any. A second notice shall be given by certified mail, return receipt requested, to any registered owner of Bonds being redeemed if such registered owner has not surrendered such Bonds for redemption on or before the date sixty (60) days after the date fixed for redemption.

Failure by the Trustee to give any notice as described above, or the insufficiency of any such notice, shall not affect the sufficiency of the proceedings for redemption.

DTC and Book-Entry

The 2009 Series A Bonds will be issued remarketed as fully-registered bonds in the name of Cede & Co., as nominee of DTC, as registered owner of the 2009 Series A Bonds. Purchasers of such Bonds will not receive physical delivery of bond certificates. For purposes of this Official Statement, so long as all of the 2009 Series A Bonds are immobilized in the custody of DTC, references to holders or owners of the 2009 Series A Bonds (except under "Tax Matters") mean DTC or its nominee.

The information in this section concerning DTC and the DTC book-entry system has been obtained from DTC, and the Issuer takes no responsibility for the accuracy or completeness thereof.

DTC will act as securities depository for the 2009 Series A Bonds. The 2009 Series A Bonds will be issued or remarketed 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 2009 Series A Bond certificate will be issued for each maturity of each Series thereof in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities 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's 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. DTCC is owned by the 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 the 2009 Series A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2009 Series A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2009 Series A 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 the 2009 Series A 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 2009 Series A Bonds, except in the event that use of the book-entry system for the 2009 Series A Bonds is discontinued.

To facilitate subsequent transfers, all 2009 Series A 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 2009 Series A 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 2009 Series A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2009 Series A 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 notices 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. Beneficial Owners of 2009 Series A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2009 Series A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Indenture. For example, Beneficial Owners of 2009 Series A Bonds may wish to ascertain that the nominee holding the 2009 Series A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2009 Series A Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2009 Series A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer 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 2009 Series A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2009 Series A 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 Issuer or the Trustee, on a 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 Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer 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. **NEITHER THE ISSUER NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS, TO THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE 2009 SERIES A BONDS, OR TO ANY BENEFICIAL OWNER IN RESPECT OF THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT, THE PAYMENT BY**

DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL, PURCHASE PRICE OR REDEMPTION PRICE OF OR INTEREST ON THE 2009 SERIES A BONDS, ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDOWNERS UNDER THE INDENTURE, THE SELECTION BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OR PARTIAL TENDER AND PURCHASE OF THE 2009 SERIES A BONDS OR ANY OTHER ACTION TAKEN BY DTC AS REGISTERED BONDOWNER.

DTC may discontinue providing its services as depository with respect to the 2009 Series A Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2009 Series A Bond certificates are required to be printed and delivered as described in the Indenture.

The Issuer or the Trustee may decide to discontinue use of the system of book entry only transfers through DTC (or a successor securities depository). In that event, 2009 Series A Bond certificates will be printed and delivered to DTC.

In the event that the book-entry system with respect to the 2009 Series A Bonds is discontinued as described above, the following requirements of the Indenture will apply. The Indenture provides for issuance of bond certificates directly to registered owners of the 2009 Series A Bonds other than DTC or its nominee at the expense of such registered owners. Interest on such 2009 Series A Bond will be payable by check or draft mailed to the persons whose names appear on the registration books of the Issuer maintained by the Trustee. Principal of each 2009 Series A Bond will be payable to the registered owner thereof upon surrender of such 2009 Series A Bond at the office of the Trustee in San Francisco, California. Notwithstanding the foregoing, upon written request of a registered owner of \$5,000,000 or more in aggregate principal amount of the 2009 Series A Bonds, interest on and, upon surrender, principal of such Bonds will be payable by wire transfer from the Trustee to the registered owner thereof. The 2009 Series A Bonds may be exchanged by the registered owners thereof in person or by duly authorized attorney. Any 2009 Series A Bond may be transferred with a written instrument of transfer, in form and with a medallion guarantee of signature satisfactory to the Trustee, duly executed by the registered owner or his or her duly authorized attorney, at the principal office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of the 2009 Series A Bonds to be exchanged or transferred. No transfer or exchange of any 2009 Series A Bond shall be required to be made during the 15 days next preceding each Interest Payment Date or with respect to an 2009 Series A Bond for which notice of redemption has been given. Upon such exchange or transfer, a new 2009 Series A Bond or Bonds, as applicable, of the same or any other authorized denomination or denominations for the same aggregate principal amount, will be issued to the owner or transferee, as the case may be, in exchange therefor.

TAX MATTERS

State of California Income Tax Considerations

In the opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income taxes.

Certain United States Federal Tax Considerations

Prior to the Release Date for any of the 2009 Series A Bonds, interest on such 2009 Series A Bonds is not excludable from gross income for federal income tax purposes.

Prospective investors that are not individuals or regular C corporations who are U.S. persons purchasing the 2009 Series A Bonds for investment should consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of the 2009 Series A Bonds.

Circular 230. Under 31 C.F.R. part 10, the regulations governing practice before the IRS (Circular 230), the Issuer and its tax advisors are (or may be) required to inform prospective investors that:

- (i) any advice contained herein is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer;
- (ii) any such advice is written to support the promotion or marketing of the 2009 Series A Bonds and the transactions described herein; and
- (iii) each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

LITIGATION

There is no pending (with service of process on the Issuer completed) litigation of any nature restraining or enjoining or seeking to restrain or enjoin the remarketing or delivery of the 2009 Series A Bonds or contesting the validity of the 2009 Series A Bonds, the Indenture or other proceedings of the Issuer taken with respect to the authorization, issuance or sale of the 2009 Series A Bonds, or the pledge or application of any money under the Indenture (except as described below).

While at any given time, including the present, there are or may be civil actions pending against the Issuer, which could, if determined adversely to the Issuer, affect the Issuer's expenditures and in some cases its revenues, the Issuer is of the opinion that no pending actions are likely to have a material adverse effect on the Issuer's ability to pay principal of, premium, if any, and interest on the 2009 Series A Bonds when due.

LEGAL MATTERS

Certain legal matters incident to the delivery of the 2009 Series A Bonds are subject to the approval of Orrick Herrington & Sutcliffe LLP, San Francisco, California, as Bond Counsel. Eichner & Norris, Washington, D.C., has served as Disclosure Counsel in connection with the issuance of the 2009 Series A Bonds.

CONTINUING DISCLOSURE

The Issuer has determined that no financial or operating data concerning the Issuer is material to an evaluation of the offering of the Bonds or to any decision to purchase, hold or sell the Bonds and the Issuer will not provide any such information. The Issuer has undertaken all responsibilities for any continuing disclosure to the Beneficial Owners and Holders of any of the Bonds to the extent described below, with respect to Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule").

The Issuer has entered into the Continuing Disclosure Agreement with the Trustee in its capacity as trustee and dissemination agent, obligating the Issuer to send, or cause to be sent, certain financial information annually and to provide notice, or cause notice to be provided, to the Municipal Securities Rulemaking Board and a state information repository, if any, upon the occurrence of certain enumerated

events for the benefit of the Beneficial Owners and Holders of any of the Bonds, pursuant to the requirements of Section (b)(5)(i) of the Rule. See "APPENDIX C - FORM OF THE CONTINUING DISCLOSURE AGREEMENT" attached hereto. The Issuer has not within the past five years violated in any material respect any of its obligations relating to any other such undertaking with respect to the Rule.

After each Release Date as provided in the Indenture, each Borrower will be required to enter into a Continuing Disclosure Agreement with respect to the Series of the Bonds, the proceeds of which are released to provide funding for the related Project of that Borrower, and thereafter the Issuer will have no further obligation under the Continuing Disclosure Agreement with respect to that Series of the Bonds.

A failure by the Issuer, or after the applicable Release Date, any Borrower, to comply with the provisions of the Continuing Disclosure Agreement will not constitute a default under the Indenture. Nevertheless, such a failure to comply must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds.

RATING

Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. (the "Rating Agency") has assigned the rating to the Bonds as shown on the cover page of this Official Statement.

Such rating reflects only the views of such rating agency at the time such ratings are issued and an explanation of the significance of such ratings may be obtained only from such rating agency.

There is no assurance that such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal can be expected to have an adverse effect on the market price of the Bonds. The Issuer has undertaken no responsibility after issuance of the Bonds to assure the maintenance of the rating or to oppose any such revision or withdrawal.

PLACEMENT OF THE BONDS

Pursuant to the Placement Agreement, the Bonds are expected to be placed with the GSEs in exchange for GSE Securities to be immediately purchased by the U.S. Treasury at the price set forth on the cover of this Official Statement net of certain securitization fees and expenses. The GSEs will be paid a securitization fee in connection with the placement of the Bonds in an amount equal to \$100,000.

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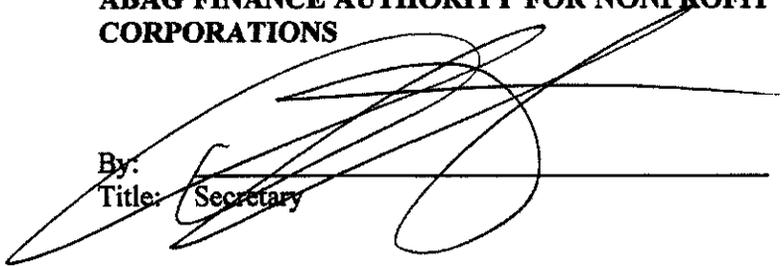
OTHER MATTERS

The foregoing summaries and explanations do not purport to be comprehensive and are expressly made subject to the exact provisions of documents referred to herein. Copies of the Indenture and the other documents referred to herein may be obtained from the Trustee. Any statements in the Indenture involving matters of opinion or forecast, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Issuer and the purchasers or owners of any Bonds.

Use of the words "shall" or "will" in this Official Statement in summaries of documents to describe future events or continuing obligations is not intended as a representation that such event or obligation will occur but only that the document contemplates or requires such event to occur or obligation to be fulfilled.

**ABAG FINANCE AUTHORITY FOR NONPROFIT
CORPORATIONS**

By: _____
Title: Secretary

A large, stylized handwritten signature in black ink is written over two horizontal lines. The signature is highly cursive and loops around the lines, extending significantly to the left and right.

APPENDIX A

**FORM OF INDENTURE (INCLUDING THE GENERAL INDENTURE AND
THE 2009 SERIES A SERIES INDENTURE WHICH INCLUDES THE NIBP APPENDIX)**

ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS

and

**WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee**

INDENTURE

Dated as of December 1, 2009

**ISSUER ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS
AFFORDABLE MULTIFAMILY HOUSING REVENUE BONDS**

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THIS INDENTURE, made and entered into as of the first day December, 2009, by and between the ABAG Finance Authority for Nonprofit Corporations, a joint exercise of powers agency organized and existing under the laws of the State of California (herein called the "Issuer"), and Wells Fargo Bank, National Association, a national banking association duly organized and existing under the laws of the United States of America, having a corporate trust office in San Francisco, California, and being qualified to accept and administer the trusts hereby created, as trustee (herein called the "Trustee");

WITNESSETH:

WHEREAS, the Issuer is authorized pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California in accordance with Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California, as amended (the "Act"), to issue revenue bonds for the purpose of financing the acquisition, construction/rehabilitation or development of multifamily rental housing;

WHEREAS, the Issuer has determined to borrow money for the purpose of financing the acquisition, construction/rehabilitation or development of multifamily rental housing and to that end has duly authorized the issuance of its bonds hereunder, and to secure the payment of the principal thereof and of the interest and premium (if any) thereon, and the observance of the covenants and conditions herein contained, has authorized the execution and delivery of this Indenture;

WHEREAS, said bonds are to be issued hereunder and designated the "ABAG Finance Authority for Nonprofit Corporations Affordable Multifamily Housing Revenue Bonds" (herein called the "Bonds"), from time to time, in an aggregate principal amount not limited except as hereinafter provided;

WHEREAS, all acts and proceedings required by the Act and other applicable law, including all action requisite on the part of the Issuer, its Board of Directors, its members and its officers necessary to make the Bonds, when executed by the Issuer, authenticated and delivered by the Trustee and duly issued, the valid, legal and binding obligations of the Issuer, and to constitute this Indenture a valid, legal and binding agreement for the uses and purposes herein set forth, in accordance with its terms, have been done and taken; and the execution and delivery of this Indenture have been in all respects duly authorized;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the Secured Obligations (as hereinafter defined), and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the purchase and acceptance of the Bonds by the holders thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, the Issuer does hereby grant, bargain, sell, warrant, convey, confirm, assign, transfer in trust, grant a security interest in, pledge and set over unto the Trustee and to its successors in the trusts hereby created, all and singular, the property of the Issuer, real and personal, hereinafter described (said property being herein sometimes referred to as the "trust estate"):

1. All of the rights, title and interest of the Issuer in, to and under the Loans (as hereinafter defined) financed pursuant to this Indenture, including the Deeds of Trust and other security documents securing the Loans;

2. All of the Revenues (as hereinafter defined) derived by the Issuer, directly or indirectly, from or related to the Loans or otherwise;

3. All proceeds of the sale of Bonds, until applied as provided herein;

4. All Accounts (other than Rebatale Arbitrage and any fund containing remarketing proceeds) established pursuant to this Indenture, and the moneys and securities therein; and

5. All property which is by the express provisions of this Indenture required to be subjected to the lien hereof; and any additional property that may, from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien hereof, by the Issuer or by anyone on its behalf, and the Trustee is hereby authorized to receive the same at any time as additional security hereunder;

TO HAVE AND TO HOLD, all and singular, the trust estate, including any and all additional property that by virtue of any provision hereof or of any Supplemental Indenture hereto shall hereafter become subject to this Indenture and to the trusts hereby created, unto the Trustee and its successors in the trusts hereby created;

IN TRUST, NEVERTHELESS, and, except as expressly provided herein, for the equal and proportionate benefit and security of the holders from time to time of any of the Secured Obligations, without preference, priority or distinction as to lien or otherwise of any one holder of Secured Obligations over any other holder of Secured Obligations by reason of priority in the issue, sale or negotiation thereof, or of any other cause, so that each holder of Secured Obligations shall have the same rights, privileges and lien under and by virtue of this Indenture, so that every holder of Secured Obligations shall, subject to the terms hereof, be equally and proportionately secured hereby, as if all such obligations had been duly issued and sold and negotiated simultaneously with the execution and delivery of this Indenture;

And it is hereby covenanted and agreed that all of the Bonds shall be issued, authenticated and delivered, and that the trust estate shall be held by the Trustee, subject only to the further covenants, conditions, uses, applications and trusts hereinafter set forth, and the Issuer agrees and covenants with the Trustee and with the holders from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 101 Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Indenture and of any Supplemental Indenture, have the meanings herein specified, the following definitions to be equally applicable to both the singular and plural forms of any of the terms herein defined:

“Account” means an account or fund created by or pursuant to this Indenture.

“Act” means Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California in accordance with Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California, as amended.

“Authorized Officer” means the President, the Secretary and the Chief Financial Officer of the Authority, or their designee, or any other person authorized by resolution of the Issuer to act as an Authorized Officer hereunder.

“Bond” means any bond or bonds, as the case may be, authorized under and issued pursuant to, this Indenture.

“Bondholder” or “Holder” or “holder” or any similar term means the person in whose name a Bond is registered.

“Bond Year” shall have the meaning ascribed to such term in a Series Indenture..

“Borrower” means the owner of a Development and the direct or indirect obligor on a Loan.

“Business Day” means any day other than (i) a Saturday, a Sunday or another day on which banking institutions in the State of California are authorized or obligated by law or executive order to be closed, (ii) a day on which the New York Stock Exchange is authorized or obligated by law or executive order to be closed and (iii) with respect to any Series of Bonds, a day upon which commercial banks are authorized or obligated by law or executive order to be closed in the city in which demands for payment are to be presented to any Credit Provider for such Series of Bonds.

“Chair” means the Chair of the Board of Directors of the Issuer.

“Costs of Issuance” means items of expense payable or reimbursable directly or indirectly by the Issuer and related to the authorization, sale and issuance of Bonds.

“Counsel’s Opinion” means a written opinion, including supplemental opinions thereto, addressed to the Issuer and signed by an attorney or firm of attorneys (who may be counsel for the Issuer) acceptable to the Issuer and the Trustee.

“Credit Facility” means any supplemental credit support or liquidity support for a Series of Bonds.

“Credit Provider” means any person, firm or entity designated in a Series Indenture or Supplemental Indenture as providing a Credit Facility.

“Deed of Trust” means a deed of trust or other instrument which constitutes a lien on real property and improvements thereon and secures the obligation to repay a Borrower Loan.

“Development” means a multifamily rental housing development financed by a Loan made with the proceeds of Bonds.

“FHA” means the Federal Housing Administration of HUD or any successor Issuer of the United States of America.

“Fiduciaries” means the Trustee and any Paying Agents and any other person identified as such by a Series Indenture.

“Fiscal Year” means any fiscal year (or other comparable period) of the Issuer.

“HUD” means the United States Department of Housing and Urban Development or its successor.

“Indenture” means this Indenture as it may from time to time be amended, modified or supplemented by Series Indentures or Supplemental Indentures.

“Interest Payment Date” means, with respect to any particular Bond, a date on which interest on such Bond is required to be paid.

“Interest Requirement” means, as of any particular date of calculation and with respect to any particular Series of Bonds Outstanding on such date of calculation, an amount equal to the sum of (1) any previously unpaid interest then due on Outstanding Bonds of such Series (including any amount required to be reimbursed to any Credit Provider for payment of such interest), plus (2) an amount equal to the interest due and payable on Outstanding Bonds of such Series on the next succeeding Interest Payment Date.

“Investment Obligation” means any of the following which at the time are lawful investments under the laws of the State for the moneys held hereunder then proposed to be invested therein: (1) direct general obligations of the United States of America or of the State, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by the United States of America, any federal agency of the United States of America, or the State; (2) bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by Federal Land Banks or Federal Intermediate Credit Banks established under the Federal Farm Loan Act, as amended, debentures and consolidated debentures issued by the Central Bank for Cooperatives and Banks for Cooperatives established under the Farm Credit Act of 1933, as amended, bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, bonds, debentures and other obligations of Fannie Mae or of the Government National Mortgage Association, established under the National Housing Act, as amended, bonds of any Federal Home Loan Bank established under said act, bonds, debentures and other obligations of the Federal Home Loan Mortgage Corporation guaranteeing timely payment of principal and interest, bonds, notes, and other obligations issued by the Tennessee Valley Authority under the Tennessee Valley Authority Act, as amended, except, in each case, securities evidencing ownership interests in specified portions of the interest on or principal of such obligations; (3) commercial paper rated within the highest short-term Rating Category of each Rating Agency and issued by corporations (a) organized and operating within the United States; and (b) having total assets in excess of five hundred million dollars (\$500,000,000); (4) bills of exchange or time drafts drawn on and accepted by a

commercial bank the general obligations of which are rated within the highest short-term Rating Category and the highest long-term Rating Categories by each Rating Agency, otherwise known as bankers acceptances, which are eligible for purchase by the Federal Reserve System, and negotiable certificates of deposits issued by a nationally or state chartered bank or savings and loan association which are insured by federal deposit insurance, or which are issued by an institution the general obligations of which are rated within the highest short-term Rating Category and the highest long-term Rating Categories by each Rating Agency; (5) repurchase agreements or reverse repurchase agreements, with nationally recognized broker dealers which are agreements for the purchase or sale of Investment Obligations pursuant to which the seller or buyer agrees to repurchase or sell back such securities on or before a specified date and for a specified amount, which seller or buyer has outstanding long-term indebtedness which are rated within the highest Rating Categories by each Rating Agency; (6) investment agreements with corporations, financial institutions or national associations within the United States the general obligations of which (or, if payment of such investment agreement is guaranteed, the general obligations of the guarantor) are rated within the two highest Rating Categories by each Rating Agency; (7) interest bearing accounts in State or national banks or other financial institutions having principal offices in the State (including those of the Trustee or its affiliates) which are issued by an institution the general obligations of which are rated within the highest Rating Categories by each Rating Agency; (8) interests in any short term investment fund (including those of the Trustee or its affiliates) restricted to investment in obligations described in any of clauses (1) through (5) of this definition, which are rated within the highest Rating Categories by each Rating Agency; (9) other investment securities acceptable to each Credit Provider which will not cause the rating on any Bonds to be reduced or withdrawn; or (10) any investments authorized in a Series Indenture authorizing Bonds, as long as the related Series of Bonds are rated within the highest Rating Categories by the Rating Agency providing a rating on such Series of Bonds.

“Issue Dates” means, with respect to any particular Series of Bonds, the date or dates of the Bonds of such Series as specified and determined in accordance with Article II.

“Issuer” means the ABAG Finance Authority for Nonprofit Corporations, a joint exercise of powers agency organized and existing under the laws of the State of California.

“Lender” means a financial institution which makes, purchases or otherwise acquires a Loan.

“Loan” means a loan made, purchased or otherwise acquired with the proceeds of Bonds for the acquisition, construction/rehabilitation or permanent financing of a development, and for which the obligation to repay is evidenced by a Note and secured by a Deed of Trust or a Mortgage-Backed Security.

“Loan Documents” means, with respect to any particular Loan, the Note, Deed of Trust, any loan agreement, any regulatory agreement and all other agreements between the Issuer and a Borrower or a Lender, or between a Lender and a Borrower, relating to a Loan, and any documents relating to a Mortgage-Backed Security or a credit enhancement instrument related to such Loan and to which or of which the Issuer or the Trustee is a party or a beneficiary.

“Loan Principal Prepayments” means any amounts received by the Issuer or the Trustee representing recovery of the Principal Amount of any Loan (exclusive of amounts representing regularly scheduled principal payments) as a result of (1) any voluntary prepayment of all or part of the Principal Amount of a Loan, including any prepayment, fee, premium or other such additional charge; (2) the sale, assignment or other disposition of a Loan (including assignment of a Loan to collect upon any insurance); (3) the acceleration of a Loan (for default or any other cause) or the foreclosure or sale under a Deed of Trust or other proceedings taken in the event of default of such Loan; and (4) compensation for losses incurred with respect to such Loan from the proceeds of condemnation, title insurance or hazard insurance.

“Moody’s” means Moody’s Investors Service, Inc. its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Issuer by notice to the Trustee.

