New Issue

*In the opinion of Bond Counsel, assuming compliance with certain covenants and agreements which are intended to ensure compliance with the Internal Revenue Code of 1986, as amended (the "Code"), under existing laws, regulations, rulings and judicial decisions, interest on the 2018 Series B Bonds, the 2018 Series C Bonds, the 2018 Series D Bonds and the 2018 Series E Bonds is excludable from gross income for federal income tax purposes, except that no opinion is expressed with respect to any 2018 Series D Bond or 2018 Series E Bond for any period during which any 2018 Series D Bond or 2018 Series E Bond is held by a "substantial user" of the multifamily facilities allocated to the 2018 Series D Bonds or 2018 Series E Bonds or a "related person," as those terms are defined in Section 147 of the Code. Bond Counsel is further of the opinion that (i) interest on the 2018 Series B Bonds and the 2018 Series D Bonds is a separate tax preference item for purposes of calculating the federal alternative minimum tax imposed by the Code on individuals and, for tax years beginning before January 1, 2018, corporations, and (ii) interest on the 2018 Series C Bonds and the 2018 Series E Bonds is not a specific preference item for purposes of the federal alternative minimum tax and will not be included in corporations' calculations of adjusted current earnings for purposes of the federal alternative minimum tax. Interest on the 2018 Series F Bonds and the 2018 Series G Bonds will not be excludable from gross income of the recipient thereof for federal tax purposes. For information regarding certain requirements for and exceptions to such exclusion, see "**TAX MATTERS**" herein. The Vermont Housing Finance Agency Act provides that the Series Bonds and the interest thereon are exempt from all Vermont taxation, franchise fees or special assessments except for transfer, inheritance and estate taxes.*

$41,100,000
VERMONT HOUSING FINANCE AGENCY
MULTIPLE PURPOSE BONDS
$3,085,000 2018 Series B (AMT)
$30,260,000 2018 Series C (Non-AMT)
$2,015,000 2018 Series D (AMT)
$1,740,000 2018 Series E (Non-AMT)
$250,000 2018 Series F (Federally Taxable)
$3,750,000 2018 Series G (Federally Taxable)

Dated: Date of Delivery **Due:** As shown on inside cover

The Vermont Housing Finance Agency (the "Agency") Multiple Purpose Bonds, 2018 Series B (the "2018 Series B Bonds"), 2018 Series C (the "2018 Series C Bonds"), 2018 Series D (the "2018 Series D Bonds"), 2018 Series E (the "2018 Series E Bonds"), 2018 Series F (the "2018 Series F Bonds") and 2018 Series G (the "2018 Series G Bonds" and, collectively with the 2018 Series B Bonds, the 2018 Series C Bonds, the 2018 Series D Bonds, the 2018 Series E Bonds and the 2018 Series F Bonds, the "Series Bonds") are issuable only as fully registered bonds and, when issued, are expected to be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (the "Securities Depository"). Purchases and sales by the beneficial owners of the Series Bonds can be made in book-entry form only. Beneficial owners will not receive certificates evidencing their ownership interests in the Series Bonds. See **APPENDIX X—BOOK ENTRY SYSTEM** hereto.

Interest on the Series Bonds will be payable on May 1, 2019, semi-annually thereafter on November 1 and May 1 of each year, and on the maturity or prior redemption thereof. Interest on the Series Bonds is payable by Wells Fargo Bank, National Association, as trustee (the "Trustee"), to the Securities Depository. The Securities Depository is to credit such payment to its Participants (hereinafter defined), who are to remit interest payments to the beneficial owners of the Series Bonds. Principal and premium, if any, will be payable by the Trustee in the same manner.

The Series Bonds are subject to redemption prior to maturity, including sinking fund redemption at par and optional and special redemption, at the prices set forth herein under certain circumstances, as more fully described herein. Notwithstanding anything to the contrary herein, the 2018 Series G Bonds are not subject to redemption prior to maturity.

Series Bond proceeds will support affordable homeownership and rental housing throughout the State of Vermont (the "State"), by providing money to (i) refund certain single family and multifamily obligations of the Agency, (ii) finance Single Family Mortgage Loans (hereinafter defined) made to finance the purchase or improvement of single family housing located in the State through the purchase of GNMA Certificates, Fannie Mae Certificates and Freddie Mac Certificates (as each shall be defined in **APPENDIX V—DEFINITION OF CERTAIN TERMS** hereto, and, collectively, "Federal Agency Certificates") and (iii) finance certain Multifamily Mortgage Loans (as hereinafter defined) relating to housing developments in the State all as described herein.

The Series Bonds are general obligations of the Agency, for which its full faith and credit are pledged, and are payable from any of the Agency's revenues, assets or moneys, subject only to agreements made with holders of notes and bonds or other indebtedness pledging particular revenues, moneys or assets for the payment thereof. The Agency has no taxing power. In addition, the Series Bonds are secured by the Trust Estate (hereinafter defined), to the extent and as provided in the Indenture (hereinafter defined). Neither the faith and credit nor the taxing power of the State of Vermont or of any political subdivision thereof is pledged for the payment of the Series Bonds.

The Series Bonds are offered for delivery when, as and if issued and received by the Underwriters and subject to the approval of legality by Kutak Rock LLP, Atlanta, Georgia, Bond Counsel. Certain legal matters will be passed upon for the Agency by George N. Demas, Esq., General Counsel of the Agency and for the Underwriters by their counsel, Chapman and Cutler LLP, Chicago, Illinois. It is expected that the Series Bonds will be delivered in book-entry form through the facilities of the Securities Depository in New York, New York on or about November 8, 2018.

Raymond James **Morgan Stanley**

October 11, 2018

MATURITY SCHEDULE

2018 Series B (AMT)

$3,085,000 2018 Series B Serial Bonds

Maturity	Amount	Interest Rate	CUSIP*	Maturity	Amount	Interest Rate	CUSIP*
November 1, 2024	$ 95,000	3.10%	924190QD6	November 1, 2026	$595,000	3.45%	924190QH7
May 1, 2025	565,000	3.15	924190QE4	May 1, 2027	605,000	3.55	924190QJ3
November 1, 2025	575,000	3.20	924190QF1	November 1, 2027	65,000	3.60	924190RC7
May 1, 2026	585,000	3.35	924190QG9				

2018 Series C (Non-AMT)

$2,750,000 2018 Series C Serial Bonds

Maturity	Amount	Interest Rate	CUSIP*	Maturity	Amount	Interest Rate	CUSIP*
November 1, 2028	$ 80,000	3.45%	924190QK0	May 1, 2030	$675,000	3.60%	924190QN4
May 1, 2029	650,000	3.50	924190QL8	November 1, 2030	685,000	3.65	924190QP9
November 1, 2029	660,000	3.55	924190QM6				

$4,340,000 3.85% 2018 Series C Term Bonds due November 1, 2033 CUSIP*: 924190QQ7
$6,715,000 4.10% 2018 Series C Term Bonds due November 1, 2038 CUSIP*: 924190QR5
$6,870,000 4.20% 2018 Series C Term Bonds due November 1, 2043 CUSIP*: 924190QS3
$9,585,000 4.75% 2018 Series C Term Bonds due November 1, 2048 (Premium PAC) CUSIP*: 924190QT1

2018 Series D (AMT)

$2,015,000 2018 Series D Serial Bonds

Maturity	Amount	Interest Rate	CUSIP*	Maturity	Amount	Interest Rate	CUSIP*
May 1, 2020	$ 470,000	2.45%	924190QU8	November 1, 2024	$465,000	3.10%	924190QW4
November 1, 2020	1,080,000	2.55	924190QV6				

2018 Series E (Non-AMT)

$1,740,000 2018 Series E Serial Bonds

Maturity	Amount	Interest Rate	CUSIP*	Maturity	Amount	Interest Rate	CUSIP*
November 1, 2027	$550,000	3.30%	924190QY0	November 1, 2028	$560,000	3.45%	924190RA1
May 1, 2028	630,000	3.40	924190QZ7				

2018 Series F (Federally Taxable)

$250,000 5.05% 2018 Series F Bonds due November 1, 2048 CUSIP: 924190RB9

2018 Series G (Federally Taxable)

$1,250,000 0.00% 2018 Series G Bonds due November 1, 2021 CUSIP*: 924190RD5
$1,250,000 0.00% 2018 Series G Bonds due November 1, 2022 CUSIP*: 924190RE3
$1,250,000 0.00% 2018 Series G Bonds due November 1, 2023 CUSIP*: 924190RF0

Price of 2018 Series C Term Bonds due November 1, 2048 (Premium PAC): 108.006%
Price of all other Series Bonds: 100.00%

Financial Advisor to the
Vermont Housing Finance Agency:
Piper Jaffray & Co.

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* CUSIP numbers have been assigned by an organization not affiliated with the Agency and are included for the convenience of the owners of the Series Bonds. The Agency is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Series Bonds or as indicated above. A CUSIP number for a specific maturity may be changed after the issuance date. CUSIP® is a registered trademark of the American Bankers Association.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the Series Bonds, and, if given or made, such information or representations must not be relied upon as having been authorized by the Agency. This Official Statement does not constitute an offer to sell or a solicitation of any offer to buy, nor shall there be any sale of the Series Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information set forth herein has been furnished by the Agency and obtained from other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and, except for information provided by the Agency, is not to be construed as a representation of the Agency. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Agency since the date hereof. The Series Bonds may be offered and sold by the Underwriters to certain dealers at prices lower than the initial public offering prices set forth on the cover page, and such public offering prices may be changed from time to time by the Underwriters. The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

THE SERIES BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE AGENCY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN CONNECTION WITH THE OFFERING OF THE SERIES BONDS, THE UNDERWRITERS MAY OVER-ALLOT AND EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH SERIES BONDS AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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$41,100,000
VERMONT HOUSING FINANCE AGENCY
MULTIPLE PURPOSE BONDS
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$250,000 2018 Series F (Federally Taxable)
$3,750,000 2018 Series G (Federally Taxable)

This Official Statement of the Vermont Housing Finance Agency (the "Agency") is provided for the purpose of setting forth information concerning the Agency's Multiple Purpose Bonds, 2018 Series B to be issued in the principal amount of $3,085,000 (the "2018 Series B Bonds"), its Multiple Purpose Bonds, 2018 Series C to be issued in the principal amount of $30,260,000 (the "2018 Series C Bonds"), its Multiple Purpose Bonds, 2018 Series D to be issued in the principal amount of $2,015,000 (the "2018 Series D Bonds"), its Multiple Purpose Bonds, 2018 Series E to be issued in the principal amount of $1,740,000 (the "2018 Series E Bonds"), its Multiple Purpose Bonds, 2018 Series F to be issued in the principal amount of $250,000 (the "2018 Series F Bonds") and its Multiple Purpose Bonds, 2018 Series G to be issued in the principal amount of $3,750,000 (the "2018 Series G Bonds" and, collectively with the 2018 Series B Bonds, the 2018 Series C Bonds, the 2018 Series D Bonds, the 2018 Series E Bonds and the 2018 Series F Bonds, the "Series Bonds"), all pursuant to the Trust Indenture, by and between the Agency and Wells Fargo Bank, National Association, as trustee (the "Trustee"), dated as of July 1, 2007 (the "Trust Indenture"), its resolutions authorizing the issuance and sale of bonds and notes to finance single family loans and multifamily loans, and the 2018 BCDEFG Supplemental Indenture to be dated as of October 1, 2018 (the "2018 BCDEFG Supplemental Indenture"). The Trust Indenture, as supplemented to date, and the 2018 BCDEFG Supplemental Indenture are sometimes together referred to herein as the "Indenture." Certain terms not defined elsewhere in this Official Statement are defined in **APPENDIX V** hereto.

INTRODUCTION

General

The Series Bonds will be secured under the provisions of the Trust Indenture and will be issued in accordance with the provisions of the Trust Indenture, the 2018 BCDEFG Supplemental Indenture and the Vermont Housing Finance Agency Act, being No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended (the "Act"). Prior to the issuance of the Series Bonds, the Agency has issued $625,145,000 principal amount of its Multiple Purpose Bonds and Notes (together, the "Prior Bonds") pursuant to the Trust Indenture, $252,090,000 principal amount of which amount was outstanding on August 31, 2018. Additional Series of bonds or notes may be issued by the Agency on parity with the Series Bonds and other Series of bonds or notes outstanding under the Trust Indenture, provided that each additional Series is authorized by a Supplemental Indenture executed in accordance with and under the provisions of the Trust Indenture and the Act. The Prior Bonds, the Series Bonds and additional bonds or notes issued under the Trust Indenture are hereinafter sometimes collectively called the "Bonds."

The Act provides that the Agency constitutes a public instrumentality of the State of Vermont (the "State") exercising public and essential governmental functions, and the exercise by the Agency of the powers conferred by the Act is deemed to be an essential governmental function of the State. The Act

authorizes the Agency to issue bonds and notes in such principal amounts as the Agency may determine. As of August 31, 2018, the Agency had $435,082,804 principal amount of debt outstanding. For information regarding the Agency's outstanding indebtedness, see "**THE AGENCY—Outstanding Indebtedness**."

The Agency is authorized under the Act to issue bonds, and has used a portion of the proceeds of the Prior Bonds to provide funds for the making or purchase of single family mortgage loans (the "Single Family Mortgage Loans") and the purchase of Federal Agency Certificates; the Agency's current Single Family Program under the Indenture (the "Single Family Program") consists solely of the purchase of GNMA Certificates, Fannie Mae Certificates and Freddie Mac Certificates (each as defined in **APPENDIX V** hereto, and collectively, the "Federal Agency Certificates"). The Federal Agency Certificates are comprised of pools of Single Family Mortgage Loans made for the acquisition or construction of owner-occupied residences in the State and are subject to certain mortgagor eligibility requirements and purchase price restrictions. See **APPENDICES III, IV, VI** and **VII** hereto for additional information regarding the Single Family Program, the Federal Agency Certificates, the Single Family Mortgage Loans, Transferred Single Family Mortgage Loans and Federal Agency Certificates outstanding under the Indenture.

The Agency is also authorized under the Act to issue bonds the proceeds of which may be used to fund multifamily mortgage loans ("Multifamily Mortgage Loans"), and has used a portion of the proceeds of the Prior Bonds to provide funds for the making of Multifamily Mortgage Loans to housing sponsors (the "Developers") eligible under the Act for the financing of housing developments (the "Developments") containing five or more dwelling units intended for occupancy on a rental or cooperative basis by persons and families of low and moderate income (the "Multifamily Program"). The Act requires that such housing sponsors be organized on a nonprofit or limited-profit basis. Approximately 45% of the rental units in the Developments financed under the Indenture as of August 31, 2018 (292 of the 655 total units) receive subsidy payments on behalf of eligible tenants pursuant to Section 8 ("Section 8") of the United States Housing Act of 1937, as amended (the "Housing Act"), as more fully described in **APPENDIX VIII** hereto. Notwithstanding such subsidy payments, the Bonds do not constitute a debt or indebtedness of the United States and payment of the Bonds is not guaranteed by the United States, and none of the Multifamily Mortgage Loans under the Indenture have any additional Loan Security. Substantially all of the Multifamily Mortgage Loans for Developments financed under the Indenture provide no recourse to the Developers. For certain additional information regarding (i) the Developments, (ii) the Multifamily Program and (iii) the Multifamily Mortgage Loans outstanding under the Indenture, see **APPENDICES VIII** and **IX** hereto.

All Bonds issued under the Indenture, including the Series Bonds, are secured, to the extent and as provided in such Indenture, by the Trust Estate. The Trust Estate includes all moneys and securities, including Bond proceeds (other than proceeds deposited in trust for the retirement of any outstanding Bonds or other indebtedness of the Agency), and other assets from time to time held by the Trustee under and subject to the terms of the Indenture or any Supplemental Indenture (other than amounts held in the Rebate Fund, if any) and any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder by the Agency, or by anyone in its behalf or with its written consent, to the Trustee.

The Bonds are general obligations of the Agency, for which its full faith and credit are pledged, and are payable from any of the Agency's revenues, assets or moneys, subject only to agreements made with holders of notes and bonds or other indebtedness pledging particular revenues, moneys or assets for the payment thereof. The Bonds will not constitute a debt of the State or any political subdivision thereof, and neither the State nor any of its political subdivisions are liable thereon. The Bonds will not constitute a debt or liability or obligation or a pledge of the faith and credit of the State but will be

payable solely from the revenues or assets of the Agency. The State is not liable on the Bonds and the Bonds are not a debt of the State and neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of or the interest on the Bonds.

Plan of Finance

Pursuant to the provisions of the Act and the Indenture, the Agency has authorized the issuance of the Series Bonds to make funds available, together with available funds of the Agency, if any, to (a) refund the Agency's Single Family Housing Bonds, Series 19, (b) refund the Agency's Multi-Family Mortgage Bonds, 2003 Series A and its Multi-Family Variable Rate Demand Revenue Bonds, Series 1 and Series 2, (c) finance Single Family Mortgage Loans through the purchase of Federal Agency Certificates (Federal Agency Certificates purchased with proceeds of the Series Bonds are the "2018 Series C Federal Agency Certificates") and to pay certain loan related fees (see **APPENDIX VI** hereto), (d) fund (or reimburse the Agency for funding) four Multifamily Mortgage Loans (the "New Multifamily Mortgage Loans") for four multifamily developments (see **APPENDIX VIII** herein under the heading "—New Multifamily Mortgage Loans" for further information on the developments and the related Multifamily Mortgage Loans), (e) deposit in the Reserve Fund amounts necessary to cause the amount on deposit in said Fund to at least equal the Reserve Fund Requirement and (f) deposit in the 2018 Series BCDEFG Cost of Issuance Account amounts necessary to pay certain costs of issuance of the Series Bonds.

New Single Family Production

Approximately $30,344,400 of the proceeds of the 2018 Series C Bonds will be used to finance Single Family Mortgage Loans through the purchase of Federal Agency Certificates. As of September 26, 2018, the Agency had $20,832,486 of funds available from unexpended proceeds of prior Series of Bonds available to purchase Federal Agency Certificates; as of September 26, 2018, the Agency had $22,183,193 of Single Family Mortgage Loan commitments which, if closed and securitized into Federal Agency Certificates, would be funded by such proceeds. Under its Single Family Program, the Agency anticipates making commitments on a continuous basis to purchase Federal Agency Certificates backed by Single Family Mortgage Loans and anticipates using substantially all of the proceeds of the Prior Bonds to purchase Federal Agency Certificates before using proceeds of the Series Bonds. Furthermore, in addition to funding its single family mortgage production by issuing bonds, the Agency has from time to time securitized its mortgage loans into Federal Agency Certificates and sold them in the secondary market. (See "Single Family Program—*Sale of Federal Agency Certificates to Secondary Market*" in **APPENDIX VI** herein for more detail on such secondary market sales.) Should the Agency choose to sell loans pooled into Federal Agency Certificates to the secondary market in lieu of financing such loans with proceeds of the 2018 Series C Bonds, such sales may adversely affect the amount and timing of originations of 2018 Series C Federal Agency Certificates.

New Multifamily Production

The New Multifamily Mortgage Loans are expected to be comprised of approximately four Multifamily Mortgage Loans in an aggregate principal amount of $1,314,004.66, with a weighted average coupon of 5.568% and a weighted average maturity of 456.8 months. The Developments relating to two of the New Multifamily Mortgage Loans also have received prior financing from the Agency which is included in the Transferred Multifamily Mortgage Loans. The Agency expects to fund two New Multifamily Mortgage Loans from its general funds prior to the issuance of the Series Bonds, and will be reimbursed from the proceeds of the 2018 Series F Bonds and the 2018 Series G Bonds on the date of issuance of the Series Bonds. If the remaining two loans do not close, the Agency will make alternate Multifamily Mortgage Loans with the remaining proceeds on deposit in the 2018 Series DEFG

Multifamily Program Account. See **APPENDIX VIII** under the heading "—New Multifamily Mortgage Loans" for additional information regarding the New Multifamily Mortgage Loans, including lockout terms, if any.

Refundings

Single Family. $3,015,000 principal amount of the proceeds of the 2018 Series B Bonds will be used to refund the Agency's Single Family Housing Bonds, Series 19 (the "2018 Series B Refunded Bonds"). As a result of the refunding of the 2018 Series B Refunded Bonds, certain Single Family Mortgage Loans and Federal Agency Certificates (together, the "Transferred Single Family Mortgage Loans") will become allocable to the 2018 Series B Bonds. The Transferred Single Family Mortgage Loans are anticipated to be in an aggregate principal amount of approximately $3,039,864.79 on the transfer date of December 10, 2018, with a weighted average coupon of approximately 5.699% and a weighted average maturity of approximately 195.2 months. See "**ESTIMATED SOURCES AND USES OF FUNDS**" herein and **APPENDICES III, IV** and **VI** herein for additional information regarding the Transferred Single Family Mortgage Loans, the Single Family Program and Federal Agency Certificates.

Multifamily. $1,975,000 principal amount of the proceeds of the 2018 Series D Bonds will be used to refund the Agency's Multi-Family Mortgage Bonds, 2003 Series A and a portion of the Agency's Multi-Family Variable Rate Bonds, Series 1 and Series 2 (together, the "2018 Series D Refunded Bonds"), $1,700,000 principal amount of the proceeds of the 2018 Series E Bonds will be used to refund a portion of the Agency's Multi-Family Variable Rate Bonds, Series 1 and Series 2 (the "2018 Series E Refunded Bonds"), and $2,620,000 principal amount of the proceeds of the 2018 Series G Bonds will be used to refund a portion of the Agency's Multi-Family Variable Rate Bonds Series 1 and Series 2 (the "2018 Series G Refunded Bonds" and, collectively with the 2018 Series D Refunded Bonds and the 2018 Series E Refunded Bonds, the "2018 Series DEG Refunded Bonds").

As a result of the refunding of the 2018 Series DEG Refunded Bonds, certain Multifamily Mortgage Loans will transfer to and become allocable to the 2018 Series D Bonds, the 2018 Series E Bonds and the 2018 Series G Bonds. Such transferred Multifamily Mortgage Loans (collectively, the "Transferred Multifamily Mortgage Loans") are anticipated to be comprised of 16 Multifamily Mortgage Loans in an aggregate principal amount of approximately $6,789,462.03 on the transfer date of December 10, 2018, with a weighted average coupon of 6.040% and a weighted average maturity of 300.5 months. See "**ESTIMATED SOURCES AND USES OF FUNDS**" herein, and in **APPENDIX VIII** under the heading "—Transferred Multifamily Mortgage Loans" for additional information regarding the Transferred Multifamily Mortgage Loans, including allocation of each Transferred Multifamily Mortgage Loan to a Series of the Series Bonds and lockout terms, if any.

THE AGENCY

Purpose and Powers

The Agency was created as a body politic and corporate of the State. Under the Act, the purpose of the Agency is to promote the expansion of the supply of funds available for mortgages on residential housing and to encourage an adequate supply of safe and decent housing at reasonable costs.

Under the Act, the Agency has the power, among other things, to make loans to housing sponsors and mortgage lenders and to purchase mortgage loans from mortgage lenders to finance the making of new residential mortgage loans and rehabilitation mortgage loans for the benefit of persons and families of low and moderate income, to include in any borrowing amounts to pay Agency expenses necessary or incident to such borrowing, to issue bonds and notes, and to do any and all things necessary or convenient to carry out its purposes and exercise the powers granted in the Act.

Management

The powers of the Agency are vested in nine commissioners, consisting of the Commissioner of the Vermont Department of Financial Regulation, the State Treasurer, the Secretary of Commerce and Community Development, the Executive Director of the Vermont Housing and Conservation Board, or their designees, and five members appointed by the Governor with the advice and consent of the State Senate. The appointed commissioners serve for terms of four years or until a successor is appointed and qualified. Members whose terms have expired continue to serve until reappointed or a successor has been appointed and qualified.

The present commissioners are:

L. Randolph Amis – Chair, term expires January 31, 2019*. Mr. Amis is an attorney in Burlington, Vermont and has been since he was admitted to practice law in Vermont in 1981. He currently practices in his firm of Montroll Backus & Oettinger, P.C. The firm has a wide variety of clients in residential and commercial real estate matters, business matters, estate planning and probate actions.

Mr. Amis has a broad range of service and leadership roles on numerous local, state and regional non-profit, community and government boards and committees including: City of Burlington City Council as Councilor from Ward 5, 1988-1991; Champlain Housing Trust, Inc. (and its predecessor, Burlington Community Land Trust), January, 2004 to January, 2010, as President of both Boards through their merger, January, 2005 to January, 2010; Member, City of Burlington, Zoning Board of Adjustment (now known as the Development Review Board), 1986-89; Member, Board of Directors, Vermont Affiliate of the American Diabetes Association, 1995-1998; Chair, Lake Champlain Leadership Council (Vermont), American Diabetes Association 1998-2000; Member, Board of Directors, New England Regional Affiliate of the American Diabetes Association, Vice President, Fundraising, June, 1997-2000; Board of Directors, Children's Legal Services, 1983-90, President 1988-90; Chair, City of Burlington Democratic Committee, 1993-94; Member, Vermont State Democratic Committee, 1995-1997; Alternate, Vermont State Democratic Committee, 1997-1999; Advisory Board of Directors, Chittenden Emergency Food Shelf, 1990-2000; and, Member (appointed by Mayor Peter Clavelle), City of Burlington Skate Park Task Force, 1994-1999.

Presently, in addition to the position as Chair on the Vermont Housing Finance Agency Board, Mr. Amis serves the Burlington, Vermont-based sustainable food, farming and farms and conservation organization Intervale Center, Inc. as Board Member, January, 2013 to present. Mr. Amis also served the Chittenden County Bar Association as President of the Board, June 2014 to the end of his term in June, 2015.

Mr. Amis graduated with a B.A. in American Studies from Hamilton College in Clinton, NY in 1977 and from Vermont Law School in South Royalton, Vermont where he was awarded a J.D. in 1980. In addition to several affordable housing conferences, Mr. Amis also attended the Harvard Business School professional development program, "Governing for Nonprofit Excellence" in November, 2006, a four day certificate program examining some of the issues facing nonprofit boards and their organizations.

* Subject to State Senate confirmation.

Gustave "Gus" Seelig – Vice Chair, Executive Director of the Vermont Housing and Conservation Board, ex-officio member. Mr. Seelig has served as the Executive Director of the Vermont Housing and Conservation Board since its inception in 1987. The Board administers a variety of state and federal programs which have resulted in an investment by the State of Vermont of over $310 million, which has developed or rehabilitated approximately 12,500 affordable homes, conserved over 420,000 acres of farmland, natural areas and recreational lands, including 700 farms and restoration of nearly 62 historic community buildings. In 2017 the Board worked with Governor Scott and VHFA to secure a $37 million revenue bond for affordable housing. Prior to his work for the Board, Mr. Seelig served as the Executive Director of Capstone Community Action (formerly the Central Vermont Community Action Council). Mr. Seelig previously served on the Affordable Housing Program Advisory Board for the Federal Home Loan Bank of Boston. He is currently a Board member of the Vermont Energy Investment Corp. which operates Vermont's energy efficiency utility and serves as Town Moderator in Calais. In 2010, Mr. Seelig was presented with the Art Gibb awarded by Smart Growth Vermont for leadership in safeguarding Vermont values and Vermont's unique landscape. Mr. Seelig received a B.A. from Goddard College in 1976 and completed the Harvard University's Program for Senior Executives in State and Local Government in 1996.

Lamont Barnett – Term expires January 31, 2022*. Mr. Barnett is an owner of The Rock and Hammer, a retail jewelry store in downtown Bellows Falls. Mr. Barnett currently serves as Vice President of the Bellows Falls Downtown Alliance. In addition, he currently serves on the Board of the Bellows Falls Area Development Corporation and the Board of Civil Authority. In addition, Mr. Barnett is a Windham County Assistant Judge. He has been an active leader in the redevelopment of the Bellows Falls community and was instrumental in securing over $10 million in government grants.

Dagyne T. Canney – Term expired January 31, 2018*. Ms. Canney is owner and principal broker of Green Mountain Realty and Properties in Rutland, where she has sold real estate for over 35 years. She currently serves on the Governor's Economic Advisory Board, the Vermont Electric Power Corporation (VELCO) Board of Directors and the District #1 State Environmental Board. She was formerly a member of the Judicial Nominating Committee. She was formerly a Director of the Vermont Association of Realtors, member of the Vermont Parole Board, member and Vice Chair of the Vermont Real Estate Commission, a director to the Rutland Region Chamber of Commerce and a two-term past President of the Rutland County Board of Realtors. Ms. Canney is a graduate of the University of Vermont.

Thomas S. Leavitt – Term expires January 31, 2020. Thomas Leavitt is president & CEO of Northfield Savings Bank (NSB) in Berlin, Vermont. NSB is a mutual institution founded in 1867. The bank has $950 million in assets and operates 13 full service offices in Central Vermont and the Champlain Valley, providing community banking, mortgage banking, commercial banking, and investment services – all supported by an advanced new Operations Center opened in the fourth quarter of 2015. Mr. Leavitt has led NSB since October 2014.

In the community, Mr. Leavitt serves on the boards of Norwich University Applied Research Institutes, ECHO Leahy Center for Lake Champlain, and the Flynn Center for the Performing Arts. He represents the banking community on the Vermont Financial Literacy Commission and is a member of the Vermont Business Roundtable. He previously served on the boards of the Berkshire Chamber of Commerce, Berkshire Business Roundtable, Vermont Council on Rural Development, Vermont Bankers Association, Burlington Business Association, and Burlington Boys & Girls Club.

* Subject to State Senate confirmation.

Mr. Leavitt holds an M.B.A. from the University of Pennsylvania's Wharton School. He earned a B.S. from the University of New Hampshire where he was starting quarterback and punter for the Wildcats. He grew up in Burlington, Vermont.

Jeanne Morrissey – Term expires January 31, 2021. Ms. Morrissey is the President of J.A. Morrissey, Inc., a general contracting and construction management company headquartered in Williston, Vermont. Ms. Morrissey has managed a variety of project types, sizes and contracts over 30 years. Ms. Morrissey is a graduate of the University of Vermont and a licensed Civil Engineer in Vermont and California.

Elizabeth "Beth" Pearce – State Treasurer, ex officio member. Ms. Pearce was appointed Vermont State Treasurer in January 2011 and then elected in 2012. Treasurer Pearce has more than 30 years of experience in government finance at both the state and local levels. She served as Vermont's Deputy Treasurer for more than seven years before assuming her current role as Treasurer. As Deputy Treasurer, she was responsible for a full range of operations including retirement administration of the three state-wide systems for State employees, teachers, and municipal employees. She also was responsible for unclaimed property, accounting, budget, debt and capital financing, cash management, investment of short-term funds in State custody, and risk management.

Prior to joining the Vermont State Treasurer's Office, she served as Deputy Treasurer for Cash Management at the Massachusetts State Treasurer's Office from 1999-2003; Deputy Comptroller for the Town of Greenburgh, New York; and as the Accounting Manager and Financial Operations Manager for the Town of West Hartford, Connecticut. In addition, she has served as a fiscal officer with the Massachusetts Department of Social Services and as a project director for the Massachusetts Executive Office of Human Services. Ms. Pearce has a B.A. from the University of New Hampshire. She has prepared financial reports that have received the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association.

Michael Pieciak – Commissioner of the Vermont Department of Financial Regulation, ex officio member. He was first appointed commissioner by Governor Peter Shumlin in July 2016 and reappointed by Governor Phil Scott in January 2017. Commissioner Pieciak serves as the chief regulator of Vermont's financial services sector, including the insurance, captive insurance, banking and securities industries. Commissioner Pieciak previously served as deputy commissioner of the Department's Securities Division. Commissioner Pieciak is President-elect of the North American Securities Administrators Association, member of the National Association of Insurance Commissioners and Conference of State Bank Supervisors and served on the SEC Advisory Committee on Small and Emerging Companies.

Prior to his service with the Department, Commissioner Pieciak practiced law in New York City at Skadden, Arps, Slate, Meagher & Flom LLP in the Mergers and Acquisitions Group, gaining experience in commercial transactions, corporate governance and investment and financing transactions. Commissioner Pieciak graduated cum laude from Union College with a degree in political science. He received his law degree summa cum laude from the University of Miami School of Law where he served as editor-in-chief of the "Miami Law Review."

Michael Schirling – Secretary of the Vermont Agency of Commerce and Community Development, ex officio member. Mr. Schirling was appointed to Secretary of the Agency of Commerce and Community Development (ACCD) in January 2017 by Governor Phil Scott. Immediately prior to serving as Secretary, Mr. Schirling served as executive director of BTV Ignite, an economic development and technology accelerator initiative, where he oversaw the organization's efforts to expedite growth of the local tech sector to strengthen the economy by driving innovation. Mr. Schirling led projects and

initiatives focused on science, technology, engineering and mathematics (STEM) learning opportunities, career coaching and workforce training programs, and development of innovation hubs. He has also worked as a contractor conducting trainings for the U.S. State Department's Anti-Terrorism Assistance Program Cyber Division. Mr. Schirling also served in the Burlington Police Department for 25 years, including seven years as Burlington's chief of police. As chief, he was committed to innovation, collaboration and community engagement. He led efforts to enhance the Department's technology platforms and received recognitions from the International Association of Chiefs of Police for Civil Rights, and awards for excellence in victim service and community policing.

The following are the principal staff members of the Agency:

Sarah E. Carpenter was appointed as Executive Director of the Agency in October, 1998. Before joining the Agency, Ms. Carpenter was the Executive Director of Cathedral Square Corporation in Burlington, Vermont for 15 years. Cathedral Square is a nationally recognized leader in combining affordable housing and community services. She currently is a board member of the Vermont Community Development Program and the Vermont Housing and Conservation Board. Ms. Carpenter served for 10 years on the board of the National Council of State Housing Agencies (NCSHA); and previously has served as a board member of Fletcher Allen Healthcare, Vermont's academic health care system; the American Association of Homes and Services for the Aging (now Leading Age); AAHSA Assurances Limited, a captive liability insurance company; Housing Vermont, a nonprofit statewide developer and tax credit syndicator; the Community Development Advisory Board of the Federal Reserve Bank of Boston; the Advisory Board to the Federal Home Loan Bank of Boston; and a number of local charities. Ms. Carpenter is a cum laude graduate of the University of Vermont and holds an M.P.A. degree from Harvard University.

Ms. Carpenter has announced her retirement from the Agency effective December 31, 2018. Maura Collins, current Deputy Director of the Agency, has been appointed to be the next Executive Director, effective January 1, 2019.

Thomas R. Connors is the Agency's Chief Financial Officer and Treasurer. Prior to joining the Agency in August, 2006, Mr. Connors was Vice President of Finance and Operations at Trak Sports USA, Inc., a $20 million ski and snowboard manufacturer. From 1993 to 2004, he was Director of Revenue Accounting for IDX Systems Corporation (now GE Healthcare), a $500 million software company based in Burlington, Vermont. From 1990 to 1993, Mr. Connors was Vice President of Finance for the software division of Information Resources, Inc. in Waltham, Massachusetts. Mr. Connors recently joined the Board of Directors at the Energy Co-op of Vermont. From 2001 to 2016, he served on the Board at ReSOURCE, a Nonprofit Community Enterprise, Inc. based in Burlington, Vermont, and most recently served as its Board President. Mr. Connors received a B.A. in Business Administration from St. Michael's College and an M.B.A. from Bentley University.

Maura Collins is the Agency's Deputy Director; effective January 1, 2019, she will serve as the Agency's Executive Director. As Deputy Director, Ms. Collins oversees the Homeownership, Multifamily Development, Asset Management and Compliance, and Information Technology departments. Prior to joining the Agency in 2002, Ms. Collins worked for Technical Assistance Collaborative in Boston, Massachusetts. She currently serves as President of the board of Pathways Vermont, a social services nonprofit organization working with people with mental health challenges. Ms. Collins is a cum laude graduate of the University at Buffalo and holds a Masters of Public Administration from the University of Vermont.

Jacklyn R. Santerre is the Agency's Director of Homeownership Programs. Ms. Santerre has been with the Agency since 1984, most recently serving as Assistant Director of Homeownership

Programs. Prior to joining the Agency, she was a loan processor and office manager for the Lomas and Nettleton Company in Burlington, Vermont for four years.

Kimberly A. Roy is Director of Asset Management and Compliance for the Agency. Ms. Roy has been with the Agency since 1989, overseeing asset management, loan servicing and compliance monitoring of multifamily properties. She is a graduate of St. Michael's College and is certified as a Housing Manager, Occupancy Specialist and Tax Credit Specialist.

Joseph A. Erdelyi is Director of Development for the Agency. Prior to joining the Agency in 1993, Mr. Erdelyi was a Housing Planner and Development Officer for the New Hampshire Housing Finance Authority. Mr. Erdelyi is a graduate of the University of Vermont and is certified as a Housing Development Finance Professional by the National Development Council.

George N. Demas, Esq. is General Counsel to the Agency. Prior to joining the Agency in 2009, Mr. Demas was Assistant General Counsel for the Vermont Department of Financial Regulation and also served as an officer for Bombardier Capital Inc. Mr. Demas holds a J.D. from the University of Georgia Law School.

As of August 31, 2018 the Agency had 39 full time equivalent employees who are responsible for the operation and management of the Agency. Of these employees, 9 are charged with responsibility for the single family program and 11 are charged with responsibility for the Multifamily Program. Included on the staff of the Agency are professionals with experience in mortgage underwriting and portfolio and investment management.

Operations to Date

Pursuant to the Act and agreements with bondowners, a substantial portion of the Agency's assets are pledged to secure specific obligations or are otherwise restricted. The Agency maintains separate restricted funds for each of its programs financed by the issuance of bonds under a particular general bond resolution or trust indenture. Such funds and programs have separate sets of self-balancing accounts set up in accordance with the Act and the various general bond resolutions and trust indentures. Assets and revenues of such funds and programs are restricted by various resolutions and agreements and are not available in any manner other than as provided in the various general bond resolutions or trust indentures adopted by the Agency for its programs. Money in excess of restricted fund requirements is transferred periodically from these restricted funds to the General Fund. All of the Agency's outstanding bonds other than the Agency's Single Family Housing Bonds are general obligations of the Agency secured by and payable from any of the Agency's revenues, money or assets, including the General Fund, subject to agreements heretofore or hereafter made with holders of notes and bonds that pledge particular revenues, money or assets for the payment thereof. The Agency has not pledged any money in the General Fund to the payment of any particular bonds of the Agency. Although the Bonds are general obligations of the Agency, no revenues, money or assets of the Agency are pledged to the payment of the Bonds except as specifically set forth in the Indenture or the related Supplemental Indentures.

