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2004 SERIES B INDENTURE

between

COLORADO HOUSING AND FINANCE AUTHORITY

and

ZIONS FIRST NATIONAL BANK, AS TRUSTEE

DATED AS OF NOVEMBER 1, 2004

securing

Taxable Single Family Mortgage Class I Adjustable Rate Bonds, 2004 Series B-1

Single Family Mortgage Class I Adjustable Rate Bonds, 2004 Series B-2

Single Family Mortgage Class III Bonds, 2004 Series B-3

and

Single Family Mortgage Class I Bonds, 2004 Series B-4

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This Series Indenture, dated as of November 1, 2004, between the Colorado Housing and Finance Authority (the "Authority"), a body corporate and political subdivision of the State of Colorado, and Zions First National Bank, as Trustee (the "Trustee"), a national banking association, duly organized and existing under the laws of the United States of America, with a corporate trust office located in Denver, Colorado, and authorized under such laws to accept and execute trusts of the character herein set forth,

W I T N E S S E T H :

WHEREAS, the Authority has entered into a Master Indenture of Trust dated as of October 1, 2001 (as amended, the "Master Indenture") with the Trustee for the purposes set forth therein; and

WHEREAS, the Master Indenture authorizes the Authority to issue Bonds pursuant to the Master Indenture and one or more Series Indentures; and

WHEREAS, in order to accomplish the purposes set forth in the Master Indenture, the Authority has determined it appropriate and necessary to issue bonds under this Series Indenture; and

WHEREAS, the execution and delivery of this Series Indenture has been in all respects duly and validly authorized by a resolution duly adopted by the Authority; and

WHEREAS, all things necessary to make the 2004 Series B Bonds, when executed by the Authority and authenticated by the Bond Registrar, valid and binding legal obligations of the Authority and to make this Series Indenture a valid and binding agreement have been done;

NOW THEREFORE, THIS SERIES INDENTURE WITNESSETH:

ARTICLE I  
AUTHORITY AND DEFINITIONS

Section 1.1 Authority. This Series Indenture is executed and delivered pursuant to the authority contained in the Act, Section 10.1(e) of the Master Indenture and the Supplemental Public Securities Act, Part 2 of Article 57 of Title 11, Colorado Revised Statutes.

Section 1.2 Definitions. All terms which are defined in Section 1.1 of the Master Indenture shall have the same meanings, respectively, in this Series Indenture, and, unless the context shall otherwise require, the following terms shall have the following respective meanings:

“2004 Series B Bonds” means, collectively, the 2004 Series B Class I Bonds and the 2004 Series B Class III Bonds.

“2004 Series B Class I Asset Requirement” means the requirement that, as of any date of calculation, the sum of (a) amounts held in the 2004 Series B subaccount of the Acquisition Account, the 2004 Series B subaccount of the Loan Recycling Account, the 2004 Series B subaccount of the Class I Debt Service Fund (to the extent such amounts are required to be used to pay principal of 2004 Series B Class I Bonds), the 2004 Series B subaccount of the Redemption Fund (to the extent such amounts are required to be used to redeem 2004 Series B Class I Bonds) and the 2004 Series B subaccount of the Debt Service Reserve Fund, (b) the amounts held in the respective subaccounts of the Accounts and Funds listed in clause (a) above that are Unrelated to the 2004 Series B Bonds (including amounts in such subaccounts of the Class I Debt Service Fund and the Redemption Fund only to the extent such amounts are required to be used to pay principal of or to redeem Class I Bonds) plus the aggregate unpaid principal balance of Mortgage Loans Unrelated to the 2004 Series B Bonds to the extent the aggregate amount held in such subaccounts for each Series of such Unrelated Bonds and the aggregate unpaid principal balance of such Mortgage Loans exceeds the sum of 100% of the Aggregate Principal Amount of the Short-Term Bonds of such Series of Unrelated Bonds then Outstanding plus 111.5% of the Aggregate Principal Amount of the other Class I Bonds of such Series of Unrelated Bonds then Outstanding, or such other different percentage as shall be approved or required by each Rating Agency in writing, but only to the extent that such amounts have not been or are not being taken into account in satisfying the “Class I Asset Requirement” for any other Series of Bonds Unrelated to the 2004 Series B Bonds other than the Series of Bonds to which each respective “Class I Asset Requirement” relates, and (c) the aggregate unpaid principal balance of Mortgage Loans Related to the 2004 Series B Bonds, be at least equal to the sum of 100.0% of the Aggregate Principal Amount of the 2004 Series B-4 Bonds then Outstanding plus 111.5% of the Aggregate Principal Amount of all other 2004 Series B Class I Bonds then Outstanding, or such different percentage as shall be approved or required by each Rating Agency in writing.

“2004 Series B Class I Bonds” means, collectively, the 2004 Series B-1 Bonds, the 2004 Series B-2 Bonds and the 2004 Series B-4 Bonds.

“2004 Series B Class III Asset Requirement” means the requirement that, as of any date of calculation, the sum of (a) amounts in the 2004 Series B subaccount of the Acquisition Account, the 2004 Series B subaccount of the Loan Recycling Account, the 2004 Series B subaccount of the Class I Debt Service Fund (to the extent such amounts are required to be used to pay principal of 2004 Series B Class I Bonds) and the Class III Debt Service Fund, the 2004 Series B subaccount of the Redemption Fund and the 2004 Series B subaccount of the Debt Service Reserve Fund, (b) the amounts held in the respective subaccounts of the Accounts and Funds listed in clause (a) above that are Unrelated to the 2004 Series B Bonds plus the aggregate unpaid principal balance of Mortgage Loans Unrelated to the 2004 Series B Bonds to the extent the aggregate amount held in such subaccounts for each Series of such Unrelated Bonds and the aggregate unpaid principal balance of such Mortgage Loans exceeds the sum of 100% of the Aggregate Principal Amount of the Short-Term Bonds of such Series of Unrelated Bonds then Outstanding plus 102% of the Aggregate Principal Amount of the other Class I Bonds of such Series of Unrelated Bonds then Outstanding, the Class II Bonds of such Series of Unrelated Bonds then Outstanding and of the Class III Bonds of such Series of Unrelated Bonds then Outstanding, or such other different percentages as shall be approved or required by each Rating Agency in writing, but only to the extent that such amounts have not been or are not being taken into account in satisfying the “Class III Asset Requirement” for any other Series of Bonds Unrelated to the 2004 Series B Bonds other than the series of Bonds to which each respective “Class III Asset Requirement” relates, and (c) the aggregate unpaid principal balance of Mortgage Loans Related to the 2004 Series B Bonds, be at least equal to the sum of 100% of the Aggregate Principal Amount of the 2004 Series B-4 Bonds then Outstanding plus 102% of the Aggregate Principal Amount of all other 2004 Series B Class I Bonds and 2004 Series B Class III Bonds then Outstanding, or such different percentages as shall be approved or required by each Rating Agency in writing.

“2004 Series B Class III Bonds” means the Colorado Housing and Finance Authority Single Family Mortgage Class III Bonds, 2004 Series B-3 authorized by, and at any time Outstanding pursuant to, the Indenture.

“2004 Series B Mortgage Loan” means a Mortgage Loan which satisfies the requirements of Section 6.2 of this Series Indenture and which is Related to the 2004 Series B Bonds.

“2004 Series B Tax-Exempt Bonds” means the 2004 Series B Bonds other than the 2004 Series B-1 Bonds, the interest on which is intended to be excluded from gross income of the owners thereof for federal income tax purposes.

“2004 Series B-1 Bonds” means the Colorado Housing and Finance Authority Taxable Single Family Mortgage Class I Adjustable Rate Bonds, 2004 Series B-1 authorized by, and at any time Outstanding pursuant to, the Indenture.

“2004 Series B-2 Bonds” means the Colorado Housing and Finance Authority Single Family Mortgage Class I Adjustable Rate Bonds, 2004 Series B-2 authorized by, and at any time Outstanding pursuant to, the Indenture.

“2004 Series B-3 Bonds” means the 2004 Series B Class III Bonds.

“2004 Series B-4 Bonds” means the Colorado Housing and Finance Authority Single Family Mortgage Class I Bonds, 2004 Series B-4 authorized by, and at any time Outstanding pursuant to, the Indenture.

“Adjustable Rate Bonds” means the Adjustable Rate Tax-Exempt Bonds and the Adjustable Rate Taxable Bonds, collectively.

“Adjustable Rate Tax-Exempt Bonds” means the 2004 Series B-2 Bonds, or applicable portion thereof.

“Adjustable Rate Taxable Bonds” means the 2004 Series B-1 Bonds, or applicable portion thereof.

“Alternate Interest Rate Contract” means any Interest Rate Contract or similar agreement delivered by the Authority pursuant to the terms of this Series Indenture subsequent to either Initial Interest Rate Contract; provided, however, that the delivery of such Alternate Interest Rate Contract shall result in a short-term rating of the Adjustable Rate Bonds of not less than “A-1+” or “VMIG-1” (in the case of S&P and Moody’s, respectively), as evidenced by rating letters delivered in connection with the delivery of such Alternate Interest Rate Contract.

“Alternate Liquidity Facility” means any Liquidity Facility providing liquidity for one or more Series of the Adjustable Rate Bonds delivered by the Authority pursuant to the terms of this Series Indenture, other than the Initial Liquidity Facility; provided, however, that the delivery of such Alternate Liquidity Facility shall result in a short-term rating on the applicable Adjustable Rate Bonds of not less than “A-1+” or “VMIG-1” (in the case of S&P and Moody’s, respectively), as evidenced by rating letters delivered when each such Alternate Liquidity Facility is delivered.

“Alternate Rate” means, on any Rate Determination Date for an Adjustable Rate Bond in a particular Mode, the following.

- (i) For an Adjustable Rate Taxable Bond in the Commercial Paper Mode, the Three-Month LIBOR Rate in effect on such Rate Determination Date plus 0.20%, and for an Adjustable Rate Tax-Exempt Bond in the Commercial Paper Mode, the Lehman Brothers Tax Exempt Commercial Paper Index in effect on such Rate Determination Date plus 0.20%.



(ii) For an Adjustable Rate Bond in the Daily Mode, the last lawful interest rate for such Adjustable Rate Bond set by the Remarketing Agent pursuant to Section 2.8 of this 2004 Series B Indenture.

(iii) For an Adjustable Rate Taxable Bond in the Weekly Mode, the One-Month LIBOR Rate in effect on such Rate Determination Date plus 0.20%, and for an Adjustable Rate Tax-Exempt Bond in the Weekly Mode, the BMA Municipal Swap Index in effect on such Rate Determination Date plus 0.20% (or, in the event the Indexing Agent no longer publishes an index satisfying the requirements of the definition of BMA Municipal Swap Index, the J.J. Kenny Index in effect on such Rate Determination Date plus 0.20%; provided, however, that if the J.J. Kenny Index also ceases to be published, an alternative index shall be calculated by an entity selected in good faith by the Authority, and shall be determined using the criteria for the BMA Municipal Swap Index).

(iv) For an Adjustable Rate Taxable Bond in the Term Rate Mode, the One-Year LIBOR Rate in effect on such Rate Determination Date plus 0.20%, and for an Adjustable Rate Tax-Exempt Bond in the Term Rate Mode, the Alternate Tax-Exempt Term Rate in effect on such Rate Determination Date

“Alternate Tax-Exempt Term Rate” means, on any Rate Determination Date for an Adjustable Rate Tax-Exempt Bond in the Term Rate Mode, an index published or provided by Kenny Information Systems plus 0.20%, which index is based on yield evaluations at par of bonds the interest on which is excluded from gross income for purposes of Federal income taxation and are not subject to a “minimum tax” or similar tax under the Code (unless all tax-exempt bonds are subject to such tax). The bonds upon which the index is based shall include not less than five “high grade” component issuers selected by Kenny Information Systems which shall include, without limitation, issuers of general obligation bonds. The specific issuers included among the component issuers may be changed from time-to-time by Kenny Information Systems in its discretion. The yield evaluation period for the index shall be a one year evaluation.

“Authorized Denominations” means (i) with respect to Adjustable Rate Bonds in a Daily Mode, a Weekly Mode, a SAVRS Rate Mode or a Commercial Paper Mode, \$100,000 and any integral multiple of \$5,000 in excess thereof and (ii) with respect to Adjustable Rate Bonds in a Term Rate Mode or a Fixed Rate Mode and with respect to Fixed Rate Bonds, \$5,000 and any integral multiple thereof.

“Bank Bonds” means any Bonds registered in the name of the Liquidity Facility Provider pursuant to Section 7.9(b) of this 2004 Series B Indenture.

“Bank Rate” means the interest rate, not to exceed the lesser of (i) the Maximum Bank Rate or (ii) the maximum interest rate permitted by law, payable on Bank Bonds and determined pursuant to the Liquidity Facility.

“BMA Index” means, with respect to any Adjustable Rate Tax-Exempt Bond in the Weekly Mode for which a rate is not set pursuant to Section 2.8(b) of this Series Indenture, the rate per annum determined on the basis of an index based upon the weekly interest rates of tax-exempt variable rate issues included in a database maintained by the Indexing Agent which meet specific criteria established by The Bond Market Association, formerly known as the Public Securities Association.

“Bond Purchase Fund” means the fund by that name created in Section 7.12 of this Series Indenture.

“Book-Entry Bonds” means the Bonds held by DTC (or its nominee) as the registered owner thereof pursuant to the terms and provisions of Section 2.17 of the Master Indenture.

“Business Day” means a Business Day as defined in the Master Indenture but only if such day is also a day on which banks in the city in which the principal office of the Remarketing Agent is located is not required or authorized by law to be closed.

“Commercial Paper Bond” means any Adjustable Rate Bond which is in the Commercial Paper Mode.

“Commercial Paper Mode” means, with respect to a particular Adjustable Rate Bond, the Mode during which such Bond bears interest at a Commercial Paper Rate.

“Commercial Paper Rate” means the interest rate (per annum) on any Adjustable Rate Bond in the Commercial Paper Mode determined pursuant to Section 2.7 of this Series Indenture.

“Current Mode” shall have the meaning specified in Section 2.11 of this Series Indenture.

“Daily Mode” means the Mode during which all or any part of the Adjustable Rate Bonds bear interest at the Daily Rate.

“Daily Rate” means the per annum interest rate on any Adjustable Rate Bond in the Daily Mode determined pursuant to Section 2.8(a) of this Series Indenture.

“Debt Service Reserve Fund Requirement” means, with respect to the 2004 Series B Bonds and as of each determination date, an amount equal to 5% of the Aggregate Principal Amount of all 2004 Series B Bonds then Outstanding.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Electronic Means” means telecopy, telegraph, telex, facsimile transmission, e-mail transmission or other similar electronic means of communication, including a telephonic communication confirmed by writing or written transmission.

“Expiration Date” means the stated term, expiration date or termination date of the Liquidity Facility, or such stated term, expiration date or termination date as it may be extended from time to time as provided in the Liquidity Facility, or any earlier date on which the Liquidity Facility shall terminate, expire or be cancelled.

“Expiration Tender Date” means the day five Business Days prior to the Expiration Date.

“Favorable Opinion of Bond Counsel” means, with respect to any action the occurrence of which requires such an opinion, an unqualified opinion of Bond Counsel to the effect that such action is permitted under the Act and the Indenture and will not impair the exclusion of interest on the Tax-Exempt 2004 Series B Bonds from gross income for purposes of Federal income taxation (subject to the inclusion of any exceptions contained in the opinion delivered upon original issuance of the Tax-Exempt 2004 Series B Bonds).

“FHA” means the Federal Housing Administration and any agency or instrumentality of the United States of America succeeding to the mortgage insurance functions thereof.

“Fixed Rate” means the per annum interest rate on any Adjustable Rate Bond in the Fixed Rate Mode determined pursuant to Section 2.9(b) of this Series Indenture.

“Fixed Rate Bonds” means, collectively, the 2004 Series B-3 Bonds and the 2004 Series B-4 Bonds.

“Fixed Rate Mode” means the Mode during which all or a particular portion of the Adjustable Rate Bonds bear interest at (a) Fixed Rate(s).

“Funds Exchange Agreement” means the 2004A Funds Exchange Agreement dated as of November 1, 2004 between the Authority and Zions First National Bank, as Trustee.

“GMI” means governmental mortgage insurance or guaranty issued by a Governmental Insurer and providing primary mortgage insurance or guaranty coverage of a Mortgage Loan in accordance with the requirements of Section 6.2 of this Series Indenture.

“Governmental Insurer” means FHA, VA or RHS.

“Indexing Agent” means Municipal Market Data, Boston Massachusetts, a Thompson Financial Services Company, or its successor.

“Initial Interest Rate Contract” means each of the Interest Rate Contracts between the Authority and the respective initial Interest Rate Contract Providers, each dated as of November 10, 2004.

“Initial Liquidity Facility” means the Standby Bond Purchase Agreement among the Authority, Dexia Credit Local, acting through its New York Branch, and Zions First National Bank, as tender agent, dated as of November 10, 2004.

“Interest Accrual Period” means the period during which Adjustable Rate Bonds accrue interest payable on any Interest Payment Date. With respect to Adjustable Rate Bonds in the Daily Mode, the Interest Accrual Period shall commence on (and include) the first day of each month and shall extend through (and include) the last day of such month; provided, that if such month is the month in which such Adjustable Rate Bonds are authenticated and delivered, or if such Adjustable Rate Bonds are changed to the Daily Mode during such month, the Interest Accrual Period shall commence on the date of authentication and delivery of such Adjustable Rate Bonds or the Mode Change Date, as the case may be; provided, further, that if no interest has been paid on such Adjustable Rate Bonds in the Daily Mode, interest shall accrue from the date of original authentication and delivery of such Adjustable Rate Bonds or the Mode Change Date, as appropriate. With respect to Adjustable Rate Bonds in all Modes other than the Daily Mode and with respect to Fixed Rate Bonds, the Interest Accrual Period shall commence on (and include) the last Interest Payment Date to which interest has been paid (or, if no interest has been paid on the Fixed Rate Bonds or on Adjustable Rate Bonds in such Mode, from the date of original authentication and delivery of such Bonds, or the Mode Change Date, as the case may be) to, but not including, the Interest Payment Date on which interest is to be paid. If, at the time of authentication of any 2004 Series B Bond, interest is in default or overdue on such 2004 Series B Bonds, such Bonds shall bear interest from the date to which interest has previously been paid in full or made available for payment in full on Outstanding 2004 Series B Bonds.

“Interest Payment Date” means each date on which interest is to be paid on 2004 Series B Bonds and is: (i) with respect to a Commercial Paper Bond, the Purchase Date; (ii) with respect to an Adjustable Rate Bond in the Daily Mode, the first Business Day of each month, (iii) with respect to an Adjustable Rate Bond in the Weekly Mode, each Stated Interest Payment Date (iv) with respect to an Adjustable Rate Bond in the Term Rate Mode and for the current Interest Period for such Bond, each Stated Interest Payment Date occurring in such Period; (v) with respect to an Adjustable Rate Bond in the Fixed Rate Mode and with respect to Fixed Rate Bonds, each Stated Interest Payment Date; (vi) with respect to Bank Bonds, (A) monthly on the first Business Day of each calendar month, (B) upon redemption (to the extent of the interest accrued on the amount being redeemed), (C) on the Payment Date (as defined in the Liquidity Facility), whether by acceleration or otherwise, (D) after the Payment Date on demand, and (E) for a Bank Bond, the date such Bond ceases to be a Bank Bond; (vii) any Mode Change Date; (viii) each Maturity Date and Serial Maturity Date, and (ix) after any SAVRS Rate Conversion Date, each “Interest Payment Date” as defined in the Supplemental Indenture to be entered into in connection with the SAVRS Rate Conversion Date.

