

In the opinions of Co-Bond Counsel to the Authority, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2010-1 Bonds, the Series 2009-1 Bonds and the Series 2009-2 Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), (ii) interest on the Series 2010-1 Bonds and the Series 2009-2 Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax, and (iii) interest on the Series 2009-1 Bonds is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code. In the opinions of Co-Bond Counsel to the Authority, under existing statutes, interest on the Parity Bonds (as defined below) is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the alternative minimum tax imposed under the Code with respect to individuals, trusts and estates. See "Tax Matters" herein.

\$166,670,000

CONNECTICUT HOUSING FINANCE AUTHORITY
Single Family Special Obligation Bonds

New Issue

\$66,670,000 Series 2010-1 (Non-AMT)

Conversion[†]

\$47,290,000 Series 2009-1 (AMT)
\$52,710,000 Series 2009-2 (Non-AMT)

Dated: Series 2010-1 Bonds: Date of Delivery
Series 2009-1 Bonds and Series 2009-2 Bonds: December 30, 2009

Due: As shown on inside front cover

The Single Family Special Obligation Bonds, Series 2010-1 (the "Series 2010-1 Bonds"), Series 2009-1 (the "Series 2009-1 Bonds") and Series 2009-2 (the "Series 2009-2 Bonds;" together with the Series 2009-1 Bonds, the "Converted Bonds," and collectively with the Series 2010-1 Bonds, the "Parity Bonds") of the Connecticut Housing Finance Authority (the "Authority") are being issued or converted, as applicable, under the Bond Resolution adopted on November 19, 2009, as supplemented as of September 30, 2010, providing for the issuance of Single Family Special Obligation Bonds of the Connecticut Housing Finance Authority (as amended from time to time, the "SFSOB Resolution") as fully registered bonds without coupons in book-entry form and when delivered will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, to which principal and interest payments on the Parity Bonds will be made. Beneficial Owners of the Parity Bonds will not receive physical delivery of bond certificates.

The Authority previously issued its Single Family Special Obligation Bonds, Series 2009 (the "Escrow Bonds") under the SFSOB Resolution in accordance with the Single Family New Issue Bond Program (the "NIBP Program") announced by the United States Department of the Treasury, Fannie Mae and Freddie Mac. In connection with the issuance of the Series 2010-1 Bonds, the Authority expects to convert and re-designate a portion of the Escrow Bonds as the Converted Bonds. The Series 2010-1 Bonds are the first issue of Bonds (as defined below) under the SFSOB Resolution to be publicly offered, and they constitute the first issue of Market Bonds (as defined herein) under the NIBP Program.

The Parity Bonds will be issued in denominations of \$5,000 and integral multiples thereof. Interest on the Parity Bonds is payable at the rates and on the dates as more particularly described on the inside cover and elsewhere herein. Principal and interest will be payable by the Trustee, U.S. Bank National Association, Hartford, Connecticut, or by the paying agent, U.S. Bank Trust National Association, New York, New York, to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Parity Bonds as described herein.

The Authority expects to issue additional parity Bonds in the future under the SFSOB Resolution that shall constitute the allocable portion of Market Bonds required under the NIBP Program for any further release of proceeds of the Escrow Bonds from escrow. See "NEW ISSUE BOND PROGRAM." The SFSOB Resolution also authorizes additional parity Bonds without any limitation upon meeting the requirements of the SFSOB Resolution (see Appendix D – "SUMMARY OF CERTAIN PROVISIONS OF THE SFSOB RESOLUTION – Authorization of Bonds" and – "Rights of the Authority"). Such additional Market Bonds, the remaining Escrow Bonds (once subject to Conversion (as defined herein)), and any additional parity Bonds are herein collectively referred to as the "Additional Parity Bonds." The Parity Bonds and the Additional Parity Bonds collectively constitute "Bonds" under the SFSOB Resolution. Escrow Bonds do not constitute "Bonds" under the SFSOB Resolution unless and until such bonds are subject to Conversion, as described herein.

The Parity Bonds are subject to redemption prior to their stated maturities at the times and under the conditions set forth under the caption "DESCRIPTION OF THE PARITY BONDS — Redemption Provisions for the Parity Bonds."

The Bonds issued under the SFSOB Resolution, including the Parity Bonds and the Additional Parity Bonds, will be special obligations of the Authority, a body politic and corporate constituting a public instrumentality and political subdivision of the State. The Bonds issued under the SFSOB Resolution, including the Parity Bonds and the Additional Parity Bonds, are payable solely out of and secured by Assets pledged under the SFSOB Resolution. The Bonds do not constitute a general obligation debt or liability of the Authority and shall not be payable from, constitute a charge upon or be secured by a pledge of the full faith and credit, the general assets or other indentures or resolutions of the Authority and are not secured by any State-supported contract or State-supported special capital reserve fund. The Bonds do not constitute a debt or liability of the State of Connecticut (the "State") or any municipality thereof or a pledge of the faith and credit of the State or any municipality thereof. The Bondholders will have no recourse to the taxing power of the State or any municipality or political subdivision thereof. The Authority has no taxing power.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Series 2010-1 Bonds are offered for delivery when, as, and if issued and subject to the approval of legality by Co-Bond Counsel to the Authority, Hawkins Delafield & Wood LLP, Hartford, Connecticut, Edwards Angell Palmer & Dodge LLP, Hartford, Connecticut and Lewis & Munday, A Professional Corporation, Detroit, Michigan, and certain other conditions. Certain legal matters will be passed upon for the Underwriters by their counsel, Tobin, Carberry, O'Malley, Riley & Selinger, P.C., New London, Connecticut. It is expected that the Series 2010-1 Bonds in definitive form will be available for delivery at The Depository Trust Company in New York, New York, on or about October 28, 2010.

Morgan Stanley

Barclays Capital

Jefferies & Co.

Rice Financial Products

BofA Merrill Lynch

Citi

M.R. Beal & Company

Roosevelt & Cross, Inc.

Grigsby & Associates

Morgan Keegan & Co.

J.P. Morgan

Janney Montgomery Scott

Ramirez & Co.

Wells Fargo Securities

October 20, 2010

[†] The Series 2009-1 Bonds and Series 2009-2 Bonds are not reoffered hereby.

**MATURITY SCHEDULE
CONNECTICUT HOUSING FINANCE AUTHORITY**

NEW ISSUE

\$66,670,000

SINGLE FAMILY SPECIAL OBLIGATION BONDS, SERIES 2010-1 (Non-AMT)

\$33,220,000 Serial Bonds

<u>Due</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Due</u>	<u>Amount</u>	<u>Interest Rate</u>
June 1, 2011	\$560,000	0.40%	December 1, 2016	\$1,625,000	2.15%
December 1, 2011	1,255,000	0.50	June 1, 2017	1,665,000	2.45
June 1, 2012	1,320,000	0.70	December 1, 2017	1,705,000	2.45
December 1, 2012	1,345,000	0.85	June 1, 2018	1,745,000	2.70
June 1, 2013	1,380,000	1.00	December 1, 2018	1,790,000	2.70
December 1, 2013	1,410,000	1.10	June 1, 2019	1,835,000	3.00
June 1, 2014	1,450,000	1.35	December 1, 2019	1,875,000	3.00
December 1, 2014	1,480,000	1.45	June 1, 2020	1,010,000	3.15
June 1, 2015	1,515,000	1.70	December 1, 2020	1,310,000	3.15
December 1, 2015	1,550,000	1.80	June 1, 2021	1,750,000	3.35
June 1, 2016	1,585,000	2.10	December 1, 2021	2,060,000	3.35

\$22,145,000 4.00% Term Bonds due December 1, 2026

\$11,305,000 4.25% Term Bonds due December 1, 2030

CONVERSION[†]

\$47,290,000

SINGLE FAMILY SPECIAL OBLIGATION BONDS, SERIES 2009-1 (AMT)

\$47,290,000 3.01%[‡] Term Bonds due June 1, 2035

\$52,710,000

SINGLE FAMILY SPECIAL OBLIGATION BONDS, SERIES 2009-2 (Non-AMT)

\$52,710,000 3.01%[‡] Term Bonds due December 1, 2041

Price of all Parity Bonds: 100%

[†] The Series 2009-1 Bonds and Series 2009-2 Bonds are not reoffered hereby.

[‡] Upon the issuance and delivery of the Series 2010-1 Bonds (such date being the "Release Date"), this portion of the Authority's Single Family Special Obligation Bonds, Series 2009 will be re-designated as the Series 2009-1 Bonds or the Series 2009-2 Bonds (collectively, the "Converted Bonds"), as applicable, and the proceeds thereof will be released and used for the purposes set forth herein. The Converted Bonds will bear interest from (and including) the Release Date to (but excluding) December 28, 2010 at a rate equal to the lesser of (a) the Four Week T-Bill Rate as of the second Business Day prior to the Release Date plus the Spread, as described herein, or (b) the Permanent Rate of 3.01%, as described herein. Thereafter, the Converted Bonds shall bear interest at the Permanent Rate of 3.01% to maturity.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2010-1 BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No dealer, broker, salesman, or other person has been authorized to give any information or to make any representations, other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2010-1 Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information set forth herein has been furnished by the Authority and includes information from other sources that the Authority believes to be reliable, but it is not guaranteed as to its accuracy or completeness. 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 Authority since the date hereof. This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, as a whole or in part, for any other purpose.

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.

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CONNECTICUT HOUSING FINANCE AUTHORITY

OFFICIAL STATEMENT *relating to*

\$166,670,000 Single Family Special Obligation Bonds

New Issue

\$66,670,000 Series 2010-1 (Non-AMT)

Conversion

**\$47,290,000 Series 2009-1 (AMT)
\$52,710,000 Series 2009-2 (Non-AMT)**

This Official Statement (the “Official Statement”) provides certain information in connection with the issuance by the Connecticut Housing Finance Authority (the “Authority”) of its Single Family Special Obligation Bonds, Series 2010-1 in the aggregate principal amount of \$66,670,000 (the “Series 2010-1 Bonds”), and the conversion and re-designation of a portion of the Authority’s Single Family Housing Revenue Bonds, Series 2009 (the “Escrow Bonds”) as the Series 2009-1 Bonds in the aggregate principal amount of \$47,290,000 (the “Series 2009-1 Bonds”) and the Series 2009-2 Bonds in the aggregate principal amount of \$52,710,000 (the “Series 2009-2 Bonds,” and together with the Series 2009-1 Bonds, the “Converted Bonds,” and collectively with the Series 2010-1 Bonds, the “Parity Bonds”). The Parity Bonds are being issued pursuant to the Act and the Bond Resolution adopted on November 19, 2009, as supplemented September 30, 2010, providing for the issuance of Single Family Special Obligation Bonds of the Connecticut Housing Finance Authority (as amended from time to time, the “SFSOB Resolution”) and the Single Family New Issue Bond Program (the “NIBP Program”) announced by the United States Department of the Treasury (“Treasury”), Fannie Mae and Freddie Mac (as further described under the heading “NEW ISSUE BOND PROGRAM”). The Series 2010-1 Bonds are the first issue of Bonds (defined herein) under the SFSOB Resolution to be offered to the market, and they constitute the first issue of Market Bonds (defined herein) under the NIBP Program.

The Authority expects to issue additional parity Bonds in the future under the SFSOB Resolution that shall constitute the allocable portion of Market Bonds (defined herein) required under the NIBP Program for any further release of proceeds of the Escrow Bonds from escrow. See “NEW ISSUE BOND PROGRAM.” The SFSOB Resolution also authorizes additional parity Bonds without any limitation upon meeting the requirements of the SFSOB Resolution (see “SECURITY AND SOURCES OF PAYMENT OF BONDS – Additional Bonds” herein and Appendix D – “SUMMARY OF CERTAIN PROVISIONS OF THE SFSOB RESOLUTION – Authorization of Bonds” and “– Rights of the Authority”). Such additional Market Bonds, the remaining Escrow Bonds (once subject to Conversion (as defined herein)), and any additional parity Bonds are herein collectively referred to as the “Additional Parity Bonds.” Pursuant to the SFSOB Resolution, bonds issued thereunder, other than the Escrow Bonds, are equally and ratably secured by the pledges and covenants contained therein, and all such bonds hereafter issued thereunder, including the Parity Bonds and the Additional Parity Bonds, but excluding the Escrow Bonds, are herein collectively referred to as the “Bonds.” Certain provisions of the SFSOB Resolution are summarized in Appendix D. Certain terms used in this Official Statement and the SFSOB Resolution are defined in Appendix E.

INTRODUCTION

General

The Authority was created in 1969 pursuant to Chapter 134 of the General Statutes of Connecticut, as amended (the “Act”), as a public instrumentality and political subdivision of the State of Connecticut (the “State”) for the purpose of increasing the supply of and encouraging and assisting in the purchase, development, and construction of housing for low and moderate income families and persons throughout the State. The Act has been amended to authorize the Authority to finance mortgage loans in certain eligible urban areas without regard to income limitations for the purpose, among others, of restoring such urban areas as desirable places for persons of all income levels to live, work, shop, and enjoy the amenities of town living and meeting, traditional to the State, and as a means of ensuring that such urban areas do not

further deteriorate. The Single-Family Mortgage Revenue Bond Program (the “Single Family Program”) is a component of the Authority’s Housing Mortgage Finance Program established to finance or purchase participation interests in the purchase or making of Authority Mortgage Loans for owner-occupied housing consisting of not more than four household units.

The SFSOB Resolution was adopted in connection with the Authority’s implementation of the NIBP Program. As of September 30, 2010, Escrow Bonds in the aggregate principal amount of \$191,720,000 were outstanding under the SFSOB Resolution. As of September 30, 2010, the Authority had \$142,000,000 of Authority Mortgage Loans warehoused under the Authority’s General Housing Mortgage Finance Program Bond Resolution (the “General Bond Resolution”), which mortgage loans are available for purchase by proceeds of Bonds issued under the SFSOB Resolution. Upon or shortly after issuance or conversion of the Parity Bonds, as applicable, the Authority expects to use a portion of the proceeds of the Parity Bonds to purchase (or participate in the purchase of) a majority of such warehoused single-family mortgage loans, at which time such loans shall be transferred to the SFSOB Resolution as Authority Mortgage Loans. The remaining proceeds of the Parity Bonds shall be used to purchase (or participate in the purchase of) additional Authority Mortgage Loans after the date of issuance of the Parity Bonds.

In connection with the NIBP Program, the Authority also authorized a new general obligation bond resolution (the “Other Bond Resolution”) to issue bonds (“Other Bonds”) secured by the Special Capital Reserve Fund under the General Bond Resolution. Concurrently with the issuance and delivery of the Parity Bonds, the Authority expects to issue its first series of Other Bonds (the “Series 2010 Other Bonds”) under the Other Bond Resolution. The Authority intends to use the proceeds of the Series 2010 Other Bonds to participate in the purchase or making of single-family mortgage loans under the Authority’s Housing Mortgage Finance Program, which will be transferred to and constitute Assets pledged under the SFSOB Resolution. See “SECURITY AND SOURCES OF PAYMENT FOR BONDS” herein. The other portion of the participation interest in such single-family mortgage loans shall be financed with proceeds of bonds issued under the General Bond Resolution. The Series 2010 Other Bonds will be secured by a subordinate lien on the Assets financed thereby and by the Special Capital Reserve Fund under the General Bond Resolution. The Series 2010 Other Bonds are expected to be structured with no principal or interest payments required until the Parity Bonds are paid in full. Because the Series 2010 Other Bonds are additionally secured by the Special Capital Reserve Fund under the General Bond Resolution, such bonds qualify as an investment for the General Bond Resolution. As such, the Series 2010 Other Bonds are not expected to be offered to the market at this time, but rather placed as such an investment under the General Bond Resolution. The Series 2010 Other Bonds are secured on a parity with all other bonds issued under the General Bond Resolution with respect to the Special Capital Reserve Fund, but will have no interest—parity or otherwise—in any accounts established and pledged to secure bonds issued under the General Bond Resolution.

Only those Authority Mortgage Loans purchased or made with proceeds of the Bonds issued pursuant to the SFSOB Resolution and proceeds of the Series 2010 Other Bonds issued pursuant to the Other Bond Resolution shall constitute Assets pledged under the SFSOB Resolution.

The Series 2010-1 Bonds and the Converted Bonds will be treated as a single issue under the Internal Revenue Code of 1986, as amended (the “Code”). See “TAX MATTERS” herein. If the Conversion described under the heading “NEW ISSUE BOND PROGRAM” with respect to the Converted Bonds does not occur, the issuance of the Series 2010-1 Bonds is expected to be canceled.

U.S. Bank National Association, Hartford, Connecticut is serving as trustee under the SFSOB Resolution (the “Trustee”) and U.S. Bank Trust National Association, New York, New York is acting as paying agent with respect to the Escrow Bonds (the “Paying Agent”).

All references herein to the Act and the SFSOB Resolution are qualified in their entirety by reference to each such document, copies of which are available from the Authority. All references to the Bonds, including the Parity Bonds, are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto contained in the SFSOB Resolution.

Use of Proceeds

The Authority expects that the funds made available from the issuance of the Series 2010-1 Bonds, the Converted Bonds and the Series 2010 Other Bonds, will be made available to: (i) purchase or make (including to participate in the purchase or making of) Authority Mortgage Loans under the Authority's Housing Mortgage Finance Program, either through the direct purchase of or participation in such Authority Mortgage Loans or the purchase of Program Securities (defined below) that are backed by such Authority Mortgage Loans, to finance the ownership or improvement of single family housing within the State by eligible low and moderate income families; (ii) fund the Debt Service Reserve Account; and (iii) pay Costs of Issuance, including underwriter's fees and other transaction costs. See "APPLICATION OF BOND PROCEEDS." Generally, Authority Mortgage Loans financed or purchased are originated by participating financial institution and may be guaranteed or insured by the Federal Housing Administration ("FHA"), the Department of Veterans Affairs ("VA") or the United States Department of Agriculture Rural Development ("RD"). The terms and conditions of Authority Mortgage Loans, including Authority Mortgage Loans financed with amounts made available by the issuance of the Parity Bonds, are described herein under the caption "THE HOUSING MORTGAGE FINANCE PROGRAM."

The Authority expects that all Authority Mortgage Loans to be financed with lendable proceeds of the Parity Bonds will be made in accordance with the mortgage loan procedures described under the caption "THE HOUSING MORTGAGE FINANCE PROGRAM" and the Single Family Program Determination then in effect. Pursuant to the SFSOB Resolution, all such Authority Mortgage Loans must be (i) insured or guaranteed or have a commitment for insurance or guarantee by the FHA, VA or RD, or another agency of instrumentality of the United States that is exercising similar powers with reference to the insurance or guaranty, (ii) uninsured, provided that the loan-to-value ratio of such mortgage loan is no more than 80%, or (iii) pooled into an obligation (a "Program Security") that is guaranteed by the Government National Mortgage Association ("GNMA"), the Federal National Mortgage Association ("Fannie Mae") or the Federal Home Loan Mortgage Corporation ("Freddie Mac"), or their successors.

The Authority expects that approximately 90% of the Authority Mortgage Loans to be purchased with proceeds of the Parity Bonds will be FHA-insured, with the remaining portion guaranteed by the VA or RD or pooled into Program Securities guaranteed by GNMA ("GNMA Program Securities"). To the extent the proceeds of the Parity Bonds are used to purchase participation interests in such Authority Mortgage Loans, it is expected that the other portion of the participation interest in such single-family mortgage loans shall be financed with proceeds of bonds issued under the General Bond Resolution. The Authority does not expect to use any proceeds of the Parity Bonds to purchase uninsured mortgage loans.

For information concerning the Authority's Housing Mortgage Finance Program, FHA insurance, VA or RD guaranty programs and GNMA Program Securities, see "THE HOUSING MORTGAGE FINANCE PROGRAM," and Appendix A to this Official Statement.

Security for the Bonds

The Bonds issued under the SFSOB Resolution, including the Parity Bonds and Additional Parity Bonds, are and will be special obligations of the Authority, payable solely out of and secured by the Assets pledged under the SFSOB Resolution for the payment of Principal Installments and redemption price thereof and the interest thereon. The Authority expects to issue Additional Parity Bonds in the future under the SFSOB Resolution that shall constitute the allocable portion of Market Bonds required under the NIBP Program for any further release of proceeds of the Escrow Bonds from escrow. See "NEW ISSUE BOND PROGRAM." The SFSOB Resolution also authorizes Additional Parity Bonds without any limitation upon meeting the requirements of the SFSOB Resolution (see Appendix D – "SUMMARY OF CERTAIN PROVISIONS OF THE SFSOB RESOLUTION – Authorization of Bonds" and "– Rights of the Authority"). Except as otherwise provided in the SFSOB Resolution, all the Bonds issued under the SFSOB Resolution are equally and ratably secured by the pledges and covenants contained therein. Escrow Bonds do not constitute "Bonds" under the SFSOB Resolution unless and until such bonds are subject to Conversion. See "NEW ISSUE BOND PROGRAM."

The Bonds issued under the SFSOB Resolution, including the Parity Bonds and the Additional Parity Bonds, will be special obligations of the Authority, a body politic and corporate constituting a public instrumentality and political subdivision of the State. The Bonds issued under the SFSOB Resolution, including the Parity Bonds and the Additional Parity Bonds, are payable solely out of and secured by Assets pledged under the SFSOB Resolution. The Bonds do not constitute a general obligation debt or liability of the Authority and shall not be payable from, constitute a charge upon or be secured by a pledge of the full faith and credit, the general assets or other indentures or resolutions of the Authority and are not secured by any State-supported contract or State-

supported special capital reserve fund. The Bonds do not constitute a debt or liability of the State or any municipality thereof or a pledge of the faith and credit of the State or any municipality thereof. The Bondholders will have no recourse to the taxing power of the State or any municipality or political subdivision thereof. The Authority has no taxing power.

Other Activities of the Authority Under the General Bond Resolution

In November 2010, the Authority expects to issue, under the General Bond Resolution, its Housing Mortgage Finance Program Bonds, 2010 Series D in the aggregate principal amount of approximately \$90,000,000 and its Housing Mortgage Finance Program Bonds, 2010 Series E in the aggregate principal amount of approximately \$50,000,000 to refund prior bonds and provide new monies for the financing of permanent home mortgage loans under the General Bond Resolution. The timing and amount of these bond issues is subject to change depending on market conditions.

Assets held under the General Bond Resolution are pledged solely to payment of bonds issued and other expenses and costs the Authority incurs thereunder. Such assets are not and will not be available in any manner to secure or pay Bond Amounts due on the Parity Bonds or any Additional Parity Bonds issued under the SFSOB Resolution or any other expenses, fees or costs the Authority incurs under the SFSOB Resolution. The Authority files annual financial information regarding the General Bond Resolution with the Municipal Securities Rulemaking Board (“MSRB”) as required by Rule 15c2-12(b)(5) promulgated by the United States Securities and Exchange Commission, which information is available for review on the MSRB’s website. If reviewed, any such information is qualified in its entirety by this Official Statement. Any such annual financial information or any other information regarding the General Bond Resolution that may be reviewed or that is provided herein is for informational purposes only and does not and should not be construed, by implication or otherwise, to suggest that any assets under the General Bond Resolution can, may or will be applied or made available under any circumstances to the payment of the Parity Bonds or any Additional Parity Bonds issued under the SFSOB Resolution.

NEW ISSUE BOND PROGRAM

The Authority issued the Escrow Bonds in December 2009 under the SFSOB Resolution as taxable, variable interest rate bonds, the proceeds of which are held in escrow (the “Escrow Fund”) by the Trustee. Under the NIBP Program, Fannie Mae and Freddie Mac (collectively, the “GSEs”) securitized the Escrow Bonds. Upon securitization of the Escrow Bonds, the GSEs issued GSE Securities (as described in the NIBP Program) evidencing beneficial ownership in the Escrow Bonds, which GSE Securities were purchased by Treasury. While held in the Escrow Fund, the original proceeds of the Escrow Bonds are pledged exclusively to the repayment of the Escrow Bonds whose proceeds have not been released from such escrow. The Escrow Fund is invested in Investment Obligations permitted under the SFSOB Resolution. The Escrow Bonds bear interest at a short-term variable rate equal to the interest rate on the Investment Obligations.

Escrow Bonds do not constitute “Bonds” under the SFSOB Resolution unless and until such bonds are subject to Conversion. The Escrow Bonds that have not been subject to Conversion are payable solely out of and secured by the Escrow Fund. Such Escrow Bonds are not secured by or payable out of Assets pledged under the SFSOB Resolution. The Escrow Fund is not an Asset pledged to secure the Parity Bonds.

The Authority may, upon satisfaction of certain conditions of the NIBP Program as set forth in the SFSOB Resolution, as amended in accordance with a subsequent announcement by Treasury on September 1, 2010, cause all or a portion of the proceeds of the Escrow Bonds to be released from escrow and converted to bear interest at rates fixed to maturity (such release and interest rate conversion being referred to herein collectively as a “Conversion”). Upon Conversion, the proceeds of the applicable Escrow Bonds shall be released to purchase Authority Mortgage Loans. In accordance with the announcement by Treasury on September 1, 2010, the Authority must exercise its election to convert all of its Escrow Bonds on one or more dates (not to exceed six (6) dates) acceptable to the GSEs, on or prior to December 31, 2011. Upon each such date (a “Release Date”), the Authority must issue and deliver Additional Parity Bonds to the GSEs (representing the portion of the Escrow Bonds subject to Conversion on such date) and Additional Parity Bonds to investors in accordance with standard bond underwriting practices (“Market Bonds”) in conjunction with and as a condition to the Release Date. The principal amount of the Market Bonds must be not less than two-thirds (2/3) of the principal amount of Escrow Bonds subject to Conversion on the Release Date. The NIBP Program, however, does not prohibit the issuance of Market Bonds in an aggregate principal amount in excess of the two-thirds (2/3) requirement set forth above, and the Authority may issue Additional Parity Bonds in excess of that requirement. For purposes of the NIBP Program, the Series 2010-1 Bonds constitute the Authority’s first issue of Market Bonds.

In connection with the issuance of the Series 2010-1 Bonds, and upon the satisfactions of the conditions precedent to Conversion, the Authority expects that \$100,000,000 of Escrow Bonds will be subject to Conversion on the date of delivery of the Series 2010-1 Bonds (the "October 2010 Release Date"). The portion of the Escrow Bonds subject to Conversion on the October 2010 Release Date will be re-designated as the Converted Bonds on such date, with the series designations, maturities and long-term fixed interest rates shown on the inside cover hereof. The Converted Bonds shall constitute the first series of converted Bonds being delivered to the GSEs.

The Authority expects to use the proceeds of the Parity Bonds and any Additional Parity Bonds to purchase or make (or participate in the purchasing or making of) Authority Mortgage Loans that have previously been made or purchased by the Authority or will be made or purchased by the Authority pursuant to its standard underwriting practices. See "THE HOUSING MORTGAGE FINANCE PROGRAM." A majority of the Authority Mortgage Loans to be purchased with proceeds of the Parity Bonds are currently being warehoused under the General Bond Resolution. The Authority expects to continue to warehouse Authority Mortgage Loans under the General Bond Resolution and to issue Additional Parity Bonds to purchase or participate in the purchase of such warehoused Authority Mortgage Loans.

The Parity Bonds and any Additional Parity Bonds, will be issued as special obligation bonds under the SFSOB Resolution. Accordingly, such Bonds are not and will not be secured by a pledge of any assets under the General Bond Resolution, and any mortgage loans or participations in mortgage loans financed by such Bonds will be transferred to the SFSOB Resolution and will not be assets that are subject to the lien of the General Bond Resolution.

SECURITY AND SOURCES OF PAYMENT OF BONDS

Security of Bonds and Sources of Payment

The Parity Bonds are special obligations of the Authority payable solely out of and secured by the Assets pledged under the SFSOB Resolution. Subject only to the provisions of the SFSOB Resolution permitting the application of certain monies for the purposes and under the terms set forth therein, and to the payment to the Trustee and the Paying Agents and depositories of compensation for their services and expenses, such Assets include the following:

(a) Revenues, which shall include (i) the scheduled amortization payments (monthly or otherwise) paid to the Authority from any source of principal and interest called for by any Authority Mortgage Loan, from the date of financing such Authority Mortgage Loan including both timely and delinquent payments with late charges, less the amount thereof retained by a servicer of any such Authority Mortgage Loan, if there be one, as full compensation for its services and, with respect to any such Authority Mortgage Loan, (ii) any Recoveries of Principal, (iii) fees and charges held or collected by the Authority under the Single Family Program, (iv) any payment made or required to be made to the Authority, or to the Trustee, under any Hedge, Exchange Agreement, Enhancement Agreement or Other Financial Agreement constituting an Asset and any payment receipts for application by the Authority for Single Family Program Expenses, and (v) all interest earned or gain realized in excess of losses as a result of the investment of amounts in any Account other than the Escrow Fund or a Defeasance Account ("Non-Mortgage Receipts"); *provided*, that "Revenues" shall not include any payments of ground rents, if any, taxes, assessments, mortgage, fire or other hazard insurance premiums called for by any such Authority Mortgage Loan, or any other like payments other than the payments referred to in (iii) hereof;

(b) All funds and accounts pledged under the SFSOB Resolution, and monies and securities therein, except (i) amounts on deposit in the Escrow Fund, which are pledged solely to secure the Escrow Bonds that have not been the subject of a Conversion and (ii) amounts set aside in any Defeasance Account (see Appendix D – "SUMMARY OF CERTAIN PROVISIONS OF THE SFSOB RESOLUTION"); and

(c) Subject to assignment as provided in the SFSOB Resolution, all right, title and interest of the Authority in and to the Authority Mortgage Loans (including Program Securities, if any) made or purchased pursuant to the SFSOB Resolution.

