

*This Official Statement has been prepared on behalf of the Georgia Housing and Finance Authority to provide information with respect to the initial issuance of the 2017 Series A Bonds. Certain information is presented on this cover page for the convenience of the user. To make an informed decision regarding the 2017 Series A Bonds, a prospective investor should read this Official Statement in its entirety. **Unless otherwise indicated, capitalized terms used on this cover page have the meanings given in this Official Statement.***

\$80,000,000
GEORGIA HOUSING AND FINANCE AUTHORITY
Single Family Mortgage Bonds
2017 Series A
(Non-AMT)

| | |
|--------------------------------------|---|
| <i>Dated Date/ Issue Date</i> | March 2, 2017. |
| <i>DTC Delivery</i> | The 2017 Series A Bonds will be delivered in book-entry only form via The Depository Trust Company (“DTC”) in New York, New York on their Issue Date. See “APPENDIX B – DTC AND BOOK-ENTRY ONLY BONDS”. |
| <i>Due</i> | June 1 and December 1 as shown on the inside front cover page hereof. |
| <i>Interest Payment Dates</i> | June 1 and December 1, commencing June 1, 2017. |
| <i>Denominations</i> | \$5,000 or any integral multiple thereof. |
| <i>Tax Exemption</i> | In the opinion of Bond Counsel, assuming compliance with certain covenants contained in the Resolutions and the other Program Documents, under existing laws, regulations, rulings and judicial decisions, interest on the 2017 Series A Bonds is excluded from gross income for Federal income tax purposes as described herein, is not a specific item of tax preference for purposes of the federal alternative minimum tax provisions of the Code applicable to individuals and corporations, and is not included in corporations’ calculations of adjusted current earnings under the federal alternative minimum tax provisions of the Code. In the further opinion of Bond Counsel, interest on the 2017 Series A Bonds is exempt from taxation within the State of Georgia. For a more complete discussion of tax aspects, see “TAX EXEMPTION”. |
| <i>Redemption</i> | All or any portion of the 2017 Series A Bonds will be subject to, as applicable, special, mandatory or optional redemption at the times, under the conditions and at the prices set forth in “THE 2017 SERIES A BONDS – Redemption”. |
| <i>Security</i> | The 2017 Series A Bonds will constitute general obligations of the Authority payable out of any of the Authority’s revenues, money or assets legally available therefor subject only to agreements heretofore and hereafter made with holders of notes and bonds other than the 2017 Series A Bonds pledging particular revenues, money or assets for the payment thereof. The 2017 Series A Bonds will not be deemed to constitute a debt of the State or its agencies or a pledge of the faith or credit of the State or its agencies. The issuance of the 2017 Series A Bonds will not directly or indirectly obligate the State to levy or to pledge any form of taxation whatever therefor or to make any appropriation for payment of the 2017 Series A Bonds. The Authority has no taxing power. See “SECURITY FOR BONDS”. |
| <i>Legal Counsel</i> | Kutak Rock LLP, Atlanta, Georgia, Bond Counsel; Butler Snow LLP, Atlanta, Georgia, Underwriters’ Counsel. |
| <i>Trustee</i> | U.S. Bank National Association. |

The 2017 Series A Bonds are offered when, as and if issued and accepted by the Underwriters listed below, subject to withdrawal or modification of the offer without notice, subject to certain conditions and subject to the approval of legality by Kutak Rock LLP, Atlanta, Georgia, Bond Counsel.

Citigroup
BofA Merrill Lynch

J.P. Morgan

Morgan Stanley
RBC Capital Markets

\$80,000,000
GEORGIA HOUSING AND FINANCE AUTHORITY
SINGLE FAMILY MORTGAGE BONDS
2017 SERIES A

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES, AND CUSIPS⁽¹⁾

\$17,150,000 Serial Bonds – Price 100%

| <u>Maturity Date</u> | <u>Principal Amount</u> | <u>Interest Rate</u> | <u>CUSIP Number⁽¹⁾</u> |
|----------------------|-------------------------|----------------------|-----------------------------------|
| December 1, 2017 | \$605,000 | 0.94% | 373539 5R2 |
| June 1, 2018 | 585,000 | 1.00 | 373539 5S0 |
| December 1, 2018 | 595,000 | 1.10 | 373539 5T8 |
| June 1, 2019 | 615,000 | 1.25 | 373539 5U5 |
| December 1, 2019 | 625,000 | 1.35 | 373539 5V3 |
| June 1, 2020 | 640,000 | 1.55 | 373539 5W1 |
| December 1, 2020 | 655,000 | 1.65 | 373539 5X9 |
| June 1, 2021 | 670,000 | 1.80 | 373539 5Y7 |
| December 1, 2021 | 685,000 | 1.85 | 373539 5Z4 |
| June 1, 2022 | 705,000 | 2.00 | 373539 6A8 |
| December 1, 2022 | 720,000 | 2.05 | 373539 6B6 |
| June 1, 2023 | 735,000 | 2.30 | 373539 6C4 |
| December 1, 2023 | 750,000 | 2.35 | 373539 6D2 |
| June 1, 2024 | 770,000 | 2.50 | 373539 6E0 |
| December 1, 2024 | 790,000 | 2.55 | 373539 6F7 |
| June 1, 2025 | 805,000 | 2.75 | 373539 6G5 |
| December 1, 2025 | 825,000 | 2.80 | 373539 6H3 |
| June 1, 2026 | 845,000 | 3.00 | 373539 6J9 |
| December 1, 2026 | 865,000 | 3.00 | 373539 6K6 |
| June 1, 2027 | 885,000 | 3.05 | 373539 6L4 |
| December 1, 2027 | 905,000 | 3.10 | 373539 6M2 |
| June 1, 2028 | 930,000 | 3.15 | 373539 6N0 |
| December 1, 2028 | 945,000 | 3.20 | 373539 6P5 |

| | | | <u>Price</u> | <u>CUSIP Number⁽¹⁾</u> |
|--------------|-------|-------------------------------------|--------------|-----------------------------------|
| \$8,425,000 | 3.65% | Term Bonds due December 1, 2032 | 100% | 373539 6Q3 |
| \$19,065,000 | 4.00% | Term Bonds due December 1, 2039 | 100% | 373539 6R1 |
| \$10,255,000 | 4.05% | Term Bonds due December 1, 2042 | 100% | 373539 6U4 |
| \$7,550,000 | 4.10% | Term Bonds due December 1, 2044 | 100% | 373539 6S9 |
| \$17,555,000 | 4.00% | Term PAC Bonds due December 1, 2047 | 107.664% | 373539 6T7 |

⁽¹⁾ Copyright American Bankers Association; CUSIP® is a registered trademark of the American Bankers Association. The CUSIP numbers have been assigned by the CUSIP Service Bureau managed on behalf of the American Bankers Association by Standard & Poor's, a subsidiary of The McGraw Hill Companies, Inc., and are included herein solely for the convenience of bondholders. Neither the Authority nor any Underwriter makes any representation as to the selection, accuracy or use now or in the future of such CUSIP numbers or has any responsibility with respect to such CUSIP numbers.

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 2017 Series A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. No dealer, broker, salesman, or other person has been authorized by the Authority or the Underwriters to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Authority or the Underwriters.

The information set forth herein has been furnished by the Authority and by other sources that are believed to be reliable, but is not guaranteed by the Authority or the Underwriters as to 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 will under any circumstances create any implication that there has been no change in the affairs of the Authority since the date of this Official Statement.

THE 2017 SERIES A BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTION 3(A)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED. NEITHER THE STATES IN WHICH FILINGS WITH RESPECT TO THE 2017 SERIES A BONDS HAVE BEEN MADE, NOR OTHER STATES NOR ANY AGENCIES OF ANY SUCH STATES HAVE PASSED UPON THE MERITS OF THE 2017 SERIES A BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements", including those containing the words "expect", "intend", "estimate" and similar terms. The achievement of certain future results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual future results, performance or achievement to be materially different from the future results, performance or achievement expressed or implied by such forward-looking statements.

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

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 to the circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

In connection with this offering, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the 2017 Series A Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Underwriters may elect, but will have no obligation, to maintain a secondary market in the 2017 Series A Bonds.

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OFFICIAL STATEMENT

\$80,000,000
GEORGIA HOUSING AND FINANCE AUTHORITY
Single Family Mortgage Bonds
2017 Series A

INTRODUCTION

This Official Statement (including the cover page and appendices) sets forth certain information relating to the Georgia Housing and Finance Authority (the "Authority" or "GHFA") and its issuance and sale of its \$80,000,000 original aggregate principal amount Single Family Mortgage Bonds, 2017 Series A (the "2017 Series A Bonds"). The 2017 Series A Bonds are being issued pursuant to (a) the Internal Revenue Code of 1986, as amended (the "Code"), (b) the Georgia Housing and Finance Authority Act, Official Code of Georgia Annotated, Title 50, Chapter 26, as the same may be amended from time to time heretofore and hereafter (the "Act"), (c) the Single Family Mortgage Bond Resolution adopted by the Authority on November 10, 1976, as supplemented and amended from time to time heretofore, and as the same may be further supplemented and amended from time to time hereafter (the "1976 General Resolution"), (d) the Series Resolution Authorizing the Issuance and Sale of up to an Aggregate Principal Amount of \$250,000,000 Single Family Mortgage Bonds (2017 Series) adopted by the Authority on November 16, 2016 (the "2017 Series Resolution") and (e) the Series Certificate Relating to \$80,000,000 Single Family Mortgage Bonds, 2017 Series A, dated as of March 1, 2017, to be executed on behalf of the Authority pursuant to the 2017 Series Resolution (the "Series Certificate", and together with the 2017 Series Resolution, the "2017 Series A Resolution" or the "Series Resolution"). The 1976 General Resolution, the 2017 Series A Resolution and any other series or supplemental resolutions adopted and other series certificates authorized heretofore or hereafter by the Authority pursuant to the 1976 General Resolution are referred to herein collectively as the "Resolutions." See "APPENDIX A – CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTIONS" herein for the definitions of certain capitalized terms used, but not elsewhere defined, in this Official Statement. The capitalized terms used, but not defined, in this Official Statement shall have the meanings provided in the Resolutions.

Under its 1976 General Resolution, as of November 30, 2016, the Authority has issued sixty eight (68) separate Series of its Single Family Mortgage Bonds in the original aggregate principal amount of \$3,542,324,980, of which nineteen (19) separate Series (without regard to subseries) in the aggregate principal amount of \$1,191,185,000 were outstanding as of November 30, 2016. On December 1, 2016, the Authority paid at maturity or upon scheduled sinking fund redemption Bonds in the aggregate principal amount of \$7,765,000 and optionally redeemed and refunded Bonds in the aggregate principal amount of \$48,615,000; in addition, on February 1, 2017, the Authority redeemed Bonds in the aggregate principal amount of \$32,860,000; such payments were made with funds held under the General Resolution (including refunding proceeds of the 2016 Series B Bonds as to the December 1, 2016 optional redemption). The 1976 General Resolution provides for the issuance of additional bonds thereunder upon the satisfaction of certain requirements therein as summarized herein (see "SECURITY FOR THE BONDS – Additional Bonds" herein). All bonds outstanding under the Resolutions, including the 2017 Series A Bonds and Additional Bonds that may be issued in the future, are referred to herein as the "Bonds". All Bonds will be equally and ratably secured under the 1976 General Resolution and will constitute general revenue obligations of the Authority payable out of any of the Authority's revenues, money or assets legally available therefor. All Bonds issued under the 1976 General Resolution are Fixed Rate Bonds. The Authority has not entered into any interest rate swaps or similar transactions with respect to Bonds issued under the 1976 General Resolution or with respect to any other obligations of the Authority. The term "Series" herein shall apply to the 2017 Series A Bonds or any other Series of Bonds issued under the 1976 General Resolution, as applicable in the context where used.

The 2017 Series A Bonds will be new money "qualified mortgage bonds" pursuant to the Code. The proceeds of the 2017 Series A Bonds will be applied to fund a deposit to the 2017 Series A Capital Reserve Fund, to pay costs of issuance of the 2017 Series A Bonds and to finance, in whole or in part, newly originated Mortgage Loans as whole loans or as pooled into Program Securities and newly originated Down Payment Loans (such New Mortgage Loans as whole loans, such Program Securities comprised of New Mortgage Loans and such new Down Payment Loans are referred to collectively as the "New Program Obligations", and each such capitalized term is

defined more fully in Appendix A hereto) on single family residential housing units for eligible persons and families of low and moderate income within the State of Georgia (the "State"). See "ESTIMATED SOURCES AND USES OF FUNDS" herein. Also see "TAX EXEMPTION" and "FEDERAL INCOME TAX MATTERS" for certain information provided by Bond Counsel on certain federal income tax characteristics of the 2017 Series A Bonds.

The Mortgage Loans financed by Bonds issued under the 1976 General Resolution as whole loans and those pooled into Program Securities are secured by mortgages constituting first liens on single family, owner-occupied housing in the State. The following types of Program Obligations currently are authorized to be financed under the 1976 General Resolution: (i) FHA insured Mortgage Loans, (ii) VA guaranteed Mortgage Loans, (iii) Conventional Loans, (iv) Mortgage Loans guaranteed by the U.S. Department of Agriculture, Rural Development, formerly known as the Farmers Home Administration ("USDA/RD"), (v) FHA insured, VA guaranteed and USDA/RD guaranteed Mortgage Loans pooled into Program Securities guaranteed by the Government National Mortgage Association ("GNMA"), and Conventional Loans pooled into Program Securities guaranteed by the Federal National Mortgage Association ("Fannie Mae") or another Federal Mortgage Agency and (vi) Down Payment Loans. In addition, a limited number of Down Payment Loans providing down-payment assistance as second or third lien mortgage loans may be financed under the 1976 General Resolution. While the Authority did securitize certain FHA insured Mortgage Loans, VA guaranteed Mortgage Loans and USDA/RD guaranteed Mortgage Loans into GNMA Program Securities and did securitize certain Conventional Mortgage Loans into Fannie Mae Program Securities prior to September 2008, and retains the right under the 1976 General Resolution to do so in the future, the Authority currently has no plans to securitize additional Conventional Mortgage Loans. The Authority may adopt different Series Program Determinations in the future, however, providing for the financing of different types of Program Obligations under the 1976 General Resolution with proceeds of future Series of Bonds, including, without limitation, additional second or third lien mortgage loans under one or more down payment assistance programs. See "1976 GENERAL RESOLUTION MORTGAGE LOANS", "GEORGIA DREAM HOMEOWNERSHIP PROGRAM" and "APPENDIX C – INSURANCE AND GUARANTY PROGRAMS FOR MORTGAGE LOANS" herein.

U.S. Bank National Association serves as successor trustee (in such capacity, the "Trustee") and as successor paying agent (in such capacity, the "Paying Agent") for the Bonds, including the 2017 Series A Bonds.

ALL BONDS ISSUED UNDER THE RESOLUTIONS ARE PARITY BONDS AND CONSTITUTE GENERAL OBLIGATIONS OF THE AUTHORITY PAYABLE OUT OF ANY OF THE AUTHORITY'S REVENUES, MONEY OR ASSETS LEGALLY AVAILABLE THEREFOR SUBJECT ONLY TO AGREEMENTS HERETOFORE AND HEREAFTER MADE WITH HOLDERS OF NOTES AND BONDS OTHER THAN THE BONDS PLEDGING PARTICULAR REVENUES, MONEY OR ASSETS FOR THE PAYMENT THEREOF. See "SECURITY FOR THE BONDS" herein.

THE 2017 SERIES A BONDS WILL NOT CONSTITUTE A DEBT OF THE STATE OR ITS AGENCIES OR A PLEDGE OF THE FAITH OR CREDIT OF THE STATE OR ITS AGENCIES, BUT WILL BE PAYABLE SOLELY AS PROVIDED IN THE RESOLUTIONS. THE ISSUANCE OF THE 2017 SERIES A BONDS WILL NOT DIRECTLY OR INDIRECTLY OBLIGATE THE STATE TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THE 2017 SERIES A BONDS. THE AUTHORITY HAS NO TAXING POWER.

The summaries of or references to the Act, the Resolutions, and other statutes, agreements and documents referred to herein, and the descriptions of the 2017 Series A Bonds that are included in this Official Statement do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified by reference to the Act, the Resolutions, such statutes, agreements, documents and the 2017 Series A Bonds.

THE 2017 SERIES A BONDS

General

The 2017 Series A Bonds will be dated their Issue Date set forth on the front cover page hereof, and will mature in the principal amounts and on the dates shown on the inside front cover page hereof. The 2017 Series A Bonds will be issued as fully registered, book-entry only Bonds. The 2017 Series A Bonds will bear interest as described below commencing on their Issue Date, which interest will be payable on June 1, 2017 and semiannually thereafter on each June 1 and December 1.

The 2017 Series A Bonds will constitute Fixed Rate Bonds and will bear interest at the respective Fixed Interest Rate shown on the inside front cover page hereof, determined on the basis of a 360-day year of twelve 30-day months. The 2017 Series A Bonds will be issued in denominations of \$5,000 principal amount or any integral multiple thereof ("Authorized Denominations").

Interest on the 2017 Series A Bonds will be payable to the registered owners of such 2017 Series A Bonds appearing on the registration books of the Trustee on the Record Date, for each Interest Payment Date, by check or draft drawn on the Trustee; provided, however, that such interest also is payable by wire transfer within the continental United States to any registered owner of the 2017 Series A Bonds in the aggregate principal amount of at least \$1,000,000 as of the close of business of the Trustee on the Record Date if such registered owner has submitted to the Trustee prior to the Record Date a written request therefor setting forth complete wire transfer instructions. The aforesaid written request will remain in effect until changed or revoked by another written notice. As described hereinafter, the Bond Depository will be the registered owner of the 2017 Series A Bonds so long as the hereinafter described book-entry only system is in effect for the 2017 Series A Bonds; see "APPENDIX B – DTC AND BOOK-ENTRY ONLY BONDS." Payments of interest will be accompanied by CUSIP numbers for the 2017 Series A Bonds with respect to which such payments are being made.

The principal or Redemption Price of each 2017 Series A Bond will be payable, at maturity or earlier redemption, upon presentation and surrender of such 2017 Series A Bond at the principal corporate trust office of the Trustee; provided, however, principal payable upon redemption or maturity also will be payable upon such presentation and surrender at the principal corporate trust office of the Trustee by wire transfer within the continental United States of America to any registered owner of the 2017 Series A Bonds in the aggregate principal amount of at least \$1,000,000 immediately prior to such redemption or maturity, if such registered owner has submitted to the Trustee at the time of or prior to such presentation and surrender a written request therefor setting forth complete wire transfer instructions. As described hereinafter, the Bond Depository will be the registered owner of the 2017 Series A Bonds so long as the hereinafter described book-entry only system is in effect for the 2017 Series A Bonds; see "APPENDIX B – DTC AND BOOK – ENTRY ONLY BONDS." The CUSIP number identification and appropriate dollar amounts for each CUSIP number will accompany all principal payments and interest payments on the 2017 Series A Bonds, whether such payments are made by check or wire transfer.

Book-Entry Only Bonds

See "APPENDIX B – DTC AND BOOK-ENTRY ONLY BONDS" herein for certain information on the Depository Trust Company ("DTC") and its book-entry only system.

So long as Cede & Co., as nominee for DTC, (in such capacity, the "Bond Depository") is the registered owner of the 2017 Series A Bonds, the Authority, the Trustee and the Paying Agent will treat Cede & Co. as the only registered Bondholder of the 2017 Series A Bonds for all purposes under the Resolutions, including receipt of all principal and interest, receipt of notices and voting.

Neither the Authority, the Trustee nor the Paying Agent will have any responsibility or obligations to the DTC Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any DTC Participant; (b) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal of and interest on the 2017 Series A Bonds; (c) the delivery or timeliness of delivery by DTC or any DTC Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Resolutions to be given to Bondholders; (d) the selection of the Beneficial Owners to receive payments in the event of any partial redemption of the 2017 Series A Bonds; or (e) any consent given or other action taken by DTC, or its nominee, Cede & Co., as registered Bondholder.

In the event the Authority determines that it is in the best interests of the Beneficial Owners of the 2017 Series A Bonds that they be able to obtain Bond certificates, the Authority may notify DTC, the Paying Agent and the Trustee. In such event, the Trustee will issue, transfer and exchange the applicable Bond certificates as requested by DTC and any other registered owners of the 2017 Series A Bonds in appropriate amounts, and the Trustee and the Authority will cooperate with DTC by taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the 2017 Series A Bonds to any nominee or Direct Participant having such Bonds credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the 2017 Series A Bonds.

Redemption

Mandatory Sinking Fund Redemption. The 12/1/2032 Term Bonds, the 12/1/2039 Term Bonds, the 12/1/2042 Term Bonds, the 12/1/2044 Term Bonds and the 12/1/2047 PAC Term Bonds will be subject to mandatory sinking fund redemption in part by operation of Sinking Fund Installments as provided in the Resolutions on June 1 and December 1 in the applicable years and in the amounts set forth in the following tables, and in each case at the Redemption Price equal to 100% of the principal amount of each such Term Bond or portion thereof to be redeemed, without redemption premium, plus accrued interest to the Redemption Date. Unless none of each such respective Term Bond shall then be Outstanding, the Authority will be required to pay on June 1 and December 1 in each of the years set forth in the following table, for the payment and retirement of such Term Bonds, as applicable, the amount set forth opposite such date in the following table, and said amount so to be paid on each such June 1 and December 1 is established pursuant to the Resolutions as and will constitute a Sinking Fund Installment for retirement of such Term Bonds; provided, however, if prior to any date on which a Sinking Fund Installment is due any Term Bonds have been purchased or redeemed from money in the Optional Redemption Account or the Special Redemption Account, the amount of each future Sinking Fund Installment shown below for such applicable Term Bond will be reduced as determined by the Authority, provided that the total amount of such reduction will equal the amount of such prior purchase or redemption.

| <u>12/1/2032 Term Bonds</u> | |
|------------------------------------|--|
| <u>Redemption Date</u> | <u>Sinking Fund Redemption Amount</u> |
| June 1, 2029 | \$ 970,000 |
| December 1, 2029 | 995,000 |
| June 1, 2030 | 1,015,000 |
| December 1, 2030 | 1,040,000 |
| June 1, 2031 | 1,065,000 |
| December 1, 2031 | 1,090,000 |
| June 1, 2032 | 1,110,000 |
| December 1, 2032 ⁽¹⁾ | 1,140,000 |

| <u>12/1/2039 Term Bonds</u> | |
|------------------------------------|--|
| <u>Redemption Date</u> | <u>Sinking Fund Redemption Amount</u> |
| June 1, 2033 | \$1,170,000 |
| December 1, 2033 | 1,195,000 |
| June 1, 2034 | 1,220,000 |
| December 1, 2034 | 1,250,000 |
| June 1, 2035 | 1,280,000 |
| December 1, 2035 | 1,310,000 |
| June 1, 2036 | 1,340,000 |
| December 1, 2036 | 1,375,000 |
| June 1, 2037 | 1,400,000 |
| December 1, 2037 | 1,440,000 |
| June 1, 2038 | 1,470,000 |
| December 1, 2038 | 1,500,000 |
| June 1, 2039 | 1,540,000 |
| December 1, 2039 ⁽¹⁾ | 1,575,000 |

(1) Final Maturity

12/1/2042 Term Bonds

| <u>Redemption Date</u> | <u>Sinking Fund Redemption Amount</u> |
|---------------------------------|--|
| June 1, 2040 | \$1,615,000 |
| December 1, 2040 | 1,650,000 |
| June 1, 2041 | 1,685,000 |
| December 1, 2041 | 1,730,000 |
| June 1, 2042 | 1,765,000 |
| December 1, 2042 ⁽¹⁾ | 1,810,000 |

12/1/2044 Term Bonds

| <u>Redemption Date</u> | <u>Sinking Fund Redemption Amount</u> |
|---------------------------------|--|
| June 1, 2043 | \$1,855,000 |
| December 1, 2043 | 1,895,000 |
| June 1, 2044 | 1,935,000 |
| December 1, 2044 ⁽¹⁾ | 1,865,000 |

12/1/2047 PAC Term Bonds

| <u>Redemption Date</u> | <u>Sinking Fund Redemption Amount</u> |
|---------------------------------|--|
| June 1, 2045 | \$2,760,000 |
| December 1, 2045 | 2,815,000 |
| June 1, 2046 | 2,885,000 |
| December 1, 2046 | 2,955,000 |
| June 1, 2047 | 3,035,000 |
| December 1, 2047 ⁽¹⁾ | 3,105,000 |

(1) Final Maturity

Special Redemption. (a) **Special Mandatory Redemption of 2017 Series A Bonds from Unexpended Proceeds.** (i) **General.** The 2017 Series A Bonds will be subject to special mandatory redemption, in whole or in part, at any time and from time to time at the direction of the Authority (prior to the final special mandatory Redemption Date set forth in subsection (a)(ii) hereinafter), from unexpended proceeds on deposit in the 2017 Series A Mortgage Purchase and Loan Account that the Authority does not expect to expend for the purchase of Program Obligations, at a Redemption Price equal to 100% of the principal amount to be redeemed, plus interest accrued to the Redemption Date; provided, however, that in the event of any such redemption of the PAC Bonds, the Redemption Price of such PAC Bonds will be the price that maintains the original yield of such PAC Bonds, plus accrued interest to the Redemption Date. The 2017 Series A Bonds to be so redeemed shall be selected by the Trustee pursuant to the Resolutions on a reasonably proportionate basis from among all then outstanding maturities of such 2017 Series A Bonds.

(ii) **Final Unexpended Proceeds Special Mandatory Redemption.** The 2017 Series A Bonds will be subject to special mandatory redemption in accordance with the terms described in subsection (a)(i) hereinabove no later than forty-two months after the Issue Date (no later than September 2, 2020) from and to the extent there is determined by the Authority to be any unexpended proceeds on deposit in the 2017 Series A Mortgage Purchase and Loan Account allocable to the 2017 Series A Bonds.

(b) **Special Mandatory Redemption of PAC Bonds from PAC Directed 2017 Series A Loans Principal Receipts.** (i) **General.** The PAC Bonds will be subject to special mandatory redemption at any time, but at least once during each semiannual period ending on each Interest Payment Date, commencing with the semiannual period ending December 1, 2017, at the Redemption Price equal to 100% of the principal amount of PAC Bonds being redeemed, plus accrued interest to the Redemption Date, from PAC Directed 2017 Series A Loans Principal Receipts, but only to the extent that, after giving effect to such redemption, the aggregate principal amount of the PAC Bonds outstanding on such redemption date is not less than the applicable "PAC Bonds Outstanding Amount" set forth in the chart below for such date (as each such PAC Bonds Outstanding Amount may be reduced as described in subsection (b)(ii) hereinafter); provided, however, the PAC Bonds may be redeemed without regard to the respective PAC Bonds Outstanding Amount if required to satisfy the provisions of the Code as provided in the

provisions of the 2017 Series A Resolution described hereinafter under the caption " – Redemption – Special Redemption – Special Mandatory Redemption of 2017 Series A Bonds from Tax Restricted Principal Receipts". Under the 2017 Series A Resolution, "*PAC Directed 2017 Series A Loans Principal Receipts*" is defined to mean, with respect to the PAC Bonds and so long as such PAC Bonds remain Outstanding, all New Mortgage Loans Principal Receipts that are not applied or allocated to the scheduled payment of principal of the 2017 Series A Bonds upon mandatory sinking fund redemption or upon maturity. The PAC Bonds Outstanding Amounts are structured assuming receipt of Prepayments on the New Mortgage Loans at the assumed rate of 75% of the SIFMA Prepayment Model as further described under "EARLY REDEMPTION RISKS – Projected Percentages of Initial Principal Balance Outstanding and Projected Weighted Average Lives of PAC Bonds" herein.

| <u>Semiannual Period Ending</u> | <u>PAC Bonds Outstanding Amount</u> |
|---------------------------------|-------------------------------------|
| Closing | \$17,555,000 |
| June 1, 2017 | 17,555,000 |
| December 1, 2017 | 17,485,000 |
| June 1, 2018 | 17,010,000 |
| December 1, 2018 | 16,225,000 |
| June 1, 2019 | 15,150,000 |
| December 1, 2019 | 13,800,000 |
| June 1, 2020 | 12,350,000 |
| December 1, 2020 | 10,960,000 |
| June 1, 2021 | 9,630,000 |
| December 1, 2021 | 8,360,000 |
| June 1, 2022 | 7,155,000 |
| December 1, 2022 | 6,010,000 |
| June 1, 2023 | 4,920,000 |
| December 1, 2023 | 3,885,000 |
| June 1, 2024 | 2,915,000 |
| December 1, 2024 | 2,000,000 |
| June 1, 2025 | 1,140,000 |
| December 1, 2025 | 340,000 |
| June 1, 2026 | -0- |

(ii) **Reduction of PAC Bonds Outstanding Amounts.** Each PAC Bonds Outstanding Amount set forth in the chart above will be reduced on a pro-rata basis (rounded to the nearest \$5,000 increment) to the extent of any special mandatory redemption of PAC Bonds from unexpended proceeds, as described in subsection (a) hereinabove.

(c) **Special Mandatory Redemption of 2017 Series A Bonds from Tax Restricted Principal Receipts.** The 2017 Series A Bonds will be subject to special mandatory redemption at any time, but at least once during each semiannual period ending on each Interest Payment Date, from Tax Restricted Principal Receipts (as defined hereinafter) to the extent not required to be transferred to the Principal Account in the Debt Service Fund or otherwise required to be applied to the redemption of the PAC Bonds pursuant to the Series Resolution (as described in subsection (b) hereinabove), at the Redemption Price equal to 100% of the principal amount of such 2017 Series A Bonds being redeemed, plus accrued interest to the Redemption Date. In the event of any such special mandatory redemption, the 2017 Series A Bonds to be redeemed will be selected by the Authority; provided, however, the PAC Bonds may be so redeemed only if there are no other 2017 Series A Bonds outstanding other than the PAC Bonds, and in such event, the PAC Bonds will be redeemed without regard to the PAC Bonds Outstanding Amounts.

The 2017 Series A Resolution defines "*Tax Restricted Principal Receipts*" to mean, with respect to the 2017 Series A Bonds, the applicable percentage of the New Mortgage Loans Principal Receipts received during the respective time period set forth in the following chart; provided, however, that the percentages and the dates set forth in the following chart may be modified to the extent that the Authority provides the Trustee an opinion of Bond Counsel to the effect that compliance with such modified schedule will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the 2017 Series A Bonds:

| <u>Commencement Date</u> | <u>Ending Date</u> | <u>Percentage of Tax Restricted Principal</u> |
|--------------------------|--------------------|---|
| 03/02/2017 | 03/01/27 | 0% |
| 03/02/2027 | Final Maturity | 100% |

(d) Special Redemption from Special Redemption Account. The 2017 Series A Bonds will be subject to special redemption, at the option of the Authority, without premium, in whole or in part, at any time, at a Redemption Price equal to 100% of the principal amount to be redeemed, plus accrued interest thereon to the Redemption Date, from money (regardless of Series source) representing (i) Program Obligation principal repayments (including both regularly scheduled principal payments and Prepayments from Program Obligations funded from any Series of Bonds issued under the 1976 General Resolution or any other series of Bonds with respect to which cross-calling is permitted) in excess of the accrued portion of the Principal Requirement and not otherwise required to be applied to the redemption of Bonds of the related Series, (ii) amounts from the Capital Reserve Fund or the Mortgage Reserve Fund in excess of the Capital Reserve Requirement or the Mortgage Reserve Requirement, as applicable, and (iii) any amounts on deposit in the Revenue Fund, provided that such amounts are not required to meet the Principal Requirement, the Interest Requirement, the Mortgage Reserve Requirement or the Capital Reserve Requirement and therefore are transferred to the Special Redemption Account in accordance with the Resolutions. In the event of any such special redemption as described in this paragraph, the 2017 Series A Bonds to be redeemed will be selected by the Authority, subject to the requirements of the Resolutions; provided, however, no PAC Bonds will be so redeemed unless after giving effect to such redemption, the principal amount of PAC Bonds outstanding on such Redemption Date will be not less than the respective PAC Bonds Outstanding Amount applicable to such Redemption Date.

Optional Redemption. (a) The 2017 Series A Bonds will be subject to redemption at the option of the Authority prior to their respective maturities, either as a whole or in part, on any date on or after the earlier of (i) June 1, 2026 or (ii) the date on which the aggregate principal amount of the 2017 Series A Bonds outstanding is less than ten percent (10%) of the original aggregate principal amount of the 2017 Series A Bonds, at the Redemption Price equal to 100% of the principal amount of 2017 Series A Bonds being redeemed, plus accrued interest to the Redemption Date. In the event of any such optional redemption, the Authority will select the Subseries, the maturity or maturities and the principal amount thereof to be redeemed.

(b) In the event the Authority elects to sell Program Obligations (other than Defaulted Mortgage Loans) purchased pursuant to the 1976 General Resolution and to apply the proceeds from such sale of non-Defaulted Program Obligations to redeem 2017 Series A Bonds, then such redemption will be in accordance with the aforesaid optional redemption provisions of the Resolutions. Notwithstanding the provisions of the Resolutions described in the immediately preceding sentence, any sale of Defaulted Mortgage Loans, any sale of Program Obligations the Revenues from which are deposited into the Mortgage Reserve Fund or Capital Reserve Fund pursuant to the Resolutions, and any sale of Program Obligations upon the insufficiency of funds under the 1976 General Resolution to pay current debt service will not be subject to the aforesaid requirements of the Resolutions, but the proceeds of any such sale will be applied as otherwise provided in the Resolutions.

Selection of Bonds to be Redeemed. In the event of a redemption of less than all 2017 Series A Bonds, the Trustee will select the maturities or portions thereof of each applicable Subseries of the 2017 Series A Bonds to be redeemed (i) for mandatory sinking fund redemptions, from the applicable maturity subject to mandatory sinking fund redemption, or (ii) otherwise as described hereinabove with respect to certain special redemptions, or (iii) for optional redemption either (a) on a reasonably proportionate pro-rata basis from all then existing maturities of the applicable Subseries of the 2017 Series A Bonds subject to such redemption, or (b) in such manner as the Authority will determine, consistent with the Resolutions. If applicable, the Trustee shall determine and effectuate such proportionate basis of selection as nearly as practicable by multiplying the total amount of such money available to redeem such applicable Subseries of 2017 Series A Bonds on the date fixed for redemption by the ratio that the principal amount of all 2017 Series A Bonds then Outstanding of such applicable Subseries in each maturity subject to such redemption bears to the principal amount of all 2017 Series A Bonds of the applicable Subseries then Outstanding subject to such redemption. Whenever less than all the 2017 Series A Bonds of a Subseries and maturity are to be redeemed, the Trustee will select which 2017 Series A Bonds of the applicable Subseries within a maturity by lot in accordance with the Resolutions. The 2017 Series A Resolution provides that nothing therein

shall be deemed to preclude the utilization of any Revenues for the redemption of any Series of Bonds consistent with the Resolutions.

Notice of Redemption. In accordance with the 1976 General Resolution, whenever the Trustee is required or authorized to redeem 2017 Series A Bonds, the Trustee will give notice of the redemption of such 2017 Series A Bonds and the Trustee will mail a copy of the redemption notice to the Bond Depository or other registered holders of such 2017 Series A Bonds in the manner provided for in the 1976 General Resolution not less than thirty (30) calendar days or more than sixty (60) calendar days prior to the Redemption Date with respect to the 2017 Series A Bonds. Such notice will specify the following: the complete official name of such Bonds, including the Series designation, the Subseries designation, if any, and the maturity date of such Bonds to be redeemed, the CUSIP number (if any) of such Bonds, including the certificate numbers of such Bonds, the date of such redemption notice, the issuance date for such Bonds, the interest rates of such Bonds, the name and address of the Trustee, the Redemption Date and the place or places where amounts due upon such redemption will be payable; in the case of a Bond to be redeemed in part only, the redemption notice will state the portion of the principal amount thereof to be redeemed, and that on the stated Redemption Date there will become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portion of the principal thereof in the case of a Bond to be redeemed in part only, together with interest accrued to such date, and that from and after such date interest thereon will cease to accrue and be payable; provided, however, that failure of such notice to accurately describe the CUSIP numbers will not affect the validity of such redemption and failure so to mail any such notice will not affect the validity of any proceedings for the redemption of the 2017 Series A Bonds for which no such failure has occurred.

In addition to the notice referred to in the immediately preceding paragraph, in accordance with the Resolutions, the Trustee shall mail a notice of redemption to each registered holder (which initially shall be the Bond Depository) of the 2017 Series A Bonds in an aggregate principal amount of at least \$1,000,000 by certified mail, return receipt requested (in addition to the first class mail as otherwise provided); provided, however, that such certified mailing shall not be a condition precedent to such redemption and failure so to mail any such notice shall not affect the validity of any proceeding for the redemption of the 2017 Series A Bonds.

Notwithstanding the foregoing, so long as the 2017 Series A Bonds continue to be issued through a book-entry only system with the Bond Depository (or a substitute securities depository), in lieu of the foregoing provisions, the Trustee shall give notice of redemptions in accordance with the terms of the applicable letter of representations to the Bond Depository (or substitute securities depository) for the 2017 Series A Bonds.

The Trustee will send a copy of the notice of redemption of the 2017 Series A Bonds required under the 1976 General Resolution, (a) by certified mail return receipt requested or overnight delivery service at least two (2) Business Days prior to the aforesaid mailing to Bondholders of the notice of redemption, to the following: Kenny Information Service's Called Bond Service, Standard & Poor's Called Bond Record and the Depository Trust Company, and (b) by mail or otherwise deliver by secure electronic means to the Municipal Securities Rulemaking Board's ("MSRB") Electronic Municipal Market Access system ("EMMA") or any successor thereto nationally recognized municipal securities information repository recognized by the United States Securities and Exchange Commission (the "SEC") for purposes of Rule 15c2-12, as amended from time to time (as amended, "Rule 15c2-12") promulgated by the SEC; provided, however, that none of the foregoing will be a condition precedent to such redemption and failure so to mail or otherwise deliver any such notice of redemption will not affect the validity of any proceedings for the redemption of the 2017 Series A Bonds.

The Trustee shall mail a second notice of redemption not more than ninety (90) days following the Redemption Date to the registered owner (which initially shall be the Bond Depository) of each 2017 Series A Bond that was called for redemption but that was not presented for payment upon redemption pursuant to the Resolutions within sixty (60) days following the Redemption Date, which notice shall be mailed postage prepaid, by first class mail; provided, however, that such notice to a registered owner of a 2017 Series A Bond in an aggregate principal amount of at least \$1,000,000 shall be mailed by certified mail, return receipt requested (instead of by first class mail as otherwise required); and, provided further, however, that failure so to mail any such notice shall not affect the validity of any proceeding for the redemption of the 2017 Series A Bonds, that such mailing of or the receipt of such notice or failure or refusal of receipt thereof shall not affect the validity of any proceedings for the redemption

of the 2017 Series A Bonds, and that the Trustee shall have no responsibility whatsoever if any such notice is mailed as aforesaid but is not received by or receipt thereof is refused by the applicable registered owner.

ESTIMATED SOURCES AND USES OF FUNDS

The Authority expects that the proceeds of the 2017 Series A Bonds set forth under "SOURCES" below will be applied approximately as set forth under "USES" below:

SOURCES

| | |
|---|-------------------------------|
| Principal of 2017 Series A Bonds | \$80,000,000.00 |
| Original Issue Premium of 2017 Series A Bonds | <u>1,345,415.20</u> |
| TOTAL SOURCES | <u>\$81,345,415.20</u> |

USES

| | |
|--|-------------------------------|
| Deposit to 2017 Series A Mortgage Purchase and Loan Account ⁽¹⁾ | \$77,856,203.72 |
| Deposit to 2017 Series A Capital Reserve Account | 2,500,000.00 |
| Deposit to 2017 Series A Cost of Issuance Account ⁽²⁾ | <u>989,211.48</u> |
| TOTAL USES | <u>\$81,345,415.20</u> |

(1) Includes \$4,350,000 deposited to the 2017 Series A Down Payment Assistance Subaccount.

(2) The costs of issuance of the 2017 Series A Bonds include, without limitation, the Underwriters' fee (see "UNDERWRITING OF 2017 SERIES A BONDS" herein).

1976 GENERAL RESOLUTION MORTGAGE LOANS

The 2017 Series A Bonds, together with all Bonds issued heretofore or hereafter under the 1976 General Resolution, will be secured by all Program Obligations financed under the 1976 General Resolution. The Program Obligations financed under the 1976 General Resolution (other than the Down Payment Loans) will be non-adjustable fixed rate Mortgage Loans (or Program Securities backed by Mortgage Loans) with original terms of up to thirty-five (35) years, secured by Mortgages on single-family, owner-occupied housing located within the State. Certain Program Obligations financed under the 1976 General Resolution between 2005 and 2007, outstanding in the aggregate principal amount of \$8,648,714.71 as of November 30, 2016, have an original term of thirty-five (35) years, with interest only payable during the first five (5) years, and with the principal fully amortized over the remaining thirty (30) years of the loan term, all of which Program Obligations now are fully amortizing. The balance of the Program Obligations financed under the 1976 General Resolution and all Program Obligations financed by the 2017 Series A Bonds (other than Down Payment Loans) will have an original term of thirty (30) years, with the principal fully amortized over such term. The Down Payment Loans financed by earlier Series of Bonds and by the 2017 Series A Bonds are or will be non-amortizing mortgage loans bearing interest at zero percent (0%) secured by second or third Mortgages on single-family, owner occupied housing located in the State. Mortgage Loans and Down Payment Loans must comply with the applicable Series Program Determinations established by the Authority with respect to each respective Series of Bonds. The Program Obligations authorized under the 1976 General Resolution currently include (i) FHA insured Mortgage Loans, (ii) VA guaranteed Mortgage Loans, (iii) Conventional Loans, (iv) USDA/RD guaranteed Mortgage Loans, (v) Program Securities, and (vi) Down Payment Loans, and also may include other first or second or third lien Mortgage Loans. The Authority currently expects that a substantial portion of the Mortgage Loans to be financed by the 2017 Series A Bonds will be FHA insured Mortgage Loans. While the Authority retains its right to purchase qualifying Conventional Loans, since January 2009 the Authority has not purchased any new Conventional Loans having a principal balance exceeding eighty percent (80%) of the fair market value of the mortgage property (and thus has not purchased any additional new Conventional Loans requiring private mortgage insurance), and currently has no plans to do so. While the Authority did securitize certain FHA insured Mortgage Loans, VA guaranteed Mortgage Loans and USDA/RD guaranteed Mortgage Loans into GNMA Program Securities and did securitize certain Conventional Mortgage Loans into Fannie Mae Program Securities prior to September 2008, and retains the right under the 1976 General Resolution to do so in the future, the Authority currently has no plans to securitize additional Conventional Mortgage Loans. Beginning in 2001, each Series Resolution also authorized the use of proceeds of the applicable Series of Bonds to finance Down Payment Loans, initially in the original aggregate principal amount not exceeding \$250,000 per Series of Bonds, and beginning in 2009 in greater principal amounts per Series of Bonds; see "GEORGIA DREAM HOMEOWNERSHIP PROGRAM – Georgia Dream Second Mortgage Loan Program and

Down Payment Loans" herein for additional information on the Authority's Down Payment Loan program. Also see "GEORGIA DREAM HOMEOWNERSHIP PROGRAM", "APPENDIX C – INSURANCE AND GUARANTY PROGRAMS FOR MORTGAGE LOANS" and "APPENDIX D – CERTAIN INFORMATION ON MORTGAGE LOAN PROGRAM UNDER 1976 GENERAL RESOLUTION" herein.

