

SEP 15 1998 RB/JP

**RESOLUTION NO. 98-B-14**

A RESOLUTION APPROVING THE ISSUANCE BY THE ORANGE COUNTY HOUSING FINANCE AUTHORITY OF ITS ORANGE COUNTY HOUSING FINANCE AUTHORITY SINGLE FAMILY MORTGAGE REVENUE BONDS IN ONE OR MORE SERIES IN AN ORIGINAL AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$30,000,000 FOR THE PURPOSE OF PROVIDING FUNDS FOR THE PURCHASE OF MORTGAGE LOANS ORIGINATED BY PARTICIPATING LENDING INSTITUTIONS TO FINANCE THE PURCHASE OF NEW OR EXISTING OWNER-OCCUPIED SINGLE FAMILY RESIDENCES IN ORANGE, OSCEOLA, SEMINOLE OR LAKE COUNTIES, FLORIDA OR PURCHASING SECURITIES EVIDENCING INTERESTS IN OR BACKED BY A POOL OF SUCH MORTGAGE LOANS, INCLUDING SECURITIES GUARANTEED BY THE FEDERAL GOVERNMENT OR AGENCIES THEREOF OR BY THE FEDERAL NATIONAL MORTGAGE ASSOCIATION

WHEREAS, the Orange County Housing Finance Authority (the "Authority") previously authorized the issuance of certain single family mortgage revenue bonds hereinafter more particularly described, for the purpose of providing funds for the purchase from "lending institutions", as that term is defined in Part IV, Chapter 159, Florida Statutes, of mortgage loans, including federally insured and guaranteed mortgage loans, and promissory notes executed in connection with such mortgage loans (the "Mortgage Loans"), made for the construction, purchase, improvement or rehabilitation of owner-occupied single family residences located in Orange, Osceola, Seminole or Lake Counties, Florida (the "Counties") or securities evidencing interests in or backed by a pool of such Mortgage Loans, including, without limitation, securities guaranteed by the federal government or agencies thereof or by the Federal National Mortgage Association (the "Project");

WHEREAS, the Authority has requested that the Board of County Commissioners of each of the Counties approve, for purposes of Section 147(f) of the Internal Revenue Code of 1986, as amended, the issuance by the Authority of its Single Family Mortgage Revenue Bonds, in one or more series in an aggregate principal amount not to exceed \$30,000,000 (the "Bonds"), to finance the Project in the Counties;

WHEREAS, a public hearing with respect to the issuance of the Bonds was held on September 4, 1998, at the place and at the time described in the Notice of Public Hearing attached hereto as Exhibit A, which Notice was published at least 14 days in advance of the hearing date in a newspaper of general circulation in each of the Counties; and

WHEREAS, the location of such hearing was within 100 miles of the seat of government of each of the Counties.

NOW THEREFORE, Be it Resolved by the Board of County Commissioners (the "Board") of Orange County, Florida ("Orange County") that:

**Section 1. Authority.** This Resolution is adopted pursuant to the Constitution of the State of Florida, Chapter 125, Florida Statutes, and other applicable provisions of law.

**Section 2. Findings.** The Board hereby finds, determines and declares as follows:

(a) The Project and the issuance of the Bonds to finance the Project will have a substantial public benefit.

(b) The Board is the elected legislative body of Orange County and has jurisdiction over the Project.

(c) The Authority has entered into agreements with the Counties or their authorities pursuant to which the Counties have permitted the Authority to operate within their respective boundaries.

**Section 3. Approval.** For the purposes of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), the Board hereby approves the issuance of the Bonds by the Authority to finance the Project.

**Section 4. Affirmative Action.** This Resolution is an affirmative action of the Board toward the issuance of the Bonds in accordance with the purposes of the laws of the state of Florida and Section 147(f) of the Code, and the applicable United States Treasury Regulations. Nothing contained in this approval shall be deemed to create any obligation or obligations of Orange County, Florida or the Board.

**Section 5. Limited Liability.** The Bonds and the interest thereon shall not constitute an indebtedness or pledge of the general credit or taxing power of Orange County, the State of Florida or any political subdivision or agency thereof but shall be payable solely from the revenues pledged therefor pursuant to the Indenture of Trust executed in connection with the issuance of the Bonds.