“Mortgage-Backed Security” means a pass-through certificate, mortgage participation certificate or other mortgage-backed security issued by or in the name of, and guaranteed as to timely payment of principal and interest by, the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association or the Government National Mortgage Association or, in each case, any successor federally sponsored association or agency, registered or recorded in book-entry form in the name of the Trustee or the Issuer, and backed by or representing an undivided interest in one or more Loans, or a participation interest in any of the foregoing types of securities.

“Note” means an instrument evidencing a Borrower’s obligation to repay a Loan.

“Officer’s Certificate” means a certificate signed by an Authorized Officer.

“Outstanding”, when used with reference to bonds and as of any particular date, describes all Bonds theretofore and thereupon being delivered except (1) any Bond cancelled by the Trustee, or proved to the satisfaction of the Trustee to have been cancelled by the Issuer or by any other Fiduciary at or before said date, (2) any bond paid or deemed to be paid within the meaning of Section 1201, and (3) any Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to Sections 307, 308, 310, 311 or 906.

“Paying Agent” means any paying agent for Bonds appointed pursuant to or as provided in Section 1108, and its successor or successors and any other corporation or association which may at any time be substituted in its place pursuant to this Indenture.

“Permitted Encumbrances” means, with respect to any particular Loan, such liens, encumbrances, reservations, easements and other imperfections of title as are acceptable to the Issuer.

“Principal Amount” means on any particular date of calculation (1) with respect to any particular Bonds, the principal amount on such date of calculation of such Bonds, and (2) with respect to any Loan, the principal amount of such Loan on such date of calculation.

“Principal Balance” means, with respect to each Loan, the unpaid principal balance thereof.

“Principal Installment” means, as of any particular date of calculation with respect to any particular Series of Bonds Outstanding on such date of calculation and with respect to any particular future date, an amount equal to the sum of (1) the Principal Amount of Outstanding Bonds of such Series which mature on such future date, reduced by the aggregate Principal Amount of Outstanding Bonds of such Series which would at or before such future date cease to be Outstanding by reason of the application of Sinking Fund Installments at or before such future date, and (2) the amount of any Sinking Fund Installment payable on such Series on such future date.

“Principal Installment Date” means, with respect to any particular Series of Bonds, any date on which a Principal Installment with respect to such Series is required to be made.

“Principal Office”, when used with respect to a particular Fiduciary, means the office of such Fiduciary so designated herein or in any notice given by such Fiduciary to the Issuer, and in the case of the Trustee, as of the date hereof, is at the applicable address set forth in Section 1209 hereof.

“Principal Requirement” means, as of any particular date of calculation, and with respect to any particular Series of Bonds Outstanding on such date of calculation, an amount equal to the sum of (1) any previously unpaid Principal Installment of such Series then due (including any amount required to be reimbursed to any Credit Provider for payment of such Principal Installment), and (2) any Principal Installment of such Series due on the next succeeding Principal Installment Date(s) for such Series during the period of twelve months from such date of calculation.

“Rating Agency” means Moody’s while it maintains a rating on any Bonds, or S&P while it maintains a rating on any Bonds, or both while both maintain a rating on any Bonds.

“Rating Category” means one of the general rating categories of a Rating Agency (in the case of long-term securities only, without regard to any refinement or graduation of such rating category by numerical or symbolic modifier or otherwise).

“Rebatable Arbitrage” means the amount (determinable as of the end of each Bond Year) of arbitrage profits earned from the investment of “gross proceeds” of a Series of Bonds in “nonpurpose investments” described in Section 148(f)(2) of the Internal Revenue Code of 1986 and defined as “Rebatable Arbitrage” in Section 1.148 2 of the Regulations, which are payable to the United States at the times and in the amounts specified in Section 148(f)(3) of the Internal Revenue Code of 1986 and Section 1.148 1 of the Regulations.

“Record Date” means, with respect to any particular Bond and for any particular Interest Payment Date, the date upon which is established to whom interest payable on such Interest Payment Date on such Bond should be paid.

“Redemption Price”, when used with respect to a particular Bond or portion thereof, means the Principal Amount of such Bond or portion to be redeemed plus the applicable premium, if any, payable upon redemption thereof in accordance with its terms.

“Required Rebate Deposit” means an amount determinable as of the end of each Bond Year and as of the date of retirement of the last Bond, which when added to amounts then on deposit in the rebate fund to be established pursuant to any Tax Certificate, equals the aggregate amount of Rebatable Arbitrage for the Bonds less the amount of Rebatable Arbitrage theretofore paid to the United States with respect to the Bonds, if any.

“Resolution” means a resolution duly adopted by the Board of Directors of the Issuer.

“Revenues” means all amounts received by the Issuer or the Trustee (1) as or representing payment or recovery of the principal of or interest on any Loan, including, without limiting the generality of the foregoing, scheduled payments of principal and interest on any Loan and paid from any source (including both timely and delinquent payments and any late charges and Loan Principal Prepayments), (2) any fees paid with respect to any Loan and expressly designated for deposit under this Indenture or a Series Indenture, (3) amounts paid under any Deed of Trust or other Loan Document as damages or reimbursement of expenses or otherwise, (4) all amounts required by any Series Indenture to be deposited in an Account established under a Series Indenture for the payment of such Series of Bonds, and (5) all interest, profits or other income derived from the investment of amounts in any Account; but “Revenues” shall not include (a) any amounts representing reimbursement to the Issuer of advances of principal or interest or expenses incurred by the Issuer in connection with the collection or recovery of principal of, or interest on, or other amounts due under, any Loan, (b) the proceeds of hazard insurance to the extent used to repair or rebuild a damaged Development or (c) servicing fees, insurance premiums, closing fees, finance charges, administrative fees, commitment fees or other similar fees, premiums or charges imposed by the Issuer.

“Secured Obligations” means (i) the payment of the principal of, and the interest and premium, if any, on, all Bonds at any time issued and outstanding under this Indenture, according to their tenor; and the performance and observance of all the covenants and conditions therein and herein set forth; (ii) the payment and performance of all obligations to all Credit Providers pursuant to any documents executed by the Issuer in connection with the issuance of the Bonds or with any liquidity or credit support provided by the Credit Providers; and (iii) the payment and performance of all obligations pursuant to any Hedging Instrument entered into with respect to all or any portion of the Bonds and specified as such in any Series Indenture.

“S&P” means Standard & Poor’s, its successors and their assigns, or, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Issuer by notice to the Trustee.

“Serial Bonds” means the Bonds so designated in a Series Indenture.

“Series” or “Series of Bonds” means all Bonds of like designation authenticated and delivered on original issuance at the same time pursuant to a Series Indenture and any Bond or Bonds thereafter delivered in lieu of or as substitution for any of such Bonds pursuant to Sections 307, 308, 310, 311 or 906.

“Series Indenture” means any Supplemental Indenture authorizing the issuance of a Series of Bonds and entered into between the Issuer and the Trustee in accordance with this Indenture.

“Sinking Fund Installment” means the amount of money required by or pursuant to this Indenture to be paid by the Issuer on any single date toward the retirement of any particular Term Bonds of any particular Series on or prior to their respective stated maturities.

“State” means the State of California.

“Supplemental Indenture” or “indenture supplemental hereto” means any indenture entered into between the Issuer and the Trustee amending or supplementing this Indenture in accordance with the provisions of this Indenture.

“Tax Certificate” means each Tax Certificate dated the date of issuance and delivery of a Series of Bonds (if and to the extent interest on such Series is intended to be excluded from gross income for federal tax purposes), executed and delivered by the Issuer, as amended, supplemented or otherwise modified from time to time.

“Term Bonds” shall mean any Bonds of any Series so designated in the Series Indenture authorizing the issuance of such Series and for the retirement of which Sinking Fund Installments may be established.

“Trustee” means Wells Fargo Bank, National Association, in San Francisco, California, or its successor as Trustee hereunder as provided in Article XI.

Section 102 Construction. The following rules of construction shall govern this Indenture:

Words importing any particular gender include all other genders.

Words importing the maturity or coming due of a Bond do not include or connote the coming due of such Bond upon redemption thereof prior to maturity.

Words importing persons include natural persons, firms, associations, trusts, partnerships and corporations.

The terms “herein”, “hereunder”, “hereby”, “hereto”, “hereof” and any similar terms, refer to the Indenture as a whole; the term “heretofore” means before the date of the Indenture; and the term “hereafter” means after the date of the Indenture.

Articles and Sections mentioned by number only are the respective Articles and Sections of the Indenture so numbered.

Any captions, titles or headings preceding the text of any Article or Section herein and any table of contents or index attached to the Indenture or any copy thereof are solely for convenience of reference and shall not constitute part of the Indenture or affect its meaning, construction or effect.

Section 103 Parties Interested Herein. Nothing in the Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person, other than the Issuer, the Fiduciaries and the holders of Secured Obligations, including any subrogee or assignee of the holders of Secured Obligations, any right, remedy or claim under or by reason of the Indenture, and any covenants, stipulations, obligations, promises and agreements in the Indenture contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Fiduciaries and the holders of Secured Obligations, including any subrogee or assignee of the holders of Secured Obligations.

Section 104 Governing Law. This Indenture shall be governed by and construed and interpreted in accordance with the laws of the State without regard to conflicts of laws principles.

Section 105 Severability of Invalid Provisions. If any one or more of the provisions, covenants or agreements in the Indenture on the part of the Issuer or any Fiduciary to be performed should be contrary to law, then such provision or provisions, covenant or covenants, or agreement or agreements, shall be deemed severable from the remaining provisions, covenants and agreements, and shall in no way affect the validity of the other provisions of the Indenture or of the Bonds.

Section 106 Accounting Records. Any fund required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds or accounts shall at all times be maintained in accordance with generally accepted accounting principles, to the extent practicable, and with due regard for the requirements of Section 603 and for the protection of the security of the Bonds and the rights of every Holder thereof.

ARTICLE II

AUTHORIZATION OF BONDS

Section 201 Authorization of Bonds. In order to provide sufficient funds for the purposes of this Indenture, Bonds of the Issuer, each to be entitled “ABAG Finance Authority for Nonprofit Corporations Affordable Multifamily Housing Revenue Bonds” are hereby authorized to be issued from time to time in an aggregate principal amount of not to exceed \$65,780,000, except as provided in the Indenture or as may be limited by law, and shall be issued subject to the terms, conditions and limitations established in this Indenture and in one or more Series Indentures as hereinafter provided.

Section 202 Authorization for Issuance of Bonds in Series. (A) From time to time when authorized by the Indenture and subject to the terms, limitations and conditions established in the Indenture, the Issuer may authorize the issuance of a Series of Bonds by authorizing and entering into a Series Indenture and the Bonds of any such Series may be issued and delivered to the Trustee for authentication upon compliance with provisions hereof. The Bonds of each Series, in addition to the title “ABAG Finance Authority for Nonprofit Corporations Affordable Multifamily Housing Revenue Bonds” shall bear such letter and/or number Series designation as may be necessary to distinguish such Series of Bonds from the Bonds of every other Series, and may also bear a parenthetical designation indicating the form of supplemental credit support, if any, for or any other feature of such Series. Bonds of any Series may be authorized to be issued in the form of Serial Bonds or Term Bonds or both.

(B) Each Series Indenture authorizing the issuance of a Series of Bonds shall include a determination or ratification of a previous determination by the Issuer to the effect that the Principal Amount of said Series of Bonds is necessary to provide sufficient funds to be used and expended for the purposes of this Indenture, including costs incidental thereto, and shall specify and determine:

- (1) The authorized Principal Amount of said Series of Bonds;
- (2) The purposes for which such Series of Bonds are being issued, which shall be to provide funds for deposits of amounts, if any, determined by or pursuant to this Indenture to be paid into one or more of the Accounts established pursuant hereto or pursuant to a Series Indenture, and
- (3) The Credit Provider, if any, for such Series and such provisions as are necessary to implement the supplemental credit or liquidity support, if any, for such Series;
- (4) The amount of money, if any, to be credited to each Account established pursuant to the Series Indenture for the Series of Bonds authorized to be issued;
- (5) The form, title and designation of, and the manner of numbering and lettering, such Bonds;
- (6) The authorized denomination or denominations of the Bonds of such Series;
- (7) The Issue Date or Issue Dates and the date or dates of maturity of the Bonds of such Series;
- (8) The rate or rates or the manner of determining the rate or rates of interest borne by the Bonds of such Series and the Record Dates and Interest Payment Dates of such Bonds;
- (9) The portion of the Series of Bonds which are Term Bonds (if any) and the portion of the same which are Serial Bonds (if any);

(10) The Redemption Price or Redemption Prices and the redemption date or redemption dates and other terms of redemption (if any) of such Bonds;

(11) Any Paying Agent for such Bonds appointed by such Series Indenture, subject to Section 1108, and its Principal Office, and any tender agent, remarketing agent or other fiduciary with respect to such Bonds;

(12) The amount and date of each Sinking Fund Installment, if any, required by such Series Indenture to be paid by the Issuer for the retirement of any such Bonds;

(13) The designation of any Accounts to be established pursuant to Article V and any other Accounts deemed advisable by the Issuer; and

(14) Any other provisions deemed advisable by the Issuer, not in conflict with or in substitution for the provisions of this Indenture (except as expressly permitted in the Indenture).

Section 203 Issuance and Delivery of Bonds. After their issuance has been provided for by a Series Indenture, any Series of Bonds may be executed by or on behalf of the Issuer, authenticated by the Trustee and delivered or caused to be delivered by the Trustee to the purchasers thereof upon compliance by the Issuer with the requirements, if any, set forth in such Series Indenture and with the requirements of Section 204.

Section 204 Conditions Precedent to Delivery of a Series of Bonds. Except as provided in Sections 307, 308, 310, 311 and 906, the Trustee shall deliver to the purchasers thereof a Series of Bonds authorized to be issued pursuant to this Indenture only upon receipt by the Trustee of:

(1) A Counsel's Opinion stating that in the opinion of such counsel the Indenture has been duly authorized by the Issuer and is valid and binding upon the Issuer;

(2) An Officer's Certificate stating the amount of the proceeds of such Series to be deposited in each Account;

(3) Such other opinions and/or certificates as may be required in connection with the issuance and delivery of a Series of Bonds;

(4) In the case of the initial Series of Bonds issued hereunder, evidence from S&P that the Bonds are then rated "AAA"; and

(5) Except in the case of the initial Series of Bonds issued hereunder, evidence that the issuance of such Series will not result in the reduction, suspension or withdrawal of the rating then assigned to any of the Series then having Bonds Outstanding.

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

Section 301 Date of Bonds. Each Bond shall be dated as of and, except as provided in Section 304 for certain Bonds, bear interest from its Issue Date.

Section 302 Interest Payment Dates. Interest on each Bond shall be payable on the dates specified in the Series Indenture providing for the issuance of such Bond.

Section 303 Principal Installment Dates. The date when each Principal Installment with respect to a Series of Bonds is payable shall be as specified in the Series Indenture providing for the issuance of such Series.

Section 304 Payment, Form and Interest. (A) The Bonds shall be payable, with respect to interest, principal and redemption premium, if any, in lawful money of the United States of America.

(B) The Bonds of each Series may be issued only as fully registered Bonds in the denomination or denominations and in the form specified in the Series Indenture providing for the issuance of such Series. Notwithstanding the foregoing, any Series Indenture may provide that Bonds of a Series may be issued in bearer form, with or without coupons, subject to any applicable requirements of law. The Bonds may be printed, lithographed, typewritten or otherwise reproduced.

(C) Each Bond shall bear interest from the Interest Payment Date for such Bond next preceding the date of registration thereof unless it is registered on or before an Interest Payment Date for such Bond and after the related Record Date, in which event it shall bear interest from such Interest Payment Date, or unless it is registered on or prior to the Record Date next preceding the first Interest Payment Date of such Bond, in which event it shall bear interest from its Issue Date; provided, however, that if at the time of registration of any Bond interest is in default on such Bond, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on such Bond. Payment of the interest on any Bond shall be made to the person whose name appears on the bond registration books of the Trustee as the registered owner thereof as of the close of business on the Record Date next preceding the Interest Payment Date, whether or not such day is a Business Day, such interest to be paid by check mailed to such Bondholder at such Bondholder's address as it appears on such registration books.

Section 305 Legends. The Bonds may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of the Indenture as may be necessary or desirable to comply with custom, or otherwise, as may be determined by the Issuer prior to the delivery thereof.

Section 306 Execution. (A) The Bonds shall be executed in the name of the Issuer by the manual or facsimile signature of an Authorized Officer, and attested by the manual or facsimile signature of another Authorized Officer of the Issuer, or in such other manner as may be required by law. In case any one or more of the Authorized Officers who shall have

signed, sealed or attested any of the Bonds or whose signature appears on any of the Bonds shall cease to be such Authorized Officers before the Bonds so signed and sealed shall have been actually authenticated by the Trustee or delivered or caused to be delivered by the Trustee or issued by the Issuer, such Bonds may, nevertheless, be authenticated and issued and, upon such authentication, delivery and issue, shall be as binding upon the Issuer as if the persons who signed or sealed such Bonds or whose signatures appear on any of the Bonds had not ceased to hold such offices or be so employed until such delivery. Any Bond may be signed on behalf of the Issuer by such persons as at the actual time of the execution of such Bond shall be duly authorized or hold the proper office in or employment by the Issuer, although at the Issue Date of such Bond such persons may not have been so authorized or have held such office or employment.

(B) The Bonds shall bear thereon a certificate of authentication executed by the Trustee. Only such Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under the Indenture, and no Bond shall be valid for any purpose under the Indenture until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of authentication upon any Bond shall be conclusive evidence that the Bond so authenticated has been duly issued under the Indenture and that the holder thereof is entitled to the benefits of the Indenture.

Section 307 Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred upon the books required to be kept pursuant to the provisions of Section 309, by the Bondholder in whose name it is registered, in person or by such Bondholder's duly authorized attorney, upon surrender of such Bond for cancellation, at the Principal Office of the Trustee, accompanied by a written, duly executed instrument of transfer in a form approved by the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer, the Issuer shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds of the same Series, maturity and tenor and for a like aggregate principal amount.

The Trustee may charge a reasonable sum for each new Bond authenticated and delivered upon any transfer. The Trustee shall also require the payment by any Bondholder requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

Section 308 Exchange of Bonds. Bonds may be exchanged at the Principal Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations of the same Series, maturity and tenor. The Trustee may charge a reasonable sum for each new authenticated Bond delivered upon any exchange except in the case of any exchange of temporary Bonds for definitive Bonds. The Trustee shall also require the payment by the Bondholder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

Section 309 Bond Register. The Trustee will keep or cause to be kept, at the Principal Office of the Trustee, sufficient books for the registration and transfer of the Bonds, which shall at all reasonable times be open to inspection by the Issuer; and, upon presentation for such purpose, the Trustee shall, under such reasonable rules as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Bonds as hereinbefore provided.

The Issuer and the Trustee may treat the registered owner of each Bond as the absolute owner thereof for all purposes, and the Issuer and the Trustee shall not be affected by any notice to the contrary.

Section 310 Temporary Bonds. Bonds of any Series may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed, typewritten or otherwise reproduced, shall be of such denominations as may be determined by the Issuer, shall be without coupons and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Issuer and be authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Issuer issues temporary Bonds it will execute and furnish definitive Bonds without delay upon the request of the purchaser of said Bonds, and thereupon the temporary Bonds may be surrendered for cancellation in exchange therefor at the Principal Office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds a like aggregate principal amount of definitive Bonds of authorized denominations of the same Series, maturity or maturities and tenor or tenors. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 311 Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Issuer, at the expense of the holder of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like Series, maturity, tenor and number in exchange and substitution for the Bond so mutilated, but only upon surrender of such Bond at the Principal Office of the Trustee. Every mutilated Bond so surrendered to the Trustee shall be cancelled by it and delivered to, or upon the order of, the Issuer. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to both and indemnity satisfactory to them shall be given, the Issuer, at the expense of the Bondholder, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like Series, maturity, tenor, number and principal amount. The Issuer may require payment of a sum not exceeding the actual cost of preparing each new Bond authenticated and delivered under this Section and of the expenses which may be incurred by the Issuer and the Trustee in the premises. Any Bond authenticated and delivered under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Issuer whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds issued under this Indenture.

Section 312 Numbering of Bonds. Each Series of Bonds shall be numbered from 1 upward in the order of their issuance, preceded by the letter designation of such Series, unless otherwise provided in the applicable Series Indenture.

Section 313 Book-Entry System. Bonds may be issued as certified Bonds or as book-entry bonds under a book-entry system as specified in the related Series Indenture.

ARTICLE IV

APPLICATION OF BOND PROCEEDS

Section 401 Application of Bond Proceeds. The proceeds of sale of Bonds of any Series of Bonds, including accrued interest thereon, shall, on the date of delivery of such Bonds by the Issuer, be delivered to the Trustee to be credited and held in trust as set forth in the Series Indenture executed and delivered in connection with the sale of such Series of Bonds.

Section 402 Establishment and Application of Program Accounts. (A) The Issuer shall establish with respect to each Series of Bonds a separate trust Account or Accounts to be held by the Trustee designated “_____ Program Account” (inserting therein the Series designation of such Bonds). Except as otherwise provided herein, moneys in the Program Accounts shall be used solely for (1) the financing of Loans (including accrued interest thereon), (2) redemption of Bonds, (3) payment of Costs of Issuance to the extent provided by the applicable Series Indenture and (4) payment of Capitalized Interest on the Bonds to the extent provided by the applicable Series Indenture. Any Loan financed by application of amounts in any Program Account shall be deemed to have been financed by application of amounts relating to the Series of Bonds for which such Account was established.

(B) A Series Indenture may, but is not required to, provide that a portion of the moneys credited to the applicable Program Account shall be expended for Costs of Issuance of the Bonds and for no other purpose, upon requisition signed by an Authorized Officer stating the amount and purpose of any such payment. On or after the receipt by the Trustee of an Officer’s Certificate stating that all Costs of Issuance for a Series of Bonds have been paid, the Trustee shall retain the amount remaining, if any, in the applicable Program Account to be used for any purpose permitted pursuant to this Indenture or in a Series Indenture.