Current Status of Single Family Mortgage Loan Program under 1976 General Resolution

The following chart, the charts on the immediately following three pages and the chart in **Appendix D** hereto summarize the status of certain information under the 1976 General Resolution as of November 30, 2016 (or as of any other specified date), provided, however, all such Mortgage Loan related information (a) has been obtained by the Authority from sources believed to be reliable and is believed by the Authority to be reasonably and approximately accurate, but the Authority expressly does not warrant the precise accuracy of the Mortgage Loan related information, (b) includes all Mortgage Loans financed in whole or in part under the 1976 Resolution or transferred to the 1976 General Resolution in connection with a current refunding or otherwise, including, without limitation, Blended Loans financed in whole or in part under or transferred to the 1976 General Resolution, (c) includes Mortgage Loans "In Foreclosure" (as defined in footnote 3 on page 12 hereof), and (d) excludes (except as to the two line items below concerning Program Securities and Down Payment Loans) Mortgage Loans pooled into Program Securities and Mortgage Loans constituting Down Payment Loans. Also, see the subheading "Commencement of Origination of 2017 Series A New Mortgage Loans" hereinafter, "APPENDIX C – INSURANCE AND GUARANTY PROGRAMS FOR MORTGAGE LOANS" and "APPENDIX D – CERTAIN INFORMATION ON MORTGAGE LOAN PROGRAM UNDER 1976 GENERAL RESOLUTION".

| | |
|--|-------------------|
| Original aggregate principal amount of Bonds issued ⁽¹⁾ : | \$3,542,324,980 |
| Number of Series of Bonds issued ⁽¹⁾ : | 68 |
| Dates of issuance ⁽¹⁾ : | 1976 through 2016 |
| Principal Amount of Bonds outstanding ⁽²⁾ : | \$1,191,185,000 |
| Principal Amount of Mortgage Loans outstanding ⁽³⁾ : | \$964,720,567.98 |
| Principal Amount of Program Securities outstanding ⁽⁴⁾ : | \$30,130,592.31 |
| Principal Amount of Down Payment Loans outstanding: | \$34,338,387.24 |
| Number of Mortgage Loans originated: | 44,657 |
| Number of Mortgage Loans paid off: | 32,695 |
| Number of Mortgage Loans currently outstanding: | 11,962 |
| Types of Mortgage Loans in portfolio (percent of outstanding portfolio) ⁽⁵⁾ : | |
| FHA insured Mortgage Loans: | 90.553% |
| USDA/RD guaranteed Mortgage Loans: | 3.879% |
| Conventional Mortgage Loans (insured): | 2.675% |
| VA guaranteed Mortgage Loans: | 1.597% |
| Conventional Mortgage Loans (uninsured): | 1.296% |
| Government Uninsured Mortgage Loans: | 0.000% |
| Mortgage Loans for new construction outstanding ⁽⁵⁾ : | 16.18% |
| Mortgage Loans for existing homes outstanding ⁽⁵⁾ : | 83.82% |

(1) Includes Series of Bonds no longer outstanding.

(2) On December 1, 2016, the Authority paid at maturity or upon scheduled sinking fund redemption Bonds in the aggregate principal amount of \$7,765,000 and optionally redeemed and refunded Bonds in the aggregate principal amount of \$48,615,000; in addition, on February 1, 2017, the Authority redeemed Bonds in the aggregate principal amount of \$32,860,000.

(3) See also the subheading "Commencement of Origination of 2017 Series A New Mortgage Loans" hereinafter.

(4) Comprised of \$29,365,399.00 Fannie Mae Program Securities and \$765,193.51 GNMA Program Securities. The Authority currently intends to maintain separate data, as practicable, with respect to certain information on Mortgage Loans pooled into Program Securities, as and when Program Securities are financed under the 1976 General Resolution. While the Authority will retain the right under the 1976 General Resolution to securitize additional FHA insured Mortgage Loans, VA guaranteed Mortgage Loans and USDA/RD guaranteed Mortgage Loans into GNMA Program Securities and to securitize Conventional Mortgage Loans into Fannie Mae Program Securities, it currently has no plans to do so.

(5) Percent by the number of Mortgage Loans outstanding under 1976 General Resolution.

The following chart summarizes the Conventional Loans held under the 1976 General Resolution as of November 30, 2016 either covered by private mortgage insurance issued by each applicable private mortgage insurer (each of whom constituted a Qualified Mortgage Insurance Company at the time each respective Mortgage Loan was approved by the Authority) or that satisfied the requirements for uninsured Conventional Loans.

| <u>Private Mortgage Insurer</u> | <u>Percent of Mortgage Loan Portfolio⁽¹⁾</u> |
|---|---|
| Genworth Financial | 1.03% |
| Radian | 0.54% |
| United Guaranty | 0.38% |
| PMI | 0.29% |
| MGIC | 0.19% |
| Republic | 0.19% |
| TRIAD | 0.05% |
| Conventional Loans Uninsured ⁽²⁾ | <u>1.30%</u> |
| Total All Conventional Loans | <u>3.97%</u> |

(1) Percent by the number of Mortgage Loans outstanding in the portfolio and includes all Mortgage Loans held under the 1976 General Resolution, including, without limitation, the portion of Blended Loans financed under the 1976 General Resolution and Mortgage Loans "In Foreclosure" (as defined in footnote 3 on page 12 hereof), but excluding Mortgage Loans pooled into Program Securities and Down Payment Loans. Due to rounding variations, the stated total percent differs from the Authority's records by 0.01%.

(2) Includes Conventional Loans that were uninsured at origination due to loan-to-value ratios of 80% or less at origination as well as other Conventional Loans uninsured as of November 30, 2016 due to having loan-to-value ratios of 80% or less as of November 30, 2016.

Many providers of private mortgage insurance, including, without limitation, some providers listed hereinabove insuring some of the Authority's Conventional Loans, have experienced financial difficulties in recent years; some providers had their credit ratings withdrawn or downgraded or placed on watch for a future downgrade; some providers were placed in receivership, rehabilitation or under some other formal supervision by state regulators; and some providers in the past have not or currently are not making full payment on claims. Since January of 2009, the Authority has not purchased privately insured Conventional Loans. The Authority makes no representation regarding the financial condition of any of the hereinabove listed private mortgage insurance companies or their ability to make full and timely payment to the Authority of claims on Conventional Loans on which losses are incurred. Any failure to make timely payments on the private mortgage insurance policies insuring Conventional Loans may disrupt the flow of Revenues available for the payment of principal and interest on the Bonds.

The following table sets forth the delinquency status of the Mortgage Loans outstanding under the 1976 General Resolution as of November 30, 2016⁽¹⁾ that are 60 days or more delinquent.

| <u>Delinquency Status</u> | <u>Number of Loans</u> | <u>% of Total Portfolio⁽²⁾</u> | <u>Outstanding Balance</u> | <u>% of Outstanding Balance</u> |
|---------------------------|------------------------|---|-------------------------------|---------------------------------|
| 60 - 89 days past due | 170 | 1.42% | \$12,631,581.62 | 1.31% |
| 90 - 119 days past due | 90 | 0.75% | 7,341,616.52 | 0.76% |
| 120 days or more past due | 555 | 4.64% | 45,061,628.40 | 4.67% |
| In Foreclosure | <u>88</u> | <u>0.74%</u> | <u>7,486,953.45</u> | <u>0.78%</u> |
| Total | <u>903</u> | <u>7.55%</u> | <u>\$72,521,779.99</u> | <u>7.52%</u> |

(1) This table contains information on all Mortgage Loans held under the 1976 General Resolution as of November 30, 2016 that are 60 days or more delinquent, including the portion of delinquent Blended Loans financed under the 1976 General Resolution, but excluding Mortgage Loans pooled into Program Securities and Down Payment Loans; this table does not include information on foreclosed properties. As used in this table, "In Foreclosure" is defined in footnote 3 on page 12 hereof.

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The following table sets forth the sixty plus (60+) days delinquency rate and "In Foreclosure" (as defined in footnote 3 to the following table) rate for the specified calendar quarters for the Authority's 1976 General Resolution Mortgage Loan portfolio compared to the national Mortgage Bankers Association ("MBA") published quarterly National Delinquency Survey for FHA fixed rate mortgage loans in the State.

| <u>Calendar Quarter Ending</u> | <u>GHFA 60+ Days Delinquency Rate⁽¹⁾</u> | <u>MBA 60+ Days Delinquency Rate⁽²⁾</u> | <u>GHFA In Foreclosure Rate⁽¹⁾</u> | <u>MBA In Foreclosure Rate⁽³⁾</u> |
|---|--|---|--|---|
| 9/30/2016 | 6.83% | 4.46% | 0.53% | 1.56% |
| 6/30/2016 | 6.96% | 4.43% | 0.72% | 1.63% |
| 3/31/2016 | 6.45% | 4.57% | 0.77% | 1.93% |
| 12/31/2015 | 7.63% | 5.43% | 0.74% | 2.13% |
| 9/30/2015 | 7.14% | 5.63% | 0.78% | 2.21% |
| 6/30/2015 | 6.36% | 5.59% | 0.90% | 2.20% |
| 3/31/2015 | 5.89% | 5.78% | 0.86% | 2.25% |
| 12/31/2014 | 7.60% | 6.95% | 1.03% | 1.94% |
| 9/30/2014 | 7.45% | 6.93% | 1.02% | 2.19% |
| 6/30/2014 | 7.41% | 6.73% | 0.96% | 2.34% |
| 3/31/2014 | 7.33% | 7.07% | 1.43% | 2.60% |
| 12/31/2013 | 9.17% | 8.05% | 1.68% | 2.95% |
| 9/30/2013 | 8.63% | 8.04% | 1.87% | 3.06% |
| 6/30/2013 | 8.79% | 7.83% | 1.69% | 3.83% |
| 3/31/2013 | 11.22% | 8.07% | 1.59% | 3.97% |
| 12/31/2012 | 11.08% | 9.75% | 1.99% | 3.69% |
| 9/30/2012 | 11.06% | 9.81% | 1.91% | 4.43% |
| 6/30/2012 | 9.82% | 10.73% | 1.32% | 4.70% |
| 3/31/2012 | 9.31% | 11.27% | 1.43% | 4.27% |

- (1) The GHFA information in this table concerns all Mortgage Loans held under the 1976 General Resolution as of each date stated in this table, including the portion of Blended Loans financed under the 1976 General Resolution, but excluding Mortgage Loans pooled into Program Securities and Down Payment Loans, and does not include information on foreclosed properties.
- (2) The MBA's 60+ days delinquency rate for all FHA insured fixed rate mortgages in the State as reported in the MBA's quarterly National Delinquency Survey.
- (3) The MBA's percent of loans "In Foreclosure" for all FHA insured fixed rate mortgage loans in the State of Georgia as reported in the MBA's quarterly National Delinquency Survey for the calendar quarters specified. MBA defines "In Foreclosure" as any mortgage loan where foreclosure proceedings have begun; mortgage loans remain in foreclosure status until the foreclosure has been completed to the extent that the investor has acquired title to the real estate, an entitling certificate, title subject to redemption, or title is awaiting transfer to FHA or VA.

The Authority has collected and compiled its mortgage loan portfolio information since 1976 using a number of different information recording systems, creating the possibility of human or mechanical error in collecting, compiling and transcribing the aforesaid information and all other information herein on the Authority's mortgage loan portfolio.

Certain additional information on the Mortgage Loan Program under the 1976 General Resolution is set forth in "APPENDIX D—CERTAIN INFORMATION ON MORTGAGE LOAN PROGRAM UNDER 1976 GENERAL RESOLUTION" herein.

Commencement of Origination of 2017 Series A New Mortgage Loans

As of January 25, 2017, the total amount of unexpended proceeds held in the various Mortgage Purchase and Loan Accounts under the 1976 General Resolution (collectively, "Other Lendable Proceeds") was \$786,057, primarily composed of 2016 Series A and 2016 Series B Bond Proceeds. In addition to applying such Other Lendable Proceeds to finance in whole or in part new Mortgage Loans allocated to Outstanding Bonds, the Authority has undertaken the purchase of new Mortgage Loans expected to be permanently financed in whole or in part by proceeds of the 2017 Series A Bonds. As of January 25, 2017, the Authority has purchased Mortgage Loans

in the aggregate principal amount of \$18,858,992 using advances drawn under the Authority's loan warehouse credit facility with the Federal Home Loan Bank of Atlanta (the "FHLB Credit Facility"). The Authority expects to continue to make such purchases of Mortgage Loans financed with advances under the FHLB Credit Facility until the issuance of the 2017 Series A Bonds. Upon the issuance of the 2017 Series A Bonds, the Authority expects (i) to allocate the Mortgage Loans originated under the FHLB Credit Facility to the 2017 Series A Bonds and (ii) to apply a corresponding amount of the 2017 Series A Bond proceeds to repay the amount advanced under the FHLB Credit Facility. The Authority retains the right, however, to modify the aforesaid funding plans as permitted in accordance with the Resolutions.

With respect to the new Mortgage Loans expected to be allocated in whole or in part to the 2017 Series A Bonds, as of January 25, 2017, the Authority (a) has purchased new Mortgage Loans bearing interest at rates between 3.75% and 4.50% per annum in the aforesaid aggregate principal amount of \$18,858,992, which Mortgage Loans are identified by loan type in the chart below, (b) has underwritten and issued firm commitments to Sellers to purchase certain proposed mortgage loans in the aggregate principal amount of \$13,881,525 upon closing and delivery thereof in accordance with the Loan Seller Agreement and Seller Guide, which loan commitments contemplate mortgage loan interest rates between 3.75% and 4.625% per annum, and (c) has reserved an additional \$23,192,960 for other proposed mortgage loans identified by Sellers; provided, however, cancellation of some of such commitments and perhaps many of such reservations would be customary, and no assurance can be given as to how many of such proposed mortgage loans will be closed, will be presented for purchase in accordance with the Loan Seller Agreement and Seller Guide, and will be allocated in whole or in part to the 2017 Series A Bonds.

The following chart summarizes by loan type the new Mortgage Loans purchased by the Authority for allocation to the 2017 Series A Bonds as of January 25, 2017:

| <u>Loan Type</u> | <u>Principal Amount</u> |
|------------------------|----------------------------|
| FHA | \$18,858,992 |
| USDA/RDA | -0- |
| VA | -0- |
| Conventional Uninsured | -0- |
| Conventional Insured | -0- |
| Total | <u>\$18,858,992</u> |

As discussed hereinafter under "CASH FLOW ANALYSES FOR THE BONDS", the Authority currently evaluates weekly the interest rates to be borne by future originations of New Mortgage Loans and may adjust such interest rates as permitted by the Resolutions and certain tax covenants. The Authority currently periodically publishes its then current interest rates for New Mortgage Loans on its website (see "Current Georgia Dream Interest Rate" under "Georgia Dream Homeownership Program" at www.dca.ga.gov), provided, however, the Authority assumes no obligation to continue to do so. See "CASH FLOW ANALYSES FOR THE BONDS" hereinafter, and also see **Appendix D** herein as to the interest rate ranges of Mortgage Loans purchased as of November 30, 2016.

SECURITY FOR THE BONDS

The 2017 Series A Bonds will be secured, to the extent and as provided in the Resolutions, equally and ratably with all other Outstanding Bonds by a pledge and assignment of the Revenues and all amounts held in any Fund (except the amounts held with respect to the Authority's rebate obligation), including investments thereof, held pursuant to the Resolutions, subject only to the provisions of the Resolutions permitting the application, disposition or expenditure thereof for or to the purposes and on the terms and conditions set forth in the Resolutions. In addition, the Bonds will constitute general obligations of the Authority payable out of any of the Authority's revenues, money or assets legally available therefor. Pursuant to the Resolutions, the money and property thereby pledged by the Authority will be free and clear of any pledge, lien, charge or encumbrance thereon, or with respect thereto prior to, or of equal rank with, the pledge created by the Resolutions. The Authority has no taxing power.

Capital Reserve Fund

The 1976 General Resolution establishes a Capital Reserve Fund and provides there will be deposited in the Capital Reserve Fund amounts equal to the Capital Reserve Requirement and any other amounts available

therefor and determined by the Authority to be deposited therein. Amounts on deposit in the Capital Reserve Fund are available to make up any deficiencies in the Debt Service Fund if amounts on deposit therein and in the Mortgage Reserve Fund are insufficient to pay the Principal Installments or interest due on any Outstanding Bonds on any Interest Payment Date or any Principal Installment Date, as described in "APPENDIX A – CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTIONS – Summary of Certain Provisions of the Resolutions – Capital Reserve Fund" herein.

"Capital Reserve Requirement" means, with respect to the Outstanding Bonds as of any date of calculation, the greater of (i) an amount equal to the aggregate with respect to all Series of the amounts, if any, specified as the Capital Reserve Requirement for each Series in the respective Series Resolution authorizing such Series or (ii) an amount equal to three percent (3%) of the then current balance of all Mortgage Loans (but not Program Securities) as such amount shall be set forth in an Officer's Certificate; provided, however, the amount deposited in the Capital Reserve Fund from the proceeds of the sale of each Series of Bonds shall be no less than the amount required to be deposited by the Act, if any.

The 1976 General Resolution allows the Authority to satisfy the Capital Reserve Requirement with "Cash Equivalents," which are defined to mean a letter of credit, insurance policy, surety, guarantee or other security arrangement (as more fully defined and provided for in a Series Resolution), provided by an institution which has received a rating or a rating of its claims paying ability from each Rating Agency which would not impair the then existing rating on the Bonds or whose unsecured long-term obligations are rated at least the then highest rating on the Bonds or the highest rating of short-term obligations if the Cash Equivalent has a term of less than twelve (12) months by each Rating Agency.

As of the date of this Official Statement, the Trustee has never transferred money from the Capital Reserve Fund to the Principal Account or the Interest Account in the Debt Service Fund. As of November 30, 2016, \$41,287,589 (book value) was held in the Capital Reserve Fund under the 1976 General Resolution, and the Capital Reserve Requirement (calculated assuming full origination of available lendable proceeds) was \$30,122,022. On the Issue Date of the 2017 Series A Bonds, proceeds of the 2017 Series A Bonds in the amount of \$2,500,000 will be deposited in the 2017 Series A Capital Reserve Account in the Capital Reserve Fund, and the resulting total amount held in the Capital Reserve Fund on the Issue Date will exceed the amount of the Capital Reserve Requirement on such date after accounting for the issuance of the 2017 Series A Bonds. The Authority may reduce the amount held in the Capital Reserve Fund to any amount equal to or exceeding the then applicable Capital Reserve Requirement with respect to any Series of Bonds at any time and from time to time without notice to Bondholders.

Mortgage Reserve Fund

The 1976 General Resolution establishes a Mortgage Reserve Fund and provides for payments into the Mortgage Reserve Fund to the extent needed so that the amount on deposit therein equals the Mortgage Reserve Requirement reduced by amounts previously transferred from the Mortgage Reserve Fund to the Principal Account in the Debt Service Fund and not previously repaid to the Mortgage Reserve Fund. Under the 1976 General Resolution, however, there is no Mortgage Reserve Requirement applicable to the 2017 Series A Bonds or any other Series of Bonds currently outstanding. Notwithstanding the absence of any applicable Mortgage Reserve Requirement, as of November 30, 2016, there was \$977,803 (book value) in the Mortgage Reserve Fund. The Authority may reduce the amount held in the Mortgage Reserve Fund to any amount equal to or exceeding the then applicable Mortgage Reserve Requirement with respect to any Series of Bonds at any time and from time to time without notice to Bondholders.

Additional Bonds

Upon the satisfaction of a number of conditions precedent, including, without limitation, the Authority filing with the Trustee an Officer's Certificate showing that anticipated Revenues, together with other amounts deposited under the 1976 General Resolution, are expected to be sufficient to pay the Bonds, the 1976 General Resolution permits the issuance of Additional Bonds for the purposes set forth in the 1976 General Resolution, including, without limitation, to refund Outstanding Bonds issued under the Resolutions or other bonds of the Authority issued to finance single family mortgage loans. Any Additional Bonds issued under the Resolutions will be on parity with the 2017 Series A Bonds and all Bonds heretofore and hereafter issued under the Resolutions and

will be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Resolutions. The Authority currently intends to continue to issue Additional Bonds under the 1976 General Resolution from time to time.

Certain Additional Information

See Appendix E herein for certain additional information on Bonds outstanding under, and funds and investments held under, the 1976 General Resolution, including, without limitation, the Bonds outstanding by interest rate and the percentages of Mortgage Loan principal prepayments and Prepayments required to be applied to the payment or redemption of Bonds of the related Series under the 1976 General Resolution in accordance with the so-called Ten Year Rule.

CASH FLOW ANALYSES FOR THE BONDS

In order to determine whether Revenues from the Program Obligations financed under the 1976 General Resolution, together with other Revenues allocable to Outstanding Bonds under the 1976 General Resolution, are expected to be sufficient to meet the Authority's payment obligations and expenses under the 1976 General Resolution, including payment of the 2017 Series A Bonds, the Authority has reviewed analyses of the cash flows (collectively, the "Cash Flow Analyses") prepared at the Authority's request by the Cash Flow Consultant.

The purpose of the Cash Flow Analyses is to examine the effect on the Authority's Revenues of changes in certain factors that influence revenues, including, but not limited to, prepayment and default patterns on the Program Obligations, levels of origination of Program Obligations, and rates of return on reinvestment of Bond proceeds and the Program Obligations payments. Based on the Cash Flow Analyses prepared in accordance with the requirements and criteria of the Rating Agency, it is expected that Revenues pledged to payment of the Bonds, including the 2017 Series A Bonds, will be sufficient to pay scheduled principal and interest on all Bonds outstanding, including the 2017 Series A Bonds. Because actual experience can differ significantly from hypothetical scenarios, however, no representation is made that any of the Cash Flow Analyses will reflect the actual course of events or that Revenues will in fact be sufficient to pay the debt service on the 2017 Series A Bonds, other Outstanding Bonds or any future Series of the Bonds.

The Resolutions permit the Authority to change the interest rates for the New Mortgage Loans and, together with other documents related to the 2017 Series A Bonds, contain certain covenants and requirements related to such changes of the interest rates, including, without limitation, requirements for certain documentation from the Authority and the Cash Flow Consultant in connection with the reduction of such interest rates below certain specified thresholds including the Base Mortgage Rate for the applicable Series of Bonds, and, in certain events, review by the Rating Agency. The Authority expects to evaluate the interest rates weekly and expects to adjust such interest rates for future originations of New Mortgage Loans, adjust the portion of future Mortgage Loans or Down Payment Loans to be allocated to the 2017 Series A Bonds and/or undertake other steps, as appropriate in light of Program objectives, rates in the residential mortgage market generally during the origination period, the Base Mortgage Rate, certain tax covenants and the limitations established under the Resolutions.

EARLY REDEMPTION RISKS

The 2017 Series A Bonds will be subject to optional, special or mandatory redemption prior to maturity from time to time upon the occurrence of any one of a number of events or options pursuant to the Resolutions, including, without limitation, as applicable, special redemptions from unexpended proceeds, from prepayments of Program Obligations, from excess Capital Reserve Fund money and excess Mortgage Reserve Fund money and from other excess Revenues. Some of the events that may result in or contribute to early redemption of the 2017 Series A Bonds are discussed briefly below.

Redemption Risks from Unexpended Proceeds

The Resolutions provide for the redemption from time to time of a portion of Bonds (which may include, without limitation, 2017 Series A Bonds) from all or a portion of unexpended proceeds in the event that the Authority expects to be unable to expend money in the respective Mortgage Purchase and Loan Account (see

"ESTIMATED SOURCES AND USES OF FUNDS" herein for the amount deposited therein) to purchase Program Obligations prior to certain Redemption Dates. See "THE 2017 SERIES A BONDS – Redemption – Special Redemption – Special Mandatory Redemption of 2017 Series A Bonds from Unexpended Proceeds" herein for a description of the redemption from unexpended proceeds of the 2017 Series A Bonds.

Redemption from unexpended proceeds generally occurs in a declining residential mortgage loan interest rate environment when, after the issuance of bonds and the setting of the interest rate or the permitted range of interest rates on the Mortgage Loans, mortgage interest rates fall to a level where market rate loans are more attractive than Mortgage Loans made available from proceeds of the Authority's bonds. The last Bonds of the Authority to be redeemed from unexpended proceeds were 1996 Series A Bonds, of which \$5,625,000 were redeemed on January 7, 1998. The Authority currently evaluates its current Mortgage Loan interest rates weekly and has established procedures allowing it to adjust such interest rates as appropriate within certain limitations established by the Resolutions and the Code, as noted in the last paragraph under "CASH FLOW ANALYSES FOR THE BONDS" hereinabove. Nonetheless, the Authority does not know what changes in market interest rates for mortgage loans will occur after the issuance of the 2017 Series A Bonds or what impact any such changes may have on the acquisition of the New Mortgage Loans to be purchased with proceeds of the 2017 Series A Bonds or whether the limitations established by the Resolutions and the Code will permit the Authority to adjust the interest rate for New Mortgage Loans so as to remain sufficiently competitive in the market place.

The Authority's Program competes with mortgage products offered by mortgage lenders within the State and with mortgage products offered by other issuers of tax-exempt single family qualified mortgage bonds in the State. Certain local issuers of tax-exempt bonds may issue bonds to finance single family mortgage loans in the State during the origination period for the Program Obligations, the proceeds of which will finance mortgage loans that will compete with the origination of New Mortgage Loans in the particular geographic jurisdiction of each such local issuer, as applicable, or by agreement with or consent from one or more other local issuers in the area of operation of such other local issuer(s). There are no issuers of tax exempt single family qualified mortgage revenue bonds on a statewide basis in the State other than the Authority.

Redemption Risks from Prepayments of Program Obligations and Other Excess Revenues

Prepayments of mortgage loans are subject to demographic trends, fluctuations in the general domestic interest rate climate and other economic conditions, which affect the economic incentive to prepay. The Authority cannot predict at what rate prepayments will be received with respect to the New Program Obligations or the other Program Obligations financed under the 1976 General Resolution.

The average life of the 2017 Series A Bonds will vary as a result of various factors including the actual prepayment experience on Program Obligations financed under the 1976 General Resolution. Such Prepayments and certain other excess Revenues under the Resolutions may be applied under certain circumstances regardless of Series source, in accordance with the Resolutions to effect redemptions of 2017 Series A Bonds or other Bonds, or may be applied under certain circumstances to purchase additional Mortgage Loans. In certain circumstances, such redemptions and the selection of Bonds to be redeemed are required by the Resolutions. In other circumstances, such redemptions and/or the selection of Bonds to be redeemed are permitted by the Resolution if so directed by the Authority at its election. In certain events, the Authority may direct the Trustee to "cross-call" Bonds by applying Prepayments of Program Obligations financed under one Series Resolution or other excess Revenues to redeem Bonds of another Series. For the past several years, the Authority has routinely cross-called Bonds in this manner. Any unscheduled redemptions of 2017 Series A Bonds from Prepayments or other excess Revenues (which may include cross-calls, if permitted) will affect the average life of the 2017 Series A Bonds. Under other circumstances, the Authority may be permitted under the Code and then current interest rates may make it advantageous to the Authority to elect to apply such Prepayments or other excess Revenues to purchase additional Program Obligations. With respect to the 2017 Series A Bonds, see "THE 2017 SERIES A BONDS – Redemption – Special Redemption" herein, including, without limitation, "... – Special Redemption – Special Redemption of 2017 Series A Bonds from Tax Restricted Principal Receipts" herein.

In addition to the operation of the provisions of the Resolutions governing redemptions from Prepayments, other factual circumstances that occur over time will impact the average life of the 2017 Series A Bonds due to a number of factors, including, without limitation, the actual rate of prepayment of the New Program Obligations, the

occurrence of delinquencies, defaults, acceleration and foreclosures of the Program Obligations, the requirements of the Code as to application of principal payments and Prepayments received with respect to the New Program Obligations, and mortgage loan interest rates at that time. The Authority makes no representation as to the receipt of Prepayments as of any date or as to the overall rate of prepayment of the New Program Obligations or as to future redemptions of the 2017 Series A Bonds except as required under the Resolutions.

Projected Percentages of Initial Principal Balance Outstanding and Projected Weighted Average Lives of PAC Bonds

Set forth in the table included herewith as **Appendix F** (the "Table") are projected percentages of initial principal balance outstanding and projected weighted average lives for the PAC Bonds under a number of different prepayment speeds. "Projected percentages of initial principal balance outstanding" refers to the principal balance of a security that will be outstanding on a specified date expressed as a percentage of the initial principal amount of such security. "Projected weighted average life" refers to the average amount of time that will elapse from the date of issuance of a security to the date of projected payment to the investor of each dollar paid in net reduction of principal of such security (assuming no losses). The projected weighted average life of the PAC Bonds is determined by (a) multiplying each projected reduction, if any, of the Outstanding principal amount of the PAC Bonds by the number of years from the date of issuance of the PAC Bonds to the related Redemption Date or Maturity Date, (b) adding the results and (c) dividing the sum by the initial Outstanding amount of the PAC Bonds.

Prepayments on mortgage loans are commonly projected by reference to a prepayment standard or model. The prepayment model used in the scenarios set forth in the Table is the Securities Industry and Financial Markets Association ("SIFMA") (formerly The Bond Market Association) prepayment standard or model (the "SIFMA Prepayment Model"). The SIFMA Prepayment Model is based on an assumed rate of prepayment each month of the then unpaid principal balance of a mortgage loan. The SIFMA Prepayment Model assumes that an increasingly large percentage of the mortgage loans prepay each month for the first thirty (30) months of the life of the mortgage loan and then assumes a constant monthly prepayment rate of six percent (6%) per annum of the unpaid principal balance for the remaining life of the mortgage loans. Each of the scenarios represented in the Table is based on an indicated prepayment assumption, in each case expressed as a percentage of the SIFMA Prepayment Model.

As used in the Table in **Appendix F**, for example, (i) 0% Prepayment Assumption assumes no prepayments of the principal of the Program Obligations, (ii) 50% Prepayment Assumption assumes that the principal of the Program Obligations will prepay at a rate one-half times as fast as the prepayment rates for 100% of the SIFMA Prepayment Model, and (iii) 200% Prepayment Assumption assumes that the principal of the Program Obligations will prepay at a rate twice as fast as the prepayment rates for 100% of the SIFMA Prepayment Model.

The calculation of the projected weighted average life of the PAC Bonds set forth in the Table requires the making of certain hypothetical assumptions, including, among others, the following: (a) the PAC Bonds are structured assuming (i) the receipt of Prepayments on the New Mortgage Loans at the assumed rate of 75% of the SIFMA Prepayment Model and (ii) that the PAC Bonds will be redeemed as summarized in clause (c) of this paragraph; (b) New Mortgage Loans will be originated by July 2017 and will consist of (i) approximately \$73.51 million of New Mortgage Loans bearing a weighted average interest rate of approximately 4.220%, which will amortize on a level payment basis over thirty (30) years, and (ii) approximately \$4.35 million of Down Payment Loans bearing an interest rate of zero percent (0%), which will mature in thirty (30) years, will not amortize and are assumed to be forgiven when due; (c) PAC Directed 2017 Series A Loans Principal Receipts will be applied as follows at least once during each semiannual period until no PAC Bonds remain outstanding: (i) PAC Directed 2017 Series A Loans Principal Receipts will be applied to redeem PAC Bonds up to the then applicable PAC Bonds Outstanding Amount, and (ii) any remaining PAC Directed 2017 Series A Loans Principal Receipts will be applied first to redeem pro rata all 2017 Series A Bonds other than the PAC Bonds and last to redeem the PAC Bonds. The foregoing hypothetical assumptions summarized in this paragraph are referred to herein collectively as the "PAC Average Life Assumptions".

The actual characteristics and the performance of the 2017 Series A Program Obligations will differ from the PAC Average Life Assumptions utilized in constructing the Table, which assumptions are hypothetical in nature and are provided only to give a general sense of how the weighted average life of the PAC Bonds might vary as such prepayment speeds vary. For example, the Authority will reevaluate and may change the interest rate for the New

Mortgage Loans in response to market conditions. In addition the actual rate of prepayment of all 2017 Series A Program Obligations and the actual occurrence of delinquencies, defaults, accelerations and foreclosures of such 2017 Series A Program Obligations can be expected to differ from the PAC Average Life Assumptions. It is not expected that the 2017 Series A Program Obligations will prepay actually and consistently in conformance with any of the prepayment assumptions represented in the scenarios set forth in the Table. Any difference between such PAC Average Life Assumptions and the actual characteristics and performance of the 2017 Series A Program Obligations will cause the actual weighted average life of the PAC Bonds to differ (which difference could be significant) from the projected weighted average lives in the Table. Accordingly, the Authority makes no representation as to the reasonableness of the PAC Average Life Assumptions and makes no representation that the hypothetical projected average lives set forth in the Table will reflect the actual course of events.

See the Table set forth in "APPENDIX F – PROJECTED PERCENTAGES OF INITIAL PRINCIPAL BALANCE OUTSTANDING AND PROJECTED WEIGHTED AVERAGE LIVES OF PAC BONDS" herein.

INITIAL INVESTMENT OF BOND PROCEEDS

On or about the Issue Date of the 2017 Series A Bonds, the Authority expects to invest the unexpended proceeds and revenues thereof in various Investment Obligations, each of which will satisfy the applicable requirements set forth in the definition of "Investment Obligations" under the Resolutions (see "APPENDIX A – CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTIONS – Certain Definitions – Investment Obligations" herein). The Series Resolution provides that the Authority may acquire or enter into other substitute Investment Obligations from time to time upon the termination of any of the initial investments in accordance with its respective terms.

Certain information on some of the investments held under the 1976 General Resolution is included in "APPENDIX E – CERTAIN INFORMATION ON PARITY BONDS OUTSTANDING AND INVESTMENTS HELD UNDER THE 1976 GENERAL RESOLUTION" hereto.

THE AUTHORITY

Purpose and Powers

The Georgia Housing and Finance Authority was created in 1991 as a body corporate and politic and is deemed an instrumentality of the State and a public corporation performing an essential governmental function. The Authority was created to replace the Georgia Residential Finance Authority and to assume all operations, rights, powers, duties, obligations and liabilities of the Georgia Residential Finance Authority, which was created in 1974. Under the Act, the purposes of the Authority, among others, are the provision of public financing and financial assistance for (i) housing designed or financed for the primary purpose of providing safe, decent, energy efficient, appropriate, and affordable dwelling accommodations for persons and families of low or moderate income and (ii) the financing of mortgage loans made for the purposes described in clause (i) or participations therein and the underwriting, servicing and administration of mortgage loans made for the purposes described in clause (i) or participations therein.

The Authority has the power, among others, to purchase notes evidencing loans which are secured by mortgages, to make loans, to acquire and contract to acquire mortgages, to service mortgages and to make and execute contracts for the servicing of mortgages made or acquired by the Authority, to borrow money and to issue notes, bonds and other obligations subject to the approval of the Georgia State Financing and Investment Commission, and to do any and all things necessary or convenient to carry out its purposes and exercise the powers given and granted to the Authority by the Act. See "OTHER SINGLE FAMILY PROGRAMS OF THE AUTHORITY UNDER OTHER BOND RESOLUTIONS" herein.

The Act presently authorizes the Authority to have outstanding bonds and notes for single family residential finance purposes in an aggregate principal amount not exceeding \$3,000,000,000, excluding refunding bonds and notes. Under the Resolutions, Bonds may be issued in accordance therewith without limitation as to amount except as may be limited by law. The issuance of the 2017 Series A Bonds will not result in any violation of the aforesaid issuance limit.

The Act provides, inter alia, as follows: (a) for administrative purposes only, the Authority is assigned to the Department of Community Affairs ("DCA"), which is a legislatively created executive branch department of the State government (described hereinafter), (b) the members of the Authority's Board are the same persons who comprise the State's Board of Community Affairs (the "DCA Board"), who are appointed by the Governor as described hereinafter, (c) at each July meeting or upon any office vacancy, the Authority will elect from its membership a chair, a vice chair, a secretary and such other officers as it may determine, each for a one year term, which officers may not serve consecutive terms, (d) except for the authorization of the issuance of bonds, the Authority may delegate to its Executive Director such powers and duties as it may deem proper, (e) the Commissioner of DCA is the Executive Director of the Authority, (f) the Executive Director may appoint such directors, deputies and assistants as may be necessary to manage the operations of the Authority, and may organize the Authority into such divisions, sections or offices as the Executive Director may deem necessary or convenient, (g) the Authority may contract with DCA for professional, technical, clerical and administrative support and for any purpose necessary or incidental to carrying out the duties, responsibilities or functions of the Authority and (h) that no funds or assets of the Authority will be distributed to DCA or any other department, authority or agency of the State unless otherwise provided by law, except that the Authority may pay reasonable compensation for services rendered and may reimburse expenses incurred and except as may be deemed necessary or desirable by the Authority to fulfill its purposes under the Act.

DCA is a legislatively created department of the executive branch of the State's government, created pursuant to the Official Code of Georgia Annotated, Title 50, Chapter 8, as amended (the "DCA Act"). DCA currently administers a wide range of community development programs, including, without limitation, the coordinated, comprehensive state and local planning process, the state office of rural development, various grant and loan programs, the state job tax credit program, and the state cap allocation system for private activity bonds. As an executive branch department of state government, DCA has no authority to issue bonds.

As noted hereinabove, pursuant to the Act, the Commissioner of DCA is the Executive Director of the Authority. Camila Knowles has served as the Commissioner of DCA since January 15, 2015 by appointment by the DCA Board upon the recommendation of Governor Nathan Deal. Prior to her appointment as the Commissioner of DCA, Commissioner Knowles served as the Chief of Staff for United States Senator Saxby Chambliss of Georgia. She worked with Senator Chambliss beginning in 2003, initially as one of the Senator's designees on the Senate Judiciary Committee, thereafter serving as a legislative assistant and chief counsel for the Senator in Washington, until moving in 2009 to his Atlanta office as the Senator's State Director and was named Chief of Staff in 2013. While on Senator Chambliss' staff, Commissioner Knowles worked on legislation directly impacting communities across Georgia and on appropriations bills providing federal funding to numerous Georgia projects. Prior to her work with Senator Chambliss, Commissioner Knowles served as a legislative aide to U.S. Senator Kay Bailey Hutchison of Texas. Commissioner Knowles holds an A.B. in History from Harvard University, from which she graduated with cum laude distinction, and a law degree from Georgetown University, and is a member of the State Bar of North Carolina.

The Authority's offices and DCA's offices are located at 60 Executive Park South N.E., Atlanta, Georgia 30329, and the Authority's telephone number is (404) 679-4840. At the present time, DCA maintains a homepage on the Internet at www.dca.ga.gov, which homepage includes certain general information relating to the Authority's Georgia Dream Homeownership Program; DCA has no obligation, however, to continue to maintain the homepage or any successor thereto or to continue to include information on the Authority's Georgia Dream Homeownership Program therein.

Authority's Board

The powers of the Authority are vested in nineteen (19) members who also comprise the Board of DCA. Board members are appointed by the Governor and are composed of one member from each United States Congressional District in the State (currently fourteen) plus five additional members from the State at large, and include elected officials of counties or municipalities, individuals with an interest or expertise in community or economic development, environmental issues, housing development or finance or citizens who in the judgment and discretion of the Governor would enhance the DCA Board.

The members of the Authority as of February 8, 2017, their respective elected position or principal occupations, as applicable, and the United States Congressional District ("C.D.") that they represent or their status as a member at large, as applicable, are listed below.

| <u>Name</u> | <u>Position or Occupation</u> | <u>Representation Status</u> |
|-----------------------------------|---|-------------------------------------|
| Joyce C. Stevens Chair | Business Executive Good Hope, Georgia | Member at Large |
| Frank Turner, Jr. Vice Chair | Attorney Covington, Georgia | C.D. 4 |
| Larry H. Hanson Secretary | City Manager, City of Valdosta Valdosta, Georgia | Member at Large |
| Chad Barrow | Business Executive Garden City, Georgia | C.D. 1 |
| C. "Rick" Muggridge | Business Executive Albany, Georgia | C.D. 2 |
| Jeffrey W. Brown | Retired LaGrange, Georgia | C.D. 3 |
| Carolyn "Tippi" Burch | Attorney Atlanta, Georgia | C.D. 5 |
| James "Allen" Kibler | Business Executive Roswell, Georgia | C.D. 6 |
| George "Chip" Mitchell | Business Executive Grayson, Georgia | C.D. 7 |
| Carolyn M. Crayton | Business Executive Macon, Georgia | C.D. 8 |
| Gilbert C. Barrett | Business Executive Demorest, Georgia | C.D. 9 |
| H. Clifford "Cliff" Sheppard, Jr. | Business Executive Sandersville, Georgia | C.D. 10 |
| William E. Dewrell | Business Executive Woodstock, Georgia | C.D. 11 |
| Adam H. Hatcher | Attorney Augusta, Georgia | C.D. 12 |
| Stephan D. Nygren | Business Executive Palmetto, Georgia | C.D. 13 |
| Bebe A. Heiskell | Sole County Commissioner, Walker County Lafayette, Georgia | C.D. 14 |

| <u>Name</u> | <u>Position or Occupation</u> | <u>Representation Status</u> |
|----------------------|--|------------------------------|
| D. Scott Gibbs | Commissioner, Hall County Board of Commissioners, and Business Executive Gainesville, Georgia | Member at Large |
| Albert M. Hodge, Jr. | Business Executive Rome, Georgia | Member at Large |
| Audrey King | Business Executive Statesboro, Georgia | Member at Large |

Single Family Housing Finance Senior Staff

Certain aspects of the Authority's single family housing functions and programs (including, without limitation, its single family Georgia Dream Homeownership Program) are administered by staff in the Housing Policy and Administration Division and the Housing Finance and Development Division, both within DCA's Housing Group. The senior management staff in those two Divisions who are involved in the administration of the Authority's single family bond program are as follows:

Carmen Chubb, Deputy Executive Director of the Authority, Deputy Commissioner for Housing and Director of the Housing Group from September 2012 to present; Assistant Commissioner for Housing of DCA and Director of the Housing Finance Division of DCA from October 2002 to September 2012; Director of the Single Family Housing Office within the Housing Finance Division of DCA from August 1998 to October 2002; Loan Portfolio Manager of the Authority from 1995 to August 1998; Loan Accounting Manager of the Authority from 1992 to 1995; Servicing Supervisor of the Authority from 1991 to 1992. Previously Loan Servicing Specialist and Customer Service Representative, Anchor Savings Bank, FSB (1988-1991). B.A., University of Georgia.

Fenice Taylor, Office Director of Homeownership Programs in the Homeownership Division from September 2015 to present; Office Director of Housing Finance in the Housing Finance and Development Division of DCA from September 2012 to August 2015; the Office of Housing Finance administers both single family production and multifamily housing financing programs, including the Low-Income Housing Tax Credit ("LIHTC") and HOME programs; Housing Credit Program Manager at DCA, administering the LIHTC program, Sec. 1602 Tax Credit Exchange Program and Tax Credit Assistance Program from January 2002 to September 2012; Fenice has been with DCA since October 1998; senior tax credit program staff with the Texas Department of Housing and Community Affairs from May 1997 to September 1998. B.B.A. with Honors, University of Texas; Phi Kappa Phi honor society; certified public accountant licensed in Georgia and Texas; member of the American Institute of Certified Public Accountants.

Vicki W. Travis, Bond Finance Program Manager from October 2015 to present; Counsel with Womble, Carlyle Sandridge & Rice LLP from September 2013 to July 2014; First Vice President and Senior Counsel with SunTrust Bank from August 2008 to December 2012. Joint JD/MBA Emory University School of Law/Goizueta School of Business, May 2000; B.Acc. (Major: Accounting, Minor: Management) with honors, University of Oklahoma School of Business, December 1995; licensed to practice law in Georgia and Texas.

Sara V. Martinez, Legal Consultant for the Homeownership Division from December 2016 to present; Legal Consultant for the Housing Finance Division from May 2015 to December 2016; Assistant General Counsel for the South Carolina State Housing Finance & Development Authority from January 2010 to May 2015; J.D. University of South Carolina School of Law, 2006; B.S. Furman University, 2003; licensed to practice law in South Carolina.

Lynn Ross, Senior Homeownership Program Manager from May 2016 to present; over forty years of single family mortgage origination and operation experience; most recently Vice President of Operations with

Independent Mortgage Associates January 2002 to April 2016; Vice President with Sunshine Mortgage Corporation June 1996 to December 2001. BA and MA Communications, University of Illinois.

Other aspects of the Authority's single family housing bond program, including, without limitation, loan servicing, accounting and investment functions, are administered by staff in the Finance Division within DCA's Finance and Administration Group. The senior management staff in the Finance Division who are involved in the administration of the Authority's single family bond program are as follows:

John Ellis, Deputy Executive Director of the Authority and Deputy Commissioner for Finance and Administration from September 2012 to present; Deputy Executive Director of the Authority and Assistant Commissioner for Administration of DCA from February 2007 to September 2012; Information Technology Director for DCA from December 2002 to January 2007; Research and Communications Director for DCA from January 1999 to November 2002; Director of the Office of Information Systems within the Administration Division from July 1997 to December 1998; Survey Manager within the Planning and Environmental Management Division of DCA from July 1995 to June 1997; Personnel Director for DCA from October 1994 to June 1995; Local Government Consultant within the Division of Planning and Environmental Management from May 1993 to September 1994. Previously Senior Management Analyst with the Georgia Department of Audits (1992 to 1993) and Senior Performance Auditor with the Florida Office of the Auditor General (1989 to 1992). B.A. (Sociology), Georgia Southern University; M.P.A., University of North Florida.

Stephanie Green, Division Director of the Finance Division from September 2012 to present; Finance Director of the Authority from June 2011 to September 2012; Vice President of Loan Servicing Georgia Student Finance Commission November 2006 to May 2011; Accounting Director, Department of Motor Vehicle Safety from November 2001 to November 2006; Director of Accounting of DCA from 1998 to 2001; Accounting Manager of the Authority from 1990 to 1998. B.S., University of the West Indies.

Shane Patilla, Office Director in the Finance Division from January 2016 to present, responsible for financial reporting for GHFA's single family bond program and various state and federal programs; Regional Finance Director for the Art Institute of Atlanta from October 2012 to January 2016; DHL Director of Finance for Express USA from August 2006 to July 2012; and Finance Manager, Latin America and Caribbean for Delta Airlines from June 2004 to July 2006; B.S. (Accounting), St. John's University, Jamaica, New York; M.B.A., Argosy University, Atlanta Georgia.