“Interest Period” means, for an Adjustable Rate Bond in a particular Mode, the period of time that such Bond bears interest at the rate (per annum) which becomes effective at the beginning of such period. The Interest Period for each Mode is as follows:

- (i) for an Adjustable Rate Bond in the Commercial Paper Mode, the period of from one to 360 calendar days as established by the Remarketing Agent pursuant to Section 2.7 of this Series Indenture;

(ii) for an Adjustable Rate Bond in the Daily Mode, the period from (and including) the Mode Change Date upon which such Bond is changed to the Daily Mode to (but excluding) the next Rate Determination Date for such Bond, and thereafter the period from and including the current Rate Determination Date for such Bond to (but excluding) the next Rate Determination Date for such Bond;

(iii) for an Adjustable Rate Bond in the Weekly Mode, the period from (and including) the Mode Change Date upon which such Bond is changed to the Weekly Mode to (and including) the next Tuesday, and thereafter the period from (and including) each Wednesday to (and including) the next Tuesday;

(iv) for an Adjustable Rate Bond in the Term Rate Mode, the period from (and including) the Mode Change Date to (but excluding) the last day of the first period that such Bond shall be in the Term Rate Mode as established by the Authority for such Bond pursuant to Section 2.11(a)(i) of this Series Indenture and, thereafter, the period from (and including) the beginning date of each successive interest rate period selected for such Bond by the Authority pursuant to Section 2.9(a) of this Series Indenture while it is in the Term Rate Mode to (but excluding) the ending date for such period selected for such Bond by the Authority. Each Interest Period for an Adjustable Rate Bond in the Term Rate Mode shall end on a Stated Interest Payment Date occurring not earlier than three months after the commencement of such Period.

“Interest Rate Contract” means any Interest Rate Contract delivered pursuant to the terms of this Series Indenture, including the Initial Interest Rate Contracts and any Alternate Interest Rate Contract.

“Interest Rate Contract Provider” means (a) initially, with respect to certain of the Adjustable Rate Taxable Bonds, UBS AG, Stamford Branch, and its successors and assigns, and with respect to the Adjustable Rate Tax-Exempt Bonds, AIG Financial Products Corp., and its successors and assigns, or, (b) with respect to an Alternate Interest Rate Contract, the Interest Rate Contract Provider thereunder.

“J.J. Kenny Index” means, with respect to an Adjustable Rate Tax-Exempt Bond in the Weekly Mode for which a rate is not, or cannot be, set pursuant to Section 2.8(c) of this Series Indenture, the index generally made available on the applicable Rate Determination Date by Kenny Information Systems or any successor thereto. The J. J. Kenny Index shall be based upon 30-day yield evaluations at par of bonds the interest on which is exempt from Federal income taxation under the Internal Revenue Code of 1986, as amended, of not less than five “high grade” component issuers selected by the Kenny Information Systems which shall include, without limitation, issuers of general obligation bonds. The specific issuers included among the component issuers may be changed from time to time by the Kenny Information Systems in its discretion. The bonds on which the J.J. Kenny Index is based shall not include any bonds the interest on which is subject to a “minimum tax” or similar tax under the Internal Revenue Code, unless all tax-exempt bonds are subject to such tax.

“Lehman Brothers Tax Exempt Commercial Paper Index” means the index representing the average rate of Lehman Brothers Inc.’s portfolio of all tax-exempt commercial paper with maturities between 25 and 36 days underwritten during the seven days prior to and including each Tuesday, the day upon which the index is calculated.

“Liquidity Facility” means any Liquidity Facility delivered pursuant to the terms of this Series Indenture, including the Initial Liquidity Facility and any Alternate Liquidity Facility.

“Liquidity Facility Provider” means, initially Dexia Credit Local, acting through its New York Branch, as obligor under the Initial Liquidity Facility, and its respective successors and assigns, or, with respect to an Alternate Liquidity Facility, the obligor thereunder.

“Mandatory Purchase Date” means (i) any Purchase Date for Adjustable Rate Bonds in the Commercial Paper Mode or the Term Rate Mode, (ii) any Mode Change Date, (iii) the Substitution Tender Date and (iv) any other date that Adjustable Rate Bonds are subject to mandatory purchase in accordance with Section 7.5 or 7.6 of this Series Indenture.

“Maturity Date” means the respective dates set forth in Section 2.1 of this Series Indenture and, in any case, upon a change of Adjustable Rate Bonds to the Fixed Rate Mode, any Serial Maturity Date established pursuant to Section 2.11(b) of this Series Indenture.

“Maximum Bank Rate” means, with respect to Bank Bonds, the lesser of (i) the maximum non-usurious lawful rate of interest permitted by applicable law and (ii) 25% per annum.

“Maximum Rate” means 10% per annum in the case of Adjustable Rate Tax-Exempt Bonds while covered by the Initial Liquidity Facility (if such Bonds are covered by an Alternate Liquidity Facility, the Authority may direct that such rate be increased up to a maximum of 15% per annum) and 12% per annum in the case of Adjustable Rate Taxable Bonds while covered by the Initial Liquidity Facility (if such Bonds are covered by an Alternate Liquidity Facility, the Authority may direct that such rate be increased up to a maximum of 25% per annum) or, with respect to Bank Bonds, the Maximum Bank Rate.

“Mode” means, as the context may require, the Commercial Paper Mode, the Daily Mode, the Weekly Mode, the Term Rate Mode, the Fixed Rate Mode or the SAVRS Rate Mode.

“Mode Change Date” means with respect to any Adjustable Rate Bond in a particular Mode, the day on which another Mode for such Bond begins.

“Mode Change Notice” means the notice from the Authority to the other Notice Parties of the Authority’s intention to change Mode.

“Moody’s” means Moody’s Investors Service, Inc., and its successors and assigns.

“National Repository” shall mean, at the Authority’s option, either (i) each Nationally Recognized Municipal Securities Information Repository (collectively, the “NRMSIRs”) recognized by the Securities and Exchange Commission from time to time for purposes of 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, or (ii) any other filing system approved by the Securities and Exchange Commission for transmission of continuing disclosure filings under said Rule 15c2-12(b)(5) for submission to the NRMSIRs (without also separately submitting such filings to the NRMSIRs and any applicable State Information Depositories by some other means), including without limitation the central post office known as DisclosureUSA, managed by the Municipal Advisory Council of Texas and located at the website [www.DisclosureUSA.org](http://www.DisclosureUSA.org).

“New Mode” shall have the meaning specified in 2.11(a) of this Series Indenture.

“Notice Parties” means the Authority, the Trustee, the Remarketing Agent, the Paying Agent and the Liquidity Facility Provider.

“One-Month LIBOR Rate,” “Three-Month LIBOR Rate” or “One-Year LIBOR Rate” means the rate per annum relating to quotations for London Interbank Offered Rates on U.S. dollar deposits for a one month period, a three month period or a one-year period, respectively, fixed by the British Bankers’ Association at 11:00 a.m., London time, on the applicable Rate Determination Date, as displayed at the Internet site, <http://www.bba.org.uk>. If such Rate Determination Date is not a business day in London, the most recently fixed London Interbank Offered Rates on U.S. dollar deposits for a one month period, a three month period or a one-year period, respectively, shall be used. If the rate is no longer available at <http://www.bba.org.uk>, the Trustee will ascertain the rate in good faith from such sources as it shall determine to be comparable to such source.

“Private Insurer” means a private mortgage insurance company approved by the Authority and (i) qualified to transact business in the State, (ii) qualified to provide insurance on mortgages purchased by Freddie Mac or Fannie Mae and (iii) rated by each Rating Agency then rating the 2004 Series B Bonds, at the time each 2004 Series B Mortgage Loan subject to Private Mortgage Insurance provided by such Private Insurer is made or originated, AA- or better by S&P and Aa3 or better by Moody’s.

“Private Mortgage Insurance” means private mortgage insurance or guaranty issued by a Private Insurer and providing primary mortgage insurance or guaranty coverage of all or a portion of a Mortgage Loan.

“Purchase Date” means (i) for an Adjustable Rate Bond in the Commercial Paper Mode, the last day of the Interest Period for such Bond, (ii) for an Adjustable Rate Bond in the Daily Mode or the Weekly Mode, any Business Day selected by the owner of such Bond pursuant to the provisions of Section 7.1 of this Series Indenture and (iii) for an Adjustable Rate Bond in the Term Rate Mode, the last day of the Interest Period for such Bond (or the next Business Day is

such last day is not a Business Day), but only if the Owner thereof shall have elected to have such Bond purchased on such date pursuant to Section 7.4 of this Series Indenture.

“Purchase Price” means (i) an amount equal to the principal amount of any Adjustable Rate Bonds purchased on any Purchase Date, plus, in the case of any purchase of Adjustable Rate Bonds in the Daily Mode or the Weekly Mode, accrued interest, if any, to the Purchase Date, or (ii) an amount equal to the principal amount of any Adjustable Rate Bonds purchased on a Mandatory Purchase Date, plus, in the case of any Adjustable Rate Bonds purchased on a Substitution Tender Date or subject to mandatory purchase in accordance with Section 7.5 or Section 7.6 of this Series Indenture, accrued interest, if any, to the Mandatory Purchase Date.

“Rate Determination Date” means the date on which the interest rate on an Adjustable Rate Bond shall be determined, which, (i) in the case of the Commercial Paper Mode, shall be the first day of an Interest Period; (ii) in the case of the Daily Mode, shall be each Business Day commencing with the first day the Adjustable Rate Bonds become subject to the Daily Mode; (iii) in the case of the initial conversion to the Weekly Mode, shall be no later than the Business Day prior to the Mode Change Date, and thereafter, shall be each Tuesday or, if Tuesday is not a Business Day, the next succeeding day or, if such day is not a Business Day, then the Business Day next preceding such Tuesday; (iv) in the case of the Term Rate Mode, shall be a Business Day no earlier than 30 Business Days and no later than the Business Day next preceding the first day of an Interest Period, as determined by the Remarketing Agent; and (v) in the case of the Fixed Rate Mode, shall be a date determined by the Remarketing Agent which shall be at least one Business Day prior to the Mode Change Date.

“Rating Confirmation Notice” means a notice from each Rating Agency confirming that the rating on the 2004 Series B Bonds will not be withdrawn (other than a withdrawal of a short term rating upon a change of Adjustable Rate Bonds to a Term Rate Mode or a Fixed Rate Mode) or reduced as a result of the action proposed to be taken.

“Record Date” means (i) with respect to Adjustable Rate Bonds in a Commercial Paper Mode, a Weekly Mode or a SAVRS Rate Mode, the day (whether or not a Business Day) next preceding each Interest Payment Date, (ii) with respect to Adjustable Rate Bonds in the Daily Rate Mode, the last day of each month (whether or not a Business Day) and (iii) with respect to Adjustable Rate Bonds in a Term Rate Mode or a Fixed Rate Mode and with respect to Fixed Rate Bonds, the fifteenth day (whether or not a Business Day) of the month next preceding each Interest Payment Date.

“Remarketing Agent” means Lehman Brothers Inc. and its successors and assigns, unless another remarketing agent shall be duly appointed in accordance with this Series Indenture.

“RHS” means the Rural Housing Service (formerly, the Rural Housing and Community Development Service, the successor to the Farmers Home Administration) and any agency or instrumentality of the United States of America succeeding to the mortgage insurance functions thereof.



“S&P” means Standard & Poor’s Ratings Services, a division of the McGraw-Hill Companies, Inc., and its successors and assigns.

“SAVRS Rate Bonds” means any of the Adjustable Rate Bonds in any period during which such Adjustable Rate Bonds are in a SAVRS Rate Mode.

“SAVRS Rate Conversion Date” means the date on which any of the Adjustable Rate Bonds are converted to SAVRS Rate Bonds, which date shall be an Interest Payment Date.

“SAVRS Rate Mode” means the Mode during which any of the Adjustable Rate Bonds bear interest at rates determined by auction procedures described in the Supplemental Indenture to be entered into in connection with the SAVRS Rate Conversion Date.

“Serial Bonds” shall be the Adjustable Rate Bonds maturing on the Serial Maturity Dates, as determined pursuant to Section 2.11 of this Series Indenture.

“Serial Maturity Dates” means the dates on which the Serial Bonds mature, as determined pursuant to Section 2.11 of this Series Indenture.

“Serial Payments” mean the payments to be made in payment of the principal of the Serial Bonds on the Serial Maturity Dates.

“Short-Term Bonds” means any Bonds for which the denominator of the Class I Asset Requirement, the Class II Asset Requirement and/or the Class III Asset Requirement, as applicable, is calculated based on 100% of the Aggregate Principal Amount of such Bonds. As of the date of issuance of the 2004 Series B Bonds, the Outstanding Short-Term Bonds are the Colorado Housing and Finance Authority Single Family Mortgage Class I Bonds, 2004 Series A-4 and the Colorado Housing and Finance Authority Single Family Mortgage Class I Bonds, 2004 Series A-5.

“Short-Term Mode” means a Daily Mode, a Weekly Mode or the Commercial Paper Mode.

“Standby Purchase Account” means the account by that name created in Section 7.12 of this Series Indenture.

“Stated Interest Payment Dates” means each May 1 and November 1.

“Substitution Date” means the date on which an Alternate Liquidity Facility is to be substituted for the Liquidity Facility.

“Substitution Tender Date” means the date five Business Days prior to the Substitution Date, unless on or prior to the 45th day next preceding the Substitution Date, the Authority has delivered to the Paying Agent and the Trustee a Rating Confirmation Notice in connection with the delivery of an Alternate Liquidity Facility.

“Term Rate” means the per annum interest rate for any Adjustable Rate Bond in the Term Rate Mode determined pursuant to Section 2.9(a) of this Series Indenture.

“Term Rate Mode” means the Mode during which all or any part of the Adjustable Rate Bonds bear interest at the Term Rate.

“Weekly Mode” means the Mode during which all or any part of the Adjustable Rate Bonds bear interest at the Weekly Rate.

“Weekly Rate” means the per annum interest rate on any Adjustable Rate Bond in the Weekly Mode determined pursuant to Section 2.8(b) of this Series Indenture.

“VA” means the Department of Veterans Affairs and any agency or instrumentality of the United States of America succeeding to the mortgage guaranty function thereof.

(End of Article I)

## ARTICLE II

### AUTHORIZATION AND ISSUANCE OF 2004 SERIES B BONDS

Section 2.1 Authorization of 2004 Series B Bonds; Principal Amounts, Maturity, Designation and Series. (a) A Series of Bonds to be issued under this Series Indenture in order to obtain moneys to carry out the Program is hereby created. Such 2004 Series B Bonds shall be issued in two classes: Class I Bonds and Class III Bonds. The Class I Bonds shall be of three subseries: 2004 Series B-1, 2004 Series B-2 and 2004 Series B-4 Bonds. The 2004 Series B Class III Bonds shall be General Obligation Bonds for purposes of the Indenture. The 2004 Series B Bonds shall be designated as the “Colorado Housing and Finance Authority Taxable Single Family Mortgage Class I Adjustable Rate Bonds, 2004 Series B-1,” “Colorado Housing and Finance Authority Single Family Mortgage Class I Adjustable Rate Bonds, 2004 Series B-2,” “Colorado Housing and Finance Authority Single Family Mortgage Class III Bonds, 2004 Series B-3” and “Colorado Housing and Finance Authority Single Family Mortgage Class I Bonds, 2004 Series B-4.”

(b) The Aggregate Principal Amount of 2004 Series B-1 Bonds which may be issued and Outstanding under the Indenture shall not exceed \$50,000,000; the Aggregate Principal Amount of 2004 Series B-2 Bonds which may be issued and Outstanding under the Indenture shall not exceed \$40,000,000; the Aggregate Principal Amount of 2004 Series B-3 Bonds which may be issued and Outstanding under the Indenture shall not exceed \$11,000,000; and the Aggregate Principal Amount of 2004 Series B-4 Bonds which may be issued and Outstanding under the Indenture shall not exceed \$82,335,000.

(c) The 2004 Series B-1 Bonds shall mature, subject to the right of prior redemption as set forth in Article III of this Series Indenture, on November 1, 2034.

(d) The 2004 Series B-2 Bonds shall mature, subject to the right of prior redemption as set forth in Article III of this Series Indenture, on November 1, 2026.

(e) The 2004 Series B-3 Bonds shall mature, subject to the right of prior redemption as set forth in Article III of this Series Indenture, on May 1, 2032 and shall bear interest, payable on each Interest Payment Date, at the rate of 5.25% per annum.

(f) The 2004 Series B-4 Bonds shall mature on November 1, 2005 and shall bear interest, payable on each Interest Payment Date, at the rate of 1.99% per annum.

Section 2.2 Denominations, Medium, Method and Place of Payment, Dating and Numbering.

(a) Each 2004 Series B Bond shall bear interest from the Interest Payment Date next preceding the date of authentication of such Bond, unless such Bond is authenticated on an Interest Payment Date, in which event such Bond shall bear interest from such Interest Payment Date, or unless such Bond is authenticated prior to the first Interest Payment Date, in which

event such Bond shall bear interest from its dated date, or unless interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest has been paid in full or unless no interest shall have been paid on the 2004 Series B Class I Bonds or the 2004 Series B Class III Bonds, as the case may be, in which event such Bond shall bear interest from its dated date. Payment of interest on any 2004 Series B Bond shall be made to the Person whose name appears on the registration records kept by the Bond Registrar as the registered owner thereof on the Record Date, such interest to be paid by check or draft mailed to the registered owner at his address as it appears on such registration records or at such other address as it may have filed with the Bond Registrar for that purpose, and the Bond Registrar shall keep a record in such registration records or at such other address as it appears on such registration records or at such other address as it may have filed with the Bond Registrar for that purpose.

(b) Interest on the Adjustable Rate Bonds will be payable at the Weekly Rate, unless and until the Authority selects a different interest rate determination method as provided herein. The Adjustable Rate Bonds may also be in more than one Mode at any time after their original issuance. The 2004 Series B Bonds shall be issued only in the form of fully registered Bonds in Authorized Denominations.

(c) The principal of and premium, if any, and interest on the 2004 Series B Bonds shall be payable in lawful money of the United States of America. The interest on the 2004 Series B Bonds shall be paid by the Paying Agent on the Interest Payment Dates (i) in the case of Adjustable Rate Bonds in a Commercial Paper Mode, the Daily Mode or the Weekly Mode, by wire transfer of immediately available funds to an account specified by the Owner of record thereof on the applicable Record Date in a writing delivered to the Paying Agent and (ii) in the case of Adjustable Rate Bonds in a Term Rate Mode or Fixed Rate Mode and in the case of Fixed Rate Bonds, by check mailed by the Paying Agent to the respective Owners of record thereof on the applicable Record Date at their addresses as they appear on the applicable Record Date in the registration records, except that in the case of such an Owner of \$1,000,000 or more in Aggregate Principal Amount of 2004 Series B Bonds, upon the written request of such Owner to the Paying Agent, specifying the account or accounts to which such payment shall be made, payment of interest shall be made by wire transfer of immediately available funds on the Interest Payment Date following such Record Date. Any such request shall remain in effect until revoked or revised by such Owner by an instrument in writing delivered to the Paying Agent. The principal of and premium, if any, on each Bond shall be payable on the Payment Date, upon surrender thereof at the office of the Paying Agent.

(d) The 2004 Series B Bonds shall be dated the date of initial issuance and delivery thereof and shall bear interest during each Interest Accrual Period until the entire principal amount of the Bonds has been paid.

(e) Unless the Authority shall otherwise direct, the 2004 Series B-1 Bonds shall be numbered separately from 1 upward preceded by the legend RB1I- prefixed to the number, the 2004 Series B-2 Bonds shall be numbered separately from 1 upward preceded by the legend RB2I- prefixed to the number, the 2004 Series B-3 Bonds shall be numbered separately from 1

upward preceded by the legend RB3III- prefixed to the number and the 2004 Series B-4 Bonds shall be numbered separately from 1 upward preceded by the legend RB4I- prefixed to the number.