(C) A Series Indenture may, but is not required to, provide that a portion of the moneys in the applicable Program Account shall be charged to such Program Account and credited for the payment of Capitalized Interest in the amounts and at the times specified in such Series Indenture. To the extent specified in such Series Indenture, and until the moneys reserved for such Capitalized Interest have been exhausted, the Trustee shall, at least three days prior to each Interest Payment Date of a Series of Bonds for which Capitalized Interest has been reserved, charge such Program Account interest payable on such Series of Bonds on such Interest Payment Date.

(D) No amount shall be charged against any Program Account except as expressly provided in this Article or in a Series Indenture.

ARTICLE V

APPLICATION OF REVENUES AND OTHER MONEYS

Section 501 Pledge of Revenues, Funds and Accounts. The pledge hereby made and the security interest hereby granted shall attach, be perfected and be valid and binding from and after the time of the delivery by the Trustee of the initial Series of Bonds without any

further action on the part of the Issuer. The proceeds of the sale of the Bonds, Revenues, Loans financed hereunder, and all Accounts and moneys and securities therein so pledged and then or thereafter received by the Issuer or the Trustee shall immediately be subject to the lien of such pledge and security interest without any physical delivery thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind in tort, contract or otherwise against the Issuer or any Fiduciary irrespective of whether such parties have notice thereof.

Section 502 Establishment of Accounts. Program Accounts shall be established and created as provided in Sections 402 and other Accounts with respect to a Series of Bonds may be established by the Series Indenture executed in connection with the delivery of such Series of Bonds or an Officer's Certificate as deemed advisable by the Issuer.

Section 503 Investment of Funds. (A) Subject to the provisions of any Series Indenture, the moneys held by a Fiduciary shall be a trust fund for the purposes hereof. Moneys attributable to each of the Accounts, on instructions confirmed in writing by an Authorized Officer, shall be invested by the Fiduciary holding the same in Investment Obligations.

(B) Amounts held in any Account shall be invested in Investment Obligations maturing on or prior to the dated when needed. Investment Obligations representing an investment of moneys attributable to any Account shall be deemed at all times to be a part of said Account. Such investments shall be sold at the best price obtainable whenever it shall be necessary to do so in order to provide moneys to make any transfer, withdrawal, payment or disbursement from said Account, or, in the case of any required transfer of moneys to another such Account, may be transferred to that Account in lieu of the required moneys if permitted hereby as an investment of moneys in that Account, and no Fiduciary shall be liable or responsible for any loss resulting from any investment made in accordance herewith.

In computing for any purpose hereunder the amount in any Account on any date, obligations credited to such Account shall be valued at the lower of cost or face value exclusive of accrued interest, and may be so valued as of any time within four days prior to such date. In computing for any purpose hereunder the amount of any Account established for purposes of creating reserves for the Bonds or the Loans, obligations credited to such Account shall be valued at par if purchased at par and shall be valued at amortized value if purchased at other than par. For purposes of this Section, the term "amortized value," when used with respect to obligations purchased at a premium above or a discount below par, shall mean the value as of any given date obtained by dividing the total amount of the premium or discount at which such obligations were purchased by the number of interest payments remaining to maturity on such obligations after such purchase and by multiplying the amount so calculated by the number of interest payment dates having passed since the date of such purchase; and (1) in the case of obligations purchased at a premium, by deducting the product thus obtained from the purchase price, and (2) in the case of obligations purchased at a discount, by adding the product thus obtained to the purchase price.

ARTICLE VI

PARTICULAR COVENANTS OF ISSUER

Section 601 Payment of Bonds. Subject to the other provisions of this Indenture, the Issuer shall duly and punctually pay or cause to be paid the principal of and interest on the Bonds, at the dates and places and in the manner mentioned in the Bonds, according to the true intent and meaning thereof.

Section 602 Payment of Lawful Charges. The Issuer shall pay all taxes and assessments or other municipal or governmental charges, if any, lawfully levied or assessed upon the Issuer with respect to its activities under this Indenture or upon any Revenues, when the same shall become due, and shall duly observe and comply with all valid requirements of any municipal or governmental authority relative to such activities, and shall not create or suffer to be created any lien or charge upon the Revenues or Loans or the Accounts created pursuant to this Indenture and the moneys and securities therein except the pledge, security interest and lien created hereby for the payment of the Secured Obligations.

Section 603 Tax Covenants. If and to the extent interest on the Bonds of any Series is intended to be excluded from gross income for federal income tax purposes, the Series Indenture for such Series may contain such covenants of the Issuer and the Trustee as shall be appropriate to assure such exclusion from gross income.

Section 604 Purchase and Redemption of Bonds. The Issuer shall not cause any Bonds to be purchased or redeemed other than pursuant to Sinking Fund Installments unless such purchase or redemption has no material adverse effect on the ability of the Issuer to pay the Principal Installments of and interest on the Bonds Outstanding (and to reimburse any Credit Provider for advances made to pay such Principal Installments and/or interest) or unless after such purchase or redemption, Revenues then pledged under the Indenture will be sufficient to pay the Secured Obligations.

Section 605 Compliance with Conditions Precedent. Upon the date of issuance of any of the Bonds, all conditions, acts and things required by law to exist, to have happened or to have been performed precedent to or in the issuance of such Bonds shall exist, shall have happened and shall have been performed, and such Bonds, together with all other indebtedness of the Issuer, shall be within every debt and other limit prescribed by law.

Section 606 Program Covenants. (A) The Issuer shall finance Loans, and shall do all acts and things necessary to obtain, receive and collect Revenues in such manner as is consistent with the Act and with sound lending practices and principles.

(B) No Loan shall be financed by the Issuer from the proceeds of Bonds unless it complies with the terms, conditions, provisions and limitations specified by the Series Indenture or Supplemental Indenture with respect to such Loan and the related Borrower, Development and Loan Documents.

(C) The Issuer may consent to a modification of, or modify, the rate or rates of interest on, or the amount or time of payment of any installment of principal of or interest on,

any Loan or the security for or any terms or provisions of any Note or Deed of Trust unless such modification materially adversely affects the ability of the Issuer to pay the Principal Installments and interest on the Bonds Outstanding or to realize the benefits of any applicable insurance. Any such modification shall be accompanied by (i) a certification of the Agency that, in the reasonable business judgment of the Agency, such modification is not expected to materially adversely affect the ability of the Agency to pay the Principal Installments and interest on the Bonds Outstanding or to realize the benefits of any applicable insurance.

Section 607 Disposition of Loans. The Issuer may not sell or otherwise transfer a Loan unless such sale or transfer has no material adverse impact on the ability of the Issuer to pay Principal Installments of and interest on the Bonds (and to reimburse any Credit Provider for advances made to pay such Principal Installments and/or interest) when due or unless after such sale or transfer Revenues then pledged under the Indenture will be sufficient to pay the Secured Obligations when due.

Section 608 Extension of Payment of Bonds. The Issuer shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any of the claims for interest by the purchase or funding of such Bonds, or claims for interest or by any other arrangement, and in case the maturity of any of the Bonds or the time for payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled in case of any default hereunder to the benefit hereof or to any payment out of any assets of the Issuer or the funds (except funds held in trust for the payment of particular Bonds or pursuant hereto) held by any Fiduciary, except subject to the prior payment of the principal of all Bonds issued and Outstanding the maturity of which has occurred and has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest.

Section 609 Issuance of Additional Obligations.

(A) The Issuer shall not hereafter create or permit the creation of or issue any obligations or create any additional indebtedness which will be secured by a charge and lien on the Revenues, the trust estate or other security for the Bonds, prior to or on a parity with the lien of this Indenture, except that additional Series of Bonds may be issued from time to time pursuant to a Series Indenture subsequent to the issuance of the initial Series of Bonds under this Indenture, on a parity with Bonds previously issued and secured by an equal charge and lien on the Revenues or other security for the Bonds, except as otherwise provided herein, and payable equally and ratably from the Accounts established and created pursuant hereto, except as otherwise provided herein, for one or more of the purposes set forth herein.

(B) No additional Series of Bonds shall be issued subsequent to the issuance of the initial Series of Bonds hereunder unless:

(1) the Principal Amount of the additional Bonds then to be issued, together with the Principal Amount of the Bonds and other obligations of the Issuer theretofore issued hereunder, will not exceed in aggregate Principal Amount of \$65,780,000 or any limitation thereon imposed by law; and

(2) the Issuer shall have received, from each Rating Agency, evidence that such Series of Bonds is rated “Aaa/AAA” and that the issuance of such Series will not result in the reduction, suspension or withdrawal of the rating then assigned to any of the Series then having Bonds Outstanding.

(C) The Issuer expressly reserves the right to adopt one or more general or special bond resolutions or to enter into one or more other indentures for any of its corporate purposes and reserves the right to issue other obligations so long as the same are not a charge or lien prohibited by paragraph (A) of this Section. Specifically, but without limiting the foregoing, the Issuer expressly reserves the right to authorize and issue bonds, notes, warrants, certificates or other obligations or evidences of indebtedness which as to principal or interest, or both, are payable from moneys which are not Revenues as such term is defined in this Indenture.

Section 610 Further Assurance. At any time and all times the Issuer shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances and enter into such further agreements as may be necessary or desirable for the better assuring, conveying, granting, assigning or confirming all and singular the pledge of and grant of a security interest in the Revenues, the proceeds of the Bonds, the Loans and the Accounts hereby pledged or granted, or intended so to be, or which the Issuer may hereafter become bound to pledge or grant.

Section 611 Powers as to Bonds and Pledge; Limited Obligation. The Issuer is duly authorized pursuant to law to authorize and issue the Bonds, to enter into this Indenture and to pledge and grant a security interest in the Revenues, the proceeds of the Bonds, the Loans and the Accounts purported to be pledged hereby in the manner and to the extent provided herein. The Revenues, the proceeds of the sale of the Bonds, the Loans and the Accounts so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and grant created hereby, and all corporate action on the part of the Issuer to that end has been duly and validly taken. The Issuer shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues, the proceeds of the sale of the Bonds, the Loans and the Accounts so pledged hereunder and all the rights of the Bondholders hereunder against all claims and demands of all persons whomsoever.

Section 612 State Pledge. The Bonds are special, limited obligations of the Issuer, payable solely from the Revenues and other amounts pledged hereunder. The Bonds are not a debt of the State or of any other political subdivision of the State, the Association of Bay Area Governments (“ABAG”) or the Issuer (other than to the extent provided in this Indenture), and neither the State nor any other political subdivision of the State will be liable for the payment of the Bonds. The faith and credit of the Issuer, ABAG, the State or of any political subdivision of the State are not pledged to the payment of the principal of or interest on the Bonds. The Issuer has no taxing power.

ARTICLE VII

REDEMPTION OF BONDS

Section 701 Privileges of Redemption and Redemption Prices. The Bonds of any Series shall be subject to redemption by or on behalf of the Issuer prior to maturity upon notice, at such time or times, in such order, and on such other terms and conditions as shall be specified in the Series Indenture providing for the issuance of such Series and referred to in said Bonds, and in all cases at a price equal to the Redemption Price of each Bond or portion thereof, together with interest accrued to the redemption date.

ARTICLE VIII

SERIES INDENTURES AND SUPPLEMENTAL INDENTURES

Section 801 Supplemental Indentures Effective upon Execution. For any one or more of the following purposes and at any time or from time to time, a Series Indenture or Supplemental Indenture may be entered into by the Issuer and the Trustee which Series Indenture or Supplemental Indenture, upon the execution and delivery thereof by an Authorized Officer of the Issuer and by the Trustee, and without the consent of any Credit Provider or of the Bondholders, shall be fully effective in accordance with its terms:

(A) To provide for the issuance of a Series of Bonds and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed which are not contrary to or inconsistent with the Indenture as theretofore in effect;

(B) To close this Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained herein on, the issuance of future Bonds, or of other notes, bonds, obligations or evidences of indebtedness pursuant hereto;

(C) To add to the covenants or agreements of the Issuer herein contained other covenants or agreements to be observed by the Issuer which are not materially adverse to the interests of the Bondholders or any of the Credit Providers;

(D) To add to the limitations or restrictions herein contained other limitations or restrictions to be observed by the Issuer which are not contrary to or inconsistent with the provisions hereof as theretofore in effect;

(E) To surrender any right, power or privilege reserved to or conferred upon the Issuer herein, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Issuer contained herein;

(F) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Indenture, of the Revenues or any other moneys, securities or funds;

(G) To appoint a successor Fiduciary;

(H) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision herein;

(I) To insert such provisions clarifying matters or questions arising hereunder as are necessary or desirable and are not materially adverse to the interests of the Bondholders or any of the Credit Providers;

(J) To provide for the issuance of bearer Bonds or coupon Bonds, registrable as to principal, subject to any applicable requirements of law;

(K) To provide for the issuance of book entry form Bonds or to modify the provisions with respect thereto;

(L) To modify, amend or supplement this Indenture or any Supplemental Indenture in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939, as amended or any similar federal statute hereafter in effect or under any state securities registration or "blue sky" law;

(M) To make any other change which does not materially adversely affect the interests of the Bondholders or any of the Credit Providers;

(N) To make any change affecting only the Bonds of a particular Series in accordance with the Series Indenture or Supplemental Indenture under which the Bonds of such Series are issued; or

(O) To make any other change in this Indenture, including any change otherwise requiring the consent of Bondholders as provided in Section 902, required by a Series Indenture to conform the covenants, agreements, limitations, or restrictions of the Issuer or the Trustee contained herein as are necessary or desirable and are not materially adverse to the interests of the Bondholders or any of the Credit Providers.

Section 802 Supplemental Indentures Effective with Consent of Bondholders. Except as provided by Section 801 hereof, at any time or from time to time, a Supplemental Indenture amending or supplementing the Indenture may be entered into by the Issuer and the Trustee modifying any of the provisions of the Indenture or releasing the Issuer from any of the obligations, covenants, agreements, limitations, conditions or restrictions herein contained, but no such Supplemental Indenture shall be effective until the execution and delivery thereof by an Authorized Officer and by the Trustee and, unless no Bonds delivered by the Issuer prior to the adoption of such Supplemental Indenture remain Outstanding at the time it becomes effective, such Supplemental Indenture is consented to by each Credit Provider and by or on behalf of Bondholders in accordance with and subject to the provisions of Article IX.

ARTICLE IX

AMENDMENTS

Section 901 Mailing of Notices. Any provision in this Article relative to the mailing of a notice or other paper to Bondholders shall be fully complied with if it is mailed,

postage prepaid, only to the Trustee, to each Credit Provider and to each registered owner of any Bonds then Outstanding at its last address, if any, appearing upon the registry books.

Section 902 Powers of Amendment. In addition to those amendments to the Indenture which are authorized by Article VIII hereof, any modification or amendment of the Indenture and of the rights and obligations of the Issuer and of the Holders of the Bonds hereunder, in any particular, may be made by a Supplemental Indenture with the written consent of each Credit Provider and the written consent of the Holders in Principal Amount of the Bonds Outstanding at the time such consent is given as set forth in a Series Indenture; provided, however, that (1) if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series, maturity and tenor remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section and (2) if so provided by the applicable Series Indenture, the consent of the Credit Provider for a Series of Bonds shall be deemed to be the consent of the holders of one hundred percent (100%) in Principal Amount of the Bonds Outstanding of such Series; and provided, further, that no such modification or amendment (i) shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bonds or of any installment of interest thereon or a reduction in the Principal Amount or the Redemption Price thereof or the rate of interest thereon without the consent of the Holder of such Bond, or (ii) shall reduce the percentages of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or permit the creation of a lien on the Revenues and other assets pledged under this Indenture prior to or on a parity with the lien of this Indenture, or deprive the Holders of the Bonds of the lien created by this Indenture upon such Revenues and other assets (except as expressly provided in this Indenture), without the consent of the Holders of all Bonds then Outstanding.

Section 903 Consent of Bondholders. The Issuer and the Trustee may at any time, in accordance with the provisions of Section 802, execute and deliver a Supplemental Indenture making a modification or amendment permitted by the provisions of Section 902, to take effect when and as provided in this Section. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto), together with a request to Bondholders for their consent thereto (in a form which shall include a statement that any consent of the Bondholder, once filed with the Trustee, shall be irrevocable), shall be mailed by the Trustee to Bondholders (but failure to mail such copy and request shall not affect the validity of such Supplemental Indenture when consented to as in this Section provided). Such Supplemental Indenture shall not be effective unless and until, and shall take effect in accordance with its terms when, there shall have been filed with the Trustee (1) the written consents of Holders of the percentage of Outstanding Bonds specified in Section 902, and (2) a Counsel's Opinion or opinion of counsel to the Issuer stating that such Supplemental Indenture has been duly and lawfully entered into by the Issuer in accordance with the provisions of the Indenture, is authorized or permitted by the provisions of the Indenture and, when effective, will be valid and binding upon the Issuer. Each such consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 1202. A certificate or certificates by the Trustee that it has examined such proof and that such proof is sufficient under the provisions of Section 1202 shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates. Any such consent shall be binding upon the Holder of the Bonds

giving such consent and upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof). At any time after the Holders of the required percentage of Bonds shall have filed their consents to such Supplemental Indenture, the Trustee shall make and file with the Issuer a written statement that the Holders of such required percentage of Bonds have filed and given such consents. Such written statement shall be conclusive that such consents have been so filed and have been given. At any time thereafter, notice, stating in substance that such Supplemental Indenture (which may be referred to as a Supplemental Indenture executed by the Issuer on a stated date a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentage of Bonds and will be effective as provided in this Section, shall be given to Bondholders by the Trustee by mailing such notice to Bondholders (but failure to mail such notice shall not prevent such Supplemental Indenture from becoming effective and binding as in this Section provided). A record, consisting of the papers required or permitted by this Section to be filed with the Trustee and the Issuer, shall be proof of the matters therein stated. Such Supplemental Indenture making such modification or amendment shall be deemed conclusively binding upon the Issuer, the Fiduciaries and the Holders of all Bonds on the date specified therein or, if no date is specified, on the date the Trustee has received all consents and the Counsel's Opinion referred to in clauses (1) and (2) above, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Indenture in a legal action or equitable proceeding for such purpose commenced prior to the date on which such Supplemental Indenture is conclusively binding.

Section 904 Modification by Unanimous Consent. Notwithstanding anything contained in Article VIII or in the foregoing provisions of this Article, the terms and provisions hereof and the rights and obligations of the Issuer, the Trustee and the Holders of the Bonds thereunder, in any particular, may be modified or amended in any respect upon execution and delivery of a Supplemental Indenture by the Issuer and the Trustee making such modification or amendment and upon receipt by the Trustee of the consent to such Supplemental Indenture of each Credit Provider and the Holders of all of the Bonds then Outstanding, such consent to be given and proved as provided in Section 903, except that no notice to Bondholders shall be required if a request to Bondholders for their consent to such Supplemental Indenture has been made as contemplated by Section 903.

Section 905 Exclusion of Bonds. Bonds owned or held by or for the account of the Issuer shall be excluded and shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article, and the Issuer shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article. At the time of any consent or other action under this Article, the Issuer shall furnish the Trustee an Officer's Certificate, upon which the Trustee may rely, describing all Bonds so to be excluded.

Section 906 Notation on Bonds. Bonds delivered after the effective date of any action taken as in Article VIII or this Article provided may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the Issuer and the Trustee as to such action, and in that case upon demand of the Holder of any Bond Outstanding at such effective date and presentation of such Bond for such purpose at the Principal Office of the Trustee, suitable notation shall be made on such Bond by the Trustee as to any such action.

If the Issuer or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Issuer conform to such action shall be prepared and delivered, and upon demand of the Holder of any Bond then Outstanding, shall be exchanged, without cost to such Bondholder, for Bonds of the same Series, designation, maturity and interest rate then Outstanding upon surrender of such Bonds.

Section 907 Additional Contracts or Indentures. The Issuer, so far as it may be authorized by law, may and if requested by any Fiduciary shall enter into additional contracts or indentures with any Fiduciary giving effect to any modification or amendment of the Indenture as provided in Article VIII or in this Article.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES OF BONDHOLDERS

Section 1001 Powers of Trustee. The Issuer hereby determines that there shall be, and there hereby are, vested in the Trustee, in addition to all its property, rights, powers and duties mentioned or referred to in any other provision of the Indenture, the rights, powers and duties in this Article provided in trust for the Bondholders.

Section 1002 Events of Default. Each of the following shall constitute an event of default under the Indenture and is herein called "Event of Default":

(1) if interest on any of the Bonds shall not be paid when due, or any Principal Installment or redemption premium, if any, of any of the Bonds shall not be paid when due, whether at maturity or upon call for redemption; or

(2) if a default shall be made in the observance or performance of any covenant, contract or other provision in the Bonds or this Indenture and such default shall continue for a period of ninety (90) days after written notice to the Issuer from the Holders of at least fifty percent (50%) of the Principal Amount of the Bonds Outstanding at such time or from the Trustee specifying such default and requiring the same to be remedied; or

(3) if there shall have been entered an order or decree, by a court having jurisdiction in the premises, for relief against the Issuer in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Issuer or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and such order or decree shall have continued unstayed and in effect for a period of sixty (60) consecutive days; or

(4) if there shall have been instituted or commenced by the Issuer a voluntary case under any applicable bankruptcy, insolvency, receivership or other similar law now or hereafter in effect, or the Issuer shall have consented to the entry of an order for relief against it in any involuntary case under any such law, or to the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Issuer or of any substantial part of its property, or the Issuer shall have made an assignment for the benefit of

creditors, or failed generally to pay its debts as they become due, or admitted in writing such failure, or shall have taken any action in the furtherance of any such action;

(5) if the State has limited or altered the rights of the Issuer pursuant to the Act, as amended to the date of this Indenture, to fulfill the terms of any agreements made with the Holders of Bonds or in any way impaired the rights and remedies of Holders of Bonds prior to the time such Bonds, together with the interest thereon and with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders, are fully met and discharged; or

(6) any other event specified in a Series Indenture.

Notwithstanding the provisions set forth in this Section 1002, any Series Indenture may limit the conditions under which the above-enumerated “Events of Default” are applicable to the Series of Bonds delivered pursuant to such Series Indenture or provide for additional “Events of Default” with respect to the Series of Bonds delivered pursuant to such Series Indenture.