The Bonds issued under the SFSOB Resolution, including the Parity Bonds and the Additional Parity Bonds, will be special obligations of the Authority, a body politic and corporate constituting a public instrumentality and political subdivision of the State. The Bonds issued under the SFSOB Resolution, including the Parity Bonds and the Additional Parity Bonds, are payable solely out of and secured by Assets pledged under the SFSOB Resolution. The Bonds do not constitute a general obligation debt or liability of the Authority and shall not be payable from, constitute a charge upon or be secured by a pledge of the full faith and credit, the general assets or

other indentures or resolutions of the Authority and are not secured by any State-supported contract or State-supported special capital reserve fund. The Bonds do not constitute a debt or liability of the State or any municipality thereof or a pledge of the faith and credit of the State or any municipality thereof. The Bondholders will have no recourse to the taxing power of the State or any municipality or political subdivision thereof. The Authority has no taxing power.

Debt Service Reserve Account

The SFSOB Resolution provides that as of any particular date of calculation there shall be on deposit in the Debt Service Reserve Account an amount equal to the sum of all amounts established as Series Reserve Requirements for all Series of Bonds Outstanding under the SFSOB Resolution (the “Debt Service Reserve Account Requirement”). The Series Reserve Requirement for the Parity Bonds, as of any date of calculation, is equal to 2% of the sum as of such date of (i) the outstanding principal balance of all Authority Mortgage Loans (other than Program Securities) financed from proceeds of the Parity Bonds, plus (ii) any proceeds of the Parity Bonds on deposit in the Loan Account. On the date of issuance of the Parity Bonds, the Debt Service Reserve Account will be fully funded in an amount at least equal to the Debt Service Reserve Account Requirement.

If the Authority fails to make available to the Trustee sufficient funds to meet a required payment of Principal Installments or Redemption Price of, or interest on, Bonds when due, the SFSOB Resolution requires the Trustee, to the extent that amounts on deposit in all other Accounts (except the Rebate Account) are insufficient to make such payment, to apply moneys from the Debt Service Reserve Account to the extent necessary to make the required payments to Bondholders.

If necessary to restore the amount on deposit in the Debt Service Reserve Account to the Debt Service Reserve Account Requirement, the Trustee is required to withdraw moneys annually (to the extent moneys are available) from the Revenue Account for deposit to the credit of the Debt Service Reserve Account. There is no provision that withdrawals from the Debt Service Reserve Account be restored by the Authority from its assets not pledged under the SFSOB Resolution or be replenished by the State. If the amount on deposit in the Debt Service Reserve Account shall be in excess of the Debt Service Reserve Account Requirement, the Trustee shall, if so specified by the applicable Bond Limitations, transfer the amount of such excess to the Revenue Account.

Pursuant to the SFSOB Resolution, the Authority may elect, in a Supplemental Resolution authorizing the issuance of additional Bonds, to fund the Debt Service Reserve Account Requirement with Cash Equivalents.

Additional Bonds

Additional series of Bonds may be issued as provided in the SFSOB Resolution on a parity with the Parity Bonds, entitled to the equal benefit, protection and security of the pledge, provisions, covenants and agreements of the SFSOB Resolution. No series of Bonds may be issued, however, if (i) the principal amount of all Bonds issued or to be issued will exceed any limitation imposed by law, (ii) after issuance of the additional Bonds, the Revenues projected to be available under the SFSOB Resolution do not meet the Revenue Test, or (iii) upon the issuance of such Bonds, the amount credited to the Debt Service Reserve Account will be less than the Debt Service Reserve Account Requirement. Further, no series of Bonds may be issued without confirmation from the Rating Agency that such additional obligations shall not impair the then-existing Rating on the Bonds. In addition, the Authority may issue any obligations that are payable from or secured by a lien on the Revenues or other property pledged under the SFSOB Resolution so long as such lien and pledge shall in all respects be subordinate to the lien and pledge created by the SFSOB Resolution.

The SFSOB Resolution does not cap the amount of Additional Parity Bonds that may be issued thereunder or limit the Bonds to those involved in the NIBP Program. As such, the Authority may determine to continue to issue Bonds under the SFSOB Resolution as a source of mortgage funding, subject to the terms, limitations and conditions established in the SFSOB Resolution. See “Revenue Test” below and Appendix D – “SUMMARY OF CERTAIN PROVISIONS OF THE SFSOB RESOLUTION – Authorization of Bonds.”

Bond Limitations and Single Family Program Determinations

Pursuant to the SFSOB Resolution, each series of Bonds issued thereunder shall be subject to certain prescribed Bond Limitations and Single Family Program Determinations. Bond Limitations shall specify, or set forth the manner for determining, as of its date, among other things, certain limitations and procedures with respect to Bonds issued, including the application of amounts on deposit in the Revenue Account to make payments and transfers or to provide periodic

withdrawals, including to pay Single Family Program Expenses, the application of amounts on deposit in the Redemption Account to redeem Bonds and the application of excess amounts in the Debt Service Reserve Account for transfer to the Revenue Account. Single Family Program Determinations shall specify, or set forth the manner for determining, as of its date, among other things, the requirements with respect to each Authority Mortgage Loan (or with respect to any group of Authority Mortgage Loans in an aggregate specified amount) to be purchased or in which a participation is to be purchased pursuant to the SFSOB Resolution and the requirements as to transfer of unexpended amounts to the Redemption Account. Each Supplemental Resolution authorizing a series of Bonds shall specify which Bond Limitations and Single Family Program Determinations shall apply to such series of Bonds. The Authority may change the limitations, requirements or procedures set forth in the Bond Limitations and Single Family Program Determinations from time to time, but only upon preparation of a new Revenue Test. See Appendix D – “SUMMARY OF CERTAIN PROVISIONS OF THE SFSOB RESOLUTION – Revenue Test.”

Revenue Test

The SFSOB Resolution requires the Authority to meet a Revenue Test before it can take various actions pursuant to the SFSOB Resolution including, without limitation, (i) the issuance of additional Bonds, (ii) the modification of its existing Bond Limitations or Single Family Program Determinations, and (iii) except as provided in any applicable Bond Limitations, (a) the sale or exchange of Assets, (b) the modification or amendment of the terms and conditions of any Asset, (c) the transfer of Assets to the Other Bond Resolution to provide for payment of the Other Bonds, and (d) the transfer of Assets to the General Bond Resolution. (See Appendix D – “SUMMARY OF CERTAIN PROVISIONS OF THE SFSOB RESOLUTION” for a description of the Revenue Test and the circumstances under which its satisfaction is required.) The Revenue Test shall consist of a set of Supporting Cash Flows attached to an Authority Officer’s Certificate that demonstrate and conclude that, subsequent to the effecting of such action, the anticipated Revenues to be derived from all Assets that are to remain or anticipated to become subject to the lien on or pledge of the SFSOB Resolution shall be at least sufficient to pay all Bond Amounts as such Bond Amounts are or are anticipated to become due and payable (by purchase, redemption or otherwise) and Single Family Program Expenses. Each Revenue Test shall include a description of the action to be taken and reach the conclusion set forth above.

Revenue Tests shall (1) take into account the financial position of the SFSOB Resolution as of the stated starting date of the projection, (2) reflect all the significant transactions that have occurred in the period commencing with such starting date and ending with a date no more than ninety (90) days prior to the date of such projections, (3) be consistent with the SFSOB Resolution (as amended, modified, and supplemented), and any applicable Bond Limitations and Single Family Program Determinations, and (4) assume compliance with the Authority’s current operating policies, to the extent not otherwise included in the applicable Bond Limitations and Single Family Program Determinations. The scenarios or assumptions included in a particular Revenue Test shall be consistent with those included in the immediately preceding Revenue Test delivered by the Authority, unless such set of scenarios or assumptions are no longer applicable under the circumstances.

In determining compliance with the Revenue Test, the Authority analyzes certain scenarios and makes certain assumptions with respect to a given scenario, in each case as prescribed by the Rating Agency. The Authority shall cause scenarios to be prepared and to make assumptions as may be required by a Rating Agency and to reflect alternative assumptions with respect to, among other things, prepayment patterns of the Authority Mortgage Loans, default and loss patterns of the Authority Mortgage Loans, levels of origination of the Authority Mortgage Loans, and rates of return on Investment Obligations. The scenarios reflect additional assumptions, among others, as to the timing of receipt of Revenues, the level of Single Family Program Expenses, and the performance of swap, investment, and financial service counterparties. The Revenue Tests need not reflect (other than the transaction for which prepared) any future issuance of any additional Bonds, long-term remarketing of any outstanding Bonds, adoption of any Supplemental Resolution, or any amendment of the Single Family Program Determinations, even though the Authority is permitted to undertake any of the forgoing.

The Authority may change any scenario to be included in the Revenue Test (including the addition or deletion of a scenario) provided that it prepares a new Revenue Test with Supporting Cash Flows and submits the same to the Rating Agency for confirmation of the then current Rating. No scenario shall be changed without a Rating Confirmation or, if such Rating Confirmation is no longer offered as a service by a Rating Agency then rating the Bonds, a Rating Agency Notice. See Appendix D – “SUMMARY OF CERTAIN PROVISIONS OF THE SFSOB RESOLUTION – Revenue Test,” and Appendix E – “DEFINITIONS OF CERTAIN TERMS.”

Pursuant to the SFSOB Resolution, the Authority has evidenced satisfaction of the Revenue Test under all scenarios required by the Rating Agency in connection with the issuance of the Series 2010-1 Bonds and the Conversion of the Converted Bonds. The bond amortization schedule for the Parity Bonds is based, among other assumptions, on the assumption that Authority Mortgage Loans will experience no prepayments and that Investment Obligations will receive a zero percent (0%) rate of return. See “CERTAIN FACTORS AFFECTING THE BONDS – Prepayments.” The Rating Agency is not obligated to require the use of the same assumptions in any future Revenue Tests, and the Authority makes no representation as to use of any specific assumptions in the future. Actual results may vary materially from such scenarios and their underlying assumptions. If subsequent events do not correspond to such scenarios and their underlying assumptions, the amount of Revenues available to make payments of Principal Installments and interest on the Bonds, including the Parity Bonds, when scheduled, may be adversely affected and the expected life of the Parity Bonds may be affected. If any Supporting Cash Flows shall show a deficiency in any Fiscal Year in the amount of funds expected to be available for the purposes described in the SFSOB Resolution during such Fiscal Year, the Authority shall not be in default under the SFSOB Resolution but shall take all reasonable actions to eliminate such deficiency.

Withdrawals and Transfers of Assets; Payment of Program Expenses

Under the SFSOB Resolution, on any date, the Authority may either directly or by direction to the Trustee (1) so long as such action is consistent with any applicable Bond Limitations and Single Family Program Determinations then in effect, apply Assets to make, purchase, finance or refinance Authority Mortgage Loans, or participate in the making, purchase, financing or refinancing of such Authority Mortgage Loans, to purchase Investment Obligations and make any required payments associated therewith, to make payments pursuant to any agreement associated, related or entered into with respect to the Bonds, to make legal payments to any party to comply with the Tax Covenant, to redeem or purchase any Bond, to pay any Single Family Program Expense, or to make any other withdrawal, transfer, sale, exchange or other application of Assets required, permitted or contemplated by the Bond Resolution, or (2) subject to, first, the requirements of the NIBP Program (for so long as any NIBP Program Bonds, as defined below, are Outstanding) and, second, the satisfaction of the Revenue Test, transfer, free and clear of any lien on and pledge of this Bond Resolution, all or any portion of any Asset to the Pledged Account of the General Bond Resolution, but subject to any prior lien on and pledge of Assets created pursuant to any bond resolution in favor of bonds issued as Other Bonds under the Other Bond Resolution.

Notwithstanding the foregoing, for so long as any Converted Bonds or Escrow Bonds (collectively, the “NIBP Program Bonds”) remain Outstanding, the following provisions shall apply, which provisions may be enforced only by the GSEs or the Trustee at the direction of the GSEs.

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

(A) either:

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

(ii) prior to and as a condition to such withdrawal, the Issuer obtains and furnishes to the administrator (the “Administrator”) under the NIBP Program and to Treasury’s financial agent (the “Treasury’s Financial Agent”) under the NIBP Program a confirmation from each of the rating agencies maintaining ratings on the NIBP Program Bonds that the proposed withdrawal will not adversely affect such ratings; and

(B) prior to and as a condition to such withdrawal, the Issuer provides a written certification to the Administrator and to Treasury’s Financial Agent specifying the amount and purpose of the withdrawal and that all requirements of this paragraph (1) have been met with respect to such withdrawal.

Notwithstanding anything to the contrary contained in this paragraph (1), no withdrawals whatsoever shall be made under this paragraph (1) during any period when any of the ratings on the NIBP Program Bonds are below the level of “Baa3” or “BBB-” or has been suspended or withdrawn.

(2) The Authority may withdraw cash or other assets from the SFSOB Resolution for any purpose of the Authority other than as set out in paragraph (1) above, subject to each of the following requirements:

(A) prior to and as a condition to such withdrawal, the Authority obtains and furnishes to the Administrator and to Treasury's Financial Agent a confirmation from each of the rating agencies maintaining ratings on the NIBP Program Bonds that the rating on the NIBP Program Bonds will be not less than "AAA" as determined by Standard and Poor's, with a rating outlook that is either "stable" or "positive" or the equivalent;

(B) the cash or other assets withdrawn from the lien of the SFSOB Resolution pursuant to this paragraph (2) are retained by the Authority within its funds and accounts or are expended to further the mission or otherwise for the benefit of the Authority; and

(C) prior to and as a condition of such withdrawal, the Authority provides a written certification to the Administrator and to Treasury's Financial Agent specifying the amount and purpose of the withdrawal and that all requirements of this paragraph (2) have been met with respect to such withdrawal.

DESCRIPTION OF THE PARITY BONDS

General

The Parity Bonds will be issued only as fully registered bonds without coupons in denominations of \$5,000 and any integral multiple thereof and will be available in book-entry only form. Purchasers of the Parity Bonds will not receive certificates representing their interest in the Parity Bonds. The Depository Trust Company, ("DTC"), New York, New York, will act as securities depository for the Parity Bonds. The ownership of one fully registered certificated bond, without coupons, for each series and maturity set forth on the inside cover page hereof, each in the aggregate principal amount of such series and maturity, will be registered in the name of Cede & Co., as nominee for DTC, and deposited with DTC via the FAST system. See "Book-Entry Only System" herein for a description of the DTC book-entry only system.

The Series 2010-1 Bonds will mature on the dates and bear interest from the date of delivery at the rates indicated on the inside front cover page of this Official Statement. Interest on the Series 2010-1 Bonds is payable on June 1, 2011, and semiannually on each June 1 and December 1 thereafter on the basis of a 360-day year of twelve 30-day months.

The Converted Bonds will mature on the dates indicated on the inside front cover page of this Official Statement. The Converted Bonds are dated December 30, 2009, and will bear interest from the Release Date (October 28, 2010) to and excluding the Conversion Date (December 28, 2010) at an applicable Short-Term Rate equal to the lesser of (A) the Four Week T-Bill Rate as of the second Business Day prior to the Release Date plus the Spread, or (B) the Permanent Rate. On and after the Conversion Date, the Converted Bonds will bear interest at the Permanent Rate, payable on each June 1 and December 1, commencing June 1, 2011 until maturity or earlier redemption. Interest on the Converted Bonds is to be computed on the basis of a 360-day year of twelve 30-day months. For purposes of the above interest rate provisions, the following terms shall have the following meanings:

"Spread" shall mean 60 basis points (or such other spread determined in accordance with the SFSOB Resolution based on the rating of the SFSOB Resolution).

"Permanent Rate" means, with respect to the Escrow Bonds subject to release on the Release Date, an interest rate per annum equal to the sum of (i) the 10-Year Treasury Rate plus (ii) the Spread. With respect to the Converted Bonds, the Permanent Rate shall be 3.01%.

"10-Year Treasury Rate" means, with respect to the Converted Bonds, the lower of (i) the Annual Base Rate, or (ii) the lowest 10-Year Constant Maturity Treasury rate, as reported by Treasury as of the close of business on any business day during the period beginning on the business day immediately prior to receipt by the Notice Parties of the Notification of Interest Rate Conversion, and ending on the first business day not less than eight (8) days prior to the related Release Date (which rate was 2.41%, as reported on October 8, 2010).

"Annual Base Rate" means 3.45% for the Converted Bonds.

Redemption Provisions for Parity Bonds

The Parity Bonds are subject to redemption prior to maturity through sinking fund redemption, optional redemption, special optional redemption and special mandatory redemptions as described below. Under certain circumstances, the SFSOB Resolution imposes additional limitations with respect to the redemption of the particular Series 2010-1 Bonds, as described below. The NIBP Program imposes certain additional limitations that may affect the redemption of the Series 2010-1 Bonds and the Converted Bonds as described herein. All redemptions and the availability of monies therefore are subject to the provisions of the SFSOB Resolution.

Sinking Fund Redemption

The Series 2010-1 Bonds maturing on December 1, 2026, are subject to redemption in part by lot on each June 1 and December 1 beginning June 1, 2022, at a redemption price equal to 100% of the principal amount thereof from mandatory Sinking Fund Installments in the principal amount for each of the dates set forth below:

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
June 1, 2022	\$1,835,000	December 1, 2024	\$2,380,000
December 1, 2022	1,725,000	June 1, 2025	2,435,000
June 1, 2023	2,000,000	December 1, 2025	2,490,000
December 1, 2023	1,845,000	June 1, 2026	2,555,000
June 1, 2024	2,325,000	December 1, 2026 [†]	2,555,000

[†] Stated Maturity.

The Series 2010-1 Bonds maturing on December 1, 2030, are subject to redemption in part by lot on each June 1 and December 1 beginning June 1, 2027, at a redemption price equal to 100% of the principal amount thereof from mandatory Sinking Fund Installments in the principal amount for each of the dates set forth below:

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
June 1, 2027	\$1,055,000	June 1, 2030	3,085,000
June 1, 2029	2,945,000	December 1, 2030 [†]	1,215,000
December 1, 2029	3,005,000		

[†] Stated Maturity.

The Series 2009-1 Bonds maturing on June 1, 2035, are subject to redemption in part by lot on each June 1 and December 1 beginning December 1, 2019, at a redemption price equal to 100% of the principal amount thereof from mandatory Sinking Fund Installments in the principal amount for each of the dates set forth below:

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
December 1, 2019	\$380,000	December 1, 2028	\$2,870,000
June 1, 2020	630,000	December 1, 2030	1,940,000
December 1, 2020	660,000	June 1, 2031	3,230,000
June 1, 2021	260,000	December 1, 2031	3,310,000
June 1, 2022	270,000	June 1, 2032	3,390,000
December 1, 2022	430,000	December 1, 2032	3,470,000
June 1, 2023	210,000	June 1, 2033	3,550,000
December 1, 2023	420,000	December 1, 2033	3,640,000
December 1, 2026	50,000	June 1, 2034	3,730,000
June 1, 2027	1,620,000	December 1, 2034	3,820,000
December 1, 2027	2,740,000	June 1, 2035 [†]	3,870,000
June 1, 2028	2,800,000		

[†] Stated Maturity.

The Series 2009-2 Bonds maturing on December 1, 2041, are subject to redemption in part by lot on each June 1 and December 1 beginning June 1, 2035, at a redemption price equal to 100% of the principal amount thereof from mandatory Sinking Fund Installments in the principal amount for each of the dates set forth below:

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
June 1, 2035	\$40,000	December 1, 2038	\$4,610,000
December 1, 2035	4,000,000	June 1, 2039	4,720,000
June 1, 2036	4,100,000	December 1, 2039	4,830,000
December 1, 2036	4,190,000	June 1, 2040	4,960,000
June 1, 2037	4,300,000	December 1, 2040	5,070,000
December 1, 2037	4,400,000	June 1, 2041	2,880,000
June 1, 2038	4,510,000	December 1, 2041 [†]	100,000

[†] Stated Maturity.

Upon any purchase or redemption of Bonds of any Series or Subseries and maturity or maturities thereof for which sinking fund installments shall have been established other than by application of sinking fund installments, an amount equal to the applicable redemption prices thereof shall be credited toward a part or all of any one or more of such sinking fund installments, as directed by the Authority, or, failing such direction by the 15th day of the second month preceding the date of the applicable sinking fund installment, toward such sinking fund installments in inverse order of their due dates. See Appendix D – “SUMMARY OF CERTAIN OF THE PROVISIONS OF THE RESOLUTION—Redemption Account.”

Optional Redemption

The Series 2010-1 Bonds maturing on and after December 1, 2020, are subject to redemption at the option of the Authority prior to maturity, either as a whole or in part, on or after June 1, 2020, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the date of redemption.

The Converted Bonds are subject to redemption at the option of the Authority prior to their maturity, either as a whole or in part (in minimum denominations of \$10,000 and integral multiples of \$10,000 in excess thereof) on the first Business Day of each month at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the date of redemption.

Special Optional Redemption of the Parity Bonds, including Cross Calls

Except as otherwise described under the heading “DESCRIPTION OF THE PARITY BONDS — Redemption Provisions for Parity Bonds — Special Mandatory Redemption of Converted Bonds” below, the Parity Bonds are subject to redemption, at the election of the Authority, in whole or in part, at any time prior to maturity, in accordance with the provisions of the SFSOB Resolution but subject to any limitations set forth in any applicable Bond Limitations, in an amount equal to amounts available for such purposes, from (i) proceeds of the Parity Bonds not expected to be applied to the financing of Authority Mortgage Loans; (ii) Recoveries of Principal and scheduled repayments from Authority Mortgage Loans allocated to the Parity Bonds in excess of regularly scheduled debt service payments on the Parity Bonds; (iii) Recoveries of Principal and scheduled repayments from Authority Mortgage Loans made or purchased or deemed to be made or purchased with the proceeds of any other Series of Bonds, including Additional Parity Bonds, issued under the SFSOB Resolution, subject to limitations contained in the Code and any applicable Supplemental Resolution, and (iv) other amounts on deposit in any Series Revenue Account of the SFSOB Resolution in excess of the amounts then required for the payment of debt service and program expenses.

The Authority covenants in the SFSOB Resolution not to redeem the Series 2010-1 Bonds from the proceeds of a voluntary sale of non-defaulted Authority Mortgage Loans deemed to be made or purchased with proceeds of any Bonds except in accordance with the optional redemption provisions described above; voluntary sale shall be deemed to include any sale of an Authority Mortgage Loan or property secured thereby owned by a subsidiary of the Authority to which the Authority has made a Mortgage Loan with the proceeds of any Bonds. The SFSOB Resolution provides that such covenant shall not apply to (i) the sale of such a Mortgage Loan required pursuant to the Authority’s tax covenants as to tax exemption or (ii) the sale of such a Mortgage Loan that did not comply with the Authority’s Housing Mortgage Finance Program requirements.

The date of redemption shall be determined by the Trustee upon the direction of the Authority, subject to the provisions of and in accordance with the SFSOB Resolution and any applicable Bond Limitations. The Parity Bonds to be

so redeemed shall be redeemed at a redemption price of 100% of the principal amount thereof, plus interest accrued to the redemption date, if applicable. In the event of any partial redemption, the Authority may direct the Series, maturity or maturities, as the case may be, and the amount or amounts thereof to be redeemed.

Special Mandatory Redemption of Converted Bonds

The Converted Bonds are subject to mandatory redemption prior to their maturity in whole or in part at a redemption price of 100% of the principal amount of such Converted Bonds to be redeemed, plus interest accrued to the date of redemption, from (i) amounts transferred to the Redemption Account representing proceeds of the Converted Bonds not expected to be applied to the financing of Authority Mortgage Loans and (ii) amounts transferred to the Redemption Account representing Excess Parity Bond Principal Payments (as defined below). Any such amounts so deposited in the Redemption Account shall be applied to the redemption of Converted Bonds at least once during each semi-annual period ending on June 1 or December 1, commencing June 1, 2011, to the extent there are at least \$10,000 of Excess Parity Bond Principal Payments received during such semi-annual period.

“*Excess Parity Bond Principal Payments*” means, while any Series 2010-1 Bonds are Outstanding, 60%, and subsequent to the payment, in full, of the Series 2010-1 Bonds, 100% of all regularly scheduled principal payments and Recoveries of Principal from Authority Mortgage Loans allocable to the Parity Bonds to the extent such regularly scheduled principal payments and Recoveries of Principal are not required to make regularly scheduled Principal Installment payments, including Sinking Fund Installments, on the Parity Bonds.

Ten Year Rule Redemptions

Applicable current Federal tax law requires redemption of the Parity Bonds beginning ten years from the date of issuance and delivery of such Bonds or such earlier date based on the date of issuance of original bonds in a series of refundings, as shown in the following table, from Recoveries of Principal and scheduled repayments from Authority Mortgage Loans (and Authority Mortgage Loans pooled into Program Securities, if any) made or purchased or deemed to have been made or purchased with proceeds of the Parity Bonds and not otherwise allocated to payment of Principal Installments on the Parity Bonds.

Pursuant to the Code, the following approximate percentages of Recoveries of Principal and scheduled repayments from Authority Mortgage Loans (and Authority Mortgage Loans pooled into Program Securities, if any) made or purchased or deemed to have been made or purchased with proceeds of the Parity Bonds received on or after the following dates are required to be applied no later than the close of the first semi-annual period beginning after the date of receipt to the retirement of the Parity Bonds. This information is based on the current expected use of proceeds of the Parity Bonds and current tax law. The Authority cannot predict the actual Recoveries of Principal and scheduled repayments it will receive or whether such Code provisions may be repealed, and no assurance can be given that such actual redemptions will occur. Further, the Authority reserves the right to modify the use of proceeds of the Parity Bonds, which could affect such percentages.

<u>From Date</u>	<u>To Date</u>	<u>10-Year Percentage</u>
10/28/2010	7/31/2012	9%
8/1/2012	12/18/2012	13%
12/19/2012	8/5/2013	23%
8/6/2013	10/8/2013	24%
10/9/2013	8/25/2014	29%
8/26/2014	8/7/2016	48%
8/8/2016	11/30/2018	68%
12/1/2018	10/27/2020	69%
10/28/2020	Final Maturity of the Bonds	100%

Selection of Bonds to be Redeemed

In the event of any partial redemption of the Bonds of a Series, the Authority may direct the maturity or maturities, as the case may be, and the amount or amounts thereof to be redeemed. In the event that less than all of a maturity of the Bonds of a Series are to be redeemed, and so long as the book-entry-only system remains in effect for such Series of Bonds, the particular Bonds of such Series and maturity, or portion thereof, to be redeemed shall be selected by DTC by lot, or in such other manner as DTC shall determine. If the book-entry-only system no longer remains in effect for the Bonds of a

particular Series, selection for redemption of less than all of a maturity of the Bonds of a particular Series will be made by the Trustee by lot as provided in the SFSOB Resolution.

Notice of Redemption

Unless otherwise provided in the applicable supplemental resolution or waived by the registered owner, notice of any redemption will be mailed at least 15 days prior to the date set for redemption to the registered owners of Bonds to be redeemed at their addresses as they appear in the registration books kept by the Trustee. In the case of redemption that is conditioned on the occurrence of certain events, the notice of redemption will set forth, among other things, the conditions precedent to the redemption. So long as the Bonds of the applicable Series are immobilized in the custody of DTC, such notice will be delivered by the Trustee to DTC or its nominee as the registered owner of such Bonds. *DTC is responsible for notifying Participants, and Participants and Indirect Participants are responsible for notifying Beneficial Owners. Neither the Trustee nor the Authority is responsible for sending notices to Beneficial Owners or for the consequences of any action or inaction by the Authority as a result of the response or failure to respond by DTC or its nominee as Bondholder.* If, on the redemption date, monies for the redemption of all of a Series of Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be held so as to be available therefor on said date and if notice of redemption shall have been published as aforesaid, then, from and after the redemption date interest on such Bonds of such Series or portions thereof so called for redemption shall cease to accrue and become payable. If said monies shall not be so available on the redemption date, such Bonds of such Series or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Book-Entry Only System

The Parity Bonds will be available in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof. Purchasers of the Parity Bonds will not receive physical delivery of bond certificates. For purposes of this Official Statement, so long as the Parity Bonds are immobilized in the custody of DTC, references to Bondholders or registered owners of such Bonds (except under “Tax Matters”) mean DTC or its nominee.

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

DTC will act as securities depository for the Parity Bonds. The Parity Bonds will be issued as fully-registered securities in the name of Cede & Co. One fully-registered Parity Bond will be issued for each maturity within a Series of the Parity Bonds, as set forth on the inside cover page, in the aggregate principal amount of each such maturity, 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 from over 85 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. securities brokers and dealers, banks, and trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). 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 the Parity Bonds under the DTC system must be made by or through Direct Participants, who will receive a credit for such purchased Parity Bonds on DTC’s records. The ownership interest of each actual purchaser of each Parity Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are 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 Parity Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Parity Bonds, except in the event that use of the book-entry system for the Parity Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Parity Bonds may wish to take certain steps to augment the transmission to them of notices and significant events with respect to the Parity Bonds, such as redemptions, tenders, defaults, and proposed amendments to the SFSOB Resolution. For example, Beneficial Owners of Parity Bonds may wish to ascertain that the nominee holding the Parity Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

Redemption proceeds and principal and interest payments on the Parity Bonds will be made to Cede 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 Authority or the Trustee on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to Cede (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee or the Authority, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants. **NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS, OR TO THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PARITY BONDS, OR TO ANY BENEFICIAL OWNER IN RESPECT OF THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT, THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OR PURCHASE PRICE OF OR INTEREST ON THE PARITY BONDS, ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS UNDER THE SFSOB RESOLUTION, THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE PARITY BONDS, OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.**

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

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be required to be printed and delivered as described in the SFSOB Resolutions.