Other Single Family Housing Programs

The single family housing programs of the Authority administered by the Divisions of DCA noted hereinabove include, without limitation, the following: the Georgia Dream First Mortgage Loans financed by the 2017 Series A Bonds and other single family mortgage bonds issued by the Authority; the Georgia Dream Second Mortgage Down Payment Loans financed from various sources including, but not limited to, money available under the Resolutions and other funds available to the Authority from time to time; single family loan administration; and loan servicing through State Home Mortgage.

See "GEORGIA DREAM HOMEOWNERSHIP PROGRAM" hereinafter for a description of the Authority's single family home ownership program financed with proceeds of the Bonds.

Any revenues derived by the Authority in connection with any of its programs, other than its Georgia Dream Homeownership Program financed with proceeds of Bonds issued pursuant to the 1976 General Resolution described below, will not be pledged to the payment of debt service on the 2017 Series A Bonds.

GEORGIA DREAM HOMEOWNERSHIP PROGRAM

The Authority has established its Georgia Dream Homeownership Program (the "Program") under which the Authority may use revenue bond proceeds to purchase and make certain qualified Mortgage Loans (and Program Securities backed thereby) secured by first mortgage liens or security title (and a limited amount of second or third lien Down Payment Loans) on single family residential housing located in the State, including condominium units,

intended for ownership and occupancy by eligible persons and families. The Authority has considered, and in the future may implement, additional components of the Program that may include, without limitation, subordinate mortgage loans for home improvements or down payment assistance structured differently than the Down Payment Loans described herein. The Authority continuously strives to improve and expand its marketing and origination efforts with respect to the Program, including coordinating its efforts and components of the Program with lenders, realtors and other Federal, State and local governmental programs and initiatives.

This Official Statement summarizes the provisions of the Authority's Georgia Dream Homeownership Program as of the date hereof in connection with the current origination of Program Obligations. The Authority revises aspects of its Program from time to time and may make revisions to the Program prior to the full origination of Program Obligations with proceeds of the 2017 Series A Bonds. Accordingly, the following description of the Authority's Georgia Dream Homeownership Program is applicable only with respect to current originations of Program Obligations and may not apply to the origination of Program Obligations in the future.

Under the Program, the Authority will commit to purchase and will purchase from proceeds deposited in the 2017 Series A Mortgage Purchase and Loan Account newly originated New Program Obligations. Pursuant to certain resolutions of the Authority previously adopted, the Authority may purchase with money from its General Fund certain Mortgage Loans prior to the issuance of the 2017 Series A Bonds, which Mortgage Loans will be purchased by the Trustee with proceeds of the 2017 Series A Bonds upon the issuance thereof and will bear interest rates established pursuant to the same procedures and requirements and will have the same terms and other characteristics as other New Mortgage Loans.

Eligible Program Obligations

Under the Program, all Mortgage Loans, Program Securities and Down Payment Loans purchased by the Authority with proceeds of Bonds issued under the 1976 General Resolution must comply with the applicable requirements thereof and the applicable requirements of the Series Program Determination adopted by the Authority with respect to each respective Series of Bonds, as well as the applicable requirements of the Act and federal tax law. The Program Obligations currently authorized to be financed include FHA insured, VA guaranteed, USDA/RD guaranteed, and Conventional Loans, in each case as whole loans and such Mortgage Loans pooled into Program Securities guaranteed by GNMA, Fannie Mae or another Federal Mortgage Agency, and Down Payment Loans. The Series Program Determinations permit different requirements for Down Payment Loans, subject to the applicable provisions of the Act and federal tax law. The Authority may change the Series Program Determinations in the future. The Mortgage Loans and Down Payment Loans will be secured by single family residential dwellings which are located in the State, will meet the Authority's purchase price and household Annual Income limits and will be purchased by eligible persons and families of low or moderate income. See "APPENDIX C – INSURANCE AND GUARANTY PROGRAMS FOR MORTGAGE LOANS" herein.

The Program Obligations (other than the Down Payment Loans discussed hereinafter) will be non-adjustable fixed rate Mortgage Loans (or Program Securities backed by Mortgage Loans) with original terms of up to thirty (30) years, secured by Mortgages on single-family, owner-occupied housing located within the State. As noted hereinabove, certain Program Obligations financed under the 1976 General Resolution between 2005 and 2007, outstanding in the aggregate principal amount of \$8,648,714.71 as of November 30, 2016, have an original term of thirty-five (35) years, with interest only payable during the first five (5) years, and with the principal fully amortized over the remaining thirty (30) years of the loan term, all of which Program Obligations are now fully amortizing. The balance of the Program Obligations financed under the 1976 General Resolution and all New Program Obligations financed by the 2017 Series A Bonds (other than Down Payment Loans) will have an original term of thirty (30) years, with the principal fully amortized over such term. With respect to the Down Payment Loans, see "Georgia Dream Second Mortgage Loan Program and Down Payment Loans" hereinafter.

Pursuant to the Act and federal tax law, the Authority has established the following maximum purchase price limits for single family residences financed under the 1976 General Resolution: (a) \$250,000 for residences located in the Atlanta - Sandy Springs - Marietta Metropolitan Statistical Area (the "Atlanta MSA"), and (b) \$200,000 for residences located elsewhere in the State. The Atlanta MSA currently includes the following

counties: Barrow, Bartow, Carroll, Cherokee, Clayton, Cobb, Coweta, Dawson, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Heard, Henry, Jasper, Newton, Paulding, Pickens, Pike, Rockdale, Spalding and Walton Counties.

The Authority has established the following household Annual Income (as defined in the Seller Guide) limits for Mortgagors who purchase single family residences financed under the 1976 General Resolution:

- (a) Within the Atlanta MSA, \$79,500 for Mortgagors whose household size is three (3) or more persons, and \$69,000 for Mortgagors whose household size is two (2) or less persons; and
- (b) Outside the Atlanta MSA, \$68,500 for Mortgagors whose household size is three (3) or more persons, and \$59,500 for Mortgagors whose household size is two (2) or less persons.

The Authority may revise the maximum purchase price limits and maximum Annual Income limits set forth above in accordance with the applicable federal tax requirements.

In addition, the Authority requires all Georgia Dream borrowers to receive home buyer education or counseling.

As required by the Act, at least one-third (1/3) of the total proceeds available from the 2017 Series A Bonds to finance New Program Obligations will be made available to finance single family housing units in all Metropolitan Statistical Areas (collectively, the "MSAs") (as defined in the Act for the purposes of this paragraph) of the State, and one-third (1/3) of such total proceeds available to finance New Program Obligations will be made available to finance single family housing units outside of the MSAs of the State, in each case for at least four (4) months from the date of issuance of such Bonds. Generally speaking, an MSA for this purpose consists of a county or group of counties containing at least one city having a population of 50,000 or more, plus adjacent counties that are metropolitan in character, which have a population of 50,000 or more and which are economically and socially integrated with the central city. The MSAs of the State include the areas surrounding the cities of Albany, Athens, Atlanta, Augusta, Brunswick, Columbus, Dalton, Gainesville, Hinesville-Fort Stewart, Macon, Rome, Savannah, Valdosta and Warner Robins, Georgia, and Chattanooga, Tennessee. The Authority also may establish additional set asides from time to time in order to further the Authority's public purposes.

The Authority will review all Mortgage Loans and Down Payment Loans prior to purchase, and the Authority reserves the right to decline to finance any Mortgage Loans and Down Payment Loans not approved by the Authority. All Mortgage Loans and Down Payment Loans to be purchased by the Authority with proceeds of the 2017 Series A Bonds must be delivered for purchase by the Lending Institutions during the applicable periods designated by the Authority in accordance with the Program documents.

Georgia Dream Second Mortgage Loan Program and Down Payment Loans

General. At the end of calendar year 1993, the Authority established its Georgia Dream Second Mortgage Loan Program, (previously known as the "OwnHOME Program"), which is a down payment assistance program for qualified low and moderate income home buyers. During the first eleven (11) months of calendar year 2016 and during calendar years 2015 and 2014, respectively, approximately 100%, 100% and 99.02%, respectively, of the Mortgage Loans being financed through the Authority's Georgia Dream First Mortgage Program are for Mortgagors who also received a second mortgage Down Payment Loan. The Authority currently funds the Georgia Dream Second Mortgage Program from Bond proceeds available under the Resolutions (which will include proceeds of the 2017 Series A Bonds as described hereinafter) and in the past also has funded this Program from various other funding sources available to the Authority from time to time. The Authority reserves the right to modify its funding of the Georgia Dream Second Mortgage Loan Program with respect to the first priority Mortgage Loans financed in whole or in part with proceeds of the 2017 Series A Bonds as permitted by the Resolutions.

Under the Authority's Georgia Dream Second Mortgage Program, Down Payment Loans (1) bear interest at zero percent (0%), with no principal amortization, and no stated maturity date, (2) are secured by a second or third mortgage lien on the property being financed so long as the first mortgage lien is securing a Mortgage Loan pledged under the 1976 Bond Resolution, (3) provide that principal thereof will be payable only upon sale, transfer or refinancing of the mortgaged property or upon the mortgaged property ceasing to be the principal residence of the

Mortgagor or otherwise used in a manner not permitted for residences financed with the proceeds of qualified mortgage revenue bonds, and (4) are prepayable at any time without penalty or premium. Some or all amounts due on the Down Payment Loans may be forgiven by the Authority, provided such forgiveness is consistent with the Program Cash Flow Certificate last filed by the Authority with the Trustee and the Rating Agency.

The Down Payment Loan amount for Georgia Dream First Mortgage Program borrowers was a minimum of \$1,000 and a maximum of \$5,000 through October 31, 2003. Beginning November 1, 2003, the loan amount of each Down Payment Loan has been a fixed amount of \$5,000, except for participants in special targeted programs described hereinafter, in which case the loan amount may be up to \$7,500 and may include principal reduction. The Down Payment Loan proceeds may be used for a portion of the down payment, closing costs and pre-paid expenses, or as otherwise required by any of the Authority's special targeted second mortgage loan programs described hereinafter. Since the inception of the Georgia Dream Second Mortgage Program, the average principal amount of each Down Payment Loan made by the Authority as of November 30, 2016 was approximately \$3,805 (exclusive of the special targeted programs described hereinafter). The Authority currently administers all Down Payment Loans directly.

The Authority originally financed its Down Payment Loans from non-bond sources of funds as noted hereinabove, which alternative funding sources continue to be used by the Authority from time to time as well as Bond proceeds. Beginning in 2001, each Series Resolution authorized a certain amount of Bond proceeds to be applied to finance Down Payment Loans, initially in the amount of \$250,000 per Series of Bonds and beginning in 2009 in greater amounts. From 2001 to November 30, 2016, pursuant to the applicable Series Resolutions, the Authority has authorized Bond proceeds in the aggregate principal amount of approximately \$41,345,665 to be applied to finance Down Payment Loans and has originated approximately 6,597 Down Payment Loans in the original aggregate principal amount of approximately \$39,408,827 with such Bond Proceeds, and as of November 30, 2016 such Down Payment Loans were outstanding in the aggregate principal amount of approximately \$34,166,826.24. The Authority has authorized application of up to \$4,350,000 of proceeds of the 2017 Series A Bonds to finance Down Payment Loans; provided, however, the 2017 Series A Resolution also will allow such \$4,350,000 amount to be increased upon the filing with the Trustee of an Officer's Certificate to that effect and a revised Program Cash Flow Certificate reflecting such increased amount and satisfying the requirements of the Resolutions.

Special Targeted Second Mortgage Loan Programs. The Authority's special targeted second mortgage loan programs currently include its "PEN Program" and its "CHOICE Program".

The PEN Program is targeted to "Protectors" (including full time employees of a police department, sheriff's office, correctional facility or other local or state government law enforcement agency or fire department, volunteer firefighters, and active duty United States armed services personnel), "Educators" and "Nurses" (including other full time healthcare workers), in each case as such categories of eligible PEN borrowers are more fully specified by the Authority's PEN Program. Eligible PEN borrowers may obtain a Down Payment Loan in the loan amount of \$7,500, bearing interest at zero percent (0%), and must pay a cash down payment of at least \$1,000 toward the purchase price of the eligible single family residence.

The Authority's CHOICE Program (Consumer Home Ownership and Independence Choices for Everyone) assists eligible borrowers with disabilities and households with disabled members with Down Payment Loans in the loan amount of \$7,500, bearing interest at zero percent (0%). Eligible CHOICE borrowers must pay a cash down payment of at least \$1,000 toward the purchase price of the eligible single-family residence.

In addition to the foregoing special programs, the Authority is continuing to develop and expand its targeted second mortgage loan programs to better serve the citizens of the State.

Purchase of Program Obligations

The Authority has approved certain Lending Institutions and others may be considered for approval to participate in the Program as Sellers based upon their satisfaction of the Authority's participation requirements. As of November 30, 2016, the Authority had approved seventy-seven (77) Lending Institutions to participate in the Program as Sellers. In approving Lending Institutions for participation in the Program as Sellers, the Authority

considers, among other things, performance as a participant in the Authority's prior home ownership loan programs, the market areas served and their status as participants in programs of Federal Mortgage Agencies, if applicable.

Upon compliance with the provisions of the Resolutions and the Loan Seller Agreements, the Authority may purchase New Mortgage Loans from Lending Institutions at a purchase price of 100% of the original principal balance of the Mortgage Loans, which Mortgage Loans will be either FHA insured, VA guaranteed, Conventional or USDA/RD guaranteed in accordance with those respective Federal programs.

Each Loan Seller Agreement provides that certain representations and warranties will be deemed to have been made by the Seller thereunder concerning each Mortgage Loan to be originated and purchased thereunder, including, without limitation, that (a) the Lending Institution has complied with all requirements of the Loan Seller Agreement and the Authority's Seller Guide, (b) in making each Mortgage Loan, the Lending Institution has complied with all applicable laws, rules and regulations, (c) the Mortgage Loan is either insured by FHA, guaranteed by VA or USDA/RD or is a Conventional Loan, (d) the Mortgage securing the Mortgage Loan has been properly filed for recording and constitutes a valid first mortgage lien on the mortgaged property subject only to real property taxes and assessments not yet due and easements and restrictions of record which do not adversely affect to a material degree the use or value of the mortgaged property, and (e) improvements to the mortgaged property are covered by a valid policy of fire and extended coverage insurance in an amount at least equal to the outstanding principal balance of the Mortgage Loan, or the maximum insurable value, whichever is less. The Loan Seller Agreement also provides certain representations and warranties with respect to Georgia Dream Second Mortgage Loans, including Down Payment Loans.

Should any Lending Institution fail to make or deliver for purchase New Mortgage Loans in accordance with the Loan Seller Agreement or in the event that any warranty made by a Lending Institution with respect to any New Mortgage Loan is found to be untrue or misleading in any material respect, the Authority is entitled to all remedies provided at law or in equity, including but not limited to, the right to (i) require the Lending Institution to repurchase such New Mortgage Loan, (ii) rescind or terminate the Loan Seller Agreement, (iii) seek equitable relief by way of injunction, (iv) seek damages, (v) suspend or limit the Lending Institution's participation in the Authority's Program and (vi) recover the costs of pursuing any of the foregoing remedies.

Servicing of Mortgage Loans

To insure the appropriate servicing of all Mortgage Loans financed by the Authority, the Authority (a) has entered into a number of Loan Administrator Agreements (collectively and each respectively, as amended, the "Loan Administrator Agreements") with various mortgage servicers (collectively and each respectively, the "Loan Administrators"), and (b) services certain Mortgage Loans itself as described hereinafter. Each Loan Administrator (which also may be a Seller under a Loan Seller Agreement) must be approved by the Authority and must be a Fannie Mae seller/servicer and either an FHA approved servicer or a VA approved servicer or a federally insured financial institution. The Loan Administrator Agreements govern the servicing of all existing Mortgage Loans under the 1976 General Resolution, including all New Mortgage Loans, except for Mortgage Loans serviced by the Authority.

Each Loan Administrator Agreement sets forth certain duties and responsibilities of the Loan Administrator, including, among others: (a) to forward to the Trustee in accordance with the requirements of the Loan Administrator Guide those portions of Mortgage Loan payments applicable to principal and interest on each Mortgage Loan after deducting a servicing fee of three-eighths of one percent (0.375%) per annum of the outstanding principal collected on each Mortgage Loan being serviced, (b) to deposit those portions of Mortgage Loan payments applicable to taxes and insurance premiums in an escrow bank account established for such purpose, such account to be held in trust for the benefit of both the Authority and the respective Mortgagors in a bank or savings association approved by the Authority whose accounts are federally insured by the Federal Deposit Insurance Corporation, (c) to pay from all escrow accounts so established all taxes and insurance premiums when due, and (d) to assure that all property covered by each Mortgage Loan is insured by a fire and extended coverage insurance policy in accordance with the requirements of the Loan Administrator Agreement.

Under the registered trade name of State Home Mortgage, the Authority services certain loans financed by the Authority's various housing programs, which currently include certain single family Mortgage Loans financed

under the 1976 General Resolution, as well as certain other bond funded and non-bond funded single family and multifamily mortgage loan financing programs of the Authority and in the future may include loans financed by other non-housing programs of the Authority. All Mortgage Loans serviced by the Authority are serviced in accordance with the applicable provisions of the Authority's Loan Administrator Guide and, as applicable, the Ginnie Mae Guide, the Fannie Mae Guide or servicing requirements applicable to FHA insured Mortgage Loans, VA guaranteed Mortgage Loans, Conventional Loans and USDA/RD guaranteed Mortgage Loans. As of November 30, 2016, of the four (4) Loan Administrators servicing Mortgage Loans financed under the 1976 General Resolution, State Home Mortgage serviced the largest percent of the then outstanding Mortgage Loans financed under the 1976 General Resolution, servicing approximately 91.84% of such outstanding Mortgage Loans based upon the number of Mortgage Loans outstanding and approximately 95.11% based upon the outstanding principal balances of such Mortgage Loans.

The Authority currently intends to administer Down Payment Loans financed by the 2017 Series A Bonds directly as part of its administration of the Georgia Dream Second Mortgage Loan Program.

OTHER SINGLE FAMILY PROGRAMS OF THE AUTHORITY UNDER OTHER BOND RESOLUTIONS

The Authority previously issued single family mortgage bonds under certain other general bond resolutions that have been discharged and under which no bonds remain outstanding.

Any revenues derived by the Authority in connection with any other single family bond program that the Authority previously undertook or may undertake in the future will not be pledged to the payment of debt service on the 2017 Series A Bonds.

TAX EXEMPTION

In the opinion of Bond Counsel, assuming compliance with certain covenants contained in the Resolutions and the other Program Documents, under existing laws, regulations, rulings and judicial decisions, interest on the 2017 Series A Bonds is excluded from gross income for Federal income tax purposes as described herein, is not a specific item of tax preference for purposes of the federal alternative minimum tax provisions of the Code applicable to individuals and corporations, and is not included in corporations' calculations of adjusted current earnings under the federal alternative minimum tax provisions of the Code.

In the further opinion of Bond Counsel, interest on the 2017 Series A Bonds is exempt from taxation within the State of Georgia.

The proposed text of Bond Counsel's legal opinion is set forth as **Appendix G**. The legal opinion to be delivered may vary from that text if necessary to reflect facts, circumstances and the law in effect on the Issue Date.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for Federal income tax purposes of interest on obligations such as the 2017 Series A Bonds. The Authority has covenanted in the Resolutions, the Tax Regulatory Agreement and No-Arbitrage Certificate dated the Issue Date (the "Tax Certificate"), the Loan Administrator Agreement, the Loan Seller Agreement and other relevant documents relating to the Program (collectively, the "Program Documents") to comply with certain restrictions, and has created certain procedures, all of which are intended to ensure that interest on the 2017 Series A Bonds will not be includible in gross income for Federal income tax purposes. The Opinions of Bond Counsel assume compliance with these covenants and procedures. Failure to comply with these covenants and procedures could result in interest on the 2017 Series A Bonds being includible in income for Federal income tax purposes and such inclusion could be required retroactively to the respective dates of issuance of the 2017 Series A Bonds. For a discussion of these requirements and the Authority's obligations with respect to compliance therewith, see "FEDERAL INCOME TAX MATTERS" below. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the respective dates of issuance of the 2017 Series A Bonds may adversely affect the tax status of the interest on the 2017 Series A Bonds. Bond Counsel has not been made aware of any actions taken (or not taken) or events occurring (or not occurring) which would have had such adverse effect.

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the 2017 Series A Bonds. For example, there have been recent legislative proposals that if enacted would limit the amount of certain exclusions (including tax-exempt interest) and deductions available to certain high-income individuals. In addition, Congress is considering various legislative proposals to reduce the federal budget deficit and the federal debt, and some of these proposals as well as other future proposals, if enacted, could affect the tax status and/or market price or marketability of state and local bonds, which could include the 2017 Series A Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the 2017 Series A Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular lawsuit will be resolved, or whether the 2017 Series A Bonds or the market value thereof would be impacted thereby. Purchasers of the 2017 Series A Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial authorities as of the date of issuance and delivery of the 2017 Series A Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

The 2017 Series A Bonds maturing on December 1, 2047 that constitute the PAC Bonds (for this purpose, the "Premium Bonds") were sold at a price in excess of the principal amount thereof. Under the Code, the difference between the principal amount of the Premium Bonds and the cost basis of the Premium Bonds to an owner (other than an owner who holds the Premium Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) is "bond premium." An initial owner of the Premium Bonds must amortize any bond premium in accordance with Section 171 of the Code. Owners of the Premium Bonds should consult their own tax advisor with respect to the precise determination for federal income tax purposes of the treatment of bond premium upon sale, redemption or other disposition of the Premium Bonds and with respect to the state and local consequences of owning and disposing of the Premium Bonds.

FEDERAL INCOME TAX MATTERS

The Code and the Treasury Regulations issued thereunder provide that interest on bonds issued by a State or a political subdivision thereof that are "qualified mortgage bonds," such as the 2017 Series A Bonds, will be excludible from gross income for federal income tax purposes. The requisites of treatment of the 2017 Series A Bonds as qualified mortgage bonds include: (1) all new money lendable proceeds of the 2017 Series A Bonds (exclusive of issuance costs and a reasonably required reserve fund) are to be used to finance owner-occupied residences within 42 months from the date of issuance of the 2017 Series A Bonds and any new money lendable proceeds not so used within 42 months in excess of \$250,000 must be used to redeem the 2017 Series A Bonds; (2) each residence being financed must be located in Georgia and must be reasonably expected to be used as the Mortgagor's principal residence; (3) 95% or more of the net lendable proceeds of the 2017 Series A Bonds must be used to finance the residences of Mortgagors who had no present ownership interest in their principal residences at any time during the 3-year period ending on the date their mortgage is executed, unless the Mortgage Loan is to finance qualified home improvements or rehabilitations or is made with respect to a residence located in a Targeted Area; (4) the purchase price of each residence may not exceed 90% of the average area purchase price (110% in Targeted Areas) of a single family residence in the statistical area in which the residence is located; (5) the family income of Mortgagors, except in high housing cost areas, must be 115% (100% for family sizes of less than 3 individuals) or less of the greater of (i) the area median family income in the statistical area in which the residence is located or (ii) the statewide median gross income for the state in which the residence is located (for 2/3 of the financing used in Targeted Areas the income limitation is 140% (120% for family sizes of less than 3 individuals) and for 1/3 of the financing used in Targeted Areas there is no income limitation); (6) the investment of proceeds of the 2017 Series A Bonds is restricted and certain investment earnings must be rebated to the United States; (7) for a period of at least one year, at least 20% of the new money lendable proceeds of the 2017 Series A Bonds must be made available for owner financing in Targeted Areas; (8) proceeds of the Mortgage Loan may not be used to refinance pre-existing mortgages (other than bridge loans or similar temporary initial financing) of the Mortgagor, unless the new mortgage is to finance qualified rehabilitation; and (9) any person assuming a mortgage must satisfy the requirements of (2), (3), (4) and (5). In the event the 2017 Series A Bonds should fail to meet one or more of the requirements of (2), (3), (4), (5), (8) and (9), the 2017 Series A Bonds will be treated as meeting such requirements

provided (i) the Authority in good faith attempted to meet all such requirements before the mortgages were executed, (ii) 95% or more of the proceeds devoted to owner financing was devoted to residences with respect to which all such requirements are met, and (iii) any failure to meet such requirements is corrected within a reasonable period after such failure is first discovered.

The Treasury Regulations provide that the requirements of (2), (3) and (4) will be considered satisfied if the Mortgagor and the seller of the residence each executed appropriate affidavits and if the Federal income tax returns of the Mortgagor for the previous three years (if the same were filed to the extent required by law) indicate no deductions for home mortgage loan interest or for residential real property taxes. The Loan Seller Agreement provides that the Seller of the Mortgage Loan must monitor to whom and for what purposes the mortgage proceeds are being disbursed to assure compliance with such requirements, and each mortgage to be financed must restrict assumptions to persons satisfying the foregoing requirements. Moreover, the Seller must take reasonable steps to verify independently the accuracy of all the foregoing. The Authority believes that the covenants contained in the Program Documents, together with the procedures established in those and other related documents to be followed by the Authority, the Trustee, the Seller and the Loan Administrator, satisfy the foregoing requirements.

LITIGATION

At the time of delivery of the 2017 Series A Bonds, the Authority will certify that there is no action, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the knowledge of the signer, threatened against the Authority affecting the corporate existence of the Authority or the titles of its officers to their respective offices, or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the 2017 Series A Bonds or the collection of revenues or assets of the Authority pledged or to be pledged to pay the principal or Redemption Price of, and interest on, the 2017 Series A Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the 2017 Series A Bonds, the Resolutions, the Loan Seller Agreements or the Loan Administrator Agreements or contesting the powers of the Authority or any authority for the issuance of the 2017 Series A Bonds, the adoption of the Resolutions, the Loan Seller Agreements or the Loan Administrator Agreements wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the 2017 Series A Bonds, the Resolutions, the Loan Seller Agreements or the Loan Administrator Agreements, or any such action, proceeding, inquiry or investigation wherein the Authority reasonably expects that an unfavorable decision, ruling or finding would materially adversely affect the Authority's ability to pay the principal of and interest on the 2017 Series A Bonds or other Bonds when due.

VALIDATION, OTHER APPROVALS AND ALLOCATION

The Act requires that all bonds issued by the Authority be validated in accordance with the Revenue Bond Law of the State and be approved by the Georgia State Financing and Investment Commission ("GSFIC") prior to issuance. GSFIC's approval has been obtained, and such validation proceeding has been favorably determined with respect to the 2017 Series A Bonds.

The Code places a ceiling on the aggregate principal amount of private activity bonds, including qualified mortgage bonds, but excluding certain refunding bonds. The State has established a system under which the State's ceiling is allocated among various private activity bond issues, and the Authority has obtained an allocation from the State for the 2017 Series A Bonds.

CONTINUING DISCLOSURE UNDERTAKING

Continuing Disclosure Agreement.

At the request of the Underwriters in accordance with the requirements of Rule 15c2-12 with respect to the 2017 Series A Bonds, the Authority has agreed to enter into a Continuing Disclosure Agreement with respect to the 2017 Series A Bonds, which Continuing Disclosure Agreement will be between the Authority and Digital Assurance Certification, L.L.C. ("DAC"), as the initial exclusive disclosure dissemination agent (the "Dissemination Agent") thereunder. Pursuant to the Continuing Disclosure Agreement, the Authority agrees to provide to the Dissemination Agent, and the Dissemination Agent agrees to disseminate, the following in accordance with Rule 15c2-12:

(a) (x) to the Municipal Securities Rulemaking Board's (the "MSRB") Electronic Municipal Market Access system ("EMMA"), or (y) in the future, if applicable, to any successor repository prescribed by the SEC for this purpose pursuant to Rule 15c2-12 (as then applicable, the "National Repository" or the "Repository"), in each case in the required electronic format prescribed by the SEC or the MSRB for the purposes of Rule 15c2-12 (the "Required Electronic Format"), the following together with any identifying information or other information then required by Rule 15c2-12 (collectively, the "Annual Filings") on or before 120 days after the last day of each Fiscal Year of the Authority commencing with the Authority's Fiscal Year ending June 30, 2017: (i) annual financial information and operating data on the Authority, the Bonds, the 2017 Series A Bonds, the Program Obligations financed thereby and the security therefor of the type included in this Official Statement under the headings "1976 GENERAL RESOLUTION MORTGAGE LOANS – Current Status of Single Family Mortgage Loan Program Under 1976 General Resolution", "APPENDIX D – CERTAIN INFORMATION ON MORTGAGE LOAN PROGRAM UNDER 1976 GENERAL RESOLUTION" and "APPENDIX E – CERTAIN INFORMATION ON PARITY BONDS OUTSTANDING AND INVESTMENTS HELD UNDER THE 1976 GENERAL RESOLUTION – Bonds Outstanding Under the 1976 General Resolution", " – Bonds Outstanding by Interest Rate Under 1976 General Resolution", " – Certain Investments under 1976 General Resolution" and (ii) the Authority's annual audited financial statements prepared by a firm of certified public accountants in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board, as such principles are modified by the governmental accounting standards promulgated by the Governmental Accounting Standards Board, as in effect from time to time; and

(b) in a timely manner pursuant to Rule 15c2-12 (currently requiring submission to the Repository not later than ten (10) business days after the occurrence of the Listed Event), in the Required Electronic Format, notice of the occurrence of any of the following events with respect to the 2017 Series A Bonds, together with any identifying information or other information then required by Rule 15c2-12 (collectively and each respectively, the "Listed Events Filings"): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of such Series of Bonds or other material events affecting the tax status of such Series of Bonds; (7) modifications to rights of owners of such Series of Bonds, if material; (8) unscheduled Bond calls (redemptions) of such Series of Bonds, if material; (9) tender offers; (10) defeasances; (11) release, substitution or sale of property securing repayment of such Series of Bonds, if material; (12) rating changes with respect to such Series of Bonds; (13) bankruptcy, insolvency, receivership or similar event of the Authority, which event will be considered to occur in those certain instances set forth in the Continuing Disclosure Agreement (see Appendix H herein); (14) the consummation of a merger, consolidation or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material; or (15) appointment of a successor or additional trustee or the change of name of a trustee, if material.

In addition, the Authority will agree pursuant to the Continuing Disclosure Agreement to send to the Dissemination Agent for filing with the Repository, in the Required Electronic Format, together with any identifying information or other information then required by Rule 15c2-12, written notice of (i) any failure of the Authority to provide the annual financial information and operating data and/or annual audited financial statements as described under subparagraph (a) hereinabove by the specified date, and (ii) any amendment to or modification of the Continuing Disclosure Agreement or the type of financial information or operating data included in the Annual Filings to be made pursuant to subparagraph (a) hereinabove or the accounting principles pursuant to which the annual audited financial statements are prepared or any change of the Authority's Fiscal Year.

Pursuant to the Continuing Disclosure Agreement, the Authority acknowledges that its undertaking pursuant to the Continuing Disclosure Agreement is a condition precedent to the initial purchase of the 2017 Series A Bonds by the Underwriters pursuant to the Bond Purchase Agreement, and is made pursuant to Rule 15c2-12 and

for the benefit of the Beneficial Owners of the 2017 Series A Bonds. The Continuing Disclosure Agreement permits the aforesaid Annual Filings and Listed Event Filing to be filed by any means of transmission publicly recognized by the SEC at the time of the transmission as being consistent with the intent of Rule 15c2-12. The Authority's obligation to provide the aforesaid Annual Filings and Listed Event Filings will be enforceable by the Beneficial Owners of the 2017 Series A Bonds, and by the Dissemination Agent on their behalf, provided, however, that all rights of enforcement under or with respect to the Continuing Disclosure Agreement by or on behalf of the Beneficial Owners of the 2017 Series A Bonds will be limited to the sole and exclusive remedy of the right to seek specific performance of the Authority's obligations under the Continuing Disclosure Agreement and any failure by the Authority to comply with the Continuing Disclosure Agreement will not constitute a default under the Resolutions or the 2017 Series A Bonds, and provided further, however, that Beneficial Owners of the 2017 Series A Bonds will have no right to seek specific performance with respect to any alleged inadequacy of any Annual Filings or Listed Event Filings made by the Authority pursuant to the Continuing Disclosure Agreement directly (except to direct the Dissemination Agent to seek such specific performance on behalf of all such Beneficial Owners), and the Dissemination Agent shall be obligated to seek such specific performance with respect to any such alleged inadequacy only upon written direction from Beneficial Owners of at least twenty-five percent (25%) in aggregate principal amount of the 2017 Series A Bonds then outstanding and upon receipt of indemnification satisfactory to the Dissemination Agent.

The Dissemination Agent has only the duties specifically set forth in the Continuing Disclosure Agreement. The Dissemination Agent's obligation to deliver the information at the times and with the contents described in the respective Continuing Disclosure Agreement is limited to the extent the Authority has provided such information to the Dissemination Agent as required by such Continuing Disclosure Agreement. The Dissemination Agent has no duty with respect to the content of any disclosure filing or notice prepared by the Authority pursuant to the terms of the Continuing Disclosure Agreement, has no duty or obligation to review or verify any information in any disclosure filing or any other information, disclosures or notices provided to it by the Authority, and will not be deemed to be acting in any fiduciary capacity for the Authority, the Beneficial Owners of the 2017 Series A Bonds or any other party. The Dissemination Agent has no responsibility for the Authority's failure to report to the Dissemination Agent a Listed Event or a duty to determine the materiality thereof. The Dissemination Agent has no duty to determine or liability for failing to determine whether the Authority has complied with the Continuing Disclosure Agreement. The Dissemination Agent may conclusively rely upon certifications of the Authority at all times.

The Authority expects the Continuing Disclosure Agreement for the 2017 Series A Bonds will be in substantially the proposed form set forth in **Appendix H** hereto.

ADDITIONAL AVAILABLE INFORMATION CONCERNING THE AUTHORITY AND ITS BOND PROGRAMS

In addition to the Authority's undertaking under the Continuing Disclosure Agreement discussed hereinabove, the Resolutions also require the Authority to file annually with the Trustee, within ninety (90) days after the end of each Fiscal Year, a copy of the annual financial statements of the Authority's operations for such Fiscal Year, accompanied by an opinion on the Authority's financial statements, rendered by a firm of certified public accountants. A copy of such annual financial statements, accompanied by the accountant's opinion, will be mailed to each holder or beneficial owner of Bonds who files his name and address with the Authority for such purpose. The Resolutions further provide that the books and records of the Authority maintained pursuant to the Resolutions will be subject to inspection at all reasonable times by the Trustee and the holders of not less than five percent (5%) in principal amount of Bonds then Outstanding.

Copies of previously published information concerning the Authority and its programs may be obtained by any holder of Bonds by writing to the Authority at 60 Executive Park South N.E., Atlanta, Georgia 30329, Attention: Bond Finance Program Manager (Fax number: 770-302-9608). The Authority may charge for handling and copying costs incurred in responding to requests for information.

AVAILABLE FINANCIAL STATEMENTS OF THE AUTHORITY

Included in **Appendix J** hereto are the financial statements of the Authority as of June 30, 2016 and for the fiscal year then ended, which have been audited by CohnReznick LLP (formerly Reznick Group, P.C.), independent

certified public accountants, as stated in their independent auditors' report dated September 8, 2016 attached to the financial statements in Appendix J.

All other financial information concerning the Authority contained herein (other than in Appendix J), including, without limitation, other information elsewhere herein as of November 30, 2016 or as of January 25, 2017, and any financial forecast or projection, is unaudited information provided by the Authority. The Authority's independent auditors do not express an opinion or any other form of assurance on any financial forecast or projection contained herein.

CERTAIN LEGAL MATTERS

Certain legal matters relating to the authorization and validity of the 2017 Series A Bonds will be subject to the approving opinion of Kutak Rock LLP, Atlanta, Georgia, Bond Counsel, which will be furnished at the expense of the Authority upon delivery of the 2017 Series A Bonds in substantially the form included in Appendix G hereto (the "Bond Counsel Opinion"). The Bond Counsel Opinion will be limited to matters relating to authorization and validity of the 2017 Series A Bonds and to the tax-exempt status of interest thereon as described in the section "TAX EXEMPTION" herein. Bond Counsel also may advise the Authority with respect to other matters relating to the 2017 Series A Bonds. Bond Counsel have not been engaged to investigate the financial resources of the Authority or its ability to provide for payment of the 2017 Series A Bonds, and the Bond Counsel Opinion will make no statement as to such matters or as to the accuracy or completeness of this Official Statement or any other information that may have been relied on by anyone in making the decision to purchase 2017 Series A Bonds, except as expressly set forth in the Bond Counsel Opinion. Certain legal matters will be passed upon on behalf of the Underwriters by Butler Snow LLP, Atlanta, Georgia. The 2017 Series A Bonds have been approved by a validation proceeding in the Superior Court of Fulton County, Georgia.

UNDERWRITING OF 2017 SERIES A BONDS

The 2017 Series A Bonds will be purchased by an underwriting group consisting of Citigroup Global Markets Inc. ("Citigroup"), Morgan Stanley & Co. LLC and the other Underwriters listed on the cover of this Official Statement (collectively, the "Underwriters"). Pursuant to a Bond Purchase Agreement, the Underwriters have jointly and severally agreed, subject to certain terms and conditions, to purchase all but not less than all of the 2017 Series A Bonds at the prices set forth on the inside front cover page hereof. Subsequent to the initial public offering of the 2017 Series A Bonds, the prices of the 2017 Series A Bonds may change from time to time. The Underwriters may offer and sell the 2017 Series A Bonds to certain dealers, including, without limitation, dealer banks, dealers acting as agents and dealers purchasing for investment trusts and other investment vehicles, at prices lower than such initial public offering prices set forth on the inside cover page hereof. In consideration of the services rendered by the Underwriters in connection with the issuance and sale of the 2017 Series A Bonds, the Underwriters will be paid underwriting fees equal to \$640,711.48.

The Underwriters have provided this paragraph and the following paragraphs 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 to the circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Citigroup, an underwriter of the 2017 Series A Bonds, has entered into a retail distribution agreement with UBS Financial Services Inc. ("UBSFS"). Under this distribution agreement, Citigroup may distribute municipal securities to retail investors through the financial advisor network of UBSFS. As part of this arrangement, Citigroup may compensate UBSFS for its selling efforts with respect to the 2017 Series A Bonds.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, an underwriter of the 2017 Series A Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2017 Series A Bonds.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the 2017 Series A Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any 2017 Series A Bonds that such firm sells.

Certain of the Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities sales and trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, market making, financing and brokerage activities and other financial and non-financial activities and services. Such Underwriters and their respective affiliates, from time to time, may have performed and in the future may perform various banking or investment banking services for the Authority, for which they received or will receive customary fees and expenses. In the course of their various business activities, such Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade debt and equity securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Authority (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Authority. Such Underwriters and their respective affiliates also may communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

RATING

On February 1, 2017, S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P"), assigned a rating of "AAA" to the 2017 Series A Bonds. Any explanation of such rating should be obtained from S&P, and prospective investors should review S&P's complete published rating reports. The rating is not a recommendation to buy, sell or hold any of the 2017 Series A Bonds. There is no assurance that the aforesaid initially assigned rating will remain in effect for any given period of time or that it will not be placed on CreditWatch, lowered or withdrawn entirely in the future. Any change or withdrawal of such rating could have an adverse effect on the market price and marketability of the 2017 Series A Bonds. Neither the Authority nor the Underwriters have undertaken any responsibility to bring to the attention of the holders of the 2017 Series A Bonds any proposed or issued revision, suspension or withdrawal of the rating after the date hereof or to oppose any such revision, suspension or withdrawal, except as to the Authority to extent described in "CONTINUING DISCLOSURE UNDERTAKING" and "APPENDIX H – PROPOSED FORM OF 2017 SERIES A CONTINUING DISCLOSURE AGREEMENT" herein.

LEGALITY FOR INVESTMENT

The Act provides that the 2017 Series A Bonds will be securities in which all public officers and bodies of the State and all municipalities and all municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks, and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or other obligations of the State, may properly and legally invest funds including capital in their control or belonging to them. The Act also provides that the 2017 Series A Bonds will be securities which may be deposited with and will be received by all public officers and bodies of the State and all municipalities and municipal subdivisions for any purpose for which the deposit of the bonds or other obligations of the State is now or may hereafter be authorized.

THE STATE NOT OBLIGATED

THE 2017 SERIES A BONDS WILL CONSTITUTE GENERAL OBLIGATIONS OF THE AUTHORITY PAYABLE OUT OF ANY OF THE AUTHORITY'S REVENUES, MONEY OR ASSETS LEGALLY AVAILABLE THEREFOR SUBJECT ONLY TO AGREEMENTS HERETOFORE AND

HEREAFTER MADE WITH HOLDERS OF NOTES AND BONDS OTHER THAN THE BONDS PLEDGING PARTICULAR REVENUES, MONEY OR ASSETS FOR THE PAYMENT THEREOF. THE 2017 SERIES A BONDS AND OTHER OBLIGATIONS OF THE AUTHORITY WILL NOT BE DEEMED TO CONSTITUTE A DEBT OF THE STATE OR ITS AGENCIES OR A PLEDGE OF THE FAITH OR CREDIT OF THE STATE OR ITS AGENCIES, BUT WILL BE PAYABLE SOLELY AS PROVIDED IN THE RESOLUTIONS OF THE AUTHORITY AUTHORIZING THE ISSUANCE OF THE 2017 SERIES A BONDS. THE ISSUANCE OF THE 2017 SERIES A BONDS WILL NOT DIRECTLY OR INDIRECTLY OBLIGATE THE STATE TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THE PAYMENT OF THE 2017 SERIES A BONDS. THE AUTHORITY HAS NO TAXING POWER.

The Act provides that while any of the 2017 Series A Bonds are Outstanding, the powers, duties or existence of the Authority or of its officers, employees or agents will not be diminished or impaired in any manner that will affect adversely the interest and rights of the holders of the 2017 Series A Bonds.

MISCELLANEOUS

The agreements of the Authority with the holders of the 2017 Series A Bonds are fully set forth in the Resolutions. This Official Statement is not to be construed as a contract with the purchasers of the 2017 Series A Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated are intended merely as opinion and not as representations of fact. Copies of the Act, the Resolutions, the Loan Seller Agreements and the Loan Administrator Agreements referred to herein may be obtained from the Authority.

GEORGIA HOUSING AND FINANCE AUTHORITY

By: /s/ Joyce C. Stevens
Joyce C. Stevens, Chair

APPENDIX A

CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTIONS

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APPENDIX A
CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTIONS

CERTAIN DEFINITIONS

The following are definitions in summary form of certain terms defined in the 1976 General Resolution or the 2017 Series A Resolution or as used herein. Certain of these provisions may be amended without notice to or the consent of Bondholders and other may be amended only upon receipt of the consent of the requisite percent of Bondholders.

"Account" means an account created by or pursuant to the 1976 General Resolution.

"Act" means the Georgia Housing and Finance Authority Act, Official Code of Georgia Annotated, Title 50, Chapter 26, as amended from time to time.

"Allocation Agreement" means the agreement with respect to the application of payments received on the Blended Loans.

"Alternative Liquidity Instrument" means any Liquidity Instrument delivered in substitution for the Liquidity Instrument then in effect delivered to, and accepted by, the Trustee pursuant to the applicable Series Resolution.

"Authority" means the Georgia Housing and Finance Authority, an instrumentality of the State and a public corporation, performing an essential governmental function, and any successor thereto or, as applicable, its predecessor, the Georgia Residential Finance Authority.

"Authorized Denomination" means \$5,000 or any integral multiple thereof.

"Authorized Officer" means, upon the filing with the Trustee of a certificate of the Chair or Vice Chair of the Authority directing such appointment, together with specimen signatures of the persons holding each office specified, the Chair, Vice Chair, Secretary and Executive Director of the Authority and any other authorized officer of the Authority as designated by a resolution of the Authority.

"Base Mortgage Rate" means, with respect to each Series of Bonds, the one or more mortgage loan interest rates established pursuant to the applicable Series Resolution, which will be the basis, on a weighted average basis, for comparison of the assumed mortgage loan interest rate(s) provided to the Rating Agency upon the issuance of such Series of Bonds with the actual interest rates on the Mortgage Loans financed by such Series of Bonds, as such interest rate may be adjusted pursuant to the applicable Resolutions. With respect to the New Mortgage Loans, pursuant to the Series Certificate, the Authority has established a Base Mortgage Rate of 3.25% per annum.

"Blended Loans" means those Mortgage Loans, or Mortgage Loans underlying Program Securities, purchased or financed in compliance with the 1976 General Resolution and the applicable Series Resolution and financed in part with funds in the Mortgage Purchase and Loan Account for applicable Series of Bonds and in part with funds provided from another Series Resolution under the 1976 General Resolution, another general resolution or series resolution of the Authority or any other source of funds, pursuant to a mechanism providing for repayment for deposit under the applicable Series Resolution and to such other source of funds of relative amounts to be determined prior to the purchase or financing of such Mortgage Loans or Program Securities as set forth in an Allocation Agreement.