Outstanding Indebtedness

Since September 1974, the Agency has issued $3,582,215,807 aggregate principal amount of bonds and notes, of which $435,082,804 was outstanding as of August 31, 2018, to finance its various programs. The proceeds of the bonds have been or will be used to make mortgage loans to sponsors of multifamily residential housing units for persons and families of low and moderate income in the State, to purchase mortgage loans on single family residential housing units for Persons and Families of Low and Moderate Income in the State, to make loans to mortgage lenders to finance such single family housing

and to make loans to finance certain other multifamily housing developments. The bonds are secured pursuant to the terms of the resolutions or trust indentures under which they were issued.

For additional information with respect to outstanding indebtedness of the Agency, see **APPENDIX I** and **APPENDIX II** hereto.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds from the sale of the Series Bonds, exclusive of accrued interest, are as follows:

Sources of Funds:	
Principal Amount of the Series Bonds	$41,100,000.00
Initial Issue Premium (PAC Bonds)	767,375.10
Excess Transferred Loans and Assets[1] (approximate, see footnote)	519,326.82
Total Sources	$42,386,701.92
Uses of Funds:	
Deposit to 2018 Series BC Single Family Program Account[1]	
For purchase of Federal Agency Certificates	$30,344,400.00
Transferred Single Family Mortgage Loans (approximate, see footnote)	3,039,864.79
Deposit 2018 Series DEFG Multifamily Account	
Transferred Multifamily Mortgages (approximate, see footnote)	6,789,462.03
For Funding of New Multifamily Mortgage Loans	1,314,004.66
Deposit to Reserve Fund	366,822.56
Deposit to Revenue Fund	38,205.39
Deposit to 2018 Series BCDEFG Cost of Issuance Account	200,000.00
Underwriters' Fees	293,942.49
Total Uses	$42,386,701.92

[1] $9,310,000 principal amount of the Series Bonds shall be used to refund the 2018 Series B Refunded Bonds and the 2018 Series DEG Refunded Bonds prior to the preceding deposits. Upon such refundings on December 10, 2018, Transferred Single Family Mortgage Loans in the anticipated outstanding principal amount of approximately $3,039,864.79 and Transferred Multifamily Mortgage Loans in the anticipated principal amount of approximately $6,789,462.03 will become allocated to the Series Bonds. Final transferred amounts are subject to change to the date of the refunding. See **APPENDIX III** for further information regarding the Transferred Single Family Mortgage Loans and **APPENDIX VIII** under the heading "—Transferred Multifamily Mortgage Loans" for further information regarding the Transferred Multifamily Mortgage Loans.

THE SERIES BONDS

The Series Bonds will be dated the date of initial delivery and will be issued as fully registered bonds without coupons and are to mature on the dates and bear interest at the rates shown on the inside cover page of this Official Statement. The Series Bonds will be issued in denominations of $1,000 and any multiple integral thereof. Interest is payable on the Series Bonds on May 1, 2019 and semi-annually thereafter on November 1 and May 1 of each year and on the maturity date or prior redemption thereof.

Redemption Provisions

Sinking Fund Redemption. The 2018 Series C Bonds maturing on November 1, 2033, November 1, 2038, November 1, 2043 and November 1, 2048 (the "Premium PAC Bonds"), are subject to mandatory redemption in part at a redemption price equal to the Principal Amount thereof plus accrued interest thereon, without premium, through application of Sinking Fund Installments on the dates and in the amounts as follows:

2018 Series C Bonds Due November 1, 2033

Due	Principal Amount	Due	Principal Amount
May 1, 2031	$700,000	November 1, 2032	$740,000
November 1, 2031	710,000	May 1, 2033	755,000
May 1, 2032	725,000	November 1, 2033†	710,000

† Maturity

2018 Series C Bonds Due November 1, 2038

Due	Principal Amount	Due	Principal Amount
May 1, 2034	$720,000	November 1, 2036	$670,000
November 1, 2034	705,000	May 1, 2037	675,000
May 1, 2035	650,000	November 1, 2037	650,000
November 1, 2035	645,000	May 1, 2038	665,000
May 1, 2036	655,000	November 1, 2038†	680,000

† Maturity

2018 Series C Bonds Due November 1, 2043

Due	Principal Amount	Due	Principal Amount
May 1, 2039	$695,000	November 1, 2041	$760,000
November 1, 2039	705,000	May 1, 2042	775,000
May 1, 2040	715,000	November 1, 2042	790,000
November 1, 2040	730,000	May 1, 2043	805,000
May 1, 2041	745,000	November 1, 2043†	150,000

† Maturity

2018 Series C Bonds Due November 1, 2048 (Premium PAC Bonds)

Due	Principal Amount	Due	Principal Amount
November 1, 2043	$655,000	November 1, 2046	$925,000
May 1, 2044	825,000	May 1, 2047	950,000
November 1, 2044	845,000	November 1, 2047	970,000
May 1, 2045	865,000	May 1, 2048	995,000
November 1, 2045	885,000	November 1, 2048†	765,000
May 1, 2046	905,000		

† Maturity

The amounts of semi-annual sinking fund installments set forth above are subject to reduction as a result of optional or special redemption of Series Bonds. At the time of any special or optional redemption of such Series Bonds, the amount of each future sinking fund installment will be reduced as shall be determined in a certificate of the Agency such that the total amount of such reductions equals the amount of such special or optional redemption.

The amounts accumulated for each sinking fund installment may be applied by the Trustee to the purchase of the Series Bonds for which such sinking fund installment is established at any time prior to the 31st day preceding the due date of such sinking fund installment. In the event that Series Bonds are purchased in an amount sufficient to satisfy the next sinking fund installment scheduled therefor and amounts allocable to such sinking fund installment remain on deposit in the Debt Service Fund, such amounts may be applied to the purchase of Series Bonds of such maturities (and may be applied to reduce the sinking fund installments of such Series Bonds subject to sinking fund redemption) as the Agency may determine.

Optional Redemption. The 2018 Series G Bonds are not subject to optional redemption. The Series Bonds other than the 2018 Series G Bonds are subject to redemption, at the option of the Agency, either as a whole or in part at any time (i) for the 2018 Series B Bonds, the 2018 Series C Bonds, the 2018 Series D Bonds and the 2018 Series E Bonds, on or after November 1, 2027 and (ii) for the 2018 Series F Bonds, to the extent no other Series Bonds remain outstanding, on or after December 1, 2028, all from money deposited in the 2018 Series BCDEF Debt Service Account of the Debt Service Fund for such purpose at a redemption price of 100% of the principal amount thereof, plus accrued interest, if any, to the date of redemption.

The Agency shall select the principal amounts of each maturity and interest rate of Series Bonds to be redeemed and the Trustee shall select by lot the Series Bonds of a particular maturity and interest rate to be so redeemed.

Special Redemption.

No Redemption of 2018 Series G Bonds Prior to Maturity.

The 2018 Series G Bonds are not subject to redemption prior to maturity.

Unexpended Moneys.

(i) *Single Family*. Pursuant to the 2018 BCDEFG Supplemental Indenture, the 2018 Series C Bonds are subject to redemption in whole or in part at any time from unexpended

moneys in the 2018 Series BC Single Family Program Account relating to the 2018 Series C Bonds and not applied to the purchase of 2018 Series C Federal Agency Certificates.

If the Agency has not expended all proceeds of the 2018 Series C Bonds and the related Delivery Period (as defined below) has not been extended, then the 2018 Series C Bonds are subject to mandatory redemption from such unexpended proceeds upon the expiration of the related Delivery Period. See "**INTRODUCTION**—Plan of Finance—*New Single Family Production*" for a description of the Agency's current single family production.

"Delivery Period" or "Delivery Periods" means the period of time for the purchase of Federal Agency Certificates from the Master Servicer (A) for $15,172,200 principal amount of the proceeds on deposit in the 2018 Series BC Single Family Program Account, ending on July 1, 2019, and (B) for an additional $15,172,200 principal amount of the proceeds on deposit in the 2018 Series BC Single Family Program Account, ending on November 1, 2019, or such earlier date on which all Federal Agency Certificates have been purchased, unless extended by the Agency in accordance with requirements outlined in **APPENDIX VI** hereto; provided, however that the Delivery Period may not extend beyond May 8, 2022.

2018 Series C Bonds to be redeemed from unexpended proceeds on deposit in the 2018 Series BC Single Family Program Account shall be as selected by the Agency for redemption from among all Outstanding maturities of the 2018 Series C Bonds and in such amounts as shall be determined by the Agency, and redeemed at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest to the redemption date, without premium (except that any Premium PAC Bonds are to be redeemed at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest, plus the unamortized premium thereon as determined by the Agency by straight-line amortization of the original issue premium of 108.006% between the date of issue and May 1, 2027 (as of which date the premium would reduce to $-0-)).

(ii) *Multifamily*. The 2018 Series D Bonds, the 2018 Series E Bonds, the 2018 Series G Bonds and the 2018 Series F Bonds are not subject to redemption from unexpended moneys on deposit in the 2018 Series DEFG Multifamily Program Account. See "**INTRODUCTION**—Plan of Finance—*New Multifamily Production*" and **APPENDIX VIII** under the heading "—New Multifamily Mortgage Loans" for a description of the anticipated use of proceeds of the 2018 Series G Bonds and the 2018 Series F Bonds for purchase of the New Multifamily Mortgage Loans.

10 Year Rule Requirements.

To comply with certain provisions of federal tax law, all available prepayments and regularly scheduled repayments of mortgage principal from the Transferred Single Family Mortgage Loans and the Single Family Mortgage Loans backing the 2018 Series C Federal Agency Certificates and received 10 years or more after the date of issuance of the Series Bonds (or the date of issuance of the 2018 Series B Refunded Bonds (directly, or through a series of refundings)), are required to be applied no later than the close of the first semiannual period beginning after the date of receipt to the retirement of the 2018 Series B Bonds and the 2018 Series C Bonds (together, the "2018 Series BC Bonds") through payment thereof at maturity or by redemption; provided, no such redemption shall be required if the amount available and required to be used to redeem the 2018 Series BC Bonds is less than $100,000. The following percentages of scheduled payments and prepayments of mortgage principal from the Transferred Single Family Mortgage Loans and the Single Family Mortgage Loans backing the 2018 Series C

Federal Agency Certificates received on or after the following dates are subject to the 10-year rule:

Dates	Percentages
November 8, 2018 to November 7, 2028	9.25%
November 8, 2028 and thereafter	100.00

Excess Money.

The Series Bonds (excluding (i) the Premium PAC Bonds if the redemption would result in an outstanding balance below the Premium PAC Bond Outstanding Applicable Amount in the table below, (ii) the 2018 Series F Bonds, unless there are no other Series Bonds then Outstanding and (iii) the 2018 Series G Bonds) are subject to optional redemption prior to maturity at any time in whole or in part from such maturities of Series Bonds as the Agency shall designate in its discretion in accordance with the Trust Indenture (and, if less than all Series Bonds of a maturity are to be redeemed, by lot within such Series Bonds of such maturity), at a redemption price equal to the principal amount of each Series Bond or portion thereof to be redeemed, plus accrued interest to the redemption date, from excess money under the Trust Indenture deposited in the Debt Service Fund for any Series of Bonds, including payments of principal of and interest on Loans in excess of amounts necessary (A) to pay interest on or principal of Bonds when due and (B) to maintain the Reserve Fund at the Reserve Fund Requirement and the Rebate Fund at the Rebate Requirement (collectively, the "Excess Money").

Prepayments.

The Series Bonds will be subject to redemption in whole or in part on any date at a redemption price equal to 100% of the principal amount thereof, plus interest accrued thereon to the redemption date, from Loan Prepayments allocable to the Series Bonds, as set forth below.

(i) *Multifamily Mortgage Loan Prepayments*.

Loan Prepayments of the Transferred Multifamily Mortgage Loans and the New Multifamily Mortgage Loans (collectively, the "2018 Series DEFG Multifamily Prepayments") shall be applied to the redemption of the respective 2018 Series D Bonds, 2018 Series E Bonds, 2018 Series F Bonds or 2018 Series G Bonds (collectively, the "2018 Series DEFG Bonds") which financed such related Multifamily Mortgage Loan (or portion thereof), and within such Series, to those maturities (a) which would produce, as nearly as practicable, a pro rata redemption of such Series of the 2018 Series DEFG Bonds, to the extent that any such Series of the Series of 2018 Series DEFG Bonds remains outstanding or (b) as the Agency may otherwise direct; provided, however, that (i) the 2018 Series G Bonds will not be redeemed prior to maturity and (ii) the 2018 Series F Bonds shall only be redeemed to the extent no other Series Bonds remain Outstanding. See **APPENDIX VIII** under the headings "—Transferred Multifamily Mortgage Loans" and "—New Multifamily Mortgage Loans" for information on the allocation of Multifamily Mortgage Loans funded by each Series of the 2018 Series DEFG Bonds.

(ii) *Single Family Mortgage Loan Prepayments*.

In connection with the redemption of 2018 Series BC Bonds from Loan Prepayments of Transferred Single Family Mortgage Loans and 2018 Series C Federal Agency Certificates allocable to the 2018 Series BC Bonds (collectively, the "2018 Series BC Single Family Prepayments"), the Agency shall select 2018 Series BC Bonds for redemption as follows:

(a) the Agency shall first redeem the Premium PAC Bonds, but only to the extent that the outstanding principal amount of the Premium PAC Bonds following such redemption is not less than the Premium PAC Bond Outstanding Applicable Amount for the Premium PAC Bonds as of such date, which is calculated based on the assumed receipt of the 2018 Series BC Single Family Prepayments at 100% of the Loan Prepayments of the Securities Industry and Financial Markets Association, formerly the Bond Market Association, formerly the Public Securities Association ("PSA") prepayment standard or model (the "PSA Prepayment Model"), as set forth in the table below;

(b) if the 2018 Series BC Single Family Prepayments are equal to or less than 600% PSA, as determined by the Agency, then amounts remaining following the redemption specified in paragraph (a) above shall be applied, unless otherwise directed by the Agency, to the redemption of those maturities of the 2018 Series BC Bonds (excluding the Premium PAC Bonds) which would produce, as nearly as practicable, a pro rata redemption of the 2018 Series BC Bonds (excluding the Premium PAC Bonds), to the extent that any of the 2018 Series BC Bonds (excluding the Premium PAC Bonds) remain outstanding;

(c) if the 2018 Series BC Single Family Prepayments are in excess of 600% PSA, as determined by the Agency, then amounts remaining following the redemptions specified in paragraph (a) above shall be applied, unless otherwise directed by the Agency, to the redemption of those maturities of the 2018 Series BC Bonds (including the Premium PAC Bonds) which would produce, as nearly as practicable, a pro rata redemption of the 2018 Series BC Bonds, to the extent that any of the 2018 Series BC Bonds remain outstanding; and

(d) 2018 Series BC Single Family Prepayment amounts remaining following the redemptions specified in paragraphs (a) through (c) above shall be applied, unless otherwise directed by the Agency, to the redemption of (i) any Premium PAC Bonds that remain outstanding and (ii) if no other 2018 Series BC Bonds are then Outstanding, (1) to the 2018 Series D Bonds and 2018 Series E Bonds on a proportionate basis, then (2) if no other Series Bonds remain Outstanding, the 2018 Series F Bonds.

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The Premium PAC Bond Outstanding Applicable Amount is as follows:

Date	Premium PAC Bond Outstanding Applicable Amount
November 8, 2018	$9,585,000
May 1, 2019	9,585,000
November 1, 2019	9,480,000
May 1, 2020	9,055,000
November 1, 2020	8,940,000
May 1, 2021	8,545,000
November 1, 2021	7,845,000
May 1, 2022	7,030,000
November 1, 2022	6,200,000
May 1, 2023	5,415,000
November 1, 2023	4,675,000
May 1, 2024	3,490,000
November 1, 2024	2,620,000
May 1, 2025	1,920,000
November 1, 2025	1,260,000
May 1, 2026	640,000
November 1, 2026	55,000
May 1, 2027	-0-

Projected Weighted Average Lives of the Premium PAC Bonds. The following information is provided to allow potential investors to evaluate the Premium PAC Bonds which are the subject of special redemption described above.

The weighted average life of a bond refers to the average length of time that will elapse from the date of issuance of such bond to the date each installment of principal is paid weighted by the principal amount of such installment. The weighted average life of the Premium PAC Bonds will be influenced by, among other things, the rate at which 2018 Series C Federal Agency Certificates are purchased and the rate at which principal payments (including scheduled payments and principal prepayments) are made on the Transferred Single Family Mortgage Loans and the Single Family Mortgage Loans backing the 2018 Series C Federal Agency Certificates. An investor owning less than all of the Premium PAC Bonds may experience redemption at a rate that varies from the average life of the Premium PAC Bonds.

Levels of prepayment on single family mortgage loans are commonly measured by a prepayment standard or model. The standard used in this Official Statement is The Standard Prepayment Model of The Securities Industry and Financial Markets Association, formerly PSA Prepayment Model. The PSA Prepayment Model represents an assumed monthly rate of prepayment of the then outstanding principal balance of a pool of single family mortgage loans. The PSA Prepayment Model does not purport to be either an historical description of the prepayment experience of any pool of single family mortgage loans or a prediction of the anticipated rate of prepayment of any pool of single family mortgage loans, including the Transferred Single Family Mortgage Loans and Single Family Mortgage Loans backing the 2018 Series C Federal Agency Certificates. "100% PSA" assumes prepayment rates of 0.2 percent per year of the then-unpaid balance of the pool of single family mortgage loans in the first month of the life of the pool of single family mortgage loans and an additional 0.2 percent per year in each month thereafter (for example, 0.4 percent per year in the second month) until the thirtieth month. Beginning in the thirtieth month and in each month thereafter during the life of the pool of single family mortgage loans, 100% PSA assumes a constant prepayment rate of 6 percent per year. Multiples will be calculated from this prepayment rate standard, e.g. "200% PSA" assumes prepayment rates will be 0.4 percent per year in

month one, 0.8 percent per year in month two, reaching 12 percent per year in month thirty and remaining constant at 12 percent per year thereafter. "0% PSA" assumes no prepayments of principal of a pool of single family mortgage loans will occur for the life of the pool of single family mortgage loans. The following table entitled "Projected Weighted Average Lives for the Premium PAC Bonds" assumes, among other things, that (i) the Transferred Single Family Mortgage Loans and the Single Family Mortgage Loans backing the 2018 Series C Federal Agency Certificates prepay at the indicated percentages of the PSA Prepayment Model, (ii) all proceeds of the Series Bonds in the 2018 Series BC Single Family Program Account are used to purchase 2018 Series C Federal Agency Certificates, (iii) all 2018 Series C Federal Agency Certificates financed with the proceeds of the Series Bonds will be acquired by November 1, 2019, (iv) all scheduled principal and interest payments or prepayments on Transferred Single Family Mortgage Loans and Single Family Mortgage Loans backing the 2018 Series C Federal Agency Certificates financed with proceeds of the Series Bonds are received thirty days after the date on which due or assumed to be made and there are no foreclosures or repurchases of such Transferred Single Family Mortgage Loans and Single Family Mortgage Loans backing the 2018 Series C Federal Agency Certificates and (v) the Premium PAC Bonds are not redeemed pursuant to optional redemption. Based solely on such assumptions, some or all of which are unlikely to reflect actual experience, the following table provides projected weighted average life information for the Premium PAC Bonds.

Projected Weighted Average Lives for the Premium PAC Bonds

PSA Prepayment	Premium PAC Bonds Weighted Average Life
0%	18.7
25	12.0
50	7.7
75	5.9
100	5.0
150	5.0
200	5.0
250	5.0
300	5.0
350	5.0
400	5.0
450	5.0
500	5.0
550	5.0
600	5.0

No assurance can be given that prepayments of principal of the Transferred Single Family Mortgage Loans and the Single Family Mortgage Loans backing the 2018 Series C Federal Agency Certificates will conform to any level of a particular prepayment projection, schedule or model or that prepayments will be available to be applied to redemptions of any of the Series Bonds, including the Premium PAC Bonds. The rates of principal prepayments on Single Family Mortgage Loans are generally influenced by a variety of economic, geographical, social and other factors, including servicing decisions, changing property values, prevailing interest rates and the time within which such Single Family Mortgage Loans are originated. In general, if prevailing interest rates fall significantly below the interest rates on the Transferred Single Family Mortgage Loans and the Single Family Mortgage Loans backing the 2018 Series C Federal Agency Certificates, such Single Family Mortgage Loans may be likely to prepay at higher rates than if prevailing interest rates remain at or above the interest rates on such Single Family Mortgage Loans. Conversely, if prevailing interest rates rise above the interest rates on the Transferred

Single Family Mortgage Loans and the Single Family Mortgage Loans backing the 2018 Series C Federal Agency Certificates, the rate of prepayments might be expected to decrease. Foreclosures or repurchases of Single Family Mortgage Loans will also affect the expected special redemption schedules. The Agency cannot predict the number of the Transferred Single Family Mortgage Loans and the Single Family Mortgage Loans backing the 2018 Series C Federal Agency Certificates that may become delinquent, repurchased or foreclosed. For these reasons, the Agency cannot offer any assurances as to the rate at which the Transferred Single Family Mortgage Loans and the Single Family Mortgage Loans backing 2018 Series C Federal Agency Certificates will prepay and offers no assurance that the scheduled amounts will, in fact, be available to effect any redemptions as described herein.

Notice of Redemption of Bonds. When the Trustee receives notice from the Agency, according to the provisions of the Indenture, of its election to redeem Bonds, the Trustee will give notice of such redemption to the Owner or Owners of the Series Bonds as appropriate (DTC, in the event that such Bonds are in book-entry form), which notice will specify the series, maturities and tenor of the Bonds to be redeemed, the redemption date and the places where amounts due upon redemption will be payable. The Indenture provides that with respect to the Series Bonds the Trustee will mail a copy of the notice of redemption not more than 60 days and not less than 30 days before the redemption date, to the Owners of all such Series Bonds to be redeemed. Failure to mail any such notice to the Owner of any Series Bonds or any defect in such notice will not affect the validity of the redemption of any other Series Obligation for which the required notice was given.

SECURITY FOR THE BONDS

All Bonds issued under the Indenture, including the Series Bonds, are secured, to the extent and as provided in such Indenture, by the Trust Estate. The Trust Estate includes all moneys and securities, including Bond proceeds (other than proceeds deposited in trust for the retirement of any outstanding Bonds or other indebtedness of the Agency), and other assets from time to time held by the Trustee under and subject to the terms of the Indenture or any Supplemental Indenture (other than amounts held in the Rebate Fund, if any) and any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder by the Agency, or by anyone in its behalf or with its written consent, to the Trustee.

The Bonds are general obligations of the Agency, for which its full faith and credit are pledged, and are payable from any of the Agency's revenues, assets or moneys, subject only to agreements made with holders of notes and bonds or other indebtedness pledging particular revenues, moneys or assets for the payment thereof. The Bonds will not constitute a debt of the State or any political subdivision thereof, and neither the State nor any of its political subdivisions are liable thereon. The Bonds will not constitute a debt or liability or obligation or a pledge of the faith and credit of the State but will be payable solely from the revenues or assets of the Agency. The State is not liable on the Bonds and the Bonds are not a debt of the State and neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of or the interest on the Bonds.

The Principal payments on the Series Bonds will be established based on the scheduled amortization payments on the Transferred Multifamily Mortgage Loans and the Transferred Single Family Mortgage Loans along with the 2018 Series C Federal Agency Certificates and the New Multifamily Mortgage Loans then expected to be purchased with the proceeds of the Series Bonds, so that even if no Loan Prepayments were received with respect to such Loans, money or cash equivalents expected to be held in the funds and accounts under the Indenture would be sufficient to pay when due the Principal payments and Sinking Fund Installments of and interest on the Series Bonds and all Program

Expenses allocable thereto. Funds (including Loan Prepayments, if any) may be received from time to time in amounts in excess of the amounts necessary to pay the interest on and Principal payments of the Bonds then due. Payments of principal and interest on Loans, including Loan Prepayments, in excess of the amounts necessary to pay interest on and Principal payments of the Bonds, unless applied by the Agency to purchase additional Loans, may be applied to redeem Bonds, including the Series Bonds, prior to maturity. See "**THE SERIES BONDS—Redemption Provisions—*Special Redemption***."

To the extent that Loans are not purchased at the times and interest rates anticipated by the Agency, or timely payment of principal or interest on the Loans is not received when due, or prepayments on Loans are received at a rate substantially higher than assumed, or the Agency suffers losses on Loans in excess of any applicable mortgage insurance or guarantee or in excess of amounts otherwise available therefor or investment income differs from the amount projected by the Agency, the moneys available under the Indenture for payment of the Bonds, including the amounts in the Reserve Fund, may be adversely affected. Certain proceeds of the Bonds, including proceeds on deposit in the Program Fund and the Reserve Fund, have been and will be invested in Permitted Investments. See "**INVESTMENTS AND INVESTMENT AGREEMENTS UNDER THE INDENTURE**."

As of August 31, 2018, Single Family Mortgage Loans in the principal amount of $230,834,355 were outstanding under the Indenture, with $135,616,879 of such amount in the form of Federal Agency Certificates. As of August 31, 2018, Multifamily Mortgage Loans in the principal amount of $16,279,674 were outstanding under the Indenture.

For additional information regarding Single Family Mortgage Loans and the Single Family Program, please see **APPENDICES III, IV** and **VI** hereto and for additional information regarding Multifamily Mortgage Loans and the Multifamily Program, please see **APPENDICES VIII** and **IX** hereto.

Reserve Fund

The Trust Indenture requires that a Reserve Fund be established and provides for its funding and maintenance in an amount at least equal to the Reserve Requirement. The Trust Indenture establishes the Reserve Requirement as an amount at least equal to the aggregate amounts specified, if any, as the Reserve Requirement in the Supplemental Indentures authorizing all Series of Bonds currently outstanding.

The 2018 BCDEFG Supplemental Indenture establishes the Reserve Requirement for the Series Bonds at an amount equal to one-half (50%) of the scheduled maximum annual debt service for the portion of Outstanding Series Bonds allocable to the amount of Transferred Whole Loans, Transferred Multifamily Mortgage Loans and New Multifamily Mortgage Loans then outstanding, calculated as described below; provided, however, that the portion of the 2018 Series BCDEFG Reserve Requirement relating to the Transferred Whole Loans and the Transferred Multifamily Mortgage Loans shall only take effect upon the deposit of the Transferred Whole Loans and the Transferred Multifamily Mortgage Loans on December 10, 2018. To calculate the 2018 Series BCDEFG Reserve Requirement described above, one-half of the scheduled maximum annual debt service for the Outstanding Series Bonds shall be multiplied by the ratio derived from dividing the aggregate principal amount of Transferred Whole Loans, Transferred Multifamily Mortgage Loans and New Multifamily Mortgage Loans then outstanding by the sum of (i) the Transferred Single Family Mortgage Loans then outstanding, (ii) the 2018 Series C Federal Agency Certificates then outstanding, (iii) the Transferred Multifamily Mortgage Loans then outstanding, (iv) the New Multifamily Mortgage Loans then outstanding and (v) the amount of any unexpended proceeds on deposit in the (a) 2018 Series BC Single Family Program Account, if any and (b) 2018 Series DEFG Multifamily Program Account, if any.

Permitted Investments on deposit in the Reserve Fund are valued under the Indenture at par, if purchased at par, or at Amortized Value if purchased at other than par. See "**SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Depositaries of Moneys and Investment of Funds**."

Moneys in the Reserve Fund may not be withdrawn in any amount which would reduce the amount on deposit in the Reserve Fund to less than the Reserve Requirement except for the purpose of paying principal of and interest on Bonds maturing and becoming due for payment and any Sinking Fund Installments and any amounts required to be paid to the Provider of a Hedge Agreement (other than fees, expenses or termination payments payable to such Provider) unless otherwise provided in such Hedge Agreement or any related Supplemental Indenture, for which no other moneys pledged under the Indenture (other than amounts on deposit in the Program Accounts, if any) are available. In lieu of cash or securities, the Trust Indenture allows the Agency to satisfy the Reserve Requirement in part or in whole by maintaining letters of credit, insurance policies, sureties, guarantees or other security arrangements as defined and provided for in a Supplemental Indenture) (collectively, "Cash Equivalents"), which Cash Equivalents shall have the necessary terms to maintain the then current Rating of the Bonds.

For additional information regarding the investments held under the Reserve Fund, see **"INVESTMENTS AND INVESTMENT AGREEMENTS UNDER THE INDENTURE"** herein.

Additional Security

In addition to the security provided for the Bonds under the Trust Indenture and any security provided for Loans under the applicable Supplemental Indenture, to the extent the provision thereof will not adversely affect the unenhanced ratings assigned to any Bonds outstanding by any Rating Agency, the Agency may obtain additional security or Cash Equivalents providing for or further securing the payment of all or a portion of the Principal amount or redemption price of and interest on the Bonds or providing Cash Equivalents or providing for the purchase of Bonds by the issuer or obligor of any such Additional Security or providing for or further securing the payment of the principal and interest and other payments to be made on Loans. See "**SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Cash Equivalents**."

In the 2018 BCDEFG Supplemental Indenture, the Agency has covenanted that so long as any Series Bonds remain Outstanding, no amounts on deposit in the Revenue Fund or the Special Revenue Fund shall be released from the Indenture and transferred to the Agency's General Fund unless the Agency files with the Trustee a certificate showing that on the date thereof (a) the unpaid balance of all Loans and Federal Agency Certificates then held under the Indenture for the account of the Series Bonds, plus the amount then held in all Funds and Accounts under the Indenture attributable to the Series Bonds, other than amounts held in the Rebate Fund and the amounts attributable to the Series Bonds then to be released from the Indenture to the Agency's General Fund, are at least equal to 102% of the principal amount of all Series Bonds plus all interest accrued and unpaid thereon as of such date and (b) the unpaid balance of all Loans and Federal Agency Certificates then held under the Indenture, plus the amount then held in all Funds and Accounts under the Indenture, other than amounts held in the Rebate Fund and the amount then to be released from the Indenture to the Agency's General Fund, are at least equal to 100% of the principal amount of all Bonds plus all interest accrued and unpaid thereon as of such date.

Additional Bonds

The Trust Indenture permits the issuance of additional Bonds thereunder for the purpose of providing funds for effectuating the public purposes as set forth in the Act and, in addition, to refund

outstanding Bonds issued under the Trust Indenture or other bonds or notes of the Agency, so long as the issuance of such additional Bonds would not adversely affect the unenhanced ratings then assigned to any Bonds outstanding by any Rating Agency. Any additional Bonds issued under the Trust Indenture would be on a parity with the outstanding Bonds and would be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Trust Indenture. The Trust Indenture provides that upon the issuance of any such additional Bonds there is to be deposited in the Reserve Fund, if necessary, amounts sufficient to increase the amount therein to the Reserve Requirement calculated after such issuance. See "**SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Authorization and Issuance of Bonds**."

Enforceability of Remedies

The remedies available to the Owners of the Series Bonds upon an event of default under the Indenture or other documents described herein are in many respects dependent upon judicial actions, which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies set forth in the Indenture and the various Program Documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the exercise of judicial discretion in accordance with general equitable principles and by bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally.

INVESTMENTS AND INVESTMENT AGREEMENTS UNDER THE INDENTURE

Amounts deposited in all Funds and Accounts (except the Rebate Account of the Revenue Fund and the Costs of Issuance Account of the Program Fund) under the Indenture and not immediately used for the purchase of Federal Agency Certificates are invested in Permitted Investments. For a discussion of Permitted Investments, please see **APPENDIX V—DEFINITIONS OF CERTAIN TERMS** hereto. Permitted Investments held under the Indenture as of August 31, 2018 are set forth in the below table:

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Investments Under the Indenture as of August 31, 2018

Series of Bonds	Fund or Account	Permitted Investment[2] or Investment Agreement Provider	Amount	Maturity	Interest Rate
2012 Series ABC	Reserve Fund	Fannie Mae Certificate	$1,493,480	10/01/43	3.213%
		Federal Home Loan Mortgage Bonds	602,710	03/15/31	6.75
		Money Market[1]	164,741	N/A	Variable
	Revenue Fund	U.S. Treasury Bonds	2,324,319	10/31/18	0.75-1.75
		Money Market[1]	71,879	N/A	Variable
2013 Series ABC	Reserve Fund	Fannie Mae Certificate	341,926	9/01/43	3.088
		Money Market[1]	63,319	N/A	Variable
	Revenue Fund	U.S. Treasury Bonds	467,683	10/31/18	1.25-1.75
		Money Market	19,490	N/A	Variable
2014 Series AB	Reserve Fund	U.S. Treasury Bonds	551,879	10/31/18	0.75
		Money Market[1]	1,176	N/A	Variable
	Revenue Fund	U.S. Treasury Bonds	1,700,720	10/31/18	0.75-1.75
		Money Market[1]	674	N/A	Variable
2015 Series ABCDE	Reserve Fund	GNMA Certificate	296,308	05/15/40	4.45
		U.S. Treasury Bonds	540,901	10/31/18	0.75
		Money Market[1]	3,150	N/A	Variable
	Revenue Fund	U.S. Treasury Bonds	1,728,981	10/31/18	0.75-1.75
		Money Market[1]	99,969	N/A	Variable
2015 Series FG	Reserve Fund	GNMA Certificate	107,852	07/15/40	4.45
		U.S. Treasury Bonds	125,744	10/31/18	0.75
		Money Market[1]	1,774	N/A	Variable
	Revenue Fund	U.S. Treasury Bonds	1,967,026	10/31/18	0.75-1.75
		Money Market[1]	7,004	N/A	Variable
2016 Series AB	Reserve Fund	GNMA Certificate	115,697	05/15/40	4.50
		U.S. Treasury Bonds	218,556	10/31/18	0.75
		Money Market[1]	1,469	N/A	Variable
	Revenue Fund	U.S. Treasury Bonds	2,124,951	10/31/18	0.75-1.75
		Money Market[1]	7,842	N/A	Variable
2016 Series CD	Reserve Fund	Fannie Mae Certificate	92,615	12/01/39	4.75
		GNMA Certificate	111,615	12/15/39	4.75
		Money Market[1]	8,186	N/A	Variable
	Revenue Fund	U.S. Treasury Bonds	917,727	10/31/18	0.75-1.75
		Money Market[1]	3,742	N/A	Variable
2017 Series AB	Reserve Fund	Fannie Mae Certificate	105,214	12/01/39	5.00
		GNMA Certificate	106,586	06/15/40	4.50
		U.S. Treasury Bonds	169,655	10/31/18	0.75
		Money Market[1]	2,844	N/A	Variable
	Revenue Fund	U.S. Treasury Bonds	2,044,495	10/31/18	0.75-1.75
		Money Market[1]	8,803	N/A	Variable
2017 Series CD	Reserve Fund	Fannie Mae Certificate	464,345	12/01/39	4.75
		GNMA Certificate	396,296	12/15/39	4.50
		U.S. Treasury Bonds	116,763	10/31/18	0.75-1.75
		Money Market[1]	9,565	N/A	Variable
	Revenue Fund	U.S. Treasury Bonds	2,442,939	10/31/18	0.75-1.75
		Money Market[1]	47,557	N/A	Variable
	Program Fund	Bayerische Landesbank	3,589,968	4/15/19	1.59
	Cost of Issuance Fund	Money Market[1]	17,997	N/A	Variable
2018 Series A	Reserve Fund	Fannie Mae Certificate	164,002	11/01/39	5.00
		Money Market[1]	335	N/A	Variable
	Revenue Fund	U.S. Treasury Bonds	228,723	10/31/18	1.25
		Money Market[1]	632,509	N/A	Variable
	Program Fund	Sumimoto Mitsui Banking Corporation	26,354,370	10/15/19	2.37
	Cost of Issuance Fund	Money Market[1]	16,872	N/A	Variable

[1] Wells Fargo Plus Money Market Account.

[2] Federal Agency Certificates held as investments under the Indenture are not included in the listing of Federal Agency Certificates described in **APPENDIX IV** hereto.

The Agency intends to execute a Guaranteed Investment Contract in connection with the issuance of the Series Bonds.

VARIABLE RATE BONDS UNDER THE INDENTURE

The Agency had outstanding one Series of variable rate Bonds in an aggregate principal amount of $3,850,000 as of August 31, 2018. Such Series of variable rate Bonds currently bears interest at a variable rate of interest determined either weekly or daily and is subject to tender at the option of the holders of such Bonds and to mandatory tender in accordance with the terms of the related Supplemental Indenture. Such Bonds may be converted to a different interest rate setting mode, following a mandatory tender of such Bonds as provided in the related Supplemental Indenture.

Liquidity Facilities

The Agency has obtained a Liquidity Facility to provide funds for the purchase of variable rate Bonds of such Series that have been tendered for purchase and not remarketed subject to the terms contained in the related Liquidity Facility. The Agency has covenanted in the Supplemental Indenture with respect to such series of Bonds to maintain a Liquidity Facility with respect to such Series of variable rate Bonds prior to the date, if any, when all such variable rate Bonds are converted to another interest rate mode not requiring a Liquidity Facility under the related Supplemental Indenture. Upon the occurrence of certain events set forth in the related Liquidity Facility, including without limitation, a failed remarketing or certain notice termination events, variable rate Bonds may be subject to increased interest rates and accelerated amortization.

The Series of variable rate Bonds currently outstanding and information relating to Liquidity Facilities currently in place with respect to such Bonds are as follows:

Bond Issue	Date of Initial Issuance	Outstanding Principal (as of August 31, 2018)	Liquidity Facility Provider	Liquidity Facility Expiration Date
2013 Series A	07/24/2013	$3,850,000	TD Bank, N.A.	07/25/2019

[Remainder of page intentionally left blank]

Interest Rate Swaps

The Agency has entered into a master swap agreement in connection with its Multiple Purpose Bonds, with The Bank of New York Mellon ("BNYM") (the "BNYM Master Swap Agreement"). The BNYM Master Swap Agreement was originally provided by UBS AG; such Master Swap Agreement was assigned to BNYM on May 22, 2012. The BYNM Master Swap Agreement constitutes a Qualified Hedge Agreement under the Indenture. Under the BYNM Master Swap Agreement, the Agency has entered into the interest rate swap described below in order to attain a synthetic fixed rate with respect to the variable rate Bonds associated with such interest rate swap. The summary below sets forth the major terms of the interest rate swap transaction as of August 31, 2018.