**Section 6. Limited Approval.** The approval given herein is solely for the purposes of Section 147(f) of the Code and shall not be construed as an approval of any zoning application or any regulatory permit required in connection with such Project nor creating any vested rights with respect to any land use regulations, and this Board shall not, be construed by virtue of its adoption of this Resolution to have waived, or be estopped from asserting, any authority or responsibility it may have in that regard.

**Section 7. Effective Date.** This Resolution shall become effective immediately upon its passage.

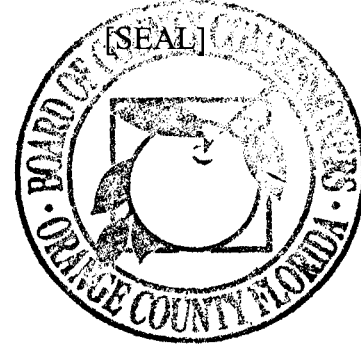
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PASSED AND ADOPTED this 15th day of September, 1998.

BOARD OF COUNTY COMMISSIONERS  
OF ORANGE COUNTY, FLORIDA

By Jean C. Bennett  
Name JEAN C. BENNETT  
Title COUNTY ADMINISTRATOR

Attest: [Signature]  
By Rosilyn M. Stapleton  
Name Rosilyn M. Stapleton  
Title Deputy Clerk



**Orange County Housing Finance Authority**  
**Homeowner Revenue Bonds**  
**\$22,500,000\* 1998 Series A-1 (AMT)**  
**\$2,500,000\* 1998 Series A-2 (Taxable)**  
**Preliminary Terms Memorandum**

***Public Purpose  
Objective***

The Authority's objective for the 1998A Single Family Bond Program is to fund newly originated mortgage loans which meet the requirements of:

Low-to-moderate income first-time homebuyers eligible for MRB-funded loans (traditional MRB homebuyers) by offering:

“Low Rate” loans with the lowest possible interest rate for homebuyers who have saved or otherwise have the cash required to pay down payment and closing costs; and

“Assisted Loans” with a cash assistance payment to reduce the homebuyer's cash requirements at loan closing, however, with an increased monthly interest cost to the mortgagor.

Low income homebuyers eligible for assistance under the Florida SHIP Program and eligible for MRB-funded loans by offering:

“SHIP Assisted Loans” with a cash assistance payment plus a reduced interest rate, subsidized with SHIP funds, to lower the homebuyer's monthly payments.

Facilitate new construction of housing for first time homebuyers by allowing a 9 - 10 month loan delivery period for builder reservations.

***Summary of  
(Preliminary)  
Financing Plan***

The 1998 Series A Program anticipates combining \$25 million in bond proceeds, with \$430,000 of Orange County SHIP funds plus an investment of \$617,200 “Low Income Fund” monies. The 1998 Series A Bonds will be sold at par. Approximately 10% of the issue (\$2.5 million) will be comprised of taxable bonds and the balance (\$22.5 million) of tax exempt bonds issued to refund certain of the Authority's prior bonds outstanding under its 1998 Draw Down Bond. The Tax Exempt bonds may not mature later than 3/1/28. SHIP funds will be blended with bond proceeds to fund additional mortgage loan principal. Authority monies will be used to fund (i) 4% assistance payments to homebuyers in return for higher rate mortgage loans and/or (ii) additional lower interest rate mortgages. SHIP “Assisted” loans will be offered with reduced rates for eligible homebuyers and 4% cash assistance payments. The Authority will receive administrative fees plus certain surplus revenues that may be withdrawn from the indenture by the Authority over the life of bonds. Admin Fees are expected to fund Authority operating costs. Surplus revenues are expected to be used (1) to repay Orange County's SHIP funds and (2) to replenish the Authority's Low Income Fund monies

\*Preliminary, subject to change

## THE 1998A PROGRAM

### *County SHIP Funding*

Orange County ("County") will make available \$430,000 of State of Florida SHIP funding to the Authority for use in increasing the affordability of Mortgage Loans for eligible low-income home buyers purchasing a residence in the County.

### *Authority Funding*

The Authority will provide funding at closing in the amount of \$617,200 to be used to fund (i) Assistance Payments made to homebuyers in conjunction with Assisted Loans, and/or (ii) additional Low Rate Loans.