Discontinuance of Book-Entry System

The SFSOB Resolution provides for issuance of bond certificates (“Replacement Bonds”) directly to Beneficial Owners of the Parity Bonds, but only in the event that (a) DTC determines not to act as securities depository for the Parity Bonds; or (b) the Authority has advised DTC of its determination that DTC is incapable of discharging its duties; or (c) the Authority has determined that it is in the best interests of the Beneficial Owners of the Parity Bonds that they be able to obtain bond certificates. Upon the occurrence of an event described in (a) or (b) above, the Authority shall attempt to locate another qualified securities depository. If the Authority fails to locate another securities depository to replace DTC, the Trustee shall authenticate and deliver Replacement Bonds, in certificated form. In the event the Authority makes the determination noted in (b) or (c) above (the Authority undertakes no obligation to make any investigation to determine the occurrence of any events that would permit the Authority to make any such determination), and has made provisions to notify the Beneficial Owners of the Parity Bonds by mailing an appropriate notice to DTC, it shall cause to be authenticated and delivered Replacement Bonds in certificated form to any DTC Participant making such a request. Principal or redemption price or purchase price of and interest, if any, on the Replacement Bonds shall be payable by check or draft mailed to each holder of such Replacement Bond at the address of such holder as it appears in the bond register maintained by or on behalf of the Authority. Replacement Bonds will be transferable only by presentation and surrender to the Authority, or an agent of the Authority to be designated in the Replacement Bonds, together with an assignment duly executed by the holder of the Replacement Bond or by such holder’s representative in form satisfactory to the Authority, or an agent of the Authority, and containing information required by the Authority in order to effect such a transfer.

For every exchange or transfer of the Parity Bonds, the Authority or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, and, except for the first exchange or transfer of a bond, may charge a sum sufficient to pay the cost of preparing each new Bond issued upon such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

APPLICATION OF BOND PROCEEDS

The Series 2010-1 Bonds are being issued and the proceeds of the Converted Bonds released from escrow will be used, together with proceeds of the Series 2010 Other Bonds, to (i) provide funds to purchase or make (including to participate in the purchase or making of) Authority Mortgage Loans, including GNMA Program Securities, under the Authority’s Housing Mortgage Finance Program for transfer to the SFSOB Resolution, (ii) fund the Debt Service Reserve Account; and (iii) pay certain Costs of Issuance. The sources of funds and uses thereof in connection with the Parity Bonds are expected to be approximately as set forth below (rounded to the nearest dollar):

Sources of Funds

Principal Amount of Series 2010-1 Bonds	\$66,670,000
Series 2009-1 Bonds proceeds released from Escrow Fund	47,290,000
Series 2009-2 Bonds proceeds released from Escrow Fund	52,710,000
Principal Amount of Series 2010 Other Bonds	<u>6,000,000</u>
Total Sources	<u>\$172,670,000</u>

Uses of Funds

Bond Proceeds Account for Financing of Authority Mortgage Loans.....	\$167,111,059
Deposit to Debt Service Reserve Account	4,050,000
Costs of Issuance.....	1,000,000
Underwriters’ Compensation and Expenses	<u>508,941</u>
Total Uses	<u>\$172,670,000</u>

CERTAIN FACTORS AFFECTING THE BONDS

Nonorigination of Authority Mortgage Loans

While the Authority retains the flexibility to modify the interest rates at which Authority Mortgage Loans are offered, there are circumstances under which these interest rates may not be competitive with prevailing home mortgage interest rates offered by mortgage lenders in Connecticut. Under these circumstances, it will be more difficult for the Authority to originate Authority Mortgage Loans. The ability of the Authority to finance Authority Mortgage Loans as described may also be affected by the availability of residences that meet the Authority's acquisition cost limits and the willingness of potential borrowers to assume potential federal recapture tax liability. Although the Authority expects that all lendable proceeds available from the Bonds will be used to finance Authority Mortgage Loans (or participation interests therein), no assurance can be given whether this will occur or the speed at which this may occur.

Upon issuance of the Parity Bonds, the Authority expects to use the majority of the proceeds of the Parity Bonds to purchase (or participate in the purchase of) single-family mortgage loans that are currently being warehoused under the General Bond Resolution. Such single-family mortgage loans will then be transferred to the SFSOB Resolution as Authority Mortgage Loans. The remaining proceeds of the Parity Bonds shall be used to purchase (or participate in the purchase of) additional Authority Mortgage Loans, including Program Securities, after the date of issuance of the Parity Bonds.

The Authority has never had an unexpended proceeds redemption with respect to any bonds issued under the General Bond Resolution to finance single-family mortgage loans. Notwithstanding past performance, no assurances can be given that proceeds from the Parity Bonds will be fully expended for Authority Mortgage Loans.

Payments of Principal and Interest on the Bonds

The Revenue Test assumes that payments of Principal Installments and interest on the Parity Bonds will be made, when scheduled, from scheduled payments and Recoveries of Principal, to the extent applicable, of principal and interest on the Authority Mortgage Loans (or portions thereof) allocable to the Parity Bonds and, on a subordinated basis, the Series 2010 Other Bonds from other moneys available under the SFSOB Resolution including, without limitation, income expected to be derived from the investment of monies in the funds and accounts established under the SFSOB Resolution. Such sources of available monies from scheduled payments and Recoveries of Principal may be insufficient to make such payments on the Parity Bonds in the event that (i) regularly scheduled payments on Authority Mortgage Loans are not made on a timely basis in accordance with their terms, (ii) the Authority incurs uninsured losses in connection with the foreclosure of Authority Mortgage Loans or insured losses that the insurer does not pay, (iii) the Authority is not able to finance Authority Mortgage Loans in accordance with its expectations, (iv) actual investment rates on Investment Obligations are less than those assumed, or (v) Recoveries of Principal are not received as anticipated to the extent the Revenue Test calculation was based on an assumed level of Recoveries of Principal.

Prepayments

The Authority, from time to time, receives monies from (i) partial or complete prepayment of Authority Mortgage Loans (which is permitted, without penalty) or (ii) termination of Authority Mortgage Loans prior to their respective final payment date due to default, sale, receipt of mortgage insurance proceeds, condemnation or casualty loss (i.e. Recoveries of Principal). The rate at which such Recoveries of Principal, if any, of Authority Mortgage Loans will be received by the Authority cannot be predicted. The actual rate of such Recoveries of Principal may be influenced by a variety of economic, social and other factors, including proposed legislative and regulatory changes and there is no reliable basis for predicting the actual average life of the Authority Mortgage Loans. Consequently, the Authority makes no assumptions or representations as to the factors that will affect the rate of prepayments, if any, or the relative importance of such factors and their potential impact on the actual average life of Authority Mortgage Loans and the expected life of the Parity Bonds. To the extent the Authority is required or elects to redeem the Parity Bonds, it is probable that the Parity Bonds will have a shorter life than their stated maturity.

Subject to the requirements of the SFSOB Resolution, any Supplemental Resolutions adopted in connection with other issues of Bonds under the SFSOB Resolution, and the Code, such Recoveries of Principal may (i) be required to pay regularly scheduled debt service to the extent a series of Bonds was based upon an assumed prepayment level; (ii) be used to redeem Bonds of the related series; (iii) be used to redeem Bonds of any series; or (iv) be recycled into additional Authority Mortgage Loans. Further, prepayments attributable to the Authority Mortgage Loans financed with the proceeds

of the Parity Bonds, Series 2010 Other Bonds, or other Bonds, or portions thereof, may or will be applied to redeem Parity Bonds as described herein under “DESCRIPTION OF THE PARITY BONDS – Redemption Provisions for Parity Bonds – Special Optional Redemption of the Parity Bonds, including Cross Calls,” “– Special Mandatory Redemption of Converted Bonds,” and “– Ten Year Rule Redemptions.”

Investment Assumptions

Estimated available investment income attributable to the Parity Bonds is calculated assuming that existing Investment Obligations in the Revenue Account pay scheduled interest and principal payments until the earlier of their call date or maturity date. There can be no assurance that the Investment Obligations will provide the investment income projected. If the Authority experiences losses or delays in payments on the Investment Obligations, there may be insufficient funds to make payments of Principal Installments and interest on the Parity Bonds when scheduled.

NIBP Program Covenants

The Authority has covenanted in the SFSOB Resolution that, during the period of time that any NIBP Program Bonds are Outstanding, (1) the Authority shall not issue new Bonds under the SFSOB Resolution in a variable rate demand, adjustable rate or auction rate mode other than Escrow Bonds during the period such Escrow Bonds bear interest at the Short-Term Rate, and (2) the Authority shall take all steps necessary to assure that all assets and revenues of any description pledged to the payment of the NIBP Program Bonds and all other Bonds issued under the SFSOB Resolution shall be applied strictly in accordance with, and solely for the purposes and in the amounts specified and permitted by, the terms of the SFSOB Resolution.

In addition, the Authority has also covenanted in the Written Determination that, so long as any NIBP Program Bonds are Outstanding, it shall:

(a) not amend, supplement or otherwise modify in any material respect the SFSOB Resolution or any Related Document (defined as any investment agreement or repurchase agreement relating to security for parity debt under the SFSOB Resolution, any surety bond or other credit or liquidity support relative to such parity debt, and any hedge entered into with respect to such parity debt and payable on a parity therewith) without the prior written consent of the GSEs; provided, however, that the consent of the GSEs shall not be required with respect to supplements entered into solely for the purpose of providing for the issuance of a series of Bonds (i) pursuant to the SFSOB Resolution, except as provided in (1) of the preceding paragraph. With respect to amendments to the SFSOB Resolution, the determination of the GSEs as to the materiality of an amendment shall be controlling;

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

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

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

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

Only the GSEs may enforce, or cause the Trustee to enforce, the covenants described in this “NIBP Program Covenants” section.

In addition, no successor Trustee under the SFSOB Resolution may be appointed under the SFSOB Resolution without written notice to the prior written consent of the GSEs, which consent shall not be unreasonably withheld.

Declining Markets

During the last few years, the residential mortgage loan market has experienced increasing levels of delinquencies, defaults and losses, and the Authority cannot give any assurance that this condition will not continue. In addition, in recent years housing prices and appraised housing values in the State have declined or stopped appreciating, after extended periods of significant appreciation. This decline and flattening of values has resulted and may continue to result in additional increases in delinquencies, defaults and losses on residential mortgage loans in general and particularly with respect to residential mortgage loans whose aggregate loan amounts (including any subordinate liens) are close to or greater than the related property values. Upon a default on a mortgage loan, a decline in value will affect the Authority's risk of loss. The Authority can give no assurance that housing prices will not continue to decline or flatten or that such decline or flattening will not have a material adverse effect on delinquencies and losses on mortgage loans or on the financial condition of the SFSOB Resolution and the ability to make scheduled payments of Principal Installments and interest on the Parity Bonds.

In recent months, in response to increased delinquencies and losses with respect to mortgage loans, Fannie Mae, Freddie Mac and many other mortgage loan originators have implemented more conservative underwriting criteria for loans, particularly in the subprime, Alt-A and other nonprime sectors. These criteria may result in reduced availability of financing alternatives for mortgagors seeking to refinance their mortgage loans. The reduced availability of refinancing options for a mortgagor may result in higher rates of delinquencies, defaults and losses on the mortgage loans, particularly mortgagors with adjustable rate mortgage loans or interest only mortgage loans that experience significant increases in their monthly payments following the adjustment date or the end of the interest only period, respectively.

The general market conditions discussed above may affect the performance of the Authority's single-family mortgage loans and may adversely affect the scheduled payments of Principal Installments and interest on Bonds issued under the SFSOB Resolution.

Changes in Federal or State Law

Legislation affecting the Parity Bonds and Authority Mortgage Loans may be considered and enacted by the United States Congress or the Connecticut General Assembly. No assurance can be given that the consideration or enactment of any such legislation will not have an adverse effect on the value of, the timing or amount of payments of, or the security for the Parity Bonds or other risks.

In particular, over the past year a number of financial institutions and related entities have announced large losses as a result of their mortgage activities and the increasing number of defaults and foreclosures on such mortgages. The United States Congress may pass consumer protection and bankruptcy legislation (including legislation that would allow bankruptcy courts to reduce or "cram down" the principal amounts and/or interest rates on mortgage loans on principal residences) as a result of the adverse effects of the mortgage situation on individuals and families in the United States. Likewise, the Connecticut General Assembly may enact consumer protection legislation relating to mortgage loan origination and servicing. Such legislation, if enacted, could have an adverse effect on the Authority's Single-Family Mortgage Revenue Bond Program, including its ability to originate new single family mortgage loans, to collect payments under single family mortgage loans and to foreclose on property securing single family mortgage loans.

A number of state regulatory authorities have recently taken action against certain loan originators and servicers for alleged violations of state laws. Certain of those actions prohibit those servicers from pursuing foreclosure actions. In response to alleged abusive lending and servicing practices, the State could enact legislation or implement regulatory requirements that impose limitations on the ability of mortgage loan originators or servicers to take actions (such as pursuing foreclosures) that may be essential to service and preserve the value of the single-family mortgage loans. Any such limitations that applied to the Authority Mortgage Loans could adversely affect the Authority's ability to collect amounts due on such loans and could impair the value of such loans.

Geographic Concentration in Connecticut

Different geographic regions of the United States from time to time will experience weaker regional economic conditions and housing markets, and, consequently, may experience higher rates of loss and delinquency on mortgage loans generally. Any concentration of the mortgage loans in a region may present risk considerations in addition to those generally present for similar securities without that concentration. If the mortgage loans are concentrated in one or more regions, a downturn in the economy in these regions of the country would more greatly affect the mortgage portfolio than if the mortgage portfolio were more diversified. All of the Authority Mortgage Loans are secured by mortgaged properties in

the State, which has been affected by the national economic downturn. Because of the geographic concentration of the mortgaged properties within the State, losses on the Authority Mortgage Loans may be higher than would be the case if the mortgaged properties were more geographically diversified. If the residential real estate markets in the State experience a further overall decline in property values after the dates of origination of the Authority Mortgage Loans, then the rates of delinquencies, foreclosures and losses on the Authority Mortgage Loans may increase and the increase may be substantial, which could have a material adverse effect on the scheduled payment of Principal Installments and interest on the Parity Bonds.

THE HOUSING MORTGAGE FINANCE PROGRAM

General

The Authority's activities under the Housing Mortgage Finance Program include providing permanent financing for housing and related facilities, the primary purpose of which is to provide safe and adequate housing for low and moderate income families and persons throughout the State and to provide financing for mortgage loans in the eligible urban areas for persons of all income levels. Such housing and related facilities may include certain commercial, office, health, welfare, administrative, recreational, community, and service facilities incidental and pertinent to such housing and dwelling accommodations for persons other than those of low and moderate income. The Housing Mortgage Finance Program has been implemented in order that the Authority's purpose to assist in providing such housing may be accomplished by participating in the purchase of mortgages or the making of loans secured by mortgages. The Authority has to date purchased permanent home mortgage loans pursuant to a Master Commitment Agreement for Mortgage Purchases (the "Commitment Agreement").

Permanent home mortgage loans made by the Authority under the provisions of the Act: (i) must not exceed 90% of the estimated cost of housing owned or to be owned by a profit-making organization or 100% of such cost in the case of a non-profit organization or a home owner; (ii) must have a maturity no longer than fifty (50) years from the date of the loan; (iii) must contain amortization provisions requiring periodic payment by the mortgagor not in excess of the mortgagor's ability to pay; and (iv) must be in such form and contain such terms and provisions with respect to property insurance, repairs, payment of taxes and assessments, defaults, delinquency charges, additional and secondary liens, equitable and legal redemption rights, and other matters as the Authority may prescribe. Mortgage loans are required to be financed by the Authority pursuant to the Act and consistent with the Authority's cost of operation and its responsibilities to the holders of its Bonds and other obligations.

Authority Home Mortgage Loans

The Authority purchases home mortgage loans for owner-occupied dwellings having up to four units (except for newly-constructed housing, which is limited to one unit, or, in the case of borrowers in Targeted Areas whose family income does not exceed 140% of applicable family median income, two units) from participating lenders meeting requirements of the Authority, which are comprised of commercial banks, savings banks, savings and loan associations, and mortgage bankers throughout Connecticut ("participating lenders") that have entered into the Commitment Agreement with the Authority. Pursuant to the Commitment Agreement, the participating lenders originate and close loans at a rate of interest established by the Authority. Applications for such loans are processed by the participating lenders of the applicants' choice. The Authority has reserved, and may continue to reserve, some of its home mortgage funds for certain geographical areas and for financing newly-constructed homes.

Section 8-265d(a) of the Connecticut General Statutes mandates that the Authority, together with the State Department of Economic and Community Development, develop a pilot program to provide mortgages at reduced interest rates. This initiative (the "Homeownership Program"), which for several years has provided low-interest rate mortgage loans for families and individuals moving from public housing tenancy into homeownership, was made a permanent program of the Authority in 1994.

The Authority has developed a program of home purchase assistance for state and local police officers to encourage them to reside in locally designated neighborhoods and communities in certain municipalities in which they are employed. The Authority provides fixed rate, 30-year mortgages under the program. It is anticipated that applicants will be eligible for down payment assistance and grants from municipalities for closing costs.

In furtherance of its Housing Mortgage Finance Program, the Authority is in the process of directing certain of its participating lenders to assign government insured Authority qualified single family mortgage loans to U.S. Bank of

Bedford, Ohio (the “GNMA Servicer”) for assembly into pools guaranteed by the Government National Mortgage Association (“GNMA”) and issuance by the GNMA Servicer of securities backed by the GNMA guaranteed qualified mortgages for purchase by the Authority (i.e., GNMA Program Securities). For federal income tax purposes, all such GNMA guaranteed mortgage loans are subject to all rules relating to Authority Mortgage Loans, including the Ten Year Rule described in under the caption “TAX MATTERS – Requirements of the Code Relating to Home Mortgage Loans–*Other Requirements*,” a rule which has an impact on the frequency and amount of prior par redemptions of the Bonds. See also Appendix A to this Official Statement.

The Authority has established, and from time to time amends, income and sales price limits based upon location and family size for purchasers of homes throughout the State. The Authority establishes income limits that are no greater than the limits permitted under the Code. Under the Code, except as set forth in the next sentence, the income limits throughout the State for families of three or more range from \$93,150 to \$133,745. A portion of mortgage loans in certain eligible urban areas and Targeted Areas may be made to mortgagors with greater income, in accordance with requirements of the Code. Before the Authority may finance a home mortgage loan in an eligible urban area for a mortgagor with an income in excess of the applicable limit, it must be furnished with proof that a financial institution has refused to make the loan on reasonable terms, which are that institution’s (i) regular interest rate, (ii) length of loan term, and (iii) down payment requirements. The Authority’s purchase price limits for existing and newly-constructed housing range from \$237,000 to \$596,000, subject to modifications permissible under the Code.

The Authority currently finances the purchase of individual condominium units throughout the State. Prior to financing any such unit in a condominium complex, the Authority ensures that the condominium complex is approved by the FHA. Generally, the Authority will not finance more than 50% of the units in any one complex. Purchase price and income limits are the same as those above noted.

The Authority requires home mortgage loans in federally targeted urban areas to be insured or guaranteed by FHA, VA or RD, unless the mortgagor’s down payment is equal to 20% or more of the purchase price. Effective January 18, 2008, and until further notice, all home mortgage loans originated in non-targeted areas must be insured or guaranteed by FHA, VA or RD only, with the exception of loans originated in partnership with CHFA approved municipalities, approved affordable housing developers, and non-profit agencies. Loans originated in non-targeted areas under these special programs may be insured or guaranteed by FHA, VA or RD or uninsured if the mortgagor’s down payment is equal to 20% or more of the purchase price.

For a discussion of FHA, VA, and RD mortgage insurance and guaranty programs and certain percentage limitations on the amount of the mortgage loans insured or guaranteed, see Appendix A to this Official Statement.

Each home mortgage loan application submitted to the Authority by a participating lender is generally accompanied by a mortgage insurance or guaranty commitment. The Authority independently reviews each application to verify, to its satisfaction, compliance with the loan standards described above, and in appropriate instances declines to finance home mortgage loans despite earlier review and approval for insurance or guaranty by FHA, VA or RD. The Authority will make a firm commitment to purchase only those home mortgage loans that satisfy its criteria. The commitment obligates the Authority for a specified period to purchase the loan, subject to the closing conditions contained in the commitment.

Each participating lender must warrant that all home mortgage loans offered for sale to the Authority meet certain conditions, among which are the following: (i) the mortgage was duly executed and assigned to the Authority, (ii) the mortgage is a valid first lien on the premises and the note is a valid and binding obligation of the mortgagor, (iii) neither the mortgage nor the note was in default on the date of such offer or on the date of the Authority’s acceptance thereof, (iv) the full principal balance of the loan has been advanced to the mortgagor and is fully secured by the mortgage, (v) all requirements of applicable Federal and state laws have been fully complied with, (vi) the premises are covered by a hazard insurance policy in an amount at least equal to the outstanding principal balance of the loan, and (vii) the mortgage is covered by a title insurance policy that meets the Authority’s requirements. For the failure to meet any of the conditions set forth above, the Authority may reject any home mortgage loan for purchase at its discretion. Subsequent to the purchase of any home mortgage loan, if the participating lender breaches any warranty under the Commitment Agreement, the Authority may require it to repurchase the home mortgage loan concerned and to hold the Authority harmless from any loss or other expenses associated with such repurchase. To date, the Authority has not been required to request a significant number of such repurchases.

The Authority purchases home mortgage loans from participating lenders after processing the loan application and the closing of the loan by such lenders but prior to the Authority's review of the loan documentation. The Authority requires the participating lender to furnish to the Authority, among other items, (i) a copy of the mortgage note, (ii) a copy of the mortgage insurance or guaranty certificate, and (iii) a copy of the participating lender certification. The Authority performs a final review of the loan documentation to ensure that the participating lender has complied with the Authority's guidelines for the purchase of home mortgage loans. Any irregularities discovered during the review process are further reviewed by counsel to the Authority, and if the documentation does not satisfy the Authority's requirements, the participating lender is requested to supply the proper documentation. Thereafter, if it is determined that the home mortgage loan or the documentation relating thereto does not comply with the Act or the Authority's current guidelines, the Authority, pursuant to its Commitment Agreement, may require the repurchase of any such loan by the participating lender if such lender does not cure the deficiency within a reasonable period of time. The Authority generally purchases home mortgage loans within two months of making its commitment, depending upon the time required by participating lenders to close loans. All original mortgage loan documentation is retained by the servicer on behalf of the Authority.

Servicing Arrangements for Mortgage Loans

The Authority has entered into agreements with various banks and other financial institutions for the servicing of home mortgage loans for a servicing fee. In addition, the Authority services a small number of home mortgage loans itself. The participating lender that originated the loan usually continues to service it. The Authority's annual servicing fee with respect to home mortgage loans at the present time is generally three-eighths of one percent (.00375) of the unpaid principal due on such loan.

Accepted industry standards for servicing institutions have been adopted by the Authority. Among other things, the servicer of a home mortgage loan is required to inspect the mortgaged property, maintain required records, and render to the Authority an accounting of funds collected. The servicer is expected to attempt to cure any delinquency or default on the mortgage loan and, in case of default, to institute foreclosure proceedings, but all foreclosure expenses not covered by insurance are borne by the Authority.

Upon receipt of scheduled mortgage payments with respect to mortgage loans financed by the Authority, the servicer deposits, at least semi-monthly, that portion of such payments representing the principal payment due on such mortgage loans and the interest thereon (net of servicing fees), with a depository bank or banks, to be held in escrow for the Trustee. The balance of such payments, representing payments for such items as property taxes and mortgage insurance, is kept by the servicer and applied as necessary.

Loan Modifications

In the case of delinquencies of mortgage loans insured or guaranteed by FHA, VA or RD, the Authority may modify the terms of such mortgage loans in accordance with the requirements of the mortgage insurer or guarantor. Such modifications may include the deferral of monthly payments of principal and interest, the extension of the maturity dates and re-amortization of the outstanding principal balances of the mortgage loans, and, in the case of FHA-insured mortgage loans, the payment by FHA of partial insurance claims.

FHA has issued its Mortgage Letter 2009-35, which, effective October 23, 2009, introduces to lenders holding FHA-insured mortgage loans in default an additional loss mitigation action involving the modification of such mortgage loans by reducing the principal amount thereof (accompanied by payment of FHA insurance benefits), reducing the interest rates and extending the term to a full 30 years from the date of loan modification. The Authority is currently reviewing its existing loan modification procedures and requirements for FHA-insured mortgage loans and has not yet determined whether or not all of this new loss mitigation activity can be complied with given the Authority's existing financial covenants and Housing Mortgage Finance Program restrictions, in which case the Authority plans to seek HUD waivers on one or more of the requirements of the program. No assurance can be given as to whether FHA will waive such requirements, if necessary, and what the impact will be on the Bonds as a result of any such modifications of the Authority's FHA-insured mortgage loans.

Certain Data on Mortgage Loans

Authority Mortgage Loans Financed with Proceeds of the Parity Bonds

The Authority expects that approximately 80-90% of the Authority Mortgage Loans to be purchased with proceeds of the Parity Bonds will be FHA-insured, with the remaining portion guaranteed by the VA or RD or pooled into GNMA

Program Securities. To the extent the proceeds of the Parity Bonds are used to purchase participation interests in such Authority Mortgage Loans, it is expected that the other portion of the participation interest in such single-family mortgage loans shall be financed with proceeds of bonds issued under the General Bond Resolution. The Authority does not expect to use any proceeds of the Parity Bonds to purchase uninsured mortgage loans.

Mortgage Loans Originated Under Housing Mortgage Finance Program

The following data about home mortgage loans originated under the Authority’s Housing Mortgage Finance Program is provided for informational purposes only. Bonds issued under the SFSOB Resolution, including the Parity Bonds and any Additional Parity Bonds, will be special obligations of the Authority, a body politic and corporate constituting a public instrumentality and political subdivision of the State. The Parity Bonds and any additional Bonds issued under the SFSOB Resolution, are payable solely out of and secured by Assets pledged under the SFSOB Resolution.

Home Mortgage Loans, Commitments and Reservations

As of December 31, 2009, the Authority held closed home mortgage loans having an outstanding principal balance in the aggregate of \$2,525,375,000 (of which \$2,077,374,000 or 82.3% are federally insured by the FHA, guaranteed by the VA or RD, or insured by private mortgage insurance companies (“PMI”)), had committed to finance \$24,752,000 of additional mortgage loans (of which \$21,462,000 or 86.7% will be similarly insured or guaranteed), and had taken applications for funds, as shown below:

**Home Mortgage Loans, Commitments and Reservations
As of December 31, 2009**

	<u>Home Mortgage Loans(1)</u>			
	<u>Closed Loans(2)</u>	<u>Firm Commitments</u>	<u>Total</u>	<u>Percent</u>
FHA Insured/ RD Guaranteed(3).....	\$1,746,163,000	\$20,859,000	\$1,767,022,000	69.3%
VA-Guaranteed(3)	58,278,000	378,000	58,656,000	2.3
PMI-Insured/Guaranteed.....	272,933,000	225,000	273,158,000	10.7
Uninsured	430,847,000	3,290,000	434,137,000	17.0
Uninsured (originally PMI Insured)(3).....	<u>17,154,000</u>	-	<u>17,154,000</u>	<u>0.7</u>
Subtotals	<u>\$2,525,375,000</u>	<u>\$24,752,000</u>	<u>\$2,550,127,000</u>	100.0%
Available for Home Mortgage Loans(4)			<u>107,481,000</u>	
Total Closed Loans, Commitments, Applications and Available Proceeds			<u>\$2,657,608,000</u>	

- (1) Excludes Reverse Annuity Mortgage Loans, certain second mortgages, Downpayment Assistance Mortgages which were transferred to the Housing Mortgage General Fund from the Investment Trust Fund in November 2000 and certain housing assets that were acquired from the State in April 2003.
- (2) Outstanding balances excluding balances classified as foreclosed real estate.
- (3) See “Appendix A - Summary of Certain Mortgage Insurance and Guarantee Programs.”
- (4) As of December 31, 2009, the Authority had received applications for \$94,557,000 for the making of home mortgage loans (of which \$24,752,000 had been firmly committed for purchase by the Authority).

The Authority’s portfolio of home mortgage loans originated, as of December 31, 2009, consists of approximately 72% (based on total number of loans originated) with original terms of 30 years, 2% with original terms of between 20 and 29 years, and 26% (primarily growing equity mortgage loans) with original terms of less than 20 years. As of December 31, 2009, 87.5% of the Authority’s home mortgage loans had interest rates of less than 6%.

As of September 30, 2010, the Authority had received applications for \$57,254,000 for the making of home mortgage loans (of which \$21,268,000 had been firmly committed for purchase by the Authority) and had \$70,475,000 available in Bond Proceeds and Recoveries of Principal (as such terms are defined in the General Bond Resolution) for the financing of such mortgage loans under the General Bond Resolution. In addition, as of September 30, 2010, the Authority had purchased home mortgage loans in the amount of \$55,843,000 from other available monies held under the General Bond Resolution. This temporary funding from other available monies is to be reimbursed (in an amount equal to the principal amount of and accrued interest on each such loan) from the proceeds of the issuance of additional bonds under the General Bond Resolution, the SFSOB Resolution (including the Parity Bonds) and the Other Bond Resolution (including the Series 2010 Other Bonds).