Interest Rate Swaps
As of August 31, 2018
(In Thousands)

Swap Provider	Series of Bonds	Initial Notional Amount	Outstanding Notional Amount	Effective Date	Fixed Rate Paid by Agency	Variable Rate Received by Agency[1]	Termination Date
BNYM[2]	2013 Series A	$7,200[3]	$3,850	07/24/13[3]	3.682	USD-SIFMA plus .10%	05/01/29

(1) "USD-SIFMA" means the USD-SIFMA Municipal Swap Index.
(2) This interest rate swap was originally associated with prior bonds of the Agency held under its Single Family Housing Resolution; the swap was transferred to the Indenture in conjunction with a refunding of such prior bonds with proceeds of the 2013 Series A Bonds. When originally issued and held under the Single Family Housing Resolution, such swap was initially provided by UBS AG, then assigned by the Agency to The Bank of New York Mellon on May 22, 2012.
(3) The initial notional amount of this interest rate swap was $11,700,000 when entered into on November 30, 2004 and associated with bonds in the Agency's Single Family Housing Resolution; when such swap was transferred to the Indenture as described above on July 24, 2013, its notional amount was $7,200,000.

Scheduled payments made to the Agency by the Swap Provider under the BYNM Master Swap Agreement shall constitute Qualified Hedge Agreement payments under the Bond Resolution and are pledged as security for the Bonds. The requirement to make scheduled payments to the Swap Provider by the Agency under the BNYM Master Swap Agreement is entitled to the lien created by the pledge under the Bond Resolution and is therefore on a parity with the Bonds. The Agency's rights and obligations under the BNYM Master Swap Agreement do not alter the Agency's obligation to pay the principal of, premium, if any, and interest on the Bonds.

Under certain circumstances (including certain events of default with respect to the Agency or the Swap Provider), the interest rate swap pursuant to the BNYM Master Swap Agreement may be terminated in whole or in part prior to the maturity of the Bonds in connection with which the interest rate swap was entered into. Following any termination of an interest rate swap, either the Agency or a Swap Provider may owe a Termination Payment to the other party, depending upon market conditions. Under certain conditions, the Agency could owe a Termination Payment to a Swap Provider, which could be substantial. Such Termination Payment would be payable on a basis subordinate to the payment of principal of and interest on the Bonds, other than any Subordinate Bonds (the Agency, to date, has not issued Subordinate Bonds).

The BNYM Master Swap Agreement contains specific collateral requirements that are in effect with respect to the Agency and the Swap Provider. The swap requires a specific collateral level based on the credit rating of the Swap Provider and the Agency, and the value of such swap. Generally, the value threshold levels decline as the credit ratings of each party decline.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The Indenture contains terms and conditions relating to the issuance and sale of Bonds, including various covenants and security provisions, certain of which are summarized below. This summary does not purport to be comprehensive or definitive and is subject to all of the provisions of the Indenture, to which reference is hereby made, copies of which are available from the Agency or the Trustee. Summary definitions of certain terms used in the Indenture and below are set forth in **APPENDIX V** hereto.

In addition to the provisions of the Indenture summarized below, the 2018 BCDEFG Supplemental Indenture sets forth provisions specific to the Series Bonds and the terms and conditions of such Bonds as well as additional covenants and security provisions applicable to such Bonds (see "**THE SERIES BONDS**" and "**SECURITY FOR THE BONDS**"). The 2018 BCDEFG Supplemental Indenture also establishes additional procedures and requirements in order to meet the requirements of the Code such that interest on the Series Bonds shall be and remain excludable from gross income for federal income tax purposes. See "**TAX MATTERS**."

Indenture as Contract with Bondowners

The Indenture constitutes a contract among the Agency, the Trustee and the Bondowners. The pledge made in the Indenture and the provisions, covenants and agreements therein are for the equal benefit, protection and security of all owners of the Bonds, all of which, regardless of their times of issue or maturity, rank equally without preference, priority or distinction of any Bond over another except as expressly provided in the Indenture.

Pledge of the Indenture

The Indenture creates a continuing pledge and lien on the Trust Estate to secure the full and final payment of the principal and redemption price of and interest on all the Outstanding Bonds. The Trust Estate includes all moneys and securities, including Bond proceeds (other than proceeds deposited in trust for the retirement of any outstanding Bonds or other indebtedness of the Agency), and other assets from time to time held by the Trustee under and subject to the terms of the Indenture or any Supplemental Indenture (other than amounts held in the Rebate Fund, if any) and any and all other real or personal property of every name and nature from time to time by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security under the Indenture by the Agency, or by anyone in its behalf or with its written consent, to the Trustee.

Additionally, the Bonds are general obligations of the Agency, for which its full faith and credit are pledged, and are payable from any of the Agency's revenues, assets or moneys, subject only to agreements made with holders of notes and bonds or other indebtedness, pledging particular revenues, moneys or assets for the payment thereof. The Bonds do not constitute a debt of the State or any political subdivision thereof, and neither the State nor any of its political subdivisions are liable thereon. The Bonds do not constitute a debt or liability or obligation or a pledge of the faith and credit of the State but will be payable solely from the revenues or assets of the Agency. The State is not liable on the Bonds and the Bonds are not a debt of the State and neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of or the interest on the Bonds.

Authorization and Issuance of Bonds

Bonds of the Agency may be issued from time to time in one or more Series without limitation as to amount except as provided in the Indenture or as may be limited by law. The Bonds will be general

obligations of the Agency. The Agency may issue a Series of Bonds by adopting a Supplemental Indenture and delivering to the Trustee, among other things:

- A Counsel's Opinion with respect to the issuance of the Bonds in a form acceptable to the Agency as specified in the Supplemental Indenture;

- A copy of the Supplemental Indenture authorizing such Bonds, which shall specify, among other things, the terms and conditions of the Bonds and the related Reserve Requirement;

- A Certificate stating that (i) the principal amount of the Bonds then to be issued, together with the principal amount of the Bonds, notes and other obligations theretofore issued pursuant to the Act, will not exceed in aggregate principal amount any limitation thereon imposed herein or by law, (ii) upon the issuance and delivery of such Bonds, the Reserve Requirement will be met; and (iii) except in the case of Refunding Bonds, at the time of issuance of such additional Bonds, the Agency shall not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Indenture; and

- Evidence that the Rating Agency has confirmed that such Series will have a Rating no lower than the Rating assigned to Bonds issued prior to the issuance of such Series of Bonds to be issued.

The Agency may, from time to time, issue one or more Series of Bonds as a Refunding Issue upon compliance with the requirements of the Indenture and any applicable Supplemental Indenture to refund Bonds or any other obligations of the Agency.

Cash Equivalents

The Indenture permits the use of a letter of credit, insurance policy, surety, guarantee or other security arrangement (as defined and provided for in the related Supplemental Indenture) (each a "Cash Equivalent"), so long as such Cash Equivalent shall have such terms necessary to maintain the Rating of the Bonds.

Qualified Hedge Agreements

If the Agency shall enter into any Qualified Hedge Agreement with respect to any Bonds and the Agency has made a determination that the Qualified Hedge Agreement was entered into for the purpose of hedging or managing the interest due with respect to specified Bonds, then during the term of the Qualified Hedge Agreement: (a) for purposes of any calculation of debt service, the interest rate on the Bonds with respect to which the Qualified Hedge Agreement applies shall be determined as if such Bonds had interest payments equal to the interest payable on those Bonds less any payments reasonably expected to be made to the Agency by the Provider and plus any payments reasonably expected to be made by the Agency to the Provider in accordance with the terms of the Qualified Hedge Agreement (other than fees, expenses or termination payments payable to such Provider for providing the Qualified Hedge Agreement); (b) any such payments (other than fees and termination payments) required to be made by the Agency to the Provider pursuant to such Qualified Hedge Agreement shall be made from amounts on deposit in the Debt Service Fund, unless otherwise specified by the Agency to be paid from other moneys; (c) any such payments received by or for the account of the Agency from the Provider pursuant to such Qualified Hedge Agreement shall constitute Revenues and be deposited in the Revenue Fund; and (d) fees not equivalent to regular Bond debt service payments, expenses and termination payments, if any, payable to the Provider may be deemed to be debt service and paid from amounts on deposit in the Revenue Fund but subordinate to payment of principal, interest and Sinking Fund Installments on the Bonds (and amounts equivalent to such payments payable to a Provider under a Hedge Agreement) and

amounts required to be deposited to the Reserve Fund, or such funds in the Indenture as are specifically designated by the Agency, in each case if and to the extent expressly provided in the Qualified Hedge Agreement or applicable Supplemental Indenture.

Establishment of Funds and Accounts

The Indenture establishes or authorizes the establishment of the following funds and accounts to be held by the Trustee:

Program Fund
Revenue Fund
Debt Service Fund
Reserve Fund
Rebate Fund
Special Program Fund

In addition, within the Program Fund, the Series 2018 BCDEFG Supplemental Indenture establishes the 2018 Series BC Single Family Program Account, the 2018 Series C Premium Account, the 2018 Series DEFG Multifamily Program Account and the 2018 Series BCDEFG Cost of Issuance Account.

Unless otherwise provided in a Supplemental Indenture or a Certificate, the Trustee shall establish in each Fund a separate Account for each Series of Bonds. Except as otherwise provided, the proceeds of a particular Series of Bonds issued pursuant to a Supplemental Indenture and the earnings on investments of moneys in the Funds or Accounts relating to a particular Series of Bonds, when required to be deposited in any Fund, shall be deposited or credited to the Account established therein for that particular Series of Bonds. Withdrawals from Funds and Accounts in connection with a particular Series of Bonds may be made and used (including for purposes of redemption) for such Series of Bonds as well as any other Series of Bonds unless specifically prohibited in a related Supplemental Indenture. For purposes of investment, the Trustee and the Agency may consolidate the Accounts required to be established in a particular Fund into one Fund so long as adequate records are maintained as to the amounts held in each such Fund allocable to each Series of Bonds.

Program Fund

Program Fund moneys may be used for any purpose set forth in a Supplemental Indenture. The Trustee may also, to the extent amounts are insufficient in the Revenue Fund to pay principal of or interest on the Bonds or any Sinking Fund Installment when due, transfer (after transferring amounts in any capitalized interest account established in connection with a Supplemental Indenture, the Special Program Fund and the Reserve Fund) moneys from the Program Fund (to the extent of amounts available therein) to the Revenue Fund to pay principal of or interest on the Bonds and any Sinking Fund Installments. Additionally, amounts or assets credited to the Program Fund may, upon the direction of an Authorized Officer, be transferred or credited by the Trustee to the Revenue Fund or another Fund or Account or to the Agency at such times as directed by such Authorized Officer.

Revenue Fund

All moneys and amounts pledged hereunder shall, promptly upon receipt by the Agency, be deposited in the Revenue Fund.

On or before each interest payment date for the Outstanding Bonds, or on such other dates as may be directed in a Supplemental Indenture, the Trustee will transfer from the Revenue Fund the balance on deposit in such Fund as follows in the following order of priority:

- To the Debt Service Fund, an amount equal to the unpaid interest due on the Bonds on that date, and on any redemption date or purchase date pursuant to the Indenture, an amount equal to the unpaid interest due on the Bonds to be paid, redeemed or purchased, and any amounts required to be paid to the Provider of a Qualified Hedge Agreement (other than fees, expenses or termination payments payable to such Provider of the Qualified Hedge Agreement) equivalent to interest;

- To the Debt Service Fund, (i) an amount equal to the principal amount of the Outstanding Bonds, if any, due (whether by maturity, redemption or otherwise) on that date, and (ii) an amount equal to the Sinking Fund Installment, if any, due on that date; and

- To the Reserve Fund, if and to the extent required so that the amount therein shall equal the Reserve Requirement.

The Trustee shall, to the extent the amount in the Revenue Fund and the Debt Service Fund is insufficient to pay principal of or interest on the Bonds or amounts owed to a Provider under a Hedge Agreement equivalent to interest (other than fees, expenses or termination payments, except as otherwise provided in the Indenture) or any Sinking Fund Installment when due, transfer the amount of such deficiency from the following funds in the following order: (i) any amounts in any capitalized interest account established pursuant to a Supplemental Indenture, (ii) the Special Program Fund, if any, to the extent of amounts available therein and therefor, (iii) the Reserve Fund, to the extent of amounts available therein, and (iv) the Program Fund, to the extent of amounts available therein and therefor. In the event that the amount in such funds is insufficient, the Trustee shall immediately provide written notice thereof to the Agency, and the Agency shall transfer, or cause to be transferred, to the Trustee for deposit to the Revenue Fund an amount sufficient and available, when added to amounts in the Debt Service Fund, to pay principal of or interest on the Bonds or amounts owed to a Provider under a Hedge Agreement equivalent to interest (other than fees, expenses or termination payments, except as otherwise provided in the Indenture) or any Sinking Fund Installment when due.

So long as there shall be held in the Debt Service Fund an amount sufficient to fully pay all Outstanding Bonds in accordance with their terms (including Principal Amount or Redemption Price and interest) and all amounts due the Provider of a Qualified Hedge Agreement (other than fees, expenses or termination payments, except as otherwise provided in the Indenture), no deposits shall be required to be made into the Debt Service Fund.

Amounts or assets in the Revenue Fund may, on and after each Interest Payment Date upon the direction of an Authorized Officer, be transferred or credited by the Trustee to another Fund or Account or to the Agency at such times as directed by such Authorized Officer.

Debt Service Fund

On each Interest Payment Date and any other date on which interest on the Bonds is payable, the Trustee shall withdraw from the Debt Service Fund an amount equal to the unpaid interest due on the Bonds on that date, and on any redemption date or purchase date pursuant to the Indenture, an amount equal to the unpaid interest due on the Bonds to be paid, redeemed or purchased, and any amounts required to be paid to the Provider of a Qualified Hedge Agreement (other than fees, expenses or termination payments payable to such Provider of the Qualified Hedge Agreement) equivalent to interest

and shall cause it to be applied to the payment of said interest or amount when due, or shall transmit it to one or more Paying Agents, who shall apply it to such payment.

The Trustee shall withdraw from the Debt Service Fund on each date on which principal of the Bonds is payable (i) an amount equal to the principal amount of the Outstanding Bonds, if any, due (whether by maturity, redemption or otherwise) on that date, which shall be applied to the payment or purchase of the principal of said Bonds or transmitted to one or more Paying Agents who shall apply it to such payment and (ii) an amount equal to the Sinking Fund Installment, if any, due on that date, which shall be applied to the redemption of Bonds to be redeemed on that date or transmitted to one or more Paying Agents who shall apply it to such redemption.

Unless other dates are specified in the Supplemental Indenture authorizing a Series of Bonds, on or before the thirty-first day prior to each such date on which a Sinking Fund Installment is due, the Trustee shall proceed to select for redemption in the manner provided in this heading "—Debt Service Fund" from all Outstanding Bonds of the Series subject to redemption from such Sinking Fund Installment an amount of such Bonds, equal to the aggregate principal amount of such Bonds redeemable with such Sinking Fund Installment, and shall call such Bonds for redemption from such Sinking Fund Installment on the next succeeding date for redemption, and give notice of such call in accordance with the Indenture. On or before the fortieth day next preceding any date on which a Sinking Fund Installment is due, the Agency, by a Certificate, may (i) deliver to the Trustee for cancellation Bonds which are subject to redemption from such Sinking Fund Installment, or portions thereof, in any aggregate principal amount desired or (ii) receive a credit in respect of its Sinking Fund Installment obligation for any such Bonds, which prior to said date have been delivered to the Trustee for cancellation or redeemed (otherwise than through redemption from a Sinking Fund Installment) and canceled by the Trustee and not theretofore applied as a credit against any Sinking Fund Installment obligation. Each Bond or portion thereof so delivered or previously redeemed shall be credited by the Trustee at the principal amount thereof on the obligation with respect to such Sinking Fund Installments as the Certificate shall direct and the principal amount of such Bonds to be redeemed by such Sinking Fund Installment shall be accordingly reduced.

Amounts or assets in the Debt Service Fund may, on and after each Interest Payment Date upon the direction of an Authorized Officer, be transferred or credited by the Trustee to another Fund or Account or to the Agency at such times as directed by such Authorized Officer.

Reserve Fund

An amount equal to the Reserve Requirement shall be maintained in the Reserve Fund, from the proceeds of the sale of the Bonds or such other sources as specified by a direction of an Authorized Officer. The Trustee shall, to the extent the amount in the Revenue Fund is insufficient to pay principal of and interest on the Bonds and any Sinking Fund Installments and any amounts required to be paid to the Provider of a Hedge Agreement (other than fees, expenses or termination payments payable to such Provider) unless otherwise provided in such Hedge Agreement or any related Supplemental Indenture, transfer from the Reserve Fund (after transferring any amounts in any capitalized interest account established pursuant to a Supplemental Indenture or the Special Program Fund (to the extent of amounts available therein and therefor)) to the Revenue Fund to pay the principal of and interest on the Bonds and any Sinking Fund Installments and any amounts required to be paid to the Provider of a Hedge Agreement (other than fees, expenses or termination payments payable to such Provider) unless otherwise provided in such Hedge Agreement or any related Supplemental Indenture. The Trustee shall notify the Agency in writing prior to any such withdrawal from the Reserve Fund. Within six months of any such withdrawal, the Agency shall, if permitted under the Act or applicable laws of the State, deposit in the Reserve Fund an amount sufficient to replenish the Reserve Fund to the Reserve Requirement.

Any balance in the Reserve Fund in excess of the Reserve Requirement shall, upon the direction of a Certificate, be transferred or credited by the Trustee to the Revenue Fund or other Fund or Account or to the Agency at such times as directed by such Authorized Officer.

The Reserve Requirement with respect to the applicable Series of Bonds may be funded through Cash Equivalents. In connection with any discussion related to the Indenture of "moneys" on deposit in or held for the credit of the Reserve Fund, "moneys" shall be deemed to include said Cash Equivalents.

Rebate Fund

There shall be deposited in the Rebate Fund, as directed by a Certificate of an Authorized Officer, such amounts determined by the Agency as are necessary to satisfy any "arbitrage rebate requirements" to comply with the requirements of Section 148 of the Code. Payments shall be made from the Rebate Fund, as directed by a Certificate of an Authorized Officer, at such times and in such amounts as are necessary to comply with the requirements of Section 148 of the Code.

Special Program Fund

If and to the extent directed by a Certificate of an Authorized Officer, the Trustee shall create the Special Program Fund, or accounts therein, and from time to time (i) pay out money from the Special Program Fund for any purpose permitted under the Act and (ii) transfer funds to the Agency free and clear of the lien of the Indenture.

The Trustee shall, to the extent the amount in the Revenue Fund is insufficient to pay the principal of and interest on the Bonds and any Sinking Fund Installment when due and any amounts required to be paid to the Provider of a Hedge Agreement (other than fees, expenses or termination payments payable to such Provider) unless otherwise provided in such Hedge Agreement or any related Supplemental Indenture, transfer (after transferring amounts in any capitalized interest account established in connection with a Supplemental Indenture) moneys from the Special Program Fund, to the extent of amounts therein which are not otherwise restricted for specific purposes, to the Revenue Fund to pay the principal of and interest on the Bonds and any Sinking Fund Installment and any amounts required to be paid to the Provider of a Hedge Agreement (other than fees, expenses or termination payments payable to such Provider) unless otherwise provided in such Hedge Agreement or any related Supplemental Indenture.

Depositaries of Moneys and Investment of Funds

Except as otherwise provided below, the Agency may direct the Trustee to, and in the absence of direction the Trustee shall, invest moneys in the Funds and the Accounts held by the Trustee in Permitted Investments, the maturity or redemption date at the option of the holder of which shall not exceed the date or dates on which moneys in said Fund or Account for which the investments were made are reasonably expected to be required for the purposes provided in the Indenture and any related Supplemental Indenture.

Obligations purchased as an investment of moneys in any Fund or Account held by the Trustee under the provisions of the Indenture shall be deemed at all times to be a part of such Fund or Account. Moneys in separate Funds and Accounts may be commingled for the purpose of investment or deposit, subject to instructions from an Authorized Officer, to the extent possible in conformity with the provisions of the Indenture, so long as adequate records are maintained as to the amounts held in each such Fund or Account allocable to each Series of Bonds.

In computing the amount in any Fund or Account held by the Trustee under the provisions of the Indenture, obligations purchased by the Trustee or transferred by the Agency to the Trustee as an investment of moneys therein shall be valued at the Amortized Value, plus the amount of accrued interest, except that securities covered by repurchase agreements shall be valued at market price. Where market prices for obligations held by the Trustee are not readily available, the Trustee may determine the market price for such obligations in such manner as it deems reasonable. To the extent that moneys are invested pursuant to an Investment Agreement, such Investment Agreement shall be valued at par, unless the provider of the Investment Agreement is in default of its payments thereunder in which case it shall be valued as provided in the immediately preceding sentence.

At the direction of an Authorized Officer, the Trustee shall sell outright or pursuant to a repurchase agreement at the best price reasonably obtainable, or present for redemption, any obligation purchased by it as an investment whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the Fund or Account for which such investment was made. When transferring moneys from one Fund or Account to another, investments need not be liquidated, and all or a portion of such invested moneys may be credited to a particular Fund or Account from another.

Issuance of Additional Obligations

So long as any Bonds are Outstanding, the Agency covenants that it will not create or permit the creation of or issue any obligations or create any additional indebtedness (other than additional Series of Bonds) which will be secured by a superior or equal charge or superior or equal lien on the amounts pledged under the Indenture or will be payable, on an equal or superior basis, from any of the Funds or Accounts established and created by or pursuant to the Indenture. The Agency may, however, issue evidences of indebtedness (including general obligations of the Agency) not issued and secured under the Indenture.

Supplemental Indentures

Any of the provisions of the Indenture may be amended by the Agency by a Supplemental Indenture with the consent of (i) the holders of not less than a majority in aggregate Principal amount of the Bonds then outstanding at the time such consent is given and (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, the holders of not less than a majority in aggregate principal amount of the Bonds of the particular Series Outstanding affected at the time of such consent is given, shall have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the Agency and the Trustee of such indentures supplemental hereto as shall be deemed necessary and desirable by the Agency for the purpose of modifying, altering, amending, adding to or rescinding, in particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indentures; provided however, that except as set forth in the last paragraph under this heading or in the case of consent given by all of the holders of the Bonds then Outstanding, no such modification or amendment may permit (i) an extension of the maturity or mandatory sinking fund redemption date of the principal of or the time for payment of the interest on any Bond issued under the Indenture, (ii) a reduction in the principal amount of any Bond or the rate of interest (except as otherwise provided in a Supplemental Indenture), or sinking fund redemption requirements, thereon, (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, (iv) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture, or (v) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee without the written consent of the Trustee.

For the purposes of the above paragraph, Bonds of any particular Series shall be deemed to be affected by a modification or amendment of the Indenture if the same materially or adversely affects or

diminishes the rights of the holders of Bonds of such Series. The Trustee, relying upon Counsel's opinion, may determine whether or not, in accordance with the foregoing powers of amendment, Bonds of any particular Series or maturity would be affected by a modification or amendment of the Indenture, and any such determination shall be binding and conclusive on the Agency and all holders of Bonds. With respect to matters affecting the security for the Bonds, the Trustee may conclusively rely upon written evidence from each Rating Agency that a change will not adversely affect the Rating on the Outstanding Bonds.

Notwithstanding anything contained in the foregoing paragraphs, with the consent of all of the holders of all the Bonds then Outstanding, the terms and provisions of the Indenture, and the rights and obligations of the Agency and the holders of the Bonds, in any particular, may be modified or amended in any respect upon the execution by the Agency and filing in accordance with the provisions of a Supplemental Indenture of the Agency making such modification or amendment; provided, however, that no such modification or amendment shall change or modify any of the rights, obligations, duties, remedies, immunities and privileges of the Trustee without the written consent of the Trustee.

In addition, the Agency may enter into an agreement with any Bondholder restricting one or more rights of such Bondholder, provided that such agreement shall affect only such Bondholder (or assigns) and such agreement shall not grant such Bondholder any rights or privileges not afforded other Bondholders.

Notwithstanding anything in this paragraph to the contrary, the Agency may not modify or supplement the Indenture as described in "**—Debt Service Fund**" with respect to a Series of Bonds insured by a policy of municipal bond insurance without the prior written consent of the applicable provider of such municipal bond insurance.

The Agency may adopt (without the consent of any Owners of the Bonds) Supplemental Indentures to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Indenture or to insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable, not materially adverse to the security of the Bondholders and not contrary to or inconsistent with the Indenture as theretofore in effect.

Events of Default

Events of Default specified in the Indenture include (i) interest on any of the Bonds is not paid on any date when due or the principal of any Bonds is not paid at maturity or the redemption price of any Bond is not paid at a Redemption Date at which such Bonds have been called for redemption, or regular payments (excluding fees, expenses or termination payments) on a Qualified Hedge Agreement are not paid when due, (ii) if there is a default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Agency in the Indenture, in any Supplemental Indenture or in the Bonds contained, and such default is not remedied within 60 days after notice thereof pursuant to the Indenture, or (iii) the Agency files a petition seeking a composition of indebtedness under the federal bankruptcy laws or under any applicable law or statute of the United States of America or of the State, or if the State has limited or altered the rights of the Agency pursuant to the Act, as in force on the date of the Indenture, to fulfill the terms of any agreements made with the Holders of Bonds or in any way impaired the rights and remedies of Holders of Bonds while any Bonds are Outstanding.

Remedies

Upon the occurrence of any Event of Default, the Trustee in its own name may pursue, and upon the written request of the Owners of not less than a majority in aggregate Principal amount of the Bonds

then Outstanding, must pursue, any available remedy under the Act, at law or in equity, to enforce the payment of the principal of, premium, if any, and interest on the Bonds then Outstanding, and any other creditors secured hereunder, including, without limitation, the following:

- The Trustee may declare the principal amount of all Bonds Outstanding and the interest accrued thereon to be immediately due and payable, whereupon such principal amount and interest shall thereupon become immediately due and payable, if an Event of Default pursuant to clause (i) under "—**Events of Default**" above;

- The books and records of the Agency relating to the Bonds shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys, but only to the extent that such inspection and use does not challenge, in the Agency's discretion, the confidentiality of such books and records as well as other related communications of the Agency; and

- The Agency, whenever the Trustee shall demand, will account as if it were the trustee of an express trust for all money, securities and Funds and Accounts pledged or held under the Indenture for such period as shall be stated in such demand.

Notwithstanding anything herein to the contrary, upon the occurrence and continuance of an Event of Default with respect to a Series of Bonds insured by a policy of municipal bond insurance, the related provider of such municipal bond insurance is entitled to control and direct the enforcement of all rights and remedies granted to the owners of the related Series of Bonds or the Trustee for the benefit of the owners of such Series of Bonds under the Indenture, including, without limitation: (a) the right to accelerate the principal of the related Series of Bonds and (b) the right to annul any declaration of acceleration, and the related municipal bond insurance provider is also entitled to approve all waivers of Events of Default.

Application Moneys After Default

All moneys received by the Trustee pursuant to any right given upon an Event of Default or action taken under the allowed actions for remedy of such Event of Default, following the satisfaction of any payments due the Trustee under the Indenture, be deposited in the Revenue Fund and all moneys in the Revenue Fund (other than moneys held for redemption of Bonds duly called for redemption) shall be applied as described below.

Unless the principal amount of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied in the following order of priority:

- To the payment to the persons entitled thereto of all interest then due on the Bonds, in the order of the maturity of such interest and, if the amount available shall not be sufficient to pay in full said amount, then to the payment ratably, according to the amounts due to the persons entitled thereto, without any discrimination or privilege;

- To the payment to the persons entitled thereto of the unpaid principal amount of any of the Bonds which shall have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, with interest on such Bonds from the respective dates upon which they became due at the rate borne by the Bonds and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to

the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege;

- To be held for the payment to the persons entitled thereto as the same shall become due of the principal amount of and interest on the Bonds which may thereafter become due either at maturity or upon call for redemption prior to maturity and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with interest then due and owing thereon, payment shall be made ratably according to the amount of principal due on such date to the persons entitled thereto without any discrimination or privilege;

- To the payment of any amounts due and payable to any bond insurer; and

- To the payment of fees, expenses and termination payments due and payable under a Qualified Hedge Agreement.

If the principal amount of all the Bonds shall have become or shall have been declared due, all such moneys shall be applied; first, to the payment of the principal amount and interest then due and unpaid upon the Bonds, without preference or priority of principal amount over interest or of interest over principal amount, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal amount and interest, to the persons entitled thereto without any discrimination or privilege; and second, to fees, expenses and termination payments due and payable under a Hedge Agreement.

With respect to the foregoing, amounts due under a Qualified Hedge Agreement which are equivalent to Bond interest shall be treated as Bond interest.

Whenever all principal amounts of and interest on all Bonds have been paid and all fees, expenses and charges of the Trustee and any Paying Agent and Provider of a Hedge Agreement have been paid, any balance remaining in the Revenue Fund shall be paid to the Agency.

Discharge of Lien

If the Agency shall pay or cause to be paid, or there shall otherwise be paid or provision for payment made, to the holders of the Bonds the principal amount of, premium, if any, and interest due or to become due thereon and to Providers amounts due under a Qualified Hedge Agreement, at the times and in the manner stipulated therein, then unless there shall be delivered to the Trustee a Certificate to the contrary, the presents and the estate and rights granted by the Indenture shall cease, determine and be void, whereupon the Trustee shall cancel and discharge the lien of the Indenture, and execute and deliver to the Agency such instruments in writing as shall be requisite to release the lien of the Indenture, and reconvey, release, assign and deliver unto the Agency any and all the estate, right, title and interest in and to any and all rights or property assigned or pledged to the Trustee or otherwise subject to the lien of the Indenture, except cash held by the Trustee or any Paying Agent for the payment of the principal amount of, premium, if any, and interest on any Series of Bonds.

Any Bond shall be deemed to be paid within the meaning of this subheading "—**Discharge of Lien**" and for all purposes of the Indenture and any Supplemental Indenture when payment of the principal amount of and premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided herein), either (i) shall have been made or caused to be made in accordance with the terms thereof or (ii) shall have been provided by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment (a) moneys sufficient to make such payment and/or (b) Federal Obligations (which may be

subject to redemption prior to maturity only if such terms of redemption do not adversely affect the Rating of the Bonds) maturing as to principal and interest in such amount and at such time as will ensure the availability of sufficient moneys to make such payment. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or Federal Obligations.

Notwithstanding the foregoing, in the case of Bonds which by their terms may be redeemed prior to their stated maturity, no deposit under the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until the Agency shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instruction:

(i) stating the date when the principal amount (and premium, if any) of each such Bond is to be paid, whether at maturity or on a redemption date;

(ii) to call for redemption pursuant to the Indenture (and at such times as notice thereof may be given in accordance with the Indenture) any Bonds to be redeemed prior to maturity pursuant to in clause (b) of the preceding paragraph hereof; and

(iii) to mail, as soon as practicable, in the manner prescribed by the Indenture, a notice to the holders of such Bonds and to each Rating Agency that the deposit required by clause (b) of the preceding paragraph above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Indenture and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal amount or redemption price, if applicable, on said Bonds as specified in (i) hereof and, if a maturity date is stated, whether or not such Bonds continue to be subject to redemption.

All moneys so deposited with the Trustee as provided above may at the direction of the Agency also be invested and reinvested in Federal Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Federal Obligations in the hands of the Trustee pursuant to the Indenture which is not required for the payment of the Bonds and interest and premium, if any, thereon with respect to which such moneys shall have been so deposited shall be deposited in the Revenue Fund as and when realized and collected for such an application as are other moneys deposited in such Fund.

Notwithstanding any provision of any other provision of the Indenture which may be contrary to the provisions of this subheading of "—**Discharge of Lien,**" all moneys or Federal Obligations set aside and held in trust pursuant to the provisions of this subheading of "—**Discharge of Lien**" for the payment of Bonds (including interest and premium thereon, if any) shall be applied to and used solely for the payment of the particular Bonds (including interest and premium thereof, if any) with respect to which such moneys and Federal Obligations have been so set aside in trust.

Anything in "—**Supplemental Indentures**" above to the contrary notwithstanding, if moneys or Federal Obligations have been deposited or set aside with the Trustee pursuant to this subheading of "—**Discharge of Lien**" for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment to the provisions of this heading "—**Discharge of Lien"** shall be made without the consent of the holder of each Bond affected thereby.

TRUSTEE

The Trustee for the Series Bonds is Wells Fargo Bank, National Association ("Wells Fargo"), with corporate trust offices located in Minneapolis, Minnesota. The Trustee also acts as Paying Agent for

the Series Bonds. Payments of principal, premiums, if any, and interest on the Series Bonds are payable at the Paying Agent's corporate trust office in Minneapolis, Minnesota.

AGREEMENT OF THE STATE

Under the Act, the State pledges and agrees with the Owners of bonds of the Agency that the State will not limit or restrict the rights vested in the Agency to perform its obligations and to fulfill the terms of any agreement made with the Owners of its bonds or in any way impair the rights and remedies of the Owners of the bonds until the bonds and interest thereon are fully met, paid and discharged.

The Act provides that bonds and other obligations of the Agency will not be deemed to constitute a debt or liability or obligation of the State or of any political subdivision thereof or a pledge of the faith and credit of the State or of any political subdivision, but will be payable solely from and secured solely by a pledge of the Trust Estate established under the Indenture.

NO LITIGATION

There is no controversy or litigation of any nature now pending or, to the knowledge of the Agency, threatened, restraining or enjoining the issuance, sale, execution or delivery of the Series Bonds or the purchasing of Loans with the proceeds of the Series Bonds or in any way contesting or affecting any authority for the issuance or validity of the Series Bonds, any proceedings of the Agency taken with respect to the issuance or sale thereof, the pledge or application of any money or security provided for the payment of the Series Bonds or the existence or powers of the Agency.

INDEPENDENT AUDITORS

The financial statements of the Agency for the year ended June 30, 2018 included in **APPENDIX I** hereto have been audited by CohnReznick LLP, independent certified public accountants, whose report thereon is also included in **APPENDIX I**. CohnReznick LLP has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. CohnReznick LLP also has not performed any procedures relating to this Official Statement.

RATINGS

Moody's Investors Service, Inc. ("Moody's") has assigned its municipal bond rating of "Aa2" to the Series Bonds. Fitch Ratings Inc. ("Fitch") has assigned its municipal bond rating of "AA" to the Series Bonds. Such ratings reflect only the views of such organizations and an explanation of the significance of such ratings can only be obtained from the rating agency furnishing the same.

The ratings are not recommendations to buy, sell or hold the Series Bonds. There is no assurance that such ratings will be maintained for any period of time or that such ratings will not be withdrawn or revised downward by Moody's or Fitch if, in their judgment, circumstances so warrant. Therefore, after the date hereof, investors should not assume that such rating is still in effect. The Agency has not assumed any responsibility either to notify the beneficial owners of any proposed rating change or withdrawal of such rating subsequent to the date of this Official Statement, except in connection with the reporting of events as provided in the Continuing Disclosure Agreement (see "**CONTINUING DISCLOSURE**" below) or to contest any such revision or withdrawal. A downward revision or withdrawal of such rating, if taken, could have an adverse effect on the market price of the Series Bonds.

An explanation of the Moody's rating may be obtained by writing to Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; and an explanation of the Fitch rating may be obtained by writing to Fitch Ratings, One State Street Plaza, New York, New York 10004.

CONTINUING DISCLOSURE

The Agency has covenanted for the benefit of holders and beneficial owners of the Series Bonds to provide certain financial information and operating data relating to the Agency by not later than 180 days following the end of the Agency's Fiscal Year (which currently is June 30) (the "Annual Report"), commencing with the report for the 2018 Fiscal Year, and to provide notices of the occurrence of certain enumerated events, if material. The notices of material events, if any, and the Annual Report will be filed by the Agency with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") system. The specific nature of the information to be contained in the Annual Report or the notices of material events is summarized in **APPENDIX XI—FORM OF CONTINUING DISCLOSURE AGREEMENT** hereto. These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

During the previous five years, there have been instances where the Agency has not complied in all respects with the annual financial information and operating data requirements of its Continuing Disclosure Agreements (i) related to two series of its Multiple Purpose Bonds, (ii) related to its Single Family Housing Bonds issued by the Agency pursuant to a separate bond indenture, and (iii) related to its Multi-Family Mortgage Bonds issued by the Agency pursuant to a separate bond indenture. With regards to the Multiple Purpose Bonds, the disclosure deficiencies were (i) the failure to properly cross-reference a timely filed data chart required in connection with additional annual financial information to the CUSIPs for the 2007 Series C Bonds and 2008 Series C Bonds for the 2013 fiscal year; such information has since been associated with the CUSIPs for those Bonds, and (ii) three late bond redemption notice filings by the Trustee (such redemption notices were posted by the Trustee on April 22, 2016, after the due date of March 30, 2016). For its timely filed annual financial information and operating data relating to its Single Family Housing Bonds, (i) for Fiscal Year 2013 the annual data reports were timely submitted for each series of bonds but the content of such submissions was incomplete (the Agency has corrected those filings on EMMA) and (ii) for Fiscal Year 2014, the annual data report for each series of Single Family Housing Bonds was timely filed on December 23, 2014, but an amended report was filed on January 7, 2015, 12 days after the end of the reporting period. With regards to its Multi-Family Mortgage Bonds, there was a failure to properly associate the CUSIPs for its Multi-Family Mortgage Bonds, 2014 Series ABC with its timely filed Multi-Family Mortgage Bond annual data report for Fiscal Year 2014; such report has since been associated with the CUSIPs for its Multi-Family Mortgage Bonds 2014 Series ABC. Additionally, the Agency failed to disclose three insurer-related downgrades of its Single Family Housing Bonds. The Agency has implemented procedures intended to ensure correct filings for its future continuing disclosure obligations.

APPROVAL OF LEGALITY

All legal matters related to the authorization, issuance, sale and delivery of the Series Bonds are subject to the approval of Kutak Rock LLP, Bond Counsel. The unqualified approving opinion of Bond Counsel in substantially the form attached hereto as **APPENDIX XII** hereto will be delivered with the Series Bonds. Certain legal matters will be passed upon for the Agency by George N. Demas, General Counsel of the Agency and for the Underwriters by Chapman and Cutler LLP, Chicago, Illinois, counsel to the Underwriters.

UNDERWRITING

Raymond James & Associates, Inc. ("Raymond James") and Morgan Stanley & Co. LLC ("Morgan Stanley" and, together with Raymond James, the "Underwriters") have jointly and severally agreed, subject to certain conditions, to purchase all of the Series Bonds from the Agency at the prices set forth on the inside cover page hereof, less an underwriters' fee of $293,942.49. The obligations of the Underwriters to purchase the Series Bonds are subject to certain terms and conditions set forth in the purchase contract for the Series Bonds.

The Series Bonds may be offered and sold to certain dealers, banks and others at prices lower than the initial public offering prices, and such initial offering prices may be changed from time to time, by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates, from time to time, may have performed and in the future may perform, various investment banking services for the Agency, for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, such Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Agency.