### *Summary of Program Funding*

The 1998 Series A Program will provide overall funding as follows:

1. Loan Principal – Proceeds deposited in the Series A Accounts of the Acquisition Fund will be initially allocated to purchase securities comprised of principal balances in the following amounts: \$10,000,000\* Low Rate Loans, \$10,311,000\* Assisted Loans and \$5,119,000\* SHIP Assisted Loans (\$4,689,000 from Bond proceeds combined with \$430,000 of SHIP funding).
2. Low Income Fund Monies – The \$617,200 of Authority monies deposited in the Series A Subaccount of the Acquisition Fund will be initially allocated to fund 4% Assistance Payments on \$15,430,000 of Assisted Loan and SHIP Assisted Loan principal. If origination of Assisted and/or SHIP Assisted Loans is less than expected, unexpended Bond Proceeds and Authority monies may be used to (i) to purchase additional securities comprised of Low Rate Loans, (ii) fund a debt service reserve, or (iii) redeem additional bonds, subject to the submission of revised cash flows and the approval of the Rating Agency. Interest earned on Authority monies shall be transferred to the 1998A Revenue Account of the Revenue Fund. Authority monies shall be included among Pledged Assets unless released from the lien of the indenture as surplus Pledged Receipts.
3. SHIP Funds – Interest earned on SHIP monies will be transferred to the 1998A Revenue Account of the Revenue Fund. SHIP funds shall be excluded from Pledged Assets until used purchase securities. SHIP funds not used to purchase SHIP Assisted Loans will be refunded to Orange County at the end of the Delivery Period.

\*Preliminary, subject to change

**Program Terms by Type of Loan** FHA/VA/RD loans securitized by GNMA or conventional loans securitized by Fannie Mae. Bond proceeds and SHIP funds are initially earmarked as follows:

	<u>Low Rate</u>	<u>Assisted</u>	<u>SHIP Assisted</u>
Interest Rate	*5.99%	*6.99%	*6.40%
Assistance Payments	0%	4.00%	4.00%
Origination Fee	1.00%	1.00%	1.00%
Discount (GNMA)	0.75%	0.75%	0.75%
Discount (FNMA)	1.250%	1.250%	1.250%
Amortization Period	30 Years	30 Years	30 Years
Principal Amount	*\$10,000,000	*\$10,311,000	*\$5,119,000

**Down Payment and Closing Cost Assistance Payments** At loan closing, each borrower obtaining an Assisted Loan or a SHIP Assisted Loan will receive funds (“Assistance Payments”) equal to 4% of the Mortgage Loan principal amount to cover a portion of the borrower’s down payment and/or closing costs, including property tax and hazard insurance escrow contributions. Reimbursement for Authority funding will be realized by withdrawals of Surplus Pledged Receipts resulting from higher interest on securities comprise of Assisted and SHIP Assisted Loans (or the purchase of additional securities comprised of Low Rate Loans).

**Interest Rate Reduction for SHIP-Assisted Program Loans** The interest rate (and monthly payment) on each first lien SHIP Assisted Program Loan will be reduced by “blending” SHIP funds and Bond proceeds at the time GNMA securities comprised of SHIP Assisted Loans are purchased by the Trustee.

The principal amount of GNMA securities comprised of SHIP Assisted Loans will be funded 90.825%\* with Bond proceeds (at a 6.99%\* interest rate), 4.00% with Issuer monies, and 8.40%\* with SHIP monies (at a 0% interest rate); a total purchase price of 103.225%\*. The result will be a “blended” SHIP Assisted mortgage rate of 6.40%\*.

**Area of Operation** Assisted Loans and Low Rate Loans will be made available in Orange, Osceola, Seminole and Lake Counties. *SHIP Assisted Loans will be offered only in Orange County other than the City of Orlando.*

**Targeted Area Loans** Targeted Area Loans: Although no Targeted Area set aside is required, targeted area income and price limits will apply to Program Loans made in Targeted Areas listed in the Lenders Guide.

\*Preliminary, subject to change

**Disaster Area  
Loans\***

The program will include a provision allowing families directly affected by flooding and hurricane disasters in Orange, Osceola, Seminole and Lake Counties to qualify for Program Loans using the Targeted Area income and price limits. Proof of such eligibility shall be demonstrated by families who have a valid 5-digit FEMA number or other documentation as set forth in the Lender's Guide. Families who qualify for Disaster Area Loans need not be first time homebuyers. Eligibility for Disaster Area Loans may not be extended more than two years from January 14, 1998 for Orange County, January 6, 1998 for Osceola County, February 23, 1998 for Seminole County, and January 14, 1998 for Lake County.