"Bond" or *"Bonds"* means any Bond or Bonds, as the case may be, authorized under the 1976 General Resolution and issued pursuant to a Series Resolution.

"Bond Counsel" means an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal, state and public agency financing, appointed by the Attorney General of the State at the request of the Authority.

"Bondholder" or *"holder"* or *"Holder"* or any similar term, when used with reference to a Bond or Bonds, means any person who shall be the bearer of any Outstanding Bond or Bonds registered to bearer or not registered,

or the registered owner of any Outstanding Bond or Bonds which shall at the time be registered other than to bearer and "Holder" or "holder", when used with reference to coupons, shall mean any person who shall be the bearer of any such coupons.

"*Bond Proceeds Fund*" means the Bond Proceeds Fund established pursuant to the 1976 General Resolution.

"*Bond Purchase Agreement*" means the Bond Purchase Agreement for the 2017 Series A Bonds authorized by the 2017 Series A Resolution.

"*Business Day*" means any day (a) other than a Saturday or a Sunday, (b) on which banks in the cities in which the respective principal offices of the Trustee, the Bond Registrar and the Trustee are located are not required or authorized by law to be closed and (c) on which the New York Stock Exchange is open.

"*Capital Reserve Fund*" means the Capital Reserve Fund established and created under the 1976 General Resolution.

"*Capital Reserve Requirement*" means, with respect to the Outstanding Bonds as of any date of calculation, the greater of (i) an amount equal to the aggregate with respect to all Series of the amounts, if any, specified as Capital Reserve Requirement for each Series in the respective Series Resolution authorizing such Series or (ii) an amount equal to three percent (3%) of the then current balance of all Mortgage Loans (but not Program Securities) as such amount shall be set forth in an Officer's Certificate; provided, however, the amount deposited in the Capital Reserve Fund from the proceeds of sale of each Series of Bonds shall be no less than the amount required to be deposited by the Act, if any.

"*Cash Flow Consultant*" means cfX Incorporated or any other firm designated by the Authority with nationally recognized expertise and experience in the production and analysis of the cash flows associated with costs of mortgage loans and the use thereof to support debt service payments on securities.

"*Code*" means the Internal Revenue Code of 1986 and the applicable final, temporary or proposed regulations thereunder and revenue rulings issued with respect thereto, all as heretofore and hereafter amended, to the extent the same may be applicable to a Series of Bonds, or as such term may be further defined in the applicable Series Resolution.

"*Continuing Disclosure Agreement*" means the Continuing Disclosure Agreement between the Authority and Digital Assurance Certification, L.L.C., as dissemination agent, with respect to the 2017 Series A Bonds.

"*Conventional Loans*" or "*Conventional Mortgage Loans*" means Mortgage Loans secured by first mortgage liens and having a loan-to-value ratio of eighty percent (80%) or less or insured by a private mortgage insurance policy provided by a Qualified Mortgage Insurance Company.

"*Cost of Issuance Account*" mean the respective Account so designated with respect to each Series of Bonds that is established and created by the 1976 General Resolution.

"*Costs of Issuance*" means all items of expense, payable or reimbursable, directly or indirectly by the Authority and related to the authorization, sale and issuance of Bonds, including but not limited to printing costs, costs of reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, professional consultants' fees, costs of credit ratings, fees and charges for execution, transportation and safekeeping of Bonds, costs and expenses of refunding and other costs, charges and fees in connection with the foregoing.

"*DCA*" means the Department of Community Affairs of the State, which is a legislatively created department of the executive branch of the State's government created pursuant to the DCA Act.

"*DCA Act*" means Official Code of Georgia Annotated, Title 50, Chapter 8, as amended.

"*DCA Board*" means the Board of Community Affairs of the State created pursuant to the DCA Act.

"Debt Service Fund" means the Debt Service Fund established pursuant to the 1976 General Resolution.

"Defaulted Mortgage Loan" means any Mortgage Loan described in an Officer's Certificate and stated to be in default in accordance with its terms or any Mortgage Loan not so described in an Officer's Certificate on which payments are sixty (60) days in arrears.

"Depository" means any bank or trust company appointed under the 1976 General Resolution to act as a depository, and each successor or successors and any other bank or trust company at any time substituted in its place pursuant to any Series Resolution.

"Disbursing Agreement" means an agreement by and between the Authority and a Lending Institution with respect to making of Mortgage Loans pursuant to the 1976 General Resolution.

"Down Payment Loans" means certain second or third lien mortgage loans financed under the 1976 General Resolution that (1) will have a zero percent (0%) interest rate, (2) will be secured by a second or third mortgage lien on the property being financed so long as the first mortgage lien is securing a Mortgage Loan pledged under the 1976 General Resolution, (3) will provide that principal thereof will be payable only upon sale, transfer or refinancing of the mortgaged property or upon the mortgaged property ceasing to be the principal residence of the Mortgagor or otherwise used in a manner not permitted for residences financed with the proceeds of qualified mortgage revenue bonds, (4) will permit prepayment at any time without penalty or premium, and (5) some or all amounts due thereunder may be forgiven, provided such forgiveness is consistent with the Program Cash Flow Certificate last filed by the Authority with the Trustee and the Rating Agency.

"Event of Default" means any of the events specified in the 1976 General Resolution.

"Executive Director" means the Executive Director of the Authority.

"Fannie Mae" means the Federal National Mortgage Association, a federally chartered and stockholder owned corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. §1716 et seq.

"Fannie Mae Program Security" means an obligation representing an undivided interest in a pool of Mortgage Loans, to the extent the payments to be made on such obligation are guaranteed by Fannie Mae.

"Federal Mortgage Agency" means the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, USDA/RD and such other public or private agencies or corporations as the United States Congress may create for the purpose of Housing finance.

"FHA" means the Federal Housing Administration of the United States Department of Housing and Urban Development, or any other agency or instrumentality created or chartered by the United States of America to which the powers and obligations of the Federal Housing Administration have been transferred.

"Fiduciary" means the Trustee, any Depository or a Paying Agent.

"Fiscal Year" means the period of twelve (12) calendar months ending with June 30 of any year, which may be amended from time to time by resolution of the Authority.

"Fixed Interest Rate" means an interest rate on the Bonds that is fixed from the Issue Date until final maturity.

"Fixed Rate Bonds" means the 2017 Series A Bonds and all other Bonds that bear interest at a Fixed Rate.

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

"Fund" means a Fund created by or pursuant to the 1976 General Resolution.

"*General Fund*" means the fund so designated which was established and created by a resolution of the Authority adopted December 8, 1975, as such resolution may be amended from time to time.

"*GNMA*" means the Government National Mortgage Association, a government-sponsored enterprise organized and existing under the laws of the United States, or its successors.

"*GNMA Program Securities*" means an obligation representing an undivided interest in a pool of Mortgage Loans, to the extent the payments to be made on such obligation are guaranteed by GNMA.

"*Government Obligations*" means obligations of the United States of America, or any agency or instrumentality of the United States of America, the principal of and interest on which are guaranteed by the United States of America, or any agency or instrumentality of the United States of America (including obligations issued or held in book-entry form on the books of the United States Department of the Treasury and including zero coupon and callable securities).

"*GSE*" or "*GSEs*" means, each respectively or both collectively, as applicable, the Federal National Mortgage Association and the Federal Home Loan Mortgage Association.

"*Housing*" means Housing as defined in the Act.

"*Interest Payment Date*" means (a) pursuant to the 1976 General Resolution, each respective date on which interest on a Series of Bonds is required to be paid pursuant to the applicable Series Resolution and (b) with respect to the 2017 Series A Bonds, June 1 and December 1 of each year commencing on June 1, 2017.

"*Interest Requirement*" means, as of any particular date of calculation, the amount equal to unpaid interest then due, plus an amount which on the respective next succeeding Interest Payment Date or Dates for all Series of Bonds Outstanding will be equal to the interest to become due on each Series of Bonds Outstanding on such next respective succeeding Interest Payment Date or Dates. If any Bonds bear interest at a rate that is subject to adjustment, the Interest Requirement will be calculated as if such Bonds continued to bear interest to, but not including, the next Interest Payment Date at the rate in effect on the date of calculation.

"*Investment Obligation(s)*" means such investments as are permitted by the Act for the investment of money and funds of the Authority, as such investments may be specified with more particularity in the applicable Series Resolution. The Series Resolution provides that the Investment Obligations with respect to the 2017 Series A Bonds will consist of investments satisfying the Authority's then current Bond Fund Investment Policy (the "Investment Policy"). The Investment Policy applicable to the 2017 Series A Bonds as of the date hereof includes, without limitation, certain maturity limitations for particular investments, certain portfolio composition limitations, certain collateralization requirements, allows certain limited exceptions and identifies the following as acceptable investments, provided, however, that the Authority may amend the Investment Policy from time to time without any amendment to the applicable Series Resolution and without notice to Bondholders:

- (a) Government Obligations, including zero coupon and callable securities;
- (b) Debt instruments issued by United States government agencies or by United States government-sponsored enterprises chartered by the United States government, including zero coupon, structured, fixed rate, floating rate and callable securities and including debentures of government-sponsored enterprises with implied "Agency status" credit;
- (c) Fixed rate or floating rate mortgage-backed securities collateralized by residential first mortgage loans and issued by GNMA, Fannie Mae or Freddie Mac or such other government-sponsored enterprises as may succeed the foregoing, including, without limitation, collateralized mortgage obligations, pass-through securities or forward contracts for mortgage loans;
- (d) Investment agreements or guaranteed investment contracts if (i) the provider or guarantor (A) either has an unsecured long term debt rating of "AAA" from the Rating Agency or has an unsecured long term debt rating of at least "AA-" from the Rating Agency and an unsecured short term debt rating of "A-1" from the Rating Agency, or (B) fully collateralizes the investment agreement to maintain the rating

on the Bonds, and (ii) such investment agreements include downgrade cure and termination provisions satisfying the Investment Policy;

(e) Corporate debt securities if the issuer (i) has an unsecured long term debt rating of "AAA" from the Rating Agency for long term investments or (ii) has an unsecured short term debt rating equivalent to "A-1" from the Rating Agency and an unsecured long term debt rating of at least "AA-" from the Rating Agency for short term investments; such corporate debt securities may include zero coupon, structured, floating rate or callable bonds;

(f) Repurchase agreements if (i) the counter-party has an unsecured short term debt rating of "A-1" from the Rating Agency, (ii) the repurchase agreement is collateralized by securities described in subparagraphs (a), (b) or (c) above of at least 102% and held at a third party custodian, and (iii) the repurchase agreement collateral is marked to market in accordance with the Investment Policy;

(g) Georgia Fund 1, which is a money market fund investing only in Investment Obligations and only for the benefit of Georgia municipalities, counties, state and local authorities and other governmental agencies;

(h) Certificates of deposit if issued by a bank having an unsecured long term debt rating of "AAA" from the Rating Agency for long term investments or having an unsecured long term debt rating of at least "AA-" from the Rating Agency and an unsecured short term debt rating of "A-1" from the Rating Agency for short term investments; rating requirements do not apply to investment amounts of less than the Federally insured limit; total certificate of deposit exposure to a single bank in excess of the Federally insured amount must maintain collateral levels of at least 110% of the certificate of deposit amount using securities described in subparagraph (a), (b) or (c) above, which collateral must be held at a third party custodian and must be marked to market in accordance with the Investment Policy;

(i) Commercial paper if the issuer is a domestic entity and has an unsecured short term debt rating of "A-1" or better from the Rating Agency;

(j) Municipal securities if the issuer or the issue has (i) an unsecured long term debt rating of "AAA" from the Rating Agency for long term investments with a final maturity of five years or more or (ii) an unsecured long term debt rating of at least "AA-" from the Rating Agency and the highest applicable short term rating from the Rating Agency for investments with a final maturity less than five years, and which may include federally taxable, tax exempt, zero coupon, structured, floating rate and callable municipal securities;

(k) Money market mutual funds (including, without limitation, so-called "prime money market funds" and "private money market funds") consisting of domestic funds investing primarily in Investment Obligations permitted under the Investment Policy with no more than one-day liquidity and relatively stable Net Asset Value ("NAV") that does not fluctuate more than 1% over a 12 month period, and having a rating of "AAAm" from the Rating Agency;

(l) Bond mutual funds consisting of short duration mutual funds having a relatively stable NAV, investing substantially all money only in Investment Obligations permitted under the Investment Policy, having a rating of "AAAf/S1" from the Rating Agency and otherwise satisfying the Investment Policy; and

(m) Collateralized bank deposits satisfying the requirements of the Investment Policy.

Under the Investment Policy, with certain limited exceptions, short-term investments must mature within six (6) months of the date of acquisition or have withdrawal provisions satisfying the Investment Policy. If not otherwise directed by the Authority in accordance with the Series Resolution, the Authority customarily directs the Trustee to invest cash balances in the Investment Agreement applicable to the respective Series of Bonds if one exists and otherwise in a money market fund satisfying the Investment Policy.

"Issue Date" means, with respect to Bonds of a particular Series, the date as specified in the particular Series Certificate.

"Lending Institution" means, any bank or trust company, savings and loan association, savings bank, credit union, insurance company or mortgage banker or mortgage broker authorized to deal in mortgage loans insured or guaranteed by an agency of the United States government. Such Lending Institution shall have a place of business in the State or in a contiguous state, shall be authorized to do business in the State, and shall have such qualifications as shall be established from time to time by rules and regulations of the Authority. For purposes of the 1976 General Resolution, Lending Institutions shall also be deemed to include the Federal National Mortgage Association or any Federal or State agency.

"Loan" or "Mortgage Loan" means an interest-bearing obligation secured by a Mortgage for financing ownership of single family residential housing consisting of not more than four units and condominium units intended for ownership or occupancy by qualified low and moderate income persons and families authorized by the Act, excluding any Down Payment Loans.

"Loan Administrator" means, collectively, each Lending Institution that enters into a Loan Administrator Agreement with the Authority.

"Loan Administrator Agreement" means, collectively, the servicing agreements and the Loan Administrator Agreements between the Authority and each respective Loan Administrator, as amended from time to time by the Authority.

"Loan Seller Agreement" means, collectively, the Loan Seller Agreements between the Authority and each respective Seller in each case as may be amended from time to time by the Authority.

"MBS" means a mortgage-backed security or securities issued by either GSE or by GNMA.

"Mortgage" means a deed to secure debt covering a fee simple or leasehold estate that is accompanied by a promissory note, the holder of which is either the Authority or a Lending Institution where the debt is secured by real property, as defined in the Act, located in the State and improved by a residential structure.

"Mortgage Expense Reserve Requirement" means such amount, if any, as may be determined by an Officer's Certificate delivered to the Trustee at least annually to be maintained in the Mortgage Reserve Fund for expenses of the Authority in connection with the purposes set forth in the 1976 General Resolution.

"Mortgage Loan" or "Loan" means an interest-bearing obligation secured by a Mortgage for financing ownership of single family residential housing consisting of not more than four units and condominium units intended for ownership or occupancy by qualified low and moderate income persons and families authorized by the Act, excluding any Down Payment Loans.

"Mortgage Loan Principal Receipts" means, so long as 2017 Series A Bonds remain outstanding, as of any date of computation, an amount equal to the sum of the actual receipts of scheduled amortization of principal and Prepayments on the 2017 Series A Program Obligations.

"Mortgage Principal Reserve Requirement" means (a) effective January 6, 1995 as to all Bonds issued after October 1, 1993, unless otherwise specified in a Series Resolution, zero (\$0), and (b) as to all Bonds issued prior to October 1, 1993, an amount equal to one and one-half percent (1.5%) of the aggregate unpaid principal amount of the Mortgage Loans held by the Authority at the time of calculation.

"Mortgage Purchase and Loan Accounts" means the Accounts so designated which are established and created by the 1976 General Resolution.

"Mortgage Reserve Fund" means the Fund so designated which is established and created by the 1976 General Resolution.

"Mortgage Reserve Requirement" means the aggregate of the Mortgage Expense Requirement and the Mortgage Principal Reserve Requirement.

"Mortgagor" means a debtor under a Mortgage Loan or a Down Payment Loan.

"New Loans" or *"New Mortgage Loans"* mean the newly originated Mortgage Loans, including Mortgage Loans underlying Program Securities, or portions thereof (including identification of the interest portion, if different from the principal portion) identified by the Authority on its records at the time of acquisition of the Mortgage Loan or the Program Security, on single family residential housing units for eligible persons and families of low and moderate income within the State acquired in whole or in part with proceeds of the 2017 Series A Bonds deposited in the 2017 Series A Mortgage Purchase and Loan Account established pursuant to the Resolutions.

"New Mortgage Loans Principal Receipts" means, as of any date of computation, an amount equal to the sum of the actual receipts of scheduled amortization of principal and Prepayments on the New Mortgage Loans.

"New Program Obligations" mean the New Mortgage Loans (as whole loans), the new Down Payment Loans and the new Program Securities purchased in whole or in part with proceeds of the 2017 Series A Bonds from the 2017 Series A Mortgage Purchase and Loan Account established pursuant to the Resolutions.

"NIBP" means the Housing Finance Agency Initiative Single Family New Issue Bond Program announced by the United States Department of the Treasury on October 19, 2009, as amended.

"1976 General Resolution" means that certain resolution of the Authority entitled "Single Family Mortgage Bond Resolution (FHA Insured or VA Guaranteed Mortgage Loans)"; adopted on November 10, 1976, as supplemented and amended on August 26, 1977, on November 9, 1983, on October 1, 1985, on October 29, 1986, on July 17, 1987, on October 29, 1987, on June 10, 1988, on November 12, 1991, on October 6, 1993, on May 19, 1994, on August 2, 1994, on June 11, 1997, on April 7, 1998, on August 14, 2002 and on February 1, 2006, as the same may be further supplemented and amended from time to time in accordance with its terms.

"Officer's Certificate" means a certificate signed by an Authorized Officer.

"Opinion of Bond Counsel" means an opinion signed by an attorney or firm of attorneys nationally recognized in the field of law relating to municipal, state and public agency financing, appointed by the Attorney General of the State at the request of the Authority.

"Optional Redemption Account" means the Account so designated which is established and created by the 1976 General Resolution.

"Outstanding" means, when used with reference to Bonds and as of any particular date, all Bonds theretofore and thereupon being delivered except (a) any Bond cancelled by the Trustee, or proven to the satisfaction of the Trustee to have been cancelled by the Authority or any Paying Agent, at or before said date, (b) any Bond for the payment or redemption of which either (i) money, equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or Redemption Date, or (ii) Investment Obligations or money in amounts which, when due, will provide money sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be, and which shall have theretofore been deposited with one or more of the Fiduciaries in trust (whether upon or prior to maturity or the Redemption Date of such Bond) and, except in the case of a Bond to be paid at maturity, of which notice of redemption shall have been given or provided for in accordance with the Resolutions and (c) any Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to the Resolutions.

"PAC Bonds" means the 12/1/2047 PAC Term Bonds in the original aggregate principal amount of \$17,555,000.

"PAC Bonds Outstanding Amount" means, unless otherwise directed by the Series Certificate, the principal amount of the PAC Bonds required to remain outstanding for each respective six month period as set forth in "THE 2017 SERIES A BONDS – Redemption – Special Redemption – Special Mandatory Redemption of PAC Bonds from PAC Directed 2017 Series A Loans Principal Receipts" herein, as the same may be reduced as described in such section herein.

"PAC Directed 2017 Series A Loans Principal Receipts" means, with respect to the PAC Bonds and so long as such PAC Bonds remain Outstanding, all New Mortgage Loans Principal Receipts that are not applied or allocated to the scheduled payment of principal of the 2017 Series A Bonds upon mandatory sinking fund redemption or upon maturity.

"Paying Agent" means paying agent for the Bonds appointed by or pursuant to the 1976 General Resolution, and its successor or successors and any other corporation or association that may at any time be substituted in its place pursuant to any Series Resolution.

"Prepayment" means any amount received or recovered which reduces or eliminates the principal amount of any Program Obligation other than scheduled amortization payments of the principal amount of any Program Obligation, including any prepayment penalty, fee, premium or other such additional charge, less the amount retained by any servicer of such Program Obligation, other than the Authority, as additional compensation on account of such prepayment.

"Principal Account" means the Account so designated which is established and created pursuant to the 1976 General Resolution.

"Principal Installment" means, with respect to any particular Principal Installment Date, an amount equal to the sum of (a) the aggregate principal amount of Outstanding Bonds payable on such Principal Installment Date as determined by the applicable Series Resolution (but not including Sinking Fund Installments) and (b) the aggregate of Sinking Fund Installments with respect to all Outstanding Term Bonds payable on such Principal Installment Date as determined by the applicable Series Resolution.

"Principal Installment Date" means each respective date on which Principal Installments are required to be made pursuant to the applicable Series Resolution.

"Principal Requirement" means as of any particular date of calculation with respect to Bonds Outstanding on that date, the amount of money equal to any unpaid Principal Installment then due, plus the Principal Installment to become due on the Bonds on the next succeeding Principal Installment Date.

"Program" means the Authority's Georgia Dream Homeownership Program of committing to purchase and purchasing Mortgage Loans and Down Payment Loans from Lending Institutions and making Mortgage Loans and Down Payment Loans to Mortgagors including the payment when due of principal and redemption premium, if any, of and interest on Bonds issued pursuant to the Act for the purpose of purchasing or making such Mortgage Loans and Down Payment Loans.

"Program Documents" means, collectively, the Resolutions, the Tax Regulatory Agreement and No-Arbitrage Certificate dated the Issue Date, the Loan Administrator Agreement, the Loan Seller Agreement and other relevant documents relating to the Program.

"Program Obligations" means Mortgage Loans (as whole loans), Program Securities and Down Payment Loans.

"Program Security" means an obligation representing an undivided interest in a pool of Mortgage Loans, to the extent the payments to be made on such obligation are guaranteed or insured by a Federal Mortgage Agency.

"Qualified Mortgage Insurance Company" means a mortgage insurance company satisfactory to the Authority, authorized to do business in the State, qualified to provide insurance on mortgages purchased by the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation and rated in either of the two highest rating categories (without regard to numeric or other modifiers or gradations within categories) of the Rating Agency, provided that not more than ten percent (10%) of the outstanding aggregate balance of Mortgage Loans under the 1976 General Resolution shall be insured by companies rated "AA-" by Standard & Poor's Ratings Group or its corporate successor) or otherwise approved in writing by the Rating Agency.

"Rating Agency" means each nationally recognized rating service that the Authority has requested to maintain a then current rating on the 2017 Series A Bonds.

"*Record Date*", with respect to any Interest Payment Date means November 15 or May 15, as the case may be, next preceding such Interest Payment Date, or, if such November 15 or May 15 shall be a legal holiday or a day on which banking institutions in the Borough of Manhattan, the City and State of New York, or in the City of Atlanta, Georgia are authorized by law to close, the next preceding day which shall not be a legal holiday or a day on which such institutions are so authorized to close.

"*Redemption Date*" means the date upon which Bonds are to be called for redemption pursuant to the Resolutions.

"*Redemption Price*" means, when used with respect to a Bond or portion thereof, the principal amount thereof plus the applicable premium, if any, and the applicable accrued interest, if any, payable upon redemption thereof.

"*Resolutions*" means, the 1976 General Resolution, together with the 2017 Series A Resolution, and any series or supplemental resolutions adopted and series certificates authorized heretofore or hereafter by the Authority pursuant to the 1976 General Resolution.

"*Revenue Fund*" means the Revenue Fund established pursuant to the 1976 General Resolution.

"*Revenues*" means all payments, proceeds, charges, rents and all other income derived in cash by or for the account of the Authority from or related to the Program including, without limiting the generality of the foregoing, scheduled amortization payments of principal of and interest on Program Obligations and Prepayments but not including commitment fees or financing fees charged by the Authority.

"*Seller*" means, collectively, each Lending Institution that enters into a Loan Seller Agreement with the Authority.

"*Seller Guide*" means the Seller Guide published by the Authority in connection with the Program, which is incorporated into the Loan Seller Agreement, as such Seller Guide may be amended from time to time by the Authority.

"*Serial Bonds*" means the 2017 Series A Serial Bonds.

"*Series*" means all of the Bonds, delivered on original issuance in a simultaneous transaction, regardless of variations in maturity, interest rate, or other provisions, and any Bond thereafter delivered in lieu of or substitutions, for any of such Bonds.

"*Series Certificate*" means the respective Certificate of the Authority that sets forth pricing terms and other terms of the 2017 Series A Bonds executed pursuant to the 2017 Series Resolution.

"*Series Program Determinations*" means determinations by the Authority relating to Program Obligations and certain other matters in connection with a Series of Bonds under the 1976 General Resolution to be set forth (or provided to be determined at certain specified times in the future) in a Series Resolution and shall include the following: (i) the type of security instrument which will secure each Mortgage Loan and whether such security instrument shall be a first lien or security title, coordinate first lien or security title, second lien or security title or third lien or security title or a combination thereof; (ii) whether each Mortgage Loan shall have approximately equal monthly payments or shall be a graduated payment loan or have a fixed or variable rate of interest; (iii) the maximum term to maturity of each Mortgage Loan; (iv) whether the property to be financed with each Mortgage Loan shall be a principal residence and any limitations with respect to newly constructed residences; (v) the extent to which Mortgage Loans are to be guaranteed or insured by the Federal Housing Administration, the Department of Veteran's Affairs, the Farmers Home Administration or any other federal agency and required credit standards and other terms of primary mortgage insurance, if any, and the levels of coverage thereof, and applicable loan to value ratios, if applicable; (vi) provisions relating to applications of Revenues, including application thereof for redemption of Bonds or financing new Mortgage Loans; (vii) terms of investment, if any, with respect to the Capital Reserve Fund; (viii) the Capital Reserve Requirement, if any; (ix) maximum costs of issuance and program expenses for such Series to be paid for from amounts held under this Officer's Resolution; (x) restrictions, if any, on the applications of the proceeds of the voluntary sale of Program Obligations; (xi) the requirements applicable to Down

Payment Loans; and (xii) any other provision deemed advisable by the Authority not in conflict with the 1976 General Resolution; provided that the Authority may permit any of the above determinations to be applied to any portion of the proceeds of a Series to be established by an Officer's Certificate to be delivered to the Trustee prior to the date that such proceeds are applied to the financing of Program Obligations, together with evidence that such determinations do not affect the then current rating on the Bonds.

"*Series Resolution*" means as applicable in the context used, the 2017 Series Resolution or any series resolution of the Authority adopted in accordance with the terms of the 1976 General Resolution, together with, if applicable in the context, the Series Certificate executed pursuant to such Series Resolution.

"*Sinking Fund Accounts*" mean the Accounts so designated which are established and created by the 1976 General Resolution.

"*Sinking Fund Installment*" means, with respect to any particular date, the amount of money required by or pursuant to a Series Resolution to be paid by the Authority on such date toward the retirement of any particular Term Bonds prior to their respective stated maturities.

"*Special Record Date*" means any date so established pursuant to the Series Certificate.

"*Special Redemption Account*" means the Account so designated which is established and created by the 1976 General Resolution.

"*State*" means the State of Georgia.

"*Targeted Area*" shall have the meaning intended under Section 143(j) of the Code.

"*Term Bonds*" means, collectively, the 12/1/2032 Term Bonds, the 12/1/2039 Term Bonds, the 12/1/4042 Term Bonds, the 12/1/2044 Term Bonds and the 12/1/2047 PAC Term Bonds.

"*Treasury*" means the United States Department of the Treasury.

"*Trustee*" means U.S. Bank, National Association, as successor trustee, and its successor or successors and any other person at any time substituted in its place pursuant to the 1976 General Resolution.

"*Trust Estate*" means the property pledged, assigned and mortgaged to the Trustee pursuant to the Resolutions.

"*12/1/2032 Term Bonds*" means the 2017 Series A Bonds issued in the original aggregate principal amount of \$8,425,000, which mature on December 1, 2032.

"*12/1/2039 Term Bonds*" means the 2017 Series A Bonds issued in the original aggregate principal amount of \$19,065,000, which mature on December 1, 2039.

"*12/1/2042 Term Bonds*" means those 2017 Series A Bonds issued in the original aggregate principal amount of \$10,255,000, which mature on December 1, 2042.

"*12/1/2044 Term Bonds*" means those 2017 Series A Bonds issued in the original aggregate principal amount of \$7,550,000, which mature on December 1, 2044.

"*12/1/2047 PAC Term Bonds*" means the 2017 Series A Bonds issued in the original aggregate principal amount of \$17,555,000, which mature on December 1, 2047 and which constitute the PAC Bonds.

"*2017 Series A Bonds*" means those certain Bonds in the original aggregate principal amount of \$80,000,000, issued pursuant to the 2017 Series A Resolution, which are designated as 2017 Series A Bonds, which constitute new money qualified mortgage revenue bonds and which mature on the respective dates and in the respective principal amounts set forth on the inside front cover hereof.

"2017 Series A Capital Reserve Account" means the Account in the Capital Reserve Fund so designated which is established and created pursuant to the applicable Series Resolution and the 1976 General Resolution.

"2017 Series A Cost of Issuance Account" means the Account by that name in the Bond Proceeds Fund created pursuant to the applicable Series Resolution and the 1976 General Resolution.

"2017 Series A Loans Principal Receipts" means the New Mortgage Loans Principal Receipts.

"2017 Series A Mortgage Purchase and Loan Account" means the Account by that name in the Bond Proceeds Fund created pursuant to the Series Resolution and the 1976 General Resolution.

"2017 Series A Program Obligations" means the New Program Obligations.

"2017 Series A Resolution" means, collectively, the Series Resolution Authorizing the Issuance and Sale of up to an Aggregate Principal Amount of \$250,000,000 Single Family Mortgage Bonds (2017 Series), adopted by the Authority on November 16, 2016, and the Series Certificate Relating to \$80,000,000 Single Family Mortgage Bonds, 2017 Series A, to be executed on behalf of the Authority pursuant to the 2017 Series Resolution.

"2017 Series A Serial Bonds" means, collectively, those 2017 Series A Bonds issued in the original aggregate principal amount of \$17,150,000, which mature on June 1 and December 1 of each year from December 1, 2017 to and including December 1, 2028, in the respective principal amounts set forth on the inside front cover hereof.

"USDA/RDA" means the United States Department of Agriculture, Rural Development Agency, formerly known as the Farmers Home Administration, or its successors.

"VA" means the Department of Veterans Affairs, a department of the United States of America, or any successor to its functions and obligations.

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTIONS

The 1976 General Resolution and the Series Resolution contain various covenants and security provisions, certain of which are summarized below. (See also "THE 2017 SERIES A BONDS" and "SECURITY FOR THE BONDS" herein.) This summary does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the Resolutions to which reference is hereby made. Copies of the Resolutions are available from the Authority or the Trustee.

Bonds Other Than Those Issued Under the 1976 General Resolution

The Authority may adopt one or more other general bond resolutions and reserves the right to issue other obligations thereunder so long as such obligations are not secured by a charge and lien on the Revenues superior to the lien of the Resolutions and are not payable from any of the Funds or Accounts established and created by or pursuant to the Resolutions. The Authority has adopted the 1984 General Resolution and reserves the right to continue to issue bonds thereunder. See "OTHER SINGLE FAMILY PROGRAMS OF THE AUTHORITY" herein.

Establishment of Bond Proceeds Fund

Pursuant to the 1976 General Resolution, the Authority established and created the Bond Proceeds Fund, which shall be a special Fund held by the Trustee. Within the Bond Proceeds Fund, the Authority established the following Accounts in the manner hereinafter provided:

- (a) Cost of Issuance Account;
- (b) Mortgage Purchase and Loan Account;
- (c) Capitalized Interest Account; and
- (d) Note Repayment Account.

The 1976 General Resolution provides that a Series Resolution authorizing the issuance of a Series of Bonds may, but is not required to, provide for separate Accounts to be held by the Trustee designated ". . . Capitalized Interest Account" and ". . . Note Repayment Account" (in each case, inserting therein the Series designation of such Bonds). The respective Series Resolution authorizing the issuance of the 2017 Series A Bonds does not provide for the establishment of a 2017 Series A Note Repayment Account.

Application of Cost of Issuance Account

The 1976 General Resolution provides that each Series Resolution authorizing the issuance of a Series of Bonds may, but is not required to, provide for a separate Account to be held by the Trustee designated ". . . Cost of Issuance Account" (inserting therein the Series designation of such Bonds). Money in each such Cost of Issuance Account shall be expended for Costs of Issuance of such Series of Bonds and for no other purpose upon receipt by the Trustee of a requisition signed by an Authorized Officer stating the amount and purpose of any such payment, and any amounts in a Cost of Issuance Account remaining therein upon payment of all Costs of Issuance for each Series of Bonds shall be paid to and deposited in the Revenue Fund upon receipt by the Trustee of an Officer's Certificate stating that such money are no longer needed for the payment of Costs of Issuance whereupon such Account shall be closed. Interest and other income derived from the investment or deposit of each such Cost of Issuance Account shall be transferred by the Trustee upon receipt thereof to the Revenue Fund.

The respective Series Resolution establishes the 2017 Series A Cost of Issuance Account. Following receipt of the proceeds of sale of the 2017 Series A Bonds, the Authority shall deposit money in the respective Cost of Issuance Account in the amount directed in the respective Series Certificate. In addition, operating funds of the Authority may be deposited in the Bond Proceeds Fund in accordance with the respective Series Certificate in order to provide money to pay Costs of Issuance.

Application of Mortgage Purchase and Loan Account

The 1976 General Resolution provides that each Series Resolution authorizing the issuance of a Series of Bonds (unless such Bonds are issued as refunding Bonds and, in connection with the issuance of such refunding Bonds, no funds shall be deposited in a Mortgage Purchase and Loan Account for such Series) shall establish a separate Account to be held by the Trustee designated ". . . Mortgage Purchase and Loan Account" (inserting therein the Series designation of such Bonds). Except as otherwise provided in the Resolutions for transfers to other Funds and Accounts, money in the Mortgage Purchase and Loan Accounts shall, to the extent permitted by the Act, be used solely for the purchase and making of Program Obligations.

In the event that the Authority expends money for the purpose of purchasing a Program Obligation, the Trustee shall, upon receipt of a requisition signed by an Authorized Officer filed with the Trustee identifying:

- (i) the Mortgage Purchase and Loan Account from which a disbursement is to be made and the amount thereof,
- (ii) the Lending Institution to whom payment was made by the Authority or is to become due from the Trustee from money in such Mortgage Purchase and Loan Account with respect to the purchase of Program Obligations pursuant to a Mortgage Purchase Agreement, and
- (iii) the date of disbursement to the applicable Lending Institution or to the Authority, as the case may be,

disburse from such Mortgage Purchase and Loan Account on such date either to the applicable Lending Institution or to or for the account of the Authority, as directed by such requisition, the amount set forth in such requisition pursuant to clause (i) above. The Authority shall maintain in the office of the Authority accurate records of all such requisitions, a description of the Program Obligations purchased pursuant thereto, the purchase price of such Program Obligations and the Lending Institutions from whom such Program Obligations were purchased.

In the event that money is to be expended for the purpose of making a Program Obligation, the Trustee shall, upon receipt of a requisition signed by an Authorized Officer identifying:

- (i) the Mortgage Purchase and Loan Account from which a disbursement is to be made and the amount thereof,
- (ii) the Depository, if any, or such other persons to whom a payment is to be made pursuant to a Disbursing Agreement, and
- (iii) the date of disbursement,

disburse from such Mortgage Purchase and Loan Account on such date to the designated Depository or other person the amount set forth in such requisition pursuant to clause (i) above. The Authority shall keep a record of all such requisitions. Amounts so paid to any Depository or other person shall, upon receipt, be deposited in a special trust fund held by the Depository. Amounts so held by a Depository shall be deemed a part of the Mortgage Purchase and Loan Account from which the disbursement to the Depository shall have been made subject to the lien of the Resolutions and, except as otherwise provided in the Resolutions, shall be withdrawn solely for the making of Program Obligations either by the Authority or by a Lending Institution designated by the Authority as its agent for disbursements evidenced by an Officer's Certificate filed with the Depository of the fund from which the Lending Institution is authorized by the Authority to make withdrawals. Upon receipt of a requisition signed by an Authorized Officer directing a transfer to the Trustee, any Depository shall immediately pay to the Trustee from such special fund the amount set forth in such requisition, and the Trustee shall deposit such amount in the Mortgage Purchase and Loan Account from which the disbursement to the Depository was made or, if so instructed by an Officer's Certificate, into the Principal Account in the Debt Service Fund.

The interest earned and other income derived from the investment or deposit of the Mortgage Purchase and Loan Accounts shall be transferred to the Revenue Fund by the Trustee upon receipt thereof (or, upon receipt thereof, paid by a Depository to the Trustee for such transfer) to the extent that such amounts exceed any losses realized by investments or deposits in the Mortgage Purchase and Loan Accounts.

In the event that there shall be amounts remaining in any Mortgage Purchase and Loan Account derived from or attributable to Bond proceeds (not including amounts transferred to the applicable Mortgage Purchase and Loan Account) forty-two (42) months (or such shorter period required by the Code) after the Issue Date of the Bonds of the Series for which any such Account was established, or such lesser period of time as may be provided in the applicable Series Resolution, the Trustee or Depository shall transfer such excess to the Principal Account in the Debt Service Fund or the Special Redemption Account within the Debt Service Fund, as directed by and in accordance with an Officer's Certificate authorizing the same.

The Series Resolution provides that any portion of the money on deposit in the applicable Mortgage Purchase and Loan Account that are not then expected to be expended for the purchase of Program Obligations by the dates described in "THE 2017 SERIES A BONDS—Redemption" herein shall, as directed in an Officer's Certificate, be withdrawn from the respective Mortgage Purchase and Loan Account and deposited in the Special Redemption Account for the redemption of the respective Series of Bonds as provided in the Series Resolution not more than forty-five (45) days following such date of withdrawal. The date for withdrawal of money on deposit in the applicable Mortgage Purchase and Loan Account for deposit in the Special Redemption Account may be extended for any period or periods for which (i) the Trustee shall have received an Officer's Certificate which states that the Revenue to be received by the Authority for such period or periods designated in such Officer's Certificate plus any other money available to the Trustee for the payment of principal of and interest on the Bonds will be sufficient to pay the principal of and interest on the Bonds when due, such Officer's Certificate to be accompanied by and supported by cash flow analyses evidencing such sufficiency and (ii) if required under the Series Resolution, the Trustee shall have received an Opinion of Bond Counsel to the effect that such extension will not adversely affect the excludability from gross income for federal income tax purposes of interest on the Bonds; provided that such Redemption Dates may not be extended to later than the date set forth in "THE 2017 SERIES A BONDS—Redemption" herein.

All Prepayments deposited in the applicable Mortgage Purchase and Loan Account (See "SECURITY FOR THE BONDS") herein shall be disbursed in the manner provided in the Resolutions or the Authority may, by Officer's Certificate, direct the Trustee to transfer such Prepayments from the Mortgage Purchase and Loan Account to the Principal Account in the Debt Service Fund; provided, however, that no amounts shall be disbursed from any Mortgage Purchase and Loan Account which have been transferred therein unless the Authority shall have filed with

the Trustee an Officer's Certificate setting forth a schedule of anticipated Revenues to be derived from all Program Obligations outstanding (exclusive of Program Obligations purchased or made from the proceeds of Notes outstanding) and all Program Obligations expected to be made from amounts then held in the Mortgage Purchase and Loan Accounts (giving effect in determining such anticipated Revenues to Prepayments estimated at the time of filing such Officer's Certificate on Program Obligations prior to maturity and stating that the Authority expects that such Prepayments will be made on or before the dates as of which they have been estimated to be made in such schedule) together with a schedule of Principal Installments of and interest on all Bonds Outstanding, and showing that the anticipated Revenues, together with any other amounts then held in the Debt Service Fund, the Capital Reserve Fund and the Mortgage Reserve Fund will at least be sufficient to pay as and when due all of such Principal Installments and interest.

Program Obligation discounts attributable to Program Obligations purchased or made from Prepayments shall be transferred by the Trustee to such Funds or accounts, if any, as shall be designated by an Officer's Certificate.

The Trustee shall transfer from any Mortgage Purchase and Loan Account, for deposit in the Interest Account or Principal Account in the Debt Service Fund, any amounts necessary for the payment, when due, of Principal Installments of or interest on Bonds. The Authority shall by Officer's Certificate direct any Depository to pay to the Trustee for deposit in the Debt Service Fund any money held by it in a special fund referred to above that are necessary for such payments.

Establishment of Other Funds and Accounts

Pursuant to the Resolutions, the Authority established and created the following Funds and Accounts that are held by the Trustee:

- (1) Revenue Fund;
- (2) Debt Service Fund and therein: (i) Principal Account, (ii) Interest Account, (iii) Sinking Fund Accounts, (iv) Special Redemption Account, and (v) Optional Redemption Account;
- (3) Mortgage Reserve Fund and therein: the respective Mortgage Reserve Account; and
- (4) Capital Reserve Fund and therein: the respective Capital Reserve Account.

Application of Principal, Interest and Sinking Fund Accounts

The Trustee shall pay out of the Debt Service Fund to the Paying Agent: (i) on or before each Interest Payment Date for any of the Bonds, the amount required for the interest payable on such date and (ii) on or before each Principal Installment Date, the amount required for the Principal Installment payable on such date. As of the forty-fifth (45th) day prior to each Principal Installment Date on which a Sinking Fund Installment is due and within five (5) days thereafter, the Trustee shall transfer the amount required to the applicable Sinking Fund Account from the Principal Account in the Debt Service Fund. The Trustee shall apply money in the Sinking Fund Account to the purchase or redemption of the Term Bonds for which such Sinking Fund Account is maintained.

Any amount at any time held in the Principal Account in the Debt Service Fund in excess of the Principal Requirement shall be retained in such Account or, upon receipt of an Officer's Certificate authorizing the same, shall be transferred by the Trustee to a Mortgage Purchase and Loan Account or to the Special Redemption Account in the Debt Service Fund as determined by such Officer's Certificate.

Application of Redemption Accounts

The Debt Service Fund includes a Special Redemption Account and an Optional Redemption Account. Amounts in the Special Redemption Account are to be applied by the Trustee for the purchase or redemption of Bonds subject to the operation of the Special Redemption Account at a price set forth in the applicable Series Resolution. Amounts in the Optional Redemption Account are to be applied by the Trustee for the purchase or

redemption of Bonds subject to redemption by operation of the Optional Redemption Account at a price set forth in the applicable Series Resolution.

The Trustee shall transfer to the Special Redemption Account or the Optional Redemption Account in the Debt Service Fund from the Mortgage Reserve Fund the amount stated in an Officer's Certificate to pay the premium or other amounts in respect of Bonds to be purchased or redeemed at the time of such purchase or not more than thirty (30) days prior to such redemption.

Subject to provisions of the Resolutions directing redemption of Bonds of any particular series or maturity, and to the redemption provisions of the Bonds, the Authority shall direct the selection of the Bonds to be purchased and the purchase price thereof, and the amount and the Redemption Date of the Bonds to be redeemed, and if any of the Bonds to be purchased or redeemed are Term Bonds, the years in which Sinking Fund Installments are to be reduced and the amount by which the Sinking Fund Installments are to be reduced, provided that the aggregate of such reductions in Sinking Fund Installments shall equal the aggregate principal amount of Term Bonds to be purchased or redeemed. Such purchases shall be made by the Trustee at the most advantageous prices (not to exceed the applicable Redemption Price) obtainable with due diligence, and such redemptions shall be made in the manner provided in the Resolutions.

Prior to any purchase or redemption of Bonds the Authority shall, in addition to the requirements set forth above, have filed with the Trustee an Officer's Certificate setting forth a schedule of anticipated Revenues to be derived from all Program Obligations outstanding (exclusive of Program Obligations purchased or made from the proceeds of Notes outstanding) after giving effect to such purchase or redemption determined as set forth above, and giving effect to any Prepayments on Program Obligations estimated at the time of filing such Officer's Certificate and stating that the Authority expects that such Prepayments will be made on or before the dates as of which they have been estimated to be made in such schedule, together with a schedule of Principal Installments of and interest on all Bonds which will be Outstanding after such purchase or redemption, and showing that the anticipated Revenues, together with any other amounts to be held in the Debt Service Fund, the Capital Reserve Fund and the Mortgage Reserve Fund after such purchase or redemption, will at least be sufficient to pay as and when due all of such Principal Installments and interest.

The interest earned or other income derived from the investment or deposit of money in the Special Redemption Account and the Optional Redemption Account in the Debt Service Fund shall be transferred by the Trustee upon receipt thereof to the Revenue Fund.

Notwithstanding the foregoing provisions, money in the Special Redemption Account in the Debt Service Fund which represent, directly or indirectly, the proceeds of refunding Bonds issued pursuant to the 1976 General Resolution (i) shall in no event be applied to the redemption of Bonds and (ii) shall be transferred to the Mortgage Purchase and Loan Account established by the Series Resolution pursuant to which such refunding Bonds were issued not later than ninety (90) days after the Issue Date of such refunding Bonds upon and in accordance with the direction of the Authority set forth in an Officer's Certificate filed with the Trustee.