Morgan Stanley & Co. LLC, an underwriter of the Series Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series Bonds.

TAX MATTERS

2018 Series B Bonds, 2018 Series C Bonds, 2018 Series D Bonds and 2018 Series E Bonds

General

In the opinion of Bond Counsel, and assuming compliance by the Agency with covenants in the Indenture described in the succeeding paragraphs, under existing laws, regulations, rulings and judicial decisions, interest on the 2018 Series B Bonds, the 2018 Series C Bonds, the 2018 Series D Bonds and the 2018 Series E Bonds (collectively, the "Tax-Exempt Series Bonds") is excluded from gross income for federal income tax purposes, except that no opinion is expressed with respect to interest on any 2017 Series D Bond or 2018 Series E Bond for any period during which it is held by a "substantial user" of the multifamily facilities allocated to the 2018 Series D Bonds or the 2018 Series E Bonds or a "related person," as those terms are defined in Section 147 of the Code. The form of such Bond Counsel opinion is attached hereto as **APPENDIX XII** hereto.

Bond Counsel is further of the opinion that (i) interest on the 2018 Series B Bonds and the 2018 Series D Bonds is a separate tax preference item for purposes of calculating the federal alternative minimum tax imposed by the Code on individuals, and, for tax years beginning before January 1, 2018,

corporations and (ii) interest on the 2018 Series C Bonds and the 2018 Series E Bonds is not a separate tax preference item for purposes of the federal alternative minimum tax and is not included in corporations' calculations of adjusted current earnings for purposes of the federal alternative minimum tax.

The Code provides that interest on obligations of a governmental unit such as the Agency issued to finance single family residences and multifamily developments is excluded from gross income for federal income tax purposes only if certain requirements are met, including use of proceeds to (i) finance Single Family Housing are limited with respect to (a) the terms, amount and purpose of the Transferred Single Family Mortgage Loans and the single family mortgage loans pooled into the Federal Agency Certificates financed by the obligations, (b) the single family nature of the residences and the mortgages pooled into the Federal Agency Certificates and (c) the eligibility of the borrowers executing such single family mortgages and (ii) the terms, amounts, purpose and uses of the Developments financed by the Transferred Multifamily Mortgage Loans and the New Multifamily Mortgage Loans. Such requirements must be satisfied on a continuing basis subsequent to the issuance of such obligations in order for interest thereon to remain excluded from gross income for federal income tax purposes. The Code requires that the Agency provide restrictions in all relevant documents to permit financing only in accordance with such requirements and that the Agency establish reasonable procedures to ensure compliance.

The Agency has included provisions in the 2018 BCDEFG Supplemental Indenture, the Procedural Guide and the Multifamily Mortgage Loan Documents, and has established certain procedures to ensure compliance with the requirements of the Code relating to the Mortgage Loans, including the Transferred Single Family Mortgage Loans and the Transferred Multifamily Mortgage Loans. The Agency believes that the procedures established for the purpose of fulfilling the requirements of the Code are sufficient to ensure that the proceeds of the Tax-Exempt Series Bonds will be applied in accordance with such requirements in order for interest on the Tax-Exempt Series Bonds to remain excluded from gross income for federal income tax purposes. In the opinion of Bond Counsel, the 2018 BCDEFG Supplemental Indenture, the Procedural Guide and the Multifamily Mortgage Loan Documents establish procedures which, if followed, will cause such requirements to be satisfied.

The 2018 Series E Bonds are issued partially as "qualified 501(c)(3) bonds" pursuant to Section 145 of the Code. As such, as a condition to exclusion from gross income of interest on the 2018 Series E Bonds for federal income tax purposes, it is required that the facilities financed with the proceeds of the qualified 501(c)(3) bonds be owned by an organization that qualifies under Section 501(c)(3) of the Code, and that no portion of such facilities be used in the trade or business of a person or entity that is not a Section 501(c)(3) organization. The Agency and the owner of the facilities financed with proceeds of such 2018 Series E Bonds will covenant to comply with these requirements.

The documents pertaining to the 2018 Series E Bonds issued as "qualified 501(c)(3) bonds" provide that if the owner of the facilities financed with the qualified 501(c)(3) Bonds takes actions which convert the use of the facilities financed thereby to "private use," the owner and the Agency may take remedial actions permitted by the Code to maintain the tax exemption of the interest on the 2018 Series E Bonds. Such remedial action could include (i) redemption of a portion of the 2018 Series E Bonds, (ii) use of monies derived from disposition of the non-qualifying project to finance another qualifying residential rental project or (iii) conversion of the non-qualifying project to a qualified exempt facility under Section 142(d) of the Code.

The Code also establishes certain other requirements regarding the expenditure and investment of proceeds of the Tax-Exempt Series Bonds and the payment of rebates to the United States. Failure by the Agency to comply subsequent to the date of issuance of the Tax-Exempt Series Bonds with such requirements may cause interest on the Tax-Exempt Series Bonds to become included in gross income

retroactive to the date of issue of the Tax-Exempt Series Bonds. The Agency has included provisions in the 2018 BCDEFG Supplemental Indenture to ensure compliance with these requirements and has covenanted to take all lawful action necessary under the Code to ensure that interest on the Tax-Exempt Series Bonds will remain excluded from gross income for federal income tax purposes and to refrain from taking any action which would cause interest on the Tax-Exempt Series Bonds to become included in gross income.

Although Bond Counsel has rendered its opinion that interest on the Tax-Exempt Series Bonds is excluded from gross income for federal tax purposes, the accrual on receipt of interest on the Tax-Exempt Series Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion on the date of issuance of the Tax-Exempt Series Bonds regarding any such consequences. Purchasers of the Tax-Exempt Series Bonds, particularly purchasers that are corporations (including subchapter S corporations and foreign corporations operating branches in the United States) property or casualty insurance companies, banks, thrifts or other financial institutions or certain recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan, and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations, are advised to consult their tax advisors as to the tax consequences of purchasing or holding the Tax-Exempt Series Bonds.

Original Issue Premium and Discount. An amount equal to the excess of the issue price of any Series Bond over its stated price at maturity (a "Premium Bond") constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to the optional call date that would produce the lowest yield for such bond. As premium is amortized, the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for Federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no Federal income tax deduction is allowed.

Any Series Bonds originally offered at a price below the amount payable on such Bonds at maturity are known as Discount Bonds, the difference being hereinafter referred to as "Original Issue Discount." An owner of a Discount Bond shall accrue Original Issue Discount by using the economic accrual method, and such accruals shall be treated as (i) tax-exempt interest received by the owners of such Discount Bonds, and (ii) added to the owner's tax basis for purposes of determining gain or loss upon a sale of a Discount Bond. The amount representing Original Issue Discount that is treated as being received by an owner of a Discount Bond will be added to the owner's tax basis for purposes of determining gain or loss upon a sale of a Discount Bond.

Purchasers of Premium Bonds and Discount Bonds should consult with their tax advisors with respect to the determination and treatment of amortizable premium and discount for Federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond or a Discount Bond.

Recognition of Income Generally. Section 451 of the Code was amended by Pub. L. No. 115-97, enacted December 22, 2017 (sometimes referred to as the Tax Cuts and Jobs Act), to provide that taxpayers using an accrual method of accounting for federal income tax purposes generally will be required to include certain amounts in income, including original issue discount and market discount, no later than the time such amounts are reflected on certain financial statements of such taxpayer. The application of this rule may require the accrual of income earlier than would have been the case prior to

the amendment of Section 451 of the Code. The rule generally applies to taxable years after 2017, except that in the case of income from a debt instrument having original issue discount, the rule does not apply until taxable years after 2018. Investors should consult their own tax advisors regarding the application of this rule and its impact on the timing of the recognition of income related to the Tax-Exempt Series Bonds under the Code.

Backup Withholding. Interest on tax-exempt obligations such as the Tax-Exempt Series Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The new reporting requirement does not in and of itself affect or alter the excludability of interest on the Tax-Exempt Series Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

2018 Series F Bonds and 2018 Series G Bonds (Federally Taxable)

In the opinion of Kutak Rock LLP, Bond Counsel, to be delivered on the date of issuance of the 2018 Series F Bonds and the 2018 Series G Bonds (together, the "Taxable Series Bonds"), under existing laws, regulations, rulings and judicial decisions, interest on the Taxable Series Bonds will not be excludable from the gross income of the recipients thereof for federal income tax purposes.

The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the Taxable Series Bonds. The summary is based upon the provisions of the Code, the regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change or possible differing interpretations. The summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws. Potential purchasers of the Taxable Series Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, holding and disposition of the Taxable Series Bonds.

Although there are not any regulations, published rulings or judicial decisions involving the characterization for federal income tax purposes of securities with terms substantially the same as the Taxable Series Bonds, Bond Counsel has advised the Agency that the Taxable Series Bonds will be treated for federal income tax purposes as evidences of indebtedness of the Agency and not as an ownership interest in the trust estate securing the Taxable Series Bonds or as an equity interest in the Agency or any other party, or in a separate association taxable as a corporation. **Interest on the Taxable Series Bonds is includable in gross income for federal income tax purposes under Section 103 of the Code. Interest on the Taxable Series Bonds will be fully subject to federal income taxation.** In general, interest paid on the Taxable Series Bonds, original issue discount, if any, and recovery of accrued market discount, if any, will be treated as ordinary income to a bondholder, and principal payments (excluding the portion of such payments, if any, characterized as original issue discount or accrued market discount) will be treated as a return of capital. The Code contains special federal income tax rules for "real estate mortgage investment conduits." The Agency does not intend to treat the arrangement by which the trust estate secures the Taxable Series Bonds as "real estate mortgage investment conduits."

Bond Premium. An investor that acquires a Taxable Series Bond for a cost greater than its remaining stated redemption price at maturity and holds such bond as a capital asset will be considered to have purchased such bond at a premium and, subject to prior election permitted by Section 171(c) of the Code, may generally amortize such premium under the constant yield method. Except as may be

provided by regulation, amortized premium will be allocated among, and treated as an offset to, interest payments. The basis reduction requirements of Section 1016(a)(5) of the Code apply to amortizable bond premium that reduces interest payments under Section 171 of the Code. Bond premium is generally amortized over the bond's term using constant yield principles, based on the purchaser's yield to maturity. Investors of any Taxable Series Bond purchased with a bond premium should consult their own tax advisors as to the effect of such bond premium with respect to their own tax situation and as to the treatment of bond premium for state tax purposes.

Original Issue Discount. If the Taxable Series Bonds are issued with original issue discount, Section 1272 of the Code requires the current ratable inclusion in income of original issue discount greater than a specified *de minimis* amount using a constant yield method of accounting. In general, original issue discount is calculated, with regard to any accrual period, by applying the instrument's yield to its adjusted issue price at the beginning of the accrual period, reduced by any qualified stated interest allocable to the period. The aggregate original issue discount allocable to an accrual period is allocated to each day included in such period. As a general rule, the owner of a debt instrument must include in income the sum of the daily portions of original issue discount attributable to the number of days the owner owned the instrument. Owners of Taxable Series Bonds purchased at a discount should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date, with respect to when such original issue discount must be recognized as an item of gross income (notwithstanding the general rule described above in this paragraph) and with respect to the state and local tax consequences of owning such Taxable Series Bonds.

Market Discount. An investor that acquires a Taxable Series Bond for a price less than the adjusted issue price of such bond may be subject to the market discount rules of Sections 1276 through 1278 of the Code. Under these sections and the principles applied by the Regulations, "market discount" means (a) in the case of a Taxable Series Bond originally issued at a discount, the amount by which the issue price of such bond, increased by all accrued original issue discount (as if held since the issue date), exceeds the initial tax basis of the owner therein, less any prior payments that did not constitute payments of qualified stated interest, and (b) in the case of a Taxable Series Bond not originally issued at a discount, the amount by which the stated redemption price of such bond at maturity exceeds the initial tax basis of the owner therein. Under Section 1276 of the Code, the owner of such a Taxable Series Bond will generally be required (i) to allocate each principal payment to accrued market discount not previously included in income and, upon sale or other disposition of the bond, to recognize the gain on such sale or disposition as ordinary income to the extent of such cumulative amount of accrued market discount as of the date of sale or other disposition of such a bond or (ii) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest or, in the case of a Taxable Series Bond with original issue discount, in proportion to the accrual of original issue discount.

An owner of a Taxable Series Bond that acquired such bond at a market discount also may be required to defer, until the maturity date of such bond or its earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry such bond in excess of the aggregate amount of interest (including original issue discount) includable in such owner's gross income for the taxable year with respect to such bond. The amount of such net interest expense deferred in a taxable year may not

exceed the amount of market discount accrued on the Taxable Series Bond for the days during the taxable year on which the owner held such bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Taxable Series Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the owner elects to include such market discount in income currently as it accrues on all market discount obligations acquired by such owner in that taxable year or thereafter.

Attention is called to the fact that Regulations implementing the market discount rules have not yet been issued. Therefore, investors should consult their own tax advisors regarding the application of these rules as well as the advisability of making any of the elections with respect thereto.

Recognition of Income Generally. Section 451 of the Code was amended by Pub. L. No. 115-97, enacted December 22, 2017 (sometimes referred to as the Tax Cuts and Jobs Act), to provide that taxpayers using an accrual method of accounting for federal income tax purposes generally will be required to include certain amounts in income, including original issue discount and market discount, no later than the time such amounts are reflected on certain financial statements of such taxpayer. The application of this rule may require the accrual of income earlier than would have been the case prior to the amendment of Section 451 of the Code. The rule generally applies to taxable years after 2017, except that in the case of income from a debt instrument having original issue discount, the rule does not apply until taxable years after 2018. Investors should consult their own tax advisors regarding the application of this rule and its impact on the timing of the recognition of income related to the Taxable Series Bonds under the Code.

Unearned Income Medicare Contribution Tax. Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals earning certain investment income. Holders of the Taxable Series Bonds should consult their own tax advisors regarding the application of this tax to interest earned on the Taxable Series Bonds and to gain on the sale of a Taxable Series Bond.

Sales or Other Dispositions. If an owner of a Taxable Series Bond sells the bond, such person will recognize gain or loss equal to the difference between the amount realized on such sale and such owner's basis in such bond. Ordinarily, such gain or loss will be treated as a capital gain or loss.

If the terms of a Taxable Series Bond were materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications that may be treated as material are those that relate to redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. Each potential owner of a Taxable Series Bond should consult its own tax advisor concerning the circumstances in which such bond would be deemed reissued and the likely effects, if any, of such reissuance.

Defeasance. The legal defeasance of the Taxable Series Bonds may result in a deemed sale or exchange of such bonds under certain circumstances. Owners of such Taxable Series Bonds should consult their tax advisors as to the federal income tax consequences of such a defeasance.

Backup Withholding. An owner of a Taxable Series Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Taxable Series Bonds, if such owner, upon issuance of the Taxable Series Bonds, fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner's taxpayer

identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

Foreign Investors. An owner of a Taxable Series Bond that is not a "United States person" (as defined below) and is not subject to federal income tax as a result of any direct or indirect connection to the United States of America in addition to its ownership of a Taxable Series Bond will generally not be subject to United States income or withholding tax in respect of a payment on a Taxable Series Bond, provided that the owner complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the owner under penalties of perjury, certifying that such owner is not a United States person and providing the name and address of such owner). For this purpose the term "United States person" means a citizen or resident of the United States of America, a corporation, partnership or other entity created or organized in or under the laws of the United States of America or any political subdivision thereof, or an estate or trust whose income from sources within the United States of America is includable in gross income for United States of America income tax purposes regardless of its connection with the conduct of a trade or business within the United States of America.

Except as explained in the preceding paragraph and subject to the provisions of any applicable tax treaty, a 30 percent United States withholding tax will apply to interest paid and original issue discount accruing on Taxable Series Bonds owned by foreign investors. In those instances in which payments of interest on the Taxable Series Bonds continue to be subject to withholding, special rules apply with respect to the withholding of tax on payments of interest on, or the sale or exchange of Taxable Series Bonds having original issue discount and held by foreign investors. Potential investors that are foreign persons should consult their own tax advisors regarding the specific tax consequences to them of owning a Taxable Series Bond.

Tax-Exempt Investors. In general, an entity that is exempt from federal income tax under the provisions of Section 501 of the Code is subject to tax on its unrelated business taxable income. Unrelated business taxable income generally means the gross income derived by an organization from any unrelated trade or business as defined in Section 513 of the Code. An unrelated trade or business is any trade or business that is not substantially related to the purpose that forms the basis for such entity's exemption. However, under the provisions of Section 512 of the Code, interest may be excluded from the calculation of unrelated business taxable income unless the obligation that gave rise to such interest is subject to acquisition indebtedness. Therefore, except to the extent any owner of a Taxable Series Bond incurs acquisition indebtedness with respect to such bond, interest paid or accrued with respect to such owner may be excluded by such tax-exempt owner from the calculation of unrelated business taxable income. Each potential tax-exempt holder of a Taxable Series Bond is urged to consult its own tax advisor regarding the application of these provisions.

ERISA Considerations. The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "ERISA Plans") and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of any investment by an ERISA Plan in the Taxable Series Bonds must be determined by the responsible fiduciary of the ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment.

Government and non-electing church plans are generally not subject to ERISA. However, such plans may be subject to similar or other restrictions under state or local law.

In addition, ERISA and the Code generally prohibit certain transactions between an ERISA Plan or a qualified employee benefit plan under the Code and persons who, with respect to that plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of the Taxable Series Bonds could be viewed as violating those prohibitions. In addition, Section 4975 of the Code prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons. Section 503 of the Code includes similar restrictions with respect to governmental and church plans. In this regard, the Agency or any dealer of the Taxable Series Bonds might be considered or might become a "party in interest" within the meaning of ERISA or a "disqualified person" within the meaning of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Sections 4975 or 503 of the Code. Prohibited transactions within the meaning of ERISA and the Code may arise if the Taxable Series Bonds are acquired by such plans or arrangements with respect to which the Agency or any dealer is a party in interest or disqualified person.

In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above sections of the Code, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the Taxable Series Bonds. The sale of the Taxable Series Bonds to a plan is in no respect a representation by the Agency or the Underwriter that such an investment meets the relevant legal requirements with respect to benefit plans generally or any particular plan. Any plan proposing to invest in the Taxable Series Bonds should consult with its counsel to confirm that such investment is permitted under the plan documents and will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA, the Code and other applicable law.

Related Tax Matters

Vermont Taxes

The Vermont Housing Finance Agency Act provides that the Series Bonds and the interest thereon are exempt from all Vermont taxation, franchise fees or special assessments except for transfer, inheritance and estate taxes.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or otherwise prevent beneficial owners of the Series Bonds from realizing the full current benefit of the tax status of such interest, or adversely affect the market value of the Series Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series Bonds. Purchasers of the Series Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending or proposed legislation, regulatory initiatives or litigation.

MISCELLANEOUS

The references herein to the Act and the Indenture, and the references to the Single Family Program and the Procedural Guide in **APPENDIX VI** hereto, and the references to the Multifamily Mortgage Loans and (HUD) Housing Assistance Payments Contracts in **APPENDIX VIII** hereto are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and reference is made to the Act, the Indenture and such Agreements and Documents for full and complete statements of such provisions. The agreements of the Agency with the Owners of the Series Bonds are fully set forth in the Indenture and this Official Statement is not to be construed as a contract with the purchasers of the Series Bonds. So far as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. Copies of the Act, the Indenture, Master Servicing Agreement, the Procedural Guide, the Multifamily Mortgage Loans and the (HUD) Housing Assistance Payments Contracts are on file at the office of the Agency. The address of the Agency is 164 Saint Paul Street, Burlington, Vermont 05401 and its telephone number is (802) 864-5743.

The execution and delivery of this Official Statement by an Authorized Officer has been duly authorized by the Agency.

Dated: October 11, 2018

VERMONT HOUSING FINANCE AGENCY

/s/ Sarah E. Carpenter
Executive Director

APPENDIX I

AUDITED FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018
(WITH INDEPENDENT AUDITORS' REPORT THEREON)

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VERMONT HOUSING FINANCE AGENCY

(A Component Unit of the State of Vermont)

Financial Statements and
Required Supplementary Information

June 30, 2018

(With Independent Auditor's Report Thereon)

VERMONT HOUSING FINANCE AGENCY
(A Component Unit of the State of Vermont)

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Independent Auditor's Report

The Honorable Douglas R. Hoffer
State Auditor of the State of Vermont
And
The Commissioners
Vermont Housing Finance Agency

We have audited the accompanying financial statements of Vermont Housing Finance Agency (the Agency) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency, as of June 30, 2018, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2018 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

CohnReznick LLP

Baltimore, Maryland
September 26, 2018

VERMONT HOUSING FINANCE AGENCY
(A Component Unit of the State of Vermont)

Management's Discussion and Analysis – Required Supplementary Information

June 30, 2018

This section of the Vermont Housing Finance Agency's (the Agency) annual Financial Report presents management's discussion and analysis of its financial performance and significant changes in financial position for the fiscal year ended June 30, 2018. Readers are encouraged to consider the information presented in conjunction with the financial statements as a whole.

Overview of the Agency

The Agency was created in 1974 by an Act of the General Assembly of the State of Vermont. The purpose of the Agency is to promote the expansion of the supply of funds available for mortgages on residential housing and to encourage an adequate supply of safe and decent housing at reasonable costs. The Agency is authorized to issue bonds and other obligations to fulfill its corporate purposes. Obligations of the Agency do not constitute debt of the State of Vermont and are payable solely from the revenues or assets of the Agency.

The majority of the Agency's funding has been provided from the proceeds of sales of tax-exempt and taxable bonds and notes, and advances from lending institutions. Since September 1974, the Agency has issued approximately $3.6 billion of bonds and notes, of which $443.3 million was outstanding as of June 30, 2018, to finance its various programs. The proceeds of the debt have been or will be used to make mortgage loans to sponsors of Multi-Family residential housing units for persons and families of low and moderate income in the State, to purchase mortgage backed securities (MBS) or mortgage loans on Single Family residential housing units for persons and families of low and moderate income in the State, and to make loans to finance Multi-Family housing developments. The bonds are secured pursuant to the terms of the resolutions under which they were issued.

Overview of the Financial Statements

The Agency's financial statements consist of three parts – Management's Discussion and Analysis, the basic financial statements and the notes to the financial statements. The basic financial statements include the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows. The notes to the basic financial statements are intended to provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Summary of Net Position

The Agency's Statement of Net Position consists primarily of Single Family and Multi-Family mortgage loans, MBS, cash and investments, and related bonds and notes payable. It also includes a portfolio of mortgage and construction loans financed through its Operating Fund, as well as a variety of other assets such as capital assets, other receivables, and real estate owned.

Cash and investments are used to fund loan and MBS purchases, bond debt service, and reserve funds, and are typically held in guaranteed investment contracts or other investment vehicles, as authorized in accordance with the Agency's investment policy.

The following table summarizes the Net Position of the Agency as of June 30, 2018 with comparative data from the prior fiscal year (dollars in thousands):

	2018	2017	Percentage change
Assets:			
Cash and investments	$ 95,432	66,217	44.1%
Mortgage loans receivable, net	250,518	265,783	(5.7)
Mortgage backed securities	185,402	178,462	3.9
Other assets	4,626	5,193	(10.9)
Total assets	535,978	515,655	3.9
Deferred Outflows of Resources:			
Interest rate swap agreements	873	1,583	(44.9)
Liabilities:			
Bond and notes payable	443,264	420,461	5.4
Other liabilities	7,573	8,778	(13.7)
Total liabilities	450,837	429,239	5.0
Net position:			
Invested in capital assets	687	688	(0.1)
Restricted for bond resolutions	75,462	78,816	(4.3)
Restricted for special purpose loans	2,838	2,193	29.4
Unrestricted	7,027	6,302	11.5
Total net position	$ 86,014	87,999	(2.3)%

Total assets increased by $20.3 million for the fiscal year ended June 30, 2018 when compared to the year ended June 30, 2017, primarily as a result of:

- Overall cash and investments increased by $29.2 million or 44.1% from June 30, 2017. The increase is primarily comprised of a net increase of $26.4 million in new lendable funds, resulting from the Multiple Purpose 2018 A bond deal which closed in June 2018, and a net increase of $5 million in funds that will be used to call bonds at the next debt service in July.

Mortgage loans receivable decreased a net of $15.3 million or 5.7% and is partially offset by the increase in mortgage backed securities of $6.9 million or 3.9% and can be summarized as follows:

(Continued)

- Total loan originations in the fiscal year were $96.7 million, vs. $120.1 million for the same twelve month period last fiscal year.
- The change in multi-family portfolio includes $25.1 million in loan originations and $22.7 million in principal collections and payoffs.
- Total single family loan production for the fiscal year was $71.6 million and is comprised of $40.9 million in TBA securitization (229 loans), $29.2 million in Mortgage Backed Securities (210 loans), and $1.5 million in Down Payment Assistance loans (319 loans).
- The single family portfolio change includes $34.4 million in whole loan and MBS principal collections and payoffs.
- The amount of loans transferred to REO for the year was $1.3 million.
- Beginning in fiscal year 2010, the Agency ceased originating single family whole loans and began pooling loans into mortgage backed securities. Consequently, as the single family whole loan portfolio pays down, whole loans as a percentage of the total single family portfolio will continue to decrease.

The following table summarizes the change in net mortgage loans receivable for the years ended June 30, 2018 and 2017 (in thousands):

	2018	2017
Beginning balance	$ 265,783	289,799
Whole loan originations	25,106	42,598
Down Payment Assistance loans	1,470	1,468
Principal collections	(40,302)	(67,980)
Loans transferred to REO status	(1,303)	(1,538)
Loan loss provision	(236)	1,436
Ending balance	$ 250,518	265,783

(Continued)

The following table summarizes the change in mortgage backed securities for the year ended June 30, 2018 (in thousands):

	2018
Beginning balance	$ 178,462
MBS Purchases	29,217
Principal Paydowns on MBS	(16,802)
TBA Purchases	40,876
TBA Sold	(41,338)
Gain on TBA Sold	462
Depreciation in fair value	(5,475)
Ending balance	$ 185,402

Total liabilities of the Agency increased by $21.6 million, or 5.0% for the fiscal year end June 30, 2018 when compared to the year ended June 30, 2017.

Activity related to bonds and notes payable can be summarized as follows:

- In October 2017, the Agency issued $31.4 million of Multiple Purpose Bonds. The proceeds of the Multiple Purpose Series 2017 C and D sale were used to purchase approximately $25.3 million in mortgage backed securities and to refund Multiple Purpose 2007 Series A.

- In June 2018, the Agency issued $35 million of Multiple Purpose Bonds. The proceeds of the Multiple Purpose Series 2018 A will be used to purchase approximately $30.3 million in mortgage backed securities and to refund Multiple Purpose 2008 Series C on July 20, 2018.

- Total principal payments on bonds were $49.6 million.

    - Bonds redeemed prior to maturity as a result of mortgage loan prepayments were $31.4 million including $835 thousand in Single Family Housing Bonds, $23.0 million in Multiple Purpose Bonds, $5.5 million Mortgage Revenue Bonds and $2.0 million in Multi-Family Mortgage Bonds.

    - Multiple Purpose Bonds redeemed as a result of refunding were $6.5 million.

    - Bonds redeemed as result of scheduled maturities were $11.7 million.

- Notes payable increased $5.3 million due primarily to $2.6 million net increase in borrowing from the Federal Home Loan Bank, $1.6 million net increase in notes payable to Federal Financing Bank, and a $1.6 million net increase in lines of credit used to fund construction loans.

Discussion of Changes in Statement of Revenues, Expenses and Changes in Net Position

The Agency's operating revenues consist primarily of interest income on mortgage and construction loans, investment income, and miscellaneous fee income. Operating expenses consist of bond interest expense and other debt financing costs, operational expenses, and mortgage servicing fees.

The following summarizes the changes for the fiscal year ended June 30, 2018 with comparative data from the prior fiscal year (dollars in thousands):

	2018	2017	Percentage change
Operating revenues:			
Interest on investments	$ 1,157	1,035	11.8%
Interest on mortgage loans	13,936	15,104	(7.7)
Interest on mortgage backed securities	5,746	5,491	4.6
Fee income	1,158	1,178	(1.7)
Sales of state tax credits	594	594	—
Gain on sales of loans and securities	462	478	(3.3)
Gain on bond redemptions	706	595	18.7
Other revenue, net	155	253	(38.7)
Total operating revenues	23,914	24,728	(3.3)
Operating expenses:			
Financing costs	14,229	15,297	(7.0)
Mortgage servicing expenses	259	296	(12.5)
Operational expenses	5,033	4,779	5.3
Loan loss expenses, net	910	(886)	—
Total operating expenses	20,431	19,486	4.8
Operating income	3,483	5,242	(33.6)
Nonoperating revenues (expenses):			
Net depreciation in fair value of investments	(5,847)	(7,077)	(17.4)
Other nonoperating revenue	379	1,000	(62.1)
Federal programs:			
Program revenue	2,745	2,691	2.0
Program expenses	(2,696)	(2,643)	2.0
Administration and period costs	(49)	(48)	2.1
Total nonoperating revenues	(5,468)	(6,077)	(10.0)
Decrease in net position	$ (1,985)	(835)	137.7

(Continued)

The Agency reported net operating income of $3.5 million for the fiscal year ended June 30, 2018, compared to net operating income of $5.2 million for the same period last year. After the change in market value of investments and the impact of the Federal Grant Programs, the overall net decrease for the fiscal year ended June 30, 2018 is $2 million compared with a net decrease of $835 thousand for the same period last year. Income and expense highlights include:

- Interest income on multi-family loans increased by $101 thousand. Interest income on single family loans decreased by $1.3 million. The decrease for the single family loans reflects normal portfolio runoff and loan prepayments that are not being offset by whole loan originations due to the transition to the MBS and TBA strategies. The overall change in interest income on loans was a decrease of 7.7%.

- Interest income on investments and MBS increased by $377 thousand or 5.8% due in large part to increased interest on a larger portfolio of mortgage backed securities as well as increased interest rates on investments.

- The gain on sale of loans and securities is $462 thousand sold under the TBA program. There was a decrease in loans securitized and sold using the TBA program during the fiscal year ended June 30, 2018, partially due to having more MRB funds available.

- Financing costs decreased $1.1 million or 7.0% relative to the same period last year largely due to the reduction in the Agency's bond portfolio. In addition to the reduction in bond interest expense, financing costs decreased due to the replacement of variable rate bonds with fixed rate bonds. Compared to the same period last year, the liquidity and remarketing fees related to two refunded bond issues decreased by $123 thousand.

  With the adoption of GASB 65, bond closing costs related to bond issuance are expensed rather than capitalized and amortized. In FY18, financing costs related to the issuance of Multiple Purpose 2017 CD bonds and Multiple Purpose 2018 A bonds totaled $796 thousand. Compared to the same period last year, cost of issuance and underwriter's fees related to the issuance of Multiple Purpose 2016 CD and Multiple Purpose 2017 AB bonds totaled $712 thousand.

- Operational expenses were reported at $5 million, up $254 thousand or 5.3%. The increase is due primarily to increases in salaries and benefits of $181 thousand and home ownership center grants of $60 thousand.

- Loan and REO write offs, net of reserve adjustments, were $910 thousand for the fiscal year ended June 30, 2018, mostly related to single family loans. This includes a $24 thousand decrease in the REO valuation reserve, actual distressed property related expenses of $699 thousand and an increase in the general loan loss reserve of $235 thousand. This is an increase of $1.8 million over last year due to a one time reduction in the general loan loss reserve in FY2017.

(Continued)

Budgetary Information

The Agency prepares an annual budget of income, expenses, and fund transfers for the General Fund component of its Operating Fund. The budget is prepared by staff, and reviewed and approved prior to the start of the fiscal year by the Agency's Board of Commissioners.

The Agency relies on fund transfers from bond programs and General Fund unrestricted cash to bridge the gap between annual operating expenses and operating income.

For fiscal year 2018, the Agency budgeted $1.4 million in operating revenues and $4.9 million in operating expenses. Actual operating revenues of $1.9 million were over budget for two main reasons: (1) Fee income of $189 thousand was not budgeted for state bond issuer fee and (2) Gain on sale of loans and securities was $125 thousand over budget due to stronger than budgeted performance using the TBA program. The Down Payment Assistance Program continued to have a positive impact on TBA production. Actual operating expenses of $4.9 million were on budget.

Contacting the Agency's Financial Management

This financial report is designed to provide a general overview of the Agency's operations, and insight into the financial statements. If you have questions about this report or need additional information, please contact the Chief Financial Officer at VHFA, 164 St. Paul St., Burlington, VT 05401 or visit our website at www.vhfa.org.

VERMONT HOUSING FINANCE AGENCY
(A Component Unit of the State of Vermont)

Statement of Net Position

June 30, 2018

(in thousands)

Assets	Operating Fund	Single Family Mortgage Program Fund	Multiple Purpose Bond Fund	Multi-Family Mortgage Program Fund	Total
Current assets:					
Cash and cash equivalents					
Unrestricted	$ 279	—	—	—	279
Restricted	4,551	8,238	50,135	8,524	71,448
Accrued interest receivable:					
Investments	27	50	98	39	214
Mortgage loans	1,282	30	689	297	2,298
Mortgage backed securities	—	170	328	—	498
Investments maturing within one year	1,095	3,757	10,343	3,624	18,819
Current portion of mortgage loans receivable	2,139	194	5,008	13,718	21,059
Current portion of mortgage backed securities	—	1,685	3,109	—	4,794
Other receivables and prepaid expenses	76	26	489	24	615
Due from (to) other funds	(4)	—	4	—	—
Total current assets	9,445	14,150	70,203	26,226	120,024
Noncurrent assets:					
Investments	1,963	170	801	1,952	4,886
Mortgage loans receivable, net	33,980	4,159	116,931	74,389	229,459
Mortgage backed securities	—	57,601	123,007	—	180,608
Capital assets	687	—	—	—	687
Real estate owned	103	—	211	—	314
Total noncurrent assets	36,733	61,930	240,950	76,341	415,954
Total assets	46,178	76,080	311,153	102,567	535,978
Deferred Outflows of Resources					
Accumulated decrease in fair value of hedging derivatives - Interest rate swaps	—	159	304	410	873
Liabilities					
Current liabilities:					
Notes payable	3,131	—	—	4,794	7,925
Current portion of bonds payable	—	2,113	8,589	1,948	12,650
Accrued interest payable	60	705	1,296	717	2,778
Other payables	353	1	63	25	442
Funds held on behalf of mortgagors	2,859	—	—	—	2,859
Total current liabilities	6,403	2,819	9,948	7,484	26,654
Noncurrent liabilities:					
Notes payable	28,950	—	—	10,144	39,094
Bonds payable, net of current portion	—	61,694	253,854	68,047	383,595
Fair value of derivative instrument - interest rate swaps	—	159	304	410	873
Other liabilities	273	—	—	348	621
Total noncurrent liabilities	29,223	61,853	254,158	78,949	424,183
Total liabilities	35,626	64,672	264,106	86,433	450,837
Net Position					
Invested in capital assets	687	—	—	—	687
Restricted for bond resolutions	—	11,567	47,351	16,544	75,462
Restricted for special purpose loans	2,838	—	—	—	2,838
Unrestricted	7,027	—	—	—	7,027
Total net position	$ 10,552	11,567	47,351	16,544	86,014

See accompanying notes to financial statements.

VERMONT HOUSING FINANCE AGENCY
(A Component Unit of the State of Vermont)

Statement of Revenues, Expenses and Changes in Net Position

Year ended June 30, 2018

(in thousands)

	Operating Fund	Single Family Mortgage Program Fund	Multiple Purpose Bond Fund	Multi-Family Mortgage Program Fund	Total
Operating revenues:					
Interest income:					
Investments	$ 83	374	498	202	1,157
Mortgage loans	1,394	262	7,490	4,790	13,936
Mortgage backed securities	—	2,150	3,596	—	5,746
Fee income	1,048	—	49	61	1,158
Sales of state tax credits	594	—	—	—	594
Gain on sales of loans and securities	462	—	—	—	462
Gain on bond redemptions, net	—	30	676	—	706
Other revenue	155	—	—	—	155
Total operating revenues	3,736	2,816	12,309	5,053	23,914
Operating expenses:					
Financing costs, including interest expense and amortization of bond premium and discount, net	760	1,879	8,516	3,074	14,229
Mortgage service and contract administration fees	—	11	248	—	259
Salaries and benefits	3,633	—	—	—	3,633
Operating expenses	1,033	4	8	24	1,069
Professional fees	109	33	32	24	198
Trustee and assignee fees	133	—	—	—	133
Provision for losses on loans and real estate owned	116	95	699	—	910
Total operating expenses	5,784	2,022	9,503	3,122	20,431
Operating income (loss)	(2,048)	794	2,806	1,931	3,483
Nonoperating revenues (expenses):					
Net depreciation in fair value of investments	(37)	(1,974)	(3,781)	(55)	(5,847)
Other nonoperating revenue	379	—	—	—	379
Federal programs:					
Program revenue	2,745	—	—	—	2,745
Program expenses	(2,696)	—	—	—	(2,696)
Administration and period costs	(49)	—	—	—	(49)
Total nonoperating revenues (expenses)	342	(1,974)	(3,781)	(55)	(5,468)
Income (loss) before transfers	(1,706)	(1,180)	(975)	1,876	(1,985)
Net transfers from (to) other funds	3,075	(480)	(2,556)	(39)	—
Increase (decrease) in net position	1,369	(1,660)	(3,531)	1,837	(1,985)
Net position:					
Net position at beginning of year	9,183	13,227	50,882	14,707	87,999
Net position at end of year	$ 10,552	11,567	47,351	16,544	86,014

See accompanying notes to financial statements.