**Lender  
Allocations &  
HFA Program  
Administration**

With the exception of a small HFA pool (\$100,000), all Program funds will be allocated to Lenders in amounts reflecting a Lender's (i) indicated level of interest in the Program, and (ii) performance in the Authority's prior single family programs.

The Master Mortgage Origination Agreement will be amended to empower the Authority to "repurchase" Allocations from Lenders at any time, at the sole discretion of the Authority. Upon purchasing an Allocation from a Lender prior to the end of the "Commitment Period", the Authority may (i) resell program allocations to one or more other Lenders, or (ii) make Program funds available on a first-come, first-served "pooled" basis to all Lenders.

At the end of the "Commitment Period" (last date to obtain firm approval from AOD) the Authority, at its sole discretion, may (i) extend the Commitment Period for all or some Lenders, (ii) re-offer available Program funds on a first-come, first-served "pooled" basis, or (iii) instruct the Trustee to redeem Bonds at the first possible date in accordance with the Indenture.

**LENDER COMPENSATION**

	<u>Low Rate</u>		<u>Assisted Loans</u>		<u>SHIP Assisted</u>
	GNMA	FNMA	GNMA	FNMA	GNMA
Commitment Fees Paid	-1.125%	-1.125%	-1.125%	-1.125%	-1.125%
Origination/Discount	1.750%	2.250%	1.750%	2.250%	1.750%
Homebuyer Assistance	0.000%	0.000%	-4.000%	-4.000%	-4.000%
Par Purchase Price plus:					
Premium (Discount)	<u>0.875%</u>	<u>0.375%</u>	<u>4.875%</u>	<u>4.375%</u>	<u>4.875%</u>
Net Lender Profit	1.500%	1.500%	1.500%	1.500%	1.500%

\*Preliminary, subject to change

**Low Rate and Assisted Loan Income/Price Limits**

**MRB Program  
Income Limits**

For each Mortgage Loan, the income eligibility limits and home purchase price limits will be as follows:

**Non-Target Areas**

<i>County</i>	<i>Income Limits</i>		<i>Sales Price Limits</i>	
	<i>1-2 Person</i>	<i>3 or More</i>	<i>New</i>	<i>Existing</i>
Orange	44,500	51,175	95,838	101,707
Osceola	44,500	51,175	95,838	101,707
Seminole	44,500	51,175	95,838	101,707
Lake	44,500	51,175	95,838	101,707

**Target and Disaster Areas**

<i>County</i>	<i>Income Limits</i>		<i>Sales Price Limits</i>	
	<i>1-2 Person</i>	<i>3 or More</i>	<i>New</i>	<i>Existing</i>
Orange	53,400	62,300	117,136	124,309
Osceola	53,400	62,300	117,136	124,309
Seminole	53,400	62,300	117,136	124,309
Lake	53,400	62,300	117,136	124,309

**SHIP Assisted Loan Income/Price Limit**

**SHIP Assisted  
Income Limits**

SHIP Assisted Loans will be made available to homebuyers with incomes of 80% or less than the area median income based on household size.

<i>Household Size</i>	<i>80% Median Income</i>
1 Person	24,900
2 Person	28,500
3 Person	32,050
4 Person	35,600
5 Person	38,450
6 Person	41,300

**SHIP Assisted  
Purchase Price  
Limits**

<i>New</i>	<i>Existing</i>
\$83,800	\$83,800

**\*Preliminary, subject to change**



**SOURCES AND USES OF FUNDS (PRELIMINARY)**

<u>Sources of Funds</u>	(\$000)	(\$000)
1998A-1 (AMT) Bond Proceeds (Par)	22,500,294	
1998A-2 (Taxable) Bond Proceeds (Par)	2,500,000	
Accrued Interest	98,742	
Subtotal		25,099,036
Authority Funds at Closing:		
Contribution for Issuance & Other Costs	399,706	
Contribution for Assistance Payments	617,200	
Orange County SHIP Funds	430,000	
Subtotal		1,446,906
Lender Commitment Fees (available at closing)	309,963	309,963
Total Sources		<u>26,855,905</u>
<u>Uses of Funds</u>		
1998A Acquisition Account:		
Low Rate Loan subaccount	10,000,000	
Assisted Loan subaccount	15,617,200	
SHIP subaccount (SHIP portion)	430,000	
Subtotal		26,047,200
1998A Debt Service Account (Accrued Interest)	98,742	
1998A Capitalized Interest Account	25,000	
1998A Collateral Account		
1998A Cost of Issuance Account	375,000	
Subtotal		498,742
Deposit to Authority General Fund		309,963
Total Uses		<u>26,855,905</u>