Section 2.3 Forms of Bonds and Certificates of Authentication. The forms of the 2004 Series B-1 Bonds/2004 Series B-2 Bonds, the 2004 Series B-3 Bonds, and the 2004 Series B-4 Bonds, including the Bond Registrar's Certificate of Authentication thereon, shall be substantially as set forth in Exhibits A, B and C, respectively, to this Series Indenture. Any 2004 Series B Bonds may contain or have endorsed thereon such provisions, specifications and descriptive words and such opinions and certifications not inconsistent with the provisions of the Master Indenture and this Series Indenture as may be necessary or desirable, as determined by an Authorized Officer prior to their authentication and delivery. Upon any change in Mode of Adjustable Rate Bonds, a new form of such Adjustable Rate Bond shall be prepared, if and to the extent necessary, which contains the terms of such Adjustable Rate Bonds applicable in the new Mode.

Section 2.4 Execution of 2004 Series B Bonds. The Chair, the Chair pro tem and the Executive Director of the Authority and each of them is hereby authorized and directed to execute the 2004 Series B Bonds, and the Secretary/Treasurer, Executive Director or other officer named in this Section 2.4 (other than the officer executing the 2004 Series B Bonds) is hereby authorized and directed to attest the seal of the Authority impressed or imprinted thereon, all in the manner prescribed in Section 2.8 of the Master Indenture.

Section 2.5 Purposes. The 2004 Series B-1 Bonds are authorized to provide moneys to finance 2004 Series B Mortgage Loans for Eligible Borrowers purchasing Residential Housing. The 2004 Series B-4 Bonds are authorized to provide moneys to pay certain outstanding obligations of the Authority as set forth in the Funds Exchange Agreement. The other 2004 Series B Tax-Exempt Bonds are authorized to provide moneys to finance 2004 Series B Mortgage Loans for Eligible Borrowers purchasing Residential Housing. The 2004 Series B Bonds are also authorized to fund the Debt Service Reserve Fund Requirement and to pay a portion of the Costs of Issuance.

Section 2.6 Calculation and Payment of Interest; Maximum Rate.

(a) Interest on the Fixed Rate Bonds shall be computed on the basis of a 360-day year of twelve 30-day months. When a Commercial Paper Mode, a Daily Mode, a Weekly Mode or a Term Rate Mode of shorter than one year is in effect for Adjustable Rate Bonds, interest shall be calculated on the basis of a 365/366 day year for the actual number of days elapsed. When a Term Rate Mode of one year or longer or a Fixed Rate Mode for Adjustable Rate Bonds is in effect, interest shall be calculated on the basis of a 360 day year comprised of twelve 30-day months. When a SAVRS Rate Mode for Adjustable Rate Bonds is in effect, interest shall accrue daily and shall be computed for the actual number of days elapsed on the basis of a year consisting of 360 days. Payment of interest on each Adjustable Rate Bond shall be made on each

Interest Payment Date for such Bond for unpaid interest accrued during the Interest Accrual Period to the Owner of record of such Bond on the applicable Record Date.

(b) Some or all of the Adjustable Rate Bonds in any Mode, other than a Fixed Rate Mode, may be changed to any other Mode at the times and in the manner provided below. Subsequent to such change in Mode (other than a change to a Fixed Rate Mode), any Adjustable Rate Bond may again be changed to a different Mode at the times and in the manner provided below. A Fixed Rate Mode shall be in effect until the applicable Maturity Date, or acceleration thereof prior to such Maturity Date, and may not be changed to any other Mode.

(c) Absent manifest error, the interest rates contained in the records of the Paying Agent shall be conclusive and binding upon the Authority, the Remarketing Agent, the Paying Agent, the Trustee, the Liquidity Facility Provider and the Owners.

(d) No Adjustable Rate Bonds shall bear interest at an interest rate higher than the Maximum Rate.

Section 2.7 Determination of Commercial Paper Rates and Interest Periods During the Commercial Paper Mode.

(a) An Interest Period for a Commercial Paper Bond shall be of such duration, ending on a Business Day (but not later than the current Expiration Tender Date), of from one to 360 calendar days, as the Remarketing Agent shall determine in accordance with the provisions of this Section 2.7. In making the determinations with respect to Interest Periods, subject to limitations imposed by the preceding sentence and in Section 2.6 of this Series Indenture, on each Rate Determination Date for a Commercial Paper Bond, the Remarketing Agent shall select for such Bond the Interest Period which would result in the Remarketing Agent being able to remarket such Bond at par in the secondary market at the lowest interest rate then available and for the longest Interest Period available at such rate, provided that if on any Rate Determination Date, the Remarketing Agent determines that current or anticipated future market conditions or anticipated future events are such that a different Interest Period would result in a lower average interest cost on such Bond, then the Remarketing Agent shall select the Interest Period which in the judgment of the Remarketing Agent would permit such Bond to achieve such lower average interest cost; provided, however, that if the Remarketing Agent has received notice from the Authority that any Bond is to be changed from the Commercial Paper Mode to any other Mode or is to be purchased in accordance with a mandatory purchase pursuant to Section 7.5 or Section 7.6 of this Series Indenture, the Remarketing Agent shall, with respect to such Bond, select Interest Periods which do not extend beyond the Mandatory Purchase Date.

(b) On or after 4:00 p.m., New York City time, on the Business Day next preceding each Rate Determination Date for a Commercial Paper Bond, any Owner of such Bond may telephone the Remarketing Agent and receive notice of the anticipated next Interest Period and the anticipated Commercial Paper Rate for such Interest Period for such Bond.

(c) To receive payment of the Purchase Price, the Owner of any Adjustable Rate Bond in the Commercial Paper Mode must present such Bond to the Remarketing Agent, by 12:00 noon, New York City time, on the Rate Determination Date, in which case, the Paying Agent shall pay the Purchase Price to such Owner by the close of business on the same day.

(d) By 12:30 p.m., New York City time, on each Rate Determination Date for a Commercial Paper Bond, the Remarketing Agent shall determine the Commercial Paper Rate for the Interest Period then selected for such Bond and shall give notice by Electronic Means to the Paying Agent of the new Owner, the Interest Period, the Purchase Date and the Commercial Paper Rate.

(e) By 1:00 p.m., New York City time, on each Rate Determination Date, the Remarketing Agent will assign CUSIP numbers for each Commercial Paper Bond for which a Commercial Paper Rate and Interest Period have been determined on such date and notify the Paying Agent of such assignment by Electronic Means.

Section 2.8 Determination of Interest Rate During the Daily Mode and the Weekly Mode.

(a) The interest rate for any Bond in the Daily Mode or Weekly Mode shall be the rate of interest per annum determined by the Remarketing Agent on and as of the applicable Rate Determination Date as the minimum rate of interest which, in the opinion of the Remarketing Agent under then-existing market conditions, would result in the sale of such Bond on the Rate Determination Date at a price equal to the principal amount thereof, plus accrued and unpaid interest, if any.

(b) During the Daily Mode, the Remarketing Agent shall establish the Daily Rate by 10:00 a.m., New York City time, on each Rate Determination Date. The Daily Rate for any day during the Daily Mode which is not a Business Day shall be the Daily Rate established on the immediately preceding Rate Determination Date. The Remarketing Agent shall make the Daily Rate available by telephone to any Owner or Notice Party requesting such rate, and on the last Business Day of each month, shall give notice to the Paying Agent of the Daily Rates that were in effect for each day of such month by Electronic Means.

(c) During the Weekly Mode, the Remarketing Agent shall establish the Weekly Rate by 4:00 p.m., New York City time, on each Rate Determination Date. The Weekly Rate shall be in effect (i) initially, from and including the first day the Bonds become subject to the Weekly Mode to and including the following Tuesday and (ii) thereafter, from and including each Wednesday to and including the following Tuesday. The Remarketing Agent shall make the Weekly Rate available (i) after 4:00 p.m., New York City time, on the Rate Determination Date by telephone to any Owner or Notice Party requesting such rate and (ii) by Electronic Means to the Paying Agent not later than the second Business Day immediately succeeding the Rate Determination Date. The Paying Agent shall give notice of such interest rates to the Trustee by

Electronic Means not later than 4:00 p.m., New York City time, on the second Business Day immediately succeeding the Rate Determination Date.

Section 2.9 Determination of Term Rate and Fixed Rate.

(a) *Term Rates.*

(i) Except as provided in paragraph (iii) of this Section 2.9(a), once Adjustable Rate Bonds are changed to the Term Rate Mode, such Bonds shall continue in the Term Rate Mode until changed to another Mode in accordance with Section 2.11 of this Series Indenture. The Term Rate shall be determined by the Remarketing Agent not later than 4:00 p.m., New York City time, on the Rate Determination Date, and the Remarketing Agent shall make the Term Rate available by telephone to any Notice Party requesting such rate. The Remarketing Agent shall give written notice of the Term Rate to the Authority and the Paying Agent upon request. The Term Rate shall be the minimum rate which, in the sole judgment of the Remarketing Agent, will result in a sale of such Adjustable Rate Bonds at a price equal to the principal amount thereof on the Rate Determination Date for the Interest Period selected by the Authority. If a new Interest Period is not selected by the Authority prior to the Business Day next preceding the Purchase Date for the Interest Period then in effect, the new Interest Period shall be the same length as the current Interest Period (or such lesser period as shall be necessary to comply with paragraph (ii) of this Section 2.9(a)). No Interest Period in the Term Rate Mode may extend beyond the applicable Maturity Date.

(ii) An Adjustable Rate Bond on the date it is converted to the Term Rate Mode and while it is in the Term Rate Mode need not be secured by a Liquidity Facility if so determined by the Authority prior to the Mode Change Date. If, however, it is secured by the Liquidity Facility, then, notwithstanding anything to the contrary contained herein, no Interest Period for such Bond may extend beyond the Expiration Tender Date.

(iii) If, for any reason, a new Term Rate for an Adjustable Rate Bond that has been in the Term Rate Mode and is to continue in the Term Rate Mode is not or cannot be established, then (i) if such Bond is secured by a Liquidity Facility, it will be changed automatically to the Commercial Paper Mode with an Interest Period and Commercial Paper Rate to be determined by the Remarketing Agent in accordance with Section 2.7 of this Series Indenture or (ii) if such Bond is not secured by a Liquidity Facility, then such Bond shall stay in the Term Rate Mode for an Interest Period ending on the next Stated Interest Payment Date and shall bear interest at the applicable Alternate Rate.

(b) *Fixed Rate.* The Remarketing Agent shall determine the Fixed Rate for an Adjustable Rate Bond in the Fixed Rate Mode in the manner and at the times as follows: Not later than 4:00 p.m., New York City time, on the Rate Determination Date for such Bond, the Remarketing Agent shall determine the Fixed Rate for such Bond. The Fixed Rate shall be the



minimum interest rate which, in the sole judgment of the Remarketing Agent, will result in a sale of such Bond at a price equal to the principal amount thereof on the Rate Determination Date. The Remarketing Agent shall make the Fixed Rate available by telephone to any Notice Party requesting such Fixed Rate. Upon request of any Notice Party, the Paying Agent shall give notice of such rate by Electronic Means.

Section 2.10 Alternate Rate for Interest Calculation. Except as otherwise provided herein, in the event (a) the Remarketing Agent fails or is unable to determine the interest rate or Interest Period with respect to any Adjustable Rate Bond, or (b) the method of determining the interest rate or Interest Period with respect to an Adjustable Rate Bond shall be held to be unenforceable by a court of law of competent jurisdiction, such Bond shall thereupon, until such time as the Remarketing Agent again makes such determination or until there is delivered a Counsel's Opinion to the effect that the method of determining such rate is enforceable, bear interest from the last date on which such rate was determined in the case of clause (a) and from the date on which interest was legally paid in the case of clause (b), at the Alternate Rate for the Mode in effect for such Bond; provided, that, if either of the circumstances described in clauses (a) and (b) occurs on a Rate Determination Date for a Commercial Paper Bond, the relevant Interest Period shall be from and including such Rate Determination Date to, but not including, the next succeeding Business Day, and thereafter shall commence on a Business Day and extend to, but shall not include, the next Business Day.

Section 2.11 Changes in Mode. Subject to the provisions of this Section 2.11, the Authority may effect a change in Mode with respect to an Adjustable Rate Bond by following the procedures set forth in this Section 2.11 (except that a change to the SAVRS Rate Mode shall be governed by the procedures set forth in Article IX of this Series Indenture). If a change in Mode will make an Adjustable Rate Bond subject to Rule 15c2-12 promulgated under the Securities Act of 1934, as amended, a continuing disclosure undertaking shall be entered into by the Authority satisfying the requirements of said Rule.

(a) *Changes to a Mode Other Than the Fixed Rate Mode or the SAVRS Rate Mode.* An Adjustable Rate Bond (other than an Adjustable Rate Bond in the Fixed Rate Mode) may be changed from one Mode to another Mode (other than the Fixed Rate Mode or the SAVRS Rate Mode) as follows:

(i) *Mode Change Notice; Notice to Owners.* No later than the 45th day (or such shorter time as may be agreed to by the Authority, the Trustee, the Paying Agent and the Remarketing Agent) preceding the proposed Mode Change Date, the Authority shall give written notice to the Notice Parties of its intention to effect a change in the Mode from the Mode then prevailing (for purposes of this Section 2.11, the "Current Mode") to another Mode (for purposes of this Section 2.11, the "New Mode") specified in such written notice, and, if the change is to a Term Rate Mode, the length of the initial Interest Period as set by the Authority and whether or not the Bonds to be converted to the Term Rate Mode will be covered by the Liquidity Facility (if they will be covered, then the initial Interest Rate Period for such Bonds selected by the Authority cannot

extend beyond the Expiration Tender Date). Notice of the proposed change in Mode shall be given to the Owners, with a copy to each National Repository, pursuant to Section 7.3(a) of this Series Indenture.

(ii) *Determination of Interest Rates.* The New Mode for an Adjustable Rate Bond shall commence on the Mode Change Date for such Bond and the interest rate (together, in the case of a change to the Commercial Paper Mode, with the Interest Period for such Bond) shall be determined by the Remarketing Agent (or the Authority in the case of the Interest Period for an Adjustable Rate Bond converted to the Term Rate Mode) in the manner provided in Sections 2.7, 2.8 and 2.9 of this Series Indenture, as applicable.

(iii) *Conditions Precedent.*

(A) The Mode Change Date shall be a Business Day.

(B) Additionally, the Mode Change Date in the case of a change:

(1) from the Commercial Paper Mode, shall be the Purchase Date for the Commercial Paper Bond to be changed to the New Mode; and

(2) from a Term Rate Mode, shall be the last day of the current Interest Period for the Bond being converted.

(C) The following items shall have been delivered to the Trustee, the Paying Agent and the Remarketing Agent on the Mode Change Date:

(1) in the case of a change from a Short-Term Mode to a Term Rate Mode or from a Term Rate Mode to a Short-Term Mode, a Favorable Opinion of Bond Counsel dated the Mode Change Date and addressed to the Trustee, the Paying Agent and the Remarketing Agent;

(2) a Rating Confirmation Notice; and

(3) a Liquidity Facility with principal coverage equal to the principal amount of the Bonds being converted, and with interest coverage equal to or greater than the amount required by the Rating Agencies for the applicable Mode and with an Expiration Date not earlier than 5 days prior to the end of the initial Interest Rate Period for such Bond; provided, however, that in the case of a conversion of an Adjustable Rate Bond to the Term

Rate Mode, no Liquidity Facility need be applicable to such Bond while in the Term Rate Mode if the Authority so elects, by the time it gives the notice to the Notice Parties required by subsection (a)(i) of this Section 2.11.

(D) If Adjustable Rate Bonds to be changed are in the Commercial Paper Mode, no Interest Period set after delivery by the Authority to the Remarketing Agent of the notice of the intention to effect a change in Mode with respect to such Bonds shall extend beyond the proposed Mode Change Date.

(b) *Change to Fixed Rate Mode.* At the option of the Authority, an Adjustable Rate Bond may be changed to the Fixed Rate Mode as provided in this Section 2.11(b). Not less than 45 days (or such shorter time as may be agreed to by the Authority, the Trustee and the Remarketing Agent) before the proposed Mode Change Date for such Bond, the Authority shall give written notice to the Notice Parties stating that the Mode will be changed to the Fixed Rate Mode and setting forth the proposed Mode Change Date and that the Bonds to be converted to the Fixed Rate Mode will not be covered by the Liquidity Facility. Such Notice shall also state whether or not some or all of the Adjustable Rate Tax-Exempt Bonds to be converted shall be converted to Serial Bonds and, if so, the applicable Serial Maturity Dates and Serial Payments, all as determined pursuant to the provisions of subsection (v) of this subsection (b). Any such change in Mode shall be made as follows:

(i) *Conditions Precedent.* The Mode Change Date shall be:

(A) a Business Day;

(B) in the case of a change from the Commercial Paper Mode, the Purchase Date for the Commercial Paper Bond to be changed to the Fixed Rate Mode; and

(C) in the case of a change from the Term Rate Mode, the last day of the current Interest Period for the Adjustable Rate Bond being converted.

(ii) *Notice to Owners.* Not less than the 30th day next preceding the Mode Change Date, the Trustee shall mail by first-class mail, or transmitted in such other manner (such as by Electronic Means) as may be customary for the industry as directed in writing by the Authority, in the name of the Authority, a notice of such proposed change to the Owners, with a copy to each National Repository, stating that the Mode will be changed to the Fixed Rate Mode, the proposed Mode Change Date and that such Owner is required to tender such Owner's Adjustable Rate Bonds for purchase on such proposed Mode Change Date.

(iii) *General Provisions Applying to Change to Fixed Rate Mode.* The change to the Fixed Rate Mode shall not occur unless the following items shall have been delivered to the Trustee and the Remarketing Agent on the Mode Change Date:

(A) if the change is from a Short-Term Mode, a Favorable Opinion of Bond Counsel dated the Mode Change Date and addressed to the Trustee and the Remarketing Agent; and

(B) a Rating Confirmation Notice.

(iv) *Determination of Interest Rate.* The Fixed Rate for an Adjustable Rate Bond to be converted to the Fixed Rate Mode shall be established by the Remarketing Agent pursuant to the provisions of Section 2.9(b) of this Series Indenture.

(v) *Serialization of 2004 Series B-2 Bonds.* Upon the conversion of 2004 Series B-2 Bonds to the Fixed Rate Mode, such Bonds shall be serialized, as follows:

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
November 1, 2012	\$ 2,020,000	May 1, 2020	\$ 1,380,000
May 1, 2013	1,970,000	November 1, 2020	1,350,000
November 1, 2013	1,880,000	May 1, 2021	1,330,000
May 1, 2014	1,840,000	November 1, 2021	1,300,000
November 1, 2014	1,770,000	May 1, 2022	1,020,000
May 1, 2015	1,740,000	November 1, 2022	1,000,000
November 1, 2015	1,670,000	May 1, 2023	990,000
May 1, 2016	1,640,000	November 1, 2023	970,000
November 1, 2016	1,590,000	May 1, 2024	960,000
May 1, 2017	1,570,000	November 1, 2024	940,000
November 1, 2017	1,530,000	May 1, 2025	930,000
May 1, 2018	1,510,000	November 1, 2026	940,000
November 1, 2018	1,470,000	May 1, 2026	930,000
May 1, 2019	1,450,000	November 1, 2026	910,000
November 1, 2019	1,400,000		

Notwithstanding the above, the Authority may elect not to serialize such Bonds, or may elect to serialize such Bonds in a manner other than specified above, if the Authority furnishes the Trustee a Favorable Opinion of Bond Counsel with respect thereto.

(c) *Failure to Satisfy Conditions Precedent to a Mode Change.* In the event the conditions described above in subsections (a) or (b), as applicable, of this Section 2.11 have not been satisfied by the applicable Mode Change Date, then the New Mode or Fixed Rate Mode, as the case may be, shall not take effect. If the failed change in Mode was from the Commercial Paper Mode, the applicable Adjustable Rate Bond shall remain in the Commercial Paper Mode

with interest rates and Interest Periods to be established by the Remarketing Agent on the failed Mode Change Date in accordance with Section 2.7 of this Series Indenture. If the failed change in Mode was from the Daily Mode, the applicable Adjustable Rate Bond shall remain in the Daily Mode, and if the failed change in Mode was from the Weekly Mode, the applicable Adjustable Rate Bond shall remain in the Weekly Mode, in each case with interest rates established in accordance with the applicable provisions of Section 2.8 of this Series Indenture on and as of the failed Mode Change Date. If the failed change in Mode was from the Term Rate Mode and for which the Liquidity Facility was in effect for the Adjustable Rate Bond to be changed, the applicable Adjustable Rate Bond shall be changed to the Commercial Paper Mode with an Interest Period and Commercial Paper Rate to be determined by the Remarketing Agent on the failed Mode Change Date in accordance with Section 2.7 of this Series Indenture. If, however, there was no Liquidity Facility in effect for such Bond to have been changed from the Term Rate Mode, then such Bond shall stay in the Term Rate Mode for an Interest Period ending on the next Stated Interest Payment Date and shall bear interest at the applicable Alternative Rate. The Trustee shall promptly notify the Owners, with a copy to each National Repository, of any failed change in Mode.