Home Mortgage Loan Delinquencies and Foreclosures

As of December 31, 2009, the Authority had a portfolio of closed home mortgage loans of \$2,525,375,000 (excluding Reverse Annuity, certain second mortgages, Downpayment Assistance Mortgages and certain housing assets that were acquired from the State in April 2003) financed with proceeds of bonds issued under the General Bond Resolution. Delinquency information on the Authority's portfolio of closed home mortgage loans for the past ten years is reflected in the table below.

<u>As of December 31,</u>	Outstanding Balance	Delinquent Two Payments or More	
	of All Permanent Home Mortgage Loans*	Outstanding Balance	% of All Loans
2000	\$2,269,197,000	\$110,395,000	4.86
2001	2,238,032,000	116,745,000	5.22
2002	2,116,242,000	112,860,000	5.33
2003	1,743,096,000	109,914,000	6.31
2004	1,636,225,000	93,869,000	5.74
2005	1,676,803,000	86,369,000	5.15
2006	1,922,601,000	81,567,000	4.24
2007	2,231,023,000	100,913,000	4.52
2008	2,412,561,000	153,516,000	6.36
2009	2,525,375,000	234,423,000	9.28
<u>As of July 31, 2010</u>	2,633,682,000	220,776,000	8.38

* Includes loans in foreclosure. Excludes Reverse Annuity Mortgage Loans, certain second mortgages and Downpayment Assistance Mortgages which were transferred to the Housing Mortgage General Fund from the Investment Trust Fund (each as established under the General Bond Resolution) in November 2000 and certain housing assets that were acquired from the State in April 2003.

As of July 31, 2010 and December 31, 2009, \$79,768,000 (or 3.0%) and \$77,430,000 (or 3.1%), respectively, of outstanding principal balances of home mortgage loans were in various stages of foreclosure proceedings. The Authority generally considers a mortgage loan in default and initiates default proceedings after such loan has been delinquent for 90 days, unless a forbearance agreement has been entered into with respect to such loan and such default proceedings may lead to a judicial foreclosure. While motions in Connecticut foreclosure actions are considered privileged matters and are heard on an expedited basis, judges' ability to render judgments is hampered by their growing case load. The action commences as any other civil action and, after service of process, the action may proceed to judgment within a short period of time relative to other types of civil actions, providing there are no defenses to the action. At the hearing for judgment, the court determines the mortgagor's equity in the property and sets a redemption or sale date accordingly. An unemployed or underemployed person who has had a mortgage on a dwelling that has served as his principal residence for not less than two years may, under certain circumstances, apply to the court for protection from foreclosure in the form of restructuring of the mortgage debt so as to provide for the payment of any arrearage in payments over a period of not more than six months.

Delinquency information on the Authority's portfolio of closed home mortgage loans as of July 31, 2010 is reflected in the table below.

Home Mortgage Loans – Delinquencies and Foreclosures as of July 31, 2010⁽¹⁾

	Portfolio	30-59 Days	60-89 Days	90+ Days	In Foreclosure	Total
	Total					
Total # of Loans	20,326	970	448	643	588	2,649
% of Total # of Loans	100.00%	4.772%	2.204%	3.163%	2.893%	13.032%

⁽¹⁾ Excludes Reverse Annuity Mortgage Loans, certain second mortgages, Downpayment Assistance Mortgages which were transferred to the Housing Mortgage General Fund from the Investment Trust Fund in November 2000 and certain housing assets that were acquired from the State in April 2003.

Substantially all home mortgage loans that were either delinquent or in foreclosure were either FHA- or PMI-insured or VA-guaranteed. For a discussion of the FHA, VA and RD mortgage insurance and guaranty programs, including the provisions relating to delinquency or foreclosure of such insured/ guaranteed mortgage loans, see Appendix A to this Official Statement. Any foreclosed single family properties that the Authority does not convey to either FHA, VA or a PMI insurer after receipt of payment pursuant to mortgage insurance or a guaranty, are sold by the Authority in accordance with customary practice.

GNMA Program Securities

In furtherance of its Home Mortgage Loan Program, the Authority directs certain of its participating lenders to assign government insured Authority qualified single family mortgage loans to the GNMA Servicer for assembly into pools guaranteed by GNMA and issuance by the GNMA Servicer of securities backed by the GNMA guaranteed qualified mortgages for purchase by the Authority (i.e., GNMA Program Securities). As of December 31, 2009, the Authority had pooled \$217,342,000 of its existing portfolio into GNMA Program Securities.

THE AUTHORITY

Purpose and Organization

The Authority was created in 1969 as a body politic and corporate, constituting a public instrumentality and political subdivision of the State, to meet the housing needs of low and moderate income families and persons, with the objectives of reducing the cost of mortgage financing for, increasing the supply of and encouraging and assisting the development and construction of, well-planned and well-designed single-family and multifamily housing for low and moderate income families and persons throughout the State. In 1976, the Act was amended to permit the Authority to finance residential mortgage loans in eligible urban areas for persons of all income levels. The eligible urban areas are municipalities in the state with a population in excess of 75,000 or with population densities in excess of 3,500 per square mile of physically accessible land area as determined by the 1970 United States Census. Such municipalities are Bridgeport, Hartford, New Britain, New Haven, New London, Norwalk, Stamford, Waterbury and West Haven.

The Act authorizes the Authority to make or purchase, and to enter into commitments to make or purchase, construction and permanent mortgage loans directly or indirectly insured or guaranteed by any department, agency, or instrumentality of the United States or of the State, including the Authority itself, or by a public corporation chartered by the Congress of the United States, including but not limited to the Federal Home Loan Mortgage Corporation, or a private mortgage insurance company, without limit as to amount, and to make or purchase and commit to make or purchase permanent loans secured by mortgages not so insured or guaranteed in an aggregate amount not to exceed \$1,500,000,000. In each case, the underlying mortgage loans must have been made to finance or refinance the construction, rehabilitation, purchase, or leasing of single-family and multifamily housing for low and moderate income families and persons throughout the State or for families and persons of all income levels in eligible urban areas.

Board of Directors

The powers of the Authority are vested in and exercised by a Board of Directors. The Act requires that the Board of Directors of the Authority consist of four State officials, serving ex-officio, and eleven directors, seven of whom shall be appointed by the Governor, one by the President Pro Tempore of the Senate, one by the Speaker of the House of Representatives, one by the Minority Leader of the Senate and one by the Minority Leader of the House of Representatives. One such member of the Board must be an officer or employee of the State, appointed by the Governor or such member of the General Assembly. The Chairman of the Board shall be appointed by the Governor, with the advice and consent of both Houses of the General Assembly. The Board annually elects one of its appointed members as Vice-Chairman. Directors serve for terms of five years and until such member's successor has been appointed except for ex-officio directors, who serve for the terms of their respective offices, and as follows: (1) the member initially appointed by the President Pro Tempore of the Senate shall serve a term of four years; (2) the member initially appointed by the Minority Leader of the Senate shall serve a term of three years; and (3) the member initially appointed by the Minority Leader of the House of Representatives shall serve a term of two years. Thereafter, each member of the Board appointed by a member of the General Assembly shall serve a term of five years. The present directors of the Authority and their state offices or private affiliations are as follows:

<u>Name</u>	<u>Position</u>	<u>Occupation</u>
Rolan Joni Young	Chairperson	Principal, Bercham, Moses & Devlin
Orest T. Dubno	Vice Chairperson	Chief Financial Officer, Lex Atlantic Corp.
Jeffrey Freiser	Director	Executive Director, Connecticut Housing Coalition
Brenda L. Sisco	Ex-officio Director	Acting Secretary, Office of Policy and Management
J. Scott Guilmartin	Director	Former Principal, Envirocycle LLC
Meghan K. Lowney	Director	Founder/Principal, Ripple Effect Consulting
Michael Lyons	Director	General Counsel, Covidien Surgical Devices
Joan McDonald	Ex-officio Director	Commissioner, State Department of Economic and Community Development

<u>Name</u>	<u>Position</u>	<u>Occupation</u>
Michael Meotti	Director	Commissioner, State Department of Education
Denise L. Nappier	Ex-officio Director	Treasurer, State of Connecticut
Kimberly A. Neilson	Director	Senior Vice President, The McCue Mortgage Co.
Howard F. Pitkin	Ex-officio Director	Commissioner, State Department of Banking
Diane Randall	Director	Director, Partnership for Strong Communities

Each ex-officio director may designate a deputy or any staff member to represent him or her at meetings of the Authority with full power to act on his or her behalf. There are currently two vacancies on the Board.

Principal Staff

The Authority employs a staff that includes professionals in various fields relating to housing and mortgage lending, including the following officers:

<u>Name</u>	<u>Position</u>	<u>Prior Background</u>
Timothy F. Bannon	President – Executive Director	2008-present, President-Executive Director of the Authority; 2003-08, Special Counsel, External Affairs, Purdue Pharma L.P., Stamford, CT; 2001-03, Senior Director, Public Affairs, Purdue Pharma L.P., Stamford, CT; 1999-01, Assistant Deputy Treasurer, State Treasurer’s Office, Hartford, CT; 1998-99, Senior Vice President, Hawthorn Group, Alexandria, VA; 1997-98, Campaign Media Consultant, Connecticut; 1991-97, Vice President, Corporate Issues, Aetna, Inc., Hartford, CT; 1985-90, Administration of Governor William A. O’Neill, Hartford, CT; 1977-85, Private practice, large law firm; J.D., Yale Law School; B.A., Yale University.
John K. Craford	Executive Vice President - Finance and Administration	1989-91, Vice President, Realty Resources, Camden, Maine; 1986-88, Vice President, Ariel Corporation, Augusta, Maine; 1984-86, Senior Vice President, Public Finance, Moseley Securities, Boston, Mass; 1981-84, Vice President, Public Finance, Bank of Boston; 1977-81, Deputy Director, Maine State Housing Authority; 1973-76, Legislative Assistant, U.S. Senator William D. Hathaway, Washington, D.C.; B.A. and M.A., Harvard University; J.D., University of Pennsylvania.
Dara Kovel	Chief Housing Officer – Multifamily Asset Management & Housing Development	2005-09, Regional Director/Managing Director, Jonathan Rose Companies, LLC, New Haven, Connecticut; 1993-2004, Mercy Housing, California; including 2001-04, Vice President, Regional Director, Orange, California; 1999-2001, Associate Director, Orange, California; 1995-99 Project Developer, San Francisco, California; and 1993-95, Administrative and Project Assistant, San Francisco, California; 1991-93, Market Coordinator, Backen Arrigoni & Ross Architects, San Francisco, California; 2006, MBA, Yale University School of Management; 1991, B.A., cum laude, Yale University.
William A. Dickerson	General Counsel	1992-93, General Counsel of the Authority; 1982-92, Assistant Counsel of the Authority; 1977-82, private practice of law; B.A., University of Connecticut; J.D., J. Reuben Clark Law School, Brigham Young University; member of the Connecticut bar.

<u>Name</u>	<u>Position</u>	<u>Prior Background</u>
Susan Whetstone	Chief Administrative Officer	2000-09 Chief Administrative Office, University of Connecticut Health Center, Farmington, Connecticut; 1997-2000 Chief Administrative Officer City of New Haven, New Haven Connecticut; 1995-1997, Coordinator, Citywide School Construction Program, New Haven Public Schools, New Haven, Connecticut; 1990-1995 Director of Operations, Connecticut Resources Recovery Authority, Hartford, Connecticut; 1990 Director for Administration, President's Office, Yale University, New Haven Connecticut; 1986-1990 Chief/Deputy Chief Administrative Officer City of New Haven, New Haven Connecticut; 1979-1986 Program Officer, The New Haven Foundation, New Haven Connecticut; 1975-1978 Executive Assistant to the Executive Director, Housing Authority of the City of New Haven; 1969-1975 Program Assistant, New Haven Redevelopment Agency, New Haven, Connecticut; B.A., Howard University.
Elizabeth M. Vallera	Treasurer	1992-94, Controller; 1992, Acting Vice President - Finance of the Authority; 1989-92, Controller of the Authority; 1987-89, Accounting Manager of the Authority; 1985-87, Chief Accountant of the Authority; 1981-85, Accountant with the Authority.

The Authority has a permanent staff of approximately 133 persons including the officers listed above. The supporting staff includes the Controller, Investment and Debt Management Officer, Deputy General Counsel, administrators of: underwriting and technical services; planning, program development and customer service; human resources; and also the delinquency/foreclosure manager, mortgage underwriters, asset managers, field observers, and those providing accounting, data and word processing, administrative, technical, legal, secretarial, and clerical support services. The Authority's address is 999 West Street, Rocky Hill, Connecticut 06067, telephone (860) 721-9501.

TAX MATTERS

Requirements of the Code Relating to Home Mortgage Loans

Interest on bonds that are issued to finance or to refund bonds issued to finance single family residences, such as the Parity Bonds, is not included in gross income for Federal income tax purposes only if certain requirements are met, including (i) eligibility requirements for home mortgage loans and borrowers (see "Mortgage Eligibility Requirements Under the Code"), (ii) yield and investment requirements (see "Requirements Related to Arbitrage"), and (iii) certain other requirements related to the issue (see "Other Requirements").

Mortgage Eligibility Requirements Under the Code

The Authority must reasonably expect at the time the home Mortgage Loan is executed that the borrower will make the residence financed by the home Mortgage Loan the borrower's principal residence within a reasonable time after the financing is provided. Under the procedures that the Authority has established as described herein, the borrower is required to certify at the closing of the home Mortgage Loan that the borrower intends to make the financed residence the borrower's principal residence within 60 days. In addition, the Authority requires the participating lender to inspect and verify that the borrower has occupied the residence as the borrower's principal residence within 60 days after the closing of the home Mortgage Loan.

At least 95% of the net proceeds of an issue, including towards such 95% proceeds used to make mortgage loans in targeted areas or to veterans and proceeds used for qualified rehabilitation and qualified home improvement, must be used to finance residences of borrowers who have not had a present ownership interest in a principal residence during the three-year period prior to the date on which the mortgage is executed. If applicable, the Authority requires the borrower to provide the borrower's Federal income tax returns for the preceding three years for review for evidence of prior ownership of a principal residence, and to certify at the closing of the home mortgage loan that the borrower has not had a present ownership interest in the borrower's principal residence within the preceding three years. In addition, the first-time homebuyer requirement does not apply to certain veterans receiving financing for residences financed from the proceeds of qualified mortgage bonds.

Under the Code, the maximum purchase prices for existing and new single family residences (except in Targeted Areas and certain high housing cost areas) are 90% of the average area purchase prices applicable to such residences. In Targeted Areas the maximum purchase prices may be up to 110% of such limits. The Authority may rely upon the average area safeharbor limitations provided by the United States Internal Revenue Service or limitations different from such safeharbors based on more accurate and comprehensive data. The Authority's purchase price limits do not exceed those permitted under the Code.

Additionally, mortgagors purchasing a home with a home mortgage loan may not have incomes that exceed limits established by the Code. Except in Targeted Areas and certain high housing cost areas, the Code establishes maximum income limits for families of three or more persons at no greater than 115% (100% for families of fewer than three persons) of the higher of the area or the statewide median income. In Targeted Areas, one-third of the financing may be provided to borrowers without regard to the Code's income limitation, and the balance of the financing must be provided to borrowers whose income does not exceed 140% (120% for families of fewer than three persons) of the higher of the area or the statewide median income.

An existing mortgage loan may not be acquired or replaced with proceeds of a home mortgage loan except for certain first mortgage loans for qualified rehabilitation, as described below. The Authority requires a borrower to certify at the closing of a home mortgage loan that the borrower is not using the proceeds of the home mortgage loan to acquire or replace an existing loan. In addition, the participating lender is required to examine the borrower's Federal income tax returns for the preceding three years and a credit report prior to closing to determine if the borrower has any outstanding loans that could be acquired or replaced with proceeds of the home mortgage loan.

The Code requires that home mortgage loans not be assumed unless the principal residence, no prior home ownership interest, income limitations, and purchase price requirements are met at the time of assumption. The Authority requires that each of its home mortgages have a "due on sale" clause so that the Authority may accelerate the home mortgage loan if the mortgage is assumed and all such requirements are not met. FHA and VA allow a "due on sale" clause provided that the borrower is fully informed and consents in writing to such requirements.

The Code also permits proceeds of an issue to be made available for financing of mortgage loans for qualified rehabilitation and qualified home improvement (as more particularly described in the Code). The Code requirements are generally applicable to both qualified rehabilitation and home improvement loans except that the borrower is permitted to have had an ownership interest in a principal residence during the prior three-year period. In addition, the borrower can use the proceeds of the qualified rehabilitation loan to refinance an existing mortgage, and the purchase price requirement does not apply with respect to a qualified home improvement loan.

An issue of qualified mortgage bonds is treated as meeting certain mortgage eligibility requirements of the Code only if (i) the issuer in good faith attempted to meet all of the mortgage eligibility requirements before the mortgage deed was executed, (ii) any failure to comply with the mortgage eligibility requirements is corrected within a reasonable period after such failure is first discovered, and (iii) 95% or more of the lendable proceeds of the issue of qualified mortgage bonds used to make home mortgage loans was devoted to financing residences that met all such mortgage eligibility requirements at the time the loans were executed or assumed. In determining whether 95% of the proceeds have been so used, the Code permits the Authority to rely on a certificate of the borrower (the "Borrower Certificate") and on examination of copies of the borrower's Federal income tax returns for the three years preceding the date the mortgage is executed, even though the relevant information in such affidavits and returns should ultimately prove to be untrue, unless the Authority or the participating lender knows or has reason to believe that such information is false.

Requirements Related to Arbitrage

The Code requires that the yield on home mortgage loans financed with the proceeds of qualified mortgage bonds issued subsequent to December 31, 1980 may not exceed the yield on the issue of such bonds by more than 1.125%. The Code provides rules for determining the yield on home mortgage loans financed from such bonds and requires that the funds held in certain investment accounts for the bonds invested at a yield materially higher than the yield on the bonds meet the temporary periods or other arbitrage provisions applicable to nonmortgage investments. For bonds issued prior to 1981, and for certain bonds issued to refund such bonds, the Code permits the yield on home mortgage loans financed with the proceeds of such bonds to exceed the yield on such bonds by up to 1.50%, or more if cost-justified.

With respect to qualified mortgage bonds issued after December 31, 1980, the Code also requires the Authority to pay to the United States certain investment earnings (for bonds issued prior to 1989, the Code required the Authority on the

issuance of such bonds to elect to pay said investment earnings to the United States or to rebate said investment earnings to mortgagors) on non-mortgage investments to the extent such investment earnings exceed the amount that would have been earned on such investments if the investments were earning a return equal to the yield on the bonds together with any income attributable to such excess. The Authority has established accounting procedures to determine the amount of such excess investment earnings.

An issue of bonds is treated as meeting certain arbitrage restrictions on mortgage loans and other requirements of the Code if (i) the issuer in good faith attempted to meet such requirements and (ii) any failure to meet such requirements is due to inadvertent error after taking reasonable steps to comply with these requirements.

Other Requirements

The Code imposes an annual volume limitation on the amount of private activity bonds (except qualified 501(c)(3) bonds and certain other bonds) that may be issued in each state. The Parity Bonds will meet the requirements of the Code with respect to annual volume limitation.

The Code requires that a specified portion of the net proceeds of an issue of qualified mortgage bonds be made available for owner financing of residences in Targeted Areas for at least one year after the date on which owner financing is first made available and that the Authority attempt with reasonable diligence to place such proceeds in qualified home mortgage loans. Targeted Areas are those census tracts in the State in which 70% or more of the families have an income that is 80% or less of the statewide median family income or areas of chronic economic distress that have been designated by the State and approved by the Secretaries of Housing and Urban Development and the Treasury under criteria specified in the Code.

The Code contains a qualified mortgage bond provision that requires a payment to the United States from certain mortgagors with respect to mortgage loans originated after December 31, 1990 upon disposition of an interest in their homes financed by a mortgage loan without regard to the date on which the applicable bonds were issued (the "Recapture Provision"). The Recapture Provision requires that an amount determined to be the subsidy provided by qualified mortgage bond financing (but not in excess of 50% of the gain) be recaptured on disposition of the residence. The recapture amount increases over the period of ownership, with full recapture occurring if the residence is sold at the end of the fifth year. The recapture amount declines ratably to zero with respect to sales occurring in years six through nine. An exception excludes from recapture part or all of the subsidy in the case of assisted individuals whose incomes are less than prescribed amounts at the time of the disposition. The Code requires an issuer to inform mortgagors of certain information with respect to the Recapture Provision. The Authority has established procedures to meet such recapture information requirements. The Authority is unable to predict what effect, if any, such recapture requirement will have on the origination or prepayment of home Mortgage Loans to which such provision will apply.

The Code requires redemption of qualified mortgage bonds issued after 1988 from unexpended proceeds required to be used to make mortgage loans that have not been so used within 42 months from the date of issuance (or the date of issuance of the original bonds in the case of a refunding or a series of refundings), except for a \$250,000 de minimis amount. Additionally, for qualified mortgage bonds issued after 1988, the Code permits repayments (including prepayments) of mortgage loans financed with the proceeds of a qualified mortgage bond issue to be used to make additional mortgage loans only for ten years from the date of issuance of the bonds (or the date of issuance of the original bonds in the case of a refunding or a series of refundings). Thereafter, such repayments must be used to redeem bonds of the "issue" not later than the close of the first semiannual period after the date the repayment is received, subject to the \$250,000 de minimis exception (the "Ten-Year Rule").

Monitoring for Compliance with the Code

Compliance standards and procedures have been modified to comply with the Code. Participating lenders are responsible for reviewing each home mortgage loan application with the accompanying documentation, including the Borrower Certificate, for compliance with the requirements of the Code. Normal and appropriate measures are required to be undertaken to verify the information given, either independently or concurrently with credit reviews, when applicable. All documentation is cross-checked to assure that the information presented is complete and consistent. Based on its experience with processing home mortgage loans under the Code, the Authority believes that its procedures have been adequate to ensure compliance with the Code.

Participating lenders are required to warrant as to each home mortgage loan sold to the Authority that, among other things, (1) the home mortgage loan is in compliance with the Operating Manual, (2) the lender has reviewed the borrower's application, the Borrower Certificate, and the borrower's Federal income tax returns for compliance with the provisions of the Code, and (3) the home mortgage loan has been closed in accordance with the Operating Manual.

Prior to issuing a commitment to purchase any home mortgage loan, the Authority reviews documents submitted to the Authority, including the borrower's application, the Borrower Certificate, and the borrower's Federal income tax returns, for compliance with the requirements of the Code. To the extent that these provisions are not complied with, the participating lender will be contacted to provide sufficient additional explanation or documentation to enable the Authority to make a determination regarding the status of the loan application. Upon a participating lender's failure to comply with reasonable requests from the Authority to correct or complete documentation for any home mortgage loans or upon any other breach of the terms of the Commitment Agreement, or any failure to comply with the requirements for eligibility set forth in the Operating Manual (which failure is to be determined in the sole discretion of the Authority) without regard as to whether the participating lender may be at fault, the home mortgage loan will be reassigned to and repurchased by the participating lender in accordance with the provisions of the Operating Manual, or otherwise reassigned in compliance with the Code.

Certain Tax Covenants and Tax Certification

The Authority has included provisions in the SFSOB Resolution, the Operating Manual and other relevant documents (the "Program Documents") and has established procedures (including receipt of certain affidavits and warranties from borrowers and, with respect to home mortgage loans, from participating lenders respecting the mortgage eligibility requirements) in order to assure compliance with the applicable mortgage eligibility requirements and other requirements that must be met subsequent to the date of issuance of the Parity Bonds. See "Requirements of the Code Relating to Home Mortgage Loans." The Authority has covenanted in the SFSOB Resolution to do and perform all acts and things permitted by law and necessary or desirable to comply with the Code and, for such purpose, to adopt and maintain appropriate procedures. The Authority believes that the procedures and documentation requirements established for the purpose of fulfilling these covenants are sufficient to assure that the proceeds of the Parity Bonds will be applied in accordance with the requirements of the Code so as to assure that interest on such Bonds will be excluded from gross income for Federal income tax purposes.

The Authority's tax certification, which will be delivered concurrently with the delivery of the Parity Bonds, contains provisions and procedures relating to compliance with the requirements of the Code. The Authority, in executing its tax certification, will certify with respect to the Parity Bonds, to the effect that it expects to be able to and will comply with the provisions and procedures set forth therein. In furtherance thereof, the Authority has required and will require each Mortgagor to make certain covenants in the mortgage loan documents (the forms of which were and are, respectively, subject to the review of Co-Bond Counsel to the Authority) in order to satisfy the above described requirements of applicable Federal tax law. However, no assurance can be given that in the event of a breach of any such covenants, the remedies available to the Authority and/or owners of the Parity Bonds can be judicially enforced in such manner as to assure compliance with the requirements of applicable Federal law and therefore to prevent the loss of the exclusion of interest on the Parity Bonds from gross income under applicable Federal tax law.

Opinions of Co-Bond Counsel to the Authority with respect to the Parity Bonds

In the opinions of Co-Bond Counsel to the Authority, under existing statutes and court decisions, and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Parity Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code, (ii) interest on the Series 2010-1 Bonds and the Series 2009-2 Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax, and (iii) interest on the Series 2009-1 Bonds is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code. In rendering such opinions, Co-Bond Counsel to the Authority have assumed compliance by the Authority with and enforcement by the Authority of the SFSOB Resolution. In the opinions of Co-Bond Counsel to the Authority, under existing statutes, interest on the Parity Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the alternative minimum tax imposed under the Code with respect to individuals, trusts and estates.

Certain Federal Tax Consequences

The following is a discussion of certain Federal income tax matters under existing statutes. It does not purport to deal with all aspects of Federal taxation that may be relevant to particular Bondholders or Beneficial Owners of the Parity Bonds. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Parity Bonds, as well as any tax consequences that may arise under the laws of any state or other taxing jurisdiction.

Interest on the Parity Bonds must be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Owners of the Parity Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S Corporations and certain foreign corporations), financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits and individuals otherwise eligible for the earned income tax credit, and to taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes.

Information Reporting and Backup Withholding

Information reporting requirements will apply to interest paid on tax-exempt obligations, including the Parity Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding", which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Parity Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Parity Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Parity Bonds under federal or state law and could affect the market price or marketability of the Parity Bonds. There can be no assurance that any such legislation, actions or decisions, if ever enacted, taken or rendered following the issuance of the Parity Bonds, will not have an adverse effect on the tax exempt status, market price or marketability of the Parity Bonds.

Prospective purchasers of the Parity Bonds should consult their own tax advisors regarding the foregoing matters.

LITIGATION

At the time of delivery of and payment for the Parity Bonds, a certificate of the Authority and the opinion of the General Counsel of the Authority will be furnished for the Parity Bonds, dated date of delivery or conversion thereof, as the case may be, to the effect that there is no controversy or litigation of any nature at such time pending or threatened to restrain or enjoin the issuance, sale, execution, or delivery of such Bonds, or the making or purchasing of Authority Mortgage Loans from the proceeds of or amounts deemed to be proceeds of the Parity Bonds, or in any way contesting or affecting the validity of the Parity Bonds, or any proceedings of the Authority taken with respect to the issuance or sale thereof, or the pledge or application of any monies or security provided for the payment of the Parity Bonds, or the existence or powers of the Authority.

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, issuance, and sale of the Parity Bonds are subject to the approving opinions of Hawkins Delafield & Wood LLP, Hartford, Connecticut, Edwards Angell Palmer & Dodge LLP, Hartford, Connecticut and Lewis & Munday, A Professional Corporation, Detroit, Michigan, Co-Bond Counsel to the Authority in connection with the issuance of the Parity Bonds. Copies of such approving opinions, in substantially the form attached as Appendix B to this Official Statement, will be available at the time of delivery of the Parity Bonds. Certain legal matters in connection with the issuance and sale of the Parity Bonds will be passed upon for the Underwriters by their counsel, Tobin, Carberry, O'Malley, Riley & Selinger, P.C., New London, Connecticut.

FINANCIAL ADVISOR

Lamont Financial Services Corporation has served as Financial Advisor to the Authority with respect to the sale of the Parity Bonds. The Financial Advisor has assisted in various matters relating to the planning, structuring and issuance of the Parity Bonds.

RATINGS

The Parity Bonds have been assigned a rating of "AAA" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P").

Any explanation of the significance of any such rating may only be obtained from S&P. The ratings are not a recommendation to buy, sell or hold any of the Parity Bonds. There is no assurance that any such rating will remain for any given period of time or that it may not be lowered or withdrawn entirely by S&P if, in its independent judgment, circumstances so warrant. Any such downward change in or withdrawal of such rating on the Parity Bonds may have an adverse effect on the current market price and marketability of such Bonds.