***Additional  
Funds During  
Loan  
Origination  
Period***

**Master Servicer Payments.** The Master Servicer will purchase servicing rights to all 1998A Program Mortgage Loans by paying a Servicing Acquisition Fee equal to 1.65% of each GNMA Certificate and 1.10% of each Fannie Mae Certificate. Of these amounts, 0.50%\* will be used to cover the cash flow lag on each Certificate purchased by the Trustee. Amounts as follows will be paid to the originating Lenders as a Servicing Release Premium, and the remainder will be deposited in the Cost of Issuance Account by the Trustee upon the purchase of each Certificate and paid to the Authority at the end of the Delivery Period.)

\*Preliminary, subject to change

Lender Commitment Fees Paid to Authority	309,963	309,963
Estimated Funds Recovered after Origination	66,754	63,082
Assuming 100% PSA prepayments:		
Estimated Admin Fees - Low Rate Loans	169,850	109,671
Estimated Admin Fees - Assisted Loans	708,910	458,214
Estimated Surplus Rev. Distributions	<u>3,543,292</u>	<u>1,374,838</u>
	\$3,351,569	\$868,568

## THE BONDS

### *Summary of Bonds*

The 1998 Series A Bonds are being issued pursuant to an Indenture of Trust dated as of September 1, 1998 (the "Master Indenture"), between the Issuer and SunTrust Bank, Central Florida, N.A., as trustee (the "Trustee"), as supplemented pursuant to the 1998A Series Supplemental Indenture of Trust dated as of September 1, 1998, between the Issuer and the Trustee (the "1998A Series Supplement").

The Series A Bonds are being issued to (i) provide funds for a program (the "Series A Program") pursuant to which the Issuer will purchase fully-modified mortgage-backed securities (the "Series A GNMA Certificates"), guaranteed as to timely payment of monthly principal and interest by the Government National Mortgage Association ("GNMA") and backed by pools of qualifying FHA-insured, VA-guaranteed or RD-guaranteed Mortgage Loans which have been made by certain mortgage lending institutions (the "Lenders"), or single pool mortgage-backed securities ("Series A Fannie Mae Securities") guaranteed as to timely payment of principal and interest by the Federal National Mortgage Association ("Fannie Mae") and backed by pools of qualifying Conventional Mortgage Loans made by Lenders and insured by Private Mortgage Insurance in certain circumstances, all of which Mortgage Loans will be made to qualified persons or families in Orange, Osceola, Seminole and Lake Counties, Florida (collectively, the "Area of Operation"), and (ii) refund bonds from certain of the Issuer's prior programs in order to provide funds for the Series A Program.

### *Sources of Bond Capacity*

Series A-1 Bonds: The \$22.5 million principal amount of 1998A-1 Bonds (AMT) includes the following refunding components:

- (1) [See attached Draw Down Bond Balances for preliminary sources]

Series A-2 Bonds: The \$2.5 million principal amount of 1998A-2 Bonds (Taxable) do not require State Bond Volume Cap .

\*Preliminary, subject to change

***HFA Cost  
Recovery upon  
Loan  
Origination***

Approximately \$400,000\* of the Authority funds required to be paid at closing is to be used to fund (i) a portion of the issuance costs, and (ii) a capitalized interest reserve to fund negative arbitrage costs and associated with the 1998A Bonds. The Authority will recover a portion of its funds at closing and after the Delivery Period through the transfer of the following amounts at the time mortgage backed securities are purchased by the Trustee:

Lender Commitment Fees (at closing)	\$309,963
GNMAs 0.275% on \$19,073,000 (origination)	\$52,451
FNMAAs 0.225% on \$6,357,000(origination)	14,303
Total Funds Recovered	<u>\$376,717</u>

The Authority's contribution for Capitalized Interest is made to cover the "worst case" negative arbitrage costs. To the extent actual originations occur as expected, negative arbitrage costs will be less (approximately \$\_\_,000). The unused contribution (approximately \$\_\_,000 based on expected originations) will be returned to the Authority following the origination period.