Section 1003 Enforcement by Trustee. Upon the happening and continuance of an Event of Default described in the preceding Section, the Trustee shall give notice of such Event of Default to each Credit Provider, and in its own name and as trustee of an express trust, on behalf and for the benefit and protection of the Holders of all Bonds may, after notice to the Issuer, and upon the written request of any Credit Provider or of the Holders of not less than twenty five percent (50%) in Principal Amount of the Bonds then Outstanding shall, proceed to protect and enforce any rights of the Trustee and, to the full extent that the Holders of such Bonds themselves might do, the rights of such Bondholders under the laws of the State or under this Indenture by such of the following remedies as the Trustee shall deem most effectual to protect and enforce such rights:

(1) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Holders of Bonds, including the right to require the Issuer to receive and collect Revenues adequate to carry out the pledge, the assignments in trust and the covenants and agreements made herein, and to require the Issuer to carry out any other covenant or agreement with Bondholders and to perform its duties under the Act;

(2) by bringing suit upon the Bonds;

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

(4) by realizing or causing to be realized through sale or otherwise upon the security pledged hereunder;

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

(6) by declaring all Bonds immediately due and payable and, if all defaults shall be made good, then, with the written consent of the Holders of not less than fifty percent (50%) in Principal Amount of the Outstanding Bonds, to annul such declaration and its

consequences; provided that a Credit Provider may request acceleration only if the Credit Facility will be available for payment of principal of and interest on the Bonds as accelerated, and may prevent acceleration only if the Credit Facility will be available for payment of principal of and interest on the Bonds as regularly scheduled; and provided, that interest shall cease to accrue on the date of such declaration.

In the enforcement of any rights and remedies hereunder, the Trustee, in its own name and as trustee of an express trust on behalf of and for the benefit of the Holders of all Bonds, shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Issuer for principal, Redemption Price, interest or otherwise, under any provision hereof or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against the Issuer for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any moneys available for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable.

Notwithstanding the provisions set forth in this Section 1003, any Series Indenture may limit the above-enumerated enforcement provisions upon the happening and continuance of an Events of Default or provide for additional enforcement provisions upon the happening and continuance of an Events of Default with respect to the Series of Bonds delivered pursuant to such Series Indenture.

Section 1004 Representation of Bondholders by Trustee. The Trustee is hereby irrevocably appointed (and the Bondholders by accepting and holding the Bonds shall be conclusively deemed to have so appointed the Trustee and to have mutually covenanted and agreed, each with the other, not to revoke such appointment) the true and lawful attorney in fact of the Bondholders with power and authority, in addition to any other powers and rights heretofore granted the Trustee, at any time in its discretion to make and file in any proceeding in bankruptcy or judicial proceedings for reorganization or liquidation of the affairs of the Issuer either in the respective names of the Bondholders or on behalf of all the Bondholders as a class, any proof of debt, amendment of proof of debt, petition or other document, to receive payment of any sums becoming distributable to the Bondholders, and to execute any other papers and documents and do and perform any and all such acts and things as may be necessary or advisable in the opinion of the Trustee in order to have the respective claims of the Bondholders against the Issuer allowed in any bankruptcy or other proceeding.

Section 1005 Limitation on Powers of Trustee. Nothing in the Indenture shall be deemed to give power to the Trustee either as such or as attorney in fact of the Bondholders to vote the claims of the Bondholders in any bankruptcy proceeding or to accept or consent to any plan of reorganization, readjustment, arrangement or composition or other like plan, or by other action of any character to waive or change any right of any Bondholder or to give consent on behalf of any Bondholder to any modification or amendment hereof requiring such consent or to any Supplemental Indenture requiring such consent pursuant to the provisions of Article VIII or Article IX.

Section 1006 Action by Trustee. (A) All rights of action hereunder or upon any of the Bonds enforceable by the Trustee may be enforced by the Trustee without the possession of any of the Bonds or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee may be brought in its name for the ratable benefit of the Holders of said Bonds subject to the provisions hereof.

(B) In any action, suit or other proceeding by the Trustee, the fees, counsel fees and expenses of the Trustee shall constitute chargeable costs and disbursements, and all costs and disbursements allowed by the court shall be a first charge on the Revenues.

Section 1007 Accounting and Examination of Records after Default. The Issuer covenants with the Trustee and the Bondholders that, if an Event of Default shall have happened and shall not have been remedied, (1) the books of record and accounts of the Issuer and all records relating to the Bonds and the Loans shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys, and (2) the Issuer, whenever the Trustee shall demand, will account, as if it were the trustee of an express trust, for all Revenues and other moneys, securities and funds pledged or held under the Indenture for such period as shall be stated in such demand.

Section 1008 Restriction on Bondholder's Action. (A) No Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any provision hereof or for the execution of any trust hereunder or for any other remedy hereunder, unless (1)(a) such Holder previously shall have given to the Issuer and the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, (b) after the occurrence of such Event of Default, written request shall have been made of the Trustee to institute such suit, action or proceeding by any Credit Provider or by the Holders of not less than fifty percent (50%) in Principal Amount of the Bonds then Outstanding and there shall have been offered to the Trustee security and indemnity satisfactory to it against the costs and liabilities to be incurred therein or thereby, and (c) the Trustee shall have refused or neglected to comply with such request within a reasonable time; or (2)(a) such Holder previously shall have obtained the written consent of the Trustee to the institution of such suit, action or proceeding, and (b) such suit, action or proceeding is brought for the ratable benefit of all Holders of all Bonds subject to the provisions hereof.

(B) No Holder of any Bond shall have any right in any manner whatever by its, his or her action to affect, disturb or prejudice the pledge of Revenues and other assets hereunder, or, except in the manner and on the conditions in this Section provided, to enforce any right or duty hereunder.

Section 1009 Application of Moneys after Default.

(A) All moneys collected by the Trustee at any time pursuant to this Article shall, except to the extent, if any, otherwise directed by the court, be credited by the Trustee as set forth in each Series Indenture.

(B) Subject in all instances to the provisions of Section 1013 hereof, in the event that at any time the moneys credited to any Account held by the Issuer or Fiduciaries

available for the payment of interest or principal or Redemption Price then due with respect to Bonds shall be insufficient for such payment, such moneys and funds (other than funds held for the payment or redemption of particular Bonds as provided in Section 1203) shall be applied as follows:

(i) Unless the principal of all of the Bonds shall have become or have been declared due and payable:

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference or to reimburse any Credit Provider for amounts advanced for payment thereof; and

Second: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order in which they become due and payable, and, if the amount available shall not be sufficient to pay in full all the Bonds so due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference, or to reimburse any Credit Provider for amounts advanced for payment thereof.

(ii) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal or Redemption Price of and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds, or to reimburse any Credit Provider for amounts advanced for payment thereof.

Section 1010 Remedies Not Exclusive. No remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to Bondholders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 1011 Control of Proceedings. In the case of an Event of Default, the Holders of a majority in Principal Amount of the Bonds then Outstanding shall have the right, subject to the provisions of Section 1008, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee; provided, however, that the Trustee shall have the right to decline to follow any direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to Bondholders not parties to such direction.

Section 1012 Effect of Waiver and Other Circumstances. No delay or omission of the Trustee or of any Holders of Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or acquiescence therein, and every right, power and remedy granted or provided herein to them or any of them may be exercised from time to time and as often as may be deemed expedient by the Trustee or, in an appropriate case, by the Bondholders.

Section 1013 Subordination. No claim for interest appertaining to any of the Bonds which claim in any way at or after maturity shall have been transferred or pledged by or at the instance of the Issuer separate and apart from the Bond to which it appertains shall, unless accompanied by such Bond, be entitled in case of an Event of Default hereunder to any benefit by or from this Indenture except after the prior payment in full of the principal and Redemption Price of all of the Bonds then due and of all claims for interest then due not so transferred or pledged.

Section 1014 Right to Enforce Payment of Bonds Unimpaired. Nothing in this Article contained shall affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on its Bonds, or the obligation of the Issuer to pay the principal of and interest on each Bond to the Holder thereof, at the time and place expressed in such Bond.

Section 1015 Termination of Proceedings. In case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, then in every such case the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

ARTICLE XI

THE FIDUCIARIES

Section 1101 Appointment of Trustee. Wells Fargo Bank, National Association, is hereby appointed as Trustee hereunder for the purpose of receiving all moneys which the Issuer is required to deposit or cause to be deposited with the Trustee hereunder, to hold in trust, allocate, use and apply the same as provided in this Indenture and otherwise to hold all the offices and to perform all the functions and duties provided in this Indenture to be held and performed by the Trustee. The Trustee shall, prior to an Event of Default, and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of Default (which has not been cured), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a reasonable person would exercise or use under the circumstances in the conduct of such person's own affairs. The Trustee hereby signifies its acceptance of the duties and obligations imposed upon it by this Indenture by executing and delivering this Indenture; and by executing and delivering this Indenture, the Trustee is deemed to have accepted such duties and obligations, but only upon the terms and conditions set forth in this Indenture. No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights and powers, if it

shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. The Trustee shall perform its functions and duties hereunder on its own behalf as Trustee hereunder.

The Issuer and the Trustee shall establish such accounting, notice and other relationships as are necessary to provide for the operation of the accounts and sub-accounts created under or pursuant to Articles IV and V hereof, and the handling of the assets (including Loans) credited thereto in accordance herewith.

Section 1102 Term of Office of Trustee.

(A) The Issuer may remove the Trustee upon thirty (30) days' prior written notice at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Holders of not less than a majority in aggregate Principal Amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with paragraph (D) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee, and thereupon shall appoint a successor Trustee by Supplemental Indenture.

(B) The Trustee may at any time resign by giving written notice of such resignation to the Issuer and each Credit Provider and by giving each Bondholder notice of such resignation by mail. Upon receiving such notice of resignation, the Issuer shall promptly appoint a successor Trustee by Supplemental Indenture.

(C) Any removal or resignation of the Trustee and appointment of a successor Trustee shall not become effective until acceptance of appointment by the successor Trustee and each Credit Facility has been transferred to such successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty five (45) days of giving notice of removal or notice of resignation as aforesaid, the Issuer, the resigning Trustee, any Credit Provider or any Bondholder (on behalf of itself and all other Bondholders) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Issuer and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless on the request of the Issuer or request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture, and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the

trusts and conditions herein set forth. Upon request of the successor Trustee, the Issuer shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Any such successor Trustee shall promptly notify each Credit Provider and Paying Agent of its appointment as Trustee. Upon acceptance of appointment by a successor Trustee as provided in this paragraph (C), the Issuer shall mail to each Bondholder a notice of the succession of such Trustee to the trusts hereunder. If the Issuer fails to mail such notice within ten (10) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed.

(D) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a trust company or bank having the powers of a trust company doing business and having an office in California, having a combined capital and surplus of at least seventy-five million dollars (\$75,000,000), and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this paragraph (D), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

Section 1103 Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under paragraph (D) of Section 1102, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 1104 Compensation. Subject to the terms of any other contract between the Issuer and the Trustee, the Issuer shall pay to the Trustee from time to time reasonable compensation for all services rendered under this Indenture and reasonable expenses, charges, fees of counsel, accountants and consultants and other disbursements, including those of their attorneys, agents and employees, incurred in good faith in and about the performance of their powers and duties under this Indenture. The Issuer further agrees, to the extent permitted by law, to indemnify and save the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers, functions and duties under this Indenture, which are not due to the Trustee's own negligence or willful misconduct.

Section 1105 Liability of Trustee. The recitals of facts herein and in the Bonds contained shall be taken as statements of the Issuer, and the Trustee assumes no responsibility for the correctness of the same, and makes no representation as to the validity or sufficiency of this Indenture or of the Bonds, and shall incur no responsibility in respect thereof, other than in connection with its duties or obligations herein or in the Bonds assigned or imposed. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance

of its duties hereunder, except for its own negligence or willful misconduct. Any Fiduciary may become the owner of Bonds with the same rights it would have if it were not such Fiduciary, and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders, whether or not such committee shall represent the Holders of a majority in Principal Amount of the Bonds then Outstanding.

Section 1106 Right of Trustee to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to the Issuer, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

The Trustee shall not be bound to recognize any person as the Holder of a Bond unless and until such Bond is submitted for inspection, if required, and such person's title thereto satisfactorily established if disputed.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the Issuer, and such Certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

Section 1107 Preservation and Inspection of Documents, Reports. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Issuer, any Credit Provider and the holders of at least five percent (5%) in Principal Amount of the Bonds, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions. Promptly after request therefor by the Issuer, any Credit Provider or such Bondholders, or their agents and representatives duly authorized in writing, the Trustee shall furnish a written report in reasonable detail of the amount and description of any or all funds or investments held by it under this Indenture.

Section 1108 Paying Agents.

(A) The Trustee is hereby appointed to act as Paying Agent for the Bonds. The Issuer may, at any time or from time to time, by Series Indenture or an Officer's Certificate, appoint one or more additional or replacement Paying Agents for one or more Series of the Bonds. Each Paying Agent shall be a bank, trust company or national banking association doing business and having its principal office in the States of California, Illinois or New York, having trust powers and having a capital and surplus aggregating at least fifty million dollars (\$50,000,000), willing and able to accept the office on reasonable and customary terms and

authorized by law to perform all the duties imposed upon it hereby. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it hereby by executing and delivering to the Issuer and the Trustee a written acceptance thereof. The Trustee shall enter into such arrangements with any such Paying Agent as shall be necessary and desirable to enable such Paying Agent to carry out the duties of its office. The Issuer may remove any Paying Agent at any time by giving written notice of such removal to such Paying Agent and to the Trustee. Any Paying Agent may at any time resign by mailing notice of such resignation to the Issuer, the Trustee, the Bondholders and any related Credit Provider. In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, transfer, assign and deliver any moneys held by it to its successor or, if there be no successor then appointed, to the Trustee. The Trustee shall mail prompt notice to the Bondholders and the Credit Providers of the acceptance of appointment by any successor Paying Agent. Any Paying Agent appointed under the provisions of this Section shall satisfy the criteria for eligibility set forth in this paragraph (A) with respect to an original appointment as a Paying Agent.

(B) The Issuer shall maintain Paying Agents for each Series of Bonds in such places as may be specified by the applicable Series Indenture.

(C) Any company into which any Paying Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which any Paying Agent shall be a party or any company to which such Paying Agent may sell or transfer all or substantially all of its corporate trust business, provided such company is qualified to be a successor to such Paying Agent under paragraph (A) of this Section and shall be authorized by law to perform all the duties imposed upon it hereby, shall be the successor to such Paying Agent without the execution or filing of any paper or the performance of any further act.

ARTICLE XII

MISCELLANEOUS

Section 1201 Defeasance. (A) If the Issuer shall pay or cause to be paid to the Holders of the Bonds the principal and interest or Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and herein, and shall pay or cause to be paid all other Secured Obligations hereunder (unless waived by the beneficiaries of such Secured Obligations), then the pledge of the Revenues, Loans, Accounts and moneys and securities therein hereby pledged and the covenants, agreements and other obligations of the Issuer to the Bondholders hereunder shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Issuer expressed in an Officer's Certificate delivered to the Trustee, execute and deliver to the Issuer all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over and deliver to the Issuer all moneys or securities held by them pursuant hereto which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption and shall reconvey to the applicable Credit Provider any credit facility or liquidity facility in accordance with its terms or as may be directed by the Credit Provider.

(B) Any Bonds or interest installments appertaining thereto for the payment or redemption of which moneys shall have been deposited with the Trustee by or on behalf of the Issuer, whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid within the meaning of this Section; provided, however, that if any such Bonds are to be redeemed prior to maturity thereof, there shall have been taken all action necessary to call such Bonds for redemption and notice of such redemption shall have been duly given or provision satisfactory to the Trustee shall have been made as follows: (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Trustee in form satisfactory to it irrevocable instructions to provide, as provided in Article VII hereof, notice of redemption on said date of such Bonds, and (b) in the event said Bonds are not by their terms subject to redemption within the next succeeding thirty (30) days, the Issuer shall have given the Trustee in form satisfactory to it irrevocable instructions to provide written notice to the Bondholders, as soon as practicable, that the deposit required by this Section has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, of said Bonds. No moneys so deposited with the Trustee shall be withdrawn or used for any purpose other than, and all such moneys shall be held in trust for and be applied to, the payment, when due, of the principal or Redemption Price of the Bonds for the payment or redemption of which they were deposited and the interest accrued thereon to the date of maturity or redemption, excepting only that (a) any money so held by the Trustee for the payment of the Holders of any particular Bonds of principal or Redemption Price of, or interest on, such Bonds shall be invested by the Trustee, upon receipt of an Officer's Certificate of the Issuer, authorizing such investment, only in Investment Obligations described in clause (i) of the definition thereof in Section 101 hereof as the Issuer may approve; provided that any cash received from principal or interest payments on such Investment Obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in such Investment Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Issuer, to the extent not needed for payment of the Bonds as aforesaid, as received by the Trustee, free and clear of any trust, lien, assignment in trust or pledge.

(C) As an alternative cumulative to and not excluding the provisions of paragraph (B) of this Section, any Bonds or interest installments appertaining thereto, whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid within the meaning of this Section if (1) in case any such Bonds are to be redeemed prior to the maturity thereof, there shall have been taken all action necessary to call such Bonds for redemption and notice of such redemption shall have been duly given or provision satisfactory to the Trustee shall have been made as set forth in paragraph (B) of this Section, and either (i) there shall have been deposited with the Trustee by or on behalf of the Issuer either (a) moneys in an amount which shall be sufficient, or (b) Investment Obligations described in (i) of the definition thereof in Section 101 the principal of and the interest on which when due and without reinvestment will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be; or (ii) the Credit Provider for such Bonds shall

have consented to such redemption and shall have agreed to advance amounts sufficient to provide the amount described in the preceding clause (i). Neither such Investment Obligations nor any moneys so deposited with the Trustee nor any moneys received by the Trustee on account of principal of or interest on said Investment Obligations shall be withdrawn or used for any purpose other than the payment, when due, of the principal or Redemption Price of the Bonds for the payment or redemption of which they were deposited and the interest accrued thereon to the date of maturity or redemption, and all such moneys shall be held in trust for and be applied to such payment until such payment is made.

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

(E) Anything herein to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for two years after the date when such Bonds have become due and payable, either at maturity or by call for redemption, if such moneys were held by the Fiduciary at said date, or for two years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds became due and payable, shall, at the request of the Issuer expressed in one or more Officer's Certificates delivered to the Trustee, be paid by the Fiduciary to the Issuer as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Holders of such Bonds shall look only to the Issuer for the payment thereof; provided, however, that before being required to make any such payment to the Issuer, the Fiduciary shall, at the expense of the Issuer, cause written notice to be sent to the Holders of such Bonds, at the address shown on the registration books of the Trustee, that said moneys remain unclaimed and that, after a date named in said notice, the balance of such moneys then unclaimed will be paid to the Issuer.

(F) Notwithstanding the provisions set forth above in this Section 1201, any Series Indenture may provide additional requirements or limitations with respect to the Series of Bonds delivered pursuant to such Series Indenture.

Section 1202 Evidence of Signatures of Bondholders and Ownership of Bonds.

Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys duly authorized in writing. Proof of (1) the execution of any such instrument, or of an instrument appointing or authorizing any such attorney, or (2) the holding by any person of any Bonds shall be sufficient for any purpose hereof if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(A) The fact and date of the execution by any Bondholder or his or her attorney of any such instrument may be proved (1) by the certificate of a notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he or she purports to act that the person signing such instrument acknowledged to him or her the execution thereof, or by the affidavit of a witness of such execution, duly sworn to before such a notary public or other officer, or (2) by the certificate, which need not be acknowledged or verified, of an officer of a bank, trust company or duly licensed securities broker or dealer satisfactory to the Trustee that the person signing such instrument acknowledged to such bank, trust company, firm or broker or dealer the execution thereof.

(B) The authority of a person or persons to execute any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or a vice president of such corporation with a corporate seal affixed, and is attested by a person purporting to be its secretary or assistant secretary.

(C) The holding of Bonds, the amount, numbers and other identification thereof, and the date of holding the same, shall be proved by the Bond registration books of the Trustee.

Any request, consent or other instrument executed by the Holder or owner of any Bond shall bind all future Holders and owners of such Bond in respect of anything done or suffered to be done hereunder by the Issuer or any Fiduciary in accordance therewith.

Section 1203 Moneys Held for Particular Bonds. The amounts held by any Fiduciary for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds shall, pending such payment, be set aside and held in trust by it for the Holders of the Bonds entitled thereto, and for the purposes hereof such interest, principal or Redemption Price, after the due date thereof, shall no longer be considered to be unpaid.

Section 1204 Cancellation of Bonds. All Bonds purchased, redeemed or paid shall, if surrendered to the Issuer or any Paying Agent, be cancelled by either of them and delivered to the Trustee, or if surrendered to the Trustee, be cancelled by it. No such Bonds shall be deemed Outstanding hereunder and no Bonds shall be issued in lieu thereof.

Section 1205 Preservation and Inspection of Documents. All reports, certificates, statements and other documents received by any Fiduciary under the provisions hereof shall be retained in its possession and shall be available at all reasonable times to the inspection of the Issuer, any other Fiduciary or any Bondholder, and their agents and their representatives, any of whom may make copies thereof, but any such reports, certificates, statements or other documents may, at the election of such Fiduciary, be destroyed or otherwise disposed of at any time six years after such date as the pledge of the Revenues created hereby shall be discharged as provided in Section 1201.

Section 1206 No Recourse on Bonds. All covenants, stipulations, promises, agreements and obligations of the Issuer contained in this Indenture shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Issuer and not of any

director, officer or employee of the Issuer in his or her individual capacity, and no recourse shall be had for the payment of the principal or Redemption Price of or interest on the Bonds or for any claim based thereon or hereunder against any director, member, officer or employee of the Issuer or any natural person executing the Bonds.

Section 1207 Waiver of Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 1208 Destruction of Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Issuer of any Bonds the Trustee shall destroy such Bonds and deliver a certificate of such destruction to the Issuer.