CONTINUING DISCLOSURE UNDERTAKING

The Securities and Exchange Commission has adopted subsection (b)(5) (the "Amendment") to Rule 15c2-12 (as amended, the "Rule") requiring a participating underwriter not to purchase or sell municipal securities in connection with an offering unless the participating underwriter has reasonably determined that the issuer or other obligated person has undertaken certain continuing disclosure obligations. The Amendment applies to those offerings of municipal securities (i) that are not subject to an exemption from the Rule, as expressly provided therein, or (ii) with respect to which a Participating Underwriter (as defined in the Rule) has not contractually committed to act as an underwriter prior to July 3, 1995. Pursuant to Public Act No. 95-270 of the Connecticut General Statutes, the Authority, constituting a quasi-public agency of the State as defined in Section 1-120 of the General Statutes, is specifically empowered to make representations or agreements for the benefit of the holders of its bonds, notes or other obligations to provide secondary market disclosure information. This Statute provides that any such agreement may include (1) covenants to provide secondary market disclosure information, (2) arrangements for such information to be provided with the assistance of a paying agent, trustee or other agent, and (3) remedies for breach of such agreement, which remedies may be limited to specific performance. All such agreements entered into and all such actions taken prior to the effective date of such Public Act are therein and thereby validated.

Accordingly, in the SFSOB Resolution the Authority has included an appendix (the "Continuing Disclosure Undertaking"), which appendix shall constitute the Authority's written undertaking for the benefit of Bondholders of the Series 2010-1 Bonds. Notwithstanding that there will be no participating underwriter engaged in connection with the placement of the Converted Bonds with the GSEs and Treasury, the GSEs have demanded that the Authority have a Continuing Disclosure Undertaking as if the Rule applied. Accordingly, the Continuing Disclosure Undertaking also benefits the Bondholders of the Converted Bonds. A summary of the Continuing Disclosure Undertaking for the Parity Bonds is attached as Appendix C to this Official Statement.

The intent of the Authority's undertaking is to provide on a continuing basis the information described in the Rule. Accordingly, the Authority reserves the right to modify the disclosure thereunder or format thereof so long as any such modification is made in a manner consistent with the Rule. Furthermore, to the extent that the Rule no longer requires the issuers of municipal securities to provide all or any portion of the information the Authority has agreed to provide, the obligation of the Authority pursuant to the Rule to provide such information also shall cease immediately.

The purpose of the Authority's undertaking is to conform to the requirements of the Rule and not to create new contractual or other rights other than the remedy of specific performance in the event of any actual or alleged failure by the Authority to comply with its written undertaking, in accordance with the Rule and Section 3-20e of the Connecticut General Statutes. Furthermore, the Continuing Disclosure Undertaking shall provide that any failure by the Authority to comply with any provision of such undertaking shall not constitute an Event of Default with respect to the Bonds under the SFSOB Resolution.

It is noted that the Authority (or the Trustee) from time to time may be required pursuant to applicable law or the SFSOB Resolution to provide, or may choose to provide, notice of the occurrence of certain other events, in addition to those defined as "Listed Events" in the Continuing Disclosure Undertaking if, in the judgment of the Authority (or the Trustee under the SFSOB Resolution), such other event is material with respect to any Bonds under the SFSOB Resolution.

The Authority has not failed during the previous five years to comply in all material respects with any continuing disclosure undertaking it has entered into prior to the date hereof pursuant to the Rule.

UNDERWRITING

The Underwriters have jointly and severally agreed, subject to certain conditions, to purchase all but not less than all of the Series 2010-1 Bonds at a price of \$66,161,058.96 (representing the par amount of the Series 2010-1 Bonds less an Underwriters' fee of \$508,941.04). The Underwriters will be obligated to purchase all such Series 2010-1 Bonds if any such Series 2010-1 Bonds are purchased. The Underwriters did not act as placement agents, financial advisors or otherwise provide services with respect to the Escrow Bonds or the Converted Bonds, and the Converted Bonds are not being offered or remarketed hereby.

The following language has been provided by the underwriters named therein. The Authority takes no responsibility as to the accuracy or completeness thereof.

Morgan Stanley & Co. and Citigroup Global Markets Inc. are providing the following language for inclusion in the Official Statement. Morgan Stanley and Citigroup Inc., the respective parent companies of Morgan Stanley & Co. Incorporated and Citigroup Global Markets Inc., each an underwriter of the Series 2010-1 Bonds, have entered into a retail brokerage joint venture. As part of the joint venture each of Morgan Stanley & Co. Incorporated and Citigroup Global Markets Inc. will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, each of Morgan Stanley & Co. Incorporated and Citigroup Global Markets Inc. will compensate Morgan Stanley Smith Barney LLC. for its selling efforts in connection with their respective allocations of Series 2010-1 Bonds.

Wells Fargo Securities is the trade name for certain capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association.

ADDITIONAL INFORMATION

Certain provisions of the Act and the SFSOB Resolution are summarized in this Official Statement. Such summaries do not purport to be comprehensive or definitive and reference is made to such documents, copies of which are available upon request, for a full and complete statement of their respective provisions.

The information contained herein is subject to change without notice, and no implication shall be derived therefrom or from the sale of the Parity Bonds that there has been no change in the affairs of the Authority from the date hereof. Pursuant to the SFSOB Resolution, the Authority has covenanted to keep proper books of record and account in which full, true, and correct entries will be made of all its dealings and transactions under the SFSOB Resolution and to cause such books to be audited for each fiscal year. The SFSOB Resolution requires that such books be open to inspection by the holder of any Bond during regular business hours of the Authority and that the Authority furnish a copy of the auditor's report pertaining to the SFSOB Resolution, when available, upon the request of the holder of any Outstanding Bond.

Any statements in this Official Statement involving matters of opinion, projections or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or holders of any of the Parity Bonds.

CONNECTICUT HOUSING FINANCE AUTHORITY

By : /s/ Timothy F. Bannon
President - Executive Director

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SUMMARY OF CERTAIN MORTGAGE INSURANCE AND GUARANTEE PROGRAMS

The following is a summary of certain federal mortgage insurance and guarantee programs as they affect mortgages that the Authority has financed or intends to finance under the Single-Family Mortgage Revenue Bond Program and is only a brief outline that does not purport to summarize or describe all of the provisions thereof.

FHA Insurance Programs

Mortgages may be insured by the Federal Housing Administration (“FHA”) of the U.S. Department of Housing and Urban Development (“HUD”) pursuant to Section 203(b) of the National Housing Act of 1937, as amended, and the regulations promulgated thereunder at 24 C.F.R. Part 203. Such regulations provide that insurance benefits are payable only upon foreclosure (or other acquisition of possession and title) and conveyance of title to the mortgaged premises to the Secretary of Housing and Urban Development (“Secretary”). Assignment of a defaulted loan to FHA is no longer permitted, other than for those requests made prior to April 26, 1996. However, recently enacted loss mitigation options allow partial claim as a homeowner retention tool.

For loans originated after October 1994, home buyers under the Section 203(b) Program are required to pay an up front mortgage insurance premium of 2.25%. In addition, an annual risk-based premium is assessed based on the amount of down payment. For loans originated after 1994, a 0.5% fee would be assessed over 11 years if the initial loan-to-value (LTV) ratio is less than 90%, 30 years if the LTV is at least 90% but not more than 95% and, with an increase in premium to 0.55%, 30 years if the LTV exceeds 95%. The National Housing Act also requires that the principal amount of the mortgage loan not be in excess of 96.5% of the appraised value of the residence, plus the amount of the mortgage insurance premium paid at the time the mortgage is insured.

The National Housing Act regulations promulgated thereunder give discretionary authority to the Secretary to settle claims for insurance benefits in cash, in debentures or in a combination of both. The current FHA policy, subject to change at any time, is to make insurance payments in cash unless the mortgagee specifically requests payment in debentures. Debentures issued in satisfaction of an insurance claim have a term of 20 years, and bear interest at the HUD debenture interest rate in effect under the regulations as of the date of issuance of the insurance commitment, or of the initial endorsement of the mortgage note for insurance, whichever rate is higher.

When entitlement to insurance benefits results from foreclosure or other acquisition of possession and conveyance of title to FHA, the insurance payment is computed as of the date of default by the mortgagor, and the mortgagee is compensated for the unpaid principal balance of the loan but generally not for mortgage interest accrued and unpaid prior to that date. The “date of default” is defined as 30 days after the first failure to make a monthly payment which has not been paid subsequently. Since monthly payments are regularly made 30 days in arrears, the mortgagee in collecting insurance benefits can expect to lose sixty days’ interest at the mortgage rate. Insurance benefits include interest at the debenture interest rate then in effect covering the period from default to the date of payment; thus, assuming the mortgage interest rate is greater, the mortgagee can also expect to lose the difference between the mortgage interest rate and the debenture interest rate during such period. If insurance benefits are paid in debentures rather than cash, the mortgagee could expect to lose such interest differential over a longer period of time. In addition, in the event the debentures are sold prior to the maturity date thereof, it is likely that the mortgagee could expect to lose a substantial portion of the principal amount thereof. Finally, the mortgagee can expect to lose certain out-of-pocket expenses of securing the property and certain of its foreclosure expenses.

When any property to be conveyed to the Secretary has been damaged by fire, earthquake, flood or tornado, it is required, as a condition to payment of an insurance claim, that such property be repaired prior to such conveyance.

Department of Veterans Affairs Guaranty Program

The Servicemen's Readjustment Act of 1944, as amended, permits a veteran (or in certain instances the spouse and certain qualifying reservists) to obtain a mortgage loan guaranty from the VA covering mortgage financing of the purchase of a one-to-four family dwelling unit at interest rates not in excess of the maximum rates established by VA. The program has no mortgage loan limits, requires no down payment from the purchaser and permits the guaranty of mortgage loans of up to 30 years' duration. The maximum VA mortgage loan guaranty under this program is the lesser of the veteran's available entitlement or: (a) for home and condominium loans up to \$45,000, 50% of the original principal amount of the loan; (b) for home and condominium loans over \$45,000, and not more than \$56,250, \$22,500; (c) for home and condominium loans over \$56,250 and not more than \$144,000, 40% of the original principal amount of the loan up to \$36,000; (d) for home and condominium loans over \$144,000, the lesser of the applicable "maximum guaranty amount" or 25% of the original principal amount of the loan; and (e) for manufactured home loans, the lesser of 40% of the original principal amount of the loan or \$20,000. The "maximum guaranty amount" generally is 25% of the Freddie Mac conforming loan limit as adjusted. Pursuant to the Housing and Economic Recovery Act of 2008 and the Veterans Benefits Improvement Act of 2008, the "maximum guaranty amount" for loans originated from July 30, 2008 through December 31, 2011 is 25% of the greater of: (a) the Freddie Mac conforming loan limit, as adjusted, and (b) 125% of the area median price for single family residences, but in no case to exceed 175% of the Freddie Mac conforming loan limit, as adjusted. The liability on the guaranty is reduced or increased pro rata with any reduction or increase in the amount of indebtedness, but in no event will the amount payable on the guaranty exceed the amount of the original guaranty. Notwithstanding the dollar and percentage limitations of the guaranty, a mortgage holder will ordinarily suffer a monetary loss only when the difference between the unsatisfied indebtedness and the proceeds of a foreclosure sale of a mortgaged premises is greater than the original guaranty as adjusted. VA may, at its option and without regard to the guaranty, make full payment to a mortgage holder of unsatisfied indebtedness on a mortgage upon its assignment to VA. Under the program, a VA guaranteed Mortgage Loan must be guaranteed in an amount which, together with the down payment by the Mortgagor, will at least equal 25% of the lesser of the sales price or the appraised value of the property. Regulations recently adopted by the VA permit mortgage loans to be guaranteed by the VA even though they contain due on sale clauses enforceable in the event that such mortgage loan is assumed by a person who is not an eligible borrower.

Rural Development Guaranteed Rural Housing Loan Program

The United States Department of Agriculture Rural Development (formerly the Farmers Home Administration and Rural Housing Services) ("RD") permits a low to moderate income purchaser of a home in a designated rural area to obtain a mortgage loan guaranty from RD. To qualify, a purchaser's income must not exceed 115% of the median income for the area in which the home is located. RD uses FHA underwriting standards, and loans may not exceed FHA 203(b)(2) loan limits. Interest rates are set by the lenders, the loans have terms of thirty (30) years, and no down payment is required from the purchaser.

RD requires that, in the absence of the consent of the mortgagor, payment of the mortgage loan must be at least 90 days delinquent before the mortgagee may initiate foreclosure proceedings and the mortgagee must send the mortgagor a notice of the foreclosure at least 30 days in advance thereof. The mortgagee must obtain prior RD approval for any liquidation of the property other than by foreclosure. RD also requires that the mortgagee arrange a meeting with the mortgagor before payment on the mortgage loan becomes 60 days delinquent.

Under the RD Guaranty Program, the mortgagee is entitled to payment of the guaranty only after the secured property has been sold at foreclosure or otherwise liquidated in conformity with RD requirements. RD does not accept conveyance of property, but rather pays the mortgagee's claim upon foreclosure. The RD Guaranty Program pays the mortgagee the lesser of (a) any loss equal to 90% of the original principal amount of the loan or (b) any loss in full up to the first 35% of the original principal amount of the loan plus any additional loss on the remaining 65% of the original principal amount of the loan is shared approximately 85% by RD and approximately 15% by the mortgagee. Loss is defined as (i) the outstanding principal balance and accrued interest of the mortgage loan as of the date of the liquidation sale or transfer of the secured property, plus reasonable liquidation costs, minus (ii) the greater of the fair market value of such property or the amount obtained at any foreclosure sale.

GNMA Program Securities

GNMA. GNMA is a wholly-owned corporate instrumentality of the United States within the Department of Housing and Urban Development. Section 306(g) of Title III of the National Housing Act of 1934, as amended (the “Housing Act”), authorizes GNMA to guarantee the timely payment of the principal of, and interest on, certificates that are based on and backed by a pool of mortgage loans insured by the FHA under the Housing Act, or guaranteed by the RD or VA. 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.”

GNMA Program Securities. This summary of the Authority Mortgage Loans originated under the Single-Family Mortgage Revenue Bond Program and assembled into pools guaranteed by the Government National Mortgage Association (the “GNMA Program Securities”) does not purport to be comprehensive and is qualified in its entirety to the GNMA [I or II] Mortgage-Backed Securities Guide and to the GNMA Program Securities and other documents for full and complete statements of their provisions.

Each GNMA Program Security will be a “modified pass-through” mortgage-backed certificate issued and serviced by institutions approved by GNMA. Each GNMA Program Security will be backed by a pool of qualifying mortgage loans insured by the FHA or guaranteed by the VA or the RD and will provide for the timely payment to the registered holder of monthly installments of principal and interest. All installments are required to be applied first to interest and then in reduction of the principal balance then outstanding. Interest shall be paid each month for the preceding month, at the specified rate on the unpaid portion of the principal of the GNMA Program Securities at the end of the prior month. The amount of principal due on the GNMA Program Securities each month shall be in an amount equal to the scheduled principal amortization due on the pooled mortgage loans at the beginning of the month in which the payment under the GNMA Program Securities is due. However, payment of principal and interest shall be adjustable as set forth below.

Each of the monthly installments of principal shall be subject to adjustment by reason of any prepayments or other early or unscheduled recoveries of principal on the pooled mortgage loans during the preceding month. In any event, the monthly installments shall be not less than the interest due on the GNMA Program Securities at the rate specified in the GNMA Program Securities as described above, together with any scheduled installments of principal during such month, whether or not collected by the mortgage lenders, and any prepayments or early recovery of principal during the preceding month. Final payment shall be made only upon surrender of the outstanding GNMA Program Security.

Each GNMA Program Security will be issued under the GNMA I or GNMA II Mortgage-Backed Securities program. Under the GNMA I program, each GNMA originator makes separate monthly payments directly to each holder of GNMA Program Securities for each GNMA Program Security held. All mortgages underlying a particular GNMA Program Security must have the same annual interest rate. The annual interest rate on each GNMA Program Security is equal to one-half percent less than the annual interest rate on the mortgage loans included in the pool of mortgages backing such GNMA Program Security. Payments are made directly by the issuer of a GNMA Program Security to the registered holder on the 15th day of each month.

Under the GNMA II program, each GNMA originator makes monthly payments to a central paying and transfer agent which makes one consolidated payment each month to each holder of GNMA Program Securities. Mortgages underlying a particular GNMA Program Security may have varying annual interest rates within a prescribed range. The annual interest rate on each GNMA Program Security is equal to one-half percent less than the annual interest rate on the mortgage loans included in the pool of mortgages backing such GNMA Program Security. Payments are made by the paying and transfer agent to the registered holder by the 20th day of each month.

GNMA will have approved the issuance of each of the GNMA Program Securities in accordance with a guaranty agreement (the “Guaranty Agreement”) between GNMA and the mortgage lender originator of such GNMA Program Security. Pursuant to the Guaranty Agreement, the mortgage lender is required to advance its own funds in order to make timely payments of all amounts due on the GNMA Program Security even if the payments received by the mortgage lender on the FHA, RD and the VA mortgage loans backing the GNMA Program Security are less than the amounts due on such GNMA Program Security. Pursuant to the Guaranty Agreement, GNMA guarantees the timely payment of principal of, and interest on, such GNMA Program Security.

If a mortgage lender is unable to make payments on a GNMA Program Security as they become due, it is required to promptly notify GNMA and request GNMA to make such payment. Upon such notification and request, GNMA will make such payments directly to the registered holder of the GNMA Program Security. In the event no payment is made by a mortgage lender and the mortgage lender fails to notify and request GNMA to make such payment, the holder of the GNMA Program Security has recourse only against GNMA to obtain such payment.

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**FORM OF PROPOSED OPINION OF CO- BOND COUNSEL TO THE
AUTHORITY FOR THE PARITY BONDS**

Upon the delivery of the Parity Bonds, Co-Bond Counsel to the Authority, Hawkins Delafield & Wood LLP, Edwards Angell Palmer & Dodge LLP and Lewis & Munday, A Professional Corporation, each proposes to deliver a final approving opinion in substantially the following form:

CONNECTICUT HOUSING FINANCE AUTHORITY
999 West Street
Rocky Hill, Connecticut 06067

Ladies and Gentlemen:

As Co-Bond Counsel to the Connecticut Housing Finance Authority (the “Authority”), a body politic and corporate constituting a public instrumentality and political subdivision of the State of Connecticut (the “State”) organized and existing under the Connecticut Housing Finance Authority Act, constituting Chapter 134 of the General Statutes of Connecticut, as amended (the “Act”), and other laws of the State, we have examined a record of proceedings relating to the Conversion (as defined below) of \$47,290,000 Single Family Special Obligation Bonds, Series 2009-1 (the “Series 2009-1 Bonds”) and \$52,710,000 Single Family Special Obligation Bonds, Series 2009-2 (the “Series 2009-2 Bonds,” and together with the Series 2009-1 Bonds, the “Converted Bonds”) and a record of proceedings relating to the issuance of \$66,670,000 Single Family Special Obligation Bonds, Series 2010-1 (the “Series 2010-1 Bonds,” and together with the Converted Bonds, the “Parity Bonds”). Upon the original issuance of the Converted Bonds, the proceeds thereof, less certain fees, were deposited into an escrow fund. The Authority has elected, as of the date hereof, to cause the conversion of the interest rate from a short-term rate to a permanent rate and the release of moneys from such escrow fund, in accordance with the terms of the SFSOB Resolution (as defined below), in an amount corresponding to the aggregate principal amount of the Converted Bonds (the “Conversion”).

The Parity Bonds are authorized pursuant to the Act and the Bond Resolution of the Authority adopted November 19, 2009, as supplemented as of September 30, 2010, entitled “Bond Resolution Providing for the Issuance of Single Family Mortgage Revenue Bonds of the Connecticut Housing Finance Authority and for the Rights of the Holders Thereof,” (as amended from time to time, the “SFSOB Resolution”). The Single Family Special Obligation Bonds, including the Parity Bonds, are authorized to be converted or issued, as applicable, pursuant to the SFSOB Resolution for the purpose of providing sufficient funds to carry out the Authority’s Single-Family Mortgage Revenue Bond Program as described in the SFSOB Resolution, which includes, among other things, participation in the purchase or making of mortgage loans to primarily finance the purchase of Single Family Housing (as defined in the SFSOB Resolution) in the State. The Authority is authorized to issue bonds, in addition to the Parity Bonds, upon the terms and conditions set forth in the SFSOB Resolution and such bonds, when issued, shall, with the Parity Bonds, be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the SFSOB Resolution.

The Parity Bonds are dated, will mature on the dates, will bear interest at the rates and are subject to redemption prior to maturity, all as set forth in or determined pursuant to the SFSOB Resolution.

Applicable Federal tax law establishes certain requirements that must be met subsequent to the Conversion or issuance, as applicable, of the Parity Bonds in order that interest on the Parity Bonds be and remain excluded from gross income under the Internal Revenue Code of 1986, as amended (the “Code”). The Authority has adopted the SFSOB Resolution and procedural documents, including the Single Family Program Determinations (as defined in the SFSOB Resolution), which set forth procedures under which such requirements can be met. The Authority has covenanted in the SFSOB Resolution to do and perform all acts required by the Code in order to assure that the interest on such Bonds shall not be included in gross income of the owners thereof pursuant to the Code. In

rendering this opinion, we have relied on such covenant and have assumed the Authority's compliance with and enforcement of provisions of the SFSOB Resolution and such procedures.

We are of the opinion that:

1. Under the Constitution and laws of the State, the Authority has been duly created and validly exists as a body politic and corporate, performing an essential public function with good right and lawful authority, among other things, to carry out the Single-Family Mortgage Revenue Bond Program, including participating in the purchase or making of mortgage loans thereunder to primarily finance the purchase of housing in the State, to provide sufficient funds therefor by the adoption of the SFSOB Resolution and to perform its obligations with respect to the Parity Bonds under the terms and conditions of the SFSOB Resolution.

2. The SFSOB Resolution has been duly adopted by the Authority and is valid and binding upon the Authority and enforceable against the Authority in accordance with its terms.

3. The Parity Bonds are valid and legally binding special obligations of the Authority and are secured by a valid pledge of and lien upon the Assets, which the SFSOB Resolution purports to create, subject only to the provisions of the SFSOB Resolution.

4. The Parity Bonds do not constitute a debt or liability of the State or bonds issued or guaranteed by the State within the meaning of Section 3-21 of the General Statutes of Connecticut or a pledge of its full faith and credit or of its taxing power and are payable solely from the funds provided therefor pursuant to the SFSOB Resolution.

5. Under existing statutes and court decisions, and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Parity Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; (ii) interest on the Series 2010-1 Bonds and the Series 2009-2 Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax, and (iii) interest on the Series 2009-1 Bonds is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code.

6. Under existing statutes, interest on the Parity Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the alternative minimum tax imposed under the Code with respect to individuals, trusts and estates.

We express no opinion regarding any other Federal or state tax consequences with respect to the Parity Bonds. We render our opinion under existing statutes and court decisions as of the date hereof (which is, respecting the Converted Bonds, the date of the Conversion), and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to our attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel (other than Co-Bond Counsel, to the extent that we also render such opinion) on the exclusion from gross income for Federal income tax purposes of interest on the Parity Bonds, or under state and local tax law.

In rendering this opinion, we are advising you that the enforceability of rights and remedies with respect to the Parity Bonds may be limited by bankruptcy, insolvency and other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

We have examined an executed Series 2009-1 Bond, Series 2009-2 Bond and Series 2010-1 Bond, and the forms of said Bonds and their execution are regular and proper.

Very truly yours,

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SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING

The following is a summary of the Authority’s written undertaking (i) with respect to the Converted Bonds, pursuant to the requirements of the Placement Agreement with the GSEs and (ii) with respect to the Series 2010-1 Bonds, for the benefit of the Bondholders pursuant to Rule 15c2-12(b)(5), and in each case as authorized by Public Act No. 95-270, set forth as Appendix C to the SFSOB Resolution. Various words or terms used in the following summary are defined in the SFSOB Resolution and reference thereto is made for full understanding of their import. See also Appendix E to this Official Statement. Reference is also made to Rule 15c2-12 (defined herein as the “Rule”) and to Public Act No. 95-270 for full understanding of their import.

Definitions [Section 102]

The following definitions relate specifically to the Authority’s written undertaking pursuant to and in accordance with the Placement Agreement with the GSEs and the Rule, as applicable, and authorized by Public Act No. 95-270, which undertaking is set forth in Appendix C to the SFSOB Resolution for the benefit of the Owners and Bondholders, as the case may be:

“Annual Financial Information” means, with respect to the Single-Family Mortgage Revenue Bond Program, collectively,

(A) (i) the Audited Financial Statements of the SFSOB Resolution for the preceding Fiscal Year (commencing with the Fiscal Year beginning on or after January 1, 2010), and Unaudited Financial Statements for such Fiscal Year if such Audited Financial Statements are unavailable, pursuant to Sections 103 and 104 hereof;

(ii) identification of all Bonds issued by the Authority and Outstanding Bonds under the SFSOB Resolution including a table summarizing certain Bond information, such as coupon rates and call features;

(iii) data reflecting the Single-Family Mortgage Revenue Bond Program consisting of the Authority’s single family Authority Mortgage Loan portfolio, including delinquencies and foreclosures, payment received from mortgage insurance and prepayments.

(B) such narrative explanation as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of such financial and operating data listed in (A) above.

Any or all of the items listed above may be included by specific reference to other documents which (i) are available on the MSRB’s Internet Web site or (ii) have been filed with the SEC.

In the event that any of the financial information or operating data constituting Annual Financial Information that no longer can be generated because the operations to which such information or data relate have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information.

“Audited Financial Statements” means, with respect to the Single-Family Mortgage Revenue Bond Program, the annual financial statements of the SFSOB Resolution, audited by such auditor as shall then be required or permitted by State law. Audited Financial Statements shall be prepared in accordance with GAAP; provided, however, that the Authority may from time to time, if required by federal or State legal requirements, modify the basis upon which its financial statements are prepared. Notice of any such modification shall include a reference to the specific federal or State law or regulation describing such accounting basis and shall be provided by the Authority to the Trustee, who shall promptly deliver such notice to the MSRB.

“GAAP” means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board (“GASB”).

“Listed Event” means any of the following events, if material, with respect to any Bonds under the SFSOB Resolution:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions or events affecting the tax-exempt status of the security;
- (vii) Modifications to rights of security Owners;
- (viii) Bond calls;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities; and
- (xi) Rating changes.

“Listed Event Notice” means notice of a Listed Event required to be provided pursuant to Section 105 hereof.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Official Statement” means the “final official statement”, as defined in paragraph (f)(3) of the Rule, relating to any Series of Bonds.

“Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of the SFSOB Resolution, including any official interpretations thereof issued either before or after such date which are applicable to Appendix C of the SFSOB Resolution.

“SEC” means the United States Securities and Exchange Commission.

“Unaudited Financial Statements” means the same as Audited Financial Statements, except that they shall not have been audited.

Purpose [Section 101]

Appendix C shall constitute the written undertaking for the benefit of the Owners of the Bonds required by Section (b)(5)(i) of the Rule and authorized by Public Act No. 95-270, and shall apply to all Bonds of the Authority under the SFSOB Resolution.

Submission of Annual Financial Information Statements [Section 103]

(A) The Authority shall, while any Bonds are Outstanding, provide to the Trustee, when completed, Annual Financial Information, in an electronic format as prescribed by the MSRB, with respect to each Fiscal Year of the Authority beginning on or after January 1, 2008, which Annual Financial Information is expected to be completed within 180 days of the end of such Fiscal Year (the "Submission Date"). Annual Financial Information may be provided in one document or multiple documents, and at one time or in part from time to time. The Authority shall include with each such submission of Annual Financial Information a written representation addressed to the Trustee to the effect that the Annual Financial Information so submitted is the Annual Financial Information required pursuant to Section 103, and that such Annual Financial Information complies with the applicable requirements of Appendix C. The Trustee shall provide to the MSRB such Annual Financial Information on or before four (4) Business Days following the Submission Date (the "Report Date") while any Bonds are Outstanding or, if not received by the Trustee by the Submission Date, then within three (3) Business Days of its receipt by the Trustee.

(B) It shall be sufficient if the Authority provides to the Trustee and the Trustee provides to the MSRB the Annual Financial Information by specific reference to documents available to the public on the MSRB's Internet website or previously filed with the Securities and Exchange Commission.

Submission of Audited Financial Statements [Section 104]

The Authority shall submit to the Trustee by the Submission Date Audited Financial Statements for each Fiscal Year beginning on or after January 1, 2008, when and if available while any Bonds are Outstanding, whether as part of the Annual Financial Information or separately, which Audited Financial Statements the Trustee shall then provide to the MSRB by the Report Date. If Audited Financial Statements for any Fiscal Year are not so provided to the Trustee by the Submission Date, the Authority shall provide to the Trustee (i) by the Submission Date, Unaudited Financial Statements for such Fiscal Year as part of the Annual Financial Information required to be delivered pursuant to Section 103 hereof, and (ii) when available, Audited Financial Statements for such Fiscal Year, which Audited Financial Statements the Trustee shall provide to the MSRB within three (3) Business Days of its receipt thereof.

Listed Event Notices [Section 105]

(A) If a Listed Event occurs while any Bonds are Outstanding, the Authority shall provide the MSRB, in an electronic format as prescribed by the MSRB, such Listed Event Notice. Each Listed Event Notice shall be so captioned and shall prominently state the date, title and CUSIP numbers of the applicable Bonds.

(B) The Trustee shall promptly advise the Authority whenever, in the course of performing its duties as Trustee under the SFSOB Resolution, the Trustee identifies an occurrence which, if material, would require the Authority to provide a Listed Event Notice under Section 105; provided, however, that the failure of the Trustee so to advise the Authority shall not constitute a breach by the Trustee of any of its duties and responsibilities under Appendix C or the SFSOB Resolution.