Deficiencies in Debt Service Fund

In the event that the amount in the Debt Service Fund will be insufficient to pay the Principal Installment due on the Bonds on the next succeeding Principal Installment Date, the Trustee shall, not later than forty-five (45) days prior to such Principal Installment Date, notify the Authority in writing the amount of such estimated deficiency. Not later than thirty (30) days prior to any Principal Installment Date with respect to which the Authority has received such notice, the Authority shall deliver to the Trustee an Officer's Certificate determining:

- (1) the amount, if any, to be transferred to the Principal Account from one or more Mortgage Purchase and Loan Accounts and identifying such accounts; and
- (2) the amount, if any, which the Authority will pay to the Trustee for deposit in the Principal Account in the Debt Service Fund not later than five (5) days prior to the next succeeding Principal Installment Date from the General Fund, from the proceeds of Bonds, from the sale of Program Obligations or from any other lawful source other than Funds and Accounts established by the Resolutions.

The Trustee is authorized to make the transfers and deposits as provided in such Officer's Certificate prior to the following authorized transfers. In the event that there remains a deficiency in the Principal Account to pay the next succeeding Principal Installment of Bonds five (5) days prior to the next succeeding Principal Installment Date, the Trustee shall withdraw from the following Funds and Accounts the amount of such deficiency and transfer the same to the Principal Account, but as to each Fund or Account only after the Funds or Accounts previously mentioned shall have been used to the maximum amount therein:

- (1) the Optional and Special Redemption Accounts in the Debt Service Fund;
- (2) the Mortgage Reserve Fund; and
- (3) the Capital Reserve Fund.

In the event there remains a deficiency in the Principal Account after money are withdrawn from the Capital Reserve Fund, the Trustee shall transfer money from any other Fund or Account pledged to the payment of Principal Installments of the Bonds, other than money in the Interest Account required for the payment of interest on the Bonds on the next succeeding Interest Payment Date, to the Principal Account in the amount of such deficiency.

Not later than forty-five (45) days prior to any Interest Payment Date the Trustee shall notify the Authority in writing if the amount in the Interest Account will be sufficient to pay the interest due on the Bonds on the next succeeding Interest Payment Date and shall state the amount of such estimated deficiency. Not later than thirty (30) days prior to any Interest Payment Date with respect to which the Authority has received such notice, the Authority shall deliver to the Trustee an Officer's Certificate determining:

- (1) the amount, if any, which the Authority will pay to the Trustee for deposit in the respective Interest Account not later than five (5) days prior to the next succeeding Interest Payment Date from the General Fund or from any other lawful source other than Funds or Accounts established by the Resolutions; or
- (2) that the Authority elects not to make up such deficiencies from the above-mentioned sources.

The Trustee is authorized to deposit such amounts paid by the Authority, if any, into the respective Interest Account prior to the following transfers. In the event there remains a deficiency in the respective Interest Account due on the Bonds on the next succeeding Interest Payment date five (5) days prior to the next succeeding Interest Payment Date, the Trustee shall withdraw from the Mortgage Reserve Fund and deposit in the respective Interest Account the amount of such deficiency, and in the event that there remains a deficiency in the respective Interest Account after such transfer, the Trustee shall withdraw from the Capital Reserve Fund and deposit in the respective Interest Account the amount of such deficiency remaining. In the event there remains a deficiency in the respective Interest Account after money are withdrawn from the Mortgage Reserve Fund and the Capital Reserve Fund, the Trustee shall transfer money from any other Fund or Account pledged to the payment of interest on the Bonds, including the Principal Account or any Sinking Fund Account if no other money are available, to the respective Interest Account in the amount of such deficiency.

The Authority covenants that it will pay to the Trustee for deposits in the Principal Account or the respective Interest Account, as the case may be, the amounts of any remaining deficiencies from the General Fund or any of the Authority's other revenues, money or assets, legally available therefore, subject only to any agreements heretofore or hereinafter made with the holders of any notes or bonds other than Bonds pledging any portion hereof.

General Fund

All amounts paid to the Authority for deposit in the General Fund, except as otherwise provided in the Resolutions, shall be free and clear of any lien or pledge created by the Resolutions and may be used for any lawful purpose, including payments to the Bond Proceeds Fund, the Revenue Fund, the Debt Service Fund, the Capital Reserve Fund or the Mortgage Reserve Fund. See "SECURITY FOR THE BONDS" herein.

Tax Covenants

Pursuant to the terms of the Resolutions, the Authority covenanted at all times to do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Authority on the Bonds shall, for the purposes of federal income tax, be exempt from all income taxation under any valid provision of law.

Pursuant to the terms of the Resolutions, the Authority also covenanted that no part of the proceeds of the Bonds or any other funds of the Authority shall at any time be used directly or indirectly to acquire securities or obligations the acquisition of which would cause any Bond to be an arbitrage bond as defined in Section 103(d)(2) of the Internal Revenue Code of 1954, as amended, as to Bonds issued prior to August 16, 1986, and Section 148 of the Internal Revenue Code of 1986, as amended, as to Bonds issued on or after August 16, 1986, and, in either case, any applicable regulations issued thereunder.

Modifications and Amendments

Amendments Without Bondholder Consent. The Authority may, without the consent of any Bondholders, supplement the Resolutions by adopting a resolution, which upon filing with the Trustee a copy thereof, may: (a) close the Resolutions against, or provide limitations and restrictions upon, the issuance in the future of Bonds or of other evidences of indebtedness by the Authority; (b) add additional covenants and agreements to be observed by the Authority which are not contrary to or inconsistent with the Resolutions as theretofore in effect; (c) add additional limitations or restrictions to be observed by the Authority which are not contrary to or inconsistent with the Resolutions as theretofore in effect; (d) surrender any right, power or privilege reserved to or conferred upon the Authority by the Resolutions; (e) confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Resolutions, of the Revenues or of any other money, securities or funds; and (f) specify, determine or authorize by Series Resolution any and all matters and things relative to the Bonds of a Series or the proceeds thereof which are not contrary to or inconsistent with the Resolutions as theretofore in effect. Without the consent of any Bondholders, the Authority may, with the consent of the Trustee, amend or supplement the Resolutions by adopting a resolution to (i) cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolutions or (ii) insert such provisions clarifying matters or questions arising under the Resolutions as are necessary or desirable and are not contrary to or inconsistent with the Resolutions as theretofore in effect. The Authority may adopt a resolution amending or supplementing the Resolutions, or releasing the Authority from any of the obligations, covenants, agreements, limitations, conditions or restrictions therein, but no such resolution shall be effective until after the filing with the Trustee of a copy thereof certified by the Authority and unless (1) no Bonds delivered by the Authority prior to the adoption of such resolution remain Outstanding at the time the resolution becomes effective or (2) such resolution is consented to by or on behalf of Bondholders in accordance with the 1976 General Resolution. In addition, the Series Resolution may be amended so long as such amendment is only applicable to Bonds issued thereunder after such amendment becomes effective.

The Resolutions and the rights and obligations of the Authority and the Bondholders may be modified or amended in any particular with the consent, given as provided in the Resolutions, of the Holders of at least sixty percent (60%) in principal amount of the Bonds Outstanding; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series, maturity and interest rate remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this paragraph; and provided further that no such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the description of the Bonds, the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of its written assent thereto.

The terms and provisions of the Resolutions and the rights and obligations of the Authority and the Holders of the Bonds and coupons, if any, thereunder, in any particular, may be modified or amended in any respect upon the adoption by the Authority and filing with the Trustee of a Resolution of the Authority making such modification or amendment and the consent to such Resolution of the Holders of all of the Bonds then Outstanding, such consent to

be given and proven as provided in the 1976 General Resolution except that no notice to Bondholder either by mailing or publication shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of its written assent thereto.

As required under the NIBP in connection with the 2009 Series C Bonds, the Resolutions provide that, notwithstanding any of the provisions of the Resolutions described hereinabove, during anytime that any 2009 Series C Bonds (issued under the NIBP) are Outstanding, the Authority may not amend, supplement or otherwise modify in any material respect the Resolutions or any other related document without the prior written consent of the GSEs; provided, however, that the consent of the GSEs shall not be required with respect to Series Resolutions or supplements entered into solely for the purpose of providing for the issuance of a Series of Bonds pursuant to the 1976 Bond Resolution. With respect to amendments to the Resolution or the Series Certificate, the determination of the GSEs as to the materiality of an amendment shall be controlling.

Amendments Only with Consent of Bondholders. The Authority may at any time adopt and file in accordance with the 1976 General Resolution a resolution of the Authority making a modification or amendment permitted by the 1976 General Resolution, to take effect when and as described in this paragraph. A copy of such resolution (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall be mailed on behalf of the Authority to Bondholders (but failure to mail such copy and request shall not affect the validity of such resolution when consented to as in this paragraph provided). Such resolution shall not be effective unless and until, and shall take effect in accordance with its terms when, (1) there shall have been filed with the Trustee (a) the written consents of Holders of the percentage of Outstanding Bonds specified in the 1976 General Resolution, and (b) a Counsel's Opinion stating that such resolution has been duly and lawfully adopted by the Authority in accordance with the Series Resolution, is authorized or permitted by the Series Resolution, and, when effective, will be valid and binding upon the Authority and enforceable in accordance with its terms, which opinion may be qualified to the extent that such resolution may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally, and (2) a notice shall have been mailed to Bondholders as hereinafter in this paragraph provided. Each such consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by the 1976 General Resolution. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient under the 1976 General Resolution shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Holder of the Bonds giving such consent and upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefore (whether or not such subsequent Holder thereof has notice thereof), but, notwithstanding the provisions of the 1976 General Resolution, such consent may be revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to but not later than the time when the written statement of the Trustee hereinafter in this paragraph provided for is filed, such a revocation and, if such Bonds are transferable by delivery, proof that such Bonds are held by the signer of such revocation in the manner permitted by the 1976 General Resolution. The fact that consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation is on file with the Trustee. At any time after the Holders of the required percentages of Bonds shall have filed their consents to such resolution, the Trustee shall make and file with the Authority, and the Trustee shall retain a copy of, a written statement that the Holders of such required percentages of Bonds have filed and given such consents. Such written statement shall be conclusive that such consents have been so filed and have been given. At any time thereafter notice, stating in substance that such resolution (which may be referred to as a resolution adopted by the Authority on a stated date a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this paragraph, may be given to Bondholders by the Authority by mailing such notice to Bondholders not more than ninety (90) days after the Holders of the required percentages of Bonds shall have filed their consents to the resolution and the written statement of the Trustee hereinabove provided for is filed. The Authority shall file with the Trustee proof of the mailing of such notice to Bondholders. A record, consisting of the papers required or permitted by this paragraph to be filed with the Trustee, shall be proof of the matters therein stated. Such resolution making such modification or amendment shall be deemed conclusively binding upon the Authority, the Fiduciaries and the Holders of all Bonds and coupons at the expiration of forty (40) days after the filing with the Trustee of proof of the mailing of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such resolution in a legal action

or equitable proceeding for such purpose commenced within such forty day (40) period; provided, however, that any Fiduciary and the Authority during such forty day (40) period and any further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action or to refrain from taking such action, with respect to such resolution as they may deem expedient.

Paying Agent

The 1976 General Resolution provides that the Authority shall appoint one or more Paying Agents for the Bonds of each Series of Bonds by Series Resolution adopted prior to their delivery, that the Authority may, at any time or from time to time by Supplemental Resolution, appoint one or more other Paying Agents for the Bonds, and that the Trustee may be appointed and may act as a Paying Agent. Pursuant to the Resolutions, the Authority has appointed the Trustee as the Paying Agent for the Bonds.

Any Paying Agent shall be a bank, trust company or national banking association, having trust powers and having a capital and surplus aggregating at least ten million dollars (\$10,000,000). Any Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by the 1976 General Resolution by executing and delivering to the Authority and the Trustee a written acceptance thereof. The Trustee may be appointed and may act as a Paying Agent.

Events of Default

Events of Default specified in the 1976 General Resolution are:

- (1) the failure of the Authority to pay (i) interest on any of the Bonds as the same shall become due, or (ii) the principal or Redemption Price of any of the Bonds as the same shall become due, whether at maturity or upon call for redemption; or
- (2) a default in the observance or performance of any covenant, contract or other provision in the Bonds or Resolutions and such default shall continue for a period of ninety (90) days after written notice to the Authority from a Bondholder or from the Trustee specifying such default and requiring the same be remedied; or
- (3) the failure of the Authority to redeem Bonds subject to redemption by operation of Sinking Fund Installments; or
- (4) the filing by the Authority of a petition seeking a composition of indebtedness under any applicable law or statute of the United States of America or of the State; or
- (5) the filing of a petition of bankruptcy against the Authority that shall not have been discharged in such a period of time as provided by law.

Remedies

Upon the happening and continuance of an Event of Default, the Trustee in its own name, and on behalf and for the benefit and protection of the Holders of all Bonds and coupons, may proceed, and upon the written request of the Holders of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding of the Series with respect to which such Event of Default has happened, shall proceed, to protect and enforce its rights and the Authority's rights and, to the full extent that the Holders of such Bonds themselves might do, the rights of the Holders of such Bonds under the laws of the State or under the Resolutions by such suits, actions or proceedings in equity or at law, either for the specific performance of any covenant or contract contained therein, or in aid or execution of any power therein granted, or for any proper, legal, or equitable remedy, as the Trustee shall deem most effectual to protect and enforce such rights.

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

Restrictions on Bondholder Action

No Holder of any Bond or coupon shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any provision of the Resolutions or for the execution of any trust under the 1976 General Resolution or for any other remedy under the 1976 General Resolution unless (1)(a) such Holder 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 Holders of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding and there shall have been offered to the Trustee security and indemnity satisfactory to it against the costs and liabilities to be incurred therein or thereby, and (c) the Trustee shall have refused or neglected to comply with such request within a reasonable time, or (2)(a) such Holder previously shall have obtained the written consent of the Trustee to the institution of such suit, action or proceeding, and (b) such suit, action or proceeding is brought for the ratable benefit of all Holders of all Bonds and coupons subject to the provisions of the Resolutions.

No Holder of any Bond or coupon shall have any right in any manner whatever by his action to affect, disturb or prejudice the pledge of Revenues or other money, funds or securities under the 1976 General Resolution, or, except in the manner and on the conditions provided in the 1976 General Resolution, to enforce any right or duty thereunder.

Application of Money after Default

All money paid and credited to the Revenue Fund, and all money acquired by enforcement of remedies by the Trustee shall, except to the extent, if any, otherwise directed by the court, be paid by the Trustee into and credited to the Revenue Fund. Such money so paid and credited to the Revenue Fund and all other money so paid from time to time in such Revenue Fund, shall at all times be held, transferred, withdrawn and applied as prescribed in the 1976 General Resolution.

In the event that the money in the Debt Service Fund and any other Funds held by the Authority or Fiduciaries available for the payment of interest or principal or Redemption Price then due with respect to Bonds shall be insufficient for such payment, such money and funds (other than funds held for the payment or redemption of particular Bonds or coupons as provided in the 1976 General Resolution) shall be applied as follows:

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

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

In the case of an Event of Default, no coupon or claim for interest appertaining to any of the Bonds, which in any way at or after maturity shall have been transferred or pledged separate and apart from the Bond to which it appertains, shall, unless accompanied by such Bond, be entitled to any benefit by or from the Resolutions except after the prior payment in full of the principal and Redemption Price of all Bonds then due and of all coupons and claims for interest then due which have not been transferred or pledged separate and apart from the Bonds to which they appertain.

Defeasance

If the Authority shall pay or cause to be paid to the Holders of the Bonds, the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the 1976 General Resolution, then, unless there shall be an Officer's Certificate delivered to the Trustee to the contrary, the pledge of the Revenues and other money, securities and funds pledged by the Resolutions and the covenants,

agreements and other obligations of the Authority to the Bondholders under the Resolutions shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Authority expressed in an Officer's Certificate delivered to the Trustee, execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries shall pay over and deliver to the Authority all money, securities or assignments held by them pursuant to the 1976 General Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Any Bonds and interest installments appertaining thereto for the payment or redemption of which money shall have been deposited with the Trustee by or on behalf of the Authority, whether at or prior to the maturity or the Redemption Date of such Bonds, shall be deemed to have been paid within the meaning of the Resolutions; provided, however, that if any such Bonds are to be redeemed prior to maturity thereof, there shall have been taken all action necessary to call such Bonds for redemption and notice of such redemption shall have been duly given or provision satisfactory to the Trustee shall have been made for the giving of such notice. No money so deposited with the Trustee shall be withdrawn or used for any purpose other than, and all such money shall be held in trust for and be applied to, the payment when due, of the principal or Redemption Price of the Bonds for the payment or redemption of which they were deposited and the interest accrued thereon to the date of maturity or redemption, excepting only that (a) any money so held by the Trustee for the payment to the Holders of any particular Bonds or Redemption Price of, or interest on, such Bonds shall be invested by the Trustee, upon receipt of a copy of a resolution of the Authority, certified by the Secretary, authorizing such investment, in such Investment Obligations as the Authority may approve, provided that the principal amount of such Investment Obligations at least equal to the amount of money required for the payment on any future date of the interest on or principal of Redemption Price of such Bonds shall mature on or before said future date, and (b) all interest on all such investments shall be paid over to the Authority as received by the Trustee, free and clear of any trust, lien or pledge.

As an alternative cumulative to and not excluding the provisions of the above, any Bonds and interest installments appertaining thereto, whether at or prior to the maturity or the Redemption Date of such Bonds, shall be deemed to have been paid within the meaning of the Resolutions if (1) in case any such Bonds are to be redeemed prior to the maturity thereof, there shall have been taken all action necessary to call such Bonds for redemption and notice of such redemption shall have been duly given or provision satisfactory to the Trustee shall have been made for the giving of such notice, and (2) there shall have been deposited with the Trustee by or on behalf of the Authority either (a) money in an amount which shall be sufficient, or (b) Investment Obligations the principal of and the interest on which when due will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be. Neither such Investment Obligations or any money so deposited with the Trustee nor any money received by the Trustee on account of principal of or interest on said Investment Obligations shall be withdrawn or used for any purpose other than, and all such money shall be held in trust for and be applied to, the payment, when due, of the principal or Redemption Price of the Bonds for the payment or redemption of which they were deposited and the interest accrued thereon to the date of maturity or redemption.

Anything in the 1976 General Resolution to the contrary notwithstanding, any money held by a Fiduciary in trust for the payment and discharge of any of the Bonds or interest thereon which remain unclaimed for six (6) years after the date when such Bonds have become due and payable, either at maturity or by call for redemption, if such money were held by the Fiduciary at said date, or for six (6) years after the date of deposit of such money if deposited with the Fiduciary after the said date when such Bonds became due and payable, shall, at the request of the Authority expressed in Officer's Certificates delivered to the Trustee, be paid by the Fiduciary to the Authority as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Holders of such Bonds and coupons shall look only to the Authority for the payment thereof. All Bonds which have not been presented for payment pursuant to the provisions of the 1976 General Resolution within twenty (20) years after the date that such Bonds or coupons have become due and payable, either at maturity or by call for redemption, shall be deemed to be null and void.

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APPENDIX B

DTC AND BOOK-ENTRY ONLY BONDS

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APPENDIX B

DTC AND BOOK-ENTRY ONLY BONDS

THE INFORMATION IN THIS **APPENDIX B** CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC, AND NEITHER THE AUTHORITY NOR THE UNDERWRITERS TAKE ANY RESPONSIBILITY FOR THE ACCURACY THEREOF.

The Depository Trust Company ("DTC"), New York, New York, will act as the initial securities depository (the "Bond Depository") for the 2017 Series A Bonds. The 2017 Series A Bonds initially will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the 2017 Series A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system also is available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). 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 2017 Series A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2017 Series A Bonds on DTC's records. The ownership interest of each actual purchaser of 2017 Series A Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are expected, however, to receive written confirmations providing details of the transactions, 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 2017 Series A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2017 Series A Bonds, except in the event that use of the book-entry system for the 2017 Series A Bonds is discontinued.

To facilitate subsequent transfers, all 2017 Series A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 2017 Series A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2017 Series A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2017 Series A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Beneficial Owners of 2017 Series A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2017 Series A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Resolutions. For example, Beneficial Owners of 2017 Series A Bonds may wish to ascertain that the nominee holding the 2017 Series A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all the 2017 Series A Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2017 Series A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2017 Series A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the 2017 Series A Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participants and not of DTC, the Trustee, the Paying Agent or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2017 Series A Bonds at any time by giving reasonable notice to the Authority, the Trustee or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE 2017 SERIES A BONDS, THE AUTHORITY, THE TRUSTEE AND THE PAYING AGENT WILL TREAT CEDE & CO. AS THE ONLY REGISTERED BONDHOLDER OF THE 2017 SERIES A BONDS FOR ALL PURPOSES UNDER THE RESOLUTIONS, INCLUDING RECEIPT OF ALL PRINCIPAL OF AND INTEREST ON THE 2017 SERIES A BONDS, RECEIPT OF NOTICES AND VOTING.

NEITHER THE AUTHORITY, THE TRUSTEE NOR THE PAYING AGENT HAS ANY RESPONSIBILITY OR OBLIGATIONS TO THE DTC PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (B) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE 2017 SERIES A BONDS; (C) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTIONS TO BE GIVEN TO BONDHOLDERS; (D) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE 2017 SERIES A BONDS; OR (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS REGISTERED BONDHOLDER.

APPENDIX C

INSURANCE AND GUARANTY PROGRAMS FOR MORTGAGE LOANS

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APPENDIX C

INSURANCE AND GUARANTY PROGRAMS FOR MORTGAGE LOANS

The Mortgage Loans financed under the 1976 General Resolution may include Mortgage Loans insured by FHA, Mortgage Loans guaranteed by VA, Mortgage Loans guaranteed by the United States Department of Agriculture, Rural Development Agency ("USDA/RD") and Conventional Mortgage Loans having a principal balance not exceeding either (a) eighty percent (80%) of the fair market value of the mortgaged property or (b) one hundred percent (100%) of the fair market value of the mortgaged property provided that there is issued a mortgage insurance policy by a Qualified Mortgage Insurance Company, which mortgage insurance policy shall provide coverage in the applicable percentage required by the Series Resolution. Upon foreclosure, the Qualified Mortgage Insurance Company is obligated to pay a claim including unpaid principal, accrued interest and certain expenses of foreclosure, or in lieu thereof may permit the mortgagee or its assignee to retain title and may pay an agreed percentage of the claim. Certain terms of the FHA insured, VA guaranteed and USDA/RD guaranteed Mortgage Loan Programs and of private mortgage insurance programs as of the date hereof are very briefly and generally summarized hereinafter, which summary is not intended to be comprehensive or complete.

While it retains its right to do so in accordance with the Resolutions, the Authority currently is not purchasing any additional new Conventional Mortgage Loans having a principal balance exceeding eighty percent (80%) of the fair market value of the mortgaged property (and thus currently is not purchasing any additional new Conventional Loans requiring private mortgage insurance), and currently has no plans to do so.

In addition, the 1976 General Resolution permits the financing of certain Program Securities, which Program Securities may include Fannie Mae Program Securities and GNMA Program Securities, and to which the then current terms of and requirements for Fannie Mae Program Securities and GNMA Program Securities will apply. While the Authority retains the right to securitize additional FHA insured Mortgage Loans, VA guaranteed Mortgage Loans and USDA/RD guaranteed Mortgage Loans into GNMA Program Securities and to securitize additional Conventional Mortgage Loans into Fannie Mae Program Securities, it currently has no plans to do so.

The terms of the FHA insured, VA guaranteed and USDA/RD guaranteed Mortgage Loan programs and the private mortgage insurance programs may change from the terms of such programs described generally hereinafter, and the terms of such programs in effect at such future time will govern the Authority's participation in such programs at such time.

Federal Housing Administration Mortgage Insurance Program

The United States Department of Housing and Urban Development ("HUD") is responsible for the administration of various federal programs authorized under the National Housing Act, as amended, and the United States Housing Act, as amended, which authorizes various FHA mortgage insurance programs that apply to single family and to multifamily units and projects. In order to receive payment of insurance benefits from HUD with respect to mortgaged premises containing less than five (5) dwelling units, generally a mortgagee must acquire title to the property, either through foreclosure or conveyance (or other acquisition of possession), and convey such title to HUD. Generally, the mortgagee must obtain a deed in lieu of foreclosure or commence foreclosure proceedings within six (6) months after a mortgagor's default. Upon recordation of the deed conveying the property to HUD, the mortgagee notifies HUD of the filing and assigns, without recourse or warranty, claims which it has acquired in connection with the mortgage.

In addition, over the past several years, FHA has implemented and continues to revise and expand several loss mitigation home retention options, including, without limitation, special forbearance, loan modification, partial claim options, and the Home Affordable Modification Program.

Under certain FHA programs, HUD has the option at its discretion to pay insurance claims in cash or in debentures, while under others HUD will pay insurance claims in cash unless the mortgagee requests payment in debentures. The current HUD policy, subject to change at any time, is to make insurance payments on mortgages covering less than five (5) dwellings units in cash with respect to all programs covering such units as to which it has discretion to determine the form of insurance payment. HUD debentures issued in satisfaction of FHA insurance

claims bear interest at the HUD debenture interest rate in effect under HUD regulations on the date of the mortgage insurance commitment or of the initial insurance endorsement of the mortgage, whichever rate is higher.

When entitlement to insurance benefits results from foreclosure (or other acquisition of possession) and conveyance, the insurance payment is computed as of sixty (60) days after the due date of a mortgage payment, and the mortgagee generally is not compensated for mortgage interest accrued and unpaid prior to that date. Under such circumstances, the amount of insurance benefits generally paid by FHA is equal to the sum of the adjusted interest due, the unpaid principal amount of the mortgage loan, adjusted to reimburse the mortgagee for certain tax, insurance and similar payments made by it and to deduct certain amounts received or retained by the mortgagee after default, plus reimbursement not to exceed two-thirds of the mortgagee's foreclosure costs, or \$75, whichever is greater. Unless the mortgagee has not observed certain HUD regulations, the insurance payment itself bears interest from the date of default to the date of payment of the claim at the same interest rate as the applicable HUD debenture interest rate.

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

Department of Veterans Affairs Mortgage Guaranty Program

The Servicemen's Readjustment Act, as amended, permits a veteran (or in certain instances the spouse of a veteran) to obtain a mortgage loan guaranty by the VA covering mortgage financing of the purchase of a one to four family dwelling unit. The program has no mortgage loan limits, requires no down payment from the purchaser and permits the guaranty of mortgage loans with terms limited by the estimated economic life of the property, up to approximately thirty (30) years.

The VA uses a multi-tier guaranty system. The maximum VA guaranty for mortgage loans in the amount of \$45,000 or less is a guaranty of fifty percent (50%) of the loan amount. The maximum VA guaranty for mortgage loans from \$45,001 to \$56,250 is \$22,500. The maximum VA guaranty for mortgage loans from \$56,251 to \$144,000 is a guaranty of forty percent (40%) of the loan amount up to a maximum guaranty of \$36,000. The maximum VA guaranty for mortgage loans from \$144,000 to \$417,000 is a guaranty of twenty-five percent (25%) of the loan amount, subject to certain additional limitations. The maximum VA guaranty for mortgage loans more than \$417,000 is a guaranty of the lesser of twenty-five percent (25%) of the VA loan limit for the particular county or twenty-five percent (25%) of the loan amount, in either case subject to certain additional limitations. Under the Program, subject to the foregoing limitations, a VA Mortgage Loan would be guaranteed in any amount that, together with the down payment by or on behalf of the mortgagor, will equal at least twenty-five percent (25%) of the lesser of the sales price or the appraised value of the single-family dwelling. The actual guaranty may be less than the maximum guaranty as described above in the event a veteran's guaranty entitlement previously used for a guaranteed loan has not been restored by the VA.

The liability on the guaranty is reduced or increased pro rata with any reduction or increase in the amount of the 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 where the difference between the unsatisfied indebtedness and the proceeds of a foreclosure sale of the mortgaged premises is greater than the original guaranty, as adjusted. The VA may, at its option and without regard to the guaranty, make full payment to a mortgagee of unsatisfied indebtedness on a mortgage upon its assignment to the VA. Under certain circumstances, a mortgagee is required to accept partial payments on a loan that is more than thirty (30) days overdue.

When a VA loan is foreclosed, the VA must decide whether to (i) acquire the property and pay off the debt or (ii) not acquire the property through the "no bid" process. Under option (ii), mortgagees may buy down the veteran's indebtedness at the time of the foreclosure sale to convert a no bid into a VA acquisition. No bids are more likely if the property has significantly declined in value, because the cost to the VA to pay the guaranty amount may be less than their expected cost to acquire, manage and dispose of the property.

United States Department of Agriculture, Rural Development Guaranteed Rural Housing Loan Program

The Cranston-Gonzalez National Affordable Housing Act of 1990 authorized the establishment of the USDA/RD Guaranteed Rural Housing Loan Program. Households with Annual Incomes at or below one hundred fifteen percent (115%) of median area income are eligible for these loans, subject to the geographic restrictions described below.

The USDA/RD Guaranteed Rural Housing Loan program is limited to only certain rural areas of the State. These designations are based upon the most recent available and applicable census data. Currently under the 2010 census, any city, place, town or village that is not classified as an urban area is classified as "rural" for the purposes of this USDA/RD program, and in general an urban area is either an "Urbanized Area" with a population of 35,000 or more or an "Urban Cluster" with a population of at least 2,500 and less than 35,000. For more information, see www.census.gov.

The USDA/RD guaranty covers the lesser of (a) any loss equal to ninety percent (90%) of the original principal amount of the loan or (b) any loss in full up to thirty-five percent (35%) of the original principal amount of the loan with any additional loss on the remaining sixty-five percent (65%) to be shared approximately eighty-five percent (85%) by USDA/RD and approximately fifteen percent (15%) by the mortgagee.

USDA/RD does not accept conveyance of the property, but rather pays the lender's claim upon foreclosure. The claim payment includes certain actual costs incurred by the lender prior to foreclosure, including interest expense, and an allowance for the costs associated with liquidating the property. The claim payment amount is based on the net sales proceeds if the property is sold within six (6) months, or if no sale occurs within six (6) months, the claim payment amount is determined according to a formula based upon an appraisal of the property performed by USDA/RD. The lender's actual disposition costs may be higher than the USDA/RD claim payment.

Private Mortgage Insurance Programs

As noted hereinabove, the Authority currently is not purchasing any new Conventional Mortgage Loans requiring private mortgage insurance, although its current Mortgage Loan portfolio under the 1976 General Resolution includes Conventional Loans originated in the past at times when the applicable private mortgage insurance company constituted a Qualified Mortgage Insurance Company in accordance with the requirements of the 1976 General Resolution (see "1976 GENERAL RESOLUTION MORTGAGE LOANS – Current Status of Single Family Mortgage Loan Program Under 1976 General Resolution" herein). The Authority will continue to have the right to purchase new Conventional Loans in the future in accordance with the provisions of the 1976 General Resolution.

Conventional Mortgage Loans having a loan-to-value ratio greater than eighty percent (80%) will be covered by a primary mortgage insurance policy (a "Private Mortgage Insurance Policy") issued by a private mortgage insurance company constituting a Qualified Mortgage Insurance Company at the time the Loan is approved by the Authority. The Authority requires that each Qualified Mortgage Insurance Company approved for insuring Mortgage Loans must meet the requirements established by the Authority, which include qualification to insure mortgages purchased by Fannie Mae and Freddie Mac ("FHLMC"), authorization to do business and to issue mortgage insurance in the State, and compliance with applicable federal and State law.

Each Private Mortgage Insurance Policy will be issued by a Qualified Mortgage Insurance Company pursuant to the Qualified Mortgage Insurance Company's applicable master policy. The Authority as assignee of the lender under such Mortgage Loans will be the insured or assignee of record (the "Insured"), as its interests may appear, under each such Private Mortgage Insurance Policy. The Authority requires each Seller of such Conventional Mortgage Loans to cause a Private Mortgage Insurance Policy to be maintained in full force and effect with respect to all Mortgage Loans requiring such insurance and to act on behalf of the Insured with respect to all actions required to be taken by the Insured under each such Mortgage Insurance Policy.

Pursuant to the federal Homeowners' Protection Act of 1998, at certain times and under certain circumstances (which circumstances include consideration of the loan-to-value ratio of the mortgage loan), the borrower has the right to require the release of the Private Mortgage Insurance Policy in effect with respect to the mortgage loan and at other times and under other circumstances (which circumstances include consideration of the

loan-to-value ratio of the mortgage loan), the lender must cancel and release the Private Mortgage Insurance Policy in effect with respect to the mortgage loan even if not requested to do so by the borrower.

The Qualified Mortgage Insurance Company will be required generally to pay to the Insured either: (1) the insured percentage of the loss, or (2) at its option under certain of the Private Mortgage Insurance Policies, the sum of the delinquent monthly payments plus any advances made by the Insured, both to the date of the claim payment, and thereafter, monthly payments in the amount that would have become due under the Mortgage Loan if it had not been discharged plus any advances made by the Insured until the earlier of (A) the date the Mortgage Loan would have been discharged in full if the default had not occurred, or (B) an approved sale. Any rents or other payments collected or received by the Insured that are derived from or are in any way related to the mortgaged property will be deducted from any claim payment.

GNMA Program Securities and Fannie Mae Securities

GNMA guarantees to registered holders of GNMA Program Securities that it will distribute amounts representing scheduled principal and interest at the applicable pass-through interest rate on the underlying mortgage loans, whether or not received, and the full principal balance of any foreclosed or other finally liquidated mortgage loans, whether or not such principal is actually received. The obligations of GNMA under its guaranties are general obligations of the United States of America backed by and entitled to its full faith and credit.

Fannie Mae guarantees to registered holders of Fannie Mae Program Securities that it will distribute amounts representing scheduled principal and interest at the applicable pass-through interest rate on the underlying mortgage loans, whether or not received, and the full principal balance of any foreclosed or other finally liquidated mortgage loans, whether or not such principal is actually received. The obligations of Fannie Mae under its guaranties are obligations solely of Fannie Mae and are not backed by or entitled to the full faith and credit of the United States of America.

While the Authority did securitize certain FHA insured Mortgage Loans, VA guaranteed Mortgage Loans and USDA/RD guaranteed Mortgage Loans into GNMA Program Securities and did securitize certain Conventional Mortgage Loans into Fannie Mae Program Securities prior to September 2008, and retains the right under the 1976 General Resolution to do so in the future, the Authority currently has no plans to securitize additional Conventional Mortgage Loans.

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APPENDIX D

**CERTAIN INFORMATION ON MORTGAGE LOAN PROGRAM
UNDER 1976 GENERAL RESOLUTION**

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APPENDIX D

CERTAIN INFORMATION ON MORTGAGE LOAN PROGRAM UNDER 1976 GENERAL RESOLUTION

The following table sets forth the following as to Mortgage Loans held under the 1976 General Resolution as of November 30, 2016, including all Mortgage Loans originated under the 1976 General Resolution or transferred to a Mortgage Purchase and Loan Account under the 1976 General Resolution in connection with a current refunding or otherwise, including, without limitation, Blended Loans financed in whole or in part under or transferred to the 1976 General Resolution, Mortgage Loans In Foreclosure, but excluding Mortgage Loans pooled into Program Securities and Down Payment Loans: the Mortgage Loan pool name for each Series or Subseries of Bonds and (if applicable) the participation percentages as to Blended Loans; the Bond Series or Subseries tax plan percentages and (if applicable) retired Bonds status; the interest rate ranges of the outstanding Mortgage Loans; the aggregate principal amount of Mortgage Loans originated; the outstanding principal balance of Mortgage Loans held as whole loans; and the number of outstanding Mortgage Loans.

The Authority has collected and compiled its mortgage loan portfolio information since 1976 using a number of different information recording systems, creating the possibility of human or mechanical error in collecting, compiling and transcribing this information.

The Program Obligations noted in the table below as allocated to the 2007 Series A Bonds and 2007 Series C Bonds were reallocated to the 2016 Series B Bonds on December 1, 2016 in connection with the refunding of the 2007 Series A Bonds and the 2007 Series C Bonds by the 2016 Subseries B-2 Bonds.

| <u>Pool and Participation Percent (if any)</u> | <u>Tax Plan And Tax Plan Percentages</u> | <u>Interest Rate Range</u> | <u>Total Mortgages Originated</u> | <u>Outstanding Principal Balance</u> | <u>Number of Loans Outstanding</u> |
|--|--|--------------------------------|---------------------------------------|--|--|
| 1985A | Retired(100%) | 9.750% | \$26,161,012.00 | \$211.57 | 1 |
| 1986A | Retired(100%) | 5.00% - 7.875% | \$20,746,083.00 | \$24,454.31 | 5 |
| 1987A | Retired(100%) | 7.25% - 8.80% | \$36,440,203.00 | \$129,077.96 | 29 |
| 1987B | Retired(100%) | 8.80% - 9.375% | \$27,284,174.00 | \$97,286.00 | 18 |
| 1988A | Retired(100%) | 8.85% | \$25,208,366.00 | \$124,032.65 | 15 |
| 1988B | Retired(100%) | 8.70% | \$18,441,666.00 | \$10,565.00 | 1 |
| 1988C | Retired(100%) | 8.70% | \$24,144,542.00 | \$124,143.07 | 12 |
| 1993A | 2014A(100%) | 5.55% - 5.80% | \$90,263,046.00 | \$83,378.73 | 4 |
| 1993B | 2015A(18.68%) | 10.75% | \$42,363,608.00 | \$4,146.18 | 1 |
| | 2014A(81.32%) | | | | |
| | 2015A(18.68%) | | | | |
| 1993C | 2014A(81.32%) | 5.00% - 5.80% | \$25,049,552.00 | \$1,409,791.35 | 59 |
| 1994A | Retired(100%) | 6.50% - 6.80% | \$3,743,991.00 | \$56,742.38 | 2 |
| 1994B | Retired(100%) | 5.00% - 7.65% | \$30,626,264.00 | \$1,306,183.91 | 48 |
| 1994C | Retired(100%) | 5.00% - 8.00% | \$21,312,973.00 | \$771,602.25 | 26 |

| <u>Pool and Participation Percent (if any)</u> | <u>Tax Plan And Tax Plan Percentages</u> | <u>Interest Rate Range</u> | <u>Total Mortgages Originated</u> | <u>Outstanding Principal Balance</u> | <u>Number of Loans Outstanding</u> |
|---|--|---------------------------------------|--|---|---|
| 1995A | Retired(100%) | 5.00% - 7.75% | \$45,568,579.00 | \$2,304,447.23 | 75 |
| 1994C/1995A (86.21%/13.79%) | Retired(100%) | 6.70% - 7.00% | \$7,528,015.00 | \$521,120.56 | 18 |
| 1995B | Retired(100%) | 5.00% - 7.375% | \$36,454,260.00 | \$2,146,717.78 | 67 |
| 1996A | Retired(100%) | 5.00% - 7.375% | \$28,676,516.00 | \$1,704,995.99 | 51 |
| 1996B | Retired(100%) | 4.010% - 7.375% | \$38,655,574.00 | \$2,811,341.86 | 83 |
| 1995B/1996B (94.45%/5.55%) | Retired(100%) | 5.00% - 7.125% | \$3,031,855.00 | \$226,926.61 | 7 |
| 1997A | Retired(100%) | 5.00% - 7.375% | \$20,768,729.00 | \$1,852,033.24 | 53 |
| 1997B | Retired(100%) | 5.00% - 7.125% | \$22,761,315.00 | \$2,470,207.65 | 70 |
| 1997A/1996A (90%/10%) | Retired(100%) | 7.125% | \$1,327,773.00 | \$95,420.20 | 2 |
| 1997A/1996B(90%/10%) | Retired(100%) | 5.00% - 6.75% | \$5,699,587.00 | \$697,939.49 | 18 |
| | Retired(90%) | | | | |
| 1997B/1993B | 2015A(1.868%) 2014A(8.132%) | 6.50% - 6.75% | \$7,495,480.00 | \$615,164.20 | 18 |
| | Retired(90%) | | | | |
| 1997A/1993B | 2015A(1.868%) 2014A(8.132%) | 5.00% - 7.125% | \$8,186,567.00 | \$1,141,652.20 | 30 |
| | Retired(27.72%) | | | | |
| 1998A | 2010A(61.58%) 2016A(10.70%) | 5.00% - 6.75% | \$24,178,857.00 | \$2,843,729.52 | 73 |
| | Retired(24.94%) | | | | |
| 1998A/1993B (90%/10%) | 2015A(1.868%) 2014A(8.132%) 2010A(55.42%) 2016(9.63%) | 5.00% - 6.50% | \$11,286,466.00 | \$1,415,216.16 | 41 |
| | Retired(61.33%) | | | | |
| 1998B | 2010A(32.95%) 2016A(5.73%) | 5.00% - 9.375% | \$24,714,814.00 | \$841,383.22 | 54 |
| | Retired(61.33%) | | | | |
| 1998C | 2010A(32.95%) 2016A(5.73%) | 5.00% - 7.00% | \$13,294,098.00 | \$1,506,011.46 | 39 |
| 1999B | Retired(100%) | 5.00% - 8.70% | \$25,957,301.00 | \$804,590.58 | 58 |

| <u>Pool and Participation Percent (if any)</u> | <u>Tax Plan And Tax Plan Percentages</u> | <u>Interest Rate Range</u> | <u>Total Mortgages Originated</u> | <u>Outstanding Principal Balance</u> | <u>Number of Loans Outstanding</u> |
|---|---|---------------------------------------|--|---|---|
| 1999B/1998C (90%/10%) | Retired(96.13%) 2010A(3.29%) 2016A(0.57%) | 5.00% - 7.125% | \$38,028,263.00 | \$4,657,193.11 | 99 |
| 2000A | Retired(100%) | 6.250% | \$201,295.00 | \$14,018.42 | 1 |
| 2000A/1998C (90%/10%) | Retired(96.13%) 2010A(3.29%) 2016A(0.57%) | 5.00% - 7.25% | \$18,608,910.00 | \$2,274,509.90 | 49 |
| 2000A/1999B (90%/10%) | Retired(100%) | 5.00% - 7.50% | \$25,988,456.00 | \$2,546,877.57 | 59 |
| 2000B/1999B (90%/10%) | Retired(100%) | 5.00% - 7.625% | \$32,851,075.00 | \$3,841,443.46 | 83 |
| 2000C/2000A (90%/10%) | Retired(100%) | 5.00% - 7.625% | \$23,044,953.00 | \$3,035,801.61 | 67 |
| 2000B/2000A (90%/10%) | Retired(100%) | 6.125% - 7.50% | \$4,114,134.00 | \$572,324.21 | 12 |
| 2001A/2000B (90%/10%) | Retired(100%) | 5.00% - 7.25% | \$23,828,634.00 | \$4,612,371.48 | 95 |
| 2001A/2000B (85%/15%) | Retired(100%) | 5.625% - 6.875% | \$8,510,632.00 | \$1,787,726.53 | 34 |
| 1991A-D Free Assets | Retired(100%) | 7.11% - 7.80% | \$7,779,296.00 | \$153,021.10 | 9 |
| 2004A | 2015A(54.8255%) 2014A(45.1745%) | 5.00% - 6.80% | \$3,866,631.00 | \$1,210,928.61 | 22 |
| 2004A/1994A | Retired(87.1%) 2015A(7.0725%) 2014A(5.8275%) | 5.00% - 6.80% | \$10,236,330.00 | \$1,523,613.00 | 54 |
| 2004B/2004A | 2015A(22.2945%) 2014A(77.7055%) | 4.270% - 5.625% | \$18,630,835.00 | \$4,884,022.00 | 76 |
| 2004B | 2015A(18.68%) 2014A(81.32%) | 5.00% - 5.50% | \$6,852,183.00 | \$2,447,655.13 | 35 |
| 2005A/2004B | 2015A(1.868%) 2014A(8.132%) 2014B(90%) | 4.00% - 5.50% | \$22,680,441.00 | \$8,994,391.71 | 127 |
| 2005A | 2014B(100%) | 5.00% - 5.375% | \$12,877,252.00 | \$5,705,048.01 | 77 |