Section 2.12 Interest on Bank Bonds; Lien Priority of Bank Bonds.

(a) Each Bank Bond shall bear interest on the outstanding principal amount thereof at the Bank Rate for each day from and including the date such Bond becomes a Bank Bond to, but not including, the date such Bond is paid in full or is remarketed. Interest on Bank Bonds shall be payable as provided in the Liquidity Facility. Bank Bonds shall not bear interest at the Bank Rate after such Bonds have been remarketed unless such Bonds shall again become Bank Bonds. Interest on Bank Bonds shall be calculated based upon a 365/366 day year for the actual number of days elapsed.

(b) Adjustable Rate Bonds that are Bank Bonds shall constitute Class I Bonds only with respect to the interest thereon and regularly scheduled principal (i.e., principal payable in the amounts and on the dates provided for in Section 2.1 of this Series Indenture) thereof, as such principal may be redeemed prior to such dates. To the extent of any principal of such Bank Bonds which is payable in advance of the dates provided for in Section 2.1 of this Series Indenture pursuant to Section 3.9 hereof, such portion of the Bank Bonds shall constitute Class III Bonds and shall also constitute General Obligation Bonds.

(End of Article II)

ARTICLE III  
REDEMPTION OF THE 2004 SERIES B BONDS

Section 3.1 Special Redemption.

(a) The 2004 Series B Bonds other than the 2004 Series B-4 Bonds are subject to redemption prior to their respective stated maturities as a whole or in part at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date of redemption, without premium (or, in the case of the 2004 Series B Class III Bonds, a redemption price equal to 103.407% of the principal amount thereof plus accrued interest thereon to the date of redemption), at any time from amounts equal to moneys transferred from the 2004 Series B subaccount of the Acquisition Account to the 2004 Series B subaccount of the Redemption Fund pursuant to Section 5.2(e) of this Series Indenture.

Subject to the following sentence, moneys deposited in or transferred to the 2004 Series B subaccount of the Redemption Fund pursuant to the preceding paragraph shall be applied to redeem 2004 Series B Class I Bonds (other than the 2004 Series B-4 Bonds) and 2004 Series B Class III Bonds as follows: (i) first, moneys in the 2004 Series B subaccount of the Class I Special Redemption Account shall be used to redeem 2004 Series B Class I Bonds in the amount necessary to satisfy the 2004 Series B Class I Asset Requirement; and (ii) second, moneys in the 2004 Series B subaccount of the Class I Special Redemption Account and the 2004 Series B subaccount of the Class III Special Redemption Account shall be used to redeem 2004 Series B Class I Bonds and 2004 Series B Class III Bonds, respectively.

If less than all of the 2004 Series B Class I Bonds are to be redeemed in accordance with the preceding paragraph, then, except as otherwise directed by an Authority Request that certifies that such request is consistent with the most recently filed Cash Flow Statement Related to the 2004 Series B Bonds, and except as provided in the preceding paragraph and in Section 3.9 of this Series Indenture with respect to Bank Bonds, the 2004 Series B Class I Bonds shall be redeemed on a pro rata by maturity basis.

(b) The 2004 Series B Bonds other than the 2004 Series B-4 Bonds are subject to redemption prior to their respective stated maturities as a whole or in part at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date of redemption, without premium, on any date, from amounts deposited in the 2004 Series B subaccount of the Redemption Fund pursuant to Section 5.5(d) of the Master Indenture and Section 5.5 of this Series Indenture.

Subject to the following sentence, moneys deposited in or transferred to the 2004 Series B subaccount of the Redemption Fund pursuant to the preceding paragraph shall be applied to redeem 2004 Series B Class I Bonds (other than the 2004 Series B-4 Bonds) and 2004 Series B Class III Bonds as follows: (i) first, moneys in the 2004 Series B subaccount of the Class I Special Redemption Account shall be used to redeem 2004 Series B Class I Bonds in the amount

necessary to satisfy the 2004 Series B Class I Asset Requirement; (ii) second, moneys transferred to the 2004 Series B subaccount of the Class III Special Redemption Account pursuant to clause (a) of Section 5.5 of this Series Indenture shall be used to redeem 2004 Series B Class III Bonds; (iii) third, moneys transferred to the 2004 Series B subaccount of the Class I Special Redemption Account pursuant to clause (b) of Section 5.5 of this Series Indenture shall be used to redeem 2004 Series B Class I Bonds; and (iv) fourth, moneys transferred to the 2004 Series B subaccount of the Class III Special Redemption Account pursuant to clause (c) of Section 5.5 of this Series Indenture shall be used to redeem 2004 Series B Class III Bonds.

If less than all of the 2004 Series B Class I Bonds are to be redeemed in accordance with the preceding paragraph, then, except as otherwise directed by an Authority Request that certifies that such request is consistent with the most recently filed Cash Flow Statement Related to the 2004 Series B Bonds, and except as provided in the preceding paragraph and in Section 3.9 of this Series Indenture with respect to Bank Bonds, the 2004 Series B Class I Bonds shall be redeemed on a pro rata by maturity basis.

(c) Prior to each special redemption date, the Trustee shall notify the Paying Agent and Bond Registrar of the estimated amounts of moneys available for special redemption in order to allow the Bond Registrar sufficient time to select Bonds for redemption and to mail redemption notices within the time periods required by the Indenture.

Section 3.2 2004 Series B Class I Sinking Fund Installments.

(a) The 2004 Series B-2 Bonds shall be redeemed prior to their maturity, in part, by lot by payment of 2004 Series B Class I Sinking Fund Installments, upon notice as provided in Section 3.2 of the Master Indenture and Section 3.11 of this Series Indenture, on each of the dates set forth below and in the respective principal amounts set forth opposite each date, in each case at a Redemption Price equal to 100% of the principal amount of such Bonds or portions thereof to be redeemed, plus accrued interest to the redemption date as follows:

<u>Date</u>	<u>Principal Amount</u>
November 1, 2012	\$ 2,020,000
May 1, 2013	1,970,000
November 1, 2013	1,880,000
May 1, 2014	1,840,000
November 1, 2014	1,770,000
May 1, 2015	1,740,000
November 1, 2015	1,670,000
May 1, 2016	1,640,000
November 1, 2016	1,590,000
May 1, 2017	1,570,000
November 1, 2017	1,530,000
May 1, 2018	1,510,000

November 1, 2018	1,470,000
May 1, 2019	1,450,000
November 1, 2019	1,400,000
May 1, 2020	1,380,000
November 1, 2020	1,350,000
May 1, 2021	1,330,000
November 1, 2021	1,300,000
May 1, 2022	1,020,000
November 1, 2022	1,000,000
May 1, 2023	990,000
November 1, 2023	970,000
May 1, 2024	960,000
November 1, 2024	940,000
May 1, 2025	930,000
November 1, 2025	940,000
May 1, 2026	930,000
November 1, 2026*	910,000

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\*Maturity Date

(b) Upon any purchase pursuant to Section 3.6 of the Master Indenture or redemption (other than pursuant to this Section 3.2) of 2004 Series B-2 Bonds for which 2004 Series B Class I Sinking Fund Installments have been established, there shall be credited toward each 2004 Series B Class I Sinking Fund Installment thereafter to become for such Series of Bonds due an amount bearing the same ratio to such 2004 Series B Class I Sinking Fund Installment as (i) the total principal amount of such Bonds of such Series so purchased or redeemed bears to (ii) the Aggregate Principal Amount of such Bonds of such Series Outstanding prior to such redemption or purchase. If, however, there shall be filed with the Trustee an Authority Request specifying a different method for crediting 2004 Series B Class I Sinking Fund Installments upon any such purchase or redemption of 2004 Series B-2 Bonds and certifying that such request is consistent with the most recently filed Cash Flow Statement Related to the 2004 Series B Bonds, then such 2004 Series B Class I Sinking Fund Installments shall be so credited as shall be provided in such Authority Request.

### Section 3.3 2004 Series B Class III Sinking Fund Installments.

(a) The 2004 Series B Class III Bonds shall be redeemed prior to their maturity, in part, by lot by payment of 2004 Series B Class III Sinking Fund Installments, to the extent moneys available therefor are deposited or expected to be deposited in the 2004 Series B subaccount of the Class III Debt Service Fund upon notice as provided in Section 3.2 of the Master Indenture and Section 3.11 of this Series Indenture, on each of the dates set forth below and in the respective principal amounts set forth opposite each date, in each case at a Redemption Price equal to 100% of the principal amount of such Bonds or portions thereof to be redeemed, plus accrued interest to the redemption date as follows:



<u>Date</u>	<u>Principal Amount</u>
May 1, 2027	\$ 880,000
November 1, 2027	900,000
May 1, 2028	920,000
November 1, 2028	945,000
May 1, 2029	970,000
November 1, 2029	995,000
May 1, 2030	1,025,000
November 1, 2030	1,050,000
May 1, 2031	1,075,000
November 1, 2031	1,105,000
May 1, 2032*	1,135,000

\*Maturity Date

(b) If the amount on deposit in the 2004 Series B subaccount of the Class III Debt Service Fund is not sufficient on any Payment Date to pay the scheduled 2004 Series B Class III Sinking Fund Installment for such date, the amount of the insufficiency is to be added to the next scheduled 2004 Series B Class III Sinking Fund Installment until paid. Failure to pay a 2004 Series B Class III Sinking Fund Installment is not an Event of Default under the Indenture if sufficient moneys for such payment are not available in the 2004 Series B subaccount of the Class III Debt Service Fund on the date that notice of redemption is given.

(c) Upon any purchase pursuant to Section 3.6 of the Master Indenture or redemption (other than pursuant to this Section 3.3) of 2004 Series B Class III Bonds for which 2004 Series B Class III Sinking Fund Installments have been established, there shall be credited toward each 2004 Series B Class III Sinking Fund Installment thereafter to become for such Bonds due an amount bearing the same ratio to such 2004 Series B Class III Sinking Fund Installment as (i) the total principal amount of such Bonds so purchased or redeemed bears to (ii) the Aggregate Principal Amount of such Bonds Outstanding prior to such redemption or purchase. If, however, there shall be filed with the Trustee an Authority Request specifying a different method for crediting 2004 Series B Class III Sinking Fund Installments upon any such purchase or redemption of 2004 Series B Class III Bonds and certifying that such request is consistent with the most recently filed Cash Flow Statement Related to the 2004 Series B Bonds, then such 2004 Series B Class III Sinking Fund Installments shall be so credited as shall be provided in such Authority Request.

Section 3.4 Optional Redemption – General. The 2004 Series B Bonds shall be subject to redemption prior to maturity at the option of the Authority from any source, as provided in Sections 3.5, 3.6, 3.7, 3.8, 3.9 and 3.10 of this Series Indenture. In the event of a partial optional redemption, the Authority shall direct the Class, series, maturity or maturities, and the amounts thereof, so to be redeemed.

Section 3.5 Optional Redemption of 2004 Series B Class III Bonds. The 2004 Series B Class III Bonds are subject to redemption at the option of the Authority, on or after May 1, 2014, in whole or in part at any time, at a Redemption Price equal to 100% of the principal amount thereof plus the accrued interest thereon to the date of redemption.

Section 3.6 Optional Redemption of Commercial Paper Bonds. Adjustable Rate Bonds in the Commercial Paper Mode are not subject to optional redemption prior to their respective Purchase Dates. Adjustable Rate Bonds in the Commercial Paper Mode shall be subject to redemption at the option of the Authority in whole or in part in Authorized Denominations on their respective Purchase Dates at a Redemption Price equal to the principal amount thereof.

Section 3.7 Optional Redemption of Bonds in the Daily Mode or the Weekly Mode. Adjustable Rate Bonds in the Daily Mode or the Weekly Mode are subject to optional redemption by the Authority, in whole or in part, in Authorized Denominations on any date, at a Redemption Price equal to the principal amount thereof.

Section 3.8 Optional Redemption of Bonds in the Term Rate Mode or the Fixed Rate Mode.

(a) Adjustable Rate Bonds in the Term Rate Mode or Fixed Rate Mode are subject to redemption in whole or in part on any date (and if in part, in such order of maturity as the Authority shall specify and in Authorized Denominations) at the Redemption Prices set forth below:

(i) If, on the Mode Change Date, the remaining term of such Adjustable Rate Bonds in the case of Adjustable Rate Bonds in a Fixed Rate Mode, or the length of the Interest Period, in the case of Term Rate Bonds, is greater than 15 years, then such Adjustable Rate Bonds will not be subject to optional redemption until the Stated Interest Payment Date following the tenth anniversary of the Mode Change Date. Commencing on such first Stated Interest Payment Date, such Adjustable Rate Bonds will be subject to redemption at a Redemption Price of 100% of the principal amount thereof, plus accrued interest, if any, to the Redemption Date.

(ii) If, on the Mode Change Date, the remaining term of such Adjustable Rate Bonds in the case of Adjustable Rate Bonds in a Fixed Rate Mode, or the length of the Interest Period in the case of Term Rate Bonds, is equal to or less than 15 years, but greater than 10 years, such Adjustable Rate Bonds will not be subject to optional redemption until the first Stated Interest Payment Date following the seventh anniversary of the Mode Change Date. Commencing on such first Stated Interest Payment Date, will be subject to redemption at a Redemption Price of 100% of the principal amount thereof, plus accrued interest, if any, to the Redemption Date.

(iii) If, on the Mode Change Date, the remaining term of in the case of Adjustable Rate Bonds in a Fixed Rate Mode, or the length of the Interest Period in the case of Term Rate Bonds, is equal to or less than 10 years, such Adjustable Rate Bonds will not be subject to optional redemption.

(b) The Authority, in connection with a change to a Term Rate or a Fixed Rate Mode, may waive or otherwise alter its rights to direct the redemption of any such Adjustable Rate Bonds so changed to a Term Rate Mode or a Fixed Rate Mode at any time; provided that, notice describing the waiver or alteration shall be submitted to the Paying Agent, the Trustee and the Remarketing Agent, together with a Favorable Opinion of Bond Counsel, addressed to them.

Section 3.9 Optional Redemption of Bonds in the SAVRS Rate Mode. After the SAVRS Rate Conversion Date, if any, for any Adjustable Rate Bonds, such Bonds shall be subject to optional redemption as provided in the Supplemental Indenture to be entered into in connection with the SAVRS Rate Conversion Date.

Section 3.10 Redemption of Bank Bonds. In addition to redemption pursuant to this Article III, Bank Bonds are subject to redemption in accordance with the terms of the Liquidity Facility, at a Redemption Price equal to the principal amount thereof plus interest accrued thereon to the date of redemption.

Section 3.11 Selection of Bonds for Redemption. Except as otherwise provided in Sections 3.1 and 3.2 of this Series Indenture, if less than all the 2004 Series B Bonds of like Class, series and maturity are to be redeemed on any one date pursuant to this Article III, the particular 2004 Series B Bonds or the respective portions thereof to be redeemed will be selected by lot by the Bond Registrar in such manner as the Bond Registrar in its discretion deems fair and appropriate; provided, however, notwithstanding the provisions of Section 3.3(a) of the Master Indenture, in the event of any redemption under this Series Indenture, Bank Bonds shall be redeemed prior to any other Bonds of the same Class, series and maturity.

Section 3.12 Notice of Redemption. The 2004 Series B Bonds shall be redeemed as provided in this Article III upon notice as provided in Section 3.2 of the Master Indenture and to each National Repository, provided that notices of redemption shall be given not more than 30 days nor less than 15 days prior to the redemption date with respect to Adjustable Rate Bonds in the Commercial Paper Mode, the Daily Mode, the Weekly Mode or a Term Rate Mode having an Interest Period of less than one year and not more than 60 days nor less than 25 days prior to the redemption date with respect to other 2004 Series B Bonds.

(End of Article III)

ARTICLE IV  
APPLICATION OF BOND PROCEEDS AND OTHER ASSETS

Section 4.1 Proceeds of the 2004 Series B-1 Bonds. The proceeds of the sale and delivery of the 2004 Series B-1 Bonds shall be applied as follows:

- (a) To the 2004 Series B subaccount of the Acquisition Account, \$46,653,768;
  - (b) To the 2004 Series B subaccount of the Debt Service Reserve Fund, \$2,500,000;
- and
- (c) To the Cost of Issuance Account, \$846,232.

Section 4.2 Proceeds of the 2004 Series B Tax-Exempt Bonds. The proceeds of the sale and delivery of the 2004 Series B-4 Bonds shall be simultaneously exchanged pursuant to, on the date or dates and in the manner provided in the Funds Exchange Agreement for an equal amount of funds available in connection with the outstanding obligations of the Authority designated therein, and to be used solely to pay such outstanding obligations on the date or dates specified in the Funds Exchange Agreement in the amounts set forth in the Funds Exchange Agreement. Amounts received in exchange for such proceeds, together with the remainder of the proceeds of the 2004 Series B Tax-Exempt Bonds, shall be applied simultaneously with the delivery thereof to the Trustee, as follows:

- (a) To the 2004 Series B subaccount of the Acquisition Account, \$126,714,498;
  - (b) To the 2004 Series B subaccount of the Debt Service Reserve Fund, \$6,666,750;
- and
- (c) To the Cost of Issuance Account, \$328,522.

Section 4.3 No Interest Reserve Account Deposit. None of the moneys to be deposited into the 2004 Series B subaccount of the Debt Service Reserve Fund shall be deposited into a subaccount of the Interest Reserve Account.

Section 4.4 No Authority Contribution. The Authority shall make no contribution of funds to the Trustee in connection with the delivery of the 2004 Series B Bonds.

(End of Article IV)

ARTICLE V  
ESTABLISHMENT OF CERTAIN SUBACCOUNTS

Section 5.1 Establishment of Subaccounts.

(a) The following subaccounts are hereby created and established as special trust funds within the Funds and Accounts created and established pursuant to the Master Indenture:

- (i) the 2004 Series B subaccount of the Acquisition Account;
  - (ii) the 2004 Series B subaccount of the Cost of Issuance Account;
  - (iii) the 2004 Series B subaccount of the Loan Recycling Account;
  - (iv) the 2004 Series B subaccount of the Revenue Fund;
  - (v) the 2004 Series B subaccount of the Rebate Fund;
  - (vi) the 2004 Series B subaccount of the Excess Earnings Fund;
  - (vii) the 2004 Series B subaccount of the Debt Service Reserve Fund;
  - (viii) the 2004 Series B subaccount of the Class I Debt Service Fund which shall include the 2004 Series B subaccount of the Authority Payment Account;
  - (ix) the 2004 Series B subaccount of the Class III Debt Service Fund;
  - (x) the 2004 Series B subaccount of the Class I Special Redemption Account;
- and
- (xi) the 2004 Series B subaccount of the Class III Special Redemption Account.

(b) There is also hereby created and established a Bond Purchase Fund to be held by the Paying Agent.

(c) For purposes of this Series Indenture, the 2004 Series B subaccount of the Redemption Fund include the 2004 Series B subaccounts of the Class I Special Redemption Account and the Class III Special Redemption Account.

Section 5.2 Program Fund and Acquisition Account.

(a) Deposits. There shall be paid into the 2004 Series B subaccount of the Acquisition Account the amounts specified by Article IV hereof.