Section 1209 Notices. Unless otherwise specified herein or in a Series or Supplemental Indenture, it shall be sufficient service or giving of any notice, request, certificate, demand or other communication if the same shall be sent by registered or certified mail, return receipt requested, or by private courier service which provides evidence of delivery, postage or other charges prepaid, or sent by telecopy or other electronic means which produces evidence of transmission, confirmed by first class mail, and in each case shall be deemed to have been given on the date evidenced by the postal or courier receipt or other written evidence of delivery or electronic transmission. Unless a different address is given by either party as provided in this Section, all such communications shall be addressed: to the Trustee at its Principal Office at 333 Market Street, 18th Floor MAC# A0119-181, San Francisco, California 94105, Attention: Corporate Trust Services, or, with respect to payments on the Bonds, demands for payment with respect to any Credit Facility and exchanges or transfers of any Bonds, the office of Wells Fargo Bank, National Association, 18th Floor MAC# A0119-181, San Francisco, California 94105, Attention: Corporate Trust Services; and to the Issuer at 101 Eighth Street, Oakland, California 94607, Attention: Public Finance Director. The Issuer and the Trustee, by notice given hereunder, may designate any different addresses to which subsequent notices, certificates, requests, demands or other communications shall be sent.

All written notices required under the Indenture shall be by hand delivery, by first class mail (postage prepaid), or by telegram (charges prepaid), by facsimile transmission, or by cablegram, telex or teletype, promptly confirmed by letter (postage prepaid), and any such notice shall be effective when received.

Section 1210 Credit Providers. (A) Any Series Indenture may provide, with respect to any consent, approval, direction or request to be given by any required percentage of Holders of Bonds (i) that the Credit Provider for such Bonds may give any such consent, approval, direction or request, and the same shall be deemed to have been given by the Holders of the required percentage of such Bonds, or (ii) that any Bonds purchased with the proceeds of advances made by a Credit Provider shall be deemed to be held by such Credit Provider, which shall be considered the Holder of such Bonds for all purposes of determining whether a sufficient percentage of Holders of Bonds have given any such consent, approval, direction or request; and

specifically the Holders of such Series of Bonds shall not be entitled to request action by the Trustee under Section 1003 if such Credit Provider does not request such action.

(B) Notwithstanding anything contained herein to the contrary, all provisions hereof regarding consents, approvals, directions, waivers, appointments, requests or other actions by any Credit Provider shall be deemed not to require or permit such consents, approvals, directions, waivers, appointments, requests or other actions and shall be read as if such Credit Provider were not mentioned therein (a) during any period during which there is a payment default under its Credit Facility, or (b) after the related Credit Facility shall at any time for any reason cease to be valid and binding on such Credit Provider, or shall be declared to be null and void by final judgment of a court of competent jurisdiction, or after such Credit Provider has rescinded, repudiated or terminated the related Credit Facility; provided, however, that the payment of amounts due to such Credit Provider pursuant to the terms hereof shall continue in full force and effect. The foregoing shall not affect any other rights of such Credit Provider.

All provisions herein relating to the rights of any Credit Provider shall be of no force and effect if there is no Credit Facility in effect and there are no Bonds owned by such Credit Provider or in which the Credit Provider has a security interest and all amounts owing to the Credit Provider have been paid. In such event, all references to such Credit Provider shall have no force or effect.

Section 1211 Execution of Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Issuer and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS has caused this Indenture to be signed in its name by its Secretary, and WELLS FARGO BANK, NATIONAL ASSOCIATION, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by one of its authorized officers, all as of the day and year first above written.

ABAG FINANCE AUTHORITY FOR
NONPROFIT CORPORATIONS

By _____
Secretary

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee

By _____
Authorized Officer

ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS

and

**WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee**

SERIES INDENTURE

Dated as of December 1, 2009

**\$65,785,000
ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS
AFFORDABLE MULTIFAMILY HOUSING REVENUE BONDS
2009 SERIES A**

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THIS SERIES INDENTURE (herein called the "Series Indenture"), made and entered into as of December 1, 2009, by and between the ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS, a joint exercise of powers agency organized and existing under the laws of the State of California (herein called the "Issuer"), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, having a corporate trust office in San Francisco, California, and being qualified to accept and administer the trusts hereby created, as trustee (herein called the "Trustee");

WITNESSETH:

WHEREAS, the Issuer is authorized pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California in accordance with Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California, as amended (the "Act"), to issue revenue bonds for the purpose of financing the acquisition, construction/rehabilitation or development of multifamily rental housing;

WHEREAS, the Issuer has determined to borrow money for the purpose of financing or refinancing the acquisition, construction/rehabilitation or development and to that end has duly authorized the issuance of its bonds under an Indenture, dated as of December 1, 2009, by and between the Issuer and the Trustee (the "General Indenture"), as supplemented by this Series Indenture, and as it may be hereafter supplemented and amended (herein collectively called the "Indenture"), and to secure the payment of the principal thereof and of the interest and premium (if any) thereon, and the observance of the covenants and conditions herein contained, has authorized the execution and delivery of the Indenture, including this Series Indenture;

WHEREAS, said bonds are to be issued pursuant to the Indenture and any one or more Series Indentures, and designated the "ABAG Finance Authority for Nonprofit Corporations Affordable Multifamily Housing Revenue Bonds" (herein called the "Bonds"), from time to time, in an aggregate principal amount not limited except as therein may be provided;

WHEREAS, the Issuer has not previously issued any Bonds under the Indenture;

WHEREAS, the Issuer has determined to issue hereunder a series of Bonds, additionally designated "2009 Series A" in the aggregate principal amount of sixty-five million seven hundred eighty thousand dollars (\$65,780,000) (herein called the "2009 Series A Bonds"); and

WHEREAS, all acts and proceedings required by law, including the Act, and by the Indenture, including all action requisite on the part of the Issuer, its Board of Directors, its members and its officers, necessary to make the 2009 Series A Bonds, when executed by the Issuer, caused to be authenticated and delivered by the Trustee and duly issued, the valid, binding and legal obligations of the Issuer, and to constitute this Series Indenture a valid and binding agreement for the uses and purposes herein set forth, in accordance with its terms, have been done and taken, and the execution and delivery of this Series Indenture have been in all respects duly authorized;

NOW, THEREFORE, IN CONSIDERATION OF THE COVENANTS AND PREMISES HEREIN CONTAINED, THIS SERIES INDENTURE WITNESSETH that the Issuer agrees and covenants with the Trustee as follows:

ARTICLE I

DEFINITIONS AND MISCELLANEOUS

Section 101 Definitions. Unless the context otherwise requires, capitalized terms used in this Series Indenture shall, for all purposes of this Series Indenture, have the meanings specified in the General Indenture or in the recitals hereto or in this Section. As used in this Series Indenture with respect to the 2009 Series A Bonds, the following terms shall have the following meanings:

“Fannie Mae” means the Federal National Mortgage Association and its successors and assigns.

“Freddie Mac” means the Federal Home Loan Mortgage Corporation and its successors and assigns.

“GSE” means Fannie Mae or Freddie Mac.

“NIBP Supplement” means the Appendix to Indenture provided in connection with the New Issue Bond Program of Treasury, Fannie Mae, Freddie Mac and the Federal Housing Finance Agency, attached hereto as Appendix B.

“Program” means the Issuer’s program of making or acquiring Loans pursuant to the Indenture.

“Record Date” for the 2009 Series A Bonds means the close of business on the fifteenth (15th) day (whether or not a Business Day) immediately preceding each Interest Payment Date or date fixed for redemption.

“Settlement Date” means January 12, 2010, the date of settlement of the 2009 Series A Bonds pursuant to the Settlement Agreement.

“Settlement Agreement” means the Settlement Agreement, dated as of December 1, 2009, among Fannie Mae, Freddie Mac, Treasury, and the Issuer, providing for settlement of certain GSE securities related to the 2009 Series A Bonds and funding of the purchase price of the 2009 Series A Bonds.

“Treasury” means the United States Department of the Treasury.

“2009 Series A Bonds” means the Issuer’s Affordable Multifamily Rental Housing Bonds 2009 Series A, issued pursuant to this Series Indenture in the aggregate principal amount of \$65,780,000.

Section 102 Captions and Index. Any captions, titles or headings preceding the text of any Article or Section herein and any table of contents or index attached to this Series Indenture or any copy hereof are solely for convenience of reference and shall not constitute part of this Series Indenture or affect its meaning, construction or effect.

Section 103 Execution of Several Counterparts. This Series Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and any and all such counterparts shall together constitute but one and the same instrument.

Section 104 Ratification of Indenture. As amended and supplemented hereby, the Indenture and the trusts conferred thereby are in all respects confirmed, and the Indenture, all indentures supplemental thereto and this Series Indenture shall be read, taken and considered as one instrument.

Section 105 Invalidity of Certain Provisions. In case any one or more of the provisions contained in this Series Indenture should be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions contained in this Series Indenture, and, to the extent and only to the extent that any such provision is invalid, illegal or unenforceable, this Series Indenture shall be construed as if such provision had never been contained herein.

Section 106 Defined Terms. Capitalized terms not otherwise defined in the General Indenture or in this Series Indenture shall have the meanings given to such terms in the NIBP Supplement.

ARTICLE II

THE 2009 SERIES A BONDS

Section 201 Authorization and Terms.

(A) Authorization, Amount and Designation of Bonds. In order to provide funds necessary for the Program, in accordance with and subject to the terms, conditions and limitations established herein, a Series of Bonds are hereby authorized to be issued in the aggregate principal amount of \$65,780,000. The Issuer is of the opinion and hereby ratifies its previous determination that the issuance of Bonds in such amount is necessary to provide sufficient funds at this time to be used and expended to finance the acquisition, construction/rehabilitation or development of multifamily rental housing. The Series of Bonds issued and delivered hereunder in the aggregate principal amount of \$65,780,000 shall bear the designation of "2009 Series A" and each Bond of such Series shall be entitled "ABAG Finance Authority for Nonprofit Corporations Affordable Multifamily Housing Revenue Bonds 2009 Series A."

(B) Purpose of Series. The 2009 Series A Bonds are being issued to provide funds to be credited and applied pursuant to Article III of this Series Indenture.

(C) Terms; Record Date. Except as otherwise expressly provided herein, each of the terms of the 2009 Series A Bonds, including but not limited to their date of issuance, maturity dates, denominations, rates of interest, provisions for conversion to other interest rate modes, terms of redemption, use of proceeds, terms of amendment and notice provisions, shall be as provided the NIBP Supplement. The Record Date for the 2009 Series A Bonds shall be as set forth in the definition thereof in Section 101 of this Series Indenture

(D) Form. The 2009 Series A Bonds, the Trustee's certificate of authentication and registration relating thereto, and the assignment form to appear thereon are to be in substantially the form set forth in Exhibit A hereto, with necessary or appropriate variations, omissions and insertions, as permitted or required hereby.

(E) Paying Agent. The Trustee is hereby appointed Paying Agent and Registrar for the 2009 Series A Bonds.

Upon written request of a registered owner of five million dollars (\$5,000,000) or more in Principal Amount of any 2009 Series A Bonds received on or before the applicable Record Date, payments of interest and principal (including redemption price) on such Bonds shall be made by wire transfer from the Trustee to the registered owner of such Bonds. Any such principal payment by wire transfer shall nevertheless be subject to prior surrender of the 2009 Series A Bond with respect to which such payment is made. Each payment of interest or principal on 2009 Series A Bonds, whether by check or wire transfer, shall be accompanied by information specifying the amount and the CUSIP number (if available).

ARTICLE III

APPLICATION OF 2009 SERIES ABOND PROCEEDS; OPERATION OF ACCOUNTS

Section 301 Establishment of 2009 Series A Bonds Program Account; Establishment of Escrow Fund; Application of Proceeds.

(A) There is hereby established a separate Account to be designated as the "2009 Series A Bonds Program Account." In the 2009 Series A Program Account there is hereby established a separate subaccount designated as the "2009 Series A Bonds Costs of Issuance Subaccount." Moneys in the 2009 Series A Program Account shall be used for the purposes as set forth in and as authorized by Article III of the NIBP Supplement and by Article IV of the General Indenture.

(B) There is hereby established a separate Account to be designated as the "Escrow Fund", to be held and administered by the Trustee in accordance with the NIBP Supplement. Amounts on deposit in the Escrow Fund are pledged solely for the payment of the 2009 Series A Bonds. The Trustee is directed to apply amounts on deposit in the Escrow Fund in accordance with the terms of the NIBP Supplement only. The Trustee shall make all payments of interest on Pre-Conversion Bonds on each Interest Payment Date and of the redemption price of any Pre-Conversion Bonds subject to redemption directly from the Escrow Fund, without transferring such funds to or through any Indenture fund or account.

(C) On the Settlement Date, the Trustee shall deposit the proceeds of the 2009 Series A Bonds and other amounts as follows:

(1) proceeds of the 2009 Series A Bonds in the amount of \$ _____, together with the Shortfall Amount received from the Issuer, into the Escrow Fund; and

(2) \$ _____ received from the Issuer, into the 2009 Series A Costs of Issuance Subaccount.

Escrowed Proceeds released from the Escrow Fund in accordance with the NIBP Supplement shall be deposited in the 2009 Series A Bonds Program Account. Such amounts shall be applied thereafter as provided in Article III of the NIBP Supplement. The Trustee is hereby authorized and directed to create such subaccounts as may be necessary in connection with the release and deposit of Escrowed Proceeds into the 2009 Series A Bonds Program Account.

Section 302 Operation of Accounts. The Trustee shall separately hold and account for the portion attributable to the 2009 Series A Bonds of each of the accounts and subaccounts created under or pursuant to Articles IV and V of the General Indenture, in each case subject to the provisions of the Indenture relating to the respective account or subaccount of which it is a part. The Issuer and the Trustee shall establish such accounting, notice and other relationships as are necessary to provide for the operation of each such account or subaccount, and the handling of the assets credited thereto in accordance with the Indenture. In addition, the following provisions shall apply to the operation of the accounts under the Indenture in connection with the 2009 Series A Bonds.

ARTICLE IV

SEVERABILITY

Section 401 Severability and Invalid Provisions. If any one or more of the covenants or agreements provided in this Series Indenture on the part of the Issuer to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Series Indenture.

IN WITNESS WHEREOF, the ABAG Finance Authority for Nonprofit Corporations has caused this Series Indenture to be signed in its name by its Secretary and Wells Fargo Bank, National Association, in token of its acceptance of the trusts created hereunder, has caused this Series Indenture to be signed in its corporate name by one of its authorized signatory, all as of the day and year first above written.

ABAG FINANCE AUTHORITY FOR
NONPROFIT CORPORATIONS

By: _____
Secretary

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee

By _____
Authorized Signatory

EXHIBIT A

[FORM OF 2009 SERIES A BOND]

No. AR-1

\$65,780,000

**ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS
AFFORDABLE MULTIFAMILY HOUSING REVENUE BONDS
2009 SERIES A**

Interest Rate	Maturity Date	Issue Date	CUSIP No.
Short-Term Rate	January 1, 2052	December 30, 2009	00037N NN2

REGISTERED OWNER:

PRINCIPAL SUM: SIXTY-FIVE MILLION SEVEN HUNDRED EIGHTY THOUSAND DOLLARS

The ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS, a joint exercise of powers agency organized and existing under the laws of the State of California (herein called the "Issuer"), for value received, hereby promises to pay to the registered owner identified above, or registered assigns, on the maturity date specified above (or upon prior redemption as hereinafter described), the principal sum specified above in lawful money of the United States of America; and to pay interest thereon in like money from the date hereof until payment of such principal sum is discharged as provided in the Indenture hereinafter referred to, ~~at the rate per annum specified above, payable on the dates set forth in the Indenture (each an "Interest Payment Date")~~. The principal (or redemption price) hereof is payable by check upon surrender hereof at the office of Wells Fargo Bank, National Association, as Trustee (herein called the "Trustee"), at 333 Market Street, San Francisco, California (its "Principal Office"), or, at the option of the registered owner hereof, at the office of Wells Fargo Bank, National Association, St. Paul, Minnesota. Interest hereon is payable by check mailed on each Interest Payment Date to the person in whose name this Bond or any predecessor Bond is registered as of the 15th day preceding the applicable Interest Payment Date at such person's address as it appears on the Bond registration books of the Trustee. Notwithstanding the foregoing, upon the written request of a registered owner of five million dollars (\$5,000,000) or more in aggregate principal amount of 2009 Series A Bonds, payments of interest on and, upon surrender hereof, principal of such Bonds shall be made by wire transfer from the Trustee to such registered owner.

This Bond is one of the duly authorized bonds of the Issuer designated as the “ABAG Finance Authority for Nonprofit Corporations Affordable Multifamily Housing Revenue Bonds” (herein called the “Bonds”), unlimited in aggregate principal amount, except as otherwise provided in the Indenture hereinafter mentioned, which issue of Bonds consists or may consist of one or more series of varying dates, maturities, interest rates, redemption and other provisions, all issued or to be issued pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California in accordance with Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California, as amended (the “Act”), and pursuant to that certain Indenture, dated as of December 1, 2009, by and between the Issuer and the Trustee, as the same may be amended and supplemented from time to time. This Bond is one of a duly authorized series of Bonds additionally designated “2009 Series A” (herein called the “2009 Series A Bonds”), limited to the principal amount of \$65,780,000, and issued pursuant to the Act, the Indenture and that certain Series Indenture (herein called the “Series Indenture”), dated as of December 1, 2009, by and between the Issuer and the Trustee. The Indenture mentioned above, as supplemented by the Series Indenture, is herein called the “Indenture”.

This Bond shall not be deemed to constitute a debt or liability of the State of California or of any political subdivision thereof, the Association of Bay Area Governments (“ABAG”) or the Issuer (other than the Issuer to the limited extent set forth in the Indenture), or a pledge of the faith and credit of the State of California or of any such political subdivision. The faith and credit of the Issuer, ABAG, the State of California or of any political subdivision of the State are not pledged to the payment of the principal of or interest on this Bond. The Issuer has no taxing power.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been signed by the Trustee.

This Bond is subject to redemption as provided in the Series Indenture.

Whenever less than all of the Bonds are called for redemption, Bonds shall be selected for redemption as provided in the Indenture.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption and the holder hereof shall have no rights hereunder or under the Indenture except to receive payment of the redemption price of this Bond.

If an Event of Default (as that term is defined in the Indenture) shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner, subject to the limitations, and with the effect provided in the Indenture. The Indenture provides that in certain events such declaration and its consequences may be rescinded.

The registered owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute actions to enforce the pledge, assignments in trust or covenants made therein or to take any action with respect to an Event of Default under the Indenture or to

institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

The 2009 Series A Bonds are issuable as registered Bonds without coupons in denominations set forth in the Series Indenture.

This Bond is transferable by the registered owner hereof, in person or by such registered owner's attorney duly authorized in writing, at said office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer, a new Bond or Bonds of the same Series, maturity and tenor and of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the transferee in exchange herefor.

The Issuer and the Trustee may treat the registered owner hereof as the absolute owner hereof for all purposes, and the Issuer and the Trustee shall not be affected by any notice to the contrary.

The Indenture contains provisions permitting the Issuer and the Trustee, without the consent of any Bondholder, or in certain instances with the consent of the Holders of not less than sixty percent (60%) in aggregate principal amount of the Bonds at the time outstanding, evidenced as provided in the Indenture, to execute supplemental indentures adding any provisions to, or changing in any manner, or eliminating any of the provisions of, the Indenture, provided, however, that no such supplemental indenture shall (1) extend the fixed maturity of this Bond or reduce the amount of the principal hereof, or extend the time of payment or reduce the amount of any sinking fund installment provided in the Indenture for the payment of this Bond, or reduce the rate of interest hereon, without the consent of the Holder of this Bond, or (2) reduce the percentage of aggregate principal amount of Outstanding Bonds for which the consent of the registered owners thereof is required to effect any such modification or amendment, permit the creation of any lien on the Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture or deprive the bondholders of the lien created by the Indenture (except as expressly provided therein), without the consent of the Holders of all the Bonds then Outstanding, all as more fully set forth in the Indenture.

Neither the members of the Board of Directors of the Issuer nor any officer or employee of the Issuer nor any person executing this Bond shall be subject to any personal liability or accountability by reason of the issuance hereof.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and statutes of the State of California or by the Act or the Indenture to exist, to have happened or to have been performed precedent to or in the issuance of the 2009 Series A Bonds exist, have happened and have been performed and that the issuance of the 2009 Series A Bonds, together with all other indebtedness of the Issuer, is within every debt and other limit prescribed by said Constitution or statutes.

IN WITNESS WHEREOF, the ABAG Finance Authority for Nonprofit Corporations has caused this Bond to be executed on its behalf by the facsimile signature of its Chief Financial Officer, and its seal to be reproduced hereon and attested by the facsimile signature of its Secretary, all as of the Issue Date set forth above.

ABAG FINANCE AUTHORITY FOR
NONPROFIT CORPORATIONS

By _____
Secretary

[TRUSTEE'S CERTIFICATE OF AUTHENTICATION AND REGISTRATION]

This is one of the Bonds described in the within mentioned Indenture and authenticated and registered on:

WELLS FARGO BANK, NATIONAL
ASSOCIATION,
as Trustee

By _____
Authorized Officer

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____,
Attorney, to transfer the said Bond on the Bond Register with full power of substitution in the
premises.

Dated: _____

Signature guaranteed: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements include membership or participation in STAMP or such other "signature guaranty program" as may be determined by the Trustee in addition to or in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT B
NIBP SUPPLEMENT

**Form of Supplemental Indenture/Resolution Appendix for Use with Multifamily Escrow
Bonds for the HFA Initiative New Issue Bond Program**

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NIBP SUPPLEMENT

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

Section 1.1 Appendix Definitions. The following terms shall, with respect to the Program Bonds, have the following meanings in this NIBP Supplement for so long as the Program Bonds remain Outstanding:

“Administrator” means U.S. Bank National Association, as administrator pursuant to that certain Administration Agreement by and among U.S. Bank National Association, Fannie Mae and Freddie Mac and concerning the administration of the Program, together with its successors and assigns in such capacity.

“Annual Filing” means the annual financial information required to be provided by the Issuer pursuant to a continuing disclosure undertaking of the Issuer pursuant to Rule 15c2-12, which information shall be provided to the GSEs pursuant to Section 5.3 hereof as and when required by Rule 15c2-12, whether or not Rule 15c2-12 applies to the Program Bonds.