| <u>Pool and Participation Percent (if any)</u> | <u>Tax Plan And Tax Plan Percentages</u> | <u>Interest Rate Range</u> | <u>Total Mortgages Originated</u> | <u>Outstanding Principal Balance</u> | <u>Number of Loans Outstanding</u> |
|---|--|---------------------------------------|--|---|---|
| 2006A/2005A (90%/10%) | 2014B(10%) 2016A(30.0510%) 2015B(59.9490%) | 5.250% - 5.625% | \$12,998,233.00 | \$4,809,501.63 | 66 |
| 2006A | 2016A(33.3900%) 2015B(66.6100%) | 5.00% - 6.125% | \$45,299,676.00 | \$18,638,340.30 | 226 |
| 2006B | 2016A(46.3978%) 2015B(53.6022%) | 5.00% - 6.625% | \$39,781,518.00 | \$14,202,072.49 | 161 |
| 2006C | 2016A(64.6106%) 2015B(35.3894%) | 5.00% - 6.375% | \$43,386,090.00 | \$18,302,422.10 | 195 |
| 2007A/2006C (90%/10%) | 2007A(90%) 2016A(6.4611%) 2015B(3.5389%) | 5.00% - 5.875% | \$10,976,832.00 | \$4,748,714.64 | 52 |
| 2007A | 2007A(100%) | 5.00% - 6.25% | \$15,482,022.00 | \$6,530,344.68 | 73 |
| 2007C | 2007C(100%) | 5.00% - 6.75% | \$22,007,753.00 | \$10,048,210.54 | 115 |
| 2007C/2007A (90%/10%) | 2007A(10%) 2007C(90%) | 5.00% - 6.375% | \$9,603,652.00 | \$3,387,401.25 | 42 |
| 2007D | 2007D(100%) | 5.00% - 6.625% | \$19,753,768.00 | \$10,329,899.09 | 123 |
| 2007D/2007C (90%/10%) | 2007C(10%) 2007D(90%) | 5.00% - 6.625% | \$30,233,095.00 | \$13,567,895.30 | 162 |
| 2009A | 2009A(100%) | 5.00% - 7.75% | \$21,530,073.00 | \$11,863,018.92 | 163 |
| 2009B | 2009B(100%) | 5.00% - 6.75% | \$28,797,560.00 | \$18,702,929.93 | 246 |
| 2010A,2009C,C1 | 2010A(85.1918%) 2016A(14.8082%) | 5.00% - 6.250% | \$35,072,790.00 | \$23,984,256.34 | 281 |
| 2010B,2009C-2 | 2010B(100%) | 4.375% - 5.625% | \$46,234,573.00 | \$30,997,119.11 | 349 |
| 2011A,2009C-3 | 2011A(100%) | 4.250% - 5.50% | \$11,937,621.00 | \$7,149,304.07 | 84 |
| 2011A,2009C-3 /2010B,2009C-2 (50%/50%) | 2010B(50%) 2011A(50%) | 4.125% -5.375% | \$22,793,617.00 | \$15,188,662.75 | 179 |
| 2011A,2009C-3/2009A (50%/50%) | 2009A(50%) 2011A(50%) | 5.00% - 6.250% | \$6,077,353.00 | \$3,607,621.39 | 47 |
| 2011A,2009C-3/2007D (50%/50%) | 2007D(50%) 2011A(50%) | 5.125% - 5.625% | \$2,635,686.00 | \$1,911,303.66 | 24 |
| 2011A,2009C- 3/2010A,2009C-1 (50%/50%) | 2010A(42.5959%) 2011A(50.0000%) 2016A(7.4041%) | 4.125% - 5.375% | \$20,803,965.00 | \$13,371,699.84 | 156 |

| <u>Pool and Participation Percent (if any)</u> | <u>Tax Plan And Tax Plan Percentages</u> | <u>Interest Rate Range</u> | <u>Total Mortgages Originated</u> | <u>Outstanding Principal Balance</u> | <u>Number of Loans Outstanding</u> |
|---|--|---------------------------------------|--|---|---|
| 2011B,2009C- 4/2011A,2009C-3 (50%/50%) | 2011A(50%) 2011B(50%) | 4.125% - 5.50% | \$54,198,738.00 | \$37,113,804.56 | 437 |
| 2011C,2009C- 5/2011B,2009C-4 (50%/50%) | 2011B(50%) 2011C(50%) | 4.375% - 5.50% | \$60,261,135.00 | \$40,929,624.20 | 515 |
| 2006B/2010B,2009C-2 (50%/50%) | 2010B(50%) 2016A(23.1989%) 2015B(26.8011%) | 3.50% - 4.625% | \$2,286,417.00 | \$1,411,489.79 | 15 |
| 2012A | 2012A(100%) | 2.875% - 4.250% | \$16,957,561.00 | \$13,214,872.10 | 131 |
| 2012A/2010A (60.12%/39.88%) | 2010A(33.9726%) 2012A(60.1223%) 2016A(5.9052%) | 5.00% - 7.875% | \$7,819,885.00 | \$2,652,760.56 | 87 |
| 2012A/2010A (60.12%/39.88%) | 2010A(33.9726%) 2012A(60.1223%) 2016A(5.9052%) | 5.00% - 6.50% | \$7,623,073.00 | \$2,915,645.94 | 76 |
| 2012A/2010A/1998A (54.11%/43.12%/2.77%) | Retired(2.77%) 2010A(36.7333%) 2012A(54.11%) 2016A(6.3851%) | 6.00% | \$581,341.00 | \$355,504.76 | 9 |
| 2012A/2010A/1998B (6.01%/38.80%/59.19%) | Retired(55.1932%) 2010A(33.0498%) 2012A(6.01%) 2016A(5.7448%) | 5.00% - 6.375% | \$3,932,122.00 | \$1,824,010.82 | 42 |
| 2012A/2010A (61.25%/38.75%) | 2010A(33.0156%) 2012A(61.25%) 2016A(5.7388%) | 5.00% - 6.750% | \$7,040,106.00 | \$3,257,821.78 | 81 |
| 2012A/2010A/1998B (55.12%/38.75%/6/13%) | Retired(6.13%) 2010A(33.0084%) 2012A(55.12%) 2016A(5.7376%) | 5.00% - 6.125% | \$4,980,495.00 | \$2,296,974.01 | 61 |
| 2012A | 2012A(100%) | 5.50% - 8.650% | \$5,403,499.00 | \$896,839.65 | 66 |
| 2012A/2000B (90%/10%) | Retired(10%) 2012A(90%) | 5.00% - 7.125% | \$5,590,379.00 | \$2,505,354.37 | 50 |
| 2012A/2000C (90%/10%) | Retired(10%) 2012A(90%) | 5.00% - 6.250% | \$5,373,236.00 | \$2,749,403.21 | 48 |

| <u>Pool and Participation Percent (if any)</u> | <u>Tax Plan And Tax Plan Percentages</u> | <u>Interest Rate Range</u> | <u>Total Mortgages Originated</u> | <u>Outstanding Principal Balance</u> | <u>Number of Loans Outstanding</u> |
|---|---|---------------------------------------|--|---|---|
| 2012A/2000C (90%/10%) | Retired(10%) 2012A(90%) | 4.250% - 7.125% | \$9,609,828.00 | \$4,808,436.29 | 97 |
| 2012A | 2012A(100%) | 5.125% - 6.00% | \$1,186,173.00 | \$557,540.06 | 9 |
| | Retired(90%) | | | | |
| 2012A/2001C | 2012A(10%) | 5.00% - 5.875 | \$3,910,516.00 | \$1,916,796.14 | 34 |
| 2012A | 2012A(100%) | 5.00% - 8.350% | \$3,858,666.00 | \$1,058,225.79 | 60 |
| | Retired(23.28%) | | | | |
| 2012A/1991A-D Free Asset | 2012A(76.72%) | 5.00% - 7.110% | \$1,565,759.00 | \$424,819.31 | 18 |
| | Retired(85%) | | | | |
| 2012A/2001C | 2012A(15%) | 5.00% - 6.00% | \$11,056,638.00 | \$5,223,908.39 | 91 |
| | Retired(90%) | | | | |
| 2012A/2002A | 2012A(10%) | 5.125% - 6.00% | \$10,564,115.00 | \$5,005,468.19 | 86 |
| | Retired(85%) | | | | |
| 2012A/2002A | 2012A(15%) | 5.375% - 6.00% | \$1,388,980.00 | \$597,180.49 | 12 |
| | Retired(85%) | | | | |
| 2012A/2002A | 2012A(15%) | 5.50% - 6.00% | \$1,542,540.00 | \$706,754.47 | 13 |
| | Retired(90%) | | | | |
| 2012A/2002A | 2012A(10%) | 5.00% - 6.00% | \$2,760,402.00 | \$855,745.40 | 15 |
| 2012A | 2012A(100%) | 5.00% - 6.250% | \$15,031,588.00 | \$6,569,541.26 | 109 |
| | 2014A(90%) | | | | |
| 2012A/2002C | 2012A(10%) | 5.00% - 6.250% | \$11,105,427.00 | \$4,920,975.27 | 82 |
| | 2014A(90%) | | | | |
| 2012A/2002C | 2012A(10%) | 5.00% - 6.125% | \$3,667,315.00 | \$1,671,123.45 | 33 |
| 2012A | 2012A(100%) | 5.00% - 5.50% | \$2,707,991.00 | \$1,365,922.45 | 28 |
| 2012A | 2012A(100%) | 5.125% - 6.125% | \$10,037,901.00 | \$1,763,828.96 | 30 |
| | 2012A(90%) | | | | |
| 2012A/2002C | 2014A(10%) | 5.00% - 6.00% | \$10,037,901.00 | \$4,952,912.80 | 89 |
| 2012A | 2012A(100%) | 5.5% - 7.650% | \$1,386,420.00 | \$346,563.70 | 16 |
| | 2012A(10%) | | | | |
| 2012A/2004A (10%/90%) | 2014A(40.6570%) 2015A(49.3430%) | 5.00% - 5.50% | \$16,298,971.00 | \$8,400,182.73 | 142 |

| <u>Pool and Participation Percent (if any)</u> | <u>Tax Plan And Tax Plan Percentages</u> | <u>Interest Rate Range</u> | <u>Total Mortgages Originated</u> | <u>Outstanding Principal Balance</u> | <u>Number of Loans Outstanding</u> |
|---|--|--------------------------------|---------------------------------------|--|--|
| | RES I RETIRED(35.8746%) | | | | |
| | 2007A(1.1361%) | | | | |
| | 2007C(1.3474%) | | | | |
| | 2007D(10%) | | | | |
| | 2010A(0.2842%) | | | | |
| | 2012A(9.6278%) | | | | |
| | 2014A(9.1972%) | | | | |
| | 2014B(7.1352%) | | | | |
| 2012A/2010A/2007D/2009 A (9.63%/ .33%/10%/80.04%) | 2015A(2.5064%) | | | | |
| | 2015B(12.7660%) | | | | |
| | 2016A(10.1251%) | 5.00% - 7.750% | \$22,170,055.00 | \$12,062,870.67 | 153 |
| 2013A | | | | | |
| 2013A/2011B,2009C | 2013A(100%) | 2.875% - 4.375% | \$49,721,035.00 | \$40,245,912.90 | 392 |
| | 2011B(50%) | | | | |
| 2013A/2011B,2009C | 2013A(50%) | 2.875% - 4.125% | \$22,879,045.00 | \$17,878,912.04 | 188 |
| | 2011C(50%) | | | | |
| 2013A/2011C,2009C | 2013A(50%) | 2.875% - 4.875% | \$100,839,614.00 | \$77,975,404.91 | 836 |
| 2013A/2012A (50%/50%) | 2012A(50%) | | | | |
| | 2013A(50%) | 2.875% - 3.250% | \$17,300,044.00 | \$13,725,891.09 | 141 |
| 2014A | 2014A(100%) | 3.125% - 4.375% | \$37,524,251.00 | \$31,928,188.01 | 309 |
| 2014A/2013A (50%/50%) | 2013A(50%) | | | | |
| | 2014A(50%) | 3.125% - 4.375% | \$31,608,979.00 | \$26,465,009.68 | 259 |
| 2014B | 2014(100%) | 4.00% - 4.625% | \$27,247,973.00 | \$24,822,827.82 | 233 |
| 2014B/2014A (50%/50%) | 2014A(50%) | | | | |
| | 2014B(50%) | 4.00% - 4.625% | \$43,997,960.00 | \$39,502,601.05 | 375 |
| 2015A | 2015A(100%) | 3.875% - 4.125% | \$46,697,108.00 | \$44,926,936.00 | 410 |
| 2015A/2014B (50%/50%) | 2015A(50%) | | | | |
| | 2014B(50%) | 3.625% - 4.625% | \$47,416,623.00 | \$44,925,198.18 | 425 |
| 2015B | 2015B (100%) | 3.875% - 4.375% | \$36,157,317.00 | \$35,029,574.42 | 314 |
| 2016A | 2016A (100%) | 3.875% | \$255,290.00 | \$253,169.04 | 2 |
| 2016A/2015A (50%/50%) | 2016A(50%) | | | | |
| | 2015A(50%) | 3.875% - 4.375% | \$32,956,028.00 | \$32,414,333.25 | 288 |
| 2016B | 2016B (100%) | 3.750% - 4.00% | \$24,505,956.00 | \$24,365,685.00 | 201 |
| 2016B/2015B (50%/50%) | 2016B (50%) | | | | |
| | 2015B (50%) | 3.750% - 4.375% | \$27,429,730.00 | \$27,185,845.83 | 233 |
| | Grand Total | | \$2,289,348,589.00 | \$964,720,567.98 | 11,962 |

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APPENDIX E

CERTAIN INFORMATION ON PARITY BONDS OUTSTANDING AND INVESTMENTS HELD UNDER THE 1976 GENERAL RESOLUTION

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APPENDIX E

Bonds Outstanding Under the 1976 General Resolution as of November 30, 2016

| <u>Series</u> | <u>Series Original Principal Amount</u> | <u>Outstanding Principal Amount as of 11/30/16</u> | <u>Longest Maturity⁽¹⁾</u> | | <u>Range of Interest Rates</u> | |
|------------------------|---|--|---------------------------------------|----------------------------------|--------------------------------|----------------|
| | | | <u>Due Date</u> | <u>Original Principal Amount</u> | <u>Lowest</u> | <u>Highest</u> |
| 2007A ⁽²⁾ | \$50,000,000 | \$35,410,000 | 12/1/2037 | \$22,220,000 | 3.700% | 4.850% |
| 2007C ⁽²⁾ | 60,000,000 | 13,205,000 | 12/1/2043 | 2,710,000 | 3.750 | 5.150 |
| 2007D | 60,000,000 | 9,995,000 | 12/1/2037 | 21,005,000 | 3.250 | 5.250 |
| 2009A | 25,000,000 | 2,800,000 | 06/1/2039 | 13,935,000 | 0.950 | 5.375 |
| 2009B | 30,000,000 | 21,715,000 | 12/1/2039 | 18,000,000 | 0.350 | 4.625 |
| 2010A | 40,635,000 | 13,140,000 | 06/1/2028 | 3,710,000 | 0.400 | 5.000 |
| 2009C-1 ⁽³⁾ | 27,600,000 | 18,430,000 | 12/1/2041 | 27,600,000 | 3.810 | 3.810 |
| 2010B | 24,000,000 | 15,025,000 | 12/1/2028 | 4,870,000 | 0.450 | 5.000 |
| 2009C-2 ⁽³⁾ | 36,000,000 | 29,270,000 | 12/1/2041 | 36,000,000 | 3.010 | 3.010 |
| 2011A | 26,400,000 | 9,490,000 | 06/1/2029 | 5,895,000 | 0.375 | 5.000 |
| 2009C-3 ⁽³⁾ | 39,600,000 | 30,180,000 | 12/1/2041 | 39,600,000 | 3.550 | 3.550 |
| 2011B | 28,000,000 | 19,220,000 | 12/1/2029 | 6,060,000 | 0.300 | 4.000 |
| 2009C-4 ⁽³⁾ | 42,000,000 | 34,430,000 | 12/1/2041 | 42,000,000 | 2.670 | 2.670 |
| 2011C | 33,200,000 | 21,530,000 | 06/1/2030 | 6,730,000 | 0.350 | 4.125 |
| 2009C-5 ⁽³⁾ | 49,800,000 | 41,800,000 | 12/1/2041 | 49,800,000 | 2.400 | 2.400 |
| 2012A | 100,610,000 | 78,485,000 | 12/1/2042 | 12,070,000 | 0.530 | 4.050 |
| 2013A | 149,395,000 | 129,175,000 | 12/1/2043 | 6,830,000 | 0.200 | 3.900 |
| 2014A | 156,110,000 | 134,090,000 | 06/1/2044 | 31,165,000 | 0.150 | 4.700 |
| 2014B | 103,000,000 | 99,735,000 | 06/1/2044 | 20,485,000 | 0.150 | 3.650 |
| 2015A | 103,445,000 | 100,245,000 | 06/1/2045 | 22,570,000 | 0.350 | 3.800 |
| 2015B | 111,555,000 | 108,815,000 | 12/1/2045 | 21,790,000 | 0.500 | 3.875 |
| 2016A | 107,400,000 | 107,400,000 | 12/1/2046 | 24,635,000 | 0.650 | 3.500 |
| 2016B | 117,600,000 | 117,600,000 | 12/1/2046 | 16,985,000 | 1.000 | 3.500 |
| TOTAL | <u>\$1,521,350,000</u> | <u>\$1,191,185,000</u> | | <u>\$449,935,000</u> | | |

- (1) All the Bonds shown are Term Bonds with sinking fund requirements. Substantial portions of the principal amount listed have been or will be redeemed prior to the date noted.
- (2) All of the \$35,410,000 2007 Series A Bonds and \$13,205,000 2007 Series C Bonds then outstanding in the aggregate principal amount of \$48,615,000 were redeemed on December 1, 2016; in addition, on February 1, 2017, the Authority redeemed Bonds in the aggregate principal amount of \$32,860,000.
- (3) The 2009 Series C Bonds were initially issued under the NIBP in the original aggregate principal amount of \$195,000,000 as NIBP "Escrowed Proceeds Bonds", initially bearing a variable NIBP "Short-Term Rate", were redesignated, released and converted to Fixed Rate Bonds under the NIBP bearing interest at their respective NIBP "Permanent Rate". The respective original aggregate principal amount and fixed interest rate for each of the five respective Subseries of 2009 Series C Bonds is set forth in the chart hereinabove.

Bonds Outstanding by Interest Rate Under 1976 General Resolution as of November 30, 2016

| <u>Bond Interest</u> | <u>Bond Principal</u> | <u>Bond Interest</u> | <u>Bond Principal</u> |
|-----------------------------|------------------------------|-----------------------------|------------------------------|
| <u>Rate</u> | <u>Outstanding</u> | <u>Rate</u> | <u>Outstanding</u> |
| 0.500% | \$ 225,000 | 2.900% | \$ 15,150,000 |
| 0.600 | 635,000 | 2.950 | 4,695,000 |
| 0.650 | 390,000 | 3.000 | 27,235,000 |
| 0.700 | 420,000 | 3.010 | 29,270,000 |
| 0.750 | 1,005,000 | 3.050 | 5,480,000 |
| 0.800 | 2,725,000 | 3.100 | 26,700,000 |
| 0.850 | 220,000 | 3.125 | 17,275,000 |
| 0.900 | 2,735,000 | 3.150 | 18,240,000 |
| 0.950 | 2,175,000 | 3.200 | 17,385,000 |
| 1.000 | 1,110,000 | 3.250 | 8,975,000 |
| 1.050 | 5,240,000 | 3.300 | 19,450,000 |
| 1.100 | 2,705,000 | 3.350 | 51,190,000 |
| 1.125 | 1,705,000 | 3.375 | 680,000 |
| 1.150 | 3,830,000 | 3.400 | 16,070,000 |
| 1.200 | 1,060,000 | 3.450 | 30,035,000 |
| 1.250 | 1,730,000 | 3.500 | 126,285,000 |
| 1.300 | 5,250,000 | 3.550 | 56,260,000 |
| 1.350 | 2,950,000 | 3.600 | 3,010,000 |
| 1.400 | 4,580,000 | 3.625 | 695,000 |
| 1.450 | 3,845,000 | 3.650 | 69,835,000 |
| 1.500 | 2,775,000 | 3.700 | 17,890,000 |
| 1.550 | 1,890,000 | 3.750 | 3,085,000 |
| 1.650 | 2,475,000 | 3.800 | 66,025,000 |
| 1.700 | 6,895,000 | 3.810 | 32,600,000 |
| 1.750 | 3,625,000 | 3.850 | 26,495,000 |
| 1.800 | 7,505,000 | 3.875 | 27,935,000 |
| 1.900 | 4,905,000 | 3.900 | 22,555,000 |
| 1.950 | 1,860,000 | 4.000 | 62,065,000 |
| 2.000 | 10,245,000 | 4.050 | 6,910,000 |
| 2.050 | 275,000 | 4.125 | 8,060,000 |
| 2.100 | 8,025,000 | 4.150 | 70,000 |
| 2.150 | 3,780,000 | 4.250 | 8,380,000 |
| 2.200 | 4,420,000 | 4.350 | 815,000 |
| 2.250 | 14,110,000 | 4.400 | 17,750,000 |
| 2.300 | 5,690,000 | 4.550 | 6,560,000 |
| 2.350 | 8,520,000 | 4.600 | 625,000 |
| 2.400 | 45,170,000 | 4.625 | 3,500,000 |
| 2.450 | 7,850,000 | 4.650 | 6,550,000 |
| 2.500 | 12,090,000 | 4.700 | 1,850,000 |
| 2.550 | 4,195,000 | 4.750 | 4,905,000 |
| 2.600 | 5,605,000 | 4.800 | 1,790,000 |
| 2.650 | 6,130,000 | 4.850 | 21,715,000 |
| 2.670 | 34,430,000 | 4.900 | 5,255,000 |
| 2.700 | 6,660,000 | 4.950 | 1,955,000 |
| 2.750 | 7,305,000 | 5.000 | 4,210,000 |
| 2.800 | 7,785,000 | 5.050 | 7,325,000 |
| 2.850 | 5,640,000 | 5.150 | 5,375,000 |
| 2.875 | 630,000 | Grand Total | \$1,191,185,000 |

Bonds Outstanding Under 1976 General Resolution Ten Year Rule Percentages
as of November 30, 2016

Georgia Housing and Finance Authority
Single Family Mortgage Bonds
Ten Year Rule Percentages

| Bond Series | 11/30/2016 | 11/30/2017 | 11/30/2018 | 11/30/2019 | 11/30/2020 | 11/30/2021 | 11/30/2022 | 11/30/2023 | 11/30/2024 | 11/30/2025 | 11/30/2026 |
|------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| 2007 SERIES A | 0% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| 2007 SERIES B | 99% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| 2007 SERIES C | 0% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| 2007 SERIES D | 23% | 23% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| 2009 SERIES A | 0% | 0% | 0% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| 2009 SERIES B | 27% | 40% | 40% | 40% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| 2010 SERIES A | 36% | 38% | 45% | 45% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| 2010 SERIES B | 0% | 0% | 0% | 0% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| 2011 SERIES A | 0% | 0% | 0% | 0% | 0% | 100% | 100% | 100% | 100% | 100% | 100% |
| 2011 SERIES B | 0% | 0% | 0% | 0% | 0% | 100% | 100% | 100% | 100% | 100% | 100% |
| 2011 SERIES C | 0% | 0% | 0% | 0% | 0% | 0% | 100% | 100% | 100% | 100% | 100% |
| 2012 SERIES A | 71% | 71% | 71% | 71% | 71% | 71% | 100% | 100% | 100% | 100% | 100% |
| 2013 SERIES A | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 100% | 100% | 100% | 100% |
| 2014 SERIES A123 | 31% | 31% | 31% | 31% | 31% | 31% | 31% | 31% | 100% | 100% | 100% |
| 2014 SERIES A4 | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| 2014 SERIES B | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 100% | 100% | 100% |
| 2015 SERIES A | 14% | 14% | 14% | 14% | 14% | 22% | 26% | 28% | 28% | 100% | 100% |
| 2015 SERIES B | 42% | 55% | 55% | 55% | 55% | 55% | 55% | 55% | 55% | 55% | 100% |
| 2016 SERIES A | 27% | 48% | 48% | 48% | 54% | 54% | 54% | 54% | 54% | 54% | 100% |
| 2016 SERIES B | 0% | 41% | 41% | 41% | 41% | 41% | 41% | 41% | 41% | 41% | 100% |

Note: The above percentages represent estimates based upon information currently available and are not guaranteed.
There can be no assurance that federal tax law, rules or regulations enacted or proposed and the interpretation thereof will not alter the above percentages

CERTAIN INVESTMENTS UNDER 1976 GENERAL RESOLUTION
AS OF NOVEMBER 30, 2016 (UNLESS OTHERWISE NOTED)

Capital Reserve Fund and Mortgage Reserve Fund Investments

As of November 30, 2016, the total par value of all Investment Obligations held in the Capital Reserve Fund and Mortgage Reserve Fund equals \$42,232,458, and are such Investment Obligations are comprised of the following:

| <u>Type Investment Obligation</u> | <u>% Reserve Funds</u> | <u>Investment Final Maturity</u> |
|---|-------------------------------|---|
| U.S. Money Market Funds | 31.66% | N/A |
| Freddie Mac Mortgage Backed Securities | 26.82% | September 2046 |
| Bayerische Landesbank Investment Agreement ⁽¹⁾ | 12.47% | December 2029 |
| Fannie Mae Mortgage Backed Securities | 9.24% | September 2045 |
| Trinity Plus/General Electric Corp. Investment Agreement | 8.12% | November 2032 |
| MBIA Investment Agreement ⁽²⁾ | 6.65% | December 2020 |
| Resolution Funding Corp. Agency Debentures | 3.00% | October 2019 |
| Pacific Life Insurance Co. Investment Agreement | 2.04% | November 2032 |

(1) Guaranteed by the German Free State of Bavaria, a/k/a/Freistaat Bayern, which as of January 25, 2017 is rated "Aaa" by Moody's Investors Service.

(2) Collateralized 105% weekly with U.S. Government and Agency securities.

Mortgage Purchase and Loan Account Investments

As of November 30, 2016, the total par value of all Investment Obligations held in the Mortgage Purchase and Loan Account equals \$1,694,869⁽¹⁾, and such Investment Obligations are comprised of the following:

| <u>Type Investment Obligation</u> | <u>Percent of Mortgage Purchase and Loan Funds</u> |
|--|---|
| U.S. Money Market Funds | 100% |

(1) The total par value as of January 25, 2017 is \$786,057, all of which is invested in U.S. Money Market Funds as of such date.

Revenue Account [Float] Investments

As of November 30, 2016, the total par value of all Investment Obligations held in the Revenue Account equaled \$132,438,742, and composition of such Investment Obligations is set forth in the following chart. From such \$132,438,742, on December 1, 2016, \$7,765,000 was applied to pay the principal of Bonds paid at maturity or upon scheduled sinking fund redemption on such date, \$48,615,000 was applied to pay the principal of Bonds optionally redeemed on such date, and \$17,977,703 was applied to pay the accrued interest on Bonds outstanding on such date. In addition, on February 1, 2017, \$32,860,000 was applied to pay the principal of Bonds optionally redeemed on such date and \$144,223.51 was applied to pay accrued interest on such redeemed Bonds.

| <u>Type Investment Obligation</u> | <u>% Revenue Funds</u> | <u>Investment Final Maturity</u> |
|--|-------------------------------|---|
| U.S. Money Market Funds | 91.52% | N/A |
| DEPFA Bank Investment Agreement ⁽¹⁾ | 5.41% | December 2033 |
| Trinity Plus/General Electric Corp. Investment Agreement | 1.80% | November 2032 |
| West Landesbank Investment Agreement ⁽²⁾ | 0.70% | December 2028 |
| FGIC/General Electric Corp. Investment Agreement | 0.57% | November 2026 |

(1) Collateralized at 105% weekly with U.S. Government and Agency securities.

(2) Guaranteed by German State of North Rhine-Westphalia, a/k/a Nordrhein-Westfalen, which as of January 25, 2017 is rated "Aa1" by Moody's and "AAA" by Fitch Ratings.

APPENDIX F

PROJECTED PERCENTAGES OF INITIAL PRINCIPAL BALANCE OUTSTANDING AND PROJECTED WEIGHTED AVERAGE LIVES OF PAC BONDS

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APPENDIX F

PROJECTED PERCENTAGES OF INITIAL PRINCIPAL BALANCE OUTSTANDING AND PROJECTED WEIGHTED AVERAGE LIVES OF PAC BONDS

Average Life Spread Sheet
Projected Percentages of Initial Principal Balance Outstanding and Weighted Average Lives
\$17,555,000 Series 2017A PAC Bonds Due December 1, 2047
Excess Principal Calls: Pro-rata

| | Prepayment Assumption | | | | | | | | | |
|---------------------------------------|-----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Payment Date | 000 PSA | 025 PSA | 050 PSA | 075 PSA | 100 PSA | 150 PSA | 200 PSA | 300 PSA | 400 PSA | 500 PSA |
| Initial Percentage | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| June 1, 2017 | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| June 1, 2018 | 99.8% | 98.5% | 97.4% | 96.9% | 96.9% | 96.9% | 96.9% | 96.9% | 96.9% | 96.9% |
| June 1, 2019 | 99.3% | 94.2% | 89.2% | 86.3% | 86.3% | 86.3% | 86.3% | 86.3% | 86.3% | 86.3% |
| June 1, 2020 | 98.8% | 87.9% | 77.2% | 70.4% | 70.4% | 70.4% | 70.4% | 70.4% | 70.4% | 70.4% |
| June 1, 2021 | 98.3% | 81.6% | 65.4% | 54.9% | 54.9% | 54.9% | 54.9% | 54.9% | 54.9% | 54.9% |
| June 1, 2022 | 97.9% | 75.6% | 54.4% | 40.8% | 40.8% | 40.8% | 40.8% | 40.8% | 40.8% | 40.8% |
| June 1, 2023 | 97.5% | 70.1% | 44.3% | 28.0% | 28.0% | 28.0% | 28.0% | 28.0% | 28.0% | 28.0% |
| June 1, 2024 | 97.0% | 64.9% | 35.0% | 16.6% | 16.6% | 16.6% | 16.6% | 16.6% | 16.6% | 16.6% |
| June 1, 2025 | 96.6% | 60.1% | 26.6% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% |
| June 1, 2026 | 96.2% | 55.7% | 19.1% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| June 1, 2027 | 95.9% | 51.7% | 12.4% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| June 1, 2028 | 95.6% | 48.2% | 6.6% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| June 1, 2029 | 95.3% | 45.0% | 1.7% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| June 1, 2030 | 95.0% | 42.4% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| June 1, 2031 | 94.8% | 40.2% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| June 1, 2032 | 94.5% | 38.5% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| June 1, 2033 | 94.4% | 37.4% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| June 1, 2034 | 94.3% | 36.8% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| June 1, 2035 | 94.2% | 36.7% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| June 1, 2036 | 94.2% | 36.7% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| June 1, 2037 | 94.2% | 36.7% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| June 1, 2038 | 94.2% | 36.7% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| June 1, 2039 | 94.2% | 36.7% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| June 1, 2040 | 94.2% | 36.7% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| June 1, 2041 | 94.2% | 36.7% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| June 1, 2042 | 94.2% | 36.7% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| June 1, 2043 | 94.2% | 36.7% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| June 1, 2044 | 94.2% | 36.7% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| June 1, 2045 | 78.8% | 28.9% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| June 1, 2046 | 48.4% | 13.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| June 1, 2047 | 10.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| First Payment or Redemption Date | 6/1/2018 | 12/1/2017 | 12/1/2017 | 12/1/2017 | 12/1/2017 | 12/1/2017 | 12/1/2017 | 12/1/2017 | 12/1/2017 | 12/1/2017 |
| Last Payment or Redemption Date | 12/1/2047 | 6/1/2047 | 12/1/2029 | 6/1/2026 | 6/1/2026 | 6/1/2026 | 6/1/2026 | 6/1/2026 | 6/1/2026 | 6/1/2026 |
| Weighted Average Life | | | | | | | | | | |
| Optional Call Not Exercised | 28.2 | 15.4 | 6.3 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| Optional Call at 06/01/2026 Exercised | 9.1 | 7.5 | 5.9 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |

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APPENDIX G

PROPOSED FORM OF BOND COUNSEL OPINION

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APPENDIX G

PROPOSED FORM OF BOND COUNSEL OPINION

Set forth below is the proposed form of the opinion of Bond Counsel to be delivered in connection with the issuance of the 2017 Series A Bonds, which proposed form is preliminary and subject to change prior to the delivery of such 2017 Series A Bonds.

PROPOSED FORM OF BOND COUNSEL OPINION ON 2017 SERIES A BONDS

March 2, 2017

Georgia Housing and Finance Authority
Atlanta, Georgia

Re: Georgia Housing and Finance Authority Single Family Mortgage Bonds, 2017 Series A

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance and sale by the Georgia Housing and Finance Authority (the "Authority") of the Authority's Single Family Mortgage Bonds, 2017 Series A (the "Bonds"). The Bonds are issuable as fully registered Bonds without coupons in the denominations, and are issued and dated, as provided in the Single Family Mortgage Bond Resolution adopted by the Authority on November 10, 1976, as supplemented and amended (the "General Resolution"), the Series Resolution Authorizing the Issuance and Sale of Up to an Aggregate Principal Amount of \$250,000,000 Single Family Mortgage Bonds (2017 Series), adopted by the Authority on November 16, 2016 (the "2017 Series Resolution" or the "Series Resolution") and the Series Certificate Relating to \$80,000,000 Single Family Mortgage Bonds, 2017 Series A, executed on behalf of the Authority pursuant to the Series Resolution (the "Series Certificate"). The 2017 Series A Bonds will be issued in the original aggregate principal amount of \$80,000,000 and will constitute new money "qualified mortgage bonds" pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). The General Resolution, the Series Resolution and the Series Certificate are referred to herein collectively as the "Resolutions". Reference is hereby made to the validation proceedings concluded in the Superior Court of Fulton County, Georgia, relating to the issuance of the Bonds.

The Bonds are general revenue obligations of the Authority payable out of any of the Authority's revenues, money or assets legally available therefor, subject only to agreements heretofore and hereafter made with holders of notes and bonds other than bonds issued under the Resolutions, pledging particular revenues, money or assets for the payment thereof. The Bonds will not be deemed to constitute a debt of the State of Georgia (the "State") or its agencies or a pledge of the faith or credit of the State or its agencies. The issuance of the Bonds will not directly or indirectly obligate the State to levy or to pledge any form of taxation whatever therefor or to make any appropriation for payment of the Bonds. The Authority has no taxing power.

The Bonds mature and bear interest as set forth in the Resolutions. The Bonds are subject to mandatory, special and optional redemption prior to maturity by the Authority at the times, in the manner and upon the terms provided in the Bonds and in the Resolutions.

All capitalized terms not otherwise defined herein shall have the meaning prescribed thereto in the Resolutions.

In connection with the issuance of the Bonds, we have examined (a) certified copies of the General Resolution and the Series Resolution authorizing the issuance of the Bonds, adopted by the members of the Authority pursuant to and under the provisions of the Georgia Housing and Finance Authority Act, Official Code of Georgia Annotated, Title 50, Chapter 26, as amended (the "Act") and the Series Certificate, (b) the forms of the

Bonds, (c) the forms of the Authority's Loan Administrator Agreement and the Loan Seller Agreement (including the Seller Guide) (the "Program Documents") relating to the Authority's Georgia Dream Homeownership Program (the "Program"), which Program Documents require delivery of certain affidavits and other documents prior to the purchase of any Program Obligations originated thereunder, and (d) such other opinions, documents, certificates and letters, including calculations prepared by cfX Incorporated, as we deem relevant and necessary in rendering this opinion.

From such examination we are of the opinion that:

1. The Authority is duly organized and existing under the laws of the State, particularly the Act. Pursuant to the Act, the Authority is empowered to issue the Bonds for the purpose of purchasing Mortgage Loans or other evidences of debt to finance single family housing in the State for qualified persons, to refund certain of its outstanding bonds, and to pledge and grant a security interest in the Revenues and amounts in the Funds and Accounts established by the Resolutions.

2. The Bonds have been validly authorized, executed and issued in accordance with the laws of the State and represent valid and binding general revenue obligations of the Authority payable out of any of the Authority's revenues, money or assets legally available therefor, subject only to agreements heretofore and hereafter made with holders of notes and bonds, other than bonds issued under the Resolutions, pledging particular revenues, money or assets for the payment thereof. The Resolutions create the valid pledge which they purport to create, and pursuant to the Resolutions, the principal of, premium, if any, and interest on the Bonds are secured by a pledge of, and security interest in Bond Proceeds, Program Obligations and Permitted Investments, all Revenues derived therefrom, and all moneys, and other assets and income (except amounts in the Rebate Fund) held in and to be deposited in Funds and Accounts established by or pursuant to the Resolutions; all subject to the right of the Authority to direct withdrawals of amounts from said Funds and Accounts upon the conditions set forth in the Resolutions.

3. The Resolutions have been validly authorized, executed and delivered by the Authority, are in full force and effect, are valid and binding on the Authority, are enforceable in accordance with their terms, and the holders of the Bonds are entitled to the benefits thereof.

4. Under existing laws, regulations, rulings and judicial decisions, (i) interest on the Bonds is excludible from gross income of the owners thereof for federal income tax purposes, (ii) interest on the Bonds is not a specific item of tax preference for purposes of the federal alternative minimum tax provisions of the Code applicable to individuals and corporations, and (iii) interest on the Bonds is not included in corporations' calculations of adjusted current earnings under the federal alternative minimum tax provisions of the Code.

5. Under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is exempt from taxation within the State.

We express no other opinion regarding Federal or state tax consequences arising with respect to the Bonds.

The obligations of the Authority contained in the Bonds and the Resolutions, and the enforceability thereof, are subject to general principles of equity which may permit the exercise of judicial discretion, the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State, applicable bankruptcy, insolvency, moratorium or similar laws relating to or affecting creditors' rights generally, and the exercise by the United States of America of the powers delegated to it by the Constitution.

The opinions set forth in paragraph (4) herein are based upon a review of, and assume continued compliance with, certain covenants, representations and certifications of the Authority set forth in the Resolutions and the Program Documents and certain procedures set forth in the Program Documents to be executed by certain lenders originating Mortgage Loans (the "Sellers"), which procedures are to be followed by the Sellers in the origination of Mortgage Loans, and further assume the accuracy of certain warranties of the Sellers set forth in the Program Documents and certain affidavits to be obtained from Mortgagors, all of which are designed to assure that the Program complies with the applicable provisions of the Code.

The opinions we have expressed herein as to the treatment of the interest borne by the Bonds for Federal income tax purposes are based upon laws, regulations, rulings and decisions in effect on the date hereof. In addition to the opinions set forth in paragraph (4) above, certain individual owners of the Bonds may have to take interest on such Bonds into account for the purpose of calculating the amount of social security or railroad retirement benefits includible in gross income of such owners for federal income tax purposes. All owners of the Bonds (including, but not limited to, insurance companies, financial institutions, S corporations and United States branches of foreign corporations) should consult their tax advisors concerning the effects of these and other applicable provisions of the Code on their individual tax liabilities. The extent of certain indirect tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

In rendering the foregoing opinions, we have assumed the accuracy and truthfulness of all public records and of all certifications, documents and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities and have not verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing upon such public records, certifications, documents and proceedings.

Very truly yours,

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APPENDIX H

PROPOSED FORM OF 2017 SERIES A CONTINUING DISCLOSURE AGREEMENT

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APPENDIX H

PROPOSED FORM OF 2017 SERIES A CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (this "Agreement") is dated as of March 1, 2017 for convenience of reference, and also is made and entered into to be effective as of March 2, 2017 (the "Effective Date"), between **GEORGIA HOUSING AND FINANCE AUTHORITY** (the "Authority"), and **DIGITAL ASSURANCE CERTIFICATION, L.L.C.**, a limited liability company organized and existing under the laws of the State of Florida, as exclusive Dissemination Agent (the "Dissemination Agent" or "DAC"), in order to provide certain continuing disclosure with respect to the Georgia Housing and Finance Authority Single Family Mortgage Bonds, 2017 Series A Bonds (the "2017 Series A Bonds"). Capitalized terms used, but not defined, herein shall have the meanings ascribed thereto in the hereinafter defined Official Statement.

WHEREAS, the Authority has issued on the effective date hereof the 2017 Series A Bonds in the original aggregate principal amount of \$80,000,000 pursuant to the Series Certificate relating to the issuance of the Authority's \$80,000,000 Single Family Mortgage Bonds, 2017 Series A (the "Series Certificate"), executed and delivered with respect to the 2017 Series A Bonds pursuant to the Series Resolution Authorizing the Issuance and Sale of up to an Aggregate Principal Amount of \$250,000,000 Single Family Mortgage Bonds (2017 Series), adopted by the Authority on November 16, 2016 (the "2017 Series Resolution", and, together with the Series Certificate, collectively, as the same may be further supplemented and amended hereafter, the "2017 Series A Resolution"); the 2017 Series Resolution was adopted pursuant to the Single Family Mortgage Bond Resolution adopted by the Authority on November 10, 1976, as supplemented and amended heretofore and as the same may be further supplemented and amended hereafter (the "General Bond Resolution" and, together with the 2017 Series A Resolution, collectively, the "Bond Resolutions"); the 2017 Series A Bonds will be dated their date of issuance;

WHEREAS, the Authority authorized the preparation and distribution of the Preliminary Official Statement dated February 8, 2017 with respect to, among other matters, the 2017 Series A Bonds (the "Preliminary Official Statement") and, on or about the date of the Preliminary Official Statement, the Authority executed and delivered its Rule 15c2-12 Certificate whereby the Authority, inter alia, deemed that the Preliminary Official Statement was final within the meaning of Rule 15c2-12, as amended from time to time (as amended, the "Rule"), of the Securities and Exchange Commission ("SEC");

WHEREAS, upon the sale of the 2017 Series A Bonds to the underwriters identified on the front cover page of the Preliminary Official Statement (collectively, the "Underwriters"), the Authority authorized the preparation and distribution of the Official Statement dated February 16, 2017 with respect to the 2017 Series A Bonds (the "Official Statement");

WHEREAS, as a condition precedent to the purchase of the 2017 Series A Bonds by the Underwriters on the date of issuance pursuant to the Bond Purchase Agreement, dated February 16, 2017 (the "Bond Purchase Agreement"), between the Authority and the Underwriters, and in order to accommodate the compliance by the Underwriters with their obligations under the Rule, the Authority has agreed to enter into this Agreement and to provide for the public disclosure of certain information concerning the 2017 Series A Bonds and the security for the 2017 Series A Bonds on an ongoing basis for so long as the 2017 Series A Bonds remain outstanding as set forth herein, and the Dissemination Agent has agreed to serve as exclusive dissemination agent for the Authority with respect to such continuing public disclosure in accordance with this Agreement (the Bond Resolutions, the Bond Purchase Agreement and the Official Statement are referred to herein, collectively and each respectively, as the "Financing Documents");

NOW THEREFORE, in consideration of the mutual promises and agreements made herein, the receipt and sufficiency of which consideration is hereby mutually acknowledged, the parties hereto agree as follows:

Section 1. Definitions. (a) As provided hereinabove, for the purposes of this Agreement, all capitalized terms used, but not otherwise defined, herein shall have the meanings ascribed thereto in the Official Statement.

(b) In addition to the terms defined elsewhere herein, the following terms shall have the following meanings for the purposes of this Agreement:

"Accompanying Information" means any identifying information or other information then required to accompany the applicable Filing pursuant to the Rule.

"Annual Disclosure Report," "Annual Filings" and "Annual Finance Statements" each shall have the respective meaning set forth in Section 3 hereof.

"Annual Filing Date" means the date that is one hundred twenty (120) days after the last day of the Authority's Fiscal Year (currently ending June 30). The Annual Filing Date may be changed by the Authority upon the change of its Fiscal Year and by giving written notice thereof pursuant to Section 4(b) hereof.

"Authority Disclosure Representative" means each of the two persons designated in writing by the Authority to the Dissemination Agent as the primary contacts at the Authority for the Dissemination Agent for matters arising under this Agreement.

"EMMA" means MSRB's Electronic Municipal Market Access system or any successor thereto. Unless otherwise directed by the MSRB or the SEC, Filings with the MSRB are to be made through the EMMA website, currently located at <http://emma.msrb.org>.

"Filing" means, as applicable, any Annual Filing or Listed Event Filing or any other notice or report filed with the MSRB (currently through EMMA) in Required Electronic Format under this Agreement.

"Listed Events" and "Listed Event Filings" each shall have the respective meaning set forth in Section 4 hereof.

"MSRB" means the Municipal Securities Rulemaking Board, or any successor to its functions designated by the SEC for the purposes of the Rule.

"Repository" means (a) MSRB's EMMA or (b) in the future, any successor repository or repositories prescribed by the SEC for the purpose of serving as repository under the Rule.

"Required Electronic Format" means the electronic format then prescribed by the SEC or the MSRB pursuant to the Rule.

"Third Party Beneficiaries" shall have the meaning set forth in Section 2(c) hereof.

"timely" as used with respect to any Filing required under this Agreement for the purposes of the Rule shall have the meaning required under the Rule.

Section 2. Scope of this Agreement. (a) The Authority has agreed to enter into this Agreement and to undertake its disclosure obligations hereunder at the request of the Underwriters and as a condition precedent to the Underwriters' purchase of the 2017 Series A Bonds pursuant to the Bond Purchase Agreement in order to assist the Underwriters' compliance with the Rule, and the Dissemination Agent has agreed to enter into this Agreement at the request of the Authority. The obligations of the Authority under this Agreement relate solely to the 2017 Series A Bonds and shall not apply to any other securities issued or to be issued by the Authority, whether issued under the General Bond Resolution or issued for the purposes of financing single family mortgage loans or otherwise.