(b) Targeted Area Set-Aside. In accordance with Section 143 of the Code and unless otherwise approved by an opinion of Bond Counsel, \$650,000 in the 2004 Series B subaccount of the Acquisition Account shall be made available solely for the purchase of Mortgage Loans on Targeted Area Residences for a period of at least one year after the date on which the proceeds of the 2004 Series B Bonds are first made available for the purchase by the Authority of 2004 Series B Mortgage Loans on Targeted Area Residences.

(c) Set-Asides. Other amounts in the 2004 Series B subaccount of the Acquisition Account may be reserved for designated periods for (1) the purchase of Mortgage Loans on Residential Housing located within designated areas within the State, (2) Eligible Borrowers meeting designated requirements and (3) Residential Housing meeting designated requirements, all as may be set forth in the Authority's Program directives from time to time.

(d) Disbursements from Acquisition Account. A portion of the proceeds of the sale and delivery of the 2004 Series B Tax-Exempt Bonds deposited into the 2004 Series B subaccount of the Acquisition Account pursuant to Section 4.2 hereof shall be used to redeem prior to maturity certain outstanding obligations as provided in Section 4.2 hereof and in the Funds Exchange Agreement. A portion of the proceeds of the sale and delivery of the 2004 Series B-1 Bonds, amounts received in exchange for a portion of the proceeds of the sale and delivery of the 2004 Series B Tax-Exempt Bonds and deposited into the 2004 Series B subaccount of the Acquisition Account and the other proceeds of the sale and delivery of the 2004 Series B Tax-Exempt Bonds deposited into the 2004 Series B subaccount of the Acquisition Account pursuant to Section 4.2 hereof shall be applied to make or purchase 2004 Series B Mortgage Loans. The 2004 Series B Mortgage Loans shall bear interest at such rate or rates and shall be purchased at such price or prices specified by the Authority as shall be consistent with the then current Cash Flow Statement and an Authority Certificate demonstrating that the 2004 Series B Class I Asset Requirement and the 2004 Series B Class III Asset Requirement will be met after taking into account such rate or rates and/or purchase price or prices.

(e) Unexpended Bond Proceeds. Moneys in the 2004 Series B subaccount of the Acquisition Account that are not used to purchase 2004 Series B Mortgage Loans shall be withdrawn by the Trustee and transferred to the 2004 Series B subaccount of the Redemption Fund pursuant to an Authority Request filed with the Trustee stating that the Authority no longer reasonably expects to apply the amount to be transferred for any such purpose, such amount to be transferred not later than November 1, 2007; provided, that if on the date of transfer, the amount to be withdrawn by the Trustee shall be less than \$100,000, such amount shall be transferred on such date to the 2004 Series B subaccount of the Revenue Fund rather than to the 2004 Series B subaccount of the Redemption Fund; provided, however, that, subject to the Authority's covenants in Section 6.17 of the Master Indenture and Section 6.4 of this Series Indenture, the date set forth above may be extended to a later date or dates as to all or any part of such moneys, if the Authority shall have filed with the Trustee, with a copy to Moody's and S&P, an Authority Request specifying such later date or dates for such withdrawal, accompanied by a Cash Flow Statement (unless the principal amount and term of such extension shall be

covered by a previous Cash Flow Statement), in which case such withdrawal shall occur on the later specified date or dates. Such moneys transferred to the 2004 Series B subaccount of the Redemption Fund shall be allocated among the 2004 Series B subaccounts of the Class I Special Redemption Account and the Class III Special Redemption Account as follows: (a) first, there shall be transferred to the 2004 Series B subaccount of the Class I Special Redemption Account the amount necessary to redeem 2004 Series B Class I Bonds in the amount necessary to satisfy the 2004 Series B Class I Asset Requirement; and (b) second, there shall be allocated to the 2004 Series B subaccount of the Class I Special Redemption Account and the 2004 Series B subaccount of the Class III Special Redemption Account the remainder of such amounts to be transferred on the basis of the respective ratios represented by the Aggregate Principal Amount of Outstanding 2004 Series B Class I Bonds and the Aggregate Principal Amount of Outstanding 2004 Series B Class III Bonds, respectively, to the Aggregate Principal Amount of all 2004 Series B Bonds Outstanding. Notwithstanding the above, moneys in the 2004 Series B subaccount of the Acquisition Account in an amount equal to \$78,218,250 shall be transferred to the Class I Debt Service Fund on November 1, 2005, for the purpose of (together with \$4,116,750 transferred from the 2004 Series B Subaccount of the Debt Service Reserve Fund to the Class I Debt Service Fund) paying either the principal of the 2004 Series B-4 Bonds upon the maturity thereof or exchange for equal amounts to be used to pay the principal of the 2004 Series B-4 Bonds upon the maturity thereof.

Section 5.3 Limitation on Payment of Fiduciary and Program Expenses and Limitations on Reserve Draws for 2004 Series B Class III Bonds.

(a) Fiduciary Expenses which may be paid from the 2004 Series B subaccount of the Revenue Fund pursuant to Section 5.5(d)(i)(M) of the Master Indenture may not exceed the maximum amount consistent with the most recent Cash Flow Statement.

(b) Program Expenses and Fiduciary Expenses which may be paid from the 2004 Series B subaccount of the Revenue Fund pursuant to Section 5.5(d)(i)(Q) of the Master Indenture may not exceed the maximum amount consistent with the most recent Cash Flow Statement.

(c) No transfers from the 2004 Series B subaccount of the Debt Service Reserve Fund pursuant to Section 5.7(c)(v) or (vi) of the Master Indenture may result in the amount on deposit in such subaccount of the Debt Service Reserve Fund being reduced to an amount less than the Debt Service Reserve Fund Requirement minus an amount equal to 1% of the Aggregate Principal Amount of 2004 Series B Bonds then Outstanding.

Section 5.4 Investments.

(a) The Authority covenants and agrees that no investment of moneys allocated to the 2004 Series B Tax-Exempt Bonds shall be made at a "yield" in excess of the maximum yield, if any, stated with respect to the source of moneys therefor in any arbitrage or other similar certificate delivered by the Authority pursuant to Section 148 of the Code in connection with the

issuance of such Bonds except during any “temporary period” stated in such arbitrage or other similar certificate or as otherwise authorized therein, and the Trustee shall make and keep appropriate records of such investments. Notwithstanding the foregoing, investments may be made at a higher “yield” and/or for a different “temporary period” in accordance with an opinion of Bond Counsel filed with the Trustee.

(b) The Trustee shall make and keep appropriate records identifying all amounts credited to all Accounts and subaccounts that are specified by the Authority as being subject to a limited investment yield, identifying the respective investment yields provided by the investment of such amounts in Investment Securities and containing copies of all Authority Requests or Certificates filed with the Trustee and all opinions of Bond Counsel filed with the Trustee pursuant to this Section 5.4.

Section 5.5 Use of Certain Excess Revenues. In accordance with Section 5.5(d)(iii) of the Master Indenture, the balance, if any, in the 2004 Series B subaccount of the Revenue Fund following the transfers provided in Section 5.5(d)(i) of the Master Indenture shall be transferred to the 2004 Series B subaccount of the Redemption Fund and allocated among the Related subaccounts of the Class I Special Redemption Account and the Class III Special Redemption Account as follows: (a) first, there shall be transferred to the 2004 Series B subaccount of the Class III Special Redemption Account the amount necessary to redeem the 2004 Series B Class III Bonds such that the cumulative principal amount of 2004 Series B Class III Bonds redeemed to and including such redemption date equals the amount set forth for such redemption date in the following table; (b) second, except as otherwise directed by an Authority Request that certifies that such request is consistent with the most recently filed Cash Flow Statement Related to the 2004 Series B Bonds, any balance in the 2004 Series B subaccount of the Revenue Fund shall be allocated to the 2004 Series B subaccount of the Class I Special Redemption Account; and (c) third, if no 2004 Series B Bonds other than the 2004 Series B Class III Bonds remain Outstanding, any remaining balance in the 2004 Series B subaccount of the Revenue Fund shall be transferred to the 2004 Series B subaccount of the Class III Special Redemption Account to redeem 2004 Series B Class III Bonds.



CUMULATIVE AMOUNTS OF 2004 SERIES B CLASS III BONDS  
TO BE REDEEMED PURSUANT TO CLAUSE (a)  
OF THE PRECEDING PARAGRAPH

<u>Date</u>	<u>Amount</u>
November 1, 2006	\$ 355,000
May 1, 2007	1,220,000
November 1, 2007	2,425,000
May 1, 2008	3,275,000
November 1, 2008	4,255,000
May 1, 2009	5,190,000
November 1, 2009	6,045,000
May 1, 2010	6,835,000
November 1, 2010	7,555,000
May 1, 2011	8,210,000
November 1, 2011	8,705,000
May 1, 2012	9,200,000
November 1, 2012	9,585,000
May 1, 2013	9,910,000
November 1, 2013	10,300,000
May 1, 2014	10,610,000
November 1, 2014	11,000,000

(End of Article V)

ARTICLE VI  
ADDITIONAL COVENANTS

Section 6.1 Additional Program Covenants.

(a) The Authority shall file with the Trustee upon delivery of each Authority Request to purchase 2004 Series B Mortgage Loans, a schedule of Mortgage Loans to be purchased by the Trustee identifying the same by reference to Authority loan number, the name of the borrower, the party from whom such Mortgage Loans will be purchased, the principal amount due on such Mortgage Loans, the date through which interest has been paid by each Mortgagor, the term of such Mortgage Loans and the interest rate or rates on such Mortgage Loans.

(b) The Authority shall maintain an account for each Mortgage Lender having entered into a Mortgage Purchase Agreement with the Authority and shall record therein a description of each 2004 Series B Mortgage Loan purchased from such Mortgage Lender.

(c) Nothing in the Indenture shall be construed to prohibit the Authority from causing a Mortgage Lender to repurchase a 2004 Series B Mortgage Loan in accordance with the applicable Mortgage Purchase Agreement.

Section 6.2 2004 Series B Mortgage Loans. The Authority covenants and agrees that each 2004 Series B Mortgage Loan made or purchased by the Authority with moneys in the 2004 Series B subaccount of the Acquisition Account must meet the following requirements as conditions precedent to its acquisition:

(a) Each 2004 Series B Mortgage Loan must comply with Section 6.7 of the Master Indenture and the Act.

(b) Each 2004 Series B Mortgage Loan must be either:

(i) subject to GMI issued by FHA, VA or RHS in the amount required pursuant to the terms of the Mortgage Purchase Agreement; provided, however, that (A) the Authority may finance a 2004 Series B Mortgage Loan prior to its insurance or guaranty by a Governmental Insurer as set forth above so long as: (1) such 2004 Series B Mortgage Loan complies with all rules, regulations and requirements of the Governmental Insurer and is eligible for GMI; and (2) the 2004 Series B Mortgage Loan satisfies all other requirements of this Section 6.2; (B) no 2004 Series B Mortgage Loan subject to a VA guaranty or a RHS guarantee shall be purchased by the Authority if such purchase would result in the sum of the aggregate principal amount of all 2004 Series B Mortgage Loans subject to VA guaranties or RHS guaranties and the aggregate principal amount of all 2004 Series B Mortgage Loans subject to Private Mortgage Insurance in accordance with paragraph (iii) below exceeding 20% of the outstanding aggregate principal amount of all 2004 Series B Mortgage Loans; and (C) no 2004 Series B Mortgage Loan subject to a VA guaranty or a RHS guarantee, subject to Private

Mortgage Insurance or not subject to GMI or Private Mortgage Insurance in accordance with paragraph (iii) below be purchased by the Authority if such purchase would result in the sum of the aggregate principal amount of all 2004 Series B Mortgage Loans subject to GMI issued by FHA being less than 60% of the outstanding aggregate principal amount of all 2004 Series B Mortgage Loans; provided, that the percentages set forth in clause (B) or clause (C) above may be changed in an Authority Request accompanied by confirmation from each Rating Agency that such change will not adversely affect such Rating Agency's then current rating on any Bonds; or

(ii) subject to Private Mortgage Insurance and have an original principal balance not less than 80% of the appraised value (at the time of origination of the 2004 Series B Mortgage Loan) or purchase price, whichever is less, of the property securing the 2004 Series B Mortgage Loan, which Private Mortgage Insurance, except as otherwise required by law, shall be required to remain in force until the outstanding principal balance of the 2004 Series B Mortgage Loan is reduced to 80% or less of the appraised value (at the time of origination of the 2004 Series B Mortgage Loan) or purchase price, whichever is less, of the property securing the 2004 Series B Mortgage Loan, at which time the Private Mortgage Insurance shall be cancelable by the Authority; provided, however, that (A) the Authority may finance a 2004 Series B Mortgage Loan prior to its insurance by a Private Insurer as set forth above so long as: (1) there shall have been issued by the Private Insurer a commitment in customary form to issue Private Mortgage Insurance with respect to such 2004 Series B Mortgage Loan to the extent referred to above; and (2) the 2004 Series B Mortgage Loan satisfies all other requirements of this Section 6.2; and (B) no 2004 Series B Mortgage Loan subject to Private Mortgage Insurance shall be purchased by the Authority if such purchase would result in the sum of the aggregate principal amount of all 2004 Series B Mortgage Loans subject to Private Mortgage Insurance and all 2004 Series B Mortgage Loans subject to VA guaranties or RHS guaranties exceeding 20% of the outstanding aggregate principal amount of all 2004 Series B Mortgage Loans; provided, that the percentage set forth in clause (B) above may be changed in an Authority Request accompanied by confirmation from each Rating Agency that such change will not adversely affect such Rating Agency's then current rating on any Bonds; or

(iii) not subject to Private Mortgage Insurance or GMI and have an original principal amount less than 80% of the appraised value (at the time of origination of the 2004 Series B Mortgage Loan) or purchase price, whichever is less, of the property securing the 2004 Series B Mortgage Loan; provided, however, that no such 2004 Series B Mortgage Loan not subject to Private Mortgage Insurance or GMI shall be purchased by the Authority if such purchase would result in the aggregate principal amount of all such 2004 Series B Mortgage Loans not subject to GMI or Private Mortgage Insurance exceeding 20% of the outstanding aggregate principal amount of all 2004 Series B Mortgage Loans; provided, that such percentage may be changed in an Authority Request accompanied by confirmation from each Rating Agency that such change will not adversely affect such Rating Agency's then current rating on any Bonds; or

(iv) not described in paragraph (i), (ii) or (iii) above, subject to receipt of a confirmation from each Rating Agency that the purchase of such 2004 Series B Mortgage Loan will not adversely affect such Rating Agency's then current rating on any Bonds.

(c) Except to the extent, if any, that a variance is required as a condition to the mortgage insurance or guaranty of a Mortgage Loan, each 2004 Series B Mortgage Loan must comply with the following additional requirements:

(i) The Related Mortgage shall be executed and recorded in accordance with the requirements of existing laws.

(ii) The Related Mortgage (except for any Second Mortgage) must be the subject of a title insurance policy in an amount at least equal to the outstanding principal amount of the 2004 Series B Mortgage Loan, insuring that such Mortgage constitutes a first lien, subject only to liens for taxes and assessments and Permitted Liens and Encumbrances on the real property with respect to which the Mortgage Loan is secured; provided, however, that the Authority may finance a 2004 Series B Mortgage Loan prior to the issuance of such title insurance policy so long as there shall have been issued by the title insurance company a commitment therefor in customary form. As used in this Indenture, "Permitted Liens and Encumbrances" means liens, encumbrances, reservations, easements and other imperfections of title normally acceptable to the Governmental Insurer or Private Insurer insuring or guaranteeing such Mortgage Loan and to prudent mortgage lenders, or which, in the judgment of the Authority, shall not materially impair the use or value of the premises or as to which appropriate steps, in the judgment of the Authority, have been taken to secure the interest of the Authority.

(iii) The Mortgage Loan must be secured by a Mortgage, the terms of which, in light of the applicable law in effect at the time such Mortgage is executed, are reasonably designed to assure the ability of the Authority to satisfy applicable requirements, if any, under the Code as applicable with respect to such Mortgage Loan.

(iv) Either (i) the Mortgage Loan requires escrow payments with respect to all taxes, assessments, insurance premiums (including premiums for any applicable GMI or Private Mortgage Insurance) and other charges, to the extent actually charged or assessed, and any prior liens now or hereafter assessed or liens on or levied against the premises or any part thereof, and in case of default in the payment thereof when the same shall be due and payable, it shall be lawful for the Authority to pay the same or any of them (in which event the moneys paid by the Authority in discharge of taxes, assessments, insurance premiums (including GMI or Private Mortgage Insurance premiums) and other charges and prior liens shall be added to the amount of the Mortgage Loan and secured by the Related Mortgage payable on demand with interest at the rate applicable under the Mortgage Loan from and after maturity, from time of payment of the same); or (ii) reasonable alternative arrangements for the payment of such taxes, assessments,

insurance premiums (including GMI or Private Mortgage Insurance premiums) and other charges and prior liens are made which are satisfactory to the Authority.

(v) The Mortgage Loan (other than any Second Mortgage Loan) must require equal monthly payments to be applied to accrued interest and then to principal which commence no more than sixty days following origination of the Mortgage Loan.

(vi) The Residential Housing (and other buildings on the premises) with respect to which the Mortgage Loan is made must be insured with respect to fire, lightning and other hazards as and to the extent required by the Governmental Insurer or the Private Insurer, as applicable, or, with respect to any Mortgage Loan not subject to GMI or Private Mortgage Insurance, in accordance with guidelines of Fannie Mae.

(d) Not more than 10% of the 2004 Series B Mortgage Loans shall be made for the purpose of assisting Eligible Borrowers with a portion of their closing costs to the extent such Mortgage Loans are secured by Second Mortgages; provided, that such percentage may be changed in an Authority Request accompanied by confirmation from each Rating Agency that such change will not adversely affect such Rating Agency's then current rating on any Bonds.

Section 6.3 Servicing Fees. The Authority covenants and agrees that Servicing Fees with respect to 2004 Series B Mortgage Loans shall not exceed the maximum amount consistent with the most recent Cash Flow Statement.

Section 6.4 Tax Covenants and Findings.

(a) The Authority shall not use or direct or permit the use of the proceeds of any Bonds or any other moneys in its possession or control (including without limitation the proceeds of any insurance or condemnation award received in connection with Mortgage Loans) directly or indirectly in any manner that, if such use reasonably had been expected on the date of delivery of the 2004 Series B Bonds, would cause any 2004 Series B Tax-Exempt Bonds to be "arbitrage bonds" within the meaning ascribed to such quoted term in Section 148 of the Code.

(b) The Authority shall not use or direct or permit the use of the proceeds of any Bonds or any other moneys in its possession or control (including without limitation the proceeds of any insurance or condemnation award received in connection with Mortgage Loans) in any manner that would cause the 2004 Series B Tax-Exempt Bonds to fail to comply with the provisions of Section 103 of the Code.

(c) The Authority hereby further covenants to take all steps and actions necessary to assure the successful operation of the Program in a manner consistent with the preservation of the exclusion from gross income of the interest payable on the 2004 Series B Tax-Exempt Bonds under Section 103 of the Code; to take all steps and actions necessary to preserve the exclusion from gross income of the interest payable on the 2004 Series B Tax-Exempt Bonds under Section 103 of the Code; and to refrain from taking any steps or actions that would impair or call

into question the exclusion from gross income of the interest payable on the 2004 Series B Tax-Exempt Bonds under Section 103 of the Code.

(d) In connection therewith, the Authority hereby further covenants as follows:

(i) The Authority will enforce, and will not waive or consent to the noncompliance by any Person of, any material provisions of the Rules and Regulations, the Mortgages, the Mortgage Purchase Agreements and other documents related thereto and in connection with the 2004 Series B Mortgage Loans;

(ii) The Authority will not amend any material provision of the Mortgages or Mortgage Purchase Agreements except upon filing with the Trustee a certified copy of any such amendment and an opinion of Bond Counsel to the effect that such amendment will not cause the interest on the 2004 Series B Tax-Exempt Bonds to be subject to inclusion in gross income under Section 103 of the Code and will not impair the security of the 2004 Series B Bonds;

(iii) The Authority will not purchase any 2004 Series B Mortgage Loan with amounts credited to the 2004 Series B subaccount of the Acquisition Account unless it reasonably believes that the origination terms and procedures followed with respect to such Mortgage Loan and its origination by a Mortgage Lender and purchase by the Authority are in conformity with the applicable provisions of the Mortgage Purchase Agreements and the Rules and Regulations; and

(iv) The Authority will (i) accelerate the maturity of all 2004 Series B Mortgage Loans that the Authority determines, in accordance with Section 143 of the Code, violate any of the requirements applicable to such Mortgage Loans under Section 143 of the Code, (ii) require Mortgage Lenders to repurchase such Mortgage Loans in accordance with the provisions of the applicable Mortgage Purchase Agreement or (iii) take other corrective action in accordance with Treasury Regulation § 6A.103A-2(c)(1)(iii) as approved by an opinion of Bond Counsel.