“Authorized Denominations” means \$10,000 or any integral multiple of \$10,000 in excess thereof.

“Bond Counsel” means nationally recognized bond counsel selected by the Issuer.

“Bond Rating” means the long-term credit rating (without regard to any bond insurance or any other form of credit enhancement on the Bonds) assigned to the Program Bonds or Parity Debt by each Rating Agency then providing its long-term rating therefor. If more than one rating agency provides a rating, the “Bond Rating” is the lowest such rating.

“Certificate of Adverse Change” means a written notice from or on behalf of the GSEs or the Issuer stating that one or more of the certificates or opinions required to be delivered by the Issuer pursuant to the Placement Agreement has been revised or withdrawn prior to the receipt by the Issuer of proceeds of the Program Bonds on the Settlement Date.

“Code” means the Internal Revenue Code of 1986, as amended.

“Construction Program Bond Conversion Date” means the first day of the first month which is more than 48 months after the Settlement Date.

“Construction Program Bond Variable Rate” means a variable rate equal to the sum of (i) the index of the weekly index rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data, a Thomson Financial Services Company, or its successors, which meet specific criteria established by The Securities Industry and Financial Markets Association, such index currently known as The Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index or any successor to such index plus (ii) .50% per annum.

“Construction Program Bonds” means bonds issued to finance a multifamily mortgage loan guaranteed as to timely payment of principal and interest by a GSE, which bonds mature less than 34 years after the Settlement Date and bearing interest and having the terms set forth in Section 2.2(b) hereof. Construction Program Bonds may be either fixed rate Construction Program Bonds (which shall bear interest at the Permanent Rate on and after the Conversion Date) or Variable Rate Construction Program Bonds, which bear interest at the Construction Program Bond Variable Rate on and after the Release Date and at the Permanent Rate on and after the Construction Program Bond Conversion Date.

“Conversion” or *“Converting”* or *“Converted”* means the conversion or the converting of the interest rate on all or a portion of the Pre-Conversion Bonds from a Short-Term Rate to a Permanent Rate as provided herein.

“Conversion Date” means, with respect to all or a portion of Pre-Conversion Bonds that are converting to a Permanent Rate, the date two (2) months after the related Release Date; provided that there shall be no more than three (3) Conversion Dates.

“Converted Bonds” means Program Bonds that have been through the process of Conversion.

“Debt” of any Person means at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (d) all obligations of such Person as lessee under capital leases, (e) all debt of others secured by a lien on any asset of such Person, whether or not such debt is assumed by such Person, and (f) all Guarantees by such Person of debt of other Persons.

“Escrow Fund” means the fund, which is created hereby as a separate, noncommingled fund in which the Trustee will hold the Pre-Conversion Bond proceeds until the applicable Release Date or until such Pre-Conversion Bonds are redeemed.

“Escrowed Proceeds” means the portion of the proceeds of the Pre-Conversion Bonds that, together with the Shortfall Amount, must be set aside in the Escrow Fund pending the related Release Date.

“Fannie Mae” means the Federal National Mortgage Association, 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.

“FHA” means the Federal Housing Administration or its successors.

“FHA Loan” means a multifamily mortgage loan guaranteed as to payment of principal and interest (subject to standard limitations and qualifications) by FHA, with a fixed rate and a final maturity prior to the date which is no more than 42 years after the Settlement Date.

“Four Week T-Bill Rate” means the interest rate for Four Week Treasury Bills (secondary market) as reported by the Federal Reserve on its website at the following internet address -<http://www.federalreserve.gov/releases/h15/update/h15upd.htm>.

“Freddie Mac” means the Federal Home Loan Mortgage Corporation, a shareholder-owned government-sponsored enterprise organized and existing under the laws of the United States.

“GNMA” means the Government National Mortgage Association, a government-sponsored enterprise organized and existing under the laws of the United States.

“GSE” means either Fannie Mae or Freddie Mac or both, collectively, as the context may require.

“Guarantee” by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement condition or otherwise) or (b) entered into for the purpose of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part).

“Hedge” means any interest rate swap, interest rate cap, interest rate collar or other arrangement, contractual or otherwise, which has the effect of an interest rate swap, interest rate collar or interest rate cap or which otherwise (directly or indirectly, derivatively or synthetically) hedges interest rate risk associated with being a debtor of variable rate debt, or any agreement or other arrangement to enter into any of the above on a future date or after the occurrence of one or more events in the future.

“HUD” means the United States Department of Housing and Urban Development.

“Indenture” means, collectively, the Indenture, dated as of December 1, 2009, between the Issuer and the Trustee, as may be amended or supplemented from time to time, the Series Indenture and each series indenture or supplemental indenture amendatory thereof or supplement thereto.

“Interest Payment Date” means, with respect to Pre-Conversion Bonds, each Release Date (but such Release Date shall be an Interest Payment Date only for that portion of Pre-Conversion Bonds with respect to which Escrowed Proceeds are subject to release on such date), each Conversion Date (but such Conversion Date shall be an Interest Payment Date only with respect to those Pre-Conversion Bonds which are to become, as of such date, Converted Bonds), and each redemption date. Interest Payment Dates for each Converted Bond and each Construction Program Bond which is not a Variable Rate Construction Program Bond shall be January 1 and July 1. In addition, with respect to Variable Rate Construction Program Bonds, the first Business Day of each month after the Release Date to and including the Construction Program Bond Conversion Date shall be an Interest Payment Date.

“*Material Event Filing*” means the material event notices required to be provided by the Issuer pursuant to a continuing disclosure undertaking of the Issuer pursuant to Rule 15c2-12, which material event notices shall be provided to the GSEs pursuant to Section 5.3 hereof as and when required by Rule 15c2-12, whether or not Rule 15c2-12 applies to the Program Bonds.

“*MBS*” means a mortgage-backed security or securities issued by either GSE or by GNMA.

“*Multifamily Program Bond Limit*” means the amount of \$65,780,000 that has been allocated to the Issuer with respect to the Program Bonds.

“*Notice Parties*” means the Administrator, Fannie Mae, Freddie Mac and Treasury’s Financial Agent.

“*Notice Parties’ Addresses*” means the addresses of the Notice Parties set forth in Section 6.1 hereof as modified from time to time pursuant to Section 6.1 hereof.

“*Official Statement*” means an official statement or other offering document of the Issuer with respect to the Program Bonds.

“*Official Statement Supplement*” means the supplement or amendment to the official statement of the Issuer relative to the Conversion of Program Bonds to Converted Bonds.

“*Parity Debt*” means, at any given time, Debt, including the Program Bonds, that is now or hereafter Outstanding under the terms of the Indenture; provided, that such Debt is secured and is otherwise payable on a parity with the Program Bonds pursuant to the Indenture.

“*Permanent Rate*” means an interest rate per annum certified to the Trustee by the Special Permanent Rate Advisor on or prior to the Release Date, which shall be equal to the sum of (i) 3.45% plus (ii) the Spread.

“*Permanent Rate Calculation Date*” means the date on which the Permanent Rate is calculated with respect to all or a portion of the Program Bonds, which shall be, with respect to each applicable portion of the Pre-Conversion Bonds, a date acceptable to the GSEs selected by the Issuer on or prior to December 31, 2010 by delivery of a Release Certificate as provided in Section 2.3 hereof.

“*Permitted Escrow Investments*” means the investments represented by and provided pursuant to that certain Global Escrow Agreement dated as of the date thereof by and among the GSEs, the Trustee and U.S. Bank National Association, as escrow agent.

“*Permitted Mortgage Loans*” means (i) loans insured by FHA, including loans under the FHA risk-sharing program, (ii) loans guaranteed by GNMA, (iii) loans guaranteed by either GSE, and (iv) loans originated pursuant to underwriting criteria agreed to by the GSEs (which criteria are provided by the GSEs in writing for use in connection with the Program Bonds) which are either newly originated or refinanced as part of a refunding of variable rate debt of the Issuer issued on or before October 19, 2009, which debt was issued to acquire and finance the holding of multifamily loans described in (i)-(iv) above on or after October 19, 2004, so long as

all such loans are eligible to be financed on a tax-exempt basis under applicable federal income tax law.

“*Person*” means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or organization, including a governmental or political subdivision or an agency or instrumentality thereof.

“*Placement Agreement*” means the Placement Agreement among the Issuer and the GSEs, concerning the acquisition of the Program Bonds from the Issuer.

“*Pre-Conversion Bonds*” means Program Bonds for which the interest rate has not been the subject of a conversion.

“*Pre-Settlement Date*” means December 30, 2009.

“*Program*” means the Housing Finance Agency Initiative announced by Treasury on October 19, 2009.

“*Program Bonds*” means the Program Bonds authorized to be issued pursuant to Section 201 of the Series Indenture and Section 2.1 of this NIBP Supplement, and includes Pre-Conversion Bonds and Converted Bonds.

“*RDA*” means the Rural Development Agency of the United States Department of Agriculture or its successors.

“*Related Documents*” means this NIBP Supplement and the related Series Indenture, the Program Bonds, the Indenture, any investment agreement or repurchase agreement relating to security for Parity Debt, any surety bond or other credit or liquidity support relative to Parity Debt, and any Hedge entered into with respect to Parity Debt and payable on a parity therewith, as the same may be amended, supplemented or modified from time to time in accordance with their respective terms.

“*Release Date*” means such date or dates (not to exceed three (3) dates) on or prior to December 31, 2010 and which dates are acceptable to the GSEs, on which dates the requirements of Section 2.3 hereof are satisfied, including, without limitation, delivery of a Release Certificate as set forth hereto as Exhibit A.

“*Rule 15c2-12*” means Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

“*Series Indenture*” means the Series Indenture, dated as of December 1, 2009, between the Issuer and the Trustee, authorized to be executed and delivered pursuant to the provisions of the Indenture.

“*Settlement Date*” means January 12, 2010.

“*Shortfall Amount*” means the difference, as of the Settlement Date, between the proceeds of the Program Bonds to be received on such Settlement Date and the initial principal amount of such Program Bonds.

“*Short-Term Rate*” means, (i) for the period from the Settlement Date to the applicable Release Date, the interest rate which produces an interest payment on such Release Date relative to the Program Bonds with respect to which Escrowed Proceeds are subject to release on such Release Date equal to Investment Earnings and (ii) with respect to Program Bonds which are not Variable Rate Construction Program Bonds, from the Release Date to the Conversion Date, an interest rate equal to the sum of the Spread plus the lesser of (A) the Four Week T-Bill Rate as of the Business Day prior to the Release Date or (B) the Permanent Rate less the Spread. For purposes of this provision, “*Investment Earnings*” means total investment earnings on the portion of the Escrow Fund related to Program Bonds with respect to which a Release Date is occurring.

“*Special Permanent Rate Advisor*” means State Street Bank and Trust Company, and any successor or assign designated by Treasury.

“*Spread*” means (i) with respect to Program Bonds which are not Variable Rate Construction Program Bonds, additional per annum interest on the Program Bonds based upon the lowest Bond Rating of the Program Bonds effective as of the Permanent Rate Calculation Date under the Indenture by the rating agencies rating the Program Bonds, as follows:

Rating	Additional Spread
‘Aaa’/‘AAA’	60 bps
‘Aa’/‘AA’	75 bps
‘A’	110 bps

and, (ii) with respect to Program Bonds which are Variable Rate Construction Program Bonds, additional per annum interest on the Variable Rate Construction Program Bonds based upon the lowest Bond Rating of the Program Bonds effective as of the Permanent Rate Calculation Date under the Indenture by the rating agencies rating the Variable Rate Construction Program Bonds, as follows:

Rating	Additional Spread
‘Aaa’/‘AAA’	140 bps
‘Aa’/‘AA’	155 bps
‘A’	190 bps

“*Treasury*” means the United States Department of the Treasury.

“*Treasury’s Financial Agent*” means JPMorgan Chase Bank, N.A., as Treasury’s financial agent, or such other party as Treasury may appoint for such purpose from time to time.

“Variable Rate Construction Program Bonds” means bonds designated by the Issuer as Variable Rate Construction Program Bonds issued to finance a multifamily mortgage loan meeting the requirements of Section 3.2(a)(iii) hereof, which bonds mature no more than thirty-four (34) years after the Settlement Date and which bear interest and have the terms set forth herein.

“*Volume Cap*” means tax-exempt bond volume cap as described in Section 146 of the Code.

Section 1.2 Inconsistent Defined Terms. To the extent that any defined terms contained in Section 1.1 hereof are inconsistent with any terms in the Indenture or the Series Indenture, the defined terms contained herein shall control with respect to the Program Bonds.

Section 1.3 Other Defined Terms. Other capitalized terms contained in this NIBP Supplement and not otherwise defined herein, shall have the same meanings ascribed thereto in the Indenture.

ARTICLE II

TERMS OF PROGRAM BONDS

Section 2.1 Date, Maturities and Denominations.

(a) **Program Bonds.** The Program Bonds shall be dated December 30, 2009, shall bear interest from the Settlement Date and shall mature on the dates and in the principal amounts set forth below, except as otherwise provided herein:

Maturity	Principal Amount
January 1, 2052	\$65,780,000

(b) **Denominations.** The Program Bonds shall be issued only in Authorized Denominations and each Release Date shall apply to Program Bonds in Authorized Denominations.

Section 2.2 Interest Rates.

(a) Each Pre-Conversion Bond which is not a Variable Rate Construction Program Bond shall bear interest at the Short-Term Rate from the Settlement Date to the related Conversion Date. The interest rate on some or all of the Pre-Conversion Bonds which are not Variable Rate Construction Program Bonds may be Converted on a Conversion Date to a Permanent Rate in accordance with the provisions hereof.

(b) Each Pre-Conversion Bond which is a Variable Rate Construction Program Bond shall bear interest at the Short-Term Rate from the Settlement Date to the Release Date. On and after the Release Date to the Construction Program Bond Conversion Date, the Variable Rate Construction Program Bonds shall bear interest at the Construction Program Bond Variable Rate. On and after the Construction Program Bond Conversion

Date, the interest rate on the Variable Rate Construction Program Bonds shall be the Permanent Rate.

(c) Program Bonds bearing interest at the Construction Program Bond Variable Rate shall bear interest on the basis of actual days elapsed for a year of 365 or 366 days, as applicable. Bonds bearing interest at the Permanent Rate shall bear interest based on a 360-day year consisting of 12 30-day months.

Section 2.3 Release and Conversion.

(a) **General.** A Conversion may involve all or only a portion of the Pre-Conversion Bonds, provided that such Pre-Conversion Bonds may only be Converted in integral multiples of \$10,000. Any particular Pre-Conversion Bond may be Converted to a Permanent Rate only once. The Issuer may exercise its right of Conversion on no more than three (3) occasions and must cause each related Release Date to occur on or prior to December 31, 2010. If Pre-Conversion Bonds are Converted to Permanent Rates in part on different dates, each portion of such Program Bond may bear interest at different Permanent Rates based on their respective Conversion Dates.

(b) Release Requirements.

(i) On or prior to the date which is fourteen (14) days prior to a proposed Release Date, the Issuer shall notify the Trustee, the Notice Parties (at the Notice Parties' Addresses) and the Rating Agencies, pursuant to Exhibit A hereto, of (A) the proposed Release Date, (B) the proposed Conversion Date, (C) the principal amount of Pre-Conversion Bonds to be Converted on such Conversion Date, (D) the proposed Permanent Rate Calculation Date and (E) the Bond Rating anticipated to be in effect on the Release Date.

(ii) The Issuer shall deliver or cause to be delivered to the Trustee on or prior to any Release Date, the following:

(A) the certification of the Special Permanent Rate Advisor specifying, as applicable, the Permanent Rate Calculation Date and the Four Week T-Bill Rate, Spread and Permanent Rate applicable to the relevant Conversion;

(B) the Official Statement Supplement relative to the Program Bonds;

(C) (I) an opinion or opinions of counsel and a certificate of an authorized officer of the Issuer to the effect that nothing has come to their attention that the Official Statement Supplement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading and (II) a letter or letters from the counsel referenced in the foregoing clause (I) addressed to the GSEs stating that the GSEs may rely on such opinion as though it was addressed to them;

(D) confirmation by the Rating Agencies of the Bond Rating on the applicable Program Bonds after giving effect to the Release Date and related Conversion;

(E) an opinion of Bond Counsel dated as of the Release Date to the effect that the applicable Program Bonds have been duly and validly issued and are enforceable obligations of the Issuer and that interest payable on such Program Bonds is exempt from federal income taxation under Section 103 of the Code; and

(F) a Certificate of the GSEs , evidencing (I) their consent to the Release Date and (II) that the Issuer has paid or made arrangements to pay the fees of the GSEs' counsel in connection with the Release Date.

The Trustee shall provide via e-mail and delivery by overnight mail (x) to the Notice Parties at the Notice Parties' Addresses copies of items (ii) (A) through (F) above and (y) to the Issuer and the Notice Parties at the Notice Parties' Addresses, confirmation, as set forth in Exhibit B hereto, that the interest rate of the related Program Bonds shall be Converted to the specified Permanent Rate as of the specified Conversion Date and that the related bond proceeds shall be released to the Issuer on the specified Release Date in accordance with the provisions of this NIBP Supplement.

Section 2.4 [Reserved]

Section 2.5 Taxable Bond Representation. The Issuer hereby represents and warrants that (i) it reasonably expects to have Volume Cap, to the extent necessary for the Program Bonds to be tax-exempt, on a timely basis and in a manner which shall permit the Conversion of all Program Bonds to a Permanent Rate and the release of all Escrowed Proceeds by December 31, 2010 and (ii) the Issuer shall use its best efforts to obtain such Volume Cap, if necessary. The Issuer further represents and warrants that all tax-exempt Program Bonds issued hereunder shall be exempt facility bonds financing qualified residential rental projects within the meaning of Section 142 of the Internal Revenue Code of 1986. The Issuer agrees and acknowledges that the adjustment of interest on Program Bonds from taxable status to tax-exempt status may not be accomplished through a refunding and remarketing of the Program Bonds, and the Issuer represents and warrants that the conversion of such Program Bonds to tax-exempt status will not be accomplished by such means.

Section 2.6 Special Redemptions.

(a) ***Pre-Conversion Bonds.***

(i) ***Failure to Convert.*** Any Pre-Conversion Bonds with respect to which a Release Date has not occurred prior to January 1, 2011 are subject to mandatory redemption on February 1, 2011 (or an earlier date selected by the Issuer), at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.

(ii) *Withdrawal of Closing Certificates.* The Program Bonds are subject to mandatory redemption in whole, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest, on the first Business Day at least thirty (30) days after the Settlement Date, if there is delivered by mail or by electronic means to the Trustee on or prior to the Settlement Date a Certificate of Adverse Change and the GSEs have not, prior to the date 20 days following the Settlement Date, provided the Trustee a written waiver.

(b) *Pre-Conversion Bonds Not Meeting Minimum Rating Thresholds.* Within ten (10) Business Days of receipt by the Trustee of notice that the Bond Rating has been withdrawn or fallen below 'A3' or 'A-', all proceeds that are held in the Escrow Fund shall be used to mandatorily redeem a corresponding amount of Program Bonds, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest, to the redemption date. The Issuer hereby covenants to provide such notice to the Trustee promptly upon receipt by the Issuer of notice of any such withdrawal or downgrade.

(c) *Available Moneys for Redemptions.* With respect to the redemptions set forth in (a) and (b) above, moneys still on deposit in the Escrow Fund shall be used for any such redemption; if Escrow Fund moneys are not sufficient, then any available moneys under the Indenture shall also be used for any such redemption.

Section 2.7 Redemption Restrictions and Recycling Prohibition. Except as limited by tax law requirements, the Issuer shall apply the following exclusively to the redemption of Program Bonds: (i) all proceeds of the Program Bonds, to the extent not used to fund Permitted Mortgage Loans, refund outstanding bond issues as herein provided, pay Program Bond issuance expenses or fund related reserve accounts and (ii) a pro rata portion (calculated based on the outstanding principal amount of the Program Bonds divided by the sum of the outstanding principal amount of the Program Bonds and the outstanding principal amount of any bonds issued in connection with and secured by the Trust Estate on a parity with the Program Bonds and 100% (if no bonds issued in conjunction with and secured by the Trust Estate on a parity with the Program Bonds are then Outstanding) of all principal prepayments or recoveries of principal in connection with the underlying Permitted Mortgage Loans and other assets and revenues of the Trust Estate held under the Indenture, acquired or financed with the proceeds of the Program Bonds, to the extent not used to pay scheduled principal, interest or sinking fund redemptions on Program Bonds and any bonds issued in connection with and secured by the Trust Estate on a parity with the Program Bonds. Notwithstanding the foregoing, tax credit equity with respect to projects funded with Permitted Mortgage Loans may be used solely to redeem related bonds issued in conjunction with Program Bonds. Amounts set forth in clause (ii) are required to be applied to the redemption of Program Bonds promptly and as provided above shall not be recycled into new Permitted Mortgage Loans. Particular series of Program Bonds may be redeemed with payments of specified Permitted Mortgage Loans.

Section 2.8 Mandatory Sinking Fund Redemption. Program Bonds are subject to mandatory sinking fund redemption in the amounts and on the dates to be established by the Issuer not later than the final Release Date (provided, however, that Construction Program Bonds shall not be subject to sinking fund redemption prior to the Construction Program Bond Conversion Date). The Issuer hereby covenants to establish such sinking fund schedules as

herein provided. Each such redemption shall be at a price of par plus accrued interest to the redemption date. The schedules described above shall take into account anticipated underlying Permitted Mortgage Loan amortization, and standard and customary practices of the Issuer.

Section 2.9 Optional Redemption. Program Bonds are subject to redemption at the option of the Issuer, in whole or in part, from any source of funds, on the first Business Day of any month, at a redemption price equal to 100% of the principal amount thereof, without premium, plus accrued interest, if any, to the redemption date.

Section 2.10 Changes Permitted Upon Conversion. In conjunction with the Conversion of Pre-Conversion Bonds, on or prior to the Release Date, the Issuer may add mandatory sinking fund redemption requirements to such Program Bonds and may agree to pay the principal of such Program Bonds prior to their stated maturity (provided, however, that Construction Program Bonds shall not be subject to sinking fund redemption prior to the Construction Program Bond Conversion Date).