(b) This Agreement constitutes the Authority's agreement to disclose all information related to the 2017 Series A Bonds required to be provided in accordance with the Rule. The Authority will be responsible for preparing each notice or report to be filed with the Repository by the Dissemination Agent on behalf of the

Authority in accordance with the terms of this Agreement. The Dissemination Agent will have no responsibility whatsoever for the content of any notices or reports prepared by the Authority hereunder.

(c) Neither this Agreement, nor the performance by the Authority or the Dissemination Agent of their respective obligations hereunder, shall create any third party beneficiary rights, shall be enforceable by any third party, or shall constitute a basis for a claim by any person, except as expressly provided herein and except as required by law, including, without limitation, the Rule; provided, however, each of the Underwriters and each Beneficial Owner of the 2017 Series A Bonds is hereby made a third party beneficiary hereof (collectively and each respectively, "Third Party Beneficiaries") and shall have the right, but not the obligation, to enforce the obligations of the parties hereunder pursuant to Section 9 hereof.

(d) The Authority acknowledges that it is an "obligated person" within the meaning of the Rule with respect to the 2017 Series A Bonds. Nothing in this Agreement shall be construed to mean or imply that the Dissemination Agent is an "obligated person" under the Rule.

(e) Notwithstanding any provision of this Agreement to the contrary, and without limiting the obligations of the Dissemination Agent hereunder, as to the Third Party Beneficiaries the Authority is and shall remain responsible for disclosure of all information related to the 2017 Series A Bonds required to be provided in accordance with the Rule.

(f) This Agreement and the Authority's obligations hereunder shall terminate upon the defeasance, redemption or payment in full of all 2017 Series A Bonds.

Section 3. Annual Filings. The Authority shall provide to the Dissemination Agent not later than ten (10) calendar days prior to the Annual Filing Date in the Required Electronic Format the following annual reports, each for the annual period ending on the last day of the Authority's Fiscal Year, commencing with the Fiscal Year ending on June 30, 2017, together with any Accompanying Information:

(a) An annual financial and operating data disclosure report with respect to the Authority, the 2017 Series A Bonds, the Program Obligations financed thereby and the security for the 2017 Series A Bonds, containing financial information and operating data, including, without limitation, of the type included in the Official Statement as to all parity bonds issued under the 1976 General Resolution and all Mortgage Loans, Down Payment Loans and Program Securities financed under the 1976 General Resolution in the tables under the captions "1976 GENERAL RESOLUTION MORTGAGE LOANS – Current Status of Single Family Mortgage Loan Program Under 1976 General Resolution", "APPENDIX D – CERTAIN INFORMATION ON MORTGAGE LOAN PROGRAM UNDER 1976 GENERAL RESOLUTION" and "APPENDIX E – CERTAIN INFORMATION ON PARITY BONDS OUTSTANDING AND INVESTMENTS HELD UNDER THE 1976 GENERAL RESOLUTION – Bonds Outstanding Under the 1976 General Resolution", " – Bonds Outstanding by Interest Rate Under 1976 General Resolution", " – Certain Investments Under 1976 General Resolution" and in addition, to the extent applicable, similar information with respect to the 2017 Series A Bonds and the Program Obligations financed with proceeds of the 2017 Series A Bonds (collectively, the "Annual Disclosure Report");

(b) The annual audited financial statements of the Authority prepared by a firm of certified public accountants in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board, as such principles are modified by the governmental accounting standards promulgated by the Governmental Accounting Standards Board, as in effect from time to time, and presented on a two year comparative basis for informational purposes (the "Audited Financial Statements" and, together with the Annual Disclosure Report, the "Annual Filings"); and

(c) In the event the Authority's Audited Financial Statements will not be available prior to the Annual Filing Date in any year, the Authority shall have the right, but not the obligation, to elect to provide to the Dissemination Agent for filing pursuant to Section 5 hereof the Authority's unaudited annual financial statements otherwise satisfying the description in Section 3(b) hereinabove, and in such event such unaudited annual financial statements shall satisfy the "Annual Filings" required hereunder so long as the Authority also promptly files its Audited Financial Statements when available.

Section 4. Listed Events Filings. (a) Upon having actual knowledge of the occurrence of any of the following events with respect to the 2017 Series A Bonds, together with any additional events required under the Rule, as amended from time to time (collectively and each respectively, the "Listed Events"), if material in the event materiality is a condition of the Rule with respect to such Listed Event, the Authority shall provide to the Dissemination Agent in a prompt and timely manner and in the Required Electronic Format a written notice of the occurrence of each such Listed Event (collectively and each respectively, the "Listed Event Filings"), together with any Accompanying Information, and together with the written authorization and direction from the Authority directing the Dissemination Agent to file such written notice with the Repository, including the date on which the Authority instructs the Dissemination Agent to file such notice with the Repository, which date shall not be later than ten (10) business days after the occurrence of the Listed Event:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2017 Series A Bonds or other material events affecting the tax status of the 2017 Series A Bonds;
- (7) modifications to rights of owners of the 2017 Series A Bonds, if material;
- (8) unscheduled Bond calls (redemptions), if material;
- (9) tender offers;
- (10) defeasances;
- (11) release, substitution or sale of property securing repayment of the 2017 Series A Bonds, if material;
- (12) rating changes;
- (13) bankruptcy, insolvency, receivership or similar event of the Authority, which event shall be considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority;
- (14) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; or
- (15) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) In addition, the Authority hereby agrees to provide to the Dissemination Agent in the Required Electronic Format, together with any Accompanying Information, written notice of (i) failure of the Authority to provide the Annual Disclosure Report and/or Annual Financial Statements required under Section 3 hereof by the Annual Filing Date, and (ii) any amendment to or modification of this Agreement or the type of financial information or operating data included in the Authority's Annual Disclosure Report or the accounting principles pursuant to which the Audited Financial Statements are prepared or any change of the Authority's Fiscal Year.

Section 5. Dissemination Agent Notices. (a) If on the fifth (5th) business day prior to the Annual Filing Date, the Dissemination Agent has not received a copy of the Annual Filing, the Dissemination Agent shall contact each Authority Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Authority of its undertaking to provide the Annual Filing pursuant to Section 3 hereof. Upon receipt of such reminder, the Authority Disclosure Representative shall either (i) provide to the Dissemination Agent in the Required Electronic Format, together with any Accompanying Information, the Annual Filing no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Dissemination Agent in writing that the Authority will not be able to file the Annual Filing by the Annual Filing Date, state the date by which the Annual Filing for such year will be provided and instruct the Dissemination Agent to immediately file a submission to that effect with the Repository, together with any Accompanying Information.

(b) If the Dissemination Agent has not received either an Annual Filing or the written notice described in Section 5(a)(ii) hereof by 5:00 PM ET on the Annual Filing Date, the Authority hereby irrevocably directs the Dissemination Agent to immediately file a submission with the Repository with respect to such failure, together with any Accompanying Information.

(c) If Audited Financial Statements of the Authority are not available prior to the Annual Filing Date, the Authority shall provide the Audited Financial Statements when available in a prompt and timely manner, in the Required Electronic Format, together with any Accompanying Information, to the Dissemination Agent for filing with the Repository.

(d) The Dissemination Agent shall:

- (i) determine the name and address of each applicable Repository each year prior to the Annual Filing Date;
- (ii) upon receipt, promptly file each Annual Disclosure Report received under Section 3(a) with the Repository;
- (iii) upon receipt, promptly file the Audited Financial Statements received under Section 3(b), together with any Accompanying Information, with the Repository;
- (iv) upon receipt, promptly file the Authority's unaudited financial statements received under Section 3(c), together with any Accompanying Information, with the Repository; and
- (v) upon receipt, promptly file each Listed Event Filing with the Repository, together with any Accompanying Information.

(e) The Dissemination Agent shall be under no obligation to notify the Authority of an event that may constitute a Listed Event. In the event the Dissemination Agent so notifies the Authority, within the first to occur of (A) five (5) business days after receipt of such notice or (B) eight (8) business days after the occurrence of the event, the Authority will give the Dissemination Agent written notice that (i) a Listed Event has not occurred and no filing is to be made or (ii) a Listed Event has occurred and instructing the Dissemination Agent to file a Listed Event Filing pursuant to subsection (d)(v) hereof, and in the latter case the Authority also shall furnish to the Dissemination Agent, the Listed Event Filing and any Accompanying Information, in the Required Electronic Format, together with the written authorization of the Authority for the Dissemination Agent to file such Listed Event Filing with the Repository, and the date the Authority instructs the Dissemination Agent to file the Listed

Event Filing with the Repository, which date shall not be later than ten (10) business days after the occurrence of the Listed Event.

(f) Whenever the Authority provides information to the Dissemination Agent, including, without limitation, Annual Filings, Listed Event Filings and other voluntary Filings pursuant to Section 6(c) hereof, the Authority shall indicate the full name of the 2017 Series A Bonds and the 9-digit CUSIP numbers for the 2017 Series A Bonds to which the provided information relates, which CUSIP numbers current as of the Effective Date hereof are set forth on **Exhibit A** hereto, together with all other Accompanying Information then required by the Rule.

(g) The Authority acknowledges and understands that the duties of the Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Agreement.

Section 6. Content, Manner and Timeliness of Filings. (a) The Authority shall be solely responsible for the content and timeliness of any Filings, reports or notices prepared by the Authority pursuant to this Agreement. The Dissemination Agent shall not be responsible for reviewing or verifying or determining in any way the accuracy or completeness of any Filings, reports or notices prepared by the Authority pursuant to this Agreement.

(b) Each Filing delivered by the Authority to the Dissemination Agent pursuant to this Agreement hereof shall be in the Required Electronic Format suitable for submission to the Repository and in such form as may be permissible and appropriate under the Rule. If an item of information required to be contained in any Filing from the Authority pursuant to this Agreement would be misleading without explanation, the Authority shall additionally provide a statement as a part of such Filing explaining or clarifying such disclosure item in order that the statement and the disclosure item will not be misleading in light of the circumstances in which made. Each Filing filed with the Repository by the Dissemination Agent pursuant to this Agreement shall be in the Required Electronic Format suitable for submission to the Repository and in such form as may be permissible and appropriate under the Rule, together with any Accompanying Information then required by the Rule.

(c) Nothing in this Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Filing, in addition to that which is required by this Agreement. If the Authority chooses to include any information in any Filing, in addition to the information specifically required by this Agreement, and if the Authority clearly identifies such additional information as information that will not be updated or included in future reports or notices filed with the Repository hereunder, then the Authority shall have no obligation under this Agreement to update such information or include it in any future Filing.

(d) Any report, notice or other Filing filed with the Repository pursuant to this Agreement may consist of a single document or separate documents comprising a package and may incorporate by reference other clearly identified documents or specified portions thereof previously filed with the SEC or available to the public at the MSRB's EMMA or any successor internet website established pursuant to the Rule for such purpose or as may otherwise be permitted pursuant to the Rule, provided that any final Official Statement incorporated by reference must be available to the public from the MSRB.

(e) Notwithstanding any provision of this Agreement to the contrary, the Authority and the Dissemination Agent each hereby agree that all Filings required under this Agreement shall be made within the time requirements of the Rule as the same may be amended from time to time, including, without limitation, the current requirement that all Listed Event Filings be made within ten (10) business days of the occurrence of the Listed Event.

(f) The Dissemination Agent shall file all notices, reports and other Filings with the Repository pursuant to this Agreement by written electronic transmissions in the Required Electronic Format or by whatever means that at the time of the transmission are mutually acceptable to the parties hereto and the Repository and are permissible under the Rule.

(g) At the time the Authority or the Dissemination Agent files any information with the Repository, such party shall simultaneously notify the other party hereto by written electronic transmission that such information has been filed with the Repository, and shall include a copy of such Filing, public disclosure, notice, report or other information in the Required Electronic Format.

Section 7. Limitations on Disclosure. Nothing in this Agreement shall be construed to require the Authority or the Dissemination Agent to interpret or provide an opinion concerning information filed with the Repository pursuant to this Agreement. Nothing in this Agreement shall be construed to require or authorize the Dissemination Agent to file any information with the Repository concerning the Authority or the 2017 Series A Bonds excepting that required by Section 5 hereof.

Section 8. Dissemination Agent Provisions. (a) The Authority has appointed DAC as its initial exclusive Dissemination Agent under this Agreement. The Authority may, upon thirty (30) days written notice to the Dissemination Agent, replace or appoint a successor Dissemination Agent. The Dissemination Agent may resign at any time by providing thirty (30) days' prior written notice to the Authority. Upon termination of DAC's services as Dissemination Agent, whether by notice of the Authority or DAC, the Authority agrees to appoint a successor Dissemination Agent or, alternatively, agrees to assume all responsibilities of Dissemination Agent under this Agreement for the benefit of the Third-Party Beneficiaries (including without limitation, the Beneficial Owners of the Bonds). Notwithstanding any replacement or appointment of a successor, the Authority shall remain liable until payment in full for any and all sums owed and payable to the Dissemination Agent.

(b) The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement. The Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited by the extent the Authority has provided such information to the Dissemination Agent as required by this Agreement. The Dissemination Agent shall have no duty with respect to the content of any Filing, disclosures or notice made pursuant to the terms hereof. The Dissemination Agent shall have no duty or obligation to review or verify any Filing or any other information, disclosures or notices provided to it by the Authority and shall not be deemed to be acting in any fiduciary capacity for the Authority, the Third-Party Beneficiaries or any other party. The Dissemination Agent shall have no responsibility for the Authority's failure to report to the Dissemination Agent a Listed Event or a duty to determine the materiality thereof. The Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Authority has complied with this Agreement. The Dissemination Agent may conclusively rely upon written representations, notices and certifications of the Authority at all times.

(c) To the extent permitted by law, the Authority agrees to indemnify and save the Dissemination Agent and its respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Authority under this subsection shall survive resignation or removal of the Dissemination Agent and defeasance, redemption or payment of the 2017 Series A Bonds.

(d) The Authority and the Dissemination Agent each may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and neither of them shall incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. Each party shall be responsible for the fees and expenses of such counsel unless the Authority expressly agrees in writing to the contrary.

Section 9. Defaults; Remedies. (a) A party shall be in default of its obligations hereunder if it fails and refuses to carry out or perform its obligations hereunder for a period of thirty (30) days following notice of default given in writing to such party by any other party hereto or by any Third Party Beneficiary hereof, unless such default is cured within such thirty (30) day cure period. An extension of such thirty (30) day cure period may be granted for good cause (in the reasonable judgment of the party granting the extension) by written notice.

(b) If a default occurs and continues beyond the notice and cure period specified above, the non-defaulting party or any named Third Party Beneficiary hereof may seek specific performance of the defaulting party's obligations hereunder as the sole and exclusive remedy available upon any such default (excepting only as provided in subsection (d) of this Section); provided, however, as to any default consisting of a failure to file with the Repository any report, notice or other Filing required under this Agreement, any Beneficial Owner of the 2017 Series A Bonds may seek such specific performance directly or may give the Dissemination Agent written direction to seek specific performance, and upon receipt of such written direction and receipt of indemnification satisfactory to the Dissemination Agent, the Dissemination Agent shall seek such specific performance; provided further, however, as to any default or alleged default consisting of the inadequacy of the information included in any report, notice or other Filing filed with the Repository pursuant to this Agreement, no Beneficial Owner of 2017 Series A Bonds shall have the right to seek specific performance directly and the Dissemination Agent shall be obligated to seek such specific performance on behalf of Beneficial Owners of 2017 Series A Bonds only upon written direction of Beneficial Owners of not less than twenty-five percent (25%) in aggregate principal amount of the 2017 Series A Bonds then outstanding and upon receipt of indemnification satisfactory to the Dissemination Agent. Each of the parties and Third Party Beneficiaries hereof hereby acknowledges that monetary damages will not be an adequate remedy at law for any default hereunder, and therefore agrees that the exclusive remedy of specific performance will be available to enforce this Agreement (excepting only as provided in subsection (d) of this Section).

(c) Notwithstanding any provision of this Agreement or the Bond Resolutions to the contrary, no default under this Agreement shall constitute a default or Event of Default under the Bond Resolutions.

(d) Notwithstanding any provision of subsection (b) of this Section to the contrary, in the event the default that has occurred and continued beyond the notice and cure period specified in subsection (a) hereof consists of the Authority's failure to pay the Dissemination Agent amounts due hereunder, the Dissemination Agent's remedies shall not be limited to specific performance and the Dissemination Agent may pursue any remedy available thereto, including, without limitation, the right to resign hereunder in accordance with Section 8(a) hereof.

Section 10. Amendment or Modification. (a) This Agreement shall not be amended or modified except as provided in this Section, and, except as provided in subsection (b) hereof, may not be amended or modified except by a writing executed by the Dissemination Agent and the Authority. No modification, amendment, alteration or termination of all or any part of this Agreement shall be construed to be, or operate as, altering or amending in any way the provisions of the Bond Resolutions. The Authority shall file with the Repository notice of any amendment or modification of this Agreement (excepting an amendment pursuant to subsection (b) hereof) in accordance with Section 4(b) hereof.

(b) The listing of Repositories herein shall be automatically amended from time to time if the SEC designates or recognizes one or more entities as an additional or successor Repository under the Rule.

(c) This Agreement shall be amended or modified from time to time as may be necessary or desirable to conform the terms hereof to the Rule or any official release of the SEC with respect to the Rule, to the extent applicable to the subject matter hereof, including, without limitation, the following: this Agreement may be amended in connection with a change in circumstances that arises from a change in legal requirements or a change in the identity, nature or status of the Authority or any other "obligated person" under the Rule with respect to the 2017 Series A Bonds or the type of business conducted thereby, provided, however, that (i) this Agreement as so amended would have complied with the Rule at the time of initial issuance and sale of the 2017 Series A Bonds, after taking into account any amendments or interpretative releases of the SEC with respect to the Rule and any change in circumstances occurring since such time of initial issuance and sale and (ii) the amendment does not materially impair the interests of the Beneficial Owners of the 2017 Series A Bonds, as determined by either (A) an opinion of Bond Counsel or other counsel to the Authority or (B) approving vote of the Beneficial Owners of the 2017 Series A Bonds in accordance with the procedures and requirements substantially similar to those applicable to amendments to the General Bond Resolution pursuant to Article IX thereof (including, without limitation, the percentage of Beneficial Owners whose approval is required).

Section 11. Notices. All notices pursuant to this Agreement shall be in writing (including, without limitation, notices sent electronically by e-mail, telecopy, or similar written telecommunication), and shall be effective upon receipt thereof on a Business Day. All notices shall be directed to the applicable party and to the

attention of the respective person listed below, or at such other address or to the attention of such other person as such party shall have designated for such purpose in written notice.

The Authority:

Georgia Housing and Finance Authority
c/o Georgia Department of Community Affairs
60 Executive Park South
Atlanta, GA 30329
Attention: Vicki W. Travis, Esq.
Bond Finance Program Manager
Telephone No.: (404) 679-1581
Telecopy No.: (770) 302-9608
E-mail: vicki.travis@dca.ga.gov

The Dissemination Agent:

Digital Assurance Certification, LLC
390 N. Orange Avenue
17th Floor
Orlando, FL 32801
Attention: Ms. Paula Stuart
Chief Executive Officer
Telephone No.: (407) 515-1111
Telecopy No.: (407) 515-6513
E-mail pstuart@dacbond.com

Section 12. Miscellaneous. (a) Representations. Each of the parties hereto represents and warrants to each other party that (i) it has duly authorized the execution and delivery of this Agreement by the officers of such party whose signatures appear on the execution pages hereto, (ii) it has all requisite power and authority to execute, deliver and perform this Agreement under applicable law and any resolutions or other actions of such party now in effect, (iii) the execution and delivery of this Agreement, and performance of the terms hereof, does not and will not violate any law, regulation, ruling, decision, order, indenture, decree, agreement or instrument by which such party or its property or assets is bound, and (iv) there is no litigation or proceeding pending, or, to the best of such party's knowledge, threatened, contesting or questioning its existence, or its power and authority to enter into this Agreement, or its due authorization, execution and delivery of this Agreement, or otherwise contesting or questioning the issuance of the 2017 Series A Bonds.

(b) Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Georgia and applicable federal law.

(c) Severability. If any provision hereof shall be held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions hereof shall survive and continue in full force and effect.

(d) Counterparts. This Agreement may be executed in one or more counterparts, each and all of which shall constitute one and the same instrument.

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IN WITNESS WHEREOF, the Authority and the Dissemination Agent have each caused their duly authorized officers to execute this Continuing Disclosure Agreement [2017 Series A] as of the Effective Date hereinabove written.

GEORGIA HOUSING AND FINANCE AUTHORITY

Attest: _____
Carmen Chubb
Deputy Executive Director

By: _____
Camila Knowles
Executive Director

**DIGITAL ASSURANCE CERTIFICATION, L.L.C., as
Dissemination Agent**

By: _____
Chief Executive Officer

EXHIBIT A

CUSIP¹ NUMBERS UPON INITIAL ISSUANCE

\$80,000,000
Georgia Housing and Finance Authority
Single Family Mortgage Bonds
2017 Series A
Originally Dated March 2, 2017

| <u>Maturity Date</u> | <u>Principal Amount</u> | <u>CUSIP Number⁽¹⁾</u> |
|-----------------------------|--------------------------------|--|
| December 1, 2017 | \$ 605,000 | 373539 5R2 |
| June 1, 2018 | 585,000 | 373539 5S0 |
| December 1, 2018 | 595,000 | 373539 5T8 |
| June 1, 2019 | 615,000 | 373539 5U5 |
| December 1, 2019 | 625,000 | 373539 5V3 |
| June 1, 2020 | 640,000 | 373539 5W1 |
| December 1, 2020 | 655,000 | 373539 5X9 |
| June 1, 2021 | 670,000 | 373539 5Y7 |
| December 1, 2021 | 685,000 | 373539 5Z4 |
| June 1, 2022 | 705,000 | 373539 6A8 |
| December 1, 2022 | 720,000 | 373539 6B6 |
| June 1, 2023 | 735,000 | 373539 6C4 |
| December 1, 2023 | 750,000 | 373539 6D2 |
| June 1, 2024 | 770,000 | 373539 6E0 |
| December 1, 2024 | 790,000 | 373539 6F7 |
| June 1, 2025 | 805,000 | 373539 6G5 |
| December 1, 2025 | 825,000 | 373539 6H3 |
| June 1, 2026 | 845,000 | 373539 6J9 |
| December 1, 2026 | 865,000 | 373539 6K6 |
| June 1, 2027 | 885,000 | 373539 6L4 |
| December 1, 2027 | 905,000 | 373539 6M2 |
| June 1, 2028 | 930,000 | 373539 6N0 |
| December 1, 2028 | 945,000 | 373539 6P5 |
| December 1, 2032 | 8,425,000 | 373539 6Q3 |
| December 1, 2039 | 19,065,000 | 373539 6R1 |
| December 1, 2042 | 10,255,000 | 373539 6U4 |
| December 1, 2044 | 7,550,000 | 373539 6S9 |
| December 1, 2047 | 17,555,000 | 373539 6T7 |

¹ Copyright American Bankers Association; CUSIP® is a registered trademark of the American Bankers Association. The CUSIP numbers have been assigned by the CUSIP Service Bureau managed on behalf of the American Bankers Association by Standard & Poor's, a subsidiary of The McGraw Hill Companies, Inc., and are included herein solely for the convenience of bondholders. Neither the Authority nor any Underwriter makes any representation as to the selection, accuracy or use now or in the future of such CUSIP numbers or has any responsibility with respect to such CUSIP numbers.

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APPENDIX I

**CERTAIN INFORMATION ON
THE AUTHORITY'S SINGLE FAMILY MORTGAGE BOND FUNDS**

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APPENDIX I

CERTAIN INFORMATION ON THE AUTHORITY'S SINGLE FAMILY MORTGAGE BOND FUNDS

GEORGIA HOUSING AND FINANCE AUTHORITY (a component unit of the State of Georgia)

UNAUDITED STATEMENTS OF REVENUES, EXPENSES, AND NET INCOME November 30, 2016

OPERATING REVENUES

| | |
|--|-------------|
| Interest on loans | 19,666,333 |
| Interest on investment securities | 787,526 |
| Net increase (decrease) in fair value of investment securities | 3,531,851 |
| <u>Administrative fee:</u> | |
| Admin Income - Fed & State & Other | 7,149,280 |
| Admin Income - Single Family Trustee | 1,069,411 |
| Federal and State grant revenue | 33,239,115 |
| Other miscellaneous income | (2,212,722) |

| | |
|---------------------------------|-------------------|
| Total Operating Revenues | 63,230,794 |
|---------------------------------|-------------------|

OPERATING EXPENSES

| | |
|---------------------------------|------------|
| Interest on Bonds | 16,621,132 |
| Mortgage loan servicing | 4,059,214 |
| Administrative | 9,145,821 |
| Federal and State grant expense | 33,597,878 |
| Professional fees | 366,122 |
| Other | 1,097,687 |

| | |
|---------------------------------|-------------------|
| Total Operating Expenses | 64,887,854 |
|---------------------------------|-------------------|

| | |
|-------------------------------|--------------------|
| Change in Net Position | (1,657,060) |
|-------------------------------|--------------------|

| | |
|---|--------------------|
| Net Position at Beginning of the Fiscal Year | 186,745,349 |
|---|--------------------|

| | |
|--|--------------------|
| Net Position at November 30, 2016 | 185,088,289 |
|--|--------------------|

GEORGIA HOUSING AND FINANCE AUTHORITY
(a component unit of the State of Georgia)

UNAUDITED
STATEMENTS OF NET ASSETS
November 30, 2016

ASSETS

CURRENT ASSETS:

| | |
|--|--------------------|
| Cash, cash equivalents and investments | 108,473,620 |
| Investment securities - short term | 95,688,179 |
| Mortgage loans receivable, current portion | 22,075,620 |
| Accrued interest receivable | 10,432,979 |
| Mortgage Loan escrow deposits | 32,289,967 |
| Other current assets | 24,187,008 |
| Total Current Assets: | 293,147,374 |

NONCURRENT ASSETS:

| | |
|------------------------------------|----------------------|
| Investment securities - long term | 455,993,268 |
| Mortgage Loans receivable, net | 975,883,060 |
| HOME program loans receivable, net | 756,529,783 |
| Other loans receivable, net | 14,075,705 |
| Capital assets, net | 3,553,032 |
| Total Noncurrent Assets: | 2,206,034,848 |

TOTAL ASSETS 2,449,182,221

LIABILITIES

CURRENT LIABILITIES

| | |
|--|--------------------|
| Bonds payable, current maturities | 30,775,000 |
| Accrued interest on Bonds | 18,385,865 |
| Accounts payable and accrued expenses | 14,351,576 |
| Warehouse line of credit | 0 |
| Mortgage Loan escrow deposits held | 47,748,818 |
| Other principally unexpended grant funds | 251,873,991 |
| Total Current Liabilities | 363,135,250 |

NONCURRENT LIABILITIES

| | |
|-------------------------------------|----------------------|
| Bonds payable, net | 1,170,815,737 |
| Refundable HOME program grants | 756,529,783 |
| Deferred Revenue | 23,613,162 |
| Total Noncurrent Liabilities | 1,950,958,682 |

TOTAL LIABILITIES 2,314,093,932

EQUITY

| | |
|--------------|-------------|
| Net position | (1,657,060) |
| Unrestricted | 186,745,349 |

Total Net Position 185,088,289

TOTAL LIABILITIES AND NET POSITION 2,499,182,221

APPENDIX J

**AUDITED FINANCIAL STATEMENTS OF THE AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**Georgia Housing and Finance Authority
(a component unit of the State of Georgia)**

**Financial Statements and
Independent Auditor's Report**

June 30, 2016 and 2015

COHN  REZNICK
ACCOUNTING • TAX • ADVISORY

Georgia Housing and Finance Authority
(a component unit of the State of Georgia)

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Independent Auditor's Report

To the Board of Directors
Georgia Housing and Finance Authority

We have audited the accompanying financial statements of the business-type activities of the Georgia Housing and Finance Authority (the Authority), a component unit of the State of Georgia, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities as of June 30, 2016 and 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the Authority's basic financial statements. The supplemental information on pages 43 through 47 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The supplementary financial information on pages 43 through 47 is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The accompanying verification of required insurance and adjusted net worth calculation is presented for purposes of additional analysis is required by the Government National Mortgage Association (Ginnie Mae) and is also not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 8, 2016, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.



Atlanta, Georgia
September 8, 2016

Georgia Housing and Finance Authority
(a component unit of the State of Georgia)

Management's Discussion and Analysis
June 30, 2016 and 2015

As management of the Georgia Housing and Finance Authority, (GHFA or the Authority), we offer readers of GHFA's financial statements this narrative overview and analysis of the financial activities of GHFA for the fiscal years ended June 30, 2016 and 2015. We encourage readers to read the information presented here in conjunction with additional information we have furnished in the Authority's financial statements, which follow this narrative.

Affordable, quality housing builds strong communities and a strong economy provides the cornerstone of family life. This statement is management's belief and as the State of Georgia's housing agency, GHFA works to ensure that Georgians have the housing they need. GHFA is charged with the responsibility for financing affordable housing development, providing homeownership education and financing for home buyers, and providing financial assistance to local governments for housing activities designed to benefit low and moderate-income Georgians. In addition, through multiple housing programs, GHFA provides funding to non-profit organizations and local governments to enable them to provide supportive housing shelter and other essential services to the difficult to house and homeless. Funding for single-family loans program is through the issuance of tax-exempt revenue bonds. The affordable housing initiatives and supportive housing programs are funded primarily by federal and state grants.

During the year ended June 30, 2016, GHFA awards and expenditures that benefited residents of Georgia included:

- GHFA's "Georgia Dream" first mortgage program provided \$125,431,808 in single family first mortgages loans along with \$6,877,500 down payment assistance, allowing 1,091 households to achieve homeownership, most of them for the first time. Over one half of down payment assistance (for 568 households) went to PEN (Protectors, Educators and Healthcare workers) and Choice (disabled) recipients. On April 28, 2016, Standard & Poor's Ratings Services assigned its 'AAA' rating to GHFA's series 2016A-1 and 2016A-2 single-family mortgage bonds. At the same time, Standard & Poor's affirmed its 'AAA' rating on all debt under GHFA's single-family mortgage bond resolution (the 1976 general resolution). The outlook is stable. There have been no credit watches, downgrades, or other actions by S&P or any other rating agency with respect to any of GHFA's Outstanding Bonds. The Governor signed HB 773 on April 26, 2016, increasing the cap on GHFA single family mortgage bonds from \$1.3 billion to \$3 billion. This is effective as of the date of approval. The credit quality of Georgia Dream loans has been increasing steadily. The average FICO score of the Georgia Dream loans purchased in 2015 reached 695, highest level in over a decade.
- GHFA's Housing Counseling Program provided \$925,324 supporting over 3,000 Georgians receiving pre-purchase counseling and education as well as more than 1,000 households were provided foreclosure counseling through the NeighborWorks grant.
- GHFA allocated \$27,143,707 in federal and state Low Income Housing Tax Credits through our annual competitive round. This allocation will provide financing to support the development of 2,668 affordable rental units in 35 neighborhoods across both rural and urban areas of the state. In order to make developments possible in difficult to finance areas, such as low-income rural communities, GHFA also awarded \$11,125,000 in low-interest Home Investment Partnership Program (HOME) loans across six of these 35 developments. Not only have Housing Tax Credits proved to be the most successful tool for housing production in Georgia, and the nation, but the high level of quality and accountability in GHFA's program has consistently garnered national awards, such as this year's receipt of four Charles L. Edson Tax Credit Excellence

Georgia Housing and Finance Authority
(a component unit of the State of Georgia)

Management's Discussion and Analysis
June 30, 2016 and 2015

Awards, which "recognize Low Income Housing Tax Credit (Housing Credit) developments at the forefront of creating stronger, healthier communities nationwide."

- GHFA also allocated \$5,533,174 in federal and state Low Income Housing Tax Credits in conjunction with tax-exempt bonds, which will provide 1,947 affordable rental units in 9 neighborhoods across both rural and urban areas of the state. These properties have a transformative impact on both the families that live in them and the surrounding community. The National Association of Home Builders estimates that in its first year, a typical 100-unit Housing Credit property on average provides \$8.7 million in additional wages for local workers and business profits; creates \$3.3 million in additional federal, state, and local tax revenue; and supports 116 jobs.
- GHFA awarded \$14,683,469 in funding under the HOME Rental Housing Loan Program to make possible five additional developments leveraging approximately \$3.58 million in federal and state Low Income Housing Tax Credits in conjunction with tax-exempt bonds. This extra round of awarded funds will create 688 units of affordable housing. Because 4% Low Income Housing Tax Credits are only available in conjunction with tax-exempt bonds, this initial HOME funding will leverage over \$113 million in total development costs that simply would not have occurred otherwise. The ability to flexibly and creatively leverage HOME funds has contributed to national recognition for GHFA, including an invitation from the Kresge Foundation to compete for \$11 million of additional grant and loan funds to be used in conjunction with HOME funds.
- GHFA, through the Emergency Solutions Grant and State Housing Trust Fund for the Homeless, was awarded \$5,511,075 in Federal and State funding for 148 programs to providers of shelter, transitional housing, rapid re-housing, homelessness prevention, and services for the homeless.
- GHFA distributed \$2,310,508 through the Housing Opportunities for Persons with AIDS (HOPWA) program to ten organizations to provide rental assistance to individuals living with HIV/AIDS and their families.
- GHFA expensed \$1,349,780 in Federal Funds towards implementation of a comprehensive Homeless Management Information System (HMIS).
- GHFA's Shelter Plus Care program expended \$13,320,943 in funding that provided rental assistance for nearly 1,900 units to enable individuals who are homeless and have a disability to obtain permanent housing with supportive services.

Fiscal year 2016 financial highlights

- Total assets increased \$21,249,110
- Investments increased \$50,734,831
- HOME program loans increased by \$14,357,446
- Mortgage loans net of premiums and discounts decreased by \$7,660,598
- Mortgage bonds net of premiums and discounts increased by \$15,401,410
- Total net position increased \$6,335,223

Georgia Housing and Finance Authority
(a component unit of the State of Georgia)

Management's Discussion and Analysis
June 30, 2016 and 2015

Overview of the financial statements

The Georgia Housing and Finance Authority, a corporate body and instrumentality of the State of Georgia, is a public purpose financial enterprise and uses enterprise fund accounting. These annual financial statements consist of two parts: Management's Discussion and Analysis, (this section) and the basic financial statements. The financial statements of GHFA report information using methods similar to those used by private-sector companies. These statements provide both long-term and short-term information about the Authority's overall financial status. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. Financial statements by program are presented as supplementary information.

Required financial statements

The *Statements of Net Position* presents information on all of the GHFA's assets and liabilities, with the difference between the two reported as net position. This statement provides information about the nature and amounts of investments in resources (assets) and the obligations to the Authority's creditors (liabilities). It provides one way to measure the financial health of GHFA by providing the basis for evaluating the capital structure and assessing the liquidity and financial flexibility. However, one will need to consider other non-financial factors such as changes in economic conditions and new or changed government legislation.

All of the current year's revenue and expenses are accounted for in the *Statements of Revenues, Expenses, and Changes in Net Position*. This statement measures the success of GHFA's operations over the past year and can be used to determine whether the Authority has successfully recovered its cost as well as assessing credit worthiness.

The final required financial statement is the *Statements of Cash Flows*. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities. The statement provides answers to such questions as "where did the cash come from, what was the cash used for, and what was the change in cash balance during the reporting Period?"

Management believes that the Authority's financial condition is stable. GHFA's strength is also reflected in the continued AAA rating assigned by Standard and Poor's Rating Services, a division of McGraw Hill Companies. FHA has recognized GHFA for distinction in loss mitigation and HUD has assigned the Authority a Tier 1 rating in loss mitigation efforts. GHFA is operating well within financial policies and guidelines set by the Board. Adequate liquid asset levels and good mortgage portfolio performance at June 30, 2016 exhibit GHFA's financial strength.

Financial analysis

During fiscal year 2016, the Authority's total net position increased by \$6.3 million or 3.5 percent. The following table summarizes the changes in combined net position between June 30, 2016 and 2015:

Georgia Housing and Finance Authority
(a component unit of the State of Georgia)

Management's Discussion and Analysis
June 30, 2016 and 2015

Net Position
(Dollars in Millions)

| | 2016 | 2015 | Increase (Decrease) Amount | Increase (Decrease) % |
|---------------------------------------|----------|----------|----------------------------------|-----------------------------|
| Cash and investments | \$ 218.8 | \$ 258.6 | \$ (39.8) | -15.4% |
| Accrued interest receivable | 10.5 | 10.5 | - | 0.0% |
| Other current assets | 139.9 | 104.9 | 35.0 | 33.4% |
| Total current assets | 369.2 | 374.0 | (4.8) | -1.3% |
| Mortgage loans receivable, net | 951.5 | 955.1 | (3.6) | -0.4% |
| Investments | 255.0 | 240.0 | 15.0 | 6.3% |
| Other assets | 651.5 | 636.9 | 14.6 | 2.3% |
| Total assets | 2,227.2 | 2,206.0 | 21.2 | 1.0% |
| Accounts payable and accrued expenses | 20.0 | 10.7 | 9.3 | 86.9% |
| Other current liabilities | 264.1 | 286.0 | (21.9) | -7.7% |
| Total current liabilities | 284.1 | 296.7 | (12.6) | -4.2% |
| Bonds payable | 1,100.6 | 1,086.7 | 13.9 | 1.3% |
| Refundable grants | 633.5 | 619.1 | 14.4 | 2.3% |
| Revenue received in advance | 22.3 | 23.1 | (0.8) | -3.5% |
| Total liabilities | 2,040.5 | 2,025.6 | 14.9 | 0.7% |
| Net position | | | | |
| Reserved | 3.6 | 3.4 | 0.2 | 5.9% |
| Unreserved | 183.1 | 177.0 | 6.1 | 3.4% |
| Total net position | \$ 186.7 | \$ 180.4 | \$ 6.3 | 3.5% |

Mortgage loan activity decreased by .4% during the 2016 fiscal year. Bonds totaling \$218,955,000 were issued during the fiscal year 2016 as compared to \$206,445,000 in fiscal year 2015.

The allowance for possible losses on single family mortgage loans receivable portfolio for fiscal year 2016 remained a balance of \$4,500,000. The allowance for possible losses on other loans receivable, included in other assets above, decreased from \$4,736,396 in 2015 to \$4,736,392 in 2016.

Georgia Housing and Finance Authority
(a component unit of the State of Georgia)

Management's Discussion and Analysis
June 30, 2016 and 2015

During fiscal year 2015, the Authority's total net position increased \$4.6 million or 2.6 percent. The following table summarizes the changes in combined net position between June 30, 2015 and 2014:

| | Net Position (Dollars in Millions) | | Increase (Decrease) Amount | Increase (Decrease) % |
|---------------------------------------|---------------------------------------|----------|----------------------------------|-----------------------------|
| | 2015 | 2014 | | |
| Cash and investments | \$ 258.6 | \$ 188.3 | \$ 70.3 | 37.3% |
| Accrued interest receivable | 10.5 | 11.2 | (0.7) | -6.2% |
| Other current assets | 104.9 | 92.3 | 12.6 | 13.7% |
| Total current assets | 374.0 | 291.8 | 82.2 | 28.2% |
| Mortgage loans receivable, net | 955.1 | 904.8 | 50.3 | 5.6% |
| Investments | 240.0 | 250.8 | (10.8) | -4.3% |
| Other assets | 636.9 | 626.8 | 10.1 | 1.6% |
| Total Assets | 2,206.0 | 2,074.2 | 131.8 | 6.4% |
| Accounts payable and accrued expenses | 10.7 | 19.8 | (9.1) | -46.0% |
| Other current liabilities | 286.0 | 231.9 | 54.1 | 23.3% |
| Total current liabilities | 296.7 | 251.7 | 45.0 | 17.9% |
| Bonds payable | 1,086.7 | 1,015.5 | 71.2 | 7.0% |
| Refundable grants | 619.1 | 607.5 | 11.6 | 1.9% |
| Revenue received in advance | 23.1 | 23.7 | (0.6) | -2.5% |
| Total liabilities | 2,025.6 | 1,898.4 | 127.2 | 6.7% |
| Net position | | | | |
| Reserved | 3.4 | 3.8 | (0.4) | -10.5% |
| Unreserved | 177.0 | 172.0 | 5.0 | 2.9% |
| Total Net Position | \$ 180.4 | \$ 175.8 | \$ 4.6 | 2.6% |

Georgia Housing and Finance Authority
(a component unit of the State of Georgia)

Management's Discussion and Analysis
June 30, 2016 and 2015

The following table shows a summary of changes in revenues, expenses and changes in net position between June 30, 2016 and 2015:

| Changes in Net Position (Dollars in Millions) | | | | |
|--|----------|----------|----------------------------------|-----------------------------|
| | 2016 | 2015 | Increase (Decrease) Amount | Increase (Decrease) % |
| Revenues: | | | | |
| Interest on loans | \$ 45.2 | \$ 45.4 | \$ (0.2) | -0.4% |
| Interest on investments | 10.7 | 7.2 | 3.5 | 48.6% |
| State assist and bond sales | 22.0 | 22.8 | (0.8) | -3.5% |
| Federal and State grants | 94.4 | 90.8 | 3.6 | 4.0% |
| Other | 2.5 | 1.8 | 0.7 | 38.9% |
| Total revenues | 174.8 | 168.0 | 6.8 | 4.0% |
| Expenses: | | | | |
| Interest on bonds | 41.1 | 40.8 | 0.3 | 0.7% |
| Mortgage servicing | 5.8 | 6.4 | (0.6) | -9.4% |
| Administrative | 21.9 | 21.3 | 0.6 | 2.8% |
| Grant expense | 95.6 | 90.6 | 5.0 | 5.5% |
| Professional fees | 1.4 | 1.3 | 0.1 | 7.7% |
| Other | 2.7 | 3.0 | (0.3) | -10.0% |
| Total expenses | 168.5 | 163.4 | 5.1 | 3.1% |
| Change in net position | 6.3 | 4.6 | 1.7 | 37.0% |
| Net position beginning | 180.4 | 175.8 | 4.6 | 2.6% |
| Net position end of year | \$ 186.7 | \$ 180.4 | \$ 6.3 | 3.5% |

Interest on investments increased from the prior year's level. This was due to overall increase in the fair market value of the investment portfolio from the prior year.

Georgia Housing and Finance Authority
(a component unit of the State of Georgia)

Management's Discussion and Analysis
June 30, 2016 and 2015

The following table shows a summary of changes in revenues, expenses and changes in net position between June 30, 2015 and 2014:

| Changes in Net Position (Dollars in Millions) | | | | |
|--|----------|----------|----------------------------------|-----------------------------|
| | 2015 | 2014 | Increase (Decrease) Amount | Increase (Decrease) % |
| Revenues: | | | | |
| Interest on loans | \$ 45.4 | \$ 43.2 | \$ 2.2 | 5.1% |
| Interest on investments | 7.2 | 10.0 | (2.8) | -28.0% |
| State assist and bond sales | 22.8 | 21.2 | 1.6 | 7.5% |
| Federal and State grants | 90.8 | 85.9 | 4.9 | 5.7% |
| Other | 1.8 | 1.7 | 0.1 | 5.9% |
| Total revenues | 168.0 | 162.0 | 6.0 | 3.7% |
| Expenses: | | | | |
| Interest on bonds | 40.8 | 39.9 | 0.9 | 2.3% |
| Mortgage servicing | 6.4 | 6.5 | (0.1) | -1.5% |
| Administrative | 21.3 | 20.9 | 0.4 | 1.9% |
| Grant expense | 90.6 | 83.8 | 6.8 | 8.1% |
| Professional fees | 1.3 | 1.6 | (0.3) | -18.8% |
| Other | 3.0 | 2.1 | 0.9 | 42.9% |
| Total expenses | 163.4 | 154.8 | 8.6 | 5.6% |
| Change in net position | 4.6 | 7.2 | (2.6) | -36.1% |
| Net position beginning | 175.8 | 168.6 | 7.2 | 4.3% |
| Net position end of year | \$ 180.4 | \$ 175.8 | \$ 4.6 | 2.6% |

Capital assets and long term debt activity

At June 30, 2016, the Authority had \$3.6 million invested in capital assets consisting primarily of an office building, capital and leasehold improvements to the building, computer equipment and vehicles. Depreciation expense for fiscal year 2016 totaled \$398,871.

During fiscal year 2016, GHFA issued \$219.0 million in serial and term bonds at rates between .5% and 3.1%. During fiscal year 2016, bonds in the amount of \$206.4 million either matured or were called for a net increase of \$15.4 million of bonds outstanding. At June 30, 2016, \$1,131.4 million in revenue bonds was outstanding. Debt service schedules extend to the year 2046.

**Georgia Housing and Finance Authority
(a component unit of the State of Georgia)**

**Management's Discussion and Analysis
June 30, 2016 and 2015**

During fiscal year 2015, GHFA issued \$206.4 million in serial and term bonds at rates between .15% and 3.8%. During fiscal year 2015, bonds in the amount of \$131.8 million either matured or were called for a net increase of \$76.1 million of bonds outstanding. At June 30, 2015, \$1,116.0 million in revenue bonds was outstanding.