VERMONT HOUSING FINANCE AGENCY
(A Component Unit of the State of Vermont)

Statement of Cash Flows

Year ended June 30, 2018

(in thousands)

	Operating Fund	Single Family Mortgage Program Fund	Multiple Purpose Program Fund	Multi-Family Mortgage Program Fund	Total
Cash flows from operating activities:					
Mortgage loans interest receipts	$ 1,380	263	7,585	4,694	13,922
MBS interest receipts	—	2,173	3,540	—	5,713
Mortgage loans principal collections	1,871	568	17,429	20,435	40,303
MBS sales and paydowns	—	7,715	9,087	—	16,802
Mortgage loan originations	(7,829)	—	—	(18,764)	(26,593)
MBS purchases, net	—	—	(29,487)	—	(29,487)
Fee income and other receipts	2,266	—	49	—	2,315
Salaries and benefits payments	(3,626)	—	—	—	(3,626)
Operating expense payments	(1,188)	(35)	(11)	(27)	(1,261)
Service fee and other payments	—	(11)	(248)	—	(259)
Other nonoperating revenue	379	—	—	—	379
Federal program receipts	2,745	—	—	—	2,745
Federal program expenditures	(2,745)	—	—	—	(2,745)
Operating transfers from (to) other funds	—	—	1,056	(1,056)	—
Net cash (used in) provided by operating activities	(6,747)	10,673	9,000	5,282	18,208
Cash flows from investing activities:					
Investment sales	505	13,627	46,932	2,962	64,026
Investment purchases	(3,500)	(12,847)	(53,188)	(3,033)	(72,568)
Investment interest receipts	57	357	476	199	1,089
Decrease in funds held on behalf of mortgagors	(9)	—	—	—	(9)
Sales of distressed properties	39	58	1,613	—	1,710
Distressed property expenditures	(36)	(25)	(610)	—	(671)
Net cash (used in) provided by investing activities	(2,944)	1,170	(4,777)	128	(6,423)
Cash flows from noncapital financing activities:					
Bond and note interest payments	(730)	(1,969)	(7,933)	(3,079)	(13,711)
Bond principal payments	—	(8,475)	(36,434)	(4,019)	(48,928)
Repayment of notes	(1,193)	—	—	(18,441)	(19,634)
Bond issue proceeds	—	(53)	67,153	3	67,103
Increase in notes payable	6,404	—	—	18,563	24,967
Financing costs other than interest	(27)	(9)	(643)	(52)	(731)
Noncapital financing transfers from (to) other funds	3,253	(480)	(2,559)	(214)	—
Net cash provided by (used in) noncapital financing activities	7,707	(10,986)	19,584	(7,239)	9,066
Cash flows from capital related financing activities:					
Net cash used in capital related financing activities	(77)	—	—	—	(77)
Net (decrease) increase in cash and cash equivalents	(2,061)	857	23,807	(1,829)	20,774
Cash and cash equivalents at beginning of year	6,891	7,381	26,328	10,353	50,953
Cash and cash equivalents at end of year	$ 4,830	8,238	50,135	8,524	71,727

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VERMONT HOUSING FINANCE AGENCY
(A Component Unit of the State of Vermont)

Statement of Cash Flows - Continued

Year ended June 30, 2018

(in thousands)

	Operating Fund	Single Family Mortgage Program Fund	Multiple Purpose Program Fund	Multi-Family Mortgage Program Fund	Total
Reconciliation of cash flows from operating activities:					
Net operating (loss) income	$ (2,048)	794	2,806	1,931	3,483
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	78	—	—	—	78
Financing costs other than interest	28	9	642	52	731
Investment interest income	(83)	(374)	(498)	(201)	(1,156)
Sales of distressed properties	(39)	(58)	(1,613)	—	(1,710)
Distressed property expenditures	21	81	980	—	1,082
Bond and note interest expense	732	1,872	7,874	3,021	13,499
Gain on bond redemptions	—	(30)	(676)	—	(706)
Depreciation in fair value of investments	—	(1,992)	(3,752)	—	(5,744)
Other nonoperating revenue	379	—	—	—	379
Changes in assets and liabilities:					
(Increase) decrease in accrued interest receivable	(16)	23	39	(158)	(112)
(Increase) decrease in mortgage loans receivable	(5,823)	640	19,817	615	15,249
(Increase) decrease in mortgage backed securities	—	9,707	(16,647)	—	(6,940)
Decrease in other receivables and prepaid expenses	15	4	2	1	22
Increase in other liabilities	10	—	—	—	10
(Decrease) increase in other payables	(1)	(3)	26	21	43
Net cash (used in) provided by operating activities	$ (6,747)	10,673	9,000	5,282	18,208

Supplemental noncash operating/investing activities:
Mortgage loans receivable converted to real estate owned amounted to $1,303 in 2018

See accompanying notes to financial statements.

(1) Authorizing Legislation and Nature of Funds

(a) Authorizing Legislation

Vermont Housing Finance Agency (the Agency) was created as a body politic and corporate of the State of Vermont by an Act of the General Assembly approved on April 11, 1974 (the Act). The purpose of the Agency is to promote the expansion of the supply of funds available for mortgages on residential housing and to encourage an adequate supply of safe and decent housing at reasonable costs. The Agency is a component unit of the State of Vermont and the State of Vermont appoints a majority of the Agency's board of commissioners.

The Agency is empowered by the Act and subsequent amendments to issue bonds and notes. Instruments so issued do not constitute a debt or obligation of the State of Vermont and are payable solely from revenues or assets of the Agency.

The State of Vermont has pledged and agreed with the holders of bonds and notes of the Agency not to impair in any way the rights and remedies of such holders.

(b) Basis of Presentation and Nature of Funds

The financial statements are presented on a program basis, combining the various restricted accounts required by each bond resolution into groups that account for the various bonds issued, related costs of issuance and debt service activity and the investment and related earnings of the bond proceeds in mortgages or loans and temporary investments and the maintenance of certain reserve fund requirements – all under the specific requirements of each resolution.

These accounts are in turn grouped by major fund as described below for the Single Family Mortgage Program fund, the Multiple Purpose Program Fund, the Multi-Family Mortgage Program fund, and the Operating Fund of the Agency.

(i) Operating Fund

This fund derives its revenue principally from fees, mortgage interest and investment income. Operating expenses of the Agency are paid from this fund.

Federal grant revenues and expenses related to the Agency's participation in programs under the American Recovery and Reinvestment Act of 2009 (ARRA) and the Federal Housing and Economic Recovery Act of 2008 (HERA) are reported in the Operating Fund.

Transfers from program funds to the Operating Fund represent amounts allowed to be transferred pursuant to the terms of the Agency's bond resolutions.

(ii) Single Family Mortgage Program Fund

This fund has been established under the Single Family Insured Mortgage Bond Resolution adopted in September 1976, the Single Family Mortgage Purchase Bond Resolution adopted in June 1978, the Home Mortgage Purchase Bond Resolution adopted in July 1983, the Single Family Housing Bond Resolution adopted in September 1990, and the Mortgage Revenue Bond (Mortgage Backed Securities Program) indenture adopted in December 2009 under the federal New Issue Bond Program (NIBP). Monies from these programs have been used by the Agency to purchase mortgage backed securities or mortgage loans on single family residential housing units for persons and families of low and moderate income in Vermont.

(iii) Multiple Purpose Program Fund

This fund has been established under the Multiple Purpose Bond Indenture adopted in July 2007. Monies from these programs have been used by the Agency to finance mortgage loans on single family residential housing units and multi-family residential housing units for persons and families of low and moderate income in Vermont.

(iv) Multi-Family Mortgage Program Fund

This fund has been established under the Multi-Family Mortgage Bond Resolution adopted in February 1977, the Multi-Family Housing Bond Resolution adopted in September 1981, the Multi-Family HFA initiative adopted in December 2009 under the federal NIBP, and various individualized taxable and tax exempt bond resolutions adopted between December 1985 and June 2007. Monies from these programs are used by the Agency to make and finance mortgage loans to sponsors of multi-family residential housing units for persons and families of low and moderate income in Vermont.

(v) Reserve Requirements

Under various bond resolutions of the Agency, certain amounts from bond proceeds are required to be set aside and maintained for potential debt service requirements in trusteed accounts. As of June 30, 2018 reserve requirements totaled $222,000 for the Operating Fund, $166,000 for the Single Family Mortgage Program Fund, $3,951,000 for the Multiple Purpose Program Fund, and $3,759,000 for the Multi-Family Program Fund. Amounts held in reserve accounts as of June 30, 2018 exceeded the required balances in all cases.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Agency's financial statements have been prepared on the accrual basis of accounting using the economic resource measurement focus. Accordingly, the Agency recognizes revenue in the period earned and expenses in the period incurred.

(b) Net Position

Net Position has been classified for external financial reporting purposes into the following three categories:

- *Invested in Capital Assets* – Capital assets, net of accumulated depreciation, and cost of construction or improvement of those assets.
- *Restricted* – Net Position subject to externally imposed stipulations, including those for excess yield loans.
- *Unrestricted* – Net Position that is not subject to externally imposed stipulations. Unrestricted Net Position may be designated for specific purposes by action of management or the Board of Commissioners or may otherwise be limited by contractual agreements with outside parties.

(c) Cash Equivalents

The Agency considers all highly liquid investments with original maturities of three months or less to be cash equivalents for purposes of the Statement of Cash Flows. Cash equivalents also includes mortgage payments which are held in trust by loan servicers in depository accounts or amounts in transit to trustees to be invested in collateralized repurchase agreements.

(d) Mortgage Loans Receivable

Mortgage loans receivables are carried at their uncollected principal balances less allowances for loan losses on mortgages and reserves for federally funded loans that are pass-through in nature.

The allowance for the single family loan portfolio is based on the age of the loans receivable, current economic conditions and prior loss experience. The allowance for the multi-family loan portfolio is based on a review of each loan and considers the operating cash flows of the respective projects and fair values of the properties. At June 30, 2018, the allowances for loan losses totaled $6,610,000, broken out as follows: $2,596,000 for the Operating Fund, $39,000 for the Single Family Fund, $2,115,000 for the Multiple Purpose Fund and $1,860,000 for the Multi-Family Fund.

The reserve for federally funded mortgage loans made under Section 1602 and the Tax Credit Assistance Program (TCAP) held in the Operating Fund is $19,579,000.

(e) Mortgage Backed Securities

Mortgage backed securities consist of Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), and Government National Mortgage Association (GNMA) certificates. Mortgage backed securities are reported at fair value on the Statement of Net Position, and the net appreciation (depreciation) in the fair value is recognized in the Statement of Revenues, Expenses and Changes in Net Position.

(f) Investments

Investments are comprised of short-term investments other than cash equivalents that mature in one year or less, and long-term investments with maturities in excess of one year. Investments are reported at fair value in the Statement of Net Position. The net appreciation (depreciation) in the fair value of investments, including both realized and unrealized gains and losses, is recognized in the Statement of Revenues, Expenses, and Changes in Net Position. Fair values of guaranteed investment contracts (GICs) are recorded at contract value. Fair values of all other investments are based upon quoted market prices.

(g) Depreciation

The Agency records purchases of its capital assets at cost and depreciates that cost over the estimated useful lives of the assets, which are forty years for the building, five to ten years for building improvements, and three to five years for furniture and fixtures and computer equipment, using the straight-line method.

(h) Real Estate Owned

Real estate owned (REO) consists of properties acquired through foreclosure or repossession and are carried at the lower of cost or net realizable value (estimated market value less costs to sell).

(i) Hedging Derivatives – Interest Rate Swaps

The Agency has entered into interest rate swap agreements with counterparties with the intention to achieve a lower overall cost of funds for certain bond issuances. In accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, the interest rate swap instruments are reported at fair value on the Statement of Net Position.

All of the Agency's interest rate swaps are deemed to be effective cash flow hedges and therefore the fair value adjustment is reported as a deferred outflow on the Statement of Net Position.

(j) Amortization

Bond premiums and discounts are deferred and amortized over the lives of the respective issues using the straight-line method. Scheduled amortization of net bond premiums are $258,000; $255,000; $253,000; $250,000 and $248,000 for the five years ending June 30, 2019 through 2023, respectively.

The difference between the reacquisition price and net carrying amount of defeased bonds is deducted from, or added to the refunding debt liability and amortized on the straight-line method over the shorter of the maturity of the new debt or the defeased debt.

(k) Income Tax Status

The Agency is generally not subject to federal and Vermont income taxes under Section 115 of the Internal Revenue Code (IRC) and applicable state laws. The Agency qualifies as a tax-exempt organization under Section 501(c)(3) of the IRC.

(l) Arbitrage to be Rebated

Bonds issued by the Agency are subject to a variety of Internal Revenue Service (IRS) regulations which limit the amount of income which may be earned with non-mortgage investments to an amount not greater than that amount which would have been earned had the funds been invested at the yield on the bonds as defined by the IRS. Excess earnings must be rebated every five years.

(m) Operating and Nonoperating Revenues and Expenses

The Agency records all revenues and expenses related to its loan programs as operating revenues and expenses since they are generated from the Agency's daily operations needed to carry out its statutory purposes. Investment income is recorded as operating revenue in all funds. Gains and losses on bond redemption are recorded in operating results, as they are a part of the normal operations of the Agency's activities.

Net appreciation and depreciation in the fair value of investments and federal grant revenues and expenses are recorded as nonoperating revenues and expenses. Grants received from federal, state and local governments are recognized as nonoperating revenue as the related expenditures are incurred.

(n) Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires estimates and assumptions that affect the reported amount of the assets and liabilities and contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to estimates and assumptions include the provision for loan losses and the valuation of investments.

(3) Cash, Cash Equivalents and Investments

For mortgage program investments, bond resolution requirements mandate specific classes of investment vehicles. Qualified investments are: direct obligations of the United States of America; obligations unconditionally guaranteed by the United States of America; indebtedness issued by certain federal agencies; bank time deposits evidenced by certificates of deposits insured by the Federal Deposit Insurance Corporation (FDIC) and, if in excess of insured limits, collateralized in full by the aforementioned federal government investments; obligations of the State of Vermont, and/or federal or state insured mortgages; collateralized repurchase agreements secured by obligations of the federal government; Guaranteed Investment Contracts with the collateral held by or at the direction of the appropriate trustee; and, investment agreements with banks or bank holding companies rated in the top categories by nationally recognized rating agencies.

The Agency has an investment policy with an overriding goal of providing optimum coverage of risk exposure and maintaining liquidity necessary for future cash needs while maximizing the return on investments. All investment agreements with banks or bank holding companies, insurance companies or other financial institutions must be rated at least "A" by nationally recognized credit rating agencies or have posted adequate collateral to minimize the Agency's risk. All bonds are issued by U.S. Treasury or U.S. government agencies such as FNMA, FHLMC and FHLB, and had implied credit ratings of AAA at the time of purchase and continued to hold those ratings at June 30, 2018. In August of 2011, Standard & Poors (S&P) downgraded the long-term debt rating of the U.S. Government from AAA to AA+. S&P subsequently lowered its credit rating on both Fannie Mae (FNMA) and Freddie Mac (FHLMC) one level from AAA to AA+, noting that the two companies were directly reliant on the U.S. government and have been under U.S. government conservatorship since 2008. The debt of the U.S. Government, FNMA and FHLMC continue to be rated Aaa by Moody's Investment Services.

(a) Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the Agency's deposits may not be recovered. Bank deposits in excess of the insured amounts are uninsured and uncollateralized. Deposits in bank accounts at June 30, 2018 totaled $4,993,000. Of this amount, $3,631,000 was exposed to custodial credit risk as uninsured and uncollateralized.

(b) Cash and Investments

The Agency's cash and investments at June 30, 2018 are presented below (in thousands).

		Investment maturities (in years)			
	Total	**Less than 1**	**1 – 5**	**6 – 10**	**More than 10**
Cash	$ 5,001	5,001	—	—	—
Money market accounts	19,837	19,837	—	—	—
Certificates of deposit	3,290	1,339	1,951	—	—
Guaranteed investment contracts	47,057	46,889	—	—	168
U.S. Treasury securities	17,089	15,126	1,963	—	—
Government agency securities	3,158	2,354	—	2	802
Mortgage backed securities	185,402	4,794	221	96	180,291
Total cash and investments	$ 280,834	95,340	4,135	98	181,261

The following table provides information on the credit ratings associated with the Agency's cash and investments at June 30, 2018 (in thousands):

	Total	**AAA**	**AA**	**A**	**NR**
Cash	$ 5,001	—	—	—	5,001
Money market accounts	19,837	—	—	—	19,837
Certificates of deposit	3,290	—	—	—	3,290
Guaranteed investment contracts	47,057	—	11,624	35,433	—
U.S. Treasury securities	17,089	17,089	—	—	—
Government agency securities	3,158	3,158	—	—	—
Mortgage backed securities	185,402	185,402	—	—	—
Total cash and investments	$ 280,834	205,649	11,624	35,433	28,128

(c) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the Agency's investment in a single issuer. Approximately 17% of the Agency's cash and investments are in guaranteed investment contracts. Sumitomo, Bayerische, PNC, Credit Agricole, and AIG are 64%, 25%, 8%, 2%, and 1%, respectively, of the Agency's total guaranteed investment contracts. The Agency's investment policy does not limit the amount invested in a single issue.

(d) Interest Rate Risk – Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Agency's policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

(e) Fair Value of Investments

VHFA has adopted GASB No. 72, *Fair Value Measurement and Application*. This statement establishes a hierarchy of inputs to valuation techniques used to measure fair value:

- Level 1 – quoted market prices in active markets
- Level 2 – inputs other than quoted market prices that are observable either directly or indirectly
- Level 3 – unobservable inputs

The investments that the Agency measured at fair value are as follows (in thousands):

	Total	Level 1	Level 2	Level 3
Certificates of deposit	$ 3,290	—	3,290	—
U.S. Treasury securities	17,089	17,089	—	—
Government agency securities	3,158	3,158	—	—
Mortgage backed securities	185,402	—	185,402	—
Total investments and MBS	$ 208,939	20,247	188,692	—
Interest rate swaps	$ 873		873	—

(4) Mortgage and Construction Loans Receivable

(a) Single Family Mortgage Loans Receivable

Single Family mortgage loans earn interest at annual rates ranging from 0% to 9.05%. Mortgage payments are received monthly by the Agency from which service fees are generally retained by servicing lenders or sub-servicers.

At June 30, 2018, approximately 23.5% of the Single Family mortgage portfolios consist of primary insured mortgages.

Mortgage loans, not requiring primary insurance, are limited to 80% of the appraised value of the property.

(b) Multi-Family Mortgage Loans Receivable

Multi-family mortgage loans receivable earn interest at annual rates ranging from 0% to 8.50%, and are collateralized by first mortgage liens on all real and personal property of the mortgaged premises.

(5) Capital Assets

Capital Asset activity for the year ended June 30, 2018 is shown in the following table (in thousands):

	Beginning balance	Additions	Ending balance
Capital assets not being depreciated:			
Land	$ 50	—	50
Capital assets being depreciated:			
Building	1,001	—	1,001
Building improvements	860	71	931
Computer equipment	1,232	6	1,238
Furniture and fixtures	213	—	213
Total capital assets being depreciated	3,306	77	3,383
Less accumulated depreciation for:			
Building	(563)	(25)	(588)
Building improvements	(734)	(21)	(755)
Computer equipment	(1,162)	(29)	(1,191)
Furniture and fixtures	(209)	(3)	(212)
Total accumulated depreciation	(2,668)	(78)	(2,746)
Total capital assets being depreciated, net	638	(1)	637
Capital assets, net	$ 688	(1)	687

Depreciation expense of $78,000 was charged to the Operating Fund.

(6) Real Estate Owned

Real estate owned (REO) at June 30, 2018 consists of properties held pending sale as a result of foreclosure or repossession by the Agency. REO is carried at the lower of cost or net realizable value. At June 30, 2018 the net realizable value of REO properties held by the Agency totals $314,000, of which $103,000 is related to the Operating Fund and $211,000 to the Multiple Purpose Fund.

(7) Funds Held on Behalf of Mortgagors

Funds held on behalf of mortgagors are received primarily from multi-family housing developers at the time the Agency makes permanent mortgage loans. Funds held are governed by agreements, and released upon satisfactory compliance with their terms.

(8) Bonds Payable

All bonds payable are general or special obligations of the Agency and are collateralized by the operating revenues, loans, funds and investments pledged pursuant to the respective bond resolutions. In most cases, interest is payable semi-annually. All bonds are subject to redemption after various dates at par value.

Outstanding bonds payable at June 30, 2018 are as follows (dollars in thousands):

A. Single Family Mortgage Program Fund:	
Housing Program:	
Series 19, maturing 2018 to 2035, interest at 3.492% to 4.75%	$ 3,285
Total Housing Program	3,285
Mortgage Revenue Bonds (Mortgage Backed Securities Program):	
Series 2009A, Subseries A-1 and Series 2010 A, maturing 2018 to 2041, interest at 2.9% to 4.5%	11,735
Series 2009A, Subseries A-2 and Series 2011 A, maturing 2018 to 2041, interest at 2.32% to 4.5%	15,760
Series 2009A, Subseries A-3, maturing 2018 to 2041, interest at 2.49%	32,950
Total Mortgage Revenue Bond Program	60,445
Total Single Family Mortgage Program Fund	63,730
B. Multiple Purpose Bond Program Fund:	
Multiple Purpose Bonds:	
2008 Series C, maturing 2018 to 2040, interest at 3.167% to 5.35%	5,180
2012 Series A, B and C, maturing 2018 to 2042, interest at 2.9% to 4.125%	21,350
2013 Series A, B and C, maturing 2018 to 2043, interest at 2.9% to 4.875%	14,955
2014 Series A and B, maturing 2018 to 2044, interest at 1.7% to 4.25%	30,300
2015 Series A, B, C, D and E, maturing 2018 to 2045, interest at 1.79% to 4.78%	26,685
2015 Series F and G, maturing 2018 to 2045, interest at 1.4% to 4.0%	18,275
2016 Series A and B, maturing 2018 to 2046, interest at 1.2% to 4.0%	22,995
2016 Series C and D, maturing 2018 to 2046, interest at 0.9% to 4.0%	25,080
2017 Series A and B, maturing 2018 to 2047, interest at 1.25% to 4.05%	26,105
2017 Series C and D, maturing 2019 to 2048, interest at 1.15% to 4.0%	31,395
2018 Series A, maturing 2019 to 2048, interest at 1.875% to 4.0%	34,950
Total Multiple Purpose Bonds	257,270

C. Multi-Family Mortgage Program Fund:	
Mortgage Program:	
2003 Series A and B, maturing 2018 to 2043, interest at 5.05% to 5.25%	1,385
2012 Series A, B and C, maturing 2018 to 2052, interest at 2.067% to 4.629%	22,730
2014 Series A, B and C, maturing 2018 to 2045, interest at 2.3% to 6.0%	13,595
Total Mortgage Program	37,710
Direct Placement Program:	
Variable Rate Demand Revenue Bonds, Series 1, maturing 2019 to 2038, interest at 4.18% to 5.49%	3,450
Variable Rate Demand Revenue Bonds, Series 2, maturing 2019 to 2038, interest at 3.756% to 4.61%	2,115
Total Direct Placement Programs	5,565
HFA Initiative Multifamily Bonds:	
2009 Series B, maturing 2018 to 2041, interest at 3.61%	5,870
2009 Series C and 2011 Series A, maturing 2018 to 2051, interest at 2.15% to 3.2%	18,165
2012 Series A, maturing 2018 to 2043, interest at 5.25%	2,771
Total HFA Initiative Bonds	26,806
Total Multi-Family Mortgage Program Fund	70,081
Total bonds payable	391,081
Plus Unamortized Bond Premium (Discount), net	5,164
	$ 396,245

All calendar year 2018 maturities on bonds payable occur after June 30, 2018.

Future maturities on bonds payable as of June 30, 2018 are as follows (in thousands):

Year ending	Single Family		Multiple Purpose		Multi-Family		Total	
June 30:	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	$ 2,095	1,762	8,345	8,797	1,952	2,607	12,392	13,166
2020	2,115	1,701	9,905	8,632	1,746	2,556	13,766	12,889
2021	2,165	1,639	10,245	8,420	1,588	2,506	13,998	12,565
2022	2,185	1,573	10,150	8,180	1,737	2,456	14,072	12,209
2023	2,215	1,507	10,370	7,921	1,945	2,396	14,530	11,824
2024-2028	11,630	6,467	55,130	34,943	11,744	10,885	78,504	52,295
2029-2033	14,830	4,600	54,770	25,471	15,097	8,302	84,697	38,373
2034-2038	15,125	2,637	50,320	14,968	15,479	5,230	80,924	22,835
2039-2043	11,370	661	26,845	7,386	12,763	2,403	50,978	10,450
2044-2048	—	—	20,435	2,320	4,345	528	24,780	2,848
2049-2053	—	—	755	30	1,685	95	2,440	125
Total	$ 63,730	22,547	257,270	127,068	70,081	39,964	391,081	189,579

A summary of bonds payable, discount on bonds, and premium on bonds activity for the year ended June 30, 2018 is as follows (in thousands):

	Beginning balance	Increases	Decreases	Ending balance	Due within one year	Due thereafter
Bonds payable	$ 374,369	66,345	(49,633)	391,081	12,392	378,689
Discount on bonds	(171)	—	24	(147)	(11)	(136)
Premium on bonds	4,577	1,708	(974)	5,311	269	5,042
Bonds payable, net	$ 378,775	68,053	(50,583)	396,245	12,650	383,595

The Agency has entered into interest rate swap agreements with counterparties in connection with the Variable Rate Demand Bonds (VRDB). Under the swap agreement, the swap provider pays the Agency an amount based on the London InterBank Offered Rate (LIBOR) or the Securities Industry and Financial Markets Association (SIFMA), and the Agency pays the swap provider an amount at a fixed rate of interest.

Using rates as of June 30, 2018, debt service requirements of the variable rate bonds and net swap payments, assuming current interest rates remain constant, are as follows (in thousands):

	Variable rate		Interest rate	
Year ending June 30:	Principal	Interest	swaps, net	Total
2019	$ 920	214	330	1,464
2020	885	203	305	1,393
2021	895	190	285	1,370
2022	3,860	150	218	4,228
2023	2,390	97	135	2,622
2024-2028	2,000	303	415	2,718
2029-2033	1,065	194	252	1,511
2034-2038	1,105	137	173	1,415
2039-2040	1,025	17	22	1,064
Total	$ 14,145	1,505	2,135	17,785

A summary of the swap agreement is as follows (in thousands):

Issue	Counter-Party	Ratings (Moody's/ S&P)	Effective date	Notional amount	Termination date	Fixed swap payment rate	Variable receivable rate	Fair Value at 6/30/2018
Series 19	BNY Mellon	Aa1/AA-	4/8/2004	$ 2,600	11/1/2027	3.49%	70% 1mo LIBOR	$ (159)
MPB 2008C	Wells Fargo	Aa1/AA-	9/24/2008	2,130	5/1/2040	3.17%	SIFMA + 0.05%	(45)
MPB 2013A	BNY Mellon	Aa2/AA-	11/30/2004	3,850	5/1/2029	3.68%	SIFMA + 0.10%	(260)
MF Series 1A	KeyBank NA	Aa3/A-	1/25/2007	550	1/1/2022	4.24%	SIFMA + 0.15%	(38)
MF Series 1B	KeyBank NA	Aa3/A-	1/25/2007	1,475	1/1/2022	4.18%	SIFMA + 0.10%	(101)
MF Series 1C	KeyBank NA	Aa3/A-	1/25/2007	1,425	1/1/2022	5.49%	1mo LIBOR + 0.05%	(125)
MF Series 2A	KeyBank NA	Aa3/A-	1/24/2008	1,055	1/5/2023	3.80%	SIFMA + 0.15%	(69)
MF Series 2B	KeyBank NA	Aa3/A-	1/24/2008	225	1/5/2023	3.76%	SIFMA + 0.10%	(15)
MF Series 2C	KeyBank NA	Aa3/A-	1/24/2008	835	1/5/2023	4.61%	1mo LIBOR + 0.05%	(61)
Total				$ 14,145				$ (873)

By using derivative financial instruments to hedge exposures to changes in interest rates, the Agency exposes itself to credit, market, and basis risk. Credit risk is the failure of the counter-party to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counter-party owes the Agency, which creates credit risk for the Agency. When the fair value of a derivative contract is negative, the Agency owes the counter-party and, therefore, it does not possess credit risk. The Agency minimizes its credit risk in derivative instruments by entering into transactions with high-quality counter-parties whose credit ratings are higher than A. Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest rates is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken. Basis risk is the risk that variable rate payments to bondholders will not equal variable rate receipts from the counterparty.

(9) Notes Payable

The Agency may borrow from the Federal Home Loan Bank (FHLB) in an amount not to exceed assets pledged to the FHLB. As of June 30, 2018, the Agency had outstanding borrowings totaling $3,654,000 which are secured by mortgage loans with a carrying value of $2,879,000 and U.S. Securities with a market value of $1,963,000. These borrowings have interest rates of 0% and mature from November 2023 through November 2027.

The Agency has an $850,000 note payable to the Vermont Community Foundation at a rate of 1.5%, maturing in March, 2019. The note is uncollateralized.

The Agency has a $1,500,000 note payable to the MacArthur Foundation at a rate of 1.0%, maturing October 2018 through October 2019. The proceeds of this note are used to provide low cost pre-development, energy, and equity bridge loans to multi-family housing projects.

The Agency has a $2,800,000 note payable to the State of Vermont at a rate of 2.76%, maturing February 2024. The proceeds of this note are to provide financing for energy efficiency projects described in Act No. 97 of the Acts of 2013.

The Agency has $24,577,000 in amortizing notes payable to the Federal Financing Bank. These borrowing have interest rates ranging from 2.24% to 3.34%, and mature from March 2047 to December 2057. The proceeds of these notes were used to finance FHA Risk-Sharing Insured Mortgage Loans.

The Agency is operating under unsecured lines of credit that total $69,000,000 with lending institutions expiring in 2019 and 2020. At June 30, 2018, there were $13,638,000 of borrowings under the lines at interest rates of 1.91% to 2.94%. The lines of credit were entered into in order to fund working capital and to be used for specific construction projects financed by the Agency.

Future notes payable maturities as of June 30, 2018 are as follows (in thousands):

	Operating		Multi-Family		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
Year ending June 30:						
2019	$ 3,131	704	4,794	358	7,925	1,062
2020	1,294	677	7,894	122	9,188	799
2021	307	666	540	58	847	724
2022	320	657	555	43	875	700
2023	334	648	570	29	904	677
2023 - 2028	5,560	3,090	585	12	6,145	3,102
2028 - 2033	2,366	2,791	—	—	2,366	2,791
2033 - 2038	2,938	2,420	—	—	2,938	2,420
2038 - 2043	3,650	1,958	—	—	3,650	1,958
2043 - 2048	4,270	1,387	—	—	4,270	1,387
2048 - 2053	4,388	802	—	—	4,388	802
2053 - 2057	3,523	179	—	—	3,523	179
Total	$ 32,081	15,979	14,938	622	47,019	16,601

A summary of notes payable activity for the year ended June 30, 2018 is as follows (in thousands):

	Beginning balance	Increases	Decreases	Ending balance	Current	Non-current
Line of credit borrowings	$ 12,016	20,063	(18,441)	13,638	6,039	7,599
Notes payable	29,670	4,904	(1,193)	33,381	1,886	31,495
Total	$ 41,686	24,967	(19,634)	47,019	7,925	39,094

(10) Asset Restrictions

Pursuant to the Act and agreements with bondholders and other parties, the Agency's assets are pledged to secure specific obligations or are otherwise restricted.

Programs which are financed by the issuance of bonds are accounted for separately in accordance with each of the general bond resolutions. Program assets and revenues are pledged to bondholders. Revenues in excess of required amounts are available to be transferred to the Operating Fund.

Amounts transferred to the Operating Fund from the bond resolutions are free and clear of any lien or pledge created by the bond resolutions, and may be used for any lawful purpose under the Act, including payments to various accounts within the bond resolutions. All of the outstanding bonds, except for the Single Family Housing Bonds, are general obligations of the Agency. For general obligation bonds, the Agency covenants that it will restore deficiencies to the bond programs, as defined by the bond resolutions, from the Operating Fund.

The Operating Fund is also the primary source to pay administrative expenses in connection with current and future housing programs, and to provide collateral for credit agreements.

Net Position derived from purpose restricted resources provided under contractual agreements with federal agencies are restricted to the underlying purpose.

(11) Retirement Plan

Upon meeting certain eligibility requirements, the Agency's employees are eligible to participate in the Vermont Housing Finance Agency 403(b) Plan, a defined contribution retirement plan. The Agency's contribution to the Plan is 10% of the covered payroll. Employees are 30% vested in benefits under the plan upon participation, and vest in the remaining 70% on a pro-rata basis over five years of service. Forfeitures on non-vested benefits by terminated employees reduce the Agency's contribution. The cost of the plan was $256,000 for the year ended June 30, 2018, and is included in salaries and benefits expense.

(12) Gain on Bond Redemptions

During the year ended June 30, 2018, the Agency redeemed $6,345,000 of its Single Family Bonds, $23,000,000 of its Multiple Purpose Bonds, and $2,020,000 of its Multi-Family Bonds prior to scheduled maturity dates. Net gain on bond redemptions was $706,000 and represents the net unamortized bond premium and discount balances at the time the bonds were retired.

(13) Federal Programs

In fiscal year 2018, the Agency participated in the following federal funding programs:

- On July 1, 2009, VHFA entered into an agreement with the United States Department of Housing and Urban Development (HUD) to administer $5,417,000 of funding available to eligible Vermont housing development under Federal Tax Credit Assistance Program (TCAP). The TCAP program, authorized by the American Recovery and Reinvestment Act pays for capital items in developments that receive Internal Revenue Code Section 42 Housing Credits. As of June 30, 2018, the Agency had distributed the full $5,417,000 from this program.

- On August 26, 2009, VHFA made its first distribution under Section 1602 of the American Recovery and Reinvestment Act of 2009 which authorized the United States Department of the Treasury to issue grants to state housing credit agencies in lieu of low-income housing credits. The program allows states to exchange up to 100% of returned and unused pre-2009 ceiling credits and 40% of 2009 per capita and national pool credits for cash. VHFA administered the distribution of the cash

to eligible housing developments to pay for capital items. As of June 30, 2018, VHFA had exchanged approximately $1,700,000 of credits for $14,162,000 in awarded funds, the full amount of which has been disbursed.

- On June 15, 2009, VHFA signed a memorandum of agreement with the State of Vermont to administer $7,017,000 of Neighborhood Stabilization Program (NSP) funds allocated to the State under the Federal Housing and Economic Recovery Act of 2008. VHFA's portion to administer is called the Homeownership Acquisition and Rehabilitation Program (HARP). The NSP-HARP funds were used to purchase Single Family homes that have been foreclosed upon, rehabilitate each home with a focus on energy efficiency, and resell the homes to income eligible homebuyers. In addition to the initial $7,017,000, sales proceeds have been and will continue to be recycled until all program funding and income from sales has been invested in homes, including provisions for homebuyer subsidies. As of June 30, 2018, VHFA had incurred program expenses of $15,344,000, funded by the $7,017,000 NSP award and $8,485,000 from the sale of rehabilitated houses.

- On May 11, 2011, VHFA signed a memorandum of agreement with the State of Vermont to administer $2,900,000 of Neighborhood Stabilization Program (NSP-3) funds allocated to the State under the Federal Housing and Economic Recovery Act of 2008. NSP-HARP III, is administered as a separate and distinct pool of funds, but serves as an extension of the activities in the NSP-HARP Program noted above. As in NSP-HARP, sales proceeds are recycled to leverage the original $2,900,000 until all funding and program income have been invested. As of June 30, 2018, VHFA had incurred program expenses of $6,181,000, funded by the $2,900,000 NSP-3 award and $3,372,000 from the sale of rehabilitated houses.

- During fiscal year 2018, the Agency administered the "Section 8 Housing Assistance Payment Program" (HAP) under Annual Contribution Contracts (ACC) with the Department of Housing and Urban Development (HUD) for 13 housing developments (318 units). Under the ACC, VHFA receives funds from HUD with which to make housing assistance payments to an owner of assisted housing pursuant to Housing Assistance Payment Contracts entered into by HUD with the owners. Under the Section 8 program, the owner must determine the portion of the gross rent to be paid by tenants in accordance with HUD schedules and criteria, typically 30% of the tenant's adjusted income (as defined by HUD). The balance of the monthly contract rent is paid by VHFA in the form of monthly housing assistance payments. The Agency distributed $2,688,000 in HAP payments under this program during the year ended June 30, 2018.

(14) Commitments and Contingencies

At June 30, 2018, the Agency had outstanding commitments in the amount of $21,082,000 to purchase mortgage loans or mortgage backed securities pursuant to its normal funding from bond proceeds. The Agency also had $7,677,000 of outstanding commitments to purchase securities under the TBA model. In addition, there were commitments of $44,250,000 for general loans.

Under the Single Family Mortgage Programs, the Agency has obtained surety bonds in the amount of $1,310,000 expiring between 2034 and 2035, which satisfy the requirements of certain bond resolutions.

(15) Risk Management

The Agency is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; employees' health; and natural disasters. The Agency manages these risks through a combination of participating in the State self-insurance program and purchasing commercial insurance packages in the name of the Agency. The Agency has not experienced settled claims resulting from these risks which have exceeded its insurance coverage. In addition, the Agency's bylaws provide for the indemnification of Agency commissioners and officers by the Agency. This indemnification requirement is supported by various statutes related to claims against employees and entities of the State and the Agency's authorizing legislation which includes the benefit of sovereign immunity.

(16) Conduit Debt Obligation

On July 29, 2004, the Agency issued tax-exempt bonds and taxable bonds on a conduit basis. The proceeds of the bonds were used for the purpose of providing funds to finance the construction, furnishing and equipping of a student housing facility. As of June 30, 2018, $21,070,000 of the bonds were outstanding.

On October 29, 2010, the Agency issued tax-exempt bonds on a conduit basis. The proceeds of the bonds were used for the purpose of financing the new construction of a planned multi-level retirement community. The bonds were sold on a private placement basis. As of June 30, 2018, $10,025,000 of the bonds were outstanding.

On January 25, 2018, the Agency issued taxable and sustainability bonds on a conduit basis. The proceeds of the bonds were used for the dual purposes of creating affordable housing and conserving and protecting important Vermont lands. As of June 30, 2018, $35,660,000 of the bonds were outstanding.

The Agency is not obligated in any manner for repayment of these conduit bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

(17) Subsequent Events

The events that occur after the date of the Statement of Net Position but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the date of the Statement of Net Position are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the date of the Statement of Net Position require disclosure in the accompanying notes. Management evaluated the activity of VHFA through September 26, 2018 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements.