Notification by Trustee of Failure by the Authority to File Annual Financial Information [Section 106]

(A) The Authority shall, while any Bonds are Outstanding, provide, in a timely manner, notice of any failure of the Authority to provide the Annual Financial Information by the date specified in paragraph (A) of Section 103 hereof to the Trustee. Upon receipt of such notice, the Trustee shall provide, in a timely manner, notice of such failure of the Authority to provide the Annual Financial Information by such date to the MSRB.

(B) The Trustee shall, while any Bonds are Outstanding and without further direction or instruction from the Authority, provide in a timely manner to the MSRB notice of any failure to provide to the MSRB Annual Financial Information on or before the Report Date (whether caused by failure of the Authority to provide such information to the Trustee by the Submission Date or for any other reason). For the purposes of determining

whether information received from the Authority is Annual Financial Information, the Trustee shall be entitled conclusively to rely on the Authority's written representation made pursuant to paragraph (A) of Section 103 hereof.

Additional Information [Section 107]

(A) Nothing in Appendix C shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in Appendix C or any other means of communication, or including any such other information in any Annual Financial Information or Listed Event Notice, in addition to that required hereby. If the Authority should so disseminate or include any such additional information, the Authority shall have no obligation under Appendix C to update, provide or include such additional information in any future materials disseminated pursuant to Appendix C or otherwise.

(B) If the Authority provides to the Trustee additional information as described in paragraph (A) above, and such additional information is not included in any Annual Financial Information or Listed Event Notice, the Authority may direct the Trustee to provide such additional information to information repositories, upon which direction the Trustee shall provide such additional information in a timely manner to the MSRB.

Reference to Other Documents [Section 108]

It shall be sufficient for purposes of Section 103 hereof if the Authority provides Annual Financial Information by specific reference to documents (i) available to the public on the MSRB's Internet web site or (ii) previously filed with the SEC.

Transmission of Information and Notices [Section 109]

Unless otherwise required by law and, in the Authority's sole determination, subject to technical and economic feasibility, the Authority and the Trustee shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of the information and notices required to be delivered pursuant to the provisions of Appendix C.

Change in Fiscal Year, Submission Date and Report Date [Section 110]

The Authority may adjust the Submission Date and the Report Date if the Authority changes its Fiscal Year by providing written notice of such change in Fiscal Year and the new Submission Date and Report Date to the Trustee, which written notice the Trustee shall then promptly deliver to the MSRB; provided, however, that the new Submission Date shall be no more than 180 days after the end of such new Fiscal Year and the new Report Date shall be no more than four (4) Business Days following the new Submission Date, and provided further that the period between the final Report Date relating to the former Fiscal Year and the initial Report Date relating to the new Fiscal Year shall not exceed one year in duration.

Termination [Section 111]

(A) The Authority's and the Trustee's obligations under Appendix C shall terminate immediately once the Bonds are no longer Outstanding.

(B) Appendix C, or any provision thereof, shall be null and void in the event that the Authority delivers to the Trustee a Counsel's Opinion, addressed to the Authority and the Trustee, to the effect that those portions of the Rule which require the provisions of Appendix C, or any of such provisions, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion. The Trustee shall, upon receipt of such opinion, promptly provide copies thereof to the MSRB.

Amendment [Section 112]

(A) Appendix C may be amended, by written agreement of the parties, without the consent of the Owners of the Bonds (except to the extent required under clause (3)(ii) below), if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Authority or the type of business conducted thereby; (2) Appendix C, as so amended would have complied with the requirements of the Rule as of the date of the SFSOB Resolution, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (3) either (i) the Authority shall have delivered to the Trustee a Counsel's Opinion, addressed to the Authority and the Trustee, which opinion states that the amendment does not materially impair the interests of the Owners of the Bonds, or (ii) the Owners of the Bonds consent to the amendment to Appendix C pursuant to the same procedures as are required for amendments to the SFSOB Resolution with consent of Owners of Bonds pursuant to Section 803 of the SFSOB Resolution as in effect on the date of the SFSOB Resolution. In the event the Authority delivers to the Trustee a Counsel's Opinion pursuant to sub-paragraph (3)(i) of this subsection 112(A), the Trustee shall promptly deliver copies of such opinion and amendment to the MSRB.

(B) In addition to subsection (A) above, Appendix C may be amended and any provision of Appendix C may be waived, by written agreement of the parties, without the consent of the Owners of the Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of the SFSOB Resolution, which is applicable to Appendix C and (2) the Authority shall have delivered to the Trustee a Counsel's Opinion, addressed to the Authority and the Trustee, to the effect that performance by the Authority and Trustee under Appendix C as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule. Upon receipt by the Trustee of such Opinion, the Trustee shall promptly deliver copies of such Opinion and amendment to the MSRB.

(C) In the event of any amendment respecting the type of operating data or financial information contained in the Authority's Annual Financial Information, the Authority shall, in accordance with the Rule or any interpretation thereof by the SEC, provide in the first Annual Financial Information provided thereafter a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(D) In the event of any amendment specifying the accounting principles to be followed in preparing financial statements, the Annual Financial Information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. In the event of any such change in accounting principles, the Authority shall deliver notice of such change in a timely manner to the Trustee, upon receipt of which the Trustee shall promptly deliver such notice to the MSRB.

Benefit; Third-Party Beneficiaries; Enforcement [Section 113]

(A) The provisions of Appendix C shall inure solely to the benefit of the Owners from time to time of the Bonds, except that beneficial owners of Bonds shall be third-party beneficiaries of Appendix C.

(B) Except as provided in this subsection (B), the provisions of Appendix C shall create no rights in any person or entity. The obligations of the Authority to comply with the provisions of Appendix C shall be enforceable (i) in the case of enforcement of obligations to provide Audited Financial Statements, Annual Financial Information, operating data and notices, by any Owner of Outstanding Bonds, or by the Trustee on behalf of the Owners of Outstanding Bonds, or (ii), in the case of challenges to the adequacy of the financial statements, financial information and operating data so provided, by the Trustee on behalf of the Owners of Outstanding Bonds; provided, however, that the Trustee shall not be required to take any enforcement action except at the direction of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding who shall have provided the Trustee with adequate security and indemnity. The Owners' and Trustee's rights to enforce

the provisions of Appendix C shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Authority's obligations under Appendix C. In consideration of the third-party beneficiary status of beneficial owners of Bonds pursuant to subsection (A) of this Section 113, beneficial owners shall be deemed to be Owners of Bonds for purposes of this subsection (B). Without limiting the generality of the foregoing and except as otherwise provided in the SFSOB Resolution with respect to the Trustee, neither the commencement nor the successful completion of an action to compel performance under Appendix C shall entitle the Trustee or any other person to attorney's fees, financial damages of any sort or any other relief other than an order or injunction compelling performance.

(C) Any failure by the Authority or the Trustee to perform in accordance with Appendix C shall not constitute a default or an Event of Default under the SFSOB Resolution, and the rights and remedies provided by the SFSOB Resolution upon the occurrence of a default or an Event of Default shall not apply to any such failure.

(D) Appendix C shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of Appendix C shall be instituted in a court of competent jurisdiction in the State; provided, however, that to the extent Appendix C addresses matters of federal securities laws, including the Rule, Appendix C shall be construed in accordance with such federal securities laws and official interpretations thereof.

Duties, Immunities and Liabilities of Trustee [Section 114]

The Trustee shall have only such duties under Appendix C as are specifically set forth herein, and the Authority agrees to indemnify and save the Trustee, 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 under this Section 114, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Trustee's gross negligence or willful misconduct in the performance of its duties under this Section 114. Such indemnity shall be separate from and in addition to that provided to the Trustee under the SFSOB Resolution. The obligations of the Authority under this Section 114 shall survive resignation or removal of the Trustee and payment of the Bonds.

Duties, Immunities and Liabilities of Officials [Section 115]

Pursuant to Public Act No. 95-270, the Authority shall protect and save harmless any official or former official of the Authority from financial loss and expense, including legal fees and costs, if any, arising out of any claim, demand, suit or judgment by reason of alleged negligence on the part of such official, while acting in the discharge of his official duties, in providing secondary market disclosure information pursuant to Appendix C or performing any other duties set forth herein. Nothing in Appendix C shall be construed to preclude the defense of governmental immunity to any such claim, demand or suit. For purposes of this Section 115, "official" means any person elected or appointed to office or employed by the Authority. The Authority may insure against liability imposed by this Section 115 in any insurance company organized in the State or in any insurance company of another state authorized to write such insurance in the State or may elect to act as self-insurer of such liability. This Section 115 shall not apply to cases of willful and wanton fraud.

SUMMARY OF CERTAIN PROVISIONS OF THE SFSOB RESOLUTION

The Bond Resolution adopted on November 19, 2009, as supplemented September 30, 2010, providing for the issuance of Single Family Mortgage Revenue Bonds of the Connecticut Housing Finance Authority (the “Single Family Special Obligation Bond Resolution” or the “SFSOB Resolution”) contains various covenants and security provisions, certain of which are summarized below. Various words or terms used in the following summary are defined in the SFSOB Resolution and reference thereto is made for full understanding of their import. See also Appendix E to this Official Statement.

SFSOB Resolution Constitutes Contract (Section 103)

The provisions of the SFSOB Resolution (including any Written Determinations, executed by an Authorized Officer pursuant to the SFSOB Resolution) shall constitute a contract between the Authority, the Trustee and the Owners. The pledge made in the SFSOB Resolution and the provisions, covenants and agreements set forth in the SFSOB Resolution to be performed by or on behalf of the Authority shall be for the benefit, protection and security of the Owners. All of the Bonds and any Hedge, Exchange Agreement, Enhancement Agreement or Other Financial Agreement payable from Assets, regardless of the time or times of their issuance, execution, or maturity, shall be of equal rank without preference, priority or distinction, except as otherwise expressly provided in or determined pursuant to a Supplemental Bond Resolution in accordance with Section 701 (8) or Section 701(9) of the SFSOB Resolution.

Bonds as Special Obligations of the Authority (Section 104)

The obligation of the Authority with respect to the payment of any Bond Amount shall be a special obligation of the Authority payable solely out of and secured by the Assets pledged under the SFSOB Resolution except as otherwise expressly provided in or determined pursuant to a Supplemental Bond Resolution in accordance with Section 701 (8) or Section 701 (9) of the SFSOB Resolution.

Assets and the Pledge Thereof (Sections 105 and 106)

“Asset” means any Authority Mortgage Loan, Investment Obligation, Revenue, and, to the extent subject to the pledge of or lien on the SFSOB Resolution as of the effective date of the SFSOB Resolution or thereafter, any account of the Authority (other than the Rebate Account) created with the Trustee, including a payment account or escrow account, cash, Hedge, Exchange Agreement, Enhancement Agreement or Other Financial Agreement, excluding, however, the following: Defeasance Obligations in any Defeasance Account are not Assets; and Investments and moneys held in the Escrow Fund are not Assets and are pledged in accordance with their terms only to the payment of the Escrow Bonds.

Subject only to the provisions of the SFSOB Resolution permitting the Authority to withdraw, transfer, sell, exchange or otherwise apply Assets and permitting the application of certain monies for the purposes and under the terms set forth therein, and to the payment to the Trustee and the Paying Agents and depositories of compensation for their services and expenses, a pledge of Assets is made to secure the payment of the Authority’s obligations with respect to the SFSOB Resolution, including any and all Bond Amounts, except as otherwise expressly provided in or determined pursuant to a Supplemental Bond Resolution in accordance with Section 701 (8) or Section 701 (9) of the SFSOB Resolution. A pledge of funds and investments in any Payment Account and Defeasance Obligations in any Defeasance Account is made to secure the payment of the Authority’s obligations (including any and all Bond Amounts) on the Bonds, any Enhancement Agreement, any Hedge, any Exchange Agreement and any Other Financial Agreement with respect to which such funds and investments and Defeasance Obligations are so deposited. Funds and investments held in the Escrow Fund are confirmed to secure only the payment of the Escrow Bonds.

Subject only to the right of the Authority to withdraw, transfer, sell, exchange or otherwise apply Assets in accordance with the provisions of the SFSOB Resolution, the Assets, regardless of their location or method of

identification, are and shall be held in trust for the purposes and under the terms and conditions of the SFSOB Resolution.

Revenue Test (Sections 101 and 513)

Prior to effecting any proposed action subject to this Revenue Test, an Authorized Officer's Certificate shall be submitted to the Trustee when necessary for the Trustee to perform its duties under the SFSOB Resolution and shall be based on such Supporting Cash Flows consistent with Section 513(a) of the SFSOB Resolution, which demonstrate and conclude that, subsequent to the effecting of such action, the anticipated Revenues to be derived from all Assets that are to remain or anticipated to become subject to the lien on or pledge of the SFSOB Resolution shall be at least sufficient to pay all Bond Amounts as such Bond Amounts are or are anticipated to become due and payable (by purchase, redemption, or otherwise) and Single Family Program Expenses. Each Revenue Test shall include a description of the action to be taken to reach the conclusion set forth above. Revenue Tests shall (1) take into account the financial position of the Bond Resolution as of the stated starting date of the projection, (2) reflect all the significant transactions that have occurred in the period commencing with such starting date and ending with a date no more than ninety (90) days prior to the date of such projections, (3) shall be consistent with the SFSOB Resolution (as amended, modified, and supplemented), and any applicable Bond Limitations and Single Family Program Determinations, and (4) shall assume compliance with the Authority's current operating policies to the extent not otherwise included in the applicable Bond Limitations and in Single Family Program Determinations. The scenarios or assumptions included in a particular Revenue Test shall be consistent with those included in the immediately preceding Revenue Test delivered by the Authority, unless such set of scenarios or assumptions are no longer applicable under the circumstances. The Authority shall cause scenarios to be prepared and to make assumptions as may be required by a Rating Agency and to reflect alternative assumptions with respect to prepayment patterns of the Authority Mortgage Loans, default and loss patterns of the Authority Mortgage Loans, levels of origination of the Authority Mortgage Loans, and rates of return on Investment Obligations and reflect additional assumptions, among others, as to the timing of receipt of Revenues, the level of Single Family Program Expenses, and the performance of swap, investment, and financial service counterparties but need not reflect (other than the transaction for which prepared) any future issuance of any additional Bonds, long-term remarketing of any outstanding Bonds, adoption of any Supplemental Resolution, or any amendment of the Single Family Program Determinations, even though the Authority is permitted to undertake any of the foregoing. Such Officer's Certificate shall be deemed a Cash Flow Certificate within the meaning of Appendix A and for the purposes of Section 509 of the SFSOB Resolution.

Whenever (i) the Authority wishes to change any scenario required by the Rating Agency that had been utilized in the next prior Revenue Test or (ii) there is reference in the SFSOB Resolution to a confirmation of the Rating, the Authority shall have prepared a new Revenue Test with Supporting Cash Flows and submit same to the Rating Agency for confirmation of the then current Rating. No such policy or alternative scenario shall be changed, effected or action undertaken without a Rating Agency Confirmation or Rating Agency Notice.

If any Supporting Cash Flows shall show a deficiency in any Fiscal Year in the amount of funds expected to be available for the purposes described in the SFSOB Resolution during such Fiscal Year, the Authority shall not be in default under the SFSOB Resolution but shall take all reasonable actions to eliminate such deficiency.

Authorization of Bonds (Section 201)

(a) In order to provide sufficient funds for the operation of the Single Family Program or for the refunding of Bonds, Bonds of the Authority are authorized to be issued and secured from time to time under the SFSOB Resolution in one or more Series without limitation as to amount except as may be provided by law. A Series of Bonds are authorized to be issued from time to time by the Authority in such amounts and upon such terms and conditions as shall be set forth in or determined pursuant to a Written Determination approved by an Authorized Officer pursuant to Section 301 of the SFSOB Resolution, which Written Determination shall confirm or prescribe the applicable Bond Limitations and the applicable Single Family Program Determinations and evidence satisfaction of the Revenue Test (as of date of issuance). The initial Bonds to be issued in compliance with and in response to the NIBP Program as Escrow Bonds (with the net amount of proceeds of such Bonds together with a contribution by the Authority being fully invested in an Escrow Fund) need not be and shall not be subject to any Revenue Test or any Bond Limitations. To the extent permitted by law, the Written Determination of the Authorized Officer respecting such Escrow Bonds shall include such matters as may be appropriate or necessary to meet the requirements of the NIBP Program.

(b) Bond Limitations shall specify, or set forth the manner for determining, as of its date, the following limitations and procedures with respect to Bonds issued:

(1) *Application of the Revenue Account to make payments and transfers pursuant to Section 404(f) of the SFSOB Resolution or to provide for periodic withdrawals pursuant to Section 410 therein.* With respect to each Subaccount of the Revenue Account, the procedures (including specification of the frequency of and dates for computations as to the amounts to be transferred and the related dates on which such transfers are to be made) to be followed in determining:

- (i) the maximum periodic payment of Single Family Program Expenses;
- (ii) the amount on each such date that shall be transferred to the Subaccount of the Revenue Account of any other Series;
- (iii) the amount on each such date that shall be transferred to the related Subaccount of the Loan Account;
- (iv) the amount on each such date that shall be transferred to the related Subaccount of the Debt Service Reserve Account;
- (v) the amount on each such date that shall be transferred to the Subaccount of the Redemption Account of any Series;
- (vi) the amount on each such date that shall be retained in such account in excess of the amount required by Section 404(f) of the SFSOB Resolution; and
- (vii) the amount on each such date that shall be available for withdrawal pursuant to the requirements of Section 410 of the SFSOB Resolution.

(2) *Application of the Redemption Accounts to redeem Bonds pursuant to Section 601(b) of the SFSOB Resolution.* With respect to each Subaccount of the Redemption Account, to the extent that the Authority is not obligated to apply amounts on deposit therein to the redemption of specific Bonds pursuant to Section 601(c) of the SFSOB Resolution, the procedures to be followed in determining:

- (i) the amount, date for redemption, and the selection of Bonds of the related Series to be redeemed (including the designation of the reduction of Sinking Fund Installments) from unexpended amounts transferred from any Loan Account;
- (ii) the amount, date for redemption, and the selection of Bonds of the related Series to be redeemed (including the designation of the reduction of Sinking Fund Installments) from amounts transferred from any Revenue Account as required to satisfy any Tax Covenant;
- (iii) the amount, date for redemption, and the selection of Bonds of any Series (as permitted by the Supplemental Bond Resolutions) to be redeemed (including the designation of the reduction of Sinking Fund Installments) from any other amounts transferred from any Revenue Account; and

(3) *Application of the excess amounts in the Debt Service Reserve Accounts for transfer to the Revenue Account pursuant to Section 407(c) of the SFSOB Resolution.* With respect to each Subaccount of the Debt Service Reserve Account, the procedures (including specification of the frequency of and dates for computations as to the amounts to be transferred and the related dates on which such transfers are to be made) to be followed in determining the amount of such excess to be transferred to the related Subaccount of the Revenue Account.

(c) Single Family Program Determinations shall specify, or set forth the manner for determining, as of its date, the requirements with respect to each Authority Mortgage Loan (or with respect to any group of Authority Mortgage Loans in an aggregate specified amount) to be purchased or in which a participation is to be purchased pursuant to Section 403 of the SFSOB Resolution and (b) the requirements as to transfer of unexpended amounts to the Redemption Account pursuant to Section 402(e) or Section 402(g) therein, including:

- (i) the security instrument and whether such security instrument shall be a lien or, Program Security, and, if a lien, the priority of such lien;
- (ii) the physical characteristics of the property being financed, whether such property is newly constructed or substantially rehabilitated, the ownership position of the borrower, and whether the property will be the principal residence of the borrower;
- (iii) the credit standards to be applied to the borrower;
- (iv) the terms of primary mortgage insurance, the levels of coverage thereof, and the applicable loan to value ratios;
- (v) the terms of Supplemental Mortgage Coverage;
- (vi) the maximum term to maturity and the structure of scheduled repayments;
- (vii) the minimum and maximum interest rate;
- (viii) the minimum and maximum participation interest rate;
- (ix) the first and last purchase date;
- (x) the purchase price to be paid;
- (xi) the amounts of points to be collected from and origination fees to be paid by the borrower; and
- (xiii) the date(s) on which unexpended amounts shall be transferred to the Redemption Account.

Establishment of Accounts (Section 401)

The Authority establishes and creates the following special trust accounts and subaccounts:

- (1) Loan Account;
- (2) Revenue Account;
- (3) Redemption Account;
- (4) Debt Service Reserve Account; and
- (5) Rebate Account.

All such Accounts shall be held and maintained by the Trustee, including one or more Depositories in trust for the Trustee, and shall be identified by the Authority and the Trustee according to the designations in the SFSOB Resolution provided in such manner as to distinguish such Accounts from the Accounts established by the Authority for any other of its obligations. All moneys or securities held by the Trustee or any Depository pursuant to the SFSOB Resolution shall be held in trust, may be commingled for purpose of investment in Investment Obligations, and shall be applied only in accordance with the provisions of the SFSOB Resolution and the Act.

The SFSOB Resolution contemplates the establishment of subaccounts within the Accounts created pursuant to the SFSOB Resolution. In addition to the subaccounts established under the SFSOB Resolution, the Trustee may from time to time, establish, maintain, close and reestablish such subaccounts as may be requested by the Authority for convenience of administration of the Single Family Program and as shall not be inconsistent with the provisions of the SFSOB Resolution. Notwithstanding anything in the SFSOB Resolution to the contrary, to the extent provided in a Supplemental Bond Resolution, the Authority may cause the Trustee to establish an Account or Subaccount into which the net proceeds of a Series of Bonds shall be deposited, held, applied and invested separate and apart from all other funds on deposit under the SFSOB Resolution and such Supplemental Bond Resolution may provide that amounts on deposit therein are pledged solely to certain of the Bonds of such Series.

The Authority may withdraw all or any portion of the amounts deposited under the SFSOB Resolution from the proceeds of any Series or from other sources delivered in connection with the deposit of such proceeds (or any assets or Revenues relating to such proceeds or other amounts) for the purpose of providing separate security for any obligations issued pursuant to the provisions of the SFSOB Resolution; provided that (i) such amounts shall be transferred solely for the purpose of securing such obligations, (ii) such obligations shall no longer be secured pursuant to the provisions of the SFSOB Resolution or be entitled to the benefits and protection of the SFSOB Resolution or of the pledge established by Section 401 of the SFSOB Resolution and (iii) such withdrawal and transfer has been provided for in the Supplemental Bond Resolution authorizing such Bonds and is subject to the condition that it not impair the then existing Rating on the Bonds (including such obligations).

Loan Account (Section 402)

There shall be deposited from time to time in the Loan Account (i) any proceeds of Bonds or other amounts required to be deposited therein pursuant to the SFSOB Resolution and (ii) any other amounts determined to be deposited therein from time to time

Amounts in the Loan Account shall be expended only, consistent with the most recent Single Family Program Determinations, Bond Limitations or Revenue Test, (i) to finance Authority Mortgage Loans, in accordance with Section 403 of the SFSOB Resolution; (ii) to pay Costs of Issuance; (iii) to make deposits in the Revenue Account, representative of capitalized interest, in the manner provided in subsection (d) of Section 402 of the SFSOB Resolution; (iv) to redeem Bonds in accordance with subsection (e) of Section 402 of the SFSOB Resolution; (v) to provide for the payment of accrued interest with respect to Authority Mortgage Loans to be financed under the SFSOB Resolution; and (vi) to provide amounts for deposit in the Revenue Account in accordance with subsection (f) of Section 402 of the SFSOB Resolution. All Authority Mortgage Loans financed by application of amounts in the Loan Account shall be credited to the Loan Account.

The Trustee shall pay out and permit the withdrawal of amounts on deposit in the Loan Account at any time for the purpose of making payments pursuant to Section 402 of the SFSOB Resolution, but only upon receipt of:

- (i) a written requisition setting forth the amount to be paid, the person or persons to whom such payment is to be made (which may be or include The Authority) and, in reasonable detail, the purpose or purposes of such withdrawal; and
- (ii) a Certificate of an Authorized Officer identifying such requisition and stating that the amount to be withdrawn from the Loan Account pursuant to such requisition is a proper charge thereon and, consistent with the most recent Single Family Program Determinations or Bond Limitations and, if such requisition is made to finance the acquisition of Authority Mortgage Loans, that (i) the terms of such Authority Mortgage Loans conform to the description of the Authority Mortgage Loans to be financed from such amount as described in accordance with Section 402 of the SFSOB Resolution, and (ii) such Authority Mortgage Loans comply with the provisions of Section 403 of the SFSOB Resolution.

At least one day prior to each Interest Payment Date the Authority may deliver to the Trustee a Certificate of an Authorized Officer setting forth the amount necessary, in the opinion of such Authorized Officer, to pay interest on the Bonds of each Series from the amount on deposit in the Loan Account, after giving effect to the actual and expected application of amounts therein to the financing of Authority Mortgage Loans as of the date of such Certificate. Upon receipt of such Certificate the Trustee shall transfer the amount so stated for each Series to

the Revenue Account, but only to the extent that the cumulative amount of such transfers does not exceed for each Series the amount stated as necessary to be reserved in the Loan Account for the purpose of paying capitalized interest pursuant to the Certificate of an Authorized Officer delivered in connection with the delivery of such Series pursuant to subsection 402(a) of the SFSOB Resolution plus the amount, if any, certified by an Authorized Officer as available for such purpose from amounts originally reserved in the Loan Account for the payment of capitalized interest and Costs of Issuance with respect to other Series in excess of the amounts actually required therefor. Except to the extent that amounts have been reserved for such purpose pursuant to Section 402 of the SFSOB Resolution, amounts in the Loan Account used to provide for the payment of accrued interest on Authority Mortgage Loans shall be treated as an investment of amounts in the Loan Account and shall not constitute Revenues.

Except to the extent otherwise required pursuant to a Supplemental Bond Resolution or by operation of Sinking Fund Installments, or redemptions mandated by Appendix A or the Tax Covenant, the Authority may at any time direct the Trustee in writing to transfer amounts in the Loan Account to the Redemption Account or to apply such amounts directly to the redemption, purchase or retirement of Bonds in accordance with their terms and the provisions of Article VI of the SFSOB Resolution, but only if there is delivered to the Trustee a Certificate of an Authorized Officer stating that such transfer is consistent with the most recent Revenue Test or satisfies a new Revenue Test.

At any time, the Authority may direct the Trustee to transfer amounts in the Loan Account, including Non-Mortgage Receipts, if any, to the Revenue Account or apply such amounts directly to the purchase or retirement of Bonds currently payable from the Revenue Account, but only if there is delivered to the Trustee a Certificate of an Authorized Officer stating that such transfer is consistent with the provisions of section 510 of the SFSOB Resolution. In addition, the Authority may at any time direct the Trustee to transfer amounts from the Loan Account into the Debt Service Reserve Account, upon delivery of a Certificate stating that such transfer is appropriate to meet the requirements of such Account.

In the event that the Authority shall, by law or otherwise, become, for more than a temporary period, either unable to continue to finance Authority Mortgage Loans pursuant to the SFSOB Resolution or shall suffer unreasonable burdens or excessive liabilities in connection therewith, the Authority shall with all reasonable dispatch deliver to the Trustee a Certificate stating either its inability or the occurrence of such an event and setting forth the amount, if any, required to be retained in the Loan Account for the purpose of meeting any existing obligations of the Authority payable therefrom, and the Trustee, after reserving therein the amount stated in such Certificate, shall transfer any balance remaining in the Loan Account to the Redemption Account.

The Authority may establish temporary Accounts within the Loan Account for the collection and custody of fees paid by the lending institutions or other persons in connection with the reservations of funds in the Loan Account for use in financing Authority Mortgage Loans to be originated by such lending institution or other person. To the extent that the Authority's agreements with such lending institution or other person provide for the refund of any such fees (or portions thereof) amounts may be withdrawn from any such Account in accordance with such Agreements, and any amounts not required to be so applied may, at the direction of an Authorized Officer of the Trustee, be applied to any other purpose of the Loan Account as provided in subsection (c) of Section 402 of the SFSOB Resolution.

Application of Amounts in the Loan Account (Sections 403)

No amount in the Loan Account shall be expended or applied for the purpose of financing Authority Mortgage Loans unless it shall have been underwritten in accordance with the Single Family Program Determinations and shall be either (i) a Program Security, or (ii) have been insured or guaranteed by the Federal Housing Administration, the United States Department of Agriculture Rural Development (formerly the "Farmers Home Administration), the Department of Veterans Affairs, or another agency or instrumentality of the United States that is exercising similar powers with reference to the insurance or guaranty, or (iii) uninsured, provided that the loan-to-value ratio of the Authority Mortgage Loans is no more than 80%.

Revenue Account (Section 404)

The Authority shall cause all Revenues to be deposited promptly with a Depository and to be transmitted regularly to the Trustee (at least sufficient to provide the required amounts one day prior to each Interest Payment Date) and such amounts shall be deposited in the Revenue Account. There shall also be deposited in the Revenue Account any other Bond Amounts required to be deposited therein pursuant to the SFSOB Resolution.

The Trustee shall pay out of the Revenue Account to the respective Paying Agents for any of the Bonds (i) on or before each Interest Payment Date, the amounts required for the payment of the Principal Installments, if any, and interest due on the Outstanding Bonds on such date (ii) on or before the Redemption Date or date of purchase, the amounts required for the payment of accrued interest on Outstanding Bonds to be redeemed or purchased for retirement, unless the payment of such accrued interest shall be otherwise provided for, and in each such case, such amounts shall be applied by such Paying Agents to such payments and to the respective party any other Bond Amount due thereon.