Section 2.11 Redemption Notice Requirements. Written notice of each redemption of Program Bonds shall be provided by the Trustee to the Notice Parties, such notice to be provided by e-mail or facsimile transmission to the Notice Parties' Addresses. Redemption of Program Bonds shall not be conditioned on or delayed for the giving of such notice, which shall be provided to the Notice Parties at the Notice Parties' Addresses at least ten (10) days in advance of the date of such redemption. All redemptions of Program Bonds shall be only in Authorized Denominations.

Section 2.12 DTC Provisions.

(a) The Trustee shall take all actions reasonably required by the Issuer, in accordance with the policies and procedures of the Depository Trust Company, New York, New York ("DTC") to assist the Issuer in the DTC aspects of the settlement process in connection with the Pre-Settlement Date, the Settlement Date, the Release Date and the Conversion Date.

(b) The Program Bonds shall initially be issued to Cede & Co., as nominee for DTC, as one fully registered Bond in the aggregate principal amount of each series of the Program Bonds. In connection with a Release Date for any of the Program Bonds, the Trustee may either accept a replacement bond certificate or make an appropriate notation thereon of the principal amount of such Program Bond certificate and the interest rate(s) to which such Bonds are being converted and the Release Date and Conversion Date applicable thereto.

If less than all of the Pre-Conversion Bonds are Converted on a particular Release Date, the Issuer and the Trustee may arrange for the delivery of a new Program Bond certificate in an aggregate principal amount equal to the principal amount of Program Bonds for which a Release Date was established, as well as either a notation of a reduction of the principal amount of the Program Bond representing Escrowed Proceeds or the delivery of a new Bond in such reduced principal amount representing Escrowed Proceeds. If a new Program Bond at such a reduced principal amount representing

Escrowed Proceeds is so delivered, it shall be exchanged for the existing Program Bond representing Escrowed Proceeds. The Issuer shall arrange for a CUSIP number applicable to each Release Date, which CUSIP number the Trustee shall also note on the Program Bond certificate.

In the event DTC determines to discontinue providing its services and a successor securities depository for all the Program Bonds is not designated, the Issuer and the Trustee shall arrange for the delivery of a single certificate for each series of the Program Bonds as fully registered bonds. Each such fully registered Program Bond shall be identified by a legend consisting of the letter "R" followed by the number of the Bond. The Program Bonds shall be numbered consecutively from 1 upwards.

Section 2.13 Trust Estate Limitations. The Issuer hereby represents and warrants that the Program Bonds are not secured on a subordinate or parity basis with any other Bonds of the Issuer secured, in whole or in part, with multifamily loans which are not Permitted Mortgage Loans. The Issuer covenants that it will not issue Bonds or other Debt senior to or on a parity with the Program Bonds which additional parity or senior Bonds or Debt is secured, in whole or in part, with multifamily loans which are not Permitted Mortgage Loans. The Issuer further covenants that (i) the sum of the Program Bonds and any parity bonds which are not Program Bonds issued and Outstanding under the Indenture shall not at any time exceed Program Bonds at Settlement/.60, (ii) on each Release Date, Program Bonds Outstanding shall constitute not less than 30% of the aggregate amount of Program Bonds and parity bonds issued and Outstanding under the Indenture which are not Program Bonds and (iii) and that following the final Release Date, the Issuer will not issue any additional parity bonds (other than parity bonds issued to refund outstanding parity bonds) under the Indenture so long as any Program Bonds remain Outstanding.

In addition, notwithstanding anything to the contrary in the Indenture, the owners of a majority in principal amount of the Program Bonds shall have the exclusive right to direct the exercise of remedies under the Indenture and, following the occurrence of an Event of Default with respect to the Program Bonds and any such parity bonds, the Trustee shall take such remedial actions as are directed solely by the owners of a majority in principal amount of the Program Bonds.

ARTICLE III

PROCEEDS OF PROGRAM BONDS

Section 3.1 Escrow of Proceeds of Program Bonds.

(a) *Escrowed Proceeds.* The proceeds of the Program Bonds and the Shortfall Amount shall be retained in the Escrow Fund for application as set forth herein.

If the Trustee has received a Certificate of Adverse Change, all the proceeds of the Program Bonds, together with the Shortfall Amount, shall be retained in the Escrow Fund until either the written waiver referenced in Section 2.6(a)(ii) is delivered or the Program Bonds are redeemed as provided in such Section.

In addition, the proceeds of the Program Bonds and the Shortfall Amount shall be retained in the Escrow Fund until the requirements of Section 2.3 hereof are satisfied or until applied to the redemption of the Program Bonds pursuant hereto. The Escrowed Proceeds and the Shortfall Amount held in the Escrow Fund shall be pledged exclusively to the repayment of the Program Bonds unless and until there is a default under the Indenture, in which case such funds will be applied as required by the Indenture. While such proceeds are held in the Escrow Fund, such proceeds may only be invested in Permitted Escrow Investments.

(b) ***Conversion and Release of Escrowed Proceeds.*** Upon the satisfaction of the requirements of Section 2.3 and to the extent provided therein, the released Escrowed Proceeds shall be transferred to such fund or account as the Issuer may direct the Trustee.

Section 3.2 Use of Proceeds of Program Bonds.

(a) ***Use of Proceeds.*** The proceeds received from the release of Escrowed Proceeds in connection with Program Bonds shall be used only to redeem Program Bonds or as follows:

- (i) to acquire and finance the holding of Permitted Mortgage Loans;
- (ii) to refund, as fixed rate bonds, any of the Issuer's outstanding variable rate debt (including auction rate securities) issued on or before October 19, 2009, so long as such debt, in turn, was issued to acquire and finance the holding of Permitted Mortgage Loans for projects that were initially financed on or after October 19, 2004 (proceeds used for the purpose described in this Section 3.2(b) may not exceed 30% of the principal amount of the Program Bonds, provided, however, that 'replacement refundings' where proceeds of Program Bonds are exchanged dollar-for-dollar for unexpended tax-exempt bond proceeds and/or mortgage loan prepayments shall not be considered a refunding for purposes hereof);
- (iii) acquire and finance the holding of Permitted Mortgage Loans which are either (i) loans guaranteed by either GSE or (ii) loans originated pursuant to underwriting criteria agreed to by the GSEs and which are financed with Program Bonds that the Issuer elects to treat as Construction Program Bonds; and
- (iv) to fund reasonably required reserves and pay costs of issuance of the Program Bonds in accordance with the requirements and limitations of applicable federal tax law.

The proceeds of the Program Bonds shall not be used for essential governmental functions within the meaning of Section 115 of the Code.

Notwithstanding anything to the contrary herein, (i) Escrowed Proceeds of Program Bonds with a maturity in excess of 34 years may only be used to fund Permitted Mortgage Loans insured by FHA, and (ii) Escrowed Proceeds of Program Bonds with a

maturity of more than 32 years and 34 years or less may only be used to fund either (A) Permitted Mortgage Loans insured by FHA or (B) Permitted Mortgage Loans described in 3.2(a)(iii) above and must be designated Construction Program Bonds.

(b) **Taxable Bonds.** Proceeds of Program Bonds issued as taxable bonds hereunder may not be released from the Escrow Fund unless and until there is delivered to the Trustee and the GSEs the opinion of Bond Counsel required pursuant to Section 2.3(b) hereof.

ARTICLE IV

SPECIAL GSE RIGHTS

Section 4.1 Removal of Trustee. No successor Trustee under the Indenture shall be appointed under the Indenture without written notice to the Notice Parties at the Notice Parties' Addresses and without the prior written consent of the GSEs, which consent shall not be unreasonably withheld.

Section 4.2 GSEs as Third-Party Beneficiaries. Each GSE is intended to be and shall be a third-party beneficiary of this NIBP Supplement, and the Indenture, and each GSE shall have the right (but not the obligation) to enforce, separately or jointly with the Trustee or cause the Trustee to enforce, the provisions of this NIBP Supplement.

ARTICLE V

COVENANTS

Section 5.1 Special Issuer Covenants. The Issuer hereby covenants that, so long as the Program Bonds are Outstanding, it shall:

(a) if any Program Bonds are not issued on a tax-exempt basis, use its reasonable best efforts to obtain Volume Cap allocations as needed for such Program Bonds in 2010;

(b) not permit the aggregate principal amount of the Program Bonds issued hereunder to exceed the Multifamily Program Bond Limit;

(c) not allow the aggregate principal amount of Program Bonds to exceed the reasonable expectations requirement applicable to tax-exempt mortgage revenue bonds;

(d) not issue new Bonds under the Indenture in a variable rate demand, adjustable rate or auction rate mode other than Program Bonds during the period such Program Bonds bear interest at the Short-Term Rate or the Construction Program Bond Variable Rate;

(e) take all steps necessary to assure that all assets and revenues of any description pledged to the payment of the Program Bonds and all other Bonds issued under

the Indenture shall be applied strictly in accordance with, and solely for the purposes and in the amounts specified and permitted by, the terms of the Indenture;

(f) not exercise any rights it may have to make voluntary withdrawals of cash or other assets from the lien of the Indenture except under the following circumstances and within the following limits:

(i) the Issuer may withdraw cash from the Indenture to pay ordinary and customary administrative and operating expenses of the Issuer, ordinary and customary operating expenses of any of the indentures of the Issuer (such as, for example, fees and payments due on an interest rate swap entered into by the Issuer) and to fund or reimburse the cost of programs sponsored by the Issuer, subject to each of the following requirements:

(A) either:

(1) the cumulative amount of such withdrawals does not exceed the cumulative withdrawals as projected to the date of such withdrawal in the cash flows most recently submitted to the rating agencies in connection with the then current long term rating of the Program Bonds; or

(2) prior to and as a condition to such withdrawal, the Issuer obtains and furnishes to the Administrator and to Treasury's Financial Agent a confirmation from each of the rating agencies maintaining ratings on the Program Bonds that the proposed withdrawal will not adversely affect such ratings; and

(B) prior to and as a condition to such withdrawal, the Issuer provides a written certification to the Administrator and to Treasury's Financial Agent specifying the amount and purpose of the withdrawal and that all requirements of this paragraph (f)(i) have been met with respect to such withdrawal.

In spite of anything to the contrary contained in this paragraph (f)(i), no withdrawals whatsoever shall be made under this paragraph (f)(i) during any period when any of the ratings on the Program Bonds are below the level of "A3" or "A-" or has been suspended or withdrawn;

(ii)

the Issuer may withdraw cash or other assets from the Indenture for any purpose of the Issuer other than as set out in paragraph (f)(i) above, subject to each of the following requirements:

(A) prior to and as a condition to such withdrawal, the Issuer obtains and furnishes to the Administrator and to Treasury's Financial

Agent a confirmation from each of the rating agencies maintaining ratings on the Program Bonds that the rating on the Program Bonds will be not be less than “AAA”; with a rating outlook that is either “stable” or “positive” or the equivalent;

(B) the cash or other assets withdrawn from the lien of the Indenture pursuant to this paragraph (f)(ii) are retained by the Issuer within its funds and accounts or are expended to further the mission or otherwise for the benefit of the Issuer; and

(C) prior to and as a condition of such withdrawal, the Issuer provides a written certification to the Administrator and to Treasury’s Financial Agent specifying the amount and purpose of the withdrawal and that all requirements of this paragraph (f)(ii) have been met with respect to such withdrawal.

(g) with respect to the purchase, origination, enforcement and servicing of Permitted Mortgage Loans, the Issuer shall:

(i) originate or cause to be originated, and, if applicable, purchased, mortgage loans and purchase, or cause to be purchased, MBS in a manner consistent with applicable state law, the Indenture and any supplements thereto, and such other related documents by which the Issuer is bound,

(ii) cause all mortgage loans to be serviced pursuant to the servicing requirements of the Issuer, GNMA, FHA, Fannie Mae and Freddie Mac, as applicable,

(iii) except as otherwise permitted by Treasury or the GSEs, diligently take all steps necessary or desirable to enforce all terms of the mortgage loans, MBS, loan program documents and all such other documents evidencing obligations to the Issuer, and

(iv) diligently take all actions consistent with sound mortgage loan origination, purchase and servicing practices and principles as may be necessary to receive and collect sufficient revenues to pay debt service when due on the Program Bonds;

(h) not issue any bonds senior in priority to the Program Bonds and the Issuer represents and warrants that the Program Bonds are at least equal in priority with respect to payment and security to the most senior Outstanding Bonds under the Indenture.

Section 5.2 Covenants Regarding Administration of Indenture and Program Bonds.
The Issuer hereby covenants, so long as the Program Bonds remain Outstanding, that it shall:

(a) not amend, supplement or otherwise modify in any material respect the Indenture, this NIBP Supplement or any other Related Document without the prior written consent of the GSEs; provided, however, that the consent of the GSEs shall not be required

with respect to supplements entered into solely for the purpose of providing for the issuance of a series of Bonds pursuant to the Indenture, except as provided in Section 5.1(d) hereof. With respect to Indenture amendments, the determination of the GSEs as to the materiality of an amendment shall be controlling;

(b) not permit any funds invested under the Indenture to be invested in obligations, securities or other investments of a type not included within the categories permitted for such purposes in the Indenture;

(c) not enter into any Hedge relating to bonds issued under, or secured by revenues or other assets pledged under, the Indenture without the prior written consent of the GSEs;

(d) not permit any swap termination fees to be payable on a basis senior to or on a parity with the Program Bonds; and

(e) not permit any principal payment, principal prepayments and other recoveries of principal received with respect to that portion of any mortgage loans financed with the proceeds of Program Bonds to be recycled into new mortgage loans.

Section 5.3 Reporting Requirements.

(a) *Books and Records; GAAP.* The Issuer covenants to keep proper books of record and account in which full, true and correct entries will be made of all dealings and transactions of or in relation to affairs, operations, transactions and activities of the Issuer in accordance with generally accepted accounting principles applicable to governmental entities, consistently applied.

(b) *Non-Public Information.* As used in this Section, "Information" means any information described in Subsection (c) and "Non-Public Information" means any of the Information that, as of the date that such Information is due to be provided to the GSEs pursuant to subsection (c), the Issuer has not released to the general public or otherwise is not in the public domain. To the extent that any of the Information described in Subsection (c) is Non-Public Information each of the following shall apply:

(i) The Issuer may provide such Non-Public Information to the GSEs, but, subject to (ii) below, is not obligated to do so. If the Issuer elects not to provide Non-Public Information, it shall identify the categories of Information that are then Non-Public Information and so inform the GSEs of that fact at the time such information is otherwise due to be provided under Subsection (c).

(ii) If the Issuer elects not to provide Non-Public Information as stated in (i) above, but a GSE determines that the absence of any such information is a material impairment to its obligation to conduct its business in a safe and sound manner or is inconsistent with the requirements of applicable law or regulation, then the Issuer will provide such Information to that GSE at the times and as otherwise required by Subsection (c).

(iii) To the extent that the Issuer actually provides Non-Public Information pursuant to Subsection (c), the Issuer will label such information as Non-Public Information and will segregate all Non-Public Information so that a GSE which elects not to look at the Non-Public Information can do so;

(c) Information. The Issuer agrees to furnish to each GSE a copy of each of the following:

(i) on the date that is the earlier of (A) ninety (90) days after the end of each quarter of each fiscal year of the Issuer and (B) the day such information is first made available to the general public, the Issuer shall provide to each GSE the financial statements of the Issuer consisting of a balance sheet of the Issuer as at the end of such period, a statement of operations and a statement of cash flows of the Issuer for such period and, with respect to the report provided after the end of each fiscal year, there shall also be included a statement of the changes in net assets of the Issuer for such period. The financial statements referred to above shall be set forth in reasonable detail and shall be accompanied by, in the case of the annual statements, an audit report of the Issuer's auditor or nationally recognized independent certified public accountants stating that they have (except as noted therein) been prepared in accordance with generally accepted accounting principles consistently applied (provided that such audit report need not be submitted until one hundred eighty (180) days after the end of the relevant fiscal year);

(ii) on the date that is the earlier of (A) ninety (90) days after the end of each quarter of each fiscal year of the Issuer and (B) the day such information is first made available to the general public, the Issuer shall provide to each GSE financial statements of the Issuer specific to the Indenture pursuant to which Program Bonds are outstanding consisting of a statement of operations and a statement of cash flows under the Indenture for such period and, with respect to the report provided after the end of each fiscal year, there shall also be included a statement of the changes in net assets under the Indenture for such period. The financial statements referred to above shall be set forth in reasonable detail and shall be accompanied by, in the case of the annual statements, an audit report of the Issuer's auditor or nationally recognized independent certified public accountants stating that they have (except as noted therein) been prepared in accordance with generally accepted accounting principles consistently applied (provided that such audit report need not be submitted until one hundred eighty (180) days after the end of the relevant fiscal year);

(iii) immediately after any officer of the Issuer obtains knowledge thereof, a certificate of the Issuer setting forth the occurrence of any default or Event of Default under the Indenture, the details thereof and the action which the Issuer is taking or proposes to take with respect thereto;

(iv) quarterly, at the time each of the financial statements referenced in (a) above is provided, and otherwise at the request of a GSE, the information set forth in Schedule A hereto, a certificate of the Issuer (A) stating whether there exists on the date of such certificate any default or Event of Default under the Indenture and, if so, the details thereof and the action which the Issuer is taking or proposes to take with respect

thereto and (B) setting forth a description in reasonable detail of the amounts held in the accounts in the Indenture;

(v) simultaneously with their release to the general public, disclosure statements of any kind prepared by the Issuer which disclose such matters as quarterly or other interim financial statements relating to the Indenture, portfolio composition information regarding the Indenture such as the percentage of loans insured under FHA, HUD, RDA and VA programs and any pooled mortgage insurance program or securitization by GNMA or a GSE, or portfolio performance information detailing such matters as delinquencies, foreclosures and real estate-owned properties;

(vi) promptly upon receipt of notice by the Issuer of any such default, the occurrence of any material event of default by any counterparty to a Related Document;

(vii) at the request of a GSE, copies of any information or request for information concerning this NIBP Supplement or any of the Related Documents as and when provided to the Trustee;

(viii) promptly after the receipt or giving thereof, copies of all notices of resignation by or removal of the Trustee, which are received or given by the Issuer;

(ix) promptly after the adoption thereof, copies of any amendments to the Indenture, any of the other Related Documents (including replacement of or any new Related Document) and the Official Statement relative to the Program Bonds;

(x) within thirty (30) days of the issuance of any public issuance of indebtedness of the Issuer payable from the Revenues under the Indenture, copies of any disclosure documents distributed in connection therewith;

(xi) any Annual Filing or Material Event Filing shall be delivered to the GSEs on the day it becomes available to the general public or the holders of the Program Bonds or would be required to become available if Rule 15c2-12 were applicable to the Program Bonds;

(xii) simultaneously with the delivery of each set of the financial statements and the annual filing referred to in clauses (i) and (xi) above and otherwise at the request of the GSEs, or with respect to (b)(iii) whenever prepared and available, (A) a copy of the most recent rating letter received relating to the Bond Rating and/or the Indenture rating, (B) a certificate of the Issuer stating that the Issuer is in compliance with all financial covenants set forth in the Indenture; and (C) a copy of the most recent cash flow certificates, financial reports and statements, and annual budget (including portfolio performance reports detailing delinquencies and foreclosure rates, and percentage of loans insured under FHA, HUD, RDA and VA programs and any pooled mortgage insurance program or securitization by GNMA or a GSE;

(xiii) immediately upon receipt by the Issuer, any rating report or other rating action relative to the Issuer, the Program Bonds or any other bonds issued under the Indenture;

(xiv) immediately upon any such transfer, notice of any extraordinary payment or transfer of funds from the Indenture;

(xv) in a timely manner, at the request of a GSE, any data or information required by a GSE for use in calculating performance under the Federal Housing Finance Agency's housing goal regulations or for use in complying with any other regulatory or legal requirement; and

(xvi) such other information, whether such information is published or unpublished, respecting the affairs, condition and/or operations, financial or otherwise, of the Issuer as a GSE may from time to time reasonably request (including, without limitation, data, including loan level data, required by the GSEs with respect to any asset management surveillance and/or disclosure requirement).

Section 5.4 Covenant Enforcement by GSEs. Only the GSEs may enforce, or cause the Trustee to enforce, the provisions of Section 5.1, 5.2 and 5.3 hereof.

Section 5.5 Special Notices.

(a) ***Request to Withdraw Indenture Funds.*** The Trustee shall immediately deliver to the Notice Parties at the Notice Parties' Addresses notice of any request by the Issuer to withdraw funds from the Indenture.

(b) ***Events of Default.*** The Trustee shall immediately deliver to the Notice Parties at the Notice Parties' Addresses notice of any default or Event of Default under the Indenture, of which the Trustee has knowledge.

(c) ***Exercise of Remedies.*** The Trustee shall immediately deliver to the Notice Parties at the Notice Parties' Addresses notice of the exercise of any remedies under the Indenture.

(d) ***Rating Agency.*** The Trustee shall immediately deliver to the Rating Agency at the address set forth in Section 6.1 below, notice of (i) any change in Trustee hereunder, (ii) any material amendment to the Indenture or the Series Indenture, and (iii) any acceleration or redemption in whole of the 2009 Series A Bonds. Notwithstanding the foregoing, it is expressly understood and agreed that failure to provide any such notice to any Rating Agency or any defect therein will not affect the validity of any action with respect to which notice is to be given or the effectiveness of any such action.