***Recovery of  
Authority &  
SHIP Funds***

The \$430,000 of SHIP funds and \$617,200 of Authority funds will be recovered by the Authority over the life of the 1998A Program from periodic distributions of Surplus Pledged Receipts remaining after the payment of required Bond debt service and Program expenses. The 1998A Surplus Pledged Receipts may be paid to the Authority by the Trustee for repayment to the County and its Low Income Fund, on any interest payment date provided (i) at least 95%\* of the monies initially allocated to purchase Securities backed by Program Loans is expended as provided in the Indenture, (ii) the asset/liability ratio is at least 104%, and (iii) all 1998A-2 Taxable Bond have been redeemed. If less than 95%\* of the proceeds of the bonds have are used to purchase Securities backed by Program Loans, a cash flow certificate must be prepared before any 1998A Pledged Assets or 1998A Surplus Pledged Receipts may be released from the lien of the Indenture.

***Net Present  
Value of Overall  
Program  
Revenues***

The following schedule summarizes the estimated costs recovered, Admin Fees, and distributions of surplus revenues expected to be available to the Authority over the life of the 1998A Program, based on the expected origination pattern and assuming mortgage loans prepay at 100% of the PSA rate:

	<u>Amount</u>	<u>PV @ 5.5%</u>
SHIP Funds Contributed at Closing	\$ (430,000)	\$ (430,000)
Authority Funds Contributed at Closing	(1,017,200)	(1,017,200)

\*Preliminary, subject to change

**Authorization** The Bonds are authorized under the Authority's Homeownership Revenue Bonds, Master Indenture and the 1998 A-1/A-2 Series Supplement. The Series A-1 (Tax Exempt) Bonds are secured on a parity basis with the Series A-2 (Taxable) Bonds and with all additional Senior Bonds expected to be issued under the Authority's Master Trust Indenture.

**Rating** The Series A-1/A-2 Bonds are expected to be rated 'Aaa' by Moody's.

**Tax Status** The 1998 Series A-1 Bonds are subject to the federal Alternative Minimum Tax ("AMT"). The 1998 Series A-2 Bonds (Taxable) are subject to federal income tax, including AMT. All 1998 Series A-2 Bonds are exempt from taxation under the laws of the State of Florida, except as to estate taxes and certain taxes imposed on corporations.

**Bond Pricing** All 1998A-1/A-2 Bonds will be sold at a price of par (100%).

**Application of Bond Premium & Authority Contribution** The \$617,200 of Authority funds is expected to be applied to homebuyer Assistance Payments as follows:

Regular Assisted Loans	\$412,440
SHIP-Assisted Loans	<u>204,760</u>
Total Bond Premium & Contribution	\$617,200

**Security for the Bonds** During the loan origination period, the Bonds will be secured by the escrowing and investment of 100% of the original sale proceeds plus the Authority's contribution to the Acquisition Fund. As securities are purchased by the Bond Trustee, monies will be drawn down under the Acquisition Fund Investment Agreement to fund the purchases. As securities comprised of Assisted Loans and SHIP-Assisted Loans are purchased by the Trustee, a portion of the proceeds deposited for Assistance Payments will also be used to reimburse the Servicer for the amounts which Lenders advanced to fund cash Assistance Payments made to borrowers.

**Investment Agreements** The 1998 Series A Acquisition Account proceeds will be invested in an Acquisition Fund guaranteed investment agreement ("GIC") with \_\_\_\_\_ at the rate of [5.50%] having a final maturity of 2/1/00\*. SHIP funds are included among the moneys initially deposited in the 1998A Acquisition Fund investment. SHIP funds are not pledged revenues under the indenture, however, interest earned on SHIP funds are pledged revenues for the Series A-1/A-2 Bonds.

The 1998 Series A Accrued Interest and Capitalized Interest will be initially invested in a General ("Float") Investment Agreement with \_\_\_\_\_ at the

\*Preliminary, subject to change

rate of [5.50%]. After program loans are originated and GNMA Certificates and Fannie Mae Securities are purchased by the Trustee, all monthly payments of mortgage interest and principal, prior to being applied to semi-annual payments of interest and principal on the Bonds, will be invested by the Trustee with the General Investment Agreement provider.

***Release of  
Unexpended  
Authority Funds***

Any amounts representing monies initially contributed by the Authority for Assistance Payments remaining on deposit at the end of the Delivery Period shall be transferred, at the direction of the Authority, to any Fund or Account established with respect to the 1998A Bonds or to the Authority free and clear of the Indenture upon providing the Trustee and Rating Agency with a Cash Flow Statement reflecting such transfer and upon receipt of a Ratings Confirmation.

\*Preliminary, subject to change