For the purposes of subsections (d)(i) and (ii) of this Section 6.4, the Authority and the Trustee shall be entitled to rely conclusively upon a Counsel's Opinion to the effect that any particular provision in any of the documents listed in such subsections, which provision is proposed to be waived or amended, is not "material" for purposes of assuring the exclusion from gross income of the interest payable on the 2004 Series B Tax-Exempt Bonds under Section 103 of the Code.

(End of Article VI)

ARTICLE VII  
PURCHASE OF ADJUSTABLE RATE BONDS

Section 7.1 Optional Tenders of Adjustable Rate Bonds in the Daily Mode or the Weekly Mode. The Owners of Adjustable Rate Bonds in a Daily Mode or a Weekly Mode may elect to have their Bonds (or portions of those Bonds in amounts equal to an Authorized Denominations) purchased on any Business Day at a price equal to the Purchase Price, (i) in the case of Adjustable Rate Bonds in a Daily Mode, upon delivery of an irrevocable telephonic notice of tender to the Remarketing Agent not later than 11:00 a.m., New York City time, on the Purchase Date specified by the Owner; and (ii) in the case of Adjustable Rate Bonds in a Weekly Mode, upon delivery of an irrevocable written notice of tender or irrevocable telephonic notice of tender to the Remarketing Agent, promptly confirmed in writing to the Paying Agent, not later than 4:00 p.m., New York City time, on a Business Day not less than seven days before the Purchase Date specified by the Owner in such notice. Such notices of tender shall state the CUSIP number, Bond number and the principal amount of such Bond and that such Bond shall be purchased on the Purchase Date specified above. The Bond shall be delivered (with all necessary endorsements) at or before 12:00 noon, New York City time, on the Purchase Date to the Remarketing Agent, provided, however, that payment of the Purchase Price shall be made pursuant to this Section 7.1 only if the Bond so delivered to the Remarketing Agent conforms in all respects to the description thereof in the notice described in this Section 7.1. Payment of the Purchase Price with respect to purchases under this Section 7.1 shall be made to the Owners of tendered Bonds by wire transfer in immediately available funds by the Remarketing Agent by the close of business on the Purchase Date. An Owner who gives the notice of tender as set forth above may repurchase the Bonds so tendered on such Purchase Dates if the Remarketing Agent agrees to sell the Bonds so tendered to such Owner. If such Owner decides to repurchase such Bonds and the Remarketing Agent agrees to sell the specified Bonds to such Owner, the delivery requirements set forth above shall be waived.

Section 7.2 Mandatory Purchase at End of Commercial Paper Rate Periods. Each Commercial Paper Bond shall be subject to mandatory purchase on the Purchase Date for the current Interest Period applicable to such Bond at the Purchase Price. Bonds purchased pursuant to this Section 7.2 shall be delivered by the Owners (with all necessary endorsements) to the office of the Paying Agent in Denver, Colorado, at or before 12:00 noon, New York City time, on such Purchase Date, and payment of the Purchase Price shall be made by wire transfer of immediately available funds by the close of business on such Purchase Date. No notice of such mandatory purchase shall be given to the Owners.

Section 7.3 Mandatory Purchase on Mode Change Date.

(a) Adjustable Rate Bonds to be changed from one Mode to another Mode (other than a change to the Fixed Rate Mode) are subject to mandatory purchase on the Mode Change Date at the Purchase Price as provided in this subsection (a). Bonds purchased pursuant to this subsection (a) shall be delivered by the Owners (with all necessary endorsements) to the office of

the Paying Agent in Denver, Colorado, at or before 12:00 noon, New York City time, on the Mode Change Date and payment of the Purchase Price shall be made by wire transfer of immediately available funds by the close of business on the Mode Change Date. The Trustee shall give notice of such mandatory purchase by first-class mail, or transmitted in such other manner (such as by Electronic Means) as may be customary for the industry as directed in writing by the Authority, to the Owners of the Bonds subject to mandatory purchase, with a copy to each National Repository, no less than 30 days prior to the Mandatory Purchase Date. The notice shall state the Mandatory Purchase Date, the Purchase Price, the numbers of the Bonds to be purchased if less than all of the Bonds owned by such Owner are to be purchased and that interest on Bonds subject to mandatory purchase shall cease to accrue from and after the Mandatory Purchase Date. The failure to transmit such notice with respect to any Bond shall not affect the validity of the mandatory purchase of any other Bond with respect to which notice was so transmitted. Any notice transmitted as aforesaid will be conclusively presumed to have been given, whether or not actually received by any Owner.

(b) Adjustable Rate Bonds to be changed to the Fixed Rate Mode are subject to mandatory purchase on the Mode Change Date at the Purchase Price as provided in this subsection (b). Bonds purchased pursuant to this subsection (b) shall be delivered by the Owners (with all necessary endorsements) to the office of the Paying Agent in Denver, Colorado, at or before 12:00 noon, New York City time, on the Mode Change Date and payment of the Purchase Price shall be made by wire transfer of immediately available funds by the close of business on the Mode Change Date. The Trustee shall give notice of such mandatory purchase as part of the notice of change of Mode to be sent to the Owners pursuant to Section 2.11(b)(ii) of this Series Indenture.

Section 7.4 Optional Tender at End of Interest Period for Term Rate Mode. The Owner of an Adjustable Rate Bond in the Term Rate Mode (unless such Bonds are being changed to another Mode in accordance with Section 2.11 of this Series Indenture) may elect to have its Bond (or portions thereof in Authorized Denominations) purchased on the last day of the current Interest Period applicable to such Bond (or the next Business Day if such last day is not a Business Day) at a price equal to the Purchase Price upon delivery of an irrevocable written notice of tender or irrevocable telephonic notice of tender to the Remarketing Agent, promptly confirmed in writing to the Paying Agent, by not later than 10:00 a.m. on a Business Day not less than seven days before such last day. Such notice of tender shall state the CUSIP number, Bond number and the principal amount of such Bond to be purchased. Bonds purchased pursuant to this Section 7.4 shall be delivered by the Owners (with all necessary endorsements) to the Remarketing Agent at or before 12:00 noon, New York City time, on such Purchase Date and payment of the Purchase Price of such Bonds shall be made by wire transfer in immediately available funds by the Remarketing Agent by the close of business on such Business Day.

Section 7.5 Mandatory Purchase for Failure to Replace Liquidity Facility or Upon Certain Substitutions of Alternate Liquidity Facility. In the event that the Authority does not replace a Liquidity Facility with another Liquidity Facility prior to its stated expiration date in accordance with Section 8.3 of this Series Indenture, the Bonds having the benefit of the



Liquidity Facility shall be subject to mandatory purchase on the earlier of the last Interest Payment Date before the then-current Liquidity Facility so expires (whether at the stated expiration date thereof or any earlier termination date therein provided), or 45 days before such stated expiration date or earlier termination date. In addition, in the event that on or prior to the 45th day next preceding the Substitution Date, the Authority has failed to deliver to the Paying Agent and the Trustee a Rating Confirmation Notice in connection with the delivery of an Alternate Liquidity Facility, the Bonds having the benefit of the Liquidity Facility shall be subject to mandatory purchase on the Substitution Tender Date. In either case, the Trustee shall give notice of such mandatory purchase by first-class mail, or transmitted in such other manner (such as by Electronic Means) as may be customary for the industry as directed in writing by the Authority, to the Owners of the Bonds subject to mandatory purchase, with a copy to each National Repository, no less than 30 days prior to the Mandatory Purchase Date. The notice shall state the Mandatory Purchase Date, the Purchase Price and that interest on Bonds subject to mandatory purchase shall cease to accrue from and after the Mandatory Purchase Date. The failure to transmit such notice with respect to any Bond shall not affect the validity of the mandatory purchase of any other Bond with respect to which notice was so transmitted. Any notice transmitted as aforesaid will be conclusively presumed to have been given, whether or not actually received by any Owner. Bonds purchased pursuant to this Section 7.5 shall be delivered by the Owners (with all necessary endorsements) to the office of the Paying Agent in Denver, Colorado, at or before 12:00 noon, New York City time, on the Mandatory Purchase Date, and payment of the Purchase Price of such Bonds shall be made by wire transfer in immediately available funds by the Paying Agent by the close of business on such Mandatory Purchase Date.

Section 7.6 Mandatory Purchase upon Termination of Liquidity Facility. If the Trustee receives a notice from the Liquidity Facility Provider that its Liquidity Facility will be terminated in accordance with the provisions thereof because of the occurrence and continuance of certain specified events under the Liquidity Facility (i.e., on a Notice of Termination Date as defined in the Liquidity Facility) while any of the Bonds having the benefit of the Liquidity Facility will be Outstanding, then such Bonds will be subject to special mandatory purchase on a Business Day which is at least ten days subsequent to such Notice of Termination Date and at least five Business Days prior to the termination date of the Liquidity Facility. Within two Business Days after receipt by the Trustee of a notice from the Liquidity Facility Provider that its Liquidity Facility will be terminated as described above, the Trustee will mail by first-class mail, or transmitted in such other manner (such as by Electronic Means) as may be customary for the industry as directed in writing by the Authority, a notice of special mandatory tender to the Owners of the Bonds subject to mandatory purchase, with a copy to each National Repository. The notice shall state the Mandatory Purchase Date, the Purchase Price and that interest on Bonds subject to mandatory purchase shall cease to accrue from and after the Mandatory Purchase Date. The failure to transmit such notice with respect to any Bond shall not affect the validity of the mandatory purchase of any other Bond with respect to which notice was so transmitted. Any notice transmitted as aforesaid will be conclusively presumed to have been given, whether or not actually received by any Owner. Bonds purchased pursuant to this Section 7.6 shall be delivered by the Owners (with all necessary endorsements) to the office of the Paying Agent in Denver, Colorado, at or before 12:00 noon, New York City time, on the

Mandatory Purchase Date, and payment of the Purchase Price of such Bonds shall be made by wire transfer in immediately available funds.

Section 7.7 Remarketing of Adjustable Rate Bonds; Notices.

(a) *Remarketing of Adjustable Rate Bonds.* The Remarketing Agent shall use its best efforts to offer for sale:

(i) all Adjustable Rate Bonds or portions thereof as to which notice of tender pursuant to Section 7.1 or Section 7.4 of this Series Indenture has been given;

(ii) all Adjustable Rate Bonds required to be purchased pursuant to Sections 7.2, 7.3, 7.5 and 7.6 of this Series Indenture; and

(iii) all Bank Bonds.

(b) *Notice of Remarketing; Registration Instructions; New Bonds.* On each Purchase Date or Mandatory Purchase Date, as the case may be:

(i) unless the Remarketing Agent has notified the Paying Agent otherwise, the Remarketing Agent shall notify the Paying Agent by Electronic Means not later than 10:00 a.m., New York City time, of the amount of tendered Adjustable Rate Bonds which were successfully remarketed, the names of the tendering Owners and the registration instructions (i.e., the names, addresses and taxpayer identification numbers of the purchasers and the desired Authorized Denominations) with respect thereto; and

(ii) the Paying Agent shall authenticate new Adjustable Rate Bonds for the respective purchasers thereof which shall be available for pick-up by the Remarketing Agent not later than 1:30 p.m., New York City time.

(c) *Delivery of Remarketing Proceeds.* The proceeds of the sale by the Remarketing Agent of any Adjustable Rate Bonds shall be delivered to the Paying Agent for deposit into the Remarketing Proceeds Account of the Bond Purchase Fund not later than 2:00 p.m., New York City time, on the day of receipt of such remarketing proceeds.

(d) *Limitation on Remarketing of Bank Bonds.* Bank Bonds shall not be remarketed unless the Trustee has received written notice from the Liquidity Facility Provider that the Liquidity Facility has been reinstated.

Section 7.8 Source of Funds for Purchase of Adjustable Rate Bonds. By the close of business on the Purchase Date or the Mandatory Purchase Date, as the case may be, the Paying Agent shall purchase tendered Adjustable Rate Bonds from the tendering Owners at the Purchase Price by wire transfer in immediately available funds. Funds for the payment of such Purchase Price shall be derived solely from the following sources in the order of priority indicated and

neither the Paying Agent nor the Remarketing Agent shall be obligated to provide funds from any other source:

(a) immediately available funds on deposit in the Remarketing Proceeds Account;  
and

(b) immediately available funds on deposit in the Standby Purchase Account.

Section 7.9 Delivery of Adjustable Rate Bonds. On each Purchase Date or Mandatory Purchase Date, as the case may be, the Adjustable Rate Bonds shall be delivered as follows:

(a) Adjustable Rate Bonds sold by the Remarketing Agent pursuant to Section 7.8(a) of this Series Indenture shall be delivered by the Remarketing Agent to the purchasers of those Bonds by 3:00 p.m., New York City time; and

(b) Adjustable Rate Bonds purchased by the Paying Agent with moneys described in Section 7.8(b) of this Series Indenture shall be registered immediately in the name of the Liquidity Facility Provider or its nominee on or before 1:30 p.m., New York City time.

Section 7.10 Undelivered Adjustable Rate Bonds. If Adjustable Rate Bonds to be purchased are not delivered by the Owners to the Remarketing Agent or the Paying Agent, as applicable, by 12:00 noon, New York City time, on the Purchase Date or the Mandatory Purchase Date, as the case may be, the Paying Agent shall hold any funds received for the purchase of those Bonds in trust in a separate account and shall pay such funds to the former Owners of such Bonds upon presentation of such Bonds. Such undelivered Bonds shall cease to accrue interest as to the former Owners on the Purchase Date or the Mandatory Purchase Date, as the case may be, and moneys representing the Purchase Price shall be available against delivery of those Bonds at the office of the Paying Agent in Denver, Colorado; provided, however, that any funds which shall be so held by the Paying Agent and which remain unclaimed by the former Owner of a Bond not presented for purchase for a period of three years after delivery of such funds to the Paying Agent, shall, to the extent permitted by law, upon request in writing by the Authority and the furnishing of security or indemnity to the Paying Agent's satisfaction, be paid to the Authority free of any trust or lien, and thereafter the former Owner of such Bond shall look only to the Authority and then only to the extent of the amounts so received by the Authority without any interest thereon and the Paying Agent shall have no further responsibility with respect to such moneys or payment of the purchase price of such Bonds. The Paying Agent shall authenticate a replacement Bond for any undelivered Bond which may then be remarketed by the Remarketing Agent.

Section 7.11 No Purchases or Sales After Payment Default. Anything in the Indenture to the contrary notwithstanding, if there shall have occurred and be continuing an Event of Default described in Section 7.1(a) or Section 7.1(b) of the Master Indenture, the Remarketing Agent shall not remarket, and the Liquidity Facility Provider shall not be required to purchase pursuant to the Liquidity Facility, any Adjustable Rate Bonds.

Section 7.12 Bond Purchase Fund. There is hereby established and there shall be maintained with the Paying Agent, as agent for the Trustee, a separate fund to be known as the “Bond Purchase Fund.” The Paying Agent shall further establish separate accounts within the Bond Purchase Fund to be known as the “Standby Purchase Account” and the “Remarketing Proceeds Account.”

(a) *Remarketing Proceeds Account*. Upon receipt of the proceeds of a remarketing of Adjustable Rate Bonds, the Paying Agent shall deposit such proceeds in the Remarketing Proceeds Account for application to the Purchase Price of the Adjustable Rate Bonds. Notwithstanding the foregoing, upon the receipt of the proceeds of a remarketing of Bank Bonds, the Paying Agent shall immediately pay such proceeds to the Liquidity Facility Provider to the extent of any amount owing to the Liquidity Facility Provider.

(b) *Standby Purchase Account*. Upon receipt from the Trustee of the immediately available funds transferred to the Paying Agent pursuant to 8.5 of this Series Indenture, the Paying Agent shall deposit such money in the Standby Purchase Account for application to the Purchase Price of the Adjustable Rate Bonds to the extent that the moneys on deposit in the Remarketing Proceeds Account shall not be sufficient. Any amounts deposited in the Standby Purchase Account and not needed with respect to any Purchase Date or Mandatory Purchase Date for the payment of the Purchase Price for any Adjustable Rate Bonds shall be immediately returned to the Liquidity Facility Provider.

(c) *Investment*. Amounts held in the Standby Purchase Account and the Remarketing Proceeds Account by the Paying Agent shall be held uninvested and separate and apart from all other funds and accounts.

Section 7.13 Remarketing Agent. The Authority hereby appoints Lehman Brothers Inc. as Remarketing Agent to remarket the Adjustable Rate Bonds pursuant to the Indenture, and to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Liquidity Facility Provider, the Authority, the Paying Agent and the Trustee at all reasonable times.

The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by the Indenture by giving at least 30 days’ notice to the Authority, the Trustee, the Paying Agent and the Liquidity Facility Provider. The Remarketing Agent may be removed at any time, at the direction of the Authority, by an instrument filed with the Remarketing Agent, the Trustee, the Paying Agent and the Liquidity Facility Provider and upon at least 30 days’ notice to the Remarketing Agent. Any successor Remarketing Agent shall be selected by the Authority and shall be a member of the National Association of Securities Dealers, Inc., shall have a capitalization of at least \$15,000,000, and shall be authorized by law to perform all the duties set forth in the Indenture. The Authority’s delivery to the Trustee of a certificate setting forth the effective date of the appointment of a successor Remarketing Agent and the name of such successor shall be conclusive evidence that (i) if applicable, the predecessor Remarketing Agent has been removed in accordance with the provisions of this

Series Indenture and (ii) such successor has been appointed and is qualified to act as Remarketing Agent under the terms of this Series Indenture.

(End of Article VII)

ARTICLE VIII  
LIQUIDITY FACILITY

Section 8.1 Authorization of Liquidity Facility. The use of the Liquidity Facility to secure payment of the purchase price of the Adjustable Rate Bonds is hereby authorized.

Section 8.2 Requirements for Liquidity Facility.

(a) *Amount.* The initial Liquidity Facility will be a standby bond purchase agreement of the Liquidity Facility Provider, for direct payments to or upon the order of the Paying Agent of amounts up to (a) the principal of the Adjustable Rate Bonds when due upon purchase pursuant to a tender; and (b) the interest portion of the purchase price of the Adjustable Rate Bonds consisting of accrued interest for the number of days required by each Rating Agency then rating the Adjustable Rate Bonds in order to ensure that the rating of the Adjustable Rate Bonds will not be adversely affected, as evidenced in writing from each such Rating Agency to the Trustee, at the Maximum Rate. If the Liquidity Facility will be in effect during a Short-Term Mode or a Term Rate Mode, the stated coverage amount of the Liquidity Facility will include the interest portion of the purchase price of the Adjustable Rate Bonds for the number of days required by each Rating Agency then rating the Adjustable Rate Bonds in order to ensure that the respective ratings of the Adjustable Rate Bonds will not be adversely affected, as evidenced in writing from each such Rating Agency to the Trustee, at the Maximum Rate. The issuance of ratings on the Adjustable Rate Bonds as initially delivered shall serve as the “evidence in writing from each Rating Agency” required hereby with respect to the amount of the Initial Liquidity Facility and number of days of interest covered thereby for the time the Adjustable Rate Bonds bear interest at a Weekly Rate. The Paying Agent shall promptly present any certificates required by a Liquidity Facility for the reduction of the stated amount of the Liquidity Facility whenever the Aggregate Principal Amount of the Adjustable Rate Bonds Outstanding is reduced.