Prior to the forty-fifth day preceding the due date of each Sinking Fund Payment, any amount accumulated in the Revenue Account up to the unsatisfied balance of such Sinking Fund Installment may, and if so directed in writing by an Authorized Officer of the Authority shall, be applied (together with amounts accumulated in the Revenue Account with respect to interest on the Bonds for which such Sinking Fund Installment was established) by the Trustee as follows:

(1) to the purchase of Bonds of the Series and maturity for which such Sinking Fund Installment was established, at prices (including any brokerage and other charges) not exceeding the Redemption Price (which may be adjusted as provided in Section 405(b)) of the SFSOB Resolution for such Bonds when such Bonds are redeemable by application of said Sinking Fund Installment plus unpaid interest accrued to the date of purchase, such purchases to be made in such manner as the Trustee shall determine; or

(2) to the redemption, pursuant to Article VI of the SFSOB Resolution, of such Bonds if then redeemable by their terms at the Redemption Price referred to in clause (1) of the SFSOB Resolution.

Upon the purchase or redemption of any Bond pursuant to subsection (c) of Section 404 of the SFSOB Resolution, an amount equal to the principal amount of the Bond so purchased or redeemed shall be credited toward the next Sinking Fund Installment thereafter to become due and the amount of any excess of the amounts so credited over the amount of such Sinking Fund Installment shall be credited by the Trustee against future Sinking Fund Installments in direct chronological order, unless otherwise instructed in writing by an Authorized Officer at the time of such purchase or redemption. The portion of any Sinking Fund Installment remaining after the crediting thereto of any such amounts and of any amounts to be credited thereto as provided in this paragraph (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculating Sinking Fund Installments due on a future date.

As soon as practicable after the forty-fifth day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption pursuant to Section 605 of the SFSOB Resolution, on such due date, Bonds of the Series and maturity for which such Sinking Fund Installment was established in such amount as shall be necessary to complete the retirement of a principal amount of the Bonds of such maturity equal to the unsatisfied balance of such Sinking Fund Installment. The Trustee shall so call such Bonds for redemption whether or not it then has moneys in the Revenue Account sufficient to pay the applicable Redemption Price thereof on the Redemption Date. The Trustee shall pay out of the Revenue Account to the appropriate Paying Agents on the date preceding each such Redemption Date the amount required for the redemption of the Bonds so called for redemption, and such amount shall be applied by such Paying Agents to such redemption.

Notwithstanding any other provision of Section 404 but subject to compliance with requirements of Sections 504, 509 and 510 of the SFSOB Resolution, the Trustee may at any time, upon the written direction of an Authorized Officer, (i) make transfers, from the Revenue Account to the Loan Account, the Debt Service Reserve Account or the Redemption Account for the purposes thereof or (ii) make transfers from the Revenue Account to pay Single Family Program Expenses for the then current Fiscal Year. No such transfer or payment shall be made, however, unless there is on deposit in the Revenue Account after such transfer an amount equal to the principal and interest accrued on all Outstanding Bonds as of the date of such payment and to become due through the next Interest Payment Date.

Redemption Account (Section 405)

There shall be deposited in the Redemption Account any amounts which are required to be deposited therein pursuant to the SFSOB Resolution and any other amounts available therefor and determined by the Authority to be deposited therein. Subject to the provisions of the respective Series of Bonds and to the provisions of the respective Supplemental Bond Resolutions authorizing the issuance thereof and authorizing the issuance of Refunding Bonds, all amounts deposited in the Redemption Account shall be applied to the payment, purchase or redemption of Bonds, at the earliest practicable Redemption Date. Subject to the provisions of the SFSOB Resolution or of any Supplemental Bond Resolution authorizing the issuance of Bonds, requiring the application thereof to the payment, purchase or redemption of any particular Bonds, the Trustee shall apply any amounts deposited in the Redemption Account to the purchase or redemption of Bonds at the times and in the manner provided in Section 405 and Article VI of the SFSOB Resolution. Any earnings derived from the investment of amounts deposited in the Redemption Account pursuant to Section 204 of the SFSOB Resolution shall, to the extent required to provide amounts sufficient for the payment or redemption of Bonds in accordance with the conditions for issuance of Refunding Bonds set forth in said Section, be deposited in the Redemption Account. Amounts on deposit in the Redemption Account for the payment, purchase or redemption of any particular Bonds in accordance with the provisions of any Supplemental Bond Resolution authorizing the issuance of Refunding Bonds, including amounts derived from the investment thereof as provided in this paragraph shall be segregated and shall be identified as such on the records of the Trustee.

Except as may be otherwise provided in connection with the issuance of Refunding Bonds, at any time prior to the forty-fifth (45th) day upon which Bonds are to be paid or redeemed from such amounts, the Trustee may apply amounts in the Redemption Account to the purchase of any of the Bonds that may be paid or redeemed by application of amounts on deposit therein. The Authority may, however, by delivery to the Trustee of written instructions to such effect signed by an Authorized Officer, require or prohibit such purchases in the discretion of the Authority. The Trustee shall purchase Bonds at such times, for such prices, in such amounts and in such manner as the Authority shall from time to time direct or, in the absence of such direction, as the Trustee may determine in its sole discretion and as may be possible with the amounts then available therefor. The purchase price paid by the Trustee (excluding accrued interest but including any brokerage and other charges) for any Bond purchased shall not exceed the principal amount of such Bond unless such Bond may be redeemed in accordance with the SFSOB Resolution on any date or dates within thirteen (13) months after such purchase, in which event such purchase price shall not exceed the highest Redemption Price payable on any such date upon the redemption of such Bond. The maximum purchase price may be adjusted to reflect the effect of any expected difference between the rate of interest on the amount being held for redemption and the rate of interest on the applicable Bonds. In the event the Trustee is able to purchase Bonds at a price less than the Redemption Price or adjusted Redemption Price at which such Bonds were to be redeemed, then, upon the payment by the Trustee of the purchase price of such Bonds, the Trustee shall transfer the difference between the amount of such purchase price and the amount of such Redemption Price, and deposit the same in the Revenue Account.

Upon any purchase or redemption of Bonds of any Series or Subseries and maturity or maturities thereof for which sinking fund installments shall have been established other than by application of sinking fund installments, an amount equal to the applicable redemption prices thereof shall be credited toward a part or all of any one or more of such sinking fund installments, as directed by the Authority, or, failing such direction by the 15th day of the second month preceding the date of the applicable sinking fund installment, toward such sinking fund installments in inverse order of their due dates.

Except as otherwise specifically provided in the SFSOB Resolution, the Trustee shall have no obligation to purchase or attempt to purchase Bonds at a price below the Redemption Price or at any other price and any arm's length purchase by the Trustee shall conclusively be deemed fair and reasonable.

Debt Service Reserve Account (Section 407)

There shall be deposited in the Debt Service Reserve Account all amounts required to be deposited therein by the SFSOB Resolution or any Supplemental Bond Resolution and any other amounts available therefor and determined by the Authority to be deposited therein.

If on any Interest Payment Date or Redemption Date for the Bonds the amount in the Revenue Account and the Redemption Account, as applicable, shall be less than the amount required for the payment of the Principal Installments and interest due on the Outstanding Bonds for such date, the Trustee shall apply amounts from the Debt Service Reserve Account to the extent necessary to make good the deficiency.

If, concurrently with any allocation from the Revenue Account pursuant to subsection (b), or (f) of Section 404 of the SFSOB Resolution, or, on any date upon which a series certificate shall be delivered to the Trustee, the amount on deposit in the Debt Service Reserve Account, shall be in excess of the Debt Service Reserve Account Requirement, the Trustee shall, if so specified by the applicable Bond Limitations, transfer the amount of such excess to the Revenue Account.

Subject to any limitation provided in the Act, a Supplemental Bond Resolution may provide that the Debt Service Reserve Account Requirement may be funded through Cash Equivalents. For purposes of determining whether the Debt Service Reserve Account Requirement has been met, the amount in the Debt Service Reserve Account shall be deemed to include any amount payable thereunder on the demand of the Trustee without material conditions.

Rebate Account (Section 408)

There shall be deposited in the Rebate Account all amounts required by the Supplemental Bond Resolution authorizing a Series of Bonds to be deposited therein and any other amounts available therefor and determined by the Authority to be deposited therein. Amounts in the Rebate Account may be applied to any lawful purpose of the Authority consistent with Section 504 of the SFSOB Resolution.

Payment of Bond Amounts (Section 409)

“Bond Amount” means the one or more payments of Principal Installment and interest, including any Compounded Amount, Purchase Price, Redemption Price or Sinking Fund Installment, if applicable, due and payable from time to time with respect to a Bond from its date of issuance to its maturity, tender or redemption date, or any payment required to be made by the Authority pursuant to a Hedge, Exchange Agreement, Enhancement Agreement or Other Financial Agreement to the extent such payment thereunder is payable from Assets.

On any day on which a Bond Amount is due and payable (or, if such day is not a Business Day, the next Business Day thereafter), the Authority shall pay such Bond Amount from Assets or other funds of the Authority to either, at the Authority’s option, the Trustee or to the Owner of such Bond Amount. No such payment shall be made unless the Authority shall pay, in full, all Bond Amounts due and payable on such day. Any such payment to the Trustee shall be in the form of cash or Investment Obligation that is a cash equivalent, and any such payment to the Owner shall be made in accordance with Section 302 (a) of the SFSOB Resolution. In the case of a payment to the Trustee, the Trustee shall make payment of such Bond Amount to the Owner thereof in accordance with Section 302 (a) of the SFSOB Resolution. Any such payment to the Trustee shall, pending disbursement thereof to the Owner thereof, be deposited into a Payment Account.

Withdrawals and Transfers (Section 410)

On any date, the Authority, consistent with any applicable Bond Limitations and Single Family Program Determinations then in effect, may either directly or by direction to the Trustee (1) apply Assets to make, purchase, finance or refinance Authority Mortgage Loans, or participate in the making, purchase, finance or refinance of such Authority Mortgage Loans, to purchase Investment Obligations and make any required payments associated therewith, to make payments pursuant to any agreement associated, related or entered into with respect to the Bonds, to make any legal payments to any party to comply with the covenant in Section 509 of the SFSOB Resolution, to redeem or purchase any Bond, to pay any Single Family Program Expense, or to make any other withdrawal, transfer, sale, exchange or other application of Assets required, permitted or contemplated by the SFSOB Resolution, or (2) subject to Section 509 of the SFSOB Resolution, first, and subject to 513 of the SFSOB Resolution, second, transfer, free and clear of any lien on and pledge of the SFSOB Resolution, all or any portion of any Asset to the Pledged Account of the General Housing Mortgage Finance Program Bond Resolution adopted September 27, 1972, as last amended November 20, 2008 of the Authority, but subject to any prior lien on and pledge of Assets created pursuant to any bond resolution in favor of bonds issued as Other Bonds under, and as defined in, such General Housing Mortgage Finance Program Bond Resolution. The Trustee’s sole obligation is to

follow the Authority's directions pursuant to this Section 410 of the SFSOB Resolution, and the Trustee shall not be required to determine whether a particular application of moneys or other Assets is required, permitted or contemplated by the SFSOB Resolution or to determine whether the provisions of Section 509 or Section 513 of the SFSOB Resolution have been complied with or satisfied.

Notwithstanding anything to the contrary in the SFSOB Resolution, to the extent that pursuant to an Officer's Certificate the Authority pledges any funds that are not then subject to the pledge in Section 105 of the SFSOB Resolution of the SFSOB Resolution and that are expected to be thereafter used to finance Authority Mortgage Loans until the issuance of Bonds therefor, an amount of Assets equivalent to such funds, plus a reasonable charge for interest on such funds if and as determined by an Authorized Officer, may be subsequently withdrawn and transferred to the Authority without regard to the satisfaction of the Revenue Test.

Assets transferred to the Authority pursuant to subsection (a) (2) and (b) of Section 410 of the SFSOB Resolution shall not thereafter be subject to the lien or pledge created by the SFSOB Resolution.

Sales and Exchanges (Section 411)

The Authority shall be authorized to sell or exchange any Asset to or with any party (including the Authority) at a price and/or for other assets equal to such Asset's fair market value, or subject to satisfaction of the Revenue Test, at any price and/or for any assets. For purposes of the SFSOB Resolution, a sale or exchange with the Authority includes any transaction in which cash or assets of the Authority not included in the Assets are used to pay the sales price of or are exchanged for Assets.

Tax Covenant of the Authority (Section 504)

Notwithstanding any provision in the SFSOB Resolution to the contrary (including any restriction imposed by the Revenue Test), in the event that upon the issuance of a Bond, a Counsel's Opinion is delivered opining to the effect that the interest on such Bond is not included in gross income of the Owner thereof pursuant to the Code, the Authority shall at all times do and perform all acts required by the Code in order to assure that the interest on such Bond shall not be included in gross income of the Owner thereof pursuant to the Code. In order to comply with the covenant made in Section 504 of the SFSOB Resolution, an Authorized Officer is authorized to take any action (whether or not expressly authorized or permitted in the SFSOB Resolution) and to omit to take any action (whether or not required by the terms of the SFSOB Resolution), to the extent permitted by applicable law.

Asset Covenants of the Authority (Section 505)

Except investments in the Escrow Fund or Defeasance Obligations in any Defeasance Account, an asset or property may be acquired (by purchase or exchange) or financed pursuant to the SFSOB Resolution only if such asset or property constitutes an Asset as defined in Section 101 of the SFSOB Resolution.

The Authority Mortgage securing any Authority Mortgage Loan shall be executed and recorded, or reasonable provisions shall have been made for such recording, all in accordance with the requirements of existing laws.

Program Mandates and Covenants (Sections 509 and 510)

Notwithstanding any other provision contained in the SFSOB Resolution, including, without limitation, Article V of the SFSOB Resolution with the exception of Section 504 therein, so long as any Converted Bonds remain Outstanding, the provisions set forth in the Appendix A are incorporated in the SFSOB Resolution by reference and shall control to the extent of any conflict or inconsistency between the SFSOB Resolution and Appendix A, as to any Escrow Bonds, Converted Bonds and any Bonds issued under the SFSOB Resolution, while any Escrow Bonds or Converted Bonds remain Outstanding.

In order to provide sufficient monies with which to pay its Single Family Program Expenses and the Bond Amounts, the Authority shall from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act as then amended and in effect and with the provisions of the SFSOB Resolution including, particularly, the Single Family Program Determinations, use and apply the proceeds of the Bonds to finance Authority Mortgages pursuant to such Act as so amended and the SFSOB Resolution, and shall do

all such acts and things necessary to receive and collect Revenues, and shall diligently enforce, and take all steps, actions and proceedings for the enforcement of all terms, covenants and conditions of Authority Mortgages and Authority Mortgage Loans.

The Authority shall neither delay in the prosecution and collection of any claim for mortgage insurance to which it shall be entitled, permit any such delay under its control or fail to elect to assign any Authority Mortgage Loan whenever it shall be necessary to do so to obtain the benefits of mortgage insurance. The Authority shall not delay in the prosecution or collection of any claim for insurance which it shall be entitled to make or permit any such delay under its control.

Whenever necessary in order to protect and enforce the interests and security of the holders of the Bonds, the Authority shall commence foreclosure or pursue other appropriate remedies with respect to any Authority Mortgage Loan that is in default. In the event that the Authority shall, in its discretion, determine such action to be in the best interests of the holders of the Bonds, the Authority may bid for and purchase the premises covered by any such Authority Mortgage Loan at any foreclosure sale thereof and may otherwise take possession of or acquire such property.

The Authority may at any time sell, assign or otherwise dispose of a Authority Mortgage Loan (or the premises to which such Authority Mortgage Loan is related):

- (i) in the event that payment under such Authority Mortgage Loan is delinquent more than ninety (90) days or, at any time, in order to realize the benefits of insurance with respect to such Authority Mortgage Loan or property;
- (ii) in order to obtain funds to provide for the redemption or purchase of an amount of Bonds having a value corresponding to the value of such Authority Mortgage Loan;

Agreement of the State (Section 512)

In accordance with the Act, the Authority as agent for the State does pledge to and agree with the Bondholders that the State will not limit or alter the rights vested by the Act in the Authority to fulfill the terms of any agreements made with Bondholders or in any way impair the rights and remedies of the Bondholders until the Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the Bondholders, are fully met and discharged, provided nothing in the SFSOB Resolution contained shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the Bondholders.

Rights of the Authority (Section 508)

Additional Bonds, Hedges, Exchange Agreements, Enhancement Agreements and Other Financial Agreements payable from Assets may be issued or executed from time to time pursuant to the SFSOB Resolution. Except as otherwise expressly provided in or determined pursuant to a Supplemental Bond Resolution in accordance with Section 701 (8) or Section 701 (9) of the SFSOB Resolution, such additional Bonds, Hedges, Exchange Agreements, Enhancement Agreements and Other Financial Agreements payable from Assets shall be issued or executed on a parity basis with the Outstanding Bonds, shall be secured by a parity lien and pledge of the SFSOB Resolution, and shall be payable equally and ratably from the Assets. Subject to Section 701(c) of the SFSOB Resolution, such additional Bonds may be issued to finance Authority Mortgage Loans or to refund any Outstanding Bonds or other obligation of the Authority, whether by payment at maturity or upon redemption or purchase.

Notwithstanding anything to the contrary in the SFSOB Resolution, the Authority may be the Mortgagor with respect to any Authority Mortgage Loan made or financed pursuant to the SFSOB Resolution. In such an event, the Authority may execute and deliver the Authority Mortgage securing such Authority Mortgage Loan to the Trustee, on behalf of the Owners.

The Authority expressly reserves the right to adopt additional resolutions and enter into one or more additional indentures for its purposes, including the purposes of the Single Family Program, and reserves the right to issue other obligations for such purposes.

Supplemental Bond Resolutions Effective Upon Filing (Section 701)

For any one or more of the following purposes and at any time or from time to time, a resolution of the Authority amending or supplementing the SFSOB Resolution may be adopted that, upon its filing with the Trustee, shall be fully effective in accordance with its terms:

- (i) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the SFSOB Resolution;
- (ii) To include such provisions as are deemed by an Authorized Officer to be necessary or desirable and are not contrary to or inconsistent with the SFSOB Resolution as theretofore in effect;
- (iii) To add other covenants, agreements, limitations, or restrictions to be observed by the Authority which are not contrary to or inconsistent with the SFSOB Resolution as theretofore in effect;
- (iv) To add to the rights or privileges of the Owners;
- (v) To surrender any right, power or privilege reserved to or conferred upon the Authority by the SFSOB Resolution;
- (vi) To comply with any provision of the Code or federal or State law or regulation;
- (vii) To modify or amend the SFSOB Resolution in any respect, subject to satisfaction of the Revenue Test; provided, however, that no such modification or amendment pursuant to this Section 701(a)(vii) of the SFSOB Resolution shall modify or delete, or shall authorize or permit any deletion or modification of, any of the following: (i) any of the covenants, rights or remedies under Section 504 or Article IX of the SFSOB Resolution, (ii) the definition of Revenue Test in Section 101 of the SFSOB Resolution, (iii) any requirement for satisfaction of the Revenue Test, (iv) the definition of Defeasance Obligation in Section 101 of the SFSOB Resolution, (v) the provisions of Sections 103 through 106, Section 701, Section 1007 and Section 1101 of the SFSOB Resolution, (vi) any requirement for notice to or consent, approval or direction of Owners, or (vii) the terms of redemption or the due date or amount of payment of any Bond Amount without the consent of the Owner of such Bond Amount;
- (viii) To set forth such amendments to the SFSOB Resolution as necessary or desirable to provide for the issuance of Bonds or the execution of Hedge, Exchange Agreements, Enhancement Agreements or Other Financial Agreements payable from Assets (i) on which the payment of the Bond Amounts may be subordinate to the payment of the Bond Amounts with respect to other Bonds, Hedge, Exchange Agreements, Enhancement Agreements or Other Financial Agreements payable from Assets, (ii) which may have the payment of their Bond Amounts conditional upon the happening of certain events, (iii) which may not be secured by all or any of the Assets, or (iv) whose Owners do not have all of the rights or benefits of the other Owners; or
- (ix) To provide for the issuance of Other Bonds as defined in and governed by the General Housing Mortgage Finance Program Bond Resolution, adopted on September 27, 1972, as supplemented and amended (the "General Bond Resolution"), provided, however, such Other Bonds may participate in the Single Family Program and may have a lien on and pledge of Assets so long as same is subordinate in all respects to the pledge of and lien on Assets to secure the Bonds otherwise issued under the SFSOB Resolution. No provisions of Section 509 of the SFSOB Resolution shall apply to the Other Bonds and no Owner under the SFSOB Resolution shall have any rights or benefits respecting the Other Bonds.

Other than the Bonds or an additional Series of Bonds issued under the SFSOB Resolution, the Authority shall not hereafter create or permit the creation of or issue any obligations or create any additional indebtedness that will be secured by a superior or equal charge and lien on the revenues and assets pledged under the SFSOB Resolution. The Authority expressly reserves the right to adopt one or more other bond resolutions and reserves the right to issue other obligations under such other resolutions and under the SFSOB Resolution or as “Other Bonds” or “Bonds” as defined in its existing General Housing Mortgage Finance Program Bond Resolution or under its Special Needs Bond Resolution, so long as same are not a prior or parity charge or lien on or prior or parity pledge of the Assets.

No additional Series of Bonds shall be issued subsequent to the issuance of the initial Series of Bonds under the SFSOB Resolution unless:

- (i) the principal amount of the additional 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 by law;
- (ii) upon the issuance and delivery of such additional Bonds, the amount credited to the Debt Service Reserve Account is at least equal to the Debt Service Reserve Account Requirement;
- (iii) the provisions of Section 203 of the SFSOB Resolution or, in the case of Refunding Bonds, Section 204 of the SFSOB Resolution shall have been complied with as of the date of delivery of such Series;
- (iv) except in the case of Refunding Bonds, at the time of issuance of such additional Bonds, the Authority shall not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in the SFSOB Resolution; and
- (v) the issuance of such additional Series of Bonds shall not impair the then existing Rating on the Bonds by the Rating Agency.

Supplemental Bond Resolutions Effective with Consent of Owners (Section 702)

At any time or from time to time, a resolution may be adopted by the Authority amending, supplementing or eliminating any provision of the SFSOB Resolution or releasing the Authority from any of the obligations, covenants, agreements, limitations, conditions or restrictions contained in the SFSOB Resolution, but no such resolution shall be effective until after the filing with the Trustee of a copy thereof and unless (1) on the date such resolution becomes effective, no Bond issued prior to the adoption of such resolution remains Outstanding and no Hedge, Exchange Agreement, Enhancement Agreement or Other Financial Agreement in existence prior to the adoption of such resolution remains payable from Assets, or (2) such resolution is consented to by the Owners in accordance with the provisions of Article VIII of the SFSOB Resolution.

The provisions of subsection (A) of Section 702 of the SFSOB Resolution of the SFSOB Resolution shall not be applicable to resolutions of the Authority adopted and becoming effective in accordance with the provisions of Section 701 of the SFSOB Resolution.

Defeasance (Section 1101)

If (1) Defeasance Obligations shall have been deposited in a Defeasance Account, (2) the principal of and interest on such Defeasance Obligations at maturity, shall be sufficient, in the determination of an Authorized Officer, to pay all Bond Amounts when due at maturity or upon earlier redemption with respect to a Bond and all fees and expenses of the Trustee with respect to such Defeasance Account, and (3) any notice of redemption, if applicable, shall have been given to the Owner thereof or provisions satisfactory to the Trustee shall have been made for the giving of such notice, then notwithstanding any other provision of the SFSOB Resolution to the contrary, the Owner of such Bond shall no longer have a lien on, or the benefit of a pledge of, the Assets. If the foregoing requirements shall have been satisfied with respect to all Outstanding Bonds and no Enhancement Agreement, Hedge, Exchange Agreement or Other Financial Agreement remains payable from Assets, then the lien, pledge,

covenants, agreements and other obligations under the SFSOB Resolution shall, at the election of the Authority, be discharged and satisfied, and the Trustee shall thereupon deliver to the Authority all Assets held by it.

Defeasance Obligations shall not be Assets and shall be unavailable for payment to Owners other than the Owners of the Bond Amounts with respect to which such Defeasance Obligations shall have been deposited by the Authority in the applicable Defeasance Account. The Owners of such Bond Amounts so deposited shall have a lien on, and the benefit of the pledge of, the Defeasance Obligations in such Defeasance Account and shall look only to such Defeasance Obligations for payment.

No Defeasance Obligation shall be withdrawn from any Defeasance Account other than to pay, when due, the applicable Bond Amounts or the fees and expenses of the Trustee with respect to such Defeasance Account. If any Defeasance Obligation remains in a Defeasance Account subsequent to the payment of all the applicable Bond Amounts and all fees and expenses of the Trustee with respect to such Defeasance Account have been paid, such Defeasance Obligations shall be transferred free of any lien or pledge of the SFSOB Resolution to the Pledged Account of the General Housing Mortgage Finance Program Bond Resolution adopted September 27, 1972, as last amended November 20, 2008 of the Authority, but subject to any prior lien on and pledge of Assets that Other Bonds may have under the Other Bond Resolution.

For the purpose of Section 1101 of the SFSOB Resolution, interest on any Bond on which the interest is or may be payable at a variable rate shall be calculated at the maximum interest rate (or, if none, the estimated maximum interest rate as determined by an Authorized Officer in an Officer's Certificate) payable on such Bond.

Cash on deposit in a Defeasance Account shall, upon the direction of an Authorized Officer, be invested by the Trustee in Defeasance Obligations or any repurchase agreement fully collateralized, as determined by an Authorized Officer, by any Defeasance Obligations.

Events of Default (Section 902)

Each of the following shall constitute an "Event of Default" under the SFSOB Resolution:

- (i) a Bond Amount shall become due on any date and shall not be paid by the Authority to either the Trustee or party due such Bond Amount on said date; or
- (ii) a default shall be made in the observance or performance of any covenant, contract or other provision of the Bonds or SFSOB Resolution, and such default shall continue for a period of ninety (90) days after written notice to the Authority from Owners of twenty-five percent (25%) of the Bond Obligation or from the Trustee specifying such default and requiring the same to be remedied; or
- (iii) there shall be filed by or against the Authority as debtor a petition in bankruptcy (or other commencement of a bankruptcy or similar proceeding) under any applicable law or statute now or hereafter in effect.

Remedies (Sections 903 and 908)

Upon the occurrence and continuance of an Event of Default described in any of the clauses of Section 902 of the SFSOB Resolution, the Trustee in its own name and as trustee of an express trust, on behalf and for the benefit and protection of all Owners, may, after notice to the Authority, proceed, or upon the written request of the Owners of not less than twenty-five percent (25%) of the Bond Obligation shall proceed, subject to the provisions of Section 1002 of the SFSOB Resolution, to protect and enforce its rights and, to the full extent that the Owners themselves might do, the rights of such Owners under applicable law or under the SFSOB Resolution by such suits, actions or proceedings in equity or at law, either for the specific performance of any covenant or contract contained in the SFSOB Resolution or in aid or execution of any power in the SFSOB Resolution granted or for any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce the rights aforesaid.

No Owner shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any provision of the SFSOB Resolution or for the execution of any trust under the SFSOB Resolution or for any other remedy under the SFSOB Resolution, unless (1) (a) such Owner previously shall have

given to the Authority and the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, (b) after the occurrence of such Event of Default, written request shall have been made of the Trustee to institute such suit, action or proceeding by the Owners of not less than twenty-five percent (25%) of the Bond Obligation or, if such Event of Default is an Event of Default set forth in Section 902 (1) of the SFSOB Resolution, by the Owners of not less than twenty-five percent (25%) of the Bond Obligation with respect to which such Event of Default has happened, and there shall have been offered to the Trustee security and indemnity satisfactory to it against the costs and liabilities to be incurred therein or thereby, and (c) the Trustee shall have refused or neglected to comply with such request within a reasonable time, or (2) (a) such Owner previously shall have obtained the written consent of the Trustee to the institution of such suit, action or proceeding, and (b) such suit, action or proceeding is brought for the ratable benefit of all Owners subject to the provisions of the SFSOB Resolution.

No Owner shall have any right in any manner whatever by his action to affect, disturb or prejudice the pledge of Assets under the SFSOB Resolution, or, except in the manner and on the conditions in Section 908 of the SFSOB Resolution provided, to enforce any right or duty under the SFSOB Resolution.

Registration (Section 303)

So long as any Bond Amount with respect to a Bond remains payable or is to become payable, the Trustee shall maintain the Registration Books, shall permit the exchange and transfer of ownership of Bonds pursuant to the terms of the SFSOB Resolution and such other reasonable regulations as it may prescribe without objection thereto by the Authority, and shall make all necessary provisions to permit the exchange and transfer of Bonds at the Principal Office of the Trustee.

The Authority and the Trustee may deem and treat the party in whose name any Bond shall be registered upon the Registration Books on an applicable Record Date as the absolute Owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of any Bond Amount due and payable during the time period such person is the Owner of said Bond, and for all other purposes, and all such payments so made to any such Owner or upon his order shall be valid and effectual to satisfy and discharge the liability with respect to such Bond to the extent of the Bond Amount(s) so paid, and neither the Authority nor the Trustee shall be affected by any notice to the contrary. The Authority agrees, to the extent permitted by law, to indemnify and save the Trustee harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence under the SFSOB Resolution, in so treating such Owner

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DEFINITIONS OF CERTAIN TERMS

The following terms used in the Resolution and this Official Statement are defined in the Resolution as follows:

“Act” means the Connecticut Mortgage Authority Act being No. 795 of the Public Acts of 1969, and constituting Chapter 134 of the 1969 Supplement to the General Statutes of Connecticut, as amended and supplemented to the date of adoption of the SFSOB Resolution.