APPENDIX II

MULTIPLE PURPOSE BONDS OUTSTANDING UNDER THE INDENTURE AS OF AUGUST 31, 2018

Series	Original Principal Amount	Principal Amount Outstanding as of 08/31/18
2012 Series A Bonds	$ 3,420,000	$ 1,595,000
2012 Series B Bonds	55,870,000	12,310,000
2012 Series C Bonds	16,000,000	7,445,000
2013 Series A Bonds	7,200,000	3,850,000
2013 Series B Bonds	9,950,000	1,955,000
2013 Series C Bonds	16,800,000	9,150,000
2014 Series A Bonds	25,750,000	15,625,000
2014 Series B Bonds	20,000,000	14,675,000
2015 Series A Bonds	600,000	600,000
2015 Series B Bonds	20,760,000	14,225,000
2015 Series C Bonds	4,250,000	4,250,000
2015 Series D Bonds	8,605,000	6,800,000
2015 Series E Bonds	3,940,000	810,000
2015 Series F Bonds	10,605,000	6,730,000
2015 Series G Bonds	15,285,000	11,545,000
2016 Series A Bonds	14,625,000	10,355,000
2016 Series B Bonds	14,990,000	12,640,000
2016 Series C Bonds	10,140,000	8,970,000
2016 Series D Bonds	20,000,000	16,110,000
2017 Series A Bonds	11,435,000	10,400,000
2017 Series B Bonds	15,800,000	15,705,000
2017 Series C Bonds	6,550,000	6,550,000
2017 Series D Bonds	24,845,000	24,845,000
2018 Series A Bonds	34,950,000	34,950,000
Total Bonds:	$372,370,000	$252,090,000

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APPENDIX III

CERTAIN INFORMATION RELATING TO THE TRANSFERRED SINGLE FAMILY MORTGAGE LOANS

The information below regards the approximate characteristics as of August 31, 2018, of the Transferred Single Family Mortgage Loans which will become allocated to the 2018 Series B Bonds upon the refunding of the Refunded Bonds.

The Transferred Single Family Mortgage Loan characteristics will be affected by Loan Prepayments on the Transferred Single Family Mortgage Loans between August 31, 2018 and December 10, 2018, the expected transfer date of the Transferred Single Family Mortgage Loans.

Transferred Single Family Mortgage Loans*:
Type of Single Family Mortgage Loan or Federal Agency Certificates of August 31, 2018*

Type	Number	Principal Amount	% of Principal Amount
Freddie Mac Certificates	2	$ 90,648	2.94%
GNMA Certificates			
Single Family Mortgage Loans with Private Mortgage Insurance			
Mortgage Guaranty Insurance Corporation	3	159,974	5.19
All Other Private Mortgage Insurance Companies	0	0	0.00
Federally or Privately Insured/Guaranteed	5	290,257	9.41
Uninsured[1]	40	2,542,249	82.46
Total		$3,083,128	100.00%

(1) Loan to value ratio of 75% or less (80% or less with respect to loans originated after May 13, 1999).

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* Final transferred amounts and characteristics subject to change to the date of refunding.

Transferred Federal Agency Certificates by Interest Rate*

Mortgage Interest Rates	Original Principal Amount	Outstanding Principal Amount of Transferred Federal Agency Certificates as of 08/31/18
4.770 – 5.220%	$2,783,031	$90,648

Transferred Single Family Mortgage Loans by Interest Rate*

Mortgage Interest Rates	Original Principal Amount	Outstanding Principal Amount of Transferred Single Family Mortgage Loans as of 08/31/18
4.875 – 6.500%	$27,359,650	$2,992,480

Transferred Single Family Mortgage Loans Delinquency Statistics Relating to the Non-Federal Agency Certificates (Whole Loans) as of August 31, 2018*

	Number	% of Transferred Single Family Mortgage Loans Outstanding
Total Loans to be transferred	49	100.00%
Loans in Default 60 Days or More	1	2.04
Loans in Default 90 Days or More	0	0.00
Loans in Foreclosure	0	0.00
Single Family Residences Owned by Agency and Held for Sale	1	2.04

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* Final transferred amounts and characteristics subject to change to the date of transfer.

APPENDIX IV

CERTAIN INFORMATION RELATING TO THE SINGLE FAMILY MORTGAGE LOANS AND FEDERAL AGENCY CERTIFICATES OUTSTANDING UNDER THE INDENTURE

The following summarizes certain characteristics of the Federal Agency Certificates and Mortgage Loans purchased by the Agency with the proceeds of the Multiple Purpose Bonds as of August 31, 2018, unless otherwise noted.

Single Family Mortgage Loans and Federal Agency Certificates[*] Outstanding Under the Indenture as of August 31, 2018

Series	Original Amount Available For Single Family Mortgage Loans or Federal Agency Certificates	Outstanding Principal Amount of Single Family Mortgage Loans or Federal Agency Certificates[(2)]	Interest Rate
2012 Series ABC[(1)]	$15,992,160	$34,604,413	2.75-8.90%
2013 Series ABC[(1)]	11,039,609	13,373,971	2.71-8.95
2014 Series AB[(1)]	20,719,622	29,956,283	2.62-8.50
2015 Series BD[(1)]	8,500,000	20,541,365	2.62-6.45
2015 Series FG[(1)]	15,159,750	20,059,889	2.75-6.45
2016 Series AB[(1)]	15,159,750	21,360,773	2.67 -8.15
2016 Series CD[(1)]	20,222,000	26,090,321	2.62-6.10
2017 Series AB[(1)]	15,166,500	25,472,062	3.17-8.10
2017 Series CD[(1)]	25,283,000	28,541,605	3.12-6.45
2018 Series A[(1)]	30,337,950	12,833,675	3.55-8.35

[*] As of May 1, 2009, the Agency began purchasing and pooling Single Family Mortgage Loans into Federal Agency Certificates. See **APPENDIX VI—SINGLE FAMILY PROGRAM—History and Transition to "MBS" Model** hereto. Federal Agency Certificates held as investments under the Indenture as described in "**INVESTMENTS AND INVESTMENT AGREEMENTS UNDER THE INDENTURE**" herein are not included in the Outstanding principal amount of Single Family Mortgage Loans or Federal Agency Certificates described in this table.

[1] Inclusive of transferred Single Family Mortgage Loans and Federal Agency Certificates (and participations therein, if any).

[2] Not inclusive of $675,299 principal amount of non-interest bearing Single Family Mortgage Loans or participations therein.

Insurance and Guaranty Information Relating to the Single Family Mortgage Loans and Federal Agency Certificates Outstanding Under the Indenture as of August 31, 2018

Type of Insurance or Guaranty	Number	Principal Amount***	% of Principal Amount of Portfolio
Freddie Mac Certificates*	48	$ 6,209,180	2.69%
Fannie Mae Certificates*	90	63,022,439	27.30
GNMA Certificates*	83	66,385,260	28.76
Single Family Mortgage Loans with Private Mortgage Insurance			
Mortgage Guaranty Insurance Corporation	208	21,210,838	9.19
All Other Private Mortgage Insurance	4	497,192	0.22
Federally Guaranteed Single Family Mortgage Loans			
(FHA)	1	6,401	0.00
(Rural Development)	190	14,255,720	6.18
(VA)	1	9,382	0.0
Uninsured**	1,116	59,237,943	25.66
Total		$230,834,355	100.00%

* As of May 1, 2009, the Agency began purchasing and pooling Single Family Mortgage Loans into Federal Agency Certificates, inclusive of Freddie Mac Certificates. See **APPENDIX VI—SINGLE FAMILY PROGRAM—History and Transition to "MBS" Model** hereto. Federal Agency Certificates held as investments under the Indenture as described in "**INVESTMENTS AND INVESTMENT AGREEMENTS UNDER THE INDENTURE**" herein are not included in the Outstanding principal amount of Single Family Mortgage Loans or Federal Agency Certificates described in this table.

** Loan to value ratio of 80% or less.

*** Not inclusive of $675,299 principal amount of non-interest bearing Single Family Mortgage Loans or participations therein.

Delinquency Statistics Relating to the Non-Federal Agency Certificate Single Family Mortgage Loans (Whole Loans) Outstanding Under the Indenture as of August 31, 2018

	Number	Percentage
Total Whole Loans Outstanding & Real Estate Owned & Held for Sale	1523	100.00%
Loans in Default 60 Days or More	19	1.25
Loans in Default 90 Days or More	20	1.31
Loans in Foreclosure	22	1.45
Single Family Residences Owned by Agency and Held for Sale	3	0.20

From the date of the Trust Indenture in July of 2007, the Agency has used funds of the Indenture in the amount of $4,570,855 to cover loan losses as of August 31, 2018.

APPENDIX V

DEFINITIONS OF CERTAIN TERMS

The following are definitions in summary form of certain terms contained in the Indenture and used in this Official Statement:

"2018 BCDEFG Supplemental Indenture": the Supplemental Indenture of the Agency relating to the Series Bonds, dated as of October 1, 2018.

"*2018 Series C Federal Agency Certificates*": the Federal Agency Certificates purchased with proceeds of the Series Bonds.

"*2018 Series BC Single Family Prepayments*": the Loan Prepayments allocable to the Transferred Single Family Mortgage Loans and the 2018 Series C Federal Agency Certificates.

"*2018 Series DEFG Multifamily Prepayments*": the Loan Prepayments allocable to the transferred Multifamily Mortgage Loans and the New Multifamily Mortgage Loans.

"*Bondholder*" or "*holder of Bonds*" or "*owner of Bonds*": the registered owner of any Bond.

"*Deferred Interest Bonds*": the Bonds so designated in a Supplemental Indenture but shall not include any such Bond from and after the date, if any, on which such Bond will bear interest that is payable to the holder of such Bond prior to its scheduled maturity.

"*Delivery Period*" or "*Delivery Periods*" means the period of time for the purchase of Federal Agency Certificates from the Master Servicer (A) for $15,172,200 principal amount of the proceeds on deposit in the 2018 Series BC Single Family Program Account, ending on July 1, 2019, and (B) for an additional $15,172,200 principal amount of the proceeds on deposit in the 2018 Series BC Single Family Program Account, ending on November 1, 2019, or such earlier date on which all Federal Agency Certificates have been purchased, unless extended by the Agency in accordance with requirements outlined in **APPENDIX VI** hereto; provided, however that the Delivery Period may not extend beyond May 8, 2022.

"*Fannie Mae*": the Federal National Mortgage Association, a government sponsored enterprise organized and existing under the Federal National Mortgage Association Charter Act (12 U.S.C. Section 1716 et seq.), and any successor thereto.

"*Fannie Mae Certificate*": a single pool, guaranteed mortgage, pass-through certificate, including a participation interest therein, bearing interest at the Pass-Through Rate, issued by Fannie Mae, guaranteed as to timely payment of interest and principal by Fannie Mae and backed by Conventional Mortgage Loans, which will mature not later than the date set forth in the applicable Supplemental Indenture.

"*Federal Agency Certificates*": collectively, the GNMA Certificates, the Fannie Mae Certificates and the Freddie Mac Certificates.

"*Federal Agency Obligations*": bonds, debentures or other obligations issued by Fannie Mae, Freddie Mac, the Federal Farm Credit Bank, any Federal Home Loan Bank, the Student Loan Marketing Association (more commonly known as Sallie Mae), the Resolution Funding Corporation, the Tennessee

Valley Authority, any Federal Loan Bank or the GNMA and any other obligations of any agency controlled or supervised by and acting as an instrumentality of the United States Government pursuant to authority granted by the Congress of the United States.

"*Federal Obligations*": direct obligations of the United States or other obligations the timely payment of principal and interest of which is fully and unconditionally guaranteed by the United States.

"*Fiscal Year*": the period of 12 calendar months commencing on July 1 in any calendar year and ending on June 30 in the following year.

"*Freddie Mac*": the Federal Home Loan Mortgage Corporation or any successor thereto.

"*Freddie Mac Certificate*": a mortgage participation certificate, including a participation interest therein, issued by Freddie Mac and representing an undivided interest in a pool of Conventional Mortgage Loans identified by a particular alphanumeric number and CUSIP number, guaranteed as to timely payment of principal and interest by Freddie Mac and bearing interest at the Pass-Through Rate, which will mature not later than the date set forth in the applicable Supplemental Indenture.

"*GNMA*": the Government National Mortgage Association, a wholly owned corporate instrumentality of the United States within the Department of Housing and Urban Development or any successor to its functions. Its powers are prescribed generally by Title III of the National Housing Act, as amended (12 U.S.C. 1716 et seq.) and any successor to its functions.

"GNMA Certificate": a fully modified, mortgage-backed security (which may be issued under either the GNMA I Program or the GNMA II Program), including a participation interest therein, bearing interest at the Pass-Through Rate, issued by a Servicer, registered in the name of the Trustee and guaranteed as to timely payment of principal and interest by GNMA pursuant to Section 306(g) of Title III of the National Housing Act of 1934 and the regulations promulgated thereunder backed by FHA-Insured Mortgage Loans or VA Guaranteed Mortgage Loans made by a Lender and purchased by a Servicer, which will mature not later than the date set forth in the applicable Supplemental Indenture.

"*GNMA Guaranty Agreement*": the one or more guaranty agreements in the form set forth in the GNMA Guide between each Servicer and GNMA now or hereafter in effect pursuant to which GNMA has agreed or will agree to guarantee GNMA Certificates backed by Mortgage Loans.

"*GNMA Guide*": the GNMA Mortgage-Backed Securities Guide Section 5500.3, as amended from time to time.

"*Hedge Agreement*": a payment exchange agreement, swap agreement, forward purchase agreement or any other hedge agreement entered into by the Agency providing for payments between the parties based on levels of, or changes in, interest rates or other indices or contracts to exchange cash flows or a series of payments or contracts, including, without limitation, interest rate floors, or caps, options, puts or calls, which allows the Agency to manage or hedge payment, rate, spread or similar risk with respect to all or a portion of any Series of Bonds or any assets pledged under the Indenture.

"*Home Improvement Loan*": a note, whether or not secured by a Mortgage, evidencing a loan to a borrower to finance alterations, repairs, and improvements on or in connection with Residential Housing to protect or improve the basic livability or energy efficiency of the property, as more fully described in any supplemental indenture.

"*HUD*": the Department of Housing and Urban Development and any successor thereto and shall include FHA, as dictated by context.

"*Interest*" or "interest": with respect to any Bonds, the amount of interest specified with respect thereto by the Supplemental Indenture authorizing the issuance thereof, and, in reference to debt service on the Bonds, shall include regular payments (but not termination payments or other fees or expenses) required of the Agency for any related Qualified Hedge Agreement to the extent so specified in the Supplemental Indenture authorizing the same.

"*Liquidity Facility*" means a credit facility between the Agency and any provider of such facility, pursuant to which any variable rate Bonds are purchased if such variable rate Bonds are tendered for purchase and are not remarketed by the related Remarketing Agent.

"*Loan*" or "*Loans*": any Single Family Mortgage Loans and Multifamily Mortgage Loans.

"*Loan Loss*": the amount of any loss realized by the Agency upon the default on a Loan held under the Indenture for the account of a Series of Bonds, which amount shall not exceed the sum of (a) the unpaid principal balance of the Loan at the date of the default, (b) the amount of accumulated delinquent interest due on the Loan, and (c) the amount of advances made by or for the account of the Agency with respect to such Loan, less the sum of (d) the amount of all rents, sale proceeds, foreclosure proceeds, insurance settlements, self-insurance proceeds (other than Loan Loss Claim Fund Withdrawals) and other payments collected or received by the Agency from or on account of such Loan, (e) the amount of cash remaining in any escrow account maintained for such Loan, (f) the amount paid under any fire and extended coverage policy which is in excess of the amount applied to the restoration of the property or the payment of the Loan and (g) the amount of any Loan Loss on account of such Loan previously paid from amounts on deposit in a Loan Loss Claim Fund.

"*Loan Loss Claim Fund Deposits*": any one or more of the following to the extent its deposit in a Loan Loss Claim Fund will not adversely affect the then current unenhanced ratings, if any, assigned to the Bonds by each Nationally Recognized Credit Rating Agency then maintaining a credit rating on the Bonds: (a) irrevocable and unexpired letters of credit issued by banking institutions, (b) irrevocable policies of insurance in full force and effect issued by insurers, (c) irrevocable guarantees by banks, bank holding companies, insurance companies or surety companies or (d) any other similar security or source thereof; in any case deposited or held under the Indenture for the credit of a Loan Loss Claim Fund and providing for the payment of sums available to pay Loan Loss Claim Fund Withdrawals.

"*Loan Prepayments*": all payments on a Loan which reduce or eliminate the principal balance due on the Loan by reason of the prepayment of all or a part of such principal before the due date thereof, including, without limitation, amounts paid on account of acceleration, sale or other disposition of such Loan or of the collateral securing such Loan and the proceeds of any private or governmental insurance or guaranty, or any Additional Security applicable to such Loan, but excluding the portion, if any, of such amounts representing the principal which would have been due or past due on such Loan had such Loan not been prepaid.

"*Loan Principal Payments*": all payments, other than Loan Prepayments, on a Loan which reduce or eliminate the principal balance due on a Loan, including without limitation, scheduled payments of principal on such Loan and the current or past due portion, if any, of amounts paid with respect to principal on account of (a) acceleration of the due date of such Loan, (b) sale or other disposition of such Loan or the collateral securing such Loan, and (c) receipt of proceeds of any private or governmental mortgage insurance or guaranty or any additional security applicable to such Loan.

"*Loan Security*": a security, instrument of indebtedness or other obligation of or guaranteed by a Mortgage Lender, the Government National Mortgage Association, Fannie Mae, the Federal Home Loan Mortgage Corporation, PMI Mortgage Insurance Company or other agency or instrumentality of the United States of America or the State, payable from or representing an interest in Loans or interests therein and as more fully described in the applicable Supplemental Indenture authorizing the issuance of a Series of Bonds for the purchase of such Loan Securities.

"*Master Servicer*": is U.S. Bank National Association pursuant to the Servicing Agreement dated June 20, 2017, as amended, between the Agency and the Master Servicer.

"*Mortgage*": a mortgage deed, deed of trust, or other instrument which shall constitute a lien on real property in fee simple or on a leasehold under a lease having a remaining term, at the time such mortgage is acquired, which does not expire for at least that number of years beyond the maturity date of the obligation secured by the mortgage as is equal to the number of years remaining until the maturity date of the obligation or on a cooperative interest (as defined in the Act) or on an interest in a mobile home. "Mortgage" shall also include any mortgage or obligation guaranteed by a private mortgage insurance company.

"*Mortgage Lender*": any bank or trust company, Fannie Mae approved mortgage banker, savings bank, savings and loan association, industrial bank, credit union, national banking association, federal savings and loan association, federal credit union or other financial institution or governmental agency or instrumentality which customarily provides or otherwise aids in the financing of mortgage loans on Residential Housing; where the context requires, "Mortgage Lender" shall also mean and include a seller of Loans to the Agency or a servicer of Loans for the Agency or the issuer, guarantor or other obligor on a Loan Security.

"*Mortgage Loan*": (a) an obligation which is secured by a Mortgage or note or bond constituting a lien on land and improvements in the State; or (b) an obligation secured by an owner-occupant's interest in a mobile home provided that: (i) the mobile home is to be sited in a manner intended for continuous residential occupancy by the owner-occupant on land owned by the owner and the obligation is secured by a Mortgage which constitutes a first lien on the mobile home and the real property to which it is affixed; or (ii) the mobile home is to be sited in a manner intended for continuous residential occupancy on land leased by the owner-occupant and the obligation is secured by a note or otherwise and collateral or conditional assignment of a lease of real property which constitutes a first lien upon the mobile home and lease.

"*Multifamily Mortgage Loan*": an interest-bearing loan made by the Agency to a Mortgagor for the financing of a Development secured by a Mortgage on such Development.

"*Multifamily Program*": the Agency's program of making Multifamily Mortgage Loans, including the payment when due of principal and redemption premium, if any, of and interest on Notes.

"*Outstanding*" or "*Bonds Outstanding*": all Bonds which have been authenticated and delivered by the Trustee under the Indenture, except (a) bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity; (b) bonds for the payment or redemption of which cash funds or Federal Obligations or any combination thereof shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds); provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee; (c) bonds in lieu of which other

Bonds have been executed and delivered under the Indenture; and (d) bonds otherwise specified in a Supplemental Indenture.

"*New Multifamily Mortgage Loans*": the four Multifamily Mortgage Loans relating to the Developments of Four Winds, Bridge and Main, Conant Square, and Heritage Court, or any alternate Development receiving a Multifamily Mortgage Loan with unexpended proceeds on deposit in the 2018 Series DEFG Multifamily Program Account, all as described in **APPENDIX VIII** herein under the heading "—New Multifamily Mortgage Loans."

"*Pass-Through Rate*": the rate of interest on a Federal Agency Certificate equal to the rate set forth in the applicable Supplemental Indenture.

"*Permitted Investments*": any of the following which at the time are legal investments under the law of the State for funds held under the Indenture which are then proposed to be invested hereunder: (a) Federal Obligations; (b) obligations of any state of the United States of America or any political subdivision of such a state (such obligations of which are rated in the highest long term rating category by each Rating Agency); (c) Federal Agency Obligations; (d) repurchase agreements collateralized by securities described in (a), (b) or (c) above with any institution that will not adversely affect the Rating of the Bonds at the time of purchase; (e) investment agreements, secured or unsecured as required by the Agency, with any institution that will not adversely affect the Rating of the Bonds at the time of execution; (f) any of the following obligations that would not adversely affect the Rating of the Bonds at the time of purchase: (i) time deposits, certificates of deposit or any other deposit with federally or state chartered banks (including the Trustee and its affiliates), the deposits of which are fully insured by the FDIC, (ii) commercial paper, (iii) shares of a money market mutual fund or other collective investment fund registered under the Investment Company Act of 1940, as amended, whose shares are registered under the Securities Act of 1933, as amended, having assets of at least $100 million, and (iv) any other investment with a financial institution; provided that, for the purposes of (d), (e) or (f) above, unless otherwise notified by a Rating Agency, if the general unsecured obligation of an institution is rated by such Rating Agency at a level which is not lower than one rating below the Rating on the Bonds, any agreement constituting a general unsecured obligation of such an institution shall not be treated as adversely affecting the Rating of the Bonds; and further provided that it is expressly understood that the definition of Permitted Investments shall be, and be deemed to be, expanded, or new definitions and related provisions shall be added to the Indenture, thus permitting investments with different characteristics from those permitted which the Executive Director deems from time to time to be in the interest of the Agency to include as Permitted Investments, as reflected in an Executive Director's Determination, or in a Supplemental Indenture if at the time of inclusion such inclusion will not, in and of itself, adversely affect the then current Rating on the Bonds.

"*Premium PAC Bond Outstanding Applicable Amount*": the amount of the Premium PAC Bonds which are calculated to be Outstanding based on the assumed receipt of Loan Prepayments received with respect to the Transferred Single Family Mortgage Loans and the 2018 Series C Federal Agency Certificates at 100% of the PSA Prepayment Model, and redemption of the Series Bonds in accordance with the Indenture.

"*Premium PAC Bonds*": the 2018 Series C Bonds in the aggregate principal amount of $9,585,000 and maturing on November 1, 2048.

"*Principal*" or "*principal*": (a) unless otherwise provided in the Indenture or in a Supplemental Indenture, as such term references the principal amount of a Deferred Interest Bond or Deferred Interest Bonds, the Appreciated Amount thereof, and (b) as such term references the principal amount of any other Bond or Bonds, the principal amount at maturity of such Bond or Bonds.

"*Program Expenses*": any fee, premium or other item of expense directly or indirectly payable by or reimbursable to the Agency and related to (a) the compensation and expenses of the Trustee and any other paying agents, (b) the servicing of Loans (whether by the Agency or Mortgage Lenders or others), (c) the maintenance in full force and effect of any Additional Security, (4) any policy or policies of insurance on or relating to Loans maintained by the Agency pursuant to any supplemental indenture and (5) reasonable costs and expenses incurred by the Agency in connection with its ownership, preservation, rehabilitation or disposition of property acquired by the Agency through the protection or enforcement of its rights conferred by law under the applicable Loan.

"*Provider*": any person or entity providing a Hedge Agreement pursuant to agreement with or upon the request of the Agency.

"*PSA Prepayment Model*": the standard or model developed by the Securities Industry and Financial Markets Association (formerly the Bond Market Association, formerly the Public Securities Association) to measure prepayments on mortgage loans. The PSA Prepayment Model is based on an assumed rate of prepayment each month of the then unpaid principal balance of the Mortgage Loans. The PSA Prepayment Model has an increasingly large percentage of the mortgages prepaying each month for the first thirty (30) months of the mortgages' life and then assumes a constant prepayment rate of six percent (6%) per annum of the unpaid principal balance for the remaining life of the mortgages.

"*Purchase Date*": the first Business Day of each month and any other day acceptable to the Trustee and the Master Servicer and on which the Master Servicer delivers Federal Agency Certificates to the Trustee for purchase, with moneys on deposit in the Program Fund, as provided in the applicable Supplemental Indenture.

"*Qualified Rehabilitation Loan*": a Mortgage Loan or a Cooperative Housing Loan that is a "qualified rehabilitation loan" within the meaning of Section 143(k)(5) of the Code and which meets the requirements of the Indenture.

"*Qualified Hedge Agreement*": a Hedge Agreement is a Qualified Hedge Agreement if, at the time of execution of such Hedge Agreement, (i) the Provider of the Hedge Agreement is a Qualified Institution or the Provider's obligations under the Hedge Agreement are unconditionally guaranteed by a Qualified Institution and (ii) the Agency designates it as such by a certificate of an Authorized Officer.

"*Qualified Institution*": (a) a bank, a trust company, a national banking association, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any state of the United States of America, a corporation, a trust, a partnership, an unincorporated organization, or a government or an agency, instrumentality, program, account, fund, political subdivision or corporation thereof, in each case the unsecured or uncollateralized long-term debt obligations of which, or obligations secured or supported by a letter of credit, contract, agreement or surety bond issued by any such organization, at the time a Qualified Hedge Agreement is entered into by the Agency are either (i) rated at least as high as the Bonds by each Rating Agency which rates such obligations or (ii) such that entering into a Qualified Hedge Agreement with such entity will not adversely affect the then current unenhanced Ratings, if any, assigned to the Bonds by each Rating Agency or (b) the Government National Mortgage Association or any successor thereto, the Federal National Mortgage Association or any successor thereto, or any other federal agency or instrumentality the obligations of which are backed by the full faith and credit of the United States of America.

"*Rating*": with respect to any Series of Bonds, the then-current rating or ratings assigned by the Rating Agency pursuant to the request of the Agency without regard to the benefit of any bond insurance or other credit enhancement relating to any Bond.

"*Rating Agency*": a nationally recognized organization that has an outstanding rating on the Bonds pursuant to the request of the Agency.

"*Rebate Requirement*": with respect to a particular Series of Bonds, the amount determined to be the Rebate Requirement, if any, for such Series pursuant to the applicable Supplemental Indenture.

"*Reserve Requirement*": as of any particular date of calculation, the aggregate of the amounts specified, if any, as the Reserve Requirement in the Supplemental Indentures authorizing the outstanding Series of Bonds.

"*Series*": unless otherwise specified in a Supplemental Indenture, all of the Bonds authenticated and delivered on original issuance in a simultaneous transaction pursuant to a Supplemental Indenture, and any Bonds thereafter delivered in lieu of or in substitution for such Bonds pursuant to the Indenture, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

"*Sinking Fund Installment*": any amount of money required by or pursuant to the Indenture or a Supplemental Indenture to be paid on a specified date toward the retirement of any particular Term Bonds of a Series before maturity.

"*Single Family Housing*": owner-occupied, single family dwellings located or to be located in the State comprised of one-to-four residential housing units, including without limitation cooperative interests (as defined in the Act) and mobile homes, designed primarily to provide permanent dwelling accommodations for persons and families.

"*Single Family Loan*": an unsecured note, bond or other obligation representing a loan on, or financing of, Single Family Housing.

"*Single Family Mortgage Loan*": a Mortgage Loan, a Home Improvement Loan, a Cooperative Housing Loan, a Loan Security, a Residential Housing Loan or any other single family Mortgage Loan which (1) complies, at the time or purchase by the Agency, with the provisions of the Act and the Indenture and any additional provisions provided in any supplemental indenture, (2) is purchased or made with proceeds of Bonds or other moneys held under the Indenture, (3) is held under the Indenture, (4) represents a loan or other form of financing (or an interest therein) for the purchase, construction, rehabilitation, refinancing or improvement of Single Family Housing, and (5) if a variable rate loan, the purchase or making of which will not adversely affect the ratings on the Bonds.

"*Supplemental Indenture*": an indenture supplemental to or amendatory of the Indenture, adopted by the Agency in accordance with the Indenture.

"*Targeted Area*": any of those census tracts and other areas in the State as identified by the Agency.

"*Targeted Area Mortgage Loan*": a Mortgage Loan which was originated to finance the acquisition or construction of a Home located within a Targeted Area.

"*Transferred Whole Loans*" means the Transferred Single Family Mortgage Loans which are not pooled into Federal Agency Certificates.

"*Trust Estate*": all moneys and securities, including Bond proceeds (other than proceeds deposited in trust for the retirement of any outstanding Bonds or other indebtedness of the Agency), and other assets from time to time held by the Trustee under and subject to the terms of the Indenture or any Supplemental Indenture (other than amounts held in the Rebate Fund, if any) and any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder by the Agency, or by anyone in its behalf or with its written consent, to the Trustee which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

APPENDIX VI

SINGLE FAMILY PROGRAM

General

Pursuant to the Act and the Indenture, the Agency has established a program to use the proceeds of Bonds to purchase Federal Agency Certificates backed by pools of Single Family Mortgage Loans made to Eligible Borrowers (hereinafter defined) from mortgage lenders (the "Single Family Program"). Mortgage Loans backing such Federal Agency Certificates may be comprised of Single Family Mortgage Loans, Residential Housing Loans or any other single family Mortgage Loan that meet the requirements of the Act and the applicable supplemental indenture and that are made to finance the purchase of Single Family Housing (collectively, the "Single Family Mortgage Loans").

Sale of Federal Agency Certificates to Secondary Market

In addition to funding its single family mortgage production by issuing bonds, the Agency has from time to time sold Federal Agency Certificates in the secondary market. From July, 2013 through September 26, 2018, the Agency has sold approximately $162,068,562 million of Federal Agency Certificates in the open market.

History and Transition to "MBS" Model

Effective for commitments made on or after May 1, 2009, the Agency changed its single-family housing lending program from a "whole loan" model to an "MBS" (mortgage-backed securities) model. The Agency has entered into the Servicing Agreement with the initial Master Servicer; such agreement is subject to certain termination rights of each party thereto. Pursuant to the Servicing Agreement, the Master Servicer is to acquire Single Family Mortgage Loans meeting Single Family Program requirements and pool such Single Family Mortgage Loans into Federal Agency Certificates to be purchased by the Trustee on behalf of the Agency. (See "—**Procedures for Origination, Purchase and Pooling**" below.) For additional information regarding the initial Master Servicer, see "—**The Master Servicer**" below.

Procedures for Origination, Purchase and Pooling

The Agency has published its procedural guide that establishes standards and requirements for participation in the Single Family Program and certain requirements for origination of mortgage loans, including provisions for compliance with the requirements of applicable federal law (the "Procedural Guide"). The Master Servicer has also published its lending manual for the Single Family Program. The Agency and the Master Servicer respond to inquiries by interested Lenders by directing them to the appropriate page on the Agency's or Master Servicer's website delineating information regarding the requirements a lender must satisfy to be eligible to participate in the Single Family Program. Each Lender that meets Single Family Program requirements and participates in the Single Family Program must execute a VHFA Supplement to U.S. Bank Participating Lender Agreement (the "Participation Agreement"), which incorporates the Procedural Guidelines and the Master Servicer's lending manual by reference. The Procedural Guide, the Participation Agreements and the Servicing Agreement are hereinafter collectively called the "Single Family Program Documents." The eligibility criteria and procedures set forth in the Single Family Program Documents have been established by the Agency and the Master Servicer. The provisions of the Single Family Program Documents, except those required by the Act and those required by the Indenture (which may only be modified by amendment of the

Indenture) may be modified by the Agency and the Master Servicer from time to time or waived on a case-by-case basis.

Acquisition of 2018 Series C Federal Agency Certificates

During the Delivery Period, the Master Servicer is to acquire Single Family Mortgage Loans from Lenders or the Agency and pool the Single Family Mortgage Loans into 2018 Series C Federal Agency Certificates as provided in the Servicing Agreement. The Trustee is to disburse moneys from the 2018 Series BC Single Family Program Account for the acquisition of Federal Agency Certificates pursuant to the 2018 BCDEFG Supplemental Indenture. The Trustee is to pay the Master Servicer an amount equal to 100% of the principal amount of each Federal Agency Certificate acquired from the Master Servicer, plus accrued interest, if any, less a Servicing Release Premium, and any applicable fees or charges payable to a Fannie Mae, Freddie Mac or GNMA, as the case may be, and not paid by the mortgagor.

The Agency may at any time transfer any proceeds of the Series Bonds in the 2018 Series BC Single Family Program Account to the Debt Service Fund to be applied to the redemption of Series Bonds. In addition, the Agency shall transfer any remaining proceeds of the Series Bonds in the 2018 Series BC Single Family Program Account to the Debt Service Fund to be applied to the redemption of Series Bonds at the end of the Delivery Period; provided that the Agency may (instead of redeeming Series Bonds from unexpended proceeds) extend the Delivery Period with respect to all or any portion of the unexpended amounts remaining in the 2018 Series BC Single Family Program Account, for such period or periods as the Agency shall determine consistent with the final sentence of this paragraph, but only if the Agency delivered to the Trustee on or prior to any redemption date the following: (a) an opinion of Bond Counsel that such extension will not cause the interest on the 2018 Series B Bonds to be includable in gross income for purposes of federal income taxation, and (b) a Certificate of the Agency (i) designating the new ending date for the Delivery Period, (ii) certifying that the Agency has received cash flow projections, or other financial analysis satisfactory to satisfy the guidelines of the Rating Agencies as described in (v) below, from an investment banking firm, financial consulting firm or accounting firm, in each case nationally recognized with respect to the cash-flow analysis of mortgage revenue bonds, the interest on which is excluded from gross income for federal income tax purposes, which shows that such extension will not adversely affect the availability of Revenues sufficient to make timely payment of principal of and interest on the Series Bonds in the current and each subsequent Bond Year, and all Program Expenses, and that at all times the assets of the Indenture will equal or exceed the liabilities of the Indenture, which cash flows shall accompany the Certificate, (iii) certifying that, to the extent necessary to satisfy the guidelines for the cash flow projections as disclosed by the Rating Agencies, a Permitted Investment has been arranged for investment of amounts in the 2018 Series BC Single Family Program Account to a date not earlier than the ending date of the extended Delivery Period, (iv) designating the amount of any additional deposits required to meet cash flow projections and the Rating Agencies' guidelines to be made into funds held under the Indenture in connection with such extension, which deposits shall be made on or before the date of expiration of the then-current Delivery Period and shall be made only from the Agency's funds, and (v) certifying that the Agency has notified the Rating Agencies that such extension is being planned and has provided such Rating Agencies copies of the cash flow projections, or other financial analysis satisfactory to satisfy the guidelines of the Rating Agencies, together with such other documentation as the Rating Agencies may request, and has received a rating confirmation with respect to the Series Bonds.

On any date or dates subsequent to any extension of the Delivery Period, the Agency may transfer any unexpended proceeds relating to the Series Bonds remaining in the 2018 Series BC Single Family Program Account to the Debt Service Fund to be applied to redemption of Series Bonds. At the end of the Delivery Period, including any extension thereof, the Trustee is to transfer all amounts relating to the

Series Bonds remaining in the 2018 Series BC Single Family Program Account to the Debt Service Fund to be applied to the redemption of Series Bonds. The Delivery Period may not be extended beyond the dates set forth in the applicable definitions set forth in **APPENDIX V** hereto.

The Agency may participate each 2018 Series C Federal Agency Certificate between different, sources of funds of the Agency, so long as the interest of each has equal priority as to lien in proportion to the amount of the Series Bond secured, but such interests need not be equal as to interest rate.

Servicing of Federal Agency Certificates

A servicer of mortgage loans backing a Federal Agency Certificate must be a GNMA, Fannie Mae and Freddie Mac approved servicer experienced in servicing pools of mortgage loans for GNMA, Fannie Mae and Freddie Mac under their respective guaranteed mortgage-backed securities programs and be subject to the standards set forth in the GNMA Servicer's Guide, the Fannie Mae Single Family Selling and Servicing Guide and the Freddie Mac guidelines.

The Agency has entered into the Servicing Agreement with the Master Servicer to service mortgage loans backing Federal Agency Certificates. For additional information regarding the initial Master Servicer, see "—**The Master Servicer**" below. The 2018 BCDEFG Supplemental Indenture provides that in the event the Servicing Agreement is cancelled or terminated for any reason, the Agency shall proceed with due diligence to engage a successor Master Servicer, subject to the provisions of the Servicing Agreement and the requirements of Fannie Mae, Freddie Mac or GNMA, as applicable. During the period necessary to engage such successor, the Trustee shall, subject to the approval of Fannie Mae, Freddie Mac or GNMA, as applicable, cause to be performed the duties and responsibilities of the Master Servicer, under the Servicing Agreement and is to be compensated therefor, in addition to the compensation payable to it under the Indenture or any other instrument, in the same manner and amounts as provided under the Servicing Agreement.

2018 Series BC Single Family Program

Approximately $30,344,400 is expected to be on deposit in the 2018 Series BC Single Family Program Account and available to purchase Federal Agency Certificates. The Agency's program of purchasing Federal Agency Certificates comprised of pools of Single Family Mortgage Loans from proceeds of the Series Bonds is referred to herein as the "2018 Series BC Single Family Program."

The Supplemental Indenture limits the 2018 Series BC Single Family Program to the purchase of Federal Agency Certificates backed by Single Family Mortgage Loans (excluding Single Family Mortgage Loans for the construction of Single Family Housing). The Agency has reserved the right to make appropriate modifications to the 2018 Series B Program and to amend the Single Family Program Documents in order to purchase Federal Agency Certificates backed by Single Family Mortgage Loans for the construction of Single Family Housing, Home Improvement Loans, Cooperative Housing Loans and Qualified Rehabilitation Loans, provided that the Agency delivers to the Trustee evidence that such use will not adversely affect the unenhanced ratings then assigned to any Bonds outstanding by any Rating Agency.

The Agency expects that amounts on deposit in the 2018 Series BC Single Family Program Account will be used primarily to purchase Eligible Mortgage Loans. An Eligible Single Family Mortgage Loan is a Single Family Mortgage Loan made by a Mortgage Lender to an Eligible Borrower to finance the purchase of eligible single family residential property (an "Eligible Residence"). "Eligible Borrowers" are Persons and Families of Low and Moderate Income (a) none of whom had a present ownership interest in a dwelling at any time during the three-year period prior to the closing of this Single

Family Mortgage Loan, unless the residence financed is located in certain "targeted areas," (b) who otherwise meet the requirements of the Agency in the Procedural Guide, and (c) who intend to occupy the Eligible Residence as a permanent principal residence within 60 days (90 days in the case of Qualified Rehabilitation Loans) after the date the Single Family Mortgage Loan is made.