(b) *Term.* Unless extended in accordance with Section 10.9(b) of the Initial Liquidity Facility, the Liquidity Facility will expire at the end of the “Commitment Period,” as defined in the Initial Liquidity Facility. The Authority shall submit to the Liquidity Facility Provider not earlier than fifteen months before, and not later than six months before, the Expiration Date (as defined in the Initial Liquidity Facility) as from time to time in effect, a request that the Liquidity Facility Provider renew the Liquidity Facility and extend the Expiration Date thereof for an additional three-year period (or such other period as may be specified by the Authority in writing) after the then-effective Expiration Date thereof in accordance with Section 10.9(b) of the Initial Liquidity Facility.

Section 8.3 Alternate Liquidity Facility.

(a) The Authority may elect to replace any Liquidity Facility with a new Liquidity Facility substantially conforming to the requirements of Section 8.2 of this Series Indenture. If a Term Rate will be in effect during the term of the current Liquidity Facility, the Authority may

not furnish an Alternate Liquidity Facility with an Expiration Date earlier than the Expiration Date in the Liquidity Facility then in effect.

(b) The Authority shall promptly notify the Trustee, the Remarketing Agent and the Paying Agent of the Authority's intention to deliver a new Liquidity Facility at least 45 days prior to such delivery. Upon receipt of such notice, if the new Liquidity Facility is issued by a different issuer, the Trustee will promptly mail by first class mail, or transmitted in such other manner (such as by Electronic Means) as may be customary for the industry as directed in writing by the Authority, a notice of the anticipated delivery of a new Liquidity Facility, including the name of the provider of the new Liquidity Facility, to the Remarketing Agent and each owner of the Adjustable Rate Bonds at the owner's registered address at least 30 days prior to deliver of the new Liquidity Facility.

(c) A new Liquidity Facility, along with the documents required by Section 8.4 of this Series Indenture, must be delivered to the Trustee at least five Business Days prior to the time notice of mandatory tender must be sent to the Owners as set forth in Section 7.5 of this Series Indenture.

#### Section 8.4 Opinions of Counsel and Other Documents.

(a) Any Liquidity Facility delivered to the Trustee after the Initial Liquidity Facility must be accompanied by (1) a Favorable Opinion of Bond Counsel as to the delivery of the Liquidity Facility; (2) an opinion of counsel stating that delivery of the Liquidity Facility is authorized under the Indenture and complies with its terms; and (3) an opinion of counsel to the provider of such Liquidity Facility stating that such Liquidity Facility is a legal, valid, binding and enforceable obligation of such obligor in accordance with its terms.

(b) If the Authority or any natural person, firm, association or public body related to the Authority, within the meaning of Section 147(a) of the Code, grants a security interest in any cash, securities or investment type property to the provider of such Liquidity Facility or other facility, the Authority must furnish the Trustee a Favorable Opinion of Bond Counsel with respect to such grant.

#### Section 8.5 Draws.

(a) Whenever any amount is payable for the purchase of the Adjustable Rate Bonds as provided in this Series Indenture, the Paying Agent shall direct the Trustee to draw on the Liquidity Facility in accordance with its terms, if one is in effect, to the extent necessary (taking into account any remarketing proceeds that are then on hand with the Paying Agent as described in the next paragraph) to make such full and timely payment in accordance with this Series Indenture and the Liquidity Facility, except that the Paying Agent may not draw on the Liquidity Facility to pay the purchase price of Bank Bonds or Adjustable Rate Bonds owned by or registered in the name of the Authority. In drawing on the Liquidity Facility, the Paying Agent will be acting on behalf of the owners of the Adjustable Rate Bonds by facilitating payment of

the purchase price of their Adjustable Rate Bonds and not on behalf of the Authority and will not be subject to the control of the Authority.

(b) On each Purchase Date or Mandatory Purchase Date on which the Adjustable Rate Bonds are to be purchased pursuant to a tender, the Paying Agent shall direct the Trustee to draw upon the Liquidity Facility by 10:30 a.m., New York City time, in an amount sufficient, together with any remarketing proceeds that the Paying Agent has on hand at the time of such draw, to enable the Paying Agent to pay the purchase price of the Adjustable Rate Bonds to be purchased on such Purchase Date or Mandatory Purchase Date. If the Paying Agent does not have any remarketing proceeds on hand, the Paying Agent shall direct the Trustee to draw upon the Liquidity Facility in an amount sufficient to enable the Paying Agent to pay such purchase price entirely from the proceeds of such drawing. The Paying Agent shall direct the Trustee to make any drawing required under this subsection (b) in accordance with the terms of such Liquidity Facility and deposit such moneys to the Standby Purchase Account so that immediately available funds will be available to the Paying Agent to pay the purchase price due on a Purchase Date or Mandatory Purchase Date by 2:30 p.m., New York City time, on the Purchase Date or Mandatory Purchase Date.

(c) If, following any draw on a Liquidity Facility in accordance with its terms, the Paying Agent does not receive from the Liquidity Facility Provider when due the full amount stated in such draw, the Paying Agent shall promptly direct the Trustee to submit another draw in the amount of any deficiency or, if nothing was received by the Paying Agent, in such full amount.

(d) Upon receipt from the Liquidity Facility Provider of the proceeds of any drawing on the Liquidity Facility, the Paying Agent shall pay such proceeds to the Persons entitled thereto in accordance with the provisions hereof.

(e) If, subsequent to any such draw to pay the purchase price of Adjustable Rate Bonds, the Paying Agent receives from the Remarketing Agent remarketing proceeds of Adjustable Rate Bonds for which such draw was made, the Paying Agent shall repay to the Liquidity Facility Provider in immediately available funds by 2:00 p.m., New York City time (so long as the Paying Agent has received such funds by 1:00 p.m., New York City time), on the day of receipt by the Paying Agent of such remarketing proceeds, an amount equal to such remarketing proceeds.

(End of Article VIII)



ARTICLE IX  
SAVRS RATE CONVERSION

Section 9.1 Applicability of This Article. This Article IX shall be applicable to Adjustable Rate Bonds on and after the SAVRS Rate Conversion Date for such Adjustable Rate Bonds. Any Liquidity Facility then in effect shall automatically terminate with respect to such Adjustable Rate Bonds at the close of business on the SAVRS Rate Conversion Date for such Adjustable Rate Bonds.

Section 9.2 Conversion to SAVRS Rate Bonds.

(a) Any Adjustable Rate Bonds shall be converted to SAVRS Rate Bonds on any Mode Change Date if the Authority shall have delivered to the Trustee and the Remarketing Agent (i) a written notice specifying the SAVRS Rate Conversion Date, which shall be not less than 45 days after such notice is delivered, which notice may be revoked by the delivery of written notice of revocation by the Authority to the Trustee and the Remarketing Agent on or before the date provided in subsection (h) of this Section 9.2, (ii) an opinion of Bond Counsel to the effect that such conversion to SAVRS Rate Bonds in accordance with the provisions hereof is authorized or permitted by the terms hereof will not, in and of itself, adversely affect the exclusion from gross income for federal income tax purposes of interest on any of the 2004 Series B Tax-Exempt Bonds and (iii) the Supplemental Indenture to be entered into in connection with the SAVRS Rate Conversion Date.

(b) The Trustee shall give notice by first-class mail or transmitted in such other manner (such as by Electronic Means) as may be customary for the industry as directed in writing by the Authority, to the Owners of such Adjustable Rate Bonds, at least 30 days before the SAVRS Rate Conversion Date, of the SAVRS Rate Conversion Date. Such notice shall include or be accompanied by the notice required by subsection (c) of this Section 9.2.

(c) Each applicable Adjustable Rate Bond shall be subject to mandatory purchase on the SAVRS Rate Conversion Date at the Purchase Price. The Trustee shall include in the notice transmitted to the Owners of such Bonds a further notice of mandatory purchase which in substance shall state: (i) the SAVRS Rate Conversion Date; (ii) if such is the case, that any ratings of any of such Bonds may be withdrawn or reduced; (iii) that subsequent to the SAVRS Rate Conversion Date, no owner of such an Adjustable Rate Bond will have any right to demand purchase of such Bond under the Master Indenture and this Series Indenture and such Owner will not be entitled to the benefits of the Liquidity Facility; and (iv) that all the Owners of such Bonds shall be required to tender or be deemed to have tendered their Bonds to the Paying Agent for purchase by 11:00 a.m., New York City time on the SAVRS Rate Conversion Date.

(d) Owners of such Adjustable Rate Bonds shall be required to tender their Bonds for payment on the SAVRS Rate Conversion Date at the Purchase Price. Any such Bonds on the SAVRS Rate Conversion Date for which there has been irrevocably deposited with the Paying

Agent an amount sufficient to pay the Purchase Price of such Bonds shall be deemed to have been tendered in accordance herewith.

(e) Upon presentation of such Adjustable Rate Bonds, on the SAVRS Rate Conversion Date, or any Business Day thereafter, the Paying Agent shall purchase, but only from the proceeds of the remarketing of such Bonds or from amounts drawn under the Liquidity Facility, all Adjustable Rate Bonds required to be purchased and deemed tendered pursuant to this Section 9.2 at the Purchase Price, payable by electronic transfer in immediately available funds to the account designated to the Paying Agent by the Owner of such Bonds deemed tendered, and if not so designated, by check or draft.

(f) On and after the SAVRS Rate Conversion Date for Bonds, such Bonds shall be in substantially the forms provided in the Supplemental Indenture to be entered into in connection with the SAVRS Rate Conversion Date.

(g) On and after the SAVRS Rate Conversion Date for Adjustable Rate Bonds, the provisions of the Supplemental Indenture to be entered into in connection with the SAVRS Rate Conversion Date shall be deemed to be an integral part of this Series Indenture. In the event that any provision of such Supplemental Indenture shall be inconsistent with any provision of the Master Indenture or this Series Indenture, such provisions of such Supplemental Indenture shall supersede such inconsistent provisions.

(h) Notwithstanding any provisions to the contrary contained in this Series Indenture or in the Master Indenture, (i) if the Authority has elected to convert Adjustable Rate Bonds to SAVRS Rate Bonds pursuant to subsection (a) of this Section 9.2, the Authority shall have the right to revoke such election on or before the initial Date of Interest Accrual (as shall be defined in the Supplemental Indenture to be entered into in connection with the SAVRS Rate Conversion Date), whereupon the rate of interest on such Bonds shall automatically become or remain a Weekly Rate as of the proposed SAVRS Rate Conversion Date, and (ii) if, on the proposed SAVRS Rate Conversion Date, the Remarketing Agent has not received the Purchase Price for all Adjustable Rate Bonds being tendered or deemed tendered as provided in this Section 9.2, the rate of interest on such Bonds shall automatically become or remain a Weekly Rate as of the proposed SAVRS Rate Conversion Date.

(i) The foregoing provisions shall be conclusive and binding upon the Authority, the Trustee and the Owners of the Adjustable Rate Bonds.

Section 9.3 Draw on Liquidity Facility on the SAVRS Rate Conversion Date. On any SAVRS Rate Conversion Date for Adjustable Rate Bonds, the Trustee shall draw under the Liquidity Facility in an amount equal to the Purchase Price thereof for which sufficient remarketing proceeds to pay the Purchase Price have not been received.

(End of Article IX)

ARTICLE X  
INTEREST RATE CONTRACTS

Section 10.1 Interest Rate Contract. The Authority has executed and delivered the Initial Interest Rate Contracts and may provide an Alternate Interest Rate Contract upon the termination of any Interest Rate Contract.

Section 10.2 Obligation to Make Interest Rate Contract Payments. The obligation of the Authority to make fixed rate interest payments to the Interest Rate Contract Providers under the Interest Rate Contracts is a Class I Obligation under the Indenture and the obligation of the Authority to make other payments under the Interest Rate Contracts is a General Obligation of the Authority and is not secured by the Trust Estate. Regularly scheduled payments under the Interest Rate Contracts shall be deemed to be interest for purposes of Section 5.5(d)(i)(C) of the Master Indenture.

Section 10.3 Requirements for Delivery of an Alternate Interest Rate Contract. On or prior to the date of delivery of an Alternate Interest Rate Contract to the Trustee, the Authority shall furnish or cause to be furnished to the Trustee an opinion of counsel satisfactory to the Authority stating that the delivery of such Alternate Interest Rate Contract to the Trustee is authorized under the Indenture and complies with the terms of this Series Indenture. In addition, no Alternate Interest Rate Contract may be delivered to the Trustee for any purpose under this Series Indenture unless accompanied by the following documents:

- (i) letters from Moody's and S&P evidencing that the replacement of any Interest Rate Contract with the Alternate Interest Rate Contract will result in the reconfirmation of the then-existing rating or the assignment of a new short-term rating of not less than "A-1+" or "VMIG-1" (in the case of S&P and Moody's, respectively) on the Adjustable Rate Bonds; and
- (ii) copies of any other documents, agreements or arrangements entered into directly or indirectly between the Authority and the Interest Rate Contract Provider entering into the Alternate Interest Rate Contract with respect to the transactions contemplated by the Alternate Interest Rate Contract.

(End of Article X)

ARTICLE XI  
MISCELLANEOUS

Section 11.1 Approval of Investment Agreements. The Investment Agreement, dated as of November 10, 2004, between the Trustee and Trinity Funding Company, LLC and the Investment Agreement, dated as of November 10, 2004, between the Trustee and Royal Bank of Canada, are hereby approved as provided in paragraph (e) of the definition of “Investment Securities” in the Master Indenture.

Section 11.2 Severability and Invalid Provisions. If any one or more of the covenants or agreements provided in this Series Indenture on the part of the Authority 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.

Section 11.3 Table of Contents and Section Headings Not Controlling. The Table of Contents and the headings of the several Articles and Sections of this Series Indenture have been prepared for convenience of reference only and shall not control, affect the meaning of, or be taken as an interpretation of any provision of this Series Indenture.

Section 11.4 Counterparts. This Series Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.5 Effective Date; Execution and Delivery. This Series Indenture shall become effective upon its execution and delivery by the Authority and the Trustee.

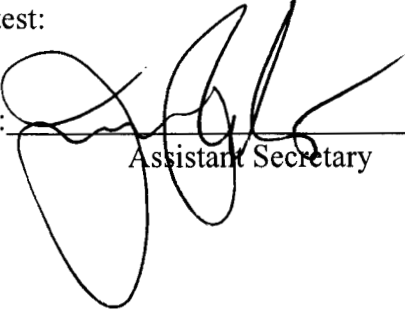
(End of Article XI)

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Series Indenture to be duly executed as of the day and year first above written.

COLORADO HOUSING AND FINANCE  
AUTHORITY

By:   
Executive Director

Attest:  
By:   
Assistant Secretary

ZIONS FIRST NATIONAL BANK, as Trustee

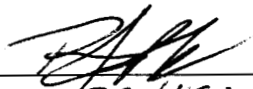
By:   
Title: SR VICE President

EXHIBIT A

(FORM OF 2004 SERIES B-1 AND B-2 BOND)

No. RBI-\_\_\_\_\_

\$\_\_\_\_\_

COLORADO HOUSING AND FINANCE AUTHORITY  
[TAXABLE] SINGLE FAMILY MORTGAGE CLASS I ADJUSTABLE RATE BONDS  
2004 SERIES B-[1][2]

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the Authority or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

[INTEREST ON THIS BOND IS NOT EXCLUDED FROM GROSS INCOME  
FOR FEDERAL INCOME TAX PURPOSES]

DATE OF ORIGINAL ISSUE	MATURITY DATE	MODE	CUSIP
November 10, 2004	November 1, 20__		

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The Colorado Housing and Finance Authority (the “Authority”), a body corporate and political subdivision of the State of Colorado (the “State”), created and existing by virtue of the laws of the State, particularly the Colorado Housing and Finance Authority Act, constituting Part 7 of Article 4 of Title 29 of the Colorado Revised Statutes, as amended (the “Act”), for value received hereby promises to pay (but only from the funds, accounts and other security provided therefor) to the Registered Owner specified above, or to such Registered Owner’s registered assigns or personal representatives, the Principal Amount specified above on the Maturity Date specified above, unless this Bond is redeemed prior thereto as provided in the Indenture (as defined below), upon its presentation and surrender as provided under the Master Indenture of Trust dated as of October 1, 2001, as amended, between the Authority and Zions First National Bank, as trustee (the “Trustee”) and the 2004 Series B Indenture of Trust dated as of November 1, 2004, between the Authority and the Trustee (collectively, the “Indenture”), and to

pay to the Registered Owner interest on such Principal Amount at the applicable interest rate, as provided in the Indenture. Any term used herein as a defined term but not defined herein shall be defined as in the Indenture.

This Bond is one of a duly authorized issue of bonds of the Authority designated "Colorado Housing and Finance Authority [Taxable] Single Family Mortgage Class I Adjustable Rate Bonds 2004 Series B-[1][2]" (the "Bonds"), issued under and pursuant to the Act, the Indenture and the Supplemental Public Securities Act, constituting Part 2 of Article 57 of Title 11, Colorado Revised Statutes. It is the intention of the Authority that this recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bonds after their delivery for value and that all of the Bonds issued are incontestable for any cause whatsoever after their delivery for value. This Bond constitutes a Class I Obligation under the Indenture and is secured solely by the pledge and lien of the Trust Estate contained therein, which is in the following order of priority: first, to secure the payment of the principal of and interest on the Class I Obligations in accordance with the terms and the provisions of the Indenture, second, to secure the payment of the principal of and interest on the Class II Obligations in accordance with the terms and the provisions of the Indenture, third, to secure the payment of the principal of and interest on the Class III Obligations in accordance with the terms and the provisions of the Indenture, and fourth, to secure the payment of the principal of and interest on the Class IV Obligations in accordance with the terms and provisions of the Indenture. The Registered Owner hereof, by acceptance of this Bond, consents to all of the terms and conditions of the Indenture, a copy of which is on file with the Trustee.

THIS BOND, TOGETHER WITH THE INTEREST HEREON, IS PAYABLE SOLELY FROM, AND SECURED BY, THE REVENUES OF THE AUTHORITY AND OTHER SECURITY PLEDGED THEREFOR UNDER THE INDENTURE, SUBJECT TO THE LIEN AND PLEDGE PRIORITY DISCUSSED ABOVE. IN NO EVENT SHALL THIS BOND CONSTITUTE AN OBLIGATION OR LIABILITY OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE AUTHORITY). THE AUTHORITY HAS NO TAXING POWER NOR DOES IT HAVE THE POWER TO PLEDGE THE GENERAL CREDIT OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE AUTHORITY, OR TO PLEDGE THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE STATE SHALL NOT BE LIABLE FOR THIS BOND, AND THIS BOND SHALL NOT CONSTITUTE A DEBT OF THE STATE.

The Authority has caused to be delivered to the Trustee a standby bond purchase agreement (the "Liquidity Facility") issued by Dexia Credit Local, acting through its New York Branch (together with its successors and assigns or any issuer of any Alternate Liquidity Facility, the "Liquidity Facility Provider"). The initial Liquidity Facility will expire on November 10, 2007 unless earlier terminated in accordance with its terms. The Tender Agent, as provided in the Indenture, will draw on the Liquidity Facility in order to receive amounts sufficient to pay (a) the principal of the Bonds when due upon purchase pursuant to a tender; and (b) the interest portion of the purchase price of Bonds, as provided in the Indenture. The Authority, upon the conditions specified in the Indenture, may provide for the extension of the Liquidity Facility

prior to its expiration date or for the delivery to the Tender Agent of an Alternate Liquidity Facility.

Interest on this Bond will be paid at a Commercial Paper Rate when the Bond is in the Commercial Paper Mode, at a Daily Rate when the Bond is in the Daily Mode, at a Weekly Rate when the Bond is in the Weekly Mode, at a Term Rate when the Bond is in the Term Rate Mode, at a rate determined by auction procedures described in the Indenture when the Bond is in a SAVRS Rate Mode, and at a Fixed Rate when the Bond is in the Fixed Rate Mode, all as determined in accordance with the Indenture; provided, however, that no Bond shall bear interest at a rate higher than the Maximum Rate. Bank Bonds shall bear interest at the Bank Rate, provided that Bank Bonds shall not bear interest at the Bank Rate after such Bonds have been remarketed unless such Bonds shall again become Bank Bonds. The Authority may change any Bond in a Mode, other than a Fixed Rate Mode, to any other Mode.