“Aggregate Debt Service” means, with respect to any particular Fiscal Year and as of any particular date of computation, the sum of the individual amounts of Debt Service of such Fiscal Year with respect to all Series.

“Appendix A” means Appendix A to the Authority’s December 18, 2009 Written Determination, as such appendix has been amended and supplemented through the date of the SFSOB Resolution, and as such may be further amended from time to time.

“Asset” means any Authority Mortgage Loan, Investment Obligation, Revenue, and, to the extent subject to the pledge of or lien on the SFSOB Resolution as of the effective date of the SFSOB Resolution or thereafter, any account of the Authority (other than the Rebate Account) created with the Trustee, including a payment account or escrow account, cash, Hedge, Exchange Agreement, Enhancement Agreement or Other Financial Agreement excluding, however, the following: Defeasance Obligations in any Defeasance Account are not Assets; and Investments and moneys held in the Escrow Fund are not Assets and are pledged in accordance with their terms only to the payment of the Escrow Bonds.

“Authority” means the Connecticut Housing Finance Authority (formerly the Connecticut Mortgage Authority), a body politic and corporate created by the Act and constituting a public instrumentality and political subdivision of the State pursuant to the Act, or any body, agency, or instrumentality of the State which shall hereafter succeed to the powers, duties and functions of the Authority.

“Authority Designation” means the one or more designations given to a Bond or Bonds as set forth in or determined pursuant to the applicable Written Determination or such other designations as may be deemed necessary or convenient by an Authorized Officer or by the Trustee with the consent of an Authorized Officer.

“Authority Mortgage” means a mortgage deed, deed of trust, or other instrument which shall constitute a first lien on real estate 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 such mortgage as is equal to the number of years remaining until the maturity date of such obligation or such lesser number of years as may be permitted by the Act then in effect, shall be construed to mean a participation interest in the foregoing such as a Program Security and include the Authority Mortgage Loan secured by the Authority Mortgage, and which, as of the effective date of the SFSOB Resolution or thereafter, is owned by the Authority and is financed with the proceeds of Bonds pursuant to the SFSOB Resolution.

“Authority Mortgage Loan” means an interest bearing loan or participation interest therein for Single-Family Housing under the Single Family Program secured by an Authority Mortgage and, subject to Sections 504 and 510 of the SFSOB Resolution, may contain such other terms and be subject to such other conditions as may be required or permitted by the Single Family Program Determinations and the Act as then in effect.

“Authorized Denominations” means the principal or Maturity Amount denominations authorized for a Bond or Bonds as set forth in or determined pursuant to the applicable Written Determination.

“Authorized Officer” means the Chair, Vice Chair, President-Executive Director, Executive Vice President, General Counsel, any functionally equivalent successor position to any of the aforementioned positions but which bears a different title, or any other person authorized by resolution of the Authority to act as an Authorized Officer under the SFSOB Resolution.

“Bond” or “Bonds” means any bond or bonds, as the case may be, authorized and issued pursuant to the SFSOB Resolution.

“Bond Amount” means the one or more payments of Principal Installment and interest, including any Compounded Amount, Purchase Price, Redemption Price or Sinking Fund Installment, if applicable, due and payable from time to time with respect to a Bond from its date of issuance to its maturity, tender or redemption date, or any payment required to be made by the Authority pursuant to a Hedge, Exchange Agreement, Enhancement Agreement or Other Financial Agreement to the extent such payment under the SFSOB Resolution is payable from Assets.

“Bond Limitations” means limitations set forth in an Officer’s Certificate (or in a Written Determination pursuant to Section 201 (a) of the SFSOB Resolution relating at least to matters required by Section 201(b) of the SFSOB Resolution.

“Bond Limitations Resolution” means a resolution adopted by the Authority setting forth the applicable Bond Limitations required by Section 201(a) of the SFSOB Resolution and shall be deemed to include any Written Determination adopted pursuant to a resolution of the Authority with respect to the SFSOB Resolution or a series of additional Bonds issued or to be issued under the SFSOB Resolution.

“Bond Obligation” means, as of a specific date of calculation, the aggregate of (1) all interest due or accrued on Outstanding Bonds, (2) all unpaid principal on Outstanding Bonds, (3) the amount of the payment, if any, the Authority would be obligated to make on any Hedge, Exchange Agreement payable from Assets if such Hedge, Exchange Agreement were terminated on such date of calculation, and (4) all amounts owed by the Authority with respect to any Enhancement Agreement or Other Financial Agreement payable from Assets.

“Bond Resolution” means the SFSOB Resolution as adopted November 19, 2009 and as supplemented and restated as of September 30, 2010 as a consolidated official copy and as the same may from time to time be amended, modified or supplemented by one or more Supplemental Bond Resolutions, including Written Determinations or Bond Limitations Resolutions.

“Business Day” means any day other than a Saturday, Sunday or legal holiday on which banking institutions in the State, or the state in which Principal Office of the Trustee is located, are authorized to remain closed and other than any day on which the New York Stock Exchange or a security depository with respect to a Bond is closed.

“Calendar Year” means the period of twelve calendar months ending with December 31 of any year.

“Cash Equivalents” means a letter of credit, insurance policy, surety, guarantee or other security arrangement provided by an institution which has received a rating of its claims paying ability from a Rating Agency at least equal to the then-existing rating on the Bonds (or the highest rating of short-term obligations if the Cash Equivalent is a short-term instrument).

“Cash Flow Consultant” means the Authority, the Trustee (or its agents) or an accounting, investment banking, financial advisory, banking, program consulting, or quantitative services firm or the like, which has experience in the preparation of cash flow projections of the type described in the Revenue Test and Supporting Cash Flows and is acceptable for such purposes to the Rating Agency.

“Certificate” means (i) a signed document either attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or setting forth matters to be determined pursuant to the SFSOB Resolution or (ii) the report of an Accountant as to audit or other procedures called for by the SFSOB Resolution.

“Chair” means the Chair of the Authority.

“Code” means the Internal Revenue Code of 1986, as amended, and any successor code, including the applicable temporary, proposed and permanent regulations, revenue rulings and revenue procedures.

“Conversion” or “Converting” or “Converted” means all of the following: (i) conversion or the converting of the interest rate on all or a portion of the Escrow Bonds from a Short-Term Rate to a Permanent Rate, (ii) delivery of Converted Bonds to the GSEs pursuant to this Bond Resolution and (iii) pursuant to Section 302 of Appendix A releasing from the Escrow Fund for deposit in the Loan Account, pursuant to Section 402 of Appendix A, an amount of monies equal to the principal amount of the applicable Converted Bonds as defined and as provided in Appendix A.

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

“Costs of Issuance” means all items of expense, directly or indirectly payable or reimbursable by or to the Authority and related to the authorization, sale and issuance of Bonds, including but not limited to printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of any Fiduciary, legal fees and charges, fees and disbursements of consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of Bonds, costs and expenses of refunding, premiums for the insurance of the payment of Bonds, accrued interest in connection with the financing of any Authority Mortgage Loan and any other cost, charge or fee in connection with the original issuance of Bonds.

“Counsel” means any attorney or firm of attorneys (including, without limitation, the General Counsel) designated by the Authority to render any Counsel’s Opinion.

“Counsel’s Opinion” means an opinion signed by Counsel.

“Dated Date” means the date on which a Bond initially begins to accrue interest as set forth in or determined pursuant to the applicable Written Determination.

“Debt Service” means, with respect to any particular Fiscal Year and any particular Series of Bonds, an amount equal to the sum of (i) all interest payable on such Bonds during such Fiscal Year, plus (ii) any Principal Installment of such Bonds during such Fiscal Year.

“Debt Service Reserve Account” means the Debt Service Reserve Account established pursuant to Section 401.

“Debt Service Reserve Account Requirement” means, as of any particular date of calculation, an amount equal to the sum of all amounts established as Series Reserve Requirements in a Supplemental Resolution or Written Determination for all Series of Bonds Outstanding.

“Depository” means any bank or trust company or national banking association selected by the Authority or the Trustee as a depository of moneys or securities held under the provisions of the SFSOB Resolution and may include the Trustee or any Paying Agent.

“Defeasance Obligation” means cash, any direct obligation of the United States of America, any direct federal agency obligation the timely payment of the principal of and the interest on which are fully and unconditionally guaranteed by the United States of America, and any Certificates of Accrual on Treasury Securities or Treasury Investors Growth Receipts; provided, however, that the foregoing are not subject to redemption, call or prepayment, in whole or in part, prior to their respective maturity dates.

“Defeasance Account” means a trust account or other financial arrangement whereby the Trustee holds Defeasance Obligations in trust for the payment of all Bond Amounts due and payable or to become due and payable at maturity or upon earlier redemption with respect to one or more Bonds and all fees and expenses of the Trustee with respect to the administration of such trust account or other financial arrangement.

“Derivative Product” means any instrument of finance entered into by the Authority, the value of which is derived from or based upon any underlying Bond.

“DTC” means The Depository Trust Company.

“Enhancement Agreement” means an agreement with one or more third parties which sets forth the terms and conditions upon which such third party or parties will provide for the payment of all or a portion of one or more Bond Amounts with respect to a Bond or a payment to the Authority. The obligations of and any receipts by the Authority with respect to such Enhancement Agreement shall or shall not, as and to the extent set forth in or determined pursuant to the applicable Written Determination or an Officer’s Certificate, be payable from Assets or constitute an Asset, as applicable.

“Escrow Bonds” means the bonds issued by the Authority under the SFSOB Resolution as adopted November 19, 2009 and for which the only security thereunder is the Escrow Fund as confirmed by Section 105 of the SFSOB Resolution.

“Escrow Fund” means the 2009 Series A Escrow Account, which is a separate, non-commingled account in which pursuant to Section 301(c) of Appendix A, the Trustee holds the Escrow Bond proceeds invested under the Global Escrow Agreement until the applicable Release Date or until such Escrow Bonds are redeemed.

“Event of Default” means any of the events set forth in Section 902.

“Exchange Agreement” means an agreement with one or more third parties which sets forth the terms and conditions upon which such third party or parties and the Authority will exchange or make payments to the other party or parties. The obligations of and any receipts by the Authority with respect to such Exchange Agreement shall or shall not, as and to the extent set forth in or determined pursuant to the applicable Written Determination or an Officer’s Certificate, be payable from Assets or constitute an Asset, as applicable.

“Executive Vice President” means the Executive Vice President of the Authority.

“External Trustee” means a Trustee other than the Authority.

“Federal Funds Rate” means the interest rate on any given date charged by banks with excess bank reserves on deposit at a Federal Reserve Bank to other banks needing overnight loans to meet bank reserve requirements.

“Federal Mortgage Agency” means the Government National Mortgage Association, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation or any successor thereto.

“Fiscal Year” means the period of twelve calendar months ending with December 31 of any year, unless some other time period is otherwise designated in or determined pursuant to the applicable Written Determination.

“General Counsel” means the General Counsel of the Authority.

“Global Escrow Agreement” means the Global Escrow Agreement as referenced in Appendix A.

“Government Obligations” means obligations of the United States of America or obligations the principal of and interest on which are guaranteed by the United States of America (including obligations issued or held in book entry form on the books of the U.S. Department of the Treasury).

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

“Interest Payment Date” shall mean any date, as set forth in or determined pursuant to the applicable Written Determination, on which interest is due and payable with respect to a Bond.

“Investment Obligation” means any of the following acquired or pledged, as of the effective date of the SFSOB Resolution or thereafter, pursuant to the SFSOB Resolution, except to the extent limited by the Act as then in effect:

- (i) direct general obligations of the United States of America;
- (ii) direct obligations of any state of the United States of America or any political subdivision thereof or the District of Columbia bearing a Rating;
- (iii) obligations the payment of the principal of and interest on which are unconditionally guaranteed by the United States of America;
- (iv) obligations which bear a Rating and the payment of the principal of and interest on which are unconditionally guaranteed by any state of the United States of America or any political subdivision thereof or the District of Columbia;

- (v) bonds, debentures, participation certificates or notes or other obligations (including asset backed securities) issued by any one or any combination of the following: Federal Financing Corporation, Federal Farm Credit Banks (Bank for Cooperatives and Federal Intermediate Credit Banks), Federal Home Loan Bank System, Fannie Mae, World Bank, Export-Import Bank of the United States, Student Loan Marketing Association, the United States Department of Agriculture Rural Development (formerly the “Farmers Home Administration”), Federal Home Loan Mortgage Corporation, Government National Mortgage Association, Inter-American Development Bank, International Bank for Reconstruction and Development, Small Business Administration, Washington Metropolitan Area Transit Authority, Resolution Funding Corporation, Tennessee Valley Authority, or any other agency or corporation which has been or may hereafter be created by or pursuant to an Act of the Congress of the United States as an agency or instrumentality thereof the bonds, debentures, participation certificates or notes or other obligations (including asset backed securities) of which are unconditionally guaranteed by the United States of America or bear a Rating;
- (vi) certificates of deposit, banker’s acceptances, investment contracts, and any interest-bearing time deposits which are issued by any member bank or banks of the Federal Reserve System or banks the deposits of which are insured by the Federal Deposit Insurance Corporation;
- (vii) Eurodollar time deposits and Eurodollar certificates of deposit the issuers of which have obligations which, at the time of acquisition of such deposits or certificates, bear a Rating;
- (viii) obligations, including investment contracts, of corporations which have obligations which, at the time of acquisition of such obligations including investment contracts, bear a Rating;
- (ix) any other investments which, at the time of acquisition thereof, bear a Rating and are legal investments for fiduciaries or for public funds of the Authority or, under Section 3-20 of the General Statutes of Connecticut, as amended from time to time, of the State;
- (x) repurchase agreements with respect to any of the other Investment Obligations;
- (xi) direct and general obligations of or obligations guaranteed by the State of Connecticut, to the payment of the principal of and interest on which the full faith and credit of the State is pledged, including (i) any Outstanding Bonds of the Authority for which there is the security of a special capital reserve fund and (ii) any investment of the Authority or financial guarantee purchased by the Authority that both (a) has a rating equal to or better than that of the State and for which, pursuant to Section 8-258(g) of the General Statutes, the State has issued a collateralized direct guarantee of the State of the punctual payment of such investment or financial guarantee from the general fund of the State and carrying the full faith and credit pledge of the State and (b) does not result in a reduction of any rating of the Authority’s long term debt;
- (xii) participation certificates for the combined investment pool administered by the State Treasurer pursuant to No. 236 of the Public Acts of 1971 as amended from time to time; and
- (xiii) any other investment (debt or equity), investment agreement, Hedge, Exchange Agreement, Other Financial Agreement, swap contract, futures contract, forward contract or other obligation which, in the determination of an Authorized Officer, is a suitable investment under the SFSOB Resolution, in light of the amount and timing of Bond Obligation payments, the amount of Assets, and the availability of monies to pay Bond Obligations as they become due, at the time of acquisition thereof.

“Loan Account” means the Loan Account established in Section 401 of the SFSOB Resolution.

“Low and Moderate Income Families and Persons” means families and persons who lack the amount of income necessary as determined by the Authority to rent or purchase safe and adequate housing without special financial assistance not reasonably available.

“Maturity Amount” means the Compounded Amount due and payable at maturity of a Capital Appreciation Bond, Delayed Interest Bond or any other similar type of Bond as set forth in or determined pursuant to the applicable Written Determination.

“Mortgagor” means the obligor or obligors on an Authority Mortgage Loan.

“NIBP Program” or “Program” means the Housing Finance Agency Initiative announced by the United States Department of the Treasury on October 19, 2009.

“Non-Mortgage Receipts” means all interest earned or gain realized in excess of losses as a result of the investment of the amount in any Account other than the Escrow Fund or a Defeasance Account.

“Officer’s Certificate” means a certificate signed by an Authorized Officer and shall be deemed to include any amendment thereto by an Authorized Officer, from time to time, in accordance with the SFSOB Resolution.

“Official Statement” means one or more offering or reoffering documents prepared by the Authority which set forth the terms and conditions of the Bonds being offered or reoffered thereby and matters material thereto. Any reference in the SFSOB Resolution to “Offering Circular” shall be deemed to refer to such Official Statement.

“Other Financial Agreement” means any type of agreement or arrangement not otherwise referred to in the SFSOB Resolution that is provided for in a Written Determinations. The obligations of and any receipts by the Authority with respect to such Other Financial Agreement shall or shall not, as and to the extent set forth in or determined pursuant to the applicable Written Determination or an Officer’s Certificate, be payable from Assets or constitute an Asset, as applicable.

“Outstanding” means, when used with reference to Bonds and as of any particular date, all Bonds theretofore and thereupon being issued except (1) any Bond for which funds for the payment of all Bond Amounts due and payable or to become due and payable with respect to such Bond have been paid to the Owner thereof or are held in the Escrow Fund, a Defeasance Account or Payment Account, and (2) any Bond in lieu of or in substitution for which another Bond or Bonds shall have been delivered. If an Officer’s Certificate shall have been delivered in accordance with Section 304 of the SFSOB Resolution with respect to a Bond that the Authority is the Owner thereof, such Bond does not cease to be Outstanding.

“Owner” means the party set forth in the Registration Books as the owner of a Bond or any other party due a Bond Amount.

“Payment Account” means any trust account or other financial arrangement with the Trustee in which payments made by the Authority to the Trustee with respect to Bond Amounts then due and payable are held in trust by the Trustee solely for such payments pending disbursement to the Owners thereof.

“President-Executive Director” means the President-Executive Director of the Authority.

“Principal Installment” means for any Calendar Year, as of any date of calculation and with respect to any Series, so long as any Bonds thereof are Outstanding,

- (i) the principal amount of Bonds of said Series which mature in such Calendar Year, reduced by the aggregate principal amount of such Bonds which would before such Calendar Year be retired by reason of the payment when due and application in accordance with the Resolution of Sinking Fund Installments payable before such Calendar Year for the retirement of such Bonds, plus
- (ii) the unsatisfied balance (determined as provided in paragraph 5 of Section 201 of the SFSOB Resolution) of the Sinking Fund Installments, if any, due during such Calendar Year for the Bonds of such Series.

“Principal Payment Date” shall mean any date, as set forth in or determined pursuant to the applicable Written Determination, on which principal or Compounded Amount is due and payable with respect to a Bond.

“Principal Office” means the office so designated by the Trustee as its office for administering its duties with respect to the SFSOB Resolution.

“Program Security” means an obligation, including a participation interest therein, representing an undivided interest in a pool of Authority Mortgage Loans, to the extent the payments to be made on such obligation are guaranteed by a Federal Mortgage Agency.

“Purchase Contract” means any agreement, contract or other document or documents (including notices of sale and/or remarketing and the related bid form(s)) executed or accepted by the Authority which provides for the sale of Bonds, either at initial issuance or upon subsequent remarketing thereof.

“Purchase Price” means the purchase price, including accrued interest, of a Bond on a Tender Date as set forth in or determined pursuant to the applicable Written Determination.

“Rating” means an investment grade rating assigned by a nationally recognized rating agency to an Investment Obligation or, if such Investment Obligation is not rated, an investment grade rating assigned to the obligor or guarantor of such Investment Obligation.

“Rating Agency” means any nationally recognized securities rating agency that is maintaining a rating on the Bonds at the request of the Authority.

“Rating Agency Condition” or “*Rating Agency Conditions*” means, singly or collectively, as provided with respect to each Rating Agency in connection with any Series of Bonds, or by any subsequent Officer’s Certificate accompanied by evidence of satisfaction of the then applicable Rating Agency Condition with respect to each affected Rating Agency, a Rating Agency Confirmation or a Rating Agency Notice. The Trustee is authorized to rely upon a Officer’s Certificate that states that a Rating Agency Condition has or Rating Agency Conditions have been satisfied.

“Rating Agency Confirmation” means a letter or other written communication from each Rating Agency (other than a Rating Agency that has provided notification that it will no longer provide rating confirmations for proposed actions, failures to act or other events in housing financing transactions) then providing a Rating for any Series of Bonds, stating that a proposed action, failure to act, or other event specified therein will not, in and of itself, result in a downgrade of any of the Ratings then applicable to such Series of Bonds.

“Rating Agency Notice” means twenty (20) days’ prior written notice to a Rating Agency then providing a Rating for any of the Bonds, as to which Rating Agency a Rating Agency Confirmation is then inapplicable, of a proposed action, failure to act or other event described in such notice as to which satisfaction of a Rating Agency Condition as to such Rating Agency is then required to be taken by the Authority, that does not result in the then-existing rating of the Bonds by such Rating Agency being lowered, suspended, or withdrawn by the fifth Business Day prior to the date of such proposed action.

“Record Date” means the date or dates as determined pursuant to Section 1104 of the SFSOB Resolution.

“Recoveries of Principal” shall mean all monies (other than scheduled installments and interest accrued to the date of the recovery of any such monies) received or recovered by the Authority on account of any Authority Mortgage Loan,

- (i) from any prepayment of principal on any such Authority Mortgage Loan including any prepayment penalty, fee, premium or other additional charge as is provided in any such Mortgage in the case of prepayment, less the amounts thereof retained by a Servicer of such Authority Mortgage Loan, if there be one, as additional compensation,
- (ii) through condemnation of the mortgaged premises or foreclosure of the mortgaged premises or other proceedings taken in the event of default by the mortgagor,
- (iii) from any mortgage insurance, including monies received from debentures or certificates issued pursuant to a contract of insurance, and

- (iv) from the sale, assignment, endorsement or other disposition of any such Mortgage;

“Redemption Price” means the principal or Compounded Amount of a Bond or portion thereof to be redeemed plus the applicable redemption premium, if any, payable upon redemption thereof.

“Registration Books” means the records of the Authority maintained by the Trustee as registrar which set forth the Owner of any Bond or any other party due a Bond Amount and such other information as is usual and customary in the securities industry or as specifically directed by the Authority.

“Revenues” means

- (a) the scheduled amortization payments (monthly or otherwise) paid to the Authority from any source of principal and interest called for by any Authority Mortgage Loan, from the date of financing such Authority Mortgage Loan including both timely and delinquent payments with late charges, less the amount thereof retained by a servicer of any such Authority Mortgage Loan, if there be one, as full compensation for its services and, with respect to any such Authority Mortgage Loan:

- (b) any Recoveries of Principal,

- (c) fees and charges held or collected by the Authority under the Single Family Program,

- (d) any payment made or required to be made to the Authority, or to the Trustee, under any Hedge, Exchange Agreement, Enhancement Agreement or Other Financial Agreement constituting an Asset and any payment received by the Authority for Single Family Program Expenses, and

- (e) Non-Mortgage Receipts

but shall not mean any payments of ground rents, if any, taxes, assessments, mortgage, fire or other hazard insurance premiums called for by any such Authority Mortgage Loan, or any other like payments other than the payments referred to in (c) above.

“Revenue Test” means that prior to effecting any proposed action subject to this Revenue Test, an Authorized Officer’s Certificate shall be submitted to the Trustee when necessary for the Trustee to perform its duties under the SFSOB Resolution and shall be based on such Supporting Cash Flows consistent with Section 513(a) of the SFSOB Resolution, which demonstrate and conclude that, subsequent to the effecting of such action, the anticipated Revenues to be derived from all Assets that are to remain or anticipated to become subject to the lien on or pledge of the SFSOB Resolution shall be at least sufficient to pay all Bond Amounts as such Bond Amounts are or are anticipated to become due and payable (by purchase, redemption, or otherwise) and Single Family Program Expenses. Each Revenue Test shall include a description of the action to be taken to reach the conclusion set forth above. Revenue Tests shall (1) take into account the financial position of the Bond Resolution as of the stated starting date of the projection, (2) reflect all the significant transactions that have occurred in the period commencing with such starting date and ending with a date no more than ninety (90) days prior to the date of such projections, (3) be consistent with the SFSOB Resolution (as amended, modified, and supplemented), and any applicable Bond Limitations and Single Family Program Determinations, and (4) shall assume compliance with the Authority’s current operating policies to the extent not otherwise included in the applicable Bond Limitations and Single Family Program Determinations. The scenarios or assumptions included in a particular Revenue Test shall be consistent with those included in the immediately preceding Revenue Test delivered by the Authority, unless such set of scenarios or assumptions are no longer applicable under the circumstances. The Authority shall cause scenarios to be prepared and to make assumptions as may be required by a Rating Agency and to reflect alternative assumptions with respect to prepayment patterns of the Authority Mortgage Loans, default and loss patterns of the Authority Mortgage Loans, levels of origination of the Authority Mortgage Loans, and rates of return on Investment Obligations and reflect additional assumptions, among others, as to the timing of receipt of Revenues, the level of Single Family Program Expenses, and the performance of swap, investment, and financial service counterparties but need not reflect (other than the transaction for which prepared) any future issuance of any additional Bonds, long-term remarketing of any outstanding Bonds, adoption of any Supplemental Resolution, or any amendment of the Single Family Program Determinations, even though the Authority is permitted to undertake any of the foregoing. Such Officer’s Certificate shall be deemed a Cash Flow Certificate within the meaning of Appendix A and for the purposes of Section 509 of the SFSOB Resolution.

“Serial Bonds” means the Bonds as so designated in or pursuant to the applicable Written Determination.

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

“Series Resolution” means any series resolution (including any amendments thereto) which has been adopted pursuant to the SFSOB Resolution and shall be deemed to include any Written Determination adopted pursuant to a resolution of the Authority with respect to the SFSOB Resolution or a series of Bonds issued or to be issued under the SFSOB Resolution.

“Single-Family Housing” means a work or undertaking having as its primary purpose the provision of safe and adequate single family residential housing for Low and Moderate Income Families and Persons within the State, and shall include structures not more than (but, subject to Section 504 of the SFSOB Resolution, not limited to) two to four family dwelling units, condominium units, modular and mobile homes and residential buildings in urban areas as authorized by the Act.

“Single Family Program” means the component of the Authority’s Housing Mortgage Finance Program entitled the Single-Family Mortgage Revenue Bond Program of financing or purchasing Authority Mortgage Loans secured by Authority Mortgages pursuant to the SFSOB Resolution.

“Single Family Program Determinations” means the determinations set forth in an Authorized Officer’s Certificate (or a Written Determination pursuant to Section 201(a) of the SFSOB Resolution) relating to Authority Mortgage Loans under the Single Family Program in accordance with Section 201(c) of the SFSOB Resolution.

“Single Family Program Expense or Expenses” means, with respect to the Single Family Program, all of the Authority’s allowable, reasonable or necessary expenses in an aggregate amount consistent with any applicable Single Family Program Determinations or Bond Limitations in carrying out and administering its corporate purposes under the Act and, pursuant to the SFSOB Resolution and shall include, without limiting the generality of the foregoing, salaries, supplies, utilities, mailing, labor, materials, office rent, maintenance, furnishings, equipment, machinery and apparatus, telephone, insurance premiums, legal, accounting, management, consulting and banking services and expenses (including remarketing services with respect to the Bonds), fees and expenses of the Fiduciaries, Costs of Issuance not paid from the proceeds of Bonds, travel, payments for pension, retirement, health and hospitalization, life and disability insurance benefits, and payments for insurance against losses on the pool of Authority Mortgage Loans. Single Family Program Expenses may also include amounts for establishing and maintaining a two-month, reserve to pay Single Family Program Expenses and a reasonable reserve for losses and expenses estimated to be incurred by the Authority and amounts appropriate to reimburse the Authority for Single Family Program Expenses paid from other sources.

“Sinking Fund Installment” means the amount of principal or Compounded Amount of any particular Term Bonds to be redeemed or retired prior to the maturity date of such Term Bonds all as set forth in or determined pursuant to the applicable Written Determination.

“State” means the State of Connecticut.

“Subaccount” means one of the Subaccounts which may be established pursuant to the SFSOB Resolution.

“Supplemental Mortgage Coverage” means the coverage, if any, whether in the form of insurance, Cash Equivalents or additional pledged funds of loss from Authority Mortgage Loan defaults provided in a Series Resolution which supplements any primary mortgage insurance.

“Supplemental Bond Resolution” means any resolution of the Authority amending or supplementing the SFSOB Resolution adopted and becoming effective in accordance with the terms of Article VII of the SFSOB Resolution on or after the effective date of the SFSOB Resolution and shall be deemed to include any Written Determination adopted pursuant to a resolution of the Authority with respect to the SFSOB Resolution or a series of Bonds issued or to be issued under the SFSOB Resolution.

“Supporting Cash Flows” means, a set of cash flow projections prepared by a Cash Flow Consultant, consistent with Section 513 of the SFSOB Resolution, which demonstrate under each of the scenarios included, satisfaction of the Revenue Test.

“Tax Covenant” means the covenant set forth in Section 504 of the SFSOB Resolution.

“Trustee” means the trustee appointed by or pursuant to Article X of the SFSOB Resolution.

“Vice Chair” means the Vice Chair of the Authority.

“Written Determinations” means one or more determinations made in writing by an Authorized Officer which sets forth those terms and conditions authorized by the SFSOB Resolution to be contained therein and such other terms and conditions as an Authorized Officer may deem appropriate and shall not be, subject to Section 509 in the SFSOB Resolution, inconsistent with the SFSOB Resolution and the applicable Bond Limitations Resolution. Subject to Section 509, any such Written Determinations may be amended by an Authorized Officer from time to time prior to the issuance of Bonds designated therein and may thereafter be amended as provided in Articles VII and VIII of the SFSOB Resolution. Notwithstanding the foregoing, any Written Determination that includes provisions relating to Bond Limitations or Single Family Program Determinations may be amended upon compliance with Section 513 and subject to Section 509 of the SFSOB Resolution.

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