The term "Persons and Families of Low and Moderate Income" means persons and families whose annualized gross monthly income does not exceed the amounts established by the Agency from time to time pursuant to the Act and which does not exceed the maximum amounts permitted by the Internal Revenue Code of 1986, as amended (the "Code"), which amounts will be adjusted for family size as required by the Code. As of August 31, 2018, the maximum gross family income for Eligible Borrowers ranges from $79,500 to $95,000 for families of one or two persons and from $90,000 to $110,000 for families of three or more persons. Such amounts are either at or lower than the amounts currently permitted under the Code.

An Eligible Residence may consist of an owner-occupied single family residence consisting of not more than two dwelling units (other than a mobile home or manufactured housing that is not permanently affixed to real property) and such appurtenant land as is reasonably necessary to maintain the basic livability of the dwelling unit and as does not provide, other than incidentally, a source of income to the Eligible Borrower to whom a Mortgage Loan is made (a "Mortgagor"), which dwelling and land (a) is occupied or intended for occupancy by the Mortgagor as his domicile and not as an investment property, a recreational home, or for use primarily in a trade or business and (b) has a purchase price that does not exceed the limits established by the Agency pursuant to the Procedural Guide. The purchase price limitations are subject to change from time to time. As of August 31, 2018, the maximum purchase price for new and existing single family residences ranges from $270,000 to $300,000. The maximum purchase price for residences with two dwelling units ranges from $340,000 to $350,000.

Mortgagors who sell a home purchased with a Single Family Mortgage Loan within nine years of the date of the purchase of such home may be subject to a federal recapture tax. For Mortgage Loans made on or after February 1, 2006, the Agency has agreed to reimburse Single Family Mortgagors for any recapture tax actually paid by single Family Mortgagors.

Single Family Mortgage Loan Origination and Purchase Agreements/Participation Agreements

The Agency and the Master Servicer have entered, or will enter, into an Origination Agreement with each of the Single Family Mortgage Lenders, pursuant to which the Single Family Mortgage Lenders agree to originate from time to time and sell to the Master Servicer and, unless the Agency directs otherwise, to service on its behalf, an unspecified principal amount of eligible Single Family Mortgage Loans. Such Single Family Mortgage Loans are purchased by the Master Servicer in an amount equal to 100% of the principal amount of each Federal Agency Certificate, plus accrued interest, if any, plus the applicable Servicing Release Premium, and any applicable fees or charges payable to a Fannie Mae, Freddie Mac or GNMA, as the case may be, and not paid by the mortgagor.

Although a single Family Mortgage Lender is not required to originate a specified principal amount of Single Family Mortgage Loans, once the Single Family Mortgage Lender has originated Single Family Mortgage Loans and the Agency has reserved funds for those Single Family Mortgage Loans, such Single Family Mortgage Loans must be offered for sale and delivered to the Master Servicer.

Under the Agency's current Single Family Program Documents, the Origination Agreements relate only to eligible Single Family Mortgage Loans and do not contemplate the origination of Cooperative Housing Loans, Qualified Rehabilitation Loans or Home Improvement Loans. The Origination Agreements provide that the term of each eligible Single Family Mortgage Loan will be a

maximum of 30 years, and that each eligible Single Family Mortgage Loan must be guaranteed by the United States Department of Agriculture/Rural Development (formerly the Farmers Home Administration, "USDA/RD"), insured by the Federal Housing Administration ("FHA") or by private mortgage insurance, guaranteed by the Veteran's Administration (the "VA") or meet the requirements specified in the Procedural Guide and the Act for uninsured Single Family Mortgage Loans.

Each Single Family Mortgage Lender represents and warrants in the Origination Agreement, among other things, that (a) each Single Family Mortgage Loan is evidenced by a note and secured by a mortgage and constitutes a first lien on an Eligible Residence, (b) each Single Family Mortgage Loan would be a prudent investment for its own account, (c) each Single Family Mortgage Loan complies with the provisions of the Act, and (d) each Single Family Mortgage Loan is an eligible Single Family Mortgage Loan.

In addition to the representations and warranties made by the Single Family Mortgage Lenders with respect to Single Family Mortgage Loans to be purchased by the Master Servicer, certain other conditions, some of which are outlined below, must exist or must be warranted to exist by the Single Family Mortgage Lender at each date on which the Master Servicer buys Single Family Mortgage Loans (the "Closing Date"). The Single Family Mortgage Loans must be current in payments of principal and interest and no counterclaim, offset, defense, or right of rescission may exist that can be asserted and maintained by the Mortgagor against the Master Servicer, as assignee of the Single Family Mortgage Loans. The assignment to the Master Servicer of each Single Family Mortgage Loan must convey a valid first lien on an Eligible Residence as to which the Mortgagor has marketable record title. The improvements upon the real property subject to each Single Family Mortgage Loan must be covered by a valid and subsisting policy of hazard insurance issued by a company lawfully doing business in the State in an amount equal to the lesser of 100% of the insurable value of said improvements at the time of the origination of said Single Family Mortgage Loan and the original principal amount of the Single Family Mortgage Loan, and such improvements must be fully completed except to the extent disclosed to and approved by the Master Servicer. As of the Closing Date, the Single Family Mortgage Lender must certify that it has complied with the requirements of the Procedural Guide with respect to all Single Family Mortgage Loans offered for purchase (except to the extent waived in writing by the Master Servicer).

Notwithstanding the warranties and certifications of the Single Family Mortgage Lender, the Agency and the Master Servicer reserves the right at all times to decline to purchase any Single Family Mortgage Loan that, in its reasonable opinion, does not conform to the requirements of Section 143 of the Code, and the regulations thereunder ("Section 143"), the Act, the Origination Agreement, the Servicing Agreement and the Single Family Procedural Guide and the Master Servicer lending manual.

If any representation of the Single Family Mortgage Lender in the Origination Agreement proves to have been untrue when made, or in the event of breach or failure of any warranty made therein or any term thereof, the Single Family Mortgage Lender will be liable to the Master Servicer for all damages suffered by the Master Servicer as a result thereof. In addition, the Single Family Mortgage Lender may be required to repurchase any Single Family Mortgage Loan if (a) the Agency or the Master Servicer discovers facts that existed as of the Closing Date that, among other things, cause the Single Family Mortgage Loan to be other than an eligible Single Family Mortgage Loan, or (b) the Single Family Mortgage Lender fails to obtain or maintain mortgage insurance upon which the Master Servicer relies in purchasing the Single Family Mortgage Loan.

The Agency has reserved the right to act in the future as a direct lender to Eligible Borrowers pursuant to its Single Family Program.

The Master Servicer

U.S. Bank National Association currently serves as Master Servicer for the Agency's MBS Program, including the Federal Agency Certificates to be financed with proceeds of the Series Bonds. The Agency entered into a Servicing Agreement, dated as of June 20, 2017, as amended (the "Servicing Agreement"), with U.S. Bank Home Mortgage, a division of U.S. Bank National Association, as master servicer (the "Master Servicer"); such agreement is subject to termination rights of each party thereto. The Federal Agency Certificates acquired with proceeds of the Series Bonds are expected to be serviced by U.S. Bank National Association.

THE FOLLOWING INFORMATION ABOUT THE MASTER SERVICER RELATES TO AND WAS SUPPLIED BY U.S. BANK NATIONAL ASSOCIATION. SUCH INFORMATION HAS NOT BEEN VERIFIED BY THE AGENCY, THE UNDERWRITERS, THEIR COUNSEL OR BOND COUNSEL AND IS NOT GUARANTEED AS TO COMPLETENESS OR ACCURACY BY AND IS NOT TO BE CONSTRUED AS A REPRESENTATION OF, THE AGENCY, THE UNDERWRITERS, THEIR COUNSEL OR BOND COUNSEL.

As of June 30, 2018, the Master Servicer serviced 1,477,752 single-family mortgage loans purchased through its U.S. Bank Home Mortgage Division, with an aggregate principal balance of approximately $232.7 billion. The Master Servicer currently services single-family mortgage loans for State and Local Housing Finance Authorities, mutual savings banks, life insurance companies, savings and loan associations, commercial banks, as well as Fannie Mae, GNMA and Freddie Mac.

As of June 30, 2018, according to its unaudited quarterly financial statements, U.S. Bancorp (as defined below) had total assets of approximately $461.3 billion and a net worth of $49.6 billion. For the six months ended June 30, 2018, the Master Servicer through its U.S. Bank Home Mortgage Division, originated and purchased single-family mortgage loans in the total principal amount of approximately $21 billion.

The Master Servicer is (i) an FHA- and VA-approved lender in good standing, (ii) a GNMA-approved seller and servicer of mortgage loans and an issuer of mortgage-backed securities guaranteed by GNMA, (iii) a Fannie Mae approved seller and servicer of Fannie Mae Securities, and (iv) a Federal Home Loan Mortgage Corporation ("FHLMC") approved seller and servicer of Freddie Mac securities.

The Master Servicer is not liable for the payment of the principal of the Bonds or the interest or redemption premium, if any thereon.

The holding company for U.S. Bank National Association is U.S. Bancorp, the fifth largest financial services holding company in the United States.

Government National Mortgage Association Mortgage-Backed Securities

This summary does not purport to be comprehensive and is qualified in its entirety by reference to the GNMA Mortgage-Backed Securities Guide and to the documents referred to therein and herein for full and complete statements of their provisions. Additional information is available at www.ginniemae.gov.

The Government National Mortgage Association is a wholly-owned corporate instrumentality of the United States within the Department of Housing and Urban Development with its principal office in Washington, D.C.

Each GNMA Security is to be issued under either the GNMA I Program or the GNMA II Program. Although there are a number of differences between GNMA I Securities and GNMA II-Custom Pool Securities, those differences do not adversely affect the availability of Revenues with which to pay principal of and interest on Outstanding Bonds. Each GNMA Security is to be backed by a pool of mortgage loans in a minimum aggregate amount of $25,000 and multiples of $1 in excess of $25,000. The Master Servicer is required to pay to the Trustee (in the case of a GNMA I Security) or to the Central Paying and Transfer Agent (in the case of a GNMA II-Custom Pool Security), and such Central Paying and Transfer Agent shall be required to pay to the Trustee, as the owner of the GNMA Security, the regular monthly installments of principal and interest on the mortgage loans backing the GNMA Security (less such Master Servicer's servicing fee, which includes the GNMA guaranty fee), whether or not the Master Servicer receives such installments, plus any mortgage prepayments received by the Master Servicer in the previous month. The Government National Mortgage Association guarantees the timely payment of the principal of and interest on the GNMA Security.

In order to issue GNMA Securities, the Master Servicer must first apply to and receive from the Government National Mortgage Association a commitment to guarantee securities. Such a commitment authorizes the Master Servicer to issue GNMA Securities up to a stated amount during a one-year period following the date of the commitment. The Master Servicer is required to pay the application fee to the Government National Mortgage Association for such commitments. The amount of commitments to guarantee GNMA Securities that the Government National Mortgage Association can approve in any federal fiscal year is limited by statute and administrative procedures. The total annual amount of available commitments is established in appropriation acts and related administrative procedures.

The issuance of each GNMA Security by the Master Servicer is subject to the following conditions, among others: (i) the purchase by the Master Servicer of mortgage loans in a minimum aggregate principal amount at least equal to the minimum size permitted by the Government National Mortgage Association for each GNMA Security (such origination being subject, among other conditions, to the availability of FHA mortgage insurance, RD guarantees, and VA guarantees), (ii) the submission by the Master Servicer to the Government National Mortgage Association of certain documents required by the Government National Mortgage Association in form and substance satisfactory to the Government National Mortgage Association, (iii) the Master Servicer's continued compliance, on the date of issuance of the GNMA Security, with all of the Government National Mortgage Association's eligibility requirements, specifically including, but not limited to, certain net worth requirements, (iv) the Master Servicer's continued approval by the Government National Mortgage Association to issue GNMA Securities, and (v) the Master Servicer's continued ability to issue, execute and deliver the GNMA Security, as such ability may be affected by such Master Servicer's bankruptcy, insolvency or reorganization. In addition, the issuance of a GNMA Security by the Master Servicer is subject to the condition that the Government National Mortgage Association must have entered into a guaranty agreement with the Master Servicer. The conditions to the Government National Mortgage Association entering into such an agreement may change from time to time, and there can be no assurance that the Master Servicer will be able to satisfy all such requirements in effect at the time a GNMA Security is to be issued. Moreover, there can be no assurance that all of the above conditions will be satisfied at the time a GNMA Security is to be issued by the Master Servicer for purchase by the Trustee.

GNMA Security

The Government National Mortgage Association is authorized by Section 306(g) of Title III of the National Housing Act of 1934, as amended (the "Housing Act") to guarantee the timely payment of the principal of, and interest on, securities that are based on and backed by a pool composed of, among other things, mortgage loans insured by FHA under the Housing Act, guaranteed by the USDA/RD under the National Affordable Housing Act of 1990, as amended, or guaranteed by the VA under the

Servicemen's Readjustment Act of 1944, as amended. Section 306(g) further provides that "[T]he full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection." An opinion dated December 9, 1969, of an Assistant Attorney General of the United States states that such guarantees under Section 306(g) of mortgage-backed securities of the type to be delivered to the Trustee by the Lenders are authorized to be made by the Government National Mortgage Association and "would constitute general obligations of the United States backed by its full faith and credit."

Government National Mortgage Association Borrowing Authority

In order to meet its obligations under such guaranty, the Government National Mortgage Association, in its corporate capacity under Section 306(d) of Title III of the Housing Act, may issue its general obligations to the United States Treasury (the "Treasury") in an amount outstanding at any one time sufficient to enable the Government National Mortgage Association, with no limitations as to amount, to perform its obligations under its guaranty of the timely payment of the principal of and interest on the GNMA Securities. The Treasury is authorized to purchase any obligations so issued by the Government National Mortgage Association and has indicated in a letter dated February 13, 1970, from the Secretary of the Treasury to the Secretary of Housing and Urban Development ("HUD") that the Treasury will make loans to the Government National Mortgage Association, if needed, to implement the aforementioned guaranty.

The Government National Mortgage Association is to warrant to the Trustee, as the owner of the GNMA Securities, that, in the event it is called upon at any time to honor its guaranty of the payment of principal and interest on any GNMA Security, it shall, if necessary, in accordance with the aforesaid Section 306(d), apply to the Treasury Department of the United States for a loan or loans in amounts sufficient to make such payment.

Servicing of the Mortgage Loans

Under contractual arrangements that will be entered into by and between the Master Servicer and the Government National Mortgage Association, and pursuant to the Single Family Program Documents, the Master Servicer is responsible for servicing and otherwise administering the mortgage loans in accordance with generally accepted practices of the mortgage lending industry and the Government National Mortgage Association Servicer's Guide.

The monthly remuneration of the Master Servicer, for its servicing and administrative functions, and the guaranty fee charged by the Government National Mortgage Association, are based on the unpaid principal amount of the GNMA Securities outstanding. The mortgage loans backing each GNMA Security are to bear interest at a rate higher than each GNMA Security (the "pass-through rate"). The difference between the interest rate on the mortgage loans and the pass-through rate on the GNMA Security is to be collected by the Master Servicer and used to pay the Master Servicer's Servicing fee and GNMA's guaranty fee.

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

The Master Servicer is required to advise the Government National Mortgage Association in advance of any impending default on scheduled payments so that the Government National Mortgage Association, as guarantor, will be able to continue such payments as scheduled on the third business day after the twentieth day of each month. However, if such payments are not received as scheduled, the Trustee has recourse directly to the Government National Mortgage Association.

Guaranty Agreement

The Government National Mortgage Association guaranty agreement to be entered into by the Government National Mortgage Association and the Master Servicer upon issuance of a GNMA Security, pursuant to which the Government National Mortgage Association guarantees the payment of principal of and interest on such GNMA Security (the "GNMA Guaranty Agreement"), provides that, in the event of a default by the Master Servicer, including (i) a failure to make any payment due under the GNMA Security, (ii) a request to the Government National Mortgage Association to make a payment of principal or interest on a GNMA Security and the utilization thereof by the Master Servicer, (iii) insolvency of the Master Servicer, or (iv) default by the Master Servicer under any other terms of the GNMA Guaranty Agreement, the Government National Mortgage Association has the right, by letter to the Master Servicer, to effect and complete the extinguishment of the Master Servicer's interest in the mortgage loans, and the mortgage loans shall thereupon become the absolute property of the Government National Mortgage Association, subject only to the unsatisfied rights of the owner of the GNMA Security. In such event, the GNMA Guaranty Agreement provides that on and after the time the Government National Mortgage Association directs such a letter of extinguishment to the Master Servicer, the Government National Mortgage Association shall be the successor in all respects to the Master Servicer in its capacity under the GNMA Guaranty Agreement and the transaction and arrangements set forth or arranged for therein, and shall be subject to all responsibilities, duties, and liabilities (except the Master Servicer's indemnification of the Government National Mortgage Association), theretofore placed on the Master Servicer by the terms and provisions of the GNMA Guaranty Agreement, provided that at any time the Government National Mortgage Association may enter into an agreement with any other eligible issuer of GNMA Securities under which the latter undertakes and agrees to assume any part or all such responsibilities, duties or liabilities theretofore placed on the Master Servicer, and provided that no such agreement shall detract from or diminish the responsibilities, duties or liabilities of the Government National Mortgage Association in its capacity as guarantor of the GNMA Security, or otherwise adversely affect the rights of the owner thereof.

Payment of Principal of and Interest on the GNMA Securities

Regular monthly installment payments on each GNMA Security are required to begin on the fifteenth day (in the case of a GNMA I Security) and on the nineteenth day, or the twentieth day if the nineteenth day is not a business day (in the case of a GNMA II-Custom Pool Security), of the first month following the date of issuance of such GNMA Security and will be equal to the aggregate amount of the scheduled monthly principal and interest payments on each mortgage loan in the mortgage pool backing the GNMA Security, less the monthly servicing and guaranty fees. In addition, each payment is required to include any mortgage prepayments on mortgage loans underlying the GNMA Security.

Fannie Mae Mortgage-Backed Securities

General

The following summary of the Fannie Mae MBS Program (as defined below), the Fannie Mae Securities, Fannie Mae's mortgage purchase and servicing standards and other documents referred to herein does not purport to be complete and is qualified in its entirety by reference to Fannie Mae's

Prospectus, as defined below, the Fannie Mae Single Family Selling and Servicing Guides and the other documents referred to therein and herein.

Fannie Mae is subject to the supervision and regulation of the Federal Housing Finance Agency to the extent provided in the Housing and Economic Recovery Act of 2008. The FHFA has placed Fannie Mae into conservatorship.

Information on Fannie Mae and its financial condition is contained in Fannie Mae's most current annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K that are filed with the Securities and Exchange Commission (the "SEC"). Fannie Mae files reports, proxy statements and other information with the SEC. Materials that it files with the SEC are also available from the SEC's website, "www.sec.gov." In addition, these materials may be inspected, without charge, and copies may be obtained at prescribed rates, at the SEC's Public Reference Room at 100 F Street, NE, Room 1580, Washington, DC 20549. Investors may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The periodic reports filed by Fannie Mae with the SEC are also available on Fannie Mae's website at http://www.fanniemae.com/ir/sec or from Fannie Mae at the Office of Investor Relations at 202-752- 7115. The Agency takes no responsibility for information contained in these documents or on these websites.

Fannie Mae

Fannie Mae is a federally government-sponsored enterprise that was chartered by the U.S. Congress in 1938, organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. 1716 et seq. (the "Charter"). Fannie Mae has a public mission to support liquidity and stability in the secondary mortgage market, where existing mortgage loans are purchased and sold. Fannie Mae securitizes mortgage loans originated by lenders in the primary mortgage market into mortgage-backed securities ("Fannie Mae MBS"), which can then be bought and sold in the secondary mortgage market. Fannie Mae also participates in the secondary mortgage market by purchasing mortgage loans (often referred to as "whole loans") and mortgage-related securities, including Fannie Mae MBS, for Fannie Mae's mortgage portfolio. In addition, Fannie Mae makes other investments to increase the supply of affordable housing, however, pursuant to the Charter, Fannie Mae may not lend money directly to consumers in the primary mortgage market. *Although Fannie Mae is a corporation chartered by the U.S. Congress, the conservator of Fannie Mae is a U.S. Government agency, and the United States Department of Treasury ("Treasury") owns senior preferred stock and a warrant to purchase common stock of Fannie Mae, the U.S. Government (including Treasury) does not guarantee, directly or indirectly, the securities or other obligations of Fannie Mae.*

On September 6, 2008, the Director of the Federal Housing Finance Agency ("FHFA"), the safety, soundness and mission regulator of Fannie Mae, placed Fannie Mae into conservatorship and appointed FHFA as the conservator. As the conservator, FHFA succeeded to all rights, titles, powers and privileges of Fannie Mae, and of any stockholder, officer or director of Fannie Mae with respect to Fannie Mae and the assets of Fannie Mae. As such, FHFA has the authority to conduct all business of Fannie Mae. Pursuant to the Housing and Economic Recovery Act of 2008, FHFA, as conservator, may take "such action as may be necessary to put the regulated entity in a sound and solvent condition." Fannie Mae has no control over FHFA's actions or the actions it may direct Fannie Mae to take. The conservatorship has no specified termination date; Fannie Mae does not know when or how the conservatorship will be terminated. In addition, the Board of Directors of Fannie Mae does not have any fiduciary duties to any person or entity except to FHFA, as conservator. Accordingly, the Board of Directors is not obligated to consider the interests of Fannie Mae or the stockholders of Fannie Mae unless specifically directed to do so by FHFA, as conservator. The United States Department of Housing and Urban Development, however, remains Fannie Mae's regulator with respect to fair lending matters.

Mortgage-Backed Security Program

Fannie Mae has implemented a mortgage-backed securities program pursuant to which Fannie Mae issues securities backed by pools of mortgage loans (the "MBS Program"). **The obligations of Fannie Mae, including its obligations under the Fannie Mae Securities, are obligations solely of Fannie Mae and are not guaranteed by the United States Government (including Treasury) and do not constitute a debt or obligation of the United States or any agency or instrumentality thereof, including Treasury and FHFA, other than Fannie Mae.**

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

Copies of the Fannie Mae Prospectus and Fannie Mae's most recent annual and quarterly reports and proxy statements are available without charge from Fannie Mae, 3900 Wisconsin Avenue, N.W., Washington, D.C. 20016, Attention: Vice President for Investor Relations, (telephone: (202) 752-6724).

MBS Contract

It is expected that Fannie Mae and the Master Servicer will enter into a MBS Contract, pursuant to which the Master Servicer will be permitted to deliver, and Fannie Mae will agree to purchase mortgage loans in exchange for, Fannie Mae Securities. The purpose of the MBS Contract is to provide for certain additions, deletions and changes to the Fannie Mae Guides relating to the purchase of mortgage loans. In the event of a conflict between the MBS Contract and the Fannie Mae Guides, the MBS Contract will control.

Under the MBS Contract, Fannie Mae will purchase both mortgage loans eligible under the guidelines set forth in the Fannie Mae Guides and mortgage loans originated under the Community Home Buyer's Program which conform to the conditions set forth in the MBS Contract.

Pursuant to the requirements of the Fannie Mae Guides, as amended, the original principal balance of each mortgage loan to be sold to Fannie Mae may not exceed the amount established from time to time by Fannie Mae. The mortgage loans must be mortgage loans with loan-to-value ratios not in excess of 97%; mortgage loans with loan-to-value ratios exceeding 80% must have the principal amount of the indebtedness in excess of 75% of the appraised value of the home insured by a policy of primary mortgage insurance. The provider of the mortgage insurance must be acceptable to Fannie Mae.

Under the MBS Contract, the 97% loan-to-value limitation for mortgage loans will be based upon the lower of (1) the acquisition cost plus rehabilitation cost, if any, of a home, or (2) the appraised value of a home after completion of any rehabilitation. The maximum combined loan-to-value ratio is 105% where subordinate financing is provided, so long as the mortgage loan does not exceed a 97% loan-to-value ratio. The MBS Contract also provides that, in underwriting mortgage loans for the Community Home Buyer's Program, certain exceptions will be made from the Fannie Mae Guides for down payment requirements and for determining whether a household's income satisfies the requirements for purchase by Fannie Mae.

The MBS Contract obligates the Master Servicer to service the mortgage loans in accordance with the requirements of the Fannie Mae Guides and the MBS Contract.

Fannie Mae Securities

Each Fannie Mae Security will represent the entire interest in a specified pool of mortgage loans purchased by Fannie Mae from the Master Servicer and identified in records maintained by Fannie Mae. The MBS Contract requires that each Fannie Mae Security be in a minimum amount of $250,000 (or, in each case, such lesser amounts as may be approved by Fannie Mae). The mortgage loans backing each Fannie Mae Security are to bear interest at a rate higher than each Fannie Mae Security (the "pass-through rate"). The difference between the interest rate on the mortgage loans and the pass-through rate on the Fannie Mae Security is to be collected by the Master Servicer and used to pay the Master Servicer's servicing fee and Fannie Mae's guaranty fee.

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

Payments on the Mortgage Loans; Distributions on the Fannie Mae Securities

Payments on a Fannie Mae Security will be made on the 25th day of each month (beginning with the month following the month such Fannie Mae Security is issued), or, if such 25th day is not a business day, on the first business day next succeeding such 25th day. With respect to each Fannie Mae Security, Fannie Mae will distribute to the Trustee an amount equal to the total of (i) the principal due on the mortgage loans in the related pool underlying such Fannie Mae Security during the period beginning on the second day of the month prior to the month of such distribution and ending on the first day of such month of distribution, (ii) the stated principal balance of any mortgage loan that was prepaid in full during the second month next preceding the month of such distribution (including as prepaid for this purpose at Fannie Mae's election any mortgage loan repurchased by Fannie Mae because of Fannie Mae's election to repurchase the mortgage loan after it is delinquent, in whole or in part, with respect to four consecutive installments of principal and interest; or because of Fannie Mae's election to repurchase such mortgage loan under certain other circumstances), (iii) the amount of any partial prepayment of a mortgage loan received in the second month next preceding the month of distribution, and (iv) one month's interest at the pass-through rate on the principal balance of the Fannie Mae Security as reported to the Trustee (assuming the Trustee is the registered holder) in connection with the previous distribution (or, respecting the first distribution, the principal balance of the Fannie Mae Security on its issue date).

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

Freddie Mac Mortgage-Backed Securities

General

The following summary of the Freddie Mac Guarantor Program, the Freddie Mac Securities, Freddie Mac's mortgage purchase and servicing standards and other documents referred to herein does not purport to be complete and is qualified in its entirety by reference to Freddie Mac's Mortgage Participation Certificates Offering Circular, applicable Offering Circular Supplements, Freddie Mac's Information Statement, any Information Statement Supplements, the Freddie Mac Securities and any other documents made available by Freddie Mac. Copies of the Offering Circular, Information Statement and any supplements to those documents and other information can be obtained by calling Freddie Mac's Investor Inquiry Department (telephone (800) 336-3672) or by accessing Freddie Mac's World Wide Web site. Freddie Mac is a publicly traded company listed on the New York Stock Exchange (symbol: FRE). The Agency takes no responsibility for any such information.

Freddie Mac is subject to the supervision and regulation of the FHFA to the extent provided in HERA. The FHFA has placed Freddie Mac into conservatorship.

Information on Freddie Mac and its financial condition is contained in annual, quarterly and current reports, proxy statements and other information that Freddie Mac files with the SEC. You may read and copy any document Freddie Mac files with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. These SEC filings are also available to the public from the SEC's website at http://www.sec.gov. The Agency takes no responsibility for information contained in these documents or on these websites.

Freddie Mac

Freddie Mac is a shareholder-owned government-sponsored enterprise created on July 24, 1970 pursuant to the Federal Home Loan Mortgage Corporation Act, Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§ 1451-1459 (the "Freddie Mac Act"). Freddie Mac's statutory mission is (i) to provide stability in the secondary market for residential mortgages; (ii) to respond appropriately to the private capital market; (iii) to provide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities); and (iv) to promote access to mortgage credit throughout the United States (including central cities, rural areas and underserved areas) by increasing the liquidity of mortgage financing. Neither the United States nor any agency or instrumentality of the United States is obligated, either directly or indirectly, to fund the mortgage purchase or financing activities of Freddie Mac or to guarantee Freddie Mac's securities or obligations.

Freddie Mac's principal business consists of the purchase of (i) first-lien, conventional residential mortgages subject to certain maximum loan limits and other underwriting requirements under the Freddie Mac Act and (ii) securities backed by such mortgages. Freddie Mac finances its mortgage purchases and mortgage-backed securities purchases through the issuance of a variety of securities, primarily pass-through mortgage participation certificates and unsecured debt, as well as with cash and equity capital.

On September 6, 2008, the Director of the Federal Housing Finance Agency ("FHFA") appointed FHFA as conservator of Freddie Mac in accordance with the Federal Housing Finance Reform Act of

2008 (the "Reform Act") and the Federal Housing Enterprises Financial Safety and Soundness Act of 1992.

Freddie Mac Guarantor Program

Freddie Mac has established a mortgage purchase program pursuant to which Freddie Mac purchases a group of mortgages from a single seller in exchange for a Freddie Mac certificate representing an undivided interest in a pool consisting of the same mortgages (the "Guarantor Program"). Freddie Mac approves the institutions that may sell and service mortgages under the Guarantor Program on an individual basis after consideration of factors such as financial condition, operational capability and mortgage origination and/or servicing experience. Most sellers and servicers are HUD-approved mortgagees or FDIC-insured financial institutions.

Freddie Mac Securities

Freddie Mac Securities will be mortgage pass-through securities issued and guaranteed by Freddie Mac under its Guarantor Program. Freddie Mac Securities are issued only in book-entry form through the Federal Reserve Banks' book-entry system. Each Freddie Mac Security represents an undivided interest in a pool of mortgage loans. Payments by borrowers on the mortgage loans in the pool are passed through monthly by Freddie Mac to record holders of the Freddie Mac Securities representing interests in that pool.

Payments on Freddie Mac Securities begin on or about the fifteenth day of the first month following issuance. Each month, Freddie Mac passes through to record holders of Freddie Mac Securities their proportionate share of principal payments on the mortgage loans in the related pool and one month's interest at the applicable pass-through rate. The pass-through rate for a Freddie Mac Securities is determined by subtracting from the lowest interest rate on any of the mortgage loans in the pool the applicable servicing fee and Freddie Mac's management and guarantee fee, if any. The interest rates on the mortgages in a pool formed under Freddie Mac's Guarantor Program must fall within a range from the pass-through rate on the Freddie Mac Securities plus the minimum servicing fee through the pass-through rate plus 200 basis points.

Freddie Mac guarantees to each record holder of a Freddie Mac Security the timely payment of interest at the applicable pass-through rate on the principal balance of the holder's Freddie Mac Security. Freddie Mac also guarantees to each holder of a Freddie Mac Security (i) the timely payment of the holder's proportionate share of monthly principal due on the related mortgage loans, as calculated by Freddie Mac, and (ii) the ultimate collection of the holder's proportionate share of all principal of the related mortgage loans, without offset or reduction, no later than the payment date that occurs in the month by which the last monthly payment on the Freddie Mac Security is scheduled to be made.

Freddie Mac may pay the amount due on account of its guarantee of ultimate collection of principal on a mortgage at any time after default, but not later than 30 days following (i) the foreclosure sale of the mortgaged property, (ii) if applicable, the payment of an insurance or guaranty claim by the mortgage insurer or guarantor or (iii) the expiration of any right of redemption that the borrower may have, whichever is the last to occur. In no event, however, will Freddie Mac make payments on account of this guarantee later than one year after an outstanding demand has been made on the borrower for accelerated payment of principal or for payment of the principal due at maturity.

The obligations of Freddie Mac under its guarantees of the Freddie Mac Securities are obligations of Freddie Mac only. The Freddie Mac Securities, including the interest thereon, are not guaranteed by the United States and do not constitute debts or obligations of the United States

or any agency or instrumentality of the United States other than Freddie Mac. If Freddie Mac were unable to satisfy its obligations under its guarantees, distributions on the Freddie Mac Securities would consist solely of payments and other recoveries on the related mortgages; accordingly, delinquencies and defaults on the mortgage loans would affect distributions on the Freddie Mac Securities and could adversely affect payments on Outstanding Bonds.

Mortgage Purchase and Servicing Standards

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

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

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

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APPENDIX VII

SINGLE FAMILY MORTGAGE INSURANCE PROGRAMS

The following description of certain mortgage insurance programs is only a brief outline and does not purport to summarize or describe all of the provisions of these programs. For a more complete description of the terms of these programs, reference is made to the provisions of the insurance and guaranty contracts embodied in the regulations of the FHA, the VA and USDA/RD, respectively.

Private Mortgage Insurance Programs

Prior Supplemental Indentures required that, with respect to all Single Family Mortgage Loans and Cooperative Housing Loans to be purchased directly with the proceeds of Bonds and to be the subject of private mortgage insurance, each private mortgage insurer insuring such loans must be qualified to insure mortgages purchased by Fannie Mae or FHLMC. Both Fannie Mae and FHLMC require approval of private mortgage insurance companies before mortgages insured by those companies are eligible for purchase by them.

Among the considerations taken into account by Fannie Mae in determining whether to approve a private mortgage insurer are the following: (a) experienced mortgage insurers are expected to have policyholder's surplus of not less than $5 million; (b) it is preferred that an insurer's principal insurance activity relate to loss resulting from nonpayment of mortgages and deeds of trust on residential structures, with total liability not in excess of twenty-five times its policyholders' surplus; (c) a private mortgage insurer must demonstrate that it possesses the technical expertise necessary to properly evaluate property and credit; and (d) an insurer must expressly consent to and comply with Fannie Mae's requirements for audit and reports concerning changes in personnel, financial structure, qualifications, and rates.

FHLMC eligibility requirements for approving private mortgage insurers presently provide that: (a) not more than 10% of an insurer's mortgage insurance risk may be represented by mortgage insurance covering property other than real property improved by a building or buildings designed for occupancy by one to four families, (b) an insurer shall not insure mortgages secured by properties in a single housing tract or contiguous tracts where the insurance risk applicable thereto is in excess of 10% of its policyholders' surplus, (c) no insurer shall have more than 100 of its total insurance in force in any one Standard Metropolitan Statistical Area nor may any combination of insurance in force in any one state exceed 60% of its total insurance in force, and (d) an insurer shall limit its insurance risk with respect to each insured to the maximum permitted under state law. Prior to insuring a loan for any mortgage lender, such mortgage lender should be thoroughly investigated and evaluated by the insurer in the areas of (a) quality of appraisal ability, (b) quality of underwriting ability, (c) net worth and quality of assets, and (d) ability and past performance of servicing staff and adequacy of servicing procedures. A report with respect to each lender demonstrating that the investigation and evaluation has been made must be retained by the insurer.

FHLMC also requires the private mortgage insurer to meet the following financial requirements: (a) policyholders' surplus must be maintained at not less than $5 million of which at least $3 million shall be represented by capital stock and capital surplus, of which not less than $1,250,000 shall be represented by fully paid and non-assessable stock; (b) on annual policies an insurer shall maintain an unearned premium reserve computed on a monthly pro rata basis unless a greater unearned premium reserve is required by the state where the insurer is licensed, then such greater requirement shall be met, and on single premium policies issued for more than one year an insurer shall maintain an unearned premium reserve of not less than that computed under the laws of the state where the insured is licensed or more if FHLMC determines that amount to be inadequate; (c) an insurer shall establish and maintain a contingency reserve in an amount equal to 50% of earned premiums; (d) an insurer shall maintain a loss

reserve which includes a provision for claims incurred but not reported, including estimated losses on insured mortgages which have resulted in the conveyance of property which remains unsold, mortgages in the process of foreclosure or mortgages in default for four or more months; (e) an insurer shall maintain no less than 85% of its total assets in the form of marketable securities or other highly liquid investments which qualify as insurance company investments under the laws and regulations of the state of its domicile and the standards and interpretations of the National Association of Insurance Commissioners; and (f) an insurer shall not at any time have total insurance risk outstanding in excess of twenty-five times its policyholders' surplus. Approved private mortgage insurers must file quarterly and annual reports and an annual Certificate of Compliance with FHLMC.

Private mortgage insurance policies currently being issued by such private mortgage insurers contain provisions substantially as follows: (a) the private mortgage insurer must pay a claim, including unpaid principal, accrued interest and certain expenses, within 60 days of presentation of the claim by the Agency; (b) in order for the Agency to present a claim the Agency must have acquired, and tendered to the insurer, title to the property, free and clear of all liens and encumbrances, including any right of redemption by the mortgagor and must have restored the property to substantially its original condition, reasonable wear and tear excepted; (c) when a claim is presented, the insurer will have the option of paying the claim in full and taking title to the property and arranging for its sale or of paying the insured percentage of the claim and allowing the Agency to retain title to the property; and (d) claims may also be settled by the insurer at the option of the insured for actual losses where such losses are less than the insured percentage of the claim.

The Agency makes no representation regarding the financial condition of any of the private mortgage insurance companies or their ability to make full and timely payments to the Agency on Single Family Mortgage Loans on which losses are incurred.

Federal Housing Administration Mortgage Insurance Programs

Section 203(b) of the National Housing Act, as amended (the "Housing Act"), authorizes the Federal Housing Administration of the Department of Housing and Urban Development (HUD) to insure mortgage loans of up to 30 years duration for the purchase of one-to-four family dwelling units.

Mortgage loans under the foregoing program must be in conformity with the maximum mortgage loan amount limitations and minimum down payment requirements specified in the Housing Act and regulations promulgated thereunder. In addition, the mortgagor under this program must establish to the satisfaction of the FHA that his income is adequate to meet the periodic payments required in the mortgage loan.

Currently, less than 1% of the Mortgage Loans financed with the proceeds of Prior Bonds are insured under FHA insurance programs.

Veterans Administration Guaranty Program

The Veterans Administration (VA) is authorized by Chapter 37 of Title 38 of the United States Code to make mortgage loan guaranties for the purchase by veterans of one-to-four family dwelling units. This program has no mortgage loan amount limitations, other than that the amount may not exceed the property's reasonable value as determined by the VA and requires no down payment from the purchaser. The maximum guaranty that may be issued by the VA under this program is a percentage of the original principal amount of the mortgage loan that varies depending upon the principal amount of the loan, but in no event will it exceed 50%. Currently, less than 1% of the Mortgage Loans financed with the proceeds of the Prior Bonds are insured under VA programs.