Interest on the Bonds will be payable at the Weekly Rate, unless and until the Authority selects a different interest rate determination method as provided in the Indenture. The Authority may effect a change in Mode with respect to a Bond by following the procedures set forth in the Indenture.

Payment will be made on the applicable Interest Payment Date to the Registered Owner on the applicable Record Date for unpaid interest accrued during the current Interest Accrual Period (as defined below), all as set forth in the Indenture.

The principal of and premium, if any, on each Bond will be payable in lawful money of the United States of America upon its surrender at the office of the Paying Agent on the Payment Date. The Purchase Price of a Bond in the Commercial Paper Mode will be payable by wire transfer of immediately available funds upon the close of business of the Purchase Date; provided, that such Bond is first surrendered to the Remarketing Agent by 12:00 noon New York City time on such date. Interest on Bonds in the Commercial Paper Mode, the Daily Mode or the Weekly Mode will be paid by the Paying Agent by wire transfer of immediately available funds to an account specified by the Registered Owner on the applicable Record Date in a writing delivered to the Paying Agent and, on Bonds in the Term Rate or Fixed Rate Mode, by check mailed by the Paying Agent to the Registered Owner at the address appearing in the registration books of the Paying Agent on the applicable Record Date. Payment of interest to Registered Owners of \$1,000,000 or more in aggregate principal amount of Bonds in the Term Rate or Fixed Rate Mode may be made by wire transfer as provided in the Indenture.

The Bonds are subject to special[, sinking fund] and optional redemption in the manner, at the prices, at the times and under the circumstances provided in the Indenture. The Bonds are subject to optional and mandatory tender at a price equal to the Purchase Price in the manner, at the times and under the circumstances provided in the Indenture.

The Bonds are in registered form without coupons in the following denominations (the "Authorized Denominations"): in the Daily Mode, the Weekly Mode, the SAVRS Mode or the



Commercial Paper Mode, \$100,000 and any integral multiple of \$5,000 in excess thereof; and in the Term Rate and Fixed Rate Modes, \$5,000 and any integral multiple thereof. A Registered Owner may transfer or exchange Bonds in accordance with the Indenture. The Paying Agent may require the payment by any Registered Owner requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange. Pursuant to Section 29-4-722 of the Act, Bonds issued under the Act shall be negotiable instruments under the laws of the State, subject only to applicable provisions for registration. The Registered Owner of this Bond may be treated as its owner for all purposes.

If any moneys held by the Trustee or Paying Agent in trust for the payment of interest, principal, premium or Purchase Price of any Bonds remain unclaimed for a period of three years after the date on which such moneys were payable, the Trustee or Paying Agent will, upon written notice from the Authority, pay such amounts to the Authority, as provided in the Indenture. Thereafter, such Registered Owners must look to the Authority for payment of such moneys.

The Indenture provides that the occurrences of certain events constitute Events of Default. If certain Events of Default occur, the Trustee may, and upon the written request of the Registered Owners of a sufficient percentage in aggregate principal amount of Outstanding Bonds (as provided in the Indenture), give 30 days notice in writing to the Authority of its intention to declare all Outstanding Bonds immediately due and payable. At the end of such 30-day period, the Trustee may, and upon the written consent of the Owners of a sufficient percentage in aggregate principal amount of Outstanding Bonds (as provided in the Indenture), declare all Outstanding Bonds immediately due and payable. An Event of Default and its consequences may be waived as provided in the Indenture. Registered Owners may not enforce the Indenture or the Bonds except as provided in the Indenture.

The Act provides that neither the members of the Authority nor any authorized person executing bonds issued pursuant to the Act shall be personally liable for such bonds by reason of the execution or issuance thereof.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, the Colorado Housing and Finance Authority has caused this Bond to be executed in its name by the manual or facsimile signature of its Chair and its

corporate seal (or a facsimile thereof) to be impressed or imprinted hereon and attested by the manual or facsimile signature of its Executive Director.

COLORADO HOUSING AND FINANCE  
AUTHORITY

By: \_\_\_\_\_  
Chair

(SEAL)

Attest:

\_\_\_\_\_  
Executive Director

(FORM OF CERTIFICATE OF AUTHENTICATION)

This Bond is one of the Bonds described in the within-mentioned Indenture of the Colorado Housing and Finance Authority.

Date of Authentication: \_\_\_\_\_

ZIONS FIRST NATIONAL BANK,  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

(FORM OF ASSIGNMENT)

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

---

(Please insert social security or other identifying number of transferee)

---

(Please print or type name and address of transferee)

the within bond, and all rights thereunder, and hereby irrevocably constitutes and appoints

\_\_\_\_\_ Attorney to transfer the within

bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: Signature(s) should be guaranteed by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

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

EXHIBIT B

(FORM OF 2004 SERIES B-3 BOND)

No. RB3III-\_\_\_\_\_

\$\_\_\_\_\_

COLORADO HOUSING AND FINANCE AUTHORITY  
SINGLE FAMILY MORTGAGE CLASS III BONDS  
2004 SERIES B-3

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the Authority or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

<u>DATE OF ORIGINAL ISSUE</u>	<u>MATURITY DATE</u>	<u>CUSIP</u>	<u>INTEREST RATE</u>
November 10, 2004	May 1, 2032		____%

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The Colorado Housing and Finance Authority (the “Authority”), a body corporate and political subdivision of the State of Colorado (the “State”), created and existing by virtue of the laws of the State, particularly the Colorado Housing and Finance Authority Act, constituting Part 7 of Article 4 of Title 29 of the Colorado Revised Statutes, as amended (the “Act”), for value received hereby promises to pay to the Registered Owner specified above, or to such Registered Owner’s registered assigns or personal representatives, the Principal Amount specified above on the Maturity Date specified above, unless this Bond is redeemed prior thereto as provided below, upon its presentation and surrender as provided under the Master Indenture of Trust dated as of October 1, 2001, as amended, between the Authority and Zions First National Bank, as trustee (the “Trustee”) and the 2004 Series B Indenture of Trust dated as of November 1, 2004, between the Authority and the Trustee (collectively, the “Indenture”), and to pay to the Registered Owner interest on such Principal Amount at the Interest Rate per annum above.

This Bond is one of a duly authorized issue of bonds of the Authority designated "Colorado Housing and Finance Authority Single Family Mortgage Class III Bonds 2004 Series B-3" (the "Bonds"), issued under and pursuant to the Act, the Indenture and the Supplemental Public Securities Act, constituting Part 2 of Article 57 of Title 11, Colorado Revised Statutes. It is the intention of the Authority that this recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bonds after their delivery for value and that all of the Bonds issued are incontestable for any cause whatsoever after their delivery for value. This Bond constitutes a Class III Obligation under the Indenture and is secured by the full faith and credit of the Authority in addition to the pledge and lien of the Trust Estate contained therein, which is in the following order of priority: first, to secure the payment of the principal of and interest on the Class I Obligations in accordance with the terms and the provisions of the Indenture, second, to secure the payment of the principal of and interest on the Class II Obligations in accordance with the terms and the provisions of the Indenture, third, to secure the payment of the principal of and interest on the Class III Obligations in accordance with the terms and the provisions of the Indenture, and fourth, to secure the payment of the principal of and interest on the Class IV Obligations in accordance with the terms and provisions of the Indenture. The Registered Owner hereof, by acceptance of this Bond, consents to all of the terms and conditions of the Indenture, a copy of which is on file with the Trustee.

THIS BOND, TOGETHER WITH THE INTEREST HEREON, IS A GENERAL OBLIGATION OF THE AUTHORITY AND IS ALSO PAYABLE FROM, AND SECURED BY, THE REVENUES OF THE AUTHORITY AND OTHER SECURITY PLEDGED THEREFOR UNDER THE INDENTURE, SUBJECT TO THE LIEN AND PLEDGE PRIORITY DISCUSSED ABOVE. IN NO EVENT SHALL THIS BOND CONSTITUTE AN OBLIGATION OR LIABILITY OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE AUTHORITY). THE AUTHORITY HAS NO TAXING POWER NOR DOES IT HAVE THE POWER TO PLEDGE THE GENERAL CREDIT OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE AUTHORITY, OR TO PLEDGE THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE STATE SHALL NOT BE LIABLE FOR THIS BOND, AND THIS BOND SHALL NOT CONSTITUTE A DEBT OF THE STATE.

Any term used herein as a defined term but not defined herein shall be defined as in the Indenture.

This Bond is transferable, as provided in the Indenture, only upon the records of the Authority kept for that purpose at the Corporate Trust Office of the Trustee by the Registered Owner hereof in person, or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon a new registered Bond or Bonds, and in the same series, maturity and aggregate principal amounts, shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. The Authority and the Trustee shall deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on

account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

The Bonds are issuable in the form of registered Bonds without coupons in the denominations of \$5,000 or any integral multiples of \$5,000 (“Authorized Denominations”). The owner of any Bonds may surrender the same at the above mentioned office of the Trustee, in exchange for an equal aggregate principal amount of Bonds of the same series and maturity of any of the Authorized Denominations, in the manner, subject to the conditions and upon the payment of the charges provided in the Indenture. Pursuant to Section 29-4-722 of the Act, Bonds issued under the Act shall be negotiable instruments under the laws of the State, subject only to applicable provisions for registration.

This Bond bears interest on the Principal Amount specified above, payable to the Registered Owner hereof on each Interest Payment Date (the first such date being May 1, 2005) until maturity or earlier redemption. Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication of such Bond, unless such Bond is authenticated on an Interest Payment Date, in which event such Bond shall bear interest from such Interest Payment Date, or unless such Bond is authenticated prior to the first Interest Payment Date, in which event such Bond shall bear interest from its dated date, or unless interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest has been paid in full or unless no interest shall have been paid on the Bonds, as the case may be, in which event such Bond shall bear interest from its dated date. Interest on the Bonds shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

The principal or Redemption Price of and interest on the Bonds shall be payable in lawful money of the United States of America at the Corporate Trust Office of the Paying Agent in Denver, Colorado.

The Bonds are subject to special, sinking fund and optional redemption in the manner, at the prices, at the times and under the circumstances provided in the Indenture.

If any moneys held by the Trustee or Paying Agent in trust for the payment of interest, principal, premium or Purchase Price of any Bonds remain unclaimed for a period of three years after the date on which such moneys were payable, the Trustee or Paying Agent will, upon written notice from the Authority, pay such amounts to the Authority, as provided in the Indenture. Thereafter, such Registered Owners must look to the Authority for payment of such moneys.

The Indenture provides that the occurrences of certain events constitute Events of Default. If certain Events of Default occur, the Trustee may, and upon the written request of the Registered Owners of a sufficient percentage in aggregate principal amount of Outstanding Bonds (as provided in the Indenture), give 30 days notice in writing to the Authority of its intention to declare all Outstanding Bonds immediately due and payable. At the end of such 30-day period, the Trustee may, and upon the written consent of the Owners of a sufficient

percentage in aggregate principal amount of Outstanding Bonds (as provided in the Indenture), declare all Outstanding Bonds immediately due and payable. An Event of Default and its consequences may be waived as provided in the Indenture. Registered Owners may not enforce the Indenture or the Bonds except as provided in the Indenture.

The Act provides that neither the members of the Authority nor any authorized person executing bonds issued pursuant to the Act shall be personally liable for such bonds by reason of the execution or issuance thereof.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, the Colorado Housing and Finance Authority has caused this Bond to be executed in its name by the manual or facsimile signature of its Chair and its corporate seal (or a facsimile thereof) to be impressed or imprinted hereon and attested by the manual or facsimile signature of its Executive Director.

COLORADO HOUSING AND FINANCE  
AUTHORITY

By: \_\_\_\_\_  
Chair

(SEAL)

Attest:

\_\_\_\_\_  
Executive Director



(FORM OF CERTIFICATE OF AUTHENTICATION)

This Bond is one of the Bonds described in the within-mentioned Indenture of the Colorado Housing and Finance Authority.

Date of Authentication: \_\_\_\_\_

ZIONS FIRST NATIONAL BANK,  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

(FORM OF ASSIGNMENT)

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

\_\_\_\_\_  
(Please insert social security or other identifying Number of transferee)

\_\_\_\_\_  
(Please print or type name and address of transferee)

the within bond, and all rights thereunder, and hereby irrevocably constitutes and appoints

\_\_\_\_\_  
Attorney to transfer the within

bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: Signature(s) should be guaranteed by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

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

EXHIBIT C

(FORM OF 2004 SERIES B-4 BOND)

No. RB4I-\_\_\_\_\_

\$\_\_\_\_\_

COLORADO HOUSING AND FINANCE AUTHORITY  
SINGLE FAMILY MORTGAGE CLASS I BONDS  
2004 SERIES B-4

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the Authority or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

<u>DATE OF ORIGINAL ISSUE</u>	<u>MATURITY DATE</u>	<u>CUSIP</u>	<u>INTEREST RATE</u>
November 10, 2004	November 1, 2005		1.99%

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The Colorado Housing and Finance Authority (the “Authority”), a body corporate and political subdivision of the State of Colorado (the “State”), created and existing by virtue of the laws of the State, particularly the Colorado Housing and Finance Authority Act, constituting Part 7 of Article 4 of Title 29 of the Colorado Revised Statutes, as amended (the “Act”), for value received hereby promises to pay to the Registered Owner specified above, or to such Registered Owner’s registered assigns or personal representatives, the Principal Amount specified above on the Maturity Date specified above, unless this Bond is redeemed prior thereto as provided below, upon its presentation and surrender as provided under the Master Indenture of Trust dated as of October 1, 2001, as amended, between the Authority and Zions First National Bank, as trustee (the “Trustee”) and the 2004 Series B Indenture of Trust dated as of November 1, 2004, between the Authority and the Trustee (collectively, the “Indenture”), and to pay to the Registered Owner interest on such Principal Amount at the Interest Rate per annum above.

This Bond is one of a duly authorized issue of bonds of the Authority designated "Colorado Housing and Finance Authority Single Family Mortgage Class I Bonds 2004 Series B-4" (the "Bonds"), issued under and pursuant to the Act, the Indenture and the Supplemental Public Securities Act, constituting Part 2 of Article 57 of Title 11, Colorado Revised Statutes. It is the intention of the Authority that this recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bonds after their delivery for value and that all of the Bonds issued are incontestable for any cause whatsoever after their delivery for value. This Bond constitutes a Class I Obligation under the Indenture and is secured solely by the pledge and lien of the Trust Estate contained therein, which is in the following order of priority: first, to secure the payment of the principal of and interest on the Class I Obligations in accordance with the terms and the provisions of the Indenture, second, to secure the payment of the principal of and interest on the Class II Obligations in accordance with the terms and the provisions of the Indenture, third, to secure the payment of the principal of and interest on the Class III Obligations in accordance with the terms and the provisions of the Indenture, and fourth, to secure the payment of the principal of and interest on the Class IV Obligations in accordance with the terms and provisions of the Indenture. The Registered Owner hereof, by acceptance of this Bond, consents to all of the terms and conditions of the Indenture, a copy of which is on file with the Trustee.

THIS BOND, TOGETHER WITH THE INTEREST HEREON, IS PAYABLE SOLELY FROM, AND SECURED BY, THE REVENUES OF THE AUTHORITY AND OTHER SECURITY PLEDGED THEREFOR UNDER THE INDENTURE, SUBJECT TO THE LIEN AND PLEDGE PRIORITY DISCUSSED ABOVE. IN NO EVENT SHALL THIS BOND CONSTITUTE AN OBLIGATION OR LIABILITY OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE AUTHORITY). THE AUTHORITY HAS NO TAXING POWER NOR DOES IT HAVE THE POWER TO PLEDGE THE GENERAL CREDIT OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE AUTHORITY, OR TO PLEDGE THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE STATE SHALL NOT BE LIABLE FOR THIS BOND, AND THIS BOND SHALL NOT CONSTITUTE A DEBT OF THE STATE.

Any term used herein as a defined term but not defined herein shall be defined as in the Indenture.

This Bond is transferable, as provided in the Indenture, only upon the records of the Authority kept for that purpose at the Corporate Trust Office of the Trustee by the Registered Owner hereof in person, or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon a new registered Bond or Bonds, and in the same series, maturity and aggregate principal amounts, shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. The Authority and the Trustee shall deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on

account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

The Bonds are issuable in the form of registered Bonds without coupons in the denominations of \$5,000 or any integral multiples of \$5,000 ("Authorized Denominations"). The owner of any Bonds may surrender the same at the above mentioned office of the Trustee, in exchange for an equal aggregate principal amount of Bonds of the same series and maturity of any of the Authorized Denominations, in the manner, subject to the conditions and upon the payment of the charges provided in the Indenture. Pursuant to Section 29-4-722 of the Act, Bonds issued under the Act shall be negotiable instruments under the laws of the State, subject only to applicable provisions for registration.

This Bond bears interest on the Principal Amount specified above, payable to the Registered Owner hereof on each Interest Payment Date until maturity or earlier redemption. Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication of such Bond, unless such Bond is authenticated on an Interest Payment Date, in which event such Bond shall bear interest from such Interest Payment Date, or unless such Bond is authenticated prior to the first Interest Payment Date, in which event such Bond shall bear interest from its dated date, or unless interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest has been paid in full or unless no interest shall have been paid on the Bonds, as the case may be, in which event such Bond shall bear interest from its dated date. Interest on the Bonds shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

The principal or Redemption Price of and interest on the Bonds shall be payable in lawful money of the United States of America at the Corporate Trust Office of the Paying Agent in Denver, Colorado.

If any moneys held by the Trustee or Paying Agent in trust for the payment of interest, principal, premium or Purchase Price of any Bonds remain unclaimed for a period of three years after the date on which such moneys were payable, the Trustee or Paying Agent will, upon written notice from the Authority, pay such amounts to the Authority, as provided in the Indenture. Thereafter, such Registered Owners must look to the Authority for payment of such moneys.

The Indenture provides that the occurrences of certain events constitute Events of Default. If certain Events of Default occur, the Trustee may, and upon the written request of the Registered Owners of a sufficient percentage in aggregate principal amount of Outstanding Bonds (as provided in the Indenture), give 30 days notice in writing to the Authority of its intention to declare all Outstanding Bonds immediately due and payable. At the end of such 30-day period, the Trustee may, and upon the written consent of the Owners of a sufficient percentage in aggregate principal amount of Outstanding Bonds (as provided in the Indenture), declare all Outstanding Bonds immediately due and payable. An Event of Default and its

consequences may be waived as provided in the Indenture. Registered Owners may not enforce the Indenture or the Bonds except as provided in the Indenture.

The Act provides that neither the members of the Authority nor any authorized person executing bonds issued pursuant to the Act shall be personally liable for such bonds by reason of the execution or issuance thereof.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, the Colorado Housing and Finance Authority has caused this Bond to be executed in its name by the manual or facsimile signature of its Chair and its corporate seal (or a facsimile thereof) to be impressed or imprinted hereon and attested by the manual or facsimile signature of its Executive Director.

COLORADO HOUSING AND FINANCE  
AUTHORITY

By: \_\_\_\_\_  
Chair

(SEAL)

Attest:

\_\_\_\_\_  
Executive Director

(FORM OF CERTIFICATE OF AUTHENTICATION)

This Bond is one of the Bonds described in the within-mentioned Indenture of the Colorado Housing and Finance Authority.

Date of Authentication: \_\_\_\_\_

ZIONS FIRST NATIONAL BANK,  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

(FORM OF ASSIGNMENT)

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

\_\_\_\_\_  
(Please insert social security or other identifying number of transferee)

\_\_\_\_\_  
(Please print or type name and address of transferee)

the within bond, and all rights thereunder, and hereby irrevocably constitutes and appoints

\_\_\_\_\_  
Attorney to transfer the within

bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: Signature(s) should be guaranteed by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

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



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