ARTICLE VI

MISCELLANEOUS

Section 6.1 Notices. Unless otherwise specified in this NIBP Supplement, all notices, requests or other communications to or upon the Notice Parties or referred to in this NIBP Supplement shall be deemed to have been given (i) in the case of notice by letter, when delivered by hand or four (4) days after the same is deposited in the mails, first class postage prepaid, and

(ii) in the case of notice by telecopier or e-mail, when sent, receipt confirmed, addressed to the Notice Parties as follows or at such other address as any of the Notice Parties may designate by written notice to the Issuer and the Trustee:

To Administrator: U.S. Bank National Association
One Federal Street, 3rd Floor
Boston, Massachusetts 02110
Attention: Structured Finance/HFA Program
E-mail: Julie.Kirby@usbank.com

To Fannie Mae: Fannie Mae
3900 Wisconsin Avenue, N.W.
Washington, D.C. 20016
Attention: Carl W. Riedy, Jr.
Vice President for Public Entities
Channel, Housing and Community
Development
E-mail: Carl_W_Riedy@fanniemae.com

and

Attention: Barbara Ann Frouman
Vice President and Deputy General
Counsel, Housing and Community
Development
E-mail: Barbara_Ann_Frouman@fanniemae.com

To Freddie Mac: Freddie Mac
1551 Park Run Drive
Mail Stop D4F
McLean, Virginia 22102
Attention: Mark D. Hanson
Vice President Mortgage Funding
E-mail: Mark_Hanson@freddiemac.com

and

Attention: Joshua L. Schonfeld
Associate General Counsel
E-mail: Joshua_Schonfeld@freddiemac.com

For all notices pursuant to Section 5.3 hereof:

E-mail: HFA_Credit_Reporting@freddiemac.com

To Treasury's
Financial Agent: JPMorgan Chase Bank, N.A.
1 Chase Manhattan Plaza, Floor 19
New York, New York 10005
Attention: Lillian G. White
Phone - 212-552-2392
Fax - 212-552-0551
E-mail: Lillian.G.White@jpmorgan.com

with a copy to:

Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, DC 20220
Attention: Fiscal Assistant Secretary
re: Housing Finance Agencies Initiative

and

Attention: Assistant General Counsel
(Banking and Finance)
re: Housing Finance Agencies Initiative

To Rating Agency: Standard & Poor's Ratings Services
38th Floor
55 Water Street
New York, NY 10041-0003
Attention: Public Finance Surveillance
Phone-212-438-2054
Fax - 212-438-2157

Section 6.2 Appendix to Control. To the extent that any provisions of this NIBP Supplement are inconsistent with any provisions of the Indenture, this NIBP Supplement shall control with respect to the Program Bonds.

Section 6.3 Termination. This NIBP Supplement shall continue in full force and effect so long as the Program Bonds remain Outstanding.

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EXHIBIT A

**NOTIFICATION OF
INTEREST RATE CONVERSION/RELEASE CERTIFICATE**

Reference is made to the Indenture, dated as of December 1, 2009, of the ABAG Finance Authority for Nonprofit Corporations (the "Issuer"), as subsequently amended and modified, in particular by the Series Indenture, dated as December 1, 2009 and Exhibit B NIBP Supplement (the "NIBP Supplement") attached thereto (collectively, the "Indenture"). All capitalized terms not otherwise defined herein shall have the same meanings ascribed thereto in the Indenture.

I, _____, an authorized officer of the Issuer, in connection with Program Bonds to be Converted to a Permanent Rate pursuant to Section 2.3 of the NIBP Supplement, hereby notify the Trustee and the Notice Parties as follows:

- (i) the proposed Release Date is _____, 2010,
- (ii) the proposed Conversion Date is _____, 2010,
- (iii) the principal amount of Program Bonds to be Converted to a Permanent Rate on the proposed Conversion Date set forth in clause (ii) above is \$ _____,
- (iv) the proposed Permanent Rate Calculation Date is _____, 2010,
- (v) on the Release Date, it is anticipated that the Bond Rating will be '___'/'___'; and
- (vi) the Issuer hereby covenants to deliver to the Trustee on or before the Release Date the opinion of bond counsel described in Section 2.3(b)(ii)(E) of the NIBP Supplement.

IN WITNESS WHEREOF, I have set forth my hand this _____ day of _____, 2010.

ABAG FINANCE AUTHORITY FOR
NONPROFIT CORPORATIONS

By: _____
Name: _____
Title: _____

EXHIBIT B
INTEREST RATE
CONVERSION CERTIFICATE

Reference is made to the Indenture, dated as of December 1, 2009, of the ABAG Finance Authority for Nonprofit Corporations (the "Issuer"), as subsequently amended and modified, in particular by the Series Indenture, dated as December 1, 2009 and Exhibit B NIBP Supplement (the "NIBP Supplement") attached thereto (collectively, the "Indenture"). All capitalized terms not otherwise defined herein shall have the same meanings ascribed thereto in the Indenture.

I, _____, an authorized officer of Wells Fargo Bank, National Association (the "Trustee"), in connection with Program Bonds Converted to a Permanent Rate pursuant to Section 2.3 of the NIBP Supplement, hereby confirm as follows:

- (i) attached are the items required to be delivered pursuant to Section 2.3 of the NIBP Supplement,
- [(ii) the Converted Bonds are not Variable Rate Construction Program Bonds, and the Short-Term Rate applicable from the Release Date to the Conversion Date, will be the total of (a) the Four Week T-Bill Rate (____%) plus (b) the Spread applicable to the referenced Program Bonds as of the Release Date (____%), will be ____%;]
- [(ii) the Converted Bonds are [Variable Rate] Construction Program Bonds **and the Construction Program Bond Conversion Date is _____, ____;**]
- (iii) the Permanent Rate with respect to the referenced Program Bonds will be __% as of the specified Conversion Date of _____, _____,
- (iv) the CUSIP number for the referenced Program Bonds is _____, and
- (v) related Program Bond proceeds will be released on the specified Release Date of _____, 2010; and
- (vi) the requirements of Section 2.13 of the NIBP Supplement are met on the date hereof.

IN WITNESS WHEREOF, I have herewith set forth my hand this _____ day of _____, 2010.

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By: _____
Name: _____
Title: _____

Schedule A

QUARTERLY PORTFOLIO PERFORMANCE INFORMATION

The information set forth in the table below should be delivered via email in Microsoft Excel.

Overall Population Unpaid Principal Balance (\$)

Current Loans (Loans with No Delinquency Status This Month)

Current Loans Unpaid Principal Balance (\$m):

Vintage (Year Originated)	Share of Current Book*	% With Primary Mortgage Insurance**	% With FHA or VA***
Pre-2000			
2001			
2002			
2003			
2004			
2005			
2006			
2007			
2008			
2009			

sums to 100%

** Percent of loans within the vintage that has Primary Mortgage Insurance.

*** % of loans in each vintage that has Government Insurance.

Count of Missed Payments in Past 12 Month*	Share of Current Book**
None	
1	
2	
3	
> 3	

* In the past 12 months, any missed payment is counted once regardless if they are continuously missed or sporadically missed.

** % of Outstanding Balance of Current Loans. Sums to 100%.

Representative FICO Score	Share of Current Book
0-580	
580-620	
620-660	
660-700	
700-740	
740+	

* The minimum across borrowers, the median score for each borrower across bureaus.

** % of Outstanding Balance of Current Loans. Sums to 100%.

Delinquent Loans (Any Loan Past Due This Month)

Delinquent Loans Unpaid Principal Balance:

Vintage (Year Originated)	Share of Delinquent Book	% With Primary Mortgage Insurance	% With FHA or VA
Pre-2000			
2001			
2002			
2003			
2004			
2005			
2006			
2007			
2008			
2009			

vintage. Column sums to 100%

** Percent of loans within the vintage that has Primary Mortgage Insurance.

*** % of loans in each vintage that has Government Insurance.

Delinquency Status	Share of Delinquent Book*
30	
60	
90	
120	
> 120	
Foreclosure	
Bankruptcy	
REO	

* % of Outstanding Balance of Delinquent Loans. Sums to 100%.

Cumulative Losses

Representative FICO Score	Share of Delinquent Book
0-580	
580-620	
620-660	
660-700	
700-740	
740+	

* The minimum across borrowers, the median score for each borrower across bureaus.

** % of Outstanding Balance of Delinquent Loans. Sums to 100%.

APPENDIX B

FORM OF BOND COUNSEL OPINION

January 12, 2010

ABAG Finance Authority
for Nonprofit Corporations
Oakland, California

ABAG Finance Authority for Nonprofit Corporations
Affordable Multifamily Housing Revenue Bonds
2009 Series A
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the ABAG Finance Authority for Nonprofit Corporations (the "Authority") in connection with the issuance by the Authority of its Affordable Multifamily Housing Revenue Bonds, 2009 Series A, in the aggregate principal amount of \$65,780,000 (the "2009 Series A Bonds"), issued pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California in accordance with Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California, as amended (the "Act"), and an Indenture, dated as of December 1, 2009, by and between the Authority and Wells Fargo Bank, National Association, as trustee (the "Trustee"), as supplemented by the Series Indenture, dated as of December 1, 2009, by and between the Authority and the Trustee (collectively, the "Indenture"). The Affordable Multifamily Housing Revenue Bonds (the "Bonds") are authorized to be issued for the purposes, among others, of providing funds to finance the acquisition, construction/rehabilitation or development of multifamily rental housing, all in accordance with the Indenture. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, opinions of counsel to the Authority and the Trustee, certificates of the Authority, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the 2009 Series A Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and other relevant documents. We call attention to the fact that the rights and obligations under the 2009 Series A Bonds, the Indenture and the various Loan Documents, and their enforceability, may be

subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated as of December 18, 2009, relating to the 2009 Series A Bonds or any other offering materials relating to the 2009 Series A Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Authority has been duly created and validly exists with good right and lawful authority to perform its obligations in accordance with law and the terms and conditions of the Indenture.

2. The 2009 Series A Bonds have been duly authorized and constitute the valid and binding special limited obligations of the Authority, payable from the Revenues and other assets pledged therefor under the Indenture, including amounts on deposit in the Escrow Fund.

3. The Indenture has been duly authorized, executed and delivered by, and is a valid and binding obligation of, the Authority. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds and other obligations secured thereby, of the right, title and interest of the Authority in, to and under the Loans, all of the Revenues, all proceeds of the sale of Bonds, and all Accounts (other than Rebtable Arbitrage and any fund containing remarketing proceeds) and the moneys and securities therein, in each case subject to the provisions of the Indenture permitting the use and application thereof for or to the purposes and on the terms and conditions set forth in the Indenture.

4. The 2009 Series A Bonds do not constitute a debt or liability of the State of California or any political subdivision thereof, other than the Authority, or a pledge of the faith and credit of the State of California or any such political subdivision, other than the Authority. Neither the faith and credit nor the taxing power of the State of California is pledged to the payment of the principal of or interest on the 2009 Series A Bonds.

5. Interest on the 2009 Series A Bonds is not excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the 2009 Series A Bonds is exempt from State of California personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2009 Series A Bonds.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

APPENDIX C

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by ABAG Finance Authority for Nonprofit Corporations (the "Issuer") and Wells Fargo Bank, National Association, as Dissemination Agent (the "Dissemination Agent") in connection with the issuance of \$65,780,000 aggregate principal amount of its Affordable Multifamily Housing Revenue Bonds, 2009 Series A (the "2009 Series A Bonds"). The 2009 Series A Bonds are authorized to be issued pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California in accordance with Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California (the "Act") and the resolution adopted by the Issuer on December 16, 2009 (the "Resolution") and are being issued pursuant to an Indenture, dated as of December 1, 2009 (the "General Indenture"), by and between the Issuer and Wells Fargo Bank, National Association, as trustee (the "Trustee"), as supplemented by that certain Series Indenture, dated as of December 1, 2009 (including the NIBP Appendix (the "NIBP Appendix") incorporated therein, the "2009 Series A Series Indenture" and, together with the General Indenture, the "Indenture"). The 2009 Series A Bonds are the first Series of Bonds issued under the Indenture. The Issuer may issue additional Series of Affordable Multifamily Housing Revenue Bonds pursuant to a Series Indenture. The 2009 Series A Bonds, together with any additional Series of Affordable Multifamily Housing Revenue Bonds issued under the Indenture are herein called the "Bonds." Capitalized terms used in this Continuing Disclosure Agreement and not otherwise defined have the meanings specified in the Indenture.

Concurrently with the issuance of the 2009 Series A Bonds, the Issuer has transferred to the Trustee for deposit in the Escrow Fund such amounts as shall be necessary to increase the amount on deposit in the Escrow Fund on such date to \$65,780,000.

Pursuant to the terms of the 2009 Series A Series Indenture, proceeds of the 2009 Series A Bonds will be held in the Escrow Fund until released to the 2009 Series A Program Account established under the Indenture for the purpose of financing Loans (as defined by the Indenture), or until applied to the redemption of 2009 Series A Bonds. The Issuer may establish, subject to the approval of the GSEs, up to three release dates (each, a "Release Date") and the respective amounts of proceeds to be released on each such Release Date. On the date 60 days after each Release Date, the interest rate on a principal amount of 2009 Series A Bonds equal to the amount of proceeds released on such Release Date will be converted ("Converted") to a fixed rate known as the Permanent Rate (each such conversion, a "Conversion").

The Issuer and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer and the Dissemination Agent for the benefit of the Bondholders and in order to provide for the continuing disclosure required by the Rule (defined below).

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by a Borrower of a portion of the proceeds of the Bonds following a Release Date as further described below pursuant to, and as described in, Section 3 and 4 of this Disclosure Agreement.

“Business Day” shall mean any day which is not a Saturday, Sunday or other day on which commercial banks in the States of California and New York are authorized or required by law to be closed.

“Disclosure Representative” shall mean the managing member of the Borrower or his or her designee, or such other person as the Borrower shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean the Trustee, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Borrower and which has filed with the Borrower a written acceptance of such designation.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934. All documents provided to the MSRB shall be in an electronic format and accompanied by identifying information, as prescribed by the MSRB. Initially, all document submissions to the MSRB pursuant to this Continuing Disclosure Agreement shall use the MSRB’s Electronic Municipal Market Access (EMMA) system at www.emma.msrb.org.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Tax-Exempt” shall mean that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

Section 3. Assumption of Obligation by Borrower; Release of Issuer’s Continuing Disclosure Obligations.

Upon the release of a portion of the proceeds of 2009 Series A Bonds to a Borrower on a Release Date as described above, the Issuer will require, with respect to the Series of Bonds which represents the proceeds released to that Borrower, that the Borrower enter into a Continuing Disclosure Agreement in substantially the same form as this Agreement with respect to such Series of Bonds (each, a “Substitute Continuing Disclosure Agreement”), and from and upon the execution and delivery of such a Substitute Continuing Disclosure Agreement, accompanied by an opinion of Eichner & Norris PLLC, Washington, D.C., or other disclosure counsel who is nationally recognized as having expertise in such matters, that such Substitute Continuing Disclosure Agreement requires the provision by the Borrower of the information required to be provided with respect to such Series of Bonds by the Rule, including the provision of Annual Reports with respect to such Series of Bonds, then any and all obligations of the Issuer to provide continuing disclosure hereunder shall cease and be of no further force and effect. In no event shall the Issuer be required to file any Annual Report with respect to the Bonds, which are required, under the terms of the Indenture, to be redeemed to the extent not released to the Borrower as described above, on or before December 31, 2010.

Section 4. Provision of Annual Reports.

(a) In each Substitute Continuing Disclosure Agreement, the Issuer shall require the Borrower to, or the Borrower shall direct the Dissemination Agent to, not later than May 1 of each year, commencing in 2010, provide to the MSRB an Annual Report which is consistent with the requirements

of Section 5 of this Disclosure Agreement with respect to the related Series of the Bonds. Not later than fifteen (15) Business Days prior to said date, the Substitute Disclosure Agreement shall require the Borrower to provide the Annual Report with respect to such Series of the Bonds to the Dissemination Agent. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement.

(b) Each Substitute Continuing Disclosure Agreement shall provide that if by fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Borrower to determine if the Borrower is in compliance with subsection (a).

(c) Each Substitute Continuing Disclosure Agreement shall provide that if the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(d) Each Substitute Continuing Disclosure Agreement shall provide that if the Dissemination Agent shall file a report with the Borrower and the Trustee certifying whether it has received and provided the Annual Report pursuant to this Disclosure Agreement, and if it has received the Annual Report from the Borrower, stating the date it was provided to the MSRB.

Section 5. Content of Annual Reports. Each Borrower's Annual Report under a Substitute Continuing Disclosure Agreement shall be required to contain or incorporate by reference the following:

1. Average annual occupancy of the Project for the preceding calendar year.
2. Operating data for the Project for the preceding calendar year, including total revenue, operating expenses, net operating income, total debt service and net cash flow.
3. The foregoing data shall be based upon the audited financial statements to the extent the above information is covered in those audited financial statements, and otherwise may be unaudited.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Borrower is an "obligated person" (as defined by the Rule), which have been filed with each of the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Substitute Continuing Disclosure Agreement shall require that the Borrower clearly identify each such other document so incorporated by reference.

Section 6. Reporting of Significant Events.

(a) This Section 6 shall govern the giving of notices of the occurrence of any of the following Listed Events:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.

4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds.
7. Modifications to rights of holders of the Bonds.
8. Bond calls.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the Bonds.
11. Rating changes.

(b) Whenever the Issuer, or, after the execution and delivery of a Substitute Continuing Disclosure Agreement and the related opinion of disclosure counsel as provided above with respect to a Series of the Bonds (each, a "Transfer of Continuing Disclosure"), the Borrower, obtains knowledge of the occurrence of a Listed Event, the Issuer or the Borrower, as the case may be, shall as soon as possible determine if such event would constitute material information for Holders of Bonds, provided, that any event under subsection (a)(11) shall always be deemed to be material.

(c) If the Issuer, or with respect to a Series of Bonds, a Transfer of Continuing Disclosure, the Borrower has determined that knowledge of the occurrence of a Listed Event would be material, the Issuer or the Borrower, as the case may be, shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (e) and shall include sufficient information concerning the Listed Event to enable the Dissemination Agent to report the occurrence.

(d) If the Issuer, or with respect to a Series of Bonds, a Transfer of Continuing Disclosure, the Borrower, as the case may be, determines that the Listed Event would not be material, the Issuer or the Borrower, as the case may be, shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (e).

(e) If the Dissemination Agent has been instructed by the Issuer or the Borrower to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence reporting the information provided by the Borrower with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of affected Bonds pursuant to the Indenture.

Section 7. Termination of Reporting Obligation. The Borrower's obligation under any Substitute Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds. If the Borrower's obligations under the Financing Agreement are assumed in full by some other entity, such person shall be responsible for compliance with the related Substitute Continuing Disclosure Agreement in the same manner as if it were the Borrower and the Original Borrower shall have no further responsibility thereunder.

Section 8. Dissemination Agent. The Issuer or, after a Transfer of Continuing Disclosure with respect to a Series of the Bonds, the related Borrower may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement or the

related Substitute Continuing Disclosure Agreement, and may discharge any such agent, or such Dissemination Agent may resign upon 30 days prior written notice to the Issuer and each affected Borrower, with or without the Issuer or the related Borrower appointing a successor Dissemination Agent. The Dissemination Agent shall be entitled to reasonable compensation for its services hereunder and reimbursement of its out-of-pocket expenses (including fees and expenses of its counsel).

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the Issuer and the Dissemination Agent to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Trustee subject to prior receipt of indemnification satisfactory to it and payment of its fees and expenses, including fees and expenses of its counsel (whether incurred before trial, at trial, on appeal or in any bankruptcy or arbitration proceeding), at the written request of the holders of at least 25% aggregate principal amount of Outstanding Bonds, shall), or any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. Provided the Trustee is acting as Dissemination Agent, Article XI of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture and the Trustee and Dissemination Agent shall be entitled to the protections, limitations from liability and indemnities afforded the Trustee thereunder. The Dissemination Agent and the Trustee shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent and the Trustee, their officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses including attorneys fees (whether incurred before trial, at trial, on appeal or in any bankruptcy or arbitration proceeding) incurred in performing its duties hereunder and in defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's or the Trustee's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and the Trustee and payment of the Bonds. The Dissemination Agent shall have no obligation or liability for the accuracy or completeness of any Listed Event or Events provided in accordance with Section 6 hereunder, and no obligation to review or make any determination of materiality made in accordance with Section 5 hereunder. The Dissemination Agent and the Trustee shall have no duty or obligation to review any

information provided to them hereunder and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Bondholders, or any other party. Neither the Trustee nor the Dissemination Agent shall have any liability to the Bondholders or any other party for any monetary damages or financial liability of any kind whatsoever related to or arising from this Agreement.

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee, the Dissemination Agent and holders from time to time of the Bonds, and shall create no rights in any other person or entity.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Continuing Disclosure Agreement to be executed by their duly authorized representatives as of the date set forth above.

**ABAG FINANCE AUTHORITY FOR NONPROFIT
CORPORATIONS**

By: _____
Member

[Signatures to the Continuing Disclosure Agreement continued on following page]

[Counterpart signature page to the Continuing Disclosure Agreement]

**WELLS FARGO BANK, NATIONAL
ASSOCIATION,**
as Dissemination Agent

By: _____
Authorized Signatory

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: ABAG Finance Authority for Nonprofit Corporations

Name of Bond Issue: \$65,780,000
ABAG Finance Authority for Nonprofit Corporations
Affordable Multifamily Housing Revenue Bonds
2009 Series A

CUSIP: 00037N NN2

Name of Obligated Person: [Borrower]

Date of Issuance: January 12, 2010

NOTICE IS HEREBY GIVEN that [Borrower] has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated as of December 1, 2009, between [Borrower] and Wells Fargo Bank, National Association. [The Borrower has notified the Dissemination Agent that the Borrower anticipates that the Annual Report will be filed by _____.]

Dated: _____

Wells Fargo Bank, National Association, as
Dissemination Agent, on behalf of [Name of Project]

cc: [Borrower]

EXHIBIT B

ANNUAL FINANCIAL INFORMATION

\$65,780,000

ABAG Finance Authority for Nonprofit Corporations
Affordable Multifamily Housing Revenue Bonds
2009 Series A

Report for Period Ending

THE PROJECT

Name: _____

Address: _____

Occupancy _____

Number of Units _____

Number of Units Occupied as of Report Date _____

Operating History of the Project

The following table sets forth a summary of the operating results of the Project for fiscal year ended _____, as derived from the Borrower's [un]audited financial statements.

Revenues

Operating Expenses¹

Net Operating Income

Debt Service on the Loan

Net Operating Income/(Loss)

After Debt Service

The average occupancy of the Project for the fiscal year ended [] was []%.

¹Excludes depreciation and other non-cash expenses, includes management fee.