United States Department of Agriculture/Rural Development Guaranty Program

The United States Department of Agriculture/Rural Development (formerly, the Farmers Home Administration, "USDA/RD") is authorized to make mortgage loan guaranties for the purchase of new or the purchase and improvement of existing dwellings, provided that any such dwelling is to be used by the purchaser as a primary residence, that the loan is made to a borrower who is a low or moderate income family or person whose income does not exceed 115% of the median income of the area as determined by the Secretary and the interest rate on the mortgage loan is a fixed rate not exceeding the then applicable Fannie Mae posted yield for 30-year mortgage commitments, whichever is higher. Properties on which the USDA/RD guarantee may apply must be located in a rural area designated by the USDA/RD State Director. The mortgage loan amount may not exceed the maximum dollar amount specified in Section 203(b)(2) of the Housing Act or 100% the acquisition cost, the current market value or the sale price of the dwelling, whichever is less. The maximum guaranty that may be issued by USDA/RD is equal to 90% of the amount of the mortgage note. The amount paid by USDA/RD under the guarantee is equal to the lesser of either 90% of the original loan amount, or the sum of the first 35% of the loss and 85% of the loss on the balance.

Guaranteed Mortgage Lenders are required to notify USDA/RD, within 20 days, when any guaranteed mortgage loan becomes 30 days delinquent.

Upon default (failure of the borrower to comply with any of the terms of the mortgage loan), USDA/RD may order the lender to foreclose or otherwise take title to the property. After acquisition and disposition of the acquired property the lender may file a claim for loss pursuant to the terms of the USDA/RD loan guarantee agreement with the mortgage lender.

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APPENDIX VIII

MULTIFAMILY MORTGAGE LOAN PROGRAM

Multifamily Mortgage Loan Portfolio of the Agency

Since 1975, the Agency has financed 227 multifamily residential rental developments. These developments comprise 8,190 units of rental housing, of which 3,070 are assisted under the Section 8 program.

In deciding whether to make a Multifamily Mortgage Loan on a development the Agency considers, among other things, the extent of the need for affordable rental housing in the market area, the quality and location of the proposed site, the experience and stability of the developers, the quality of management experience, and the sufficiency of projected revenues to pay anticipated operating expenses in the face of expected economic trends and conditions. In addition, the Agency may also consider the loan-to-value ratio of the Agency's Multifamily Mortgage Loan.

The ability of owners of multifamily residential rental developments to make mortgage payments is affected by a variety of factors, including the achievement and maintenance of a sufficient level of occupancy; sound management of the developments; timely and adequate increases in rents to cover increases in operating expenses, including taxes, utility rates and maintenance costs; changes in applicable laws and governmental regulations; and social and economic trends affecting the communities in which the developments are located, the State and the United States in general.

Multifamily Mortgage Loans Securing the Bonds

Under the Multifamily Program, the Agency may make Mortgage Loans secured by a first lien on real property or a leasehold estate for the construction or rehabilitation and permanent financing of multifamily residential housing intended for occupancy primarily by persons and families of low and moderate income.

All of the Multifamily Mortgage Loans related to the Developments financed with proceeds of Bonds issued under the Indenture are current in payment and there are no delinquencies or foreclosures. As of August 31, 2018, the average vacancy rate over the past three years for the Developments funded by the Mortgage Loans held under the Indenture has been less than 5%. For additional information regarding the outstanding Multifamily Mortgage Loans and the Developments relating thereto, see **APPENDIX IX** hereto.

Transferred Multifamily Mortgage Loans

Upon the issuance of the Series Bonds, it is anticipated that $6,295,000 aggregate principal amount of the 2018 Series D Bonds, the 2018 Series E Bonds and 2018 Series G Bonds (collectively, the "2018 Series DEG Bonds") will be utilized to refund the Agency's Multi-Family Mortgage Bonds, 2003 Series A and its Multi-Family Variable Rate Bonds, Series 1 and Series 2, each on December 10, 2018; upon such refundings, Transferred Multifamily Mortgage Loans consisting of 16 Multifamily Mortgage Loans, in the anticipated aggregate principal amount of $6,789,462.03 will be allocated to the 2018 Series DEG Bonds. Each Transferred Multifamily Mortgage Loan will be allocated to a Series of the 2018 Series DEG Bonds, as described in the table below.

The Developments funded by the Transferred Multifamily Mortgage Loans range in size from 11 to 64 units and contain a total of 435 units. Of those units, 272 are occupied by elderly tenants, and 63 are occupied by families. Some of the Transferred Multifamily Mortgage Loans relate to Developments financed by additional Multifamily Mortgage Loans funded by the prior Bonds. Construction of such Developments has been completed, and all of such Developments have been occupied for at least ten years. All of the Transferred Multifamily Mortgage Loans funded by prior Bonds have original terms to maturity of 30 years. All of the Transferred Multifamily Mortgage Loans are current in payment and there are no delinquencies or foreclosures. As of August 31, 2018, the average vacancy rate over the past three years for the Developments relating to the Transferred Multifamily Mortgage Loans has been less than 5%.

Most Transferred Multifamily Mortgage Loans refinanced by the 2018 Series DEG Bonds provide that they may not be voluntarily prepaid prior to the expiration of a lockout period without the consent of the Agency, as shown in the below table.

Additional Information Regarding Transferred Multifamily Mortgage Loans as of August 31, 2018

Series Bonds	Development	Principal Amount of Multifamily Mortgage Loan	Loan Rate	Remaining Term	Lockout Expiration Date[1]
2018 Series D	Whitcomb Woods	$1,201,969	6.640%	171	N/A[2]
2018 Series D	Upper Valley	475,540	6.640	291	N/A[2]
2018 Series D	Smith Housing	18,385	5.750	289	10/2022
2018 Series D	Conant Square	231,372	5.525	360	12/2028
2018 Series D	Vernon Senior	273,884	5.525	360	12/2028
2018 Series D	Passumpsic South	356,191	5.525	360	12/2028
2018 Series D	Four Winds	697,611	5.525	360	12/2028
2018 Series E	Lake Champlain Apts	398,683	5.375	360	12/2028
2018 Series E	Whitney Hill	1,004,234	6.570	218	02/2022
2018 Series E	Derby Line	221,079	5.375	360	12/2028
2018 Series G	Dorset Community	217,181	5.875	360	12/2028
2018 Series G	West River	168,201	5.875	360	12/2028
2018 Series G	Middlebury South	428,911	5.875	360	12/2028
2018 Series G	Bemis Block	265,596	5.875	360	12/2028
2018 Series G	Cummings St	566,957	5.875	360	12/2028
2018 Series G	West River (Assisted Living)	263,668	5.875	360	12/2028

[1] Lockout provisions may be waived with the consent of the Agency.
[2] Lockout provisions no longer apply to this loan.

New Multifamily Mortgage Loans

Upon the issuance of the 2018 Series F Bonds and the Series G Bonds, $1,314,004.66 aggregate principal amount of such Bonds will be utilized to fund four New Multifamily Mortgage Loans in the aggregate principal amount of $1,314,004.66. Two of the New Multifamily Mortgage Loans, Bridge and Main and Heritage Court, are expected to be funded by the Agency from its general funds prior to the issuance of the Series Bonds, and the Agency will be reimbursed from the proceeds of the 2018 Series F Bonds and the 2018 Series G Bonds. In the event the remaining two New Multifamily Mortgage Loans do not close, the Agency will use unexpended proceeds in the 2018 Series DEFG Multifamily Program Account to finance alternate Multifamily Mortgage Loans made in accordance with its rental housing assistance guidelines described under "— Multifamily Mortgage Loan Portfolio of the Agency" above.

The Developments funded by the New Multifamily Mortgage Loans range in size from 17 to 14 units and contain a total of 97 units. Of those units, 80 are occupied by elderly tenants, and 17 are occupied by families. Construction of such Developments is complete. The Heritage Court and Bridge and Main New Multifamily Mortgage Loans have original terms to maturity of 40 years and the Four Winds and Conant Square New Multifamily Mortgage Loan have original terms of 30 years. Each New Multifamily Mortgage Loans will be allocable to the 2018 Series F Bonds or 2018 Series G Bonds as described in the table below allocable to the 2018 Series F Bonds and the 2018 Series G Bonds. Two of the New Multifamily Mortgage Loans relate to Developments that have received prior financing from the Agency; such additional prior financings are included in the Transferred Multifamily Mortgage Loans.

Additional Information Regarding New Multifamily Mortgage Loans
as of August 31, 2018

Series Bonds	Development	Principal Amount of Multifamily Mortgage Loan	Loan Rate	Term	Lockout Expiration Date[1]
2018 Series F/	Bridge and Main	$244,545	5.500%	480	10/2028
2018 Series G		255,455			
2018 Series G	Conant Square[2]	42,000	5.875	360	12/2028
2018 Series G	Four Winds[2]	198,000	5.875	360	12/2028
2018 Series G	Heritage Court	574,005	5.500	480	06/2033

[1] Lockout provisions may be waived with the consent of the Agency.

[2] An additional prior Multifamily Mortgage Loan relating to this Development is included in the Transferred Multifamily Mortgage Loans.

Section 8 Housing Assistance Program

Certain of the Developments financed with proceeds of Bonds issued under the Indenture are assisted by the United States Department of Housing and Urban Development ("HUD") under the Section 8 program. The Section 8 program involves the distribution of housing assistance payments on behalf of the qualifying tenants to the owners of housing developments assisted under such program. The housing assistance payments program for each Section 8 Development is administered at the state level by the Vermont State Housing Authority, the Agency or both (collectively, the "Contract Administrator").

Eligible tenants for rental units assisted under the Section 8 program, as implemented by the Contract Administrator, are families with family income not in excess of 50% of the median income for the area in which the development is located, as determined by HUD and adjusted for family size.

Section 8 housing assistance payments are provided through an Annual Contributions Contract ("ACC") between HUD and the Contract Administrator, and a Housing Assistance Payment Contract ("HAPC") between the Contract Administrator and the owner of the assisted development. Pursuant to the ACC, the Contract Administrator will receive an annual contribution from HUD, payable monthly in advance, with respect to each assisted dwelling unit and will, in turn, disburse monthly housing assistance payments to the owner of the development under the HAPC.

The amount of the subsidy payable to the Contract Administrator for the account of the owner under the HAPC is the applicable contract rent less the payment, if any, required to be made to the owner by the tenant as determined by HUD. The tenant payment is generally equal to 30% of family income. Present federal law directs HUD to mandate a minimum rent of between $25 and $50 for all tenants, and a minimum rent of up to $50 for project-based Section 8 programs, such as the Section 8 Developments. HUD has implemented a $25 minimum rent for most families (HUD Notice H 96-89). Thus, the total rental income from Section 8 housing units payable to or for the account of the owner is equal to the contract rent, part being paid by the tenants directly to the owner and the remainder being paid by HUD through the Contract Administrator to the owner in the form of HAPC Payments. The proportion of the contract rent actually paid by HUD and that actually paid by tenants will vary depending upon tenant income.

If a vacancy exists, other than as a result of action by the owner which is in violation of the lease, the owner will be entitled to housing assistance payments equal to 80% of the contract rent for a vacancy period not exceeding 60 days, so long as the owner diligently endeavors to fill the vacancy with an eligible tenant. In addition, if a unit continues to be vacant after this 60-day period, under certain conditions the owner may receive additional payments of up to one year for each vacancy equal to the principal and interest payments required to amortize the debt attributable to that unit.

HUD's Section 8 regulations and the ACCs provide that the initial contract rents for the assisted dwelling units in each development may be adjusted annually pursuant to a HUD-established automatic annual adjustment factor. Under the Housing Act, the annual adjustment factor is applied on the anniversary date of each HAPC, resulting in upward or downward adjustment, except that contract rents may not be reduced below the contract rents in effect on or after April 15, 1987, for newly constructed or substantially rehabilitated projects, unless the project has been refinanced in a manner that reduces the periodic payment of the owner. However, pursuant to several appropriations acts by Congress applicable to the 1995 and subsequent federal fiscal years and made permanent by legislation in 1997, contract rents may not be increased beyond HUD Fair Market Rents (as described below) plus the differential between the initial contract rent and comparable rents at the time of execution of the HAPC (the "Initial Difference"), unless the owner submits evidence of higher comparable market rents as determined by independent appraisals of at least three comparable local developments. Special additional adjustments may be approved by HUD to reflect actual and necessary expenses of owning and maintaining the development that have resulted from substantial general increases in real property taxes, utility rates or similar costs (i.e., assessments and utilities not covered by regulated rates), but only to the extent that such general increases are not compensated for by the automatic annual adjustment. Adjustments, however, are limited to 120% of the HUD Fair Market Rents plus the Initial Difference. Present HUD policy also provides that the annual adjustment factors for Section 8 units which experienced no turnover in tenants since the preceding HAPC anniversary date will be one percentage point less than the annual adjustment factors that would otherwise apply. Consequently, there can be no assurance that increases in contract rents, if any, will result in revenues sufficient to compensate for increased operating expenses of the Section 8 Developments.

At this time, the Agency is unable to predict what actions, if any, HUD or the Congress will take in the future with respect to such rent adjustments. Actions by HUD in the future could have the effect of

limiting upward adjustments in contract rents or of decreasing contract rents currently in effect to eliminate any material difference between the contract rents and rents charged for comparable unassisted units, except to the extent of the Initial Differences. Such actions, if taken, could adversely affect the ability of the owners of the Developments to pay principal and interest on the Mortgage Loans, which in turn could adversely affect the ability of the Agency to make timely payments of interest and principal on the Bonds with amounts pledged under the Indenture. Congress has passed legislation and HUD has implemented procedures to restrict contract rent increases above fair market rents for each fiscal year since 1995. Any of the actions mentioned above could adversely affect the ratings on, and the market price of, the Bonds.

Although the Section 8 housing assistance payments are made directly or indirectly to the owner and, in effect, represent rental income, the HAPC may, with HUD's approval, be pledged by the owner to the Agency as mortgage lender on the development. All of the HAPCs covering the Agency's Section 8 Developments have been so pledged. However, the owner will retain the right to collect such payments so long as the owner is in compliance with the provisions of the HAPC and the Agency's Mortgage Loan documents. The Agency's rights to receive Section 8 subsidy payments under the Multifamily Mortgage Loans with respect to the developments have been pledged and assigned to the Trustee as part of the security for the Bonds. Under federal laws, the United States government may have the right to set off liabilities of the Agency to the United States against the payments under ACCs. Housing assistance payments by HUD do not terminate if the mortgage on the development goes into default, so long as the owner has not breached any of its obligations under the HAPC, including, among other responsibilities, its obligation to maintain and operate the development so as to provide decent, safe and sanitary housing. In the event of breach by the owner, HUD may abate or terminate housing assistance payments after giving the owner and the Contract Administrator an opportunity to take corrective action.

Fifteen of the Developments assisted under the Section 8 program have HAPCs that expire more than 18 months prior to the maturity date of the related Mortgage Loan.

For additional information regarding the Developments and related outstanding Mortgage Loans funded by Prior Bonds, see **APPENDIX IX** hereto.

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APPENDIX IX
CERTAIN INFORMATION REGARDING THE MULTIFAMILY MORTGAGE LOANS OUTSTANDING UNDER THE INDENTURE AS OF AUGUST 31, 2018

Project Name	Bond Series	Total and Type of Units[2]	Total Annual Income (2018)[3]	Budgeted HAP Payments (2018)	HAP Expiration Date[4]	Annual Budgeted Expenses (2018)[5]	Outstanding Loan Balance as of 08/31/2018	Mortgage Loan Interest Rate	Loan Maturity Date
DUGGAN ROW HOUSE APTS[1]	2013 Series B	16F	$ 205,113	$98,712	03/15/2019	$ 201,159	$ 845,498	6.500%	12/10/2033
HAWK'S NEST[6]	2013 Series B	66E	770,476	282,322	05/31/2025	751,741	2,934,692	6.500	11/10/2035
PETERSON PLACE[1, 6]	2013 Series B	13F	155,904	104,504	12/25/2020	151,204	435,866	6.500	12/10/2033
COLONIAL WEST[7]	2015 Series A	14E	154,613	82,080	12/14/2035	150,159	226,295	4.825	05/01/2045
	2015 Series E						95,134	5.250	05/01/2045
ROUND BARN[6]	2015 Series A	24E	256,504	101,194	03/31/2023	255,257	383,693	6.410	05/10/2035
CORA B. WHITNEY[1, 8]	2015 Series C	22E	210,782	N/A	N/A	207,891	456,062	4.900	06/10/2045
LAKE CHAMPLAIN[7, 8] APARTMENTS	2015 Series C	43F	489,868	333,168	10/28/2033	431,400	205,526	6.310	02/10/2035
HEINEBERG SENIOR HSG	2015 Series C	82E	917,286	N/A	N/A	910,475	1,570,635	6.410	03/10/2035
KELLEY'S FIELD[6]	2015 Series C	24E	324,472	231,948	12/22/2021	319,440	1,343,454	4.900	12/01/2045
LINDALE MHP[1]	2015 Series C	67F	248,194	N/A	N/A	244,220	816,317	6.310	11/10/2034
EAGLE CREST[6]	2015 Series E	60E	730,743	N/A	N/A	671,337	949,978	5.250	04/01/2045
FALCON MANOR[6]	2015 Series E	65E	851,912	N/A	N/A	756,709	949,978	5.250	04/01/2045
GARDENS I AND II[6]	2015 Series E	51E	1,211,146	22,700	10/31/2018	1,021,580	1,712,409	5.250	05/01/2045

1. These Developments are owned by (i) either a 501(c)(3) or 501(c)(4) nonprofit corporation, (ii) a governmental unit or (iii) a limited partnership or limited liability company organized for limited profit.
2. E=Elderly Units; F=Family Units.
3. Includes Housing Assistance Payments Contract ("HAPC") Payments and is based on the income figures reflected on owner's 2018 budget.
4. Assumes all permitted renewals. Renewals of the HAPCs are subject to certain conditions.
5. Includes Multifamily Mortgage Loan debt service, administrative expenses, management fee, utilities, ordinary maintenance, real estate taxes, and reserve for replacements reflected on owner's 2018 budget. All of the listed Multifamily Mortgage Loans provide for principal and interest on a level debt service basis.
6. Development involving low income housing tax credits.
7. Project received more than one Mortgage Loan from the Agency.
8. Project also received financing from proceeds of the Agency's 2017 Series C Bonds (See table on following page).

Project Name	Bond Series	Total and Type of Units[2]	Total Annual Income (2018)[3]	Budgeted HAP Payments (2018)	HAP Expiration Date[4]	Annual Budgeted Expenses (2018)[5]	Outstanding Loan Balance as of 08/31/2018	Mortgage Loan Interest Rate	Loan Maturity Date
KING STREET APTS[1,7]	2017 Series C	7F	$ 89,770	$ 62,866	03/31/2019	$ 89,597	$ 267,427	6.750%	08/10/2037
	2017 Series C						32,125	6.750	08/10/2037
LINDEN TERRACE[1, 6]	2017 Series C	18E, 4F	276,479	152,160	12/31/2034	265,255	669,375	6.500	08/10/2037
JERI-HILL APARTMENTS[1]	2017 Series C	24E	319,044	206,025	10/09/2031	316,620	700,410	6.750	08/10/2037
LAKE CHAMPLAIN APARTMENTS[1,7]	2017 Series C						523,361	6.750	08/10/2037
	2017 Series C						84,031	6.750	08/10/2037
PARSONS HILL[7]	2017 Series C	12F	159,325	139,269	04/03/2033	152,050	174,993	6.750	08/10/2027
	2017 Series C						101,341	6.750	08/10/2027
PASSUMPSIC SOUTH[6, 9]	2017 Series C	14F	196,556	139,580	04/02/2032	193,681	207,046	6.100	02/10/2038
POINT SCHOOL[1]	2017 Series C	5F	88,154	35,424	07/14/2031	80,125	148,981	5.250	08/10/2037
PROSPECT/FOREST HOMES[1,7]	2017 Series C	9F	118,935	99,124	02/18/2033	106,773	213,758	6.750	08/10/2037
	2017 Series C						49,927	6.750	08/10/2037
SOUTH ST PAUL TOWNHOUSES[1]	2017 Series C	15F	195,362	137,714	03/31/2019	191,670	181,362	7.600	06/10/2023
TOTAL		655					$16,279,674		

1. These Developments are owned by (i) either a 501(c)(3) or 501(c)(4) nonprofit corporation, (ii) a governmental unit or (iii) a limited partnership or limited liability company organized for limited profit.
2. E=Elderly Units; F=Family Units.
3. Includes Housing Assistance Payments Contract ("HAPC") Payments and is based on the income figures reflected on owner's 2018 budget.
4. Assumes all permitted renewals. Renewals of the HAPCs are subject to certain conditions.
5. Includes Multifamily Mortgage Loan debt service, administrative expenses, management fee, utilities, ordinary maintenance, real estate taxes, and reserve for replacements reflected on owner's 2018 budget. All of the listed Multifamily Mortgage Loans provide for principal and interest on a level debt service basis.
6. Development involving low income housing tax credits.
7. Project received more than one Mortgage Loan from the Agency.
8. Project also received financing from proceeds of the Agency's 2015 Series C Bonds; additional information regarding the Development and earlier financing is contained in the table on the prior page.
9. Project has received additional loans from the Agency funded with funds not allocable to the Indenture. Total outstanding balance owing to the Agency as of August 31, 2018 was $566,473.

APPENDIX X

BOOK ENTRY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series Bonds. The Series Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered security certificate will be issued for each series and maturity of the Series Bonds in the aggregate principal amount thereof, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

Redemption proceeds, distributions, and dividend payments on the Series Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Agency or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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

APPENDIX XI

FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

Vermont Housing Finance Agency
$41,100,000
Multiple Purpose Bonds

consisting of:
$3,085,000 2018 Series B (AMT)
$30,260,000 2018 Series C (Non-AMT)
$2,015,000 2018 Series D (AMT)
$1,740,000 2018 Series E (Non-AMT)
$250,000 2018 Series F (Federally Taxable)
$3,750,000 2018 Series G (Federally Taxable)

THIS CONTINUING DISCLOSURE AGREEMENT (this *"Disclosure Agreement"*) is executed and delivered by the Vermont Housing Finance Agency (the *"Agency"*) and Wells Fargo Bank, National Association (the *"Trustee"*) in connection with the offering and sale of $41,100,000 aggregate principal amount of your Multiple Purpose Bonds, consisting of (i) 2018 Series B (AMT) (the *"2018 Series B Bonds"*), (ii) 2018 Series C (Non-AMT) (the *"2018 Series C Bonds"*), (iii) 2018 Series D (AMT) (the *"2018 Series D Bonds"*), (iv) 2018 Series E (Non-AMT) (the *"2018 Series E Bonds"*), (v) the 2018 Series F Bonds (Federally Taxable) (the *"2018 Series F Bonds"*) and (vi) the 2018 Series G Bonds (Federally Taxable) (the *"2018 Series G Bonds"* and collectively with the 2018 Series B Bonds, the 2018 Series C Bonds, the 2018 Series D Bonds, the 2018 Series E Bonds and the 2018 Series F Bonds, the *"Bonds"*), as more fully described in the official statement of the Agency dated October 11, 2018 (the "*Official Statement"*). The Bonds are being issued pursuant to a Trust Indenture by and between the Agency and the Trustee, dated as of July 1, 2007 (the *"Trust Indenture"*), as supplemented by the 2018 BCDEFG Supplemental Indenture by and between the Agency and the Trustee, dated as of October 1, 2018 (the *"Supplemental Indenture"*). The Trust Indenture and the Supplemental Indenture are sometimes collectively referred to herein as the *"Indenture"*. The Agency and the Trustee covenant and agree as follows:

Section 1. Purpose of this Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Agency and the Trustee for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with SEC Rule 15c2-12(b)(5).

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

"Annual Report" shall mean any Annual Report provided by the Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Disclosure Representative" shall mean the Chief Financial Officer of the Agency or his or her designee, or such other officer or employee as the Agency shall designate in writing to the Trustee from time to time.

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

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

"MSRB" shall mean the Municipal Securities Rulemaking Board as established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate. Filing information relating to the MSRB is set forth in *Exhibit A* attached hereto.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

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

"State" shall mean the State of Vermont.

Section 3. Provision of Annual Reports. (a) The Agency shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of the Agency's fiscal year (presently June 30), commencing with the report for the 2018 Fiscal Year, provide to the MSRB, through its Electronic Municipal Market Access system, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; *provided*, that the audited financial statements of the Agency may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Agency's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Agency shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by such date, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the Agency and the Dissemination Agent to determine if the Agency is in compliance with the first sentence of this subsection (b).

(c) If the Trustee is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Trustee shall send a notice to the MSRB in substantially the form attached as *Exhibit B*.

(d) The Dissemination Agent shall file a report with the Agency and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided to the MSRB.

Section 4. Content of Annual Reports. The Agency's Annual Report shall contain or include by reference the following:

(i) The audited financial statements of the Agency for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Agency's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(ii) The financial information and operating data of the Agency for the prior fiscal year generally consistent with the financial information and operating data contained in the Official Statement under the headings "INTRODUCTION," "THE AGENCY—Operations to Date" and "—Outstanding Indebtedness," "SECURITY FOR THE BONDS," Appendix IV "CERTAIN INFORMATION RELATING TO THE SINGLE FAMILY MORTGAGE LOANS AND FEDERAL AGENCY CERTIFICATES OUTSTANDING UNDER THE INDENTURE," and Appendix IX "CERTAIN INFORMATION REGARDING THE MULTIFAMILY MORTGAGE LOANS OUTSTANDING UNDER THE INDENTURE."

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Agency shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events. (a) Pursuant to the provisions of this Section 5, the Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) modifications to rights of Bondholders, if material;

(4) bond calls, if material;

(5) defeasances;

(6) rating changes;

(7) adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series B Bonds, the Series C Bonds, the Series D Bonds or the Series E Bonds, or other material events affecting the tax status of the Series B Bonds, the Series C Bonds, the Series D Bonds or the Series E Bonds;

(8) unscheduled draws on the debt service reserves reflecting financial difficulties;

(9) unscheduled draws on credit enhancements reflecting financial difficulties;

(10) substitution of credit or liquidity providers, or their failure to perform;

(11) release, substitution or sale of property securing repayment of the Bonds, if material;

(12) tender offers;

(13) bankruptcy, insolvency, receivership or similar event of the Agency;[1]

(14) the consummation of a merger, consolidation or acquisition involving the Agency, the sale of all or substantially all of the assets of the Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; or

(15) appointment of a successor or additional trustee, or the change of name of a trustee, if material.

(b) The Agency shall file with the MSRB in a timely manner, not in excess of ten (10) business days after the occurrence thereof, a notice of the occurrence of any of the events described in subsection 5(a) above.

Section 6. Management Discussion of Items Disclosed in Annual Reports or as Significant Events. If an item required to be disclosed in the Agency's Annual Report under Section 4, or as a Listed Event under Section 5, would be misleading without discussion, the Agency shall additionally provide a statement clarifying the disclosure in order that the statement made will not be misleading in the context in which it was made.

Section 7. Termination of Reporting Obligation. The Agency's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the

[1] For purposes of the event identified in Section 5(a)(13) above, the event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Agency.

Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

Section 8. Dissemination Agent; Duties and Liabilities. (a) The Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Agency pursuant to this Disclosure Agreement. The Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Agency has provided such information to the Dissemination Agent as required by this Disclosure Agreement. The Dissemination Agent shall have no duty or obligation to review or verify any Annual Report, Listed Events or any other information, disclosures or notices provided to it by the Agency and shall not be deemed to be acting in any fiduciary capacity for the Agency, the Holders of the Bonds or any other party. The Dissemination Agent shall have no responsibility for the Agency's failure to report a Listed Event to the Dissemination Agent. The Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Agency has complied with this Disclosure Agreement. The Dissemination Agent may conclusively rely upon certifications of the Agency at all times.

(b) The Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and the Dissemination Agent shall in no event incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The fees and expenses of such counsel shall be payable by the Agency.

Section 9. Amendment and Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Agency and the Trustee may amend this Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the Agency), and any provision of this Disclosure Agreement may be waived, *provided* that the following conditions are satisfied:

(i) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(ii) The undertaking, as amended or taking into account such waiver, would have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(iii) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not materially impair the interests of the Holders or Beneficial Owners of the Bonds, as determined by a party unaffiliated with the Agency (such as the Trustee); and

(iv) The amendment or waiver is otherwise permitted by the Rule.

As set forth in Section 1 of this Disclosure Agreement, the Agency has executed and delivered this Disclosure Agreement solely and only to assist the Participating Underwriters in complying with the requirements of the Rule. Therefore, notwithstanding anything in this Disclosure Agreement to the contrary, in the event the Securities and Exchange Commission, the MSRB or other regulatory authority shall approve or require changes to the requirements of the Rule, the Agency shall be permitted, but shall not be required, to unilaterally modify the covenants in this Disclosure Agreement, without complying with the requirements of this Section 9, in order to comply with, or conform to, such changes. In the event of any such modification of this Disclosure Agreement, the Agency shall file or cause the Dissemination Agent to file, a copy of this Disclosure Agreement, as revised, in the manner set forth in this Disclosure Agreement in a timely manner.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Agency shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Agency. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

Section 11. Default. (a) In the event of a failure of the Agency or the Trustee to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall), or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency or Trustee, as the case may be, to comply with its Bonds under this Disclosure Agreement.

(b) Notwithstanding the foregoing, no Holder or Beneficial Owner of the Bonds shall have the right to challenge the content or adequacy of the information provided pursuant to Sections 3, 4 or 5 of this Disclosure Agreement by mandamus, specific performance or other

equitable proceedings unless Holders or Beneficial Owners of Bonds representing at least 66 2/3% in aggregate principal amount of the Bonds shall join in such proceedings.

(c) A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Agency or the Trustee to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article XI of the Trust Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Agency:

Vermont Housing Finance Agency
164 St. Paul Street
Burlington, Vermont 05401-4634
Attention: Chief Financial Officer
Telephone Number: (802) 864-5743
Facsimile Number: (802) 864-5746

To the Trustee:

Wells Fargo Bank, National Association
600 S. Fourth Street, 6th Floor
MAC: N9300-060
Minneapolis, Minnesota 55415
Attention: Corporate Trust Services
Telephone Number: (612) 667-8484
Facsimile Number: (612) 316-0196

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 14. Beneficiaries. This Disclosure Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule, however, this Disclosure Agreement shall inure solely to the benefit of the Agency, the Trustee, the Dissemination Agent, if any, and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 15. Counterparts. This Disclosure Agreement 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 16. Governing Law. This Agreement shall be governed by the laws of the State except for certain federal law requirements imposed hereunder, which shall be governed by federal law.

IN WITNESS WHEREOF, the parties hereto have caused this Disclosure Agreement to be duly executed and delivered as of this ____ day of November, 2018.

VERMONT HOUSING FINANCE AGENCY

By _____
Authorized Officer

WELLS FARGO BANK, NATIONAL ASSOCIATION,
at Trustee

By _____
Authorized Officer

EXHIBIT A

Filing information relating to the Municipal Securities Rulemaking Board is as follows:

Municipal Securities Rulemaking Board

http://emma.msrb.org

EXHIBIT B

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Vermont Housing Finance Agency (the *"Agency"*)

Name of Bond Issue: $_____ Multiple Purpose Bonds, consisting of (i) 2018 Series B (AMT), (ii) 2018 Series C (Non-AMT), (iii) 2018 Series D (AMT), (iv) 2018 Series E (Non-AMT), (v) the 2018 Series F Bonds (Federally Taxable) and (vi) the 2018 Series G Bonds (Federally Taxable) (

Date of Issuance: October ___, 2018

NOTICE IS HEREBY GIVEN that the Agency has not provided an Annual Report with respect to the above-named Multiple Purpose Bonds, 2018 Series B, 2018 Series C, 2018 Series D, 2018 Series E, 2018 Series F and 2018 Series G as required by Section 3 of the Continuing Disclosure Agreement dated November ___, 2018 between the Agency and Wells Fargo Bank, National Association, as Trustee. The Agency anticipates that the Annual Report will be filed by _____.

Dated: _____

WELLS FARGO BANK, NATIONAL ASSOCIATION,
on behalf of the Agency

cc: Vermont Housing Finance Agency

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APPENDIX XII

PROPOSED FORM OF OPINION OF BOND COUNSEL

_____, 2018

Vermont Housing Finance Agency
Burlington, Vermont

Vermont Housing Finance Agency
Multiple Purpose Bonds
2018 Series B
2018 Series C
2018 Series D
2018 Series E
2018 Series F
2018 Series G

We have acted as Bond Counsel in connection with the issuance by the Vermont Housing Finance Agency (the "Agency") of $3,085,000 aggregate principal amount of its Multiple Purpose Bonds, 2018 Series B (the "2018 Series B Bonds"), $30,260,000 aggregate principal amount of its Multiple Purpose Bonds, 2018 Series C (the "2018 Series C Bonds"), $2,015,000 aggregate principal amount of its Multiple Purpose Bonds, 2018 Series D (the "2018 Series D Bonds"), $1,740,000 aggregate principal amount of its Multiple Purpose Bonds, 2018 Series E (the "2018 Series E Bonds"), $250,000 aggregate principal amount of its Multiple Purpose Bonds, 2018 Series F (the "2018 Series F Bonds") and $3,750,000 aggregate principal amount of its Multiple Purpose Bonds, 2018 Series G (the "2018 Series G Bonds" and, collectively with the 2018 Series B Bonds, the 2018 Series C Bonds, the 2018 Series D Bonds, the 2018 Series E Bonds and the 2018 Series F Bonds, the "Series Bonds"). The Series Bonds are authorized to be issued pursuant to No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended (the "Act"), and under and pursuant to the Agency's Trust Indenture, dated as of June 1, 2007 (the "Trust Indenture"), resolutions of the Agency authorizing the issuance and sale of bonds and notes to finance single family and multifamily housing, and the 2018 BCDEFG Supplemental Indenture dated as of October 1, 2018 (the "2018 BCDEFG Supplemental Indenture"). The Trust Indenture and the 2018 BCDEFG Supplemental Indenture are sometimes collectively referred to herein as the "Indenture." Capitalized terms used but not defined herein are as defined in the Indenture.

The Series Bonds are being issued to (a) refund certain outstanding obligations of the Agency, (b) make moneys available to purchase Federal Agency Certificates backed by pools of loans made to finance the purchase or improvement of single family housing in the State of Vermont (the "State") by persons and families of low and moderate income, (c) make moneys available to fund certain Multifamily Mortgage Loans in order to acquire, construction or rehabilitate multifamily housing in the State and (d) to make deposits in certain funds and accounts under the Indenture. The Series Bonds, as well as any additional bonds to be issued under the Indenture (collectively, the "Bonds"), are equally and ratably secured by the Indenture.

The Series Bonds are dated, mature in the years, in the respective principal amounts and bear interest at the rates per annum set forth in the 2018 BCDEFG Supplemental Indenture. The Series Bonds are also subject to redemption prior to maturity upon the terms and conditions and at the redemption prices provided in the 2018 BCDEFG Supplemental Indenture and in the Indenture.

In rendering this opinion we have reviewed the Indenture and certain other documents, certificates and other materials delivered in connection with the issuance of the Series Bonds. The Agency has covenanted in the Indenture to do all things necessary to assure that interest on the 2018 Series B Bonds, the 2018 Series C Bonds, the 2018 Series D Bonds and the 2018 Series E Bonds (collectively, the "2018 Series BCDE Bonds") will not be includable in gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code") and the regulations promulgated thereunder. Under Sections 142, 143, [145] and 148 of the Code, certain requirements must be met subsequent to the delivery of the 2018 Series BCDE Bonds, in order that interest on the 2018 Series BCDE Bonds not be includable in gross income for federal income tax purposes under the Code. Certain covenants of the Agency and other parties, as well as affidavits and other procedures, are set forth in the documents relating to the issuance of the Series Bonds and the Agency's single family and multifamily programs to comply with the requirements of the Code. We have examined such documents and such covenants, affidavits and other procedures and are of the opinion that they are sufficient to enable the Agency to comply with the requirements of the Code.

Based on the foregoing it is our opinion that:

(a) The Agency is duly created and validly existing under the Act as a body politic and corporate of the State and has the right and power under the Act to adopt the Indenture and to authorize, issue and deliver the Series Bonds.

(b) The Indenture has been duly and lawfully authorized and executed by the Agency, is in full force and effect and is valid and binding upon the Agency and enforceable in accordance with its terms and no other authorization for the Indenture is required. The Indenture creates the valid pledge which it purports to create of the Trust Estate (except the Rebate Fund), subject only to the provisions of the Indenture permitting the application of amounts held thereunder for the purposes and on the terms and conditions set forth in the Indenture.

(c) The Series Bonds have been duly authorized, executed, issued and delivered by the Agency in accordance with the Act and the Indenture and constitute valid and binding general obligations of the Agency, which has no taxing power, enforceable in accordance with their terms and the terms of the Indenture and entitled to the benefits of the Act and the Indenture. The Series Bonds are general obligations of the Agency, payable from any of the Agency's revenues, assets or moneys, subject only to agreements made with holders of notes and bonds or other indebtedness pledging particular revenues, moneys or assets for the payment thereof. The Series Bonds do not constitute a debt or liability or obligation of the State or of any political subdivision thereof or a pledge of the faith and credit of the State or of any political subdivision.

(d) Under existing laws, regulations, rulings and judicial decisions, assuming continuing compliance by the Agency with covenants contained in the Indenture concerning federal tax law described above, interest on the 2018 Series BCDE Bonds is not includable in the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code except that no opinion is expressed with respect to interest on any 2018 Series D Bond or 2018 Series E Bond for any period during which such 2018 Series D Bond or 2018 Series E Bond is held by a "substantial user" of the multifamily facilities allocated to such 2018 Series D Bond or 2018 Series E Bond or a "related person" as such terms are defined in Section 147 of the Code. Additionally, (i) interest on the 2018 Series B Bonds and the 2018 Series D Bonds is a separate tax preference item for purposes of calculating the federal alternative minimum tax imposed by the Code on individuals and, for tax years beginning before January 1, 2018, corporations, and (ii) interest on the 2018 Series C Bonds and the 2018 Series E Bonds is not a separate tax preference item for purposes of calculating the alternative minimum tax, and will not be included in corporations' calculations of adjusted current earnings for purposes of the federal alternative minimum tax.

(e) Interest on the 2018 Series F Bonds and the 2018 Series G Bonds will not be excludable from gross income of the recipients thereof for federal tax purposes.

The accrual or receipt of interest on the Series Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

The foregoing opinions are qualified only to the extent that the enforceability of the Series Bonds and the Indenture may be limited by the exercise of judicial discretion in accordance with general equitable principles and by bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally heretofore or hereafter enacted to the extent constitutionally enforceable.

The scope of our engagement has not extended beyond the examinations and the rendering of the opinions expressed herein. The opinions expressed herein are based upon existing law as of the date hereof, and we express no opinion herein as of any subsequent date or with respect to any pending legislation.

Very truly yours,

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vhfa

Vermont Housing Finance Agency

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