Contacting GHFA's financial management

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of GHFA's finances and to demonstrate accountability for the money it receives. If you have questions about this report or need additional information, contact:

Georgia Housing and Finance Authority
Attn: Finance Division
60 Executive Park South NE
Atlanta, Georgia 30329

Georgia Housing and Finance Authority
(a component unit of the State of Georgia)

Statements of Net Position

| | June 30, | |
|--|-------------------------------|-------------------------------|
| | 2016 | 2015 |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 218,753,860 | \$ 258,580,013 |
| Short-term investments | 43,591,967 | 7,870,762 |
| Mortgage loans receivable, current portion | 19,840,301 | 23,947,956 |
| Accrued interest receivable | 10,526,482 | 10,513,946 |
| Mortgage escrow deposits | 50,338,597 | 48,381,958 |
| Other current assets | 26,146,499 | 24,680,419 |
| Total current assets | <u>369,197,706</u> | <u>373,975,054</u> |
| NONCURRENT ASSETS | | |
| Long-term investments, net | 254,961,843 | 239,948,217 |
| Mortgage loans receivable, net | 951,543,898 | 955,096,841 |
| HOME program loans receivable | 633,449,922 | 619,092,476 |
| Other loans receivable, net | 14,459,333 | 14,442,184 |
| Capital assets, net | 3,612,477 | 3,421,297 |
| Total noncurrent assets | <u>1,858,027,473</u> | <u>1,832,001,015</u> |
| Total assets | <u><u>\$2,227,225,179</u></u> | <u><u>\$2,205,976,069</u></u> |

Georgia Housing and Finance Authority
(a component unit of the State of Georgia)

Statements of Net Position

| | June 30, | |
|---|-------------------------------|-------------------------------|
| | 2016 | 2015 |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Mortgage bonds payable, current maturities | \$ 30,775,000 | \$ 29,305,000 |
| Accrued interest on bonds | 3,095,070 | 3,652,608 |
| Accounts payable and accrued expenses | 13,949,820 | 10,719,993 |
| Mortgage escrow deposits held | 50,338,597 | 48,381,958 |
| Revenue received in advance, current maturities | 2,299,843 | 1,799,475 |
| Program funds received in advance | 184,158,144 | 202,884,204 |
| Total current liabilities | <u>284,616,474</u> | <u>296,743,238</u> |
| NONCURRENT LIABILITIES | | |
| Mortgage bonds payable, net | 1,100,612,861 | 1,086,681,451 |
| Refundable program grants | 633,449,922 | 619,092,476 |
| Revenue received in advance, net | 21,800,571 | 23,048,776 |
| Total noncurrent liabilities | <u>1,755,863,354</u> | <u>1,728,822,703</u> |
| Total liabilities | <u>2,040,479,828</u> | <u>2,025,565,941</u> |
| NET POSITION | | |
| Invested in capital assets | 3,612,477 | 3,421,297 |
| Unrestricted | 183,132,874 | 176,988,831 |
| Total net position | <u>186,745,351</u> | <u>180,410,128</u> |
| Total liabilities and net position | <u><u>\$2,227,225,179</u></u> | <u><u>\$2,205,976,069</u></u> |

See Notes to Financial Statements

Georgia Housing and Finance Authority
(a component unit of the State of Georgia)

Statements of Revenues, Expenses, and Changes In Net Position

| | Years ended June 30, | |
|--|----------------------|----------------|
| | 2016 | 2015 |
| Operating revenues: | | |
| Interest on loans | \$ 45,202,388 | \$ 45,427,890 |
| Interest on investments | 7,536,737 | 8,333,512 |
| Net (decrease) increase in fair value of investments | 3,192,109 | (1,179,854) |
| Administrative fees: | | |
| Federal and state assistance programs | 19,595,837 | 20,480,585 |
| Single family trustee | 2,396,724 | 2,315,570 |
| Federal and state grant income | 94,399,143 | 90,803,879 |
| Other miscellaneous income | 2,537,083 | 1,784,958 |
| Total operating revenues | 174,860,021 | 167,966,540 |
| Operating expenses: | | |
| Interest on bonds | 41,136,642 | 40,768,629 |
| Mortgage servicing | 5,780,526 | 6,385,730 |
| Administrative | 21,920,752 | 21,317,159 |
| Federal and state grant expense | 95,575,832 | 90,558,639 |
| Professional fees | 1,363,904 | 1,345,918 |
| Other | 2,747,142 | 2,976,084 |
| Total operating expenses | 168,524,798 | 163,352,159 |
| Change in net position | 6,335,223 | 4,614,381 |
| Net position at beginning of year | 180,410,128 | 175,795,747 |
| Net position at end of year | \$ 186,745,351 | \$ 180,410,128 |

See Notes to Financial Statements.

Georgia Housing and Finance Authority
(a component unit of the State of Georgia)

Statements of Cash Flows

| | Years ended June 30, | |
|--|------------------------------|------------------------------|
| | 2016 | 2015 |
| Cash flows from operating activities: | | |
| Receipts from loans and investments | \$ 192,709,031 | \$ 126,612,306 |
| Payments to purchase and service mortgage loans | (138,089,830) | (131,922,384) |
| Interest payments to bond holders | (42,016,220) | (40,522,685) |
| Payments to employees and suppliers | (16,655,589) | (20,306,769) |
| Federal and state grants | 94,399,143 | 90,803,879 |
| Other payments | (77,641,255) | (13,236,813) |
| Purchases of other loans | (49,739,060) | (45,028,377) |
| Principal repayments on other loans | 35,364,461 | 34,965,788 |
| Net cash (used in) provided by operating activities | <u>(1,669,319)</u> | <u>1,364,945</u> |
| Cash flows from investing activities: | | |
| Purchases of investments | (52,496,123) | (39,219,215) |
| Proceeds from sales and maturities of investments | 4,953,401 | 45,827,897 |
| Purchase of capital assets | <u>(590,051)</u> | <u>(55,248)</u> |
| Net cash (used in) provided by investing activities | <u>(48,132,773)</u> | <u>6,553,434</u> |
| Cash flows from noncapital financing activities: | | |
| Proceeds from issuance of bonds, net of premium | 218,955,000 | 206,445,000 |
| Credit facility payments | - | (10,025,000) |
| Principal repayment of bonds, net of discount | (206,400,000) | (131,770,000) |
| Cost of bonds issued | <u>(2,579,061)</u> | <u>(2,301,831)</u> |
| Net cash provided by financing activities | <u>9,975,939</u> | <u>62,348,169</u> |
| Net (decrease) increase in cash and cash equivalents | (39,826,153) | 70,266,548 |
| Cash and cash equivalents at beginning of year | <u>258,580,013</u> | <u>188,313,465</u> |
| Cash and cash equivalents at end of year | <u><u>\$ 218,753,860</u></u> | <u><u>\$ 258,580,013</u></u> |

Georgia Housing and Finance Authority
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Statements of Cash Flows

| | Years ended June 30, | |
|--|-----------------------|---------------------|
| | 2016 | 2015 |
| Reconciliation of change in net position to net cash provided by (used in) operating activities: | | |
| Change in net position | \$ 6,335,223 | \$ 4,614,381 |
| Adjustment to reconcile change in net position to net cash provided by (used in) operating activities: | | |
| Depreciation | 398,871 | 408,200 |
| Amortization of mortgage loan premiums and discounts | (322,040) | (222,042) |
| Net (increase) decrease in fair value of investments | (3,192,109) | 1,179,854 |
| Net decrease in capital appreciation bonds | 2,846,410 | 1,420,603 |
| Decrease in loan loss reserves | 4 | 1,500,000 |
| Bond issuance costs on retired bonds | 2,901,101 | 2,523,873 |
| Change in assets and liabilities: | | |
| Issuance of mortgage loans | (132,309,308) | (127,036,654) |
| Principal repayments of mortgage loans | 139,969,906 | 72,850,904 |
| Purchases of other loans | (49,739,060) | (45,028,377) |
| Principal repayments on other loans | 35,364,461 | 34,965,788 |
| Accrued interest receivable | (12,536) | 704,704 |
| Other assets | (1,466,080) | (1,951,789) |
| Refundable HOME program grants | 14,357,446 | 11,611,082 |
| Accounts payable, accrued expenses, and other liabilities | 3,229,827 | 979,716 |
| Accrued interest on bonds | (557,538) | 467,986 |
| Program funds received in advance | (18,726,060) | 43,394,441 |
| Revenue received in advance | (747,837) | (1,017,725) |
| Net cash (used in) provided by operating activities | <u>\$ (1,669,319)</u> | <u>\$ 1,364,945</u> |

See Notes to Financial Statements.

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Notes to Financial Statements
June 30, 2016 and 2015

Note 1 - Organization and activities

The Georgia Housing and Finance Authority (GHFA or the Authority) was created in 1991 as a body corporate and politic and is deemed an instrumentality of the State of Georgia (the State) and a public corporation performing an essential governmental function. The Authority was created to replace the Georgia Residential Finance Authority and to assume all operations, rights, powers, duties, obligations and liabilities of the Georgia Residential Finance Authority, which was created in 1974. Under the Authority's enabling legislation (the Act), the purposes of the Authority, among others, are the provision of public financing and financial assistance for (i) work designed or financed for the primary purpose of providing safe, decent, energy efficient, appropriate, and affordable dwelling accommodations for persons and families of low or moderate income and (ii) the financing of mortgage loans made for the purposes described in clause (i) or participations therein and the underwriting, servicing and administration of mortgage loans made for the purposes described in clause (i) or participations therein.

The Authority has the power, among others, to purchase notes evidencing loans which are secured by mortgages, to make loans, to acquire and contract to acquire mortgages, to service mortgages, and to make and execute contracts for the servicing of mortgages made or acquired by the Authority, to borrow money and to issue notes, bonds and other obligations subject to the approval of the Georgia State Financing and Investment Commission, and to do any and all things necessary or convenient to carry out its purposes and exercise the powers given and granted to the Authority by the Act.

The Act provides, for administrative purposes only, that the Authority is assigned to the Department of Community Affairs (DCA), which is a legislatively created executive branch department of the State. The members of the Authority's board are the same persons who comprise the DCA Board, who are appointed by the Governor. Except for the authorization of the issuance of bonds, the Authority may delegate to its executive director such powers and duties as it may deem proper. The commissioner of DCA is the executive director of the Authority. The Authority may contract with DCA for professional, technical, clerical and administrative support and for any purpose necessary or incidental to carrying out the duties, responsibilities or functions of the Authority. No funds or assets of the Authority will be distributed to DCA or any other department, authority or agency of the State unless otherwise provided by law, except that the Authority may pay reasonable compensation for services rendered and may reimburse expenses incurred and except as may be deemed necessary or desirable by the Authority to fulfill its purposes under the Act.

The powers of the Authority are vested in eighteen members who also comprise the board of DCA and GHFA. Board members are appointed by the Governor and are composed of one member from each United States Congressional District in the State (currently fourteen) plus four additional members from the State at large, and include elected officials of counties or municipalities, individuals with an interest or expertise in community or economic development, environmental issues, housing development or finance or citizens who in the judgment and discretion of the Governor would enhance the board.

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Notes to Financial Statements
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Note 2 - Housing programs

The following business-type activities of the Authority are classified as proprietary:

Administrative Program

The Administrative Program activities include income not directly related to the repayment of specific notes or bonds and includes expenses related to the Authority's administrative functions. Administrative Program activities include, but are not limited to, services related to the State's allocation and monitoring of Federal and State low-income housing tax credits (LIHTC). The Administrative Activities program includes the following programs:

Low-Income State Housing Tax Credit

In 1986, the Authority was designated by the Governor as the State's allocating agency for the Low-Income Housing Tax Credit (LIHTC) program. The program was established to promote the development of low-income rental housing through tax incentives, rather than direct subsidies. The LIHTC program is a ten-year Federal tax credit against a taxpayer's ordinary income tax liability which is available (directly or through partnerships) to individuals and corporations who acquire or develop and own qualified low-income rental housing.

Single-Family Mortgage Revenue Program

The Single-Family Mortgage Revenue Program accounts for proceeds of single-family mortgage bonds issued to finance the purchase of single-family mortgage loans for eligible persons and families of low and moderate income within the State of Georgia.

Substantially all single-family mortgage loans made or purchased by the Authority are insured under programs offered by the Federal Housing Administration (FHA) or Veteran's Administration (VA). The Authority also makes or purchases loans with conventional insurance and has a small group of uninsured loans. The Single-Family Mortgage Revenue Program includes the Georgia Dream Program described below:

The Georgia Dream Program

The Georgia Dream Program enables the Authority to finance the purchase of housing by Georgia families of low or moderate income. The Authority is authorized to issue low interest rate, tax-exempt revenue bonds to raise funds the proceeds of which are used to provide below market interest rate loans to eligible families. The bonds are to be repaid from collections of scheduled repayments and prepayments of mortgage loans. The bonds are direct obligations of the Authority and not a debt of the State or any political subdivision thereof. The Authority's bond issuance capacity at June 30, 2015 was \$1,300,000,000 in connection with the Georgia Dream Program. During the year ended June 30, 2016, the Authority's bond issuance capacity was increased to \$3,000,000,000.

Hospital Finance Authority Program

The Hospital Equipment Financing Authority (HEFA) was established in 1984 by the Georgia General Assembly under the provisions of the Hospital Equipment Financing Act (the Hospital Act). The Hospital Act empowered HEFA, among other authorized activities, to finance the purchase of hospital equipment by not-for-profit Georgia hospitals. During 1990, the Hospital Act was amended such that HEFA was empowered to finance the acquisition and construction of hospital facilities as well as hospital equipment, and the name of HEFA was also changed to the Hospital Financing Authority (HFA). HFA issued low interest rate, tax-exempt revenue bonds to raise funds which are used to provide below market interest rate loans to eligible hospitals. HFA has no taxing power.

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Effective April 9, 1993, the Georgia General Assembly amended the Hospital Act which governs the operations of HFA. This amendment dissolved HFA as a separate legal entity and merged its operations into the Authority. As of April 9, 1993, all assets and liabilities of HFA were transferred to the Authority. The Authority's bond issuance capacity at June 30, 2016 was \$30,000,000 in connection with the Hospital Finance Authority Program. During 2016 and 2015, there was no activity in the Hospital Finance Authority Program.

Other Programs

Georgia Housing and Finance Authority Affordable Housing, Inc.

The Georgia Housing and Finance Authority Affordable Housing, Inc. (AHI) was organized to promote nonprofit affordable housing and a system of affordable housing financing for persons in Georgia of low and moderate income or of special housing needs including, but not limited to, the elderly and the mentally and physically disabled. The program provides financial assistance in the form of low interest rate loans and limited assistance to qualified sponsors in the form of grants.

The following programs are included in AHI:

Loan Program

The board of directors may authorize the disbursement of available money from AHI for residential housing projects sponsored by a qualified organization. AHI may consult, as appropriate, with person with interests in housing in order to acquaint them with AHI and to solicit information relating to housing needs, residential housing projects, and criteria for the selection of residential housing projects. The criteria for making disbursement decisions include, but are not limited to, the following:

- a. The number of persons assisted;
- b. The leveraging of money or in-kind services by a qualified sponsor;
- c. The geographic distribution of residential housing projects;
- d. The availability of other forms of assistance; and
- e. Any and all other factors bearing upon the advisability and necessity of the residential housing project.

Funds may also be disbursed from AHI to pay expenses of the board of directors, to pay any and all operating expenses, and to pay for professional, technical, and clerical services provided to the board of directors.

Hardest Hit Fund Program

AHI's Hardest Hit Fund (HHF) program provides loans to unemployed and substantially under-employed homeowners to help them remain in their homes and prevent avoidable foreclosures despite loss of income due to involuntary job loss. The HHF program funds loans to be used to pay mortgage payments, including escrowed items, while the homeowner seeks employment or completes training for a new career. The goal is to provide assistance through 2020 to 12,700 homeowners to prevent foreclosures.

Georgia Housing and Finance Authority Economic Development Financing, Inc.

The Georgia Housing and Finance Authority Economic Development Financing, Inc. (EDFI) was organized to administer various loan programs, which offer financial assistance to businesses in Georgia.

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June 30, 2016 and 2015**

The following program is included in EDFI:

State Small Business Credit Initiative

In fiscal year 2012, the Authority implemented the State Small Business Credit Initiative (SSBCI) which is a small business loan program created by the Small Business Jobs Act of 2010. The State of Georgia was allocated \$47,808,507 in federal funds to increase access to capital for small businesses in Georgia. The four Georgia SSBCI programs and the dollar amounts allocated to each is as follows: 1) Georgia Capital Access Program (GCAP), a portfolio insurance program - \$2 million; 2) Georgia Small Business Credit Guarantee (SBCG), a loan guarantee program with a conversion option to a risk reserve pool - \$17,808,507; 3) Georgia Funding for CDFIs, a loan participation program which provides financing to underserved businesses through Community Development Financial Institutions (CDFIs) - \$20 million; and 4) Georgia Loan Participation Program (GA LPP), a loan program where the State purchases a participation of up to 25 percent of an approved loan ranging from \$100,000 to \$5 million - \$8 million.

All participating lenders in the Georgia SSBCI program must submit an application to be vetted and approved, prior to enrolling loans in the program. Approved lenders then sign a Program Participation Agreement. Although eligibility requirements vary slightly between the four programs, the Georgia SSBCI is primarily designed to serve businesses with 500 or fewer employees, and the target participation amount for SSBCI funds is \$1,250,000 or less. Eligible loan uses include start-up costs, working capital, business acquisition and expansions; franchise financing; equipment; inventory financing; commercial real estate acquisitions, etc.

Federal Assistance Programs

The Federal Assistance Programs account for revenue and expenditures of the following assistance programs:

Emergency Solutions Grant Program

The Authority receives an annual allocation of federal Emergency Solutions Grant Program funds to provide shelter and essential services to eligible homeless individuals and families. The Authority utilizes these federal funds to provide grants to eligible nonprofit and local government providers serving the 152 counties.

Shelter Plus Care Program

The Authority competes annually for an award of funds under the Shelter Plus Care Program that can provide housing and supportive services on a long-term basis for homeless persons and their families. The federal award of funds may be used for rental assistance by specific project sponsors that, in return, match the federal rental assistance with service funding for the beneficiaries. Upon award of the federal funds to GHFA, the Authority enters into grant agreements with each project sponsor to implement the program.

HOME Investment Partnership Program

The Authority administers the HOME Investment Partnership Program for the State. Under the HOME Program, the Authority receives and approves applications for Federal affordable housing funds available under the Federal HOME Program provisions of the 1990 National Affordable Housing Act. The Authority receives Federal grant HOME program proceeds, for the purpose of funding loans and grants to qualified applicants. The Authority is responsible for each HOME loan and grant recipient maintaining compliance with affordability requirements of the HOME program. The HOME loans are to be repaid out of a portion of the borrowers net cash flow, as defined. Any

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repayments on HOME loans received by the Authority are required to be used to fund additional HOME activities prior to the draw of additional federal funds from the US Treasury.

Housing Opportunities for Persons with AIDS Program

The Authority receives an annual allocation of federal Housing Opportunities for Persons with AIDS Program funds to provide supportive housing and services to persons living with AIDS and related diseases. The Authority utilizes these funds to provide grants within the state's 126 county entitlement jurisdiction to eligible nonprofit organizations whose mission incorporates the provision of housing and supportive services to persons with AIDS and related diseases.

Homelessness Prevention and Rapid Re-Housing Program

In fiscal year 2010, the Authority implemented the Homelessness Prevention and Rapid Re-Housing program (HPRP). This program provides financial and other assistance to prevent individuals and families becoming homeless and help those who are experiencing homelessness to be quickly re-housed and stabilized. The Authority enters into grant agreements with each project sponsor to implement the program.

Tax Credit Assistance Program

In fiscal year 2010, the Authority implemented the Tax Credit Assistance program (TCAP). This program provides assistance to eligible low-income housing tax credit projects which are subject to the same limitations as required by the State housing credit agency with respect to an award of low-income housing credits under section 42 of the IRC of 1986.

Neighborhood Stabilization Program

In fiscal year 2010, the Authority implemented the Neighborhood Stabilization program. This program assists in the development of viable urban communities by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for low and moderate income.

Tax Credit Exchange Program

In fiscal year 2010, the Authority implemented the Tax Credit Exchange Program (TCEP) is administered by the Treasury Department and is designed to help stalled LIHTC programs move forward. This program allows the Authority to exchange up to 40 percent of their 2009 LIHTC allocation for cash grants from the Treasury Department.

State Assistance Programs

The State Assistance Programs account for revenue and expenditures of the following assistance programs:

Downtown Development Revolving Loan

The purpose of the Downtown Development Revolving Loan Fund (DDRLF) is to assist cities, counties and development authorities in their efforts to revitalize and enhance downtown areas by providing below-market rate financing to fund capital projects in core historic downtown areas and adjacent historic neighborhoods where DDRLF will spur commercial redevelopment.

Eligible applicants under this program are municipalities with a population of 100,000 or less, counties with a population of 100,000 or less proposing projects in a core historic commercial area, and development authorities proposing projects in a core historic commercial area in municipalities or counties with a population of 100,000 or less.

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The ultimate user of funds may be a private business or a public entity such as a city or development authority. Applicants must demonstrate that they have a viable downtown development project and clearly identify the proposed uses of the loan proceeds. The maximum loan is \$250,000 per project, which must leverage private and/or other public financing. Funds for the DDRLF Program were authorized by the Georgia General Assembly beginning in fiscal year 2000. The program has been sustained by loan repayments and interest income.

Regional Economic Business Assistance

Regional Economic Business Assistance (REBA) is an incentive program that is used to help "close the deal" when companies are considering Georgia and another state or country for their location or expansion. REBA funds may be used to finance various fixed-asset needs of a company including infrastructure, real estate acquisition, construction, or machinery and equipment. A local development authority must be the applicant for a REBA application and the application must be supported by a recommendation letter from a state agency, typically the Georgia Department of Economic Development. The funds for the program are appropriated annually by the Georgia General Assembly. REBA funds may be specified as a grant or a loan, depending upon the letter of recommendation. The recommendation will also authorize the amount of REBA funds available for the project.

Life Sciences Facilities Fund

Life Sciences Facilities Fund (LSFF) is an incentive program that provides low-cost loan assistance for the purchase of fixed assets to assist with the expansion, retention or relocation of life-science companies targeted by Georgia. The Facilities Fund is intended to be used as an incentive when needed to retain or recruit life-science companies in and to Georgia, or to fill a financing gap that is unmet by the private sector. Funds for the LSFF Program were authorized by the Georgia General Assembly in fiscal year 2005.

State Home Mortgage

State Home Mortgage was created by the Authority in 1994 to provide in-house loan servicing capabilities for Authority financed single-family and multifamily mortgage loans. As of June 30, 2016 and 2015, State Home Mortgage was servicing approximately, 11,568 and 11,901 loans, respectively, or 92 percent and 91 percent, respectively, of the Authority's total single-family mortgage loan portfolio, and 100 percent of the multifamily mortgage loan portfolio.

Investment in Georgia HAP Administrators, Inc.

The Authority has a nine percent investment interest in Georgia HAP Administrators Inc. (Georgia HAP). The Authority accounts for its investment using the cost method. Under the cost method, the Authority recognizes income on its investment as cash is received. In addition, the Authority earns incentive management fees from Georgia HAP. Total earnings received from Georgia HAP during 2016 and 2015 were \$1,124,926 and \$1,199,313, respectively which is included in administrative fees-state assistance programs on the statement of revenues, expenses and changes in net position.

Note 3 - Summary of significant account policies

The following summarizes the significant accounting policies of the Authority:

Financial statement presentation

As defined by accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board (GASB), the criteria for determining the

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programs, organizations, and functions of government included in the accompanying basic financial statements are as follows: oversight responsibility, including selection of governing authority, designation of management, and ability to significantly influence operations; accountability for fiscal matters, including budgets, surplus and deficits, debt, fiscal management, and revenue characteristics; scope of public service; and special financing relationships.

For financial reporting purposes, the Authority is a component unit of the State of Georgia. The financial statements of the Authority include the blended component units AHI and EDFI which are reported as other programs in the supplemental Schedule of Program Net Position and Schedule of Program Revenues, Expenses, and Changes in Position.

Basis of accounting

The financial statements are prepared in accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, No. 37 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus* and No. 38 *Certain Financial Statement Note disclosures*.

The Authority maintains its accounting records and prepares its financial statements using the accrual basis of accounting. The Authority's proprietary activities are accounted for on the flow of economic resources measurement focus. This measurement focus emphasizes the determination of changes in net position. Under this method, revenue is recorded when earned, and expenses, including compensated absences, are recognized when the liability is incurred.

During fiscal year 2015, the Authority implemented GASB Statement No. 72, *Fair Value Measurement and Application*, which applied GASB account concepts of fair value measurement to the Authority's valuation. The statement requires additional analysis of fair value if the volume or level of activity for an asset or liability has significantly decreased. It also requires identification of transactions that are not orderly. The statement establishes a hierarchy of inputs to valuation techniques used to measure fair value with three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs—other than quoted prices—included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security. The implementation of this standard does not have a material effect on the Authority's reporting as the fair value measurement is already maintained by the authority. See Note 4 for discussion of fair value measurements.

During fiscal year 2016, the Authority implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which supersedes GASB Statement No. 55. The hierarchy of generally accepted accounting principles (GAAP) prioritizes the guidance state and local governments follow when preparing financial statements in accordance with GAAP. The implementation of this standard does not have a material effect on the Authority's reporting.

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68*, and Amendments to Certain Provisions of GASB 67 and 68, and Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, both effective for fiscal year 2016. In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other*

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Than Pensions, effective for fiscal year 2017. In the opinion of management, these standards do not and will not have an impact on the Authority's financial position given current operations and obligations.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and cash equivalents and investments

Cash and cash equivalents, as reported in the statements of net position include short-term investment securities with original maturities of three months or less, local government investment pools, repurchase agreements, money market accounts, mutual funds, and investment agreements under which funds can be withdrawn at any time without penalty. Amounts reported as cash and cash equivalents include amounts that are restricted for use under state grants, federal programs, and bond resolutions as shown in Note 4. Investment securities are carried at fair value based on quoted market prices. The Authority's Board of Directors determines the Authority's valuation policies utilizing information provided by the investment advisers and custodians. See Note 4 for discussion of fair value measurements.

Short term investment securities include investment securities with maturities less than twelve months. Long-term investment securities include investment securities with maturities greater than twelve months.

The credit risk associated with the Authority's investments is primarily due to its reliance upon securities of the U.S. Government and its agencies by the Authority. As with any fixed income portfolio, there exists market price risk in a changing interest rate environment, and some of the Authority's investments are subject to decline in fair value as interest rates increase. This exposure is focused largely within certain classes of mortgage-backed securities, such as collateralized mortgage obligations. These securities are based on cash flows from payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates. The mortgage-backed securities are reported in aggregate as mortgage-backed securities in the disclosure of investments.

Mortgage loans receivable

Mortgage loans receivable are stated at their unpaid principal balance less loan discounts. The discounts are amortized using a method approximating a level yield over the estimated average life of the loans. Costs associated with the mortgage loans, including purchased servicing costs, are amortized over the expected average life of the outstanding mortgage loan, which is estimated to be seven years.

Mortgage loans are classified as foreclosures (nonperforming loans) when collection of principal and accrued interest in accordance with the stated terms of the agreement is unlikely. Interest income recognition is discontinued once a loan is considered non-performing which occurs when the loan is placed in foreclosure.

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Mortgage escrow deposits

In connection with the mortgage loans, the Authority holds various trustee bank accounts on behalf of the mortgagors which consist of escrow deposits for taxes and insurance, replacement reserves, and operating deficit reserves. A corresponding liability is recorded upon receipt by the Authority of the mortgagors' escrow deposits and is included in other current assets on the Statements of Net Position.

Real estate owned

Real estate owned represents real estate acquired through foreclosure or deeds-in-lieu and is stated at the lower of cost or fair value less estimated costs to sell. Expenses incurred related to real estate owned are reported on the Statements of Revenue, Expenses and Changes in Net Position.

HOME loans

HOME loans are recorded at amounts drawn from the Federal HOME program and subsequently loaned to the borrower. A liability is recorded to reflect the Authority's obligation to either re-loan or return to the Federal government any HOME loan repayments. Because the obligation amount is dependent on the actual HOME loan repayments, no valuation reserve is recorded.

ARRA loans

ARRA loans are recorded at amounts drawn from the TCAP, TCEP, and HPRP programs and subsequently loaned to the borrower. Loans made to borrowers under such programs are subject to certain compliance regulations, which must be maintained during the term of the loan. A liability is recorded to reflect the Authority's obligation to return to the Federal government any loan repayments which is included in refundable program grants on the Statement of Net Position.

Other loans receivable, net

Other loans receivable includes loans to various non-profits and municipalities as well as advances from loan service agreements and miscellaneous receivables.

Provision for possible loan losses

Approximately 90 percent of the Authority's mortgage loans are FHA insured, VA guaranteed, or USDA/RD guaranteed, and the remainder is largely covered by mortgage insurance and/or pool insurance. A small group of loans in the amount of approximately \$35,700,000 and \$32,200,000 are uninsured and dependent on the value of underlying real estate collateral as of June 30, 2016 and 2015, respectively. A provision for possible losses on delinquent loans is made when, in the opinion of management, the loan balance exceeds the net realizable value of the underlying collateral, including Federal and mortgage pool insurance. Based on the Authority's experience, insured loans have not resulted in any significant losses to the Authority beyond the administrative costs of foreclosure. Collateralized loans historically have not resulted in significant losses. The allowance for possible losses on mortgage loans receivable as of June 30, 2016 and 2015 totaled \$4,500,000 and \$4,500,000, respectively. The allowance includes a provision for accrued interest on foreclosed loans. The allowance for possible losses on other loans receivable as of June 30, 2016 and 2015 totaled \$4,736,392 and \$4,736,396, respectively. The provision for possible losses recognized during the years ended June 30, 2016 and 2015 totaled \$1,101,556 and \$1,440,870, respectively.

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Capital assets

Capital assets are stated at cost. Depreciation on property and equipment is calculated on the straight-line method over the estimated useful lives of the assets. Repairs and maintenance are expensed as incurred. In accordance with the Authority's capitalization policy, capital assets under \$25,000 are expensed.

| | |
|------------------------------------|-------------|
| Building | 40 years |
| Capital Improvements | 10 years |
| Vehicles | 4 years |
| Equipment, Computers, and Software | 2 - 5 years |

Impairment of long-lived assets

The Authority reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Management evaluates possible impairment events on whether the service utility or use of the long-lived assets decline significantly and unexpectedly. No impairment loss has been recognized during the years ended June 30, 2016 and 2015.

Bond premiums, discounts, and issuance costs and amortization

Bond premiums and discounts are amortized over the term of the obligations using a method which approximates the effective interest method. Bond premiums and discounts are included in the net balance for bonds payable. Issuance costs are expensed when incurred. Accretion income for the years ended June 30, 2016 and 2015 was \$322,040 and \$222,042, respectively. Estimated accretion income for each of the next five ensuing years is approximately \$272,000.

Arbitrage

The Authority periodically monitors for the existence of any rebatable arbitrage interest, in accordance with IRS regulations, associated with its tax-exempt debt. The rebate is based on the differential between the interests earnings from the investment of tax-exempt bond proceeds as compared to the interest expense associated with the respective bonds. Arbitrage rebates are expensed when paid or when, upon determination by management, an arbitrage rebate liability is estimated.

Revenue received in advance

Revenue received in advance represents fees received in connection with the LIHTC and Multi-Family (MF) program for compliance monitoring and asset management. The Authority on behalf of the IRS is responsible for monitoring compliance with IRS Section 42 by Georgia participants in the LIHTC and MF program. Such monitoring includes performing periodic site visits, property inspections, and tenant eligibility verifications, which are required to be performed annually over the compliance period. Participants are required to maintain compliance with Section 42 for a minimum of 15 years for the LIHTC program and a minimum of 30 years for the MF program. Participants are required to pay the entire amount of compliance monitoring fees at inception. The prepaid amount of fees received are deferred and amortized into income using the straight-line method over the applicable compliance periods.

Participants who receive ARRA funds are also required to pay an asset management fee to the Authority at inception for oversight services in connection with administering the funds over a 14.5

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year term. These fees will be amortized into income, using the straight-line method over the service period.

Estimated amortization of all revenue received in advance over the next five years as follows:

| Year | Amount |
|------------|----------------------|
| 2017 | \$ 2,299,843 |
| 2018 | 2,344,320 |
| 2019 | 2,152,570 |
| 2020 | 2,038,407 |
| 2021 | 2,026,230 |
| Thereafter | 13,239,044 |
| Total | <u>\$ 24,100,414</u> |

Program funds received in advance

The Authority has a liability for program funds received in advance as of June 30, 2016 and 2015 of \$184,158,144 and \$202,884,204, respectively. The program funds received in advance are included in the balance of cash and cash equivalents and investments as shown on the Statements of Net Position. The liability will be recognized as revenue as the Authority expends the funds in accordance with the applicable programs requirements. Any program funds received in advance may be required to be returned to the granting authority under terms of the programs. As of June 30, 2016 and 2015, the program funds received in advance are as follows:

| Program | Source | June 30, | |
|--|---------------------------|-----------------------|-----------------------|
| | | 2016 | 2015 |
| REBA | State of Georgia | \$ 86,569,309 | \$ 85,734,215 |
| Tax Credit Assistance Program | State of Georgia | 30,988,907 | 29,788,508 |
| State Small Business Credit Initiative | US Department of Treasury | 21,039,337 | 8,985,384 |
| Hardest Hit Fund | US Department of Treasury | 16,379,038 | 50,953,890 |
| Downtown Development | State of Georgia | 9,985,937 | 9,985,937 |
| Housing Trust Fund | State of Georgia | 9,410,346 | 10,080,254 |
| Life Science | State of Georgia | 4,286,522 | 4,286,522 |
| Other | State of Georgia | 3,233,869 | 2,730,503 |
| HOME | State of Georgia | 2,264,879 | 338,991 |
| | | <u>\$ 184,158,144</u> | <u>\$ 202,884,204</u> |

Net position

Net position is the amount of total assets plus deferred outflows of resources that exceed total liabilities and deferred inflows of resources. Net position is classified and displayed in three categories in the financial statements.

Invested in capital assets, net of related debt consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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Restricted net position consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position consists of other net position that do not meet the definition of restricted or invested in capital assets, net of related debt.

As of June 30, 2016 and 2015, the Authority's net position is classified into two categories which are invested in capital assets and unrestricted net position.

Program revenues and expenses

HOME loan program revenue and a corresponding expense are recognized at the time the HOME loan is closed.

Purchased servicing rights are related to mortgage loans and are received in advance and recognized over the estimated seven-year term that the mortgages are expected to be outstanding.

Program funds received under grant awards are not recognized as revenue until the related program expenditures and eligibility requirements are incurred.

Income taxes

Income received or generated by the Authority is not subject to federal income tax, pursuant to Internal Revenue Code Section 115. The Authority is exempt from state and local property taxes. Interest paid on obligations issued by the Authority is excludable from the gross income of the recipients, pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended. Contributions to the Authority are tax deductible contributions, pursuant to Sections 170(b)(1)(A)(v) and 170 (c)(1) of the Internal Revenue Code of 1986, as amended.

Reclassifications

Reclassifications have been made to the prior year balances to conform to the current year presentation.

Note 4 - Cash and cash equivalents and investment securities

Investment of funds

The Act authorizes the Authority to invest in obligations of the U.S. Treasury, its agencies, and instrumentalities; obligations of the State of Georgia; certificates of deposit of financial institutions within the State of Georgia insured by Federal or state depository insurance, interest-bearing time deposits, repurchase agreements, reverse repurchase agreements, or other similar banking arrangements; and any and all other obligations of investment grade quality, as defined.

The following assets, reporting at fair value and held by the Authority at June 30, 2016, and 2015, were evaluated in accordance with GASB Statement No. 40 for interest rate risk, custodial credit risk, credit risk and concentration of credit risk. All cash and cash equivalents are stated at their actual bank balance values and may differ from book balances and the balance of cash and cash equivalents presented on the Statements of Net Position.

Cash and cash equivalents and investments as of June 30, 2016 and 2015 are presented in the financial statements as follows:

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| | June 30, | |
|---|------------------------------|------------------------------|
| | 2016 | 2015 |
| Cash and cash equivalents: | | |
| Cash | \$ 8,453,864 | \$ 2,511,030 |
| Georgia Fund 1 | 80,197,197 | 87,943,707 |
| Money market accounts | 6,417,646 | 9,545,949 |
| Cash restricted under grant programs | 40,107,852 | 65,198,719 |
| Assets restricted under revenue bond resolutions: | | |
| Georgia Fund 1 | 72,016,243 | - |
| Money market accounts | 11,561,058 | 93,380,608 |
| Total cash and cash equivalents | <u>218,753,860</u> | <u>258,580,013</u> |
| Short-term investment securities: | | |
| U.S. Government and agency securities | 475,381 | 3,828,508 |
| Corporate bonds | 248,021 | 2,930,725 |
| Foreign bonds | 245,049 | 1,111,529 |
| Agency mortgage-backed securities | 688,479 | - |
| Non-purpose investments | 41,935,037 | - |
| Total short-term investment securities | <u>43,591,967</u> | <u>7,870,762</u> |
| Long-term investment securities: | | |
| Mortgage-backed securities | 49,640,946 | 45,316,583 |
| U.S. Government and agency securities | 80,889,054 | 57,249,771 |
| Corporate MBS/ABS | 15,327,576 | 15,306,315 |
| Foreign bonds | 2,982,437 | 5,153,447 |
| Municipal bonds | 1,475,421 | - |
| Corporate bonds | 18,192,502 | 21,988,112 |
| Fixed income fund | 10,820,694 | 11,158,468 |
| Assets restricted under revenue bond resolutions: | | |
| Investment agreements | 23,588,022 | 25,671,695 |
| Agency mortgage-backed securities | 47,886,635 | 56,499,198 |
| U.S. Government and agency securities | 1,557,344 | 1,604,628 |
| GNMA MBS | 2,601,212 | - |
| Total long-term investment securities | <u>254,961,843</u> | <u>239,948,217</u> |
| Total cash and cash equivalents and investment securities | <u><u>\$ 517,307,670</u></u> | <u><u>\$ 506,398,992</u></u> |

Investment fair value measurements

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

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

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The Authority has investments in securities that are measured at fair value on a recurring basis in the financial statements. The Authority uses a three level hierarchy for determining fair value and a financial asset or liability classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The fair value of these financial assets was determined using Level 3 inputs (inputs that are unobservable, uninsured and unregistered investment for which the securities are held by the broker, dealer, or their agent but not in the Authority's name) as of June 30, 2016 and 2015. The following table presents the financial assets that the Authority measured at fair value:

| 2016 | Level | | | Total |
|---------------------------------------|-----------------------|----------------------|----------------------|-----------------------|
| | 1 | 2 | 3 | |
| U.S. Government and agency securities | \$ 82,921,779 | \$ - | \$ - | \$ 82,921,779 |
| Mortgage-backed securities | 100,817,272 | - | - | 100,817,272 |
| Corporate MBS/ABS | 15,327,576 | - | - | 15,327,576 |
| Foreign bonds | 3,227,486 | - | - | 3,227,486 |
| Investment agreements | - | - | 23,588,022 | 23,588,022 |
| Non-purpose investments | - | 41,935,037 | - | 41,935,037 |
| Fixed income fund | - | - | 10,820,694 | 10,820,694 |
| Municipal bonds | 1,475,421 | - | - | 1,475,421 |
| Corporate bonds | 18,440,523 | - | - | 18,440,523 |
| | <u>\$ 222,210,057</u> | <u>\$ 41,935,037</u> | <u>\$ 34,408,716</u> | <u>\$ 298,553,810</u> |

| 2015 | Level | | | Total |
|---------------------------------------|-----------------------|-------------|----------------------|-----------------------|
| | 1 | 2 | 3 | |
| U.S. Government and agency securities | \$ 62,682,907 | \$ - | \$ - | \$ 62,682,907 |
| Mortgage-backed securities | 101,815,781 | - | - | 101,815,781 |
| Corporate MBS/ABS | 15,306,315 | - | - | 15,306,315 |
| Foreign bonds | 6,264,976 | - | - | 6,264,976 |
| Investment agreements | - | - | 25,671,695 | 25,671,695 |
| Fixed income fund | - | - | 11,158,468 | 11,158,468 |
| Corporate bonds | 24,918,837 | - | - | 24,918,837 |
| | <u>\$ 210,988,816</u> | <u>\$ -</u> | <u>\$ 36,830,163</u> | <u>\$ 247,818,979</u> |

The following table sets forth a summary of changes in the fair value of the Authority's level 3 assets for the years ended June 30, 2016 and 2015:

| 2016 | Investment Agreements | Fixed Income Fund | Total |
|--|-----------------------|----------------------|----------------------|
| Balance, beginning of year | \$ 25,671,695 | \$ 11,158,468 | \$ 36,830,163 |
| Realized gains (losses) | - | - | - |
| Unrealized gains (losses) relating to instruments still held at the reporting date | (1,187,151) | (337,774) | (1,524,925) |
| Purchases | - | - | - |
| Sales | (896,522) | - | (896,522) |
| Transfers in and/or out of level 3 | - | - | - |
| Balance, end of year | <u>\$ 23,588,022</u> | <u>\$ 10,820,694</u> | <u>\$ 34,408,716</u> |

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| 2015 | Investment Agreements | Fixed Income Fund | Total |
|--|-----------------------|----------------------|----------------------|
| Balance, beginning of year | \$ 32,865,824 | \$ 11,254,474 | \$ 44,120,298 |
| Realized gains (losses) | - | - | - |
| Unrealized gains (losses) relating to instruments still held at the reporting date | (5,342,536) | (96,006) | (5,438,542) |
| Purchases | - | - | - |
| Sales | (1,851,593) | - | (1,851,593) |
| Transfers in and/or out of level 3 | - | - | - |
| Balance, end of year | <u>\$ 25,671,695</u> | <u>\$ 11,158,468</u> | <u>\$ 36,830,163</u> |

Interest rate risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Authority manages interest rate risk by attempting to match investment maturities and interest payment terms with expected cash requirements and maturities of the related bond series. Negative amounts represent net short position for securities purchased, but not yet settled. As of June 30, 2016 and 2015, interest income from investments totals \$10,728,846 and \$7,153,658, respectively, and accrued interest outstanding totals \$730,662 and \$928,730, respectively. The maturities of investments as of June 30, 2016 and 2015 are as follows:

| | Investment maturities as of June 30, 2016 | | | | | |
|---|---|-----------------------|----------------------|-----------------------|----------------------|-----------------------|
| | Total Fair Value | Less than 3 Months | 4 - 12 Months | 1 - 5 Years | 6 - 10 Years | More than 10 Years |
| Cash and cash equivalents: | | | | | | |
| Cash | \$ 8,453,864 | \$ 8,453,864 | \$ - | \$ - | \$ - | \$ - |
| Georgia Fund 1 | 80,197,197 | 80,197,197 | - | - | - | - |
| Money market accounts | 6,417,646 | 6,417,646 | - | - | - | - |
| Cash restricted under State grant programs | 40,107,852 | 40,107,852 | - | - | - | - |
| Assets restricted under revenue bond resolutions: | | | | | | |
| Georgia Fund 1 | 72,016,243 | 72,016,243 | - | - | - | - |
| Money market accounts | 11,561,058 | 11,561,058 | - | - | - | - |
| Total cash and cash equivalents | <u>\$ 218,753,860</u> | <u>\$ 218,753,860</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Short-term investment securities: | | | | | | |
| U.S. Government and agency securities | \$ 475,381 | \$ - | \$ 475,381 | \$ - | \$ - | \$ - |
| Corporate bonds | 248,021 | - | 248,021 | - | - | - |
| Foreign bonds | 245,049 | - | 245,049 | - | - | - |
| Agency mortgage-backed securities | 688,479 | - | 688,479 | - | - | - |
| Non-purpose investments | 41,935,037 | - | 41,935,037 | - | - | - |
| Total short-term investment securities | <u>\$ 43,591,967</u> | <u>\$ -</u> | <u>\$ 43,591,967</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Long-term investment securities: | | | | | | |
| Mortgage-backed securities | \$ 49,640,946 | \$ - | \$ - | \$ 5,663 | \$ 408,489 | \$ 49,226,794 |
| U.S. Government and agency securities | 80,889,054 | - | - | 71,892,114 | 6,928,980 | 2,067,960 |
| Corporate MBS/ABS | 15,327,576 | - | - | 2,295,396 | 3,338,948 | 9,693,232 |
| Foreign bonds | 2,982,437 | - | - | 2,497,045 | 308,087 | 177,305 |
| Municipal bonds | 1,475,421 | - | - | 1,475,421 | - | - |
| Corporate bonds | 18,192,502 | - | - | 10,567,383 | 6,897,466 | 727,653 |
| Fixed income fund | 10,820,694 | - | - | 10,820,694 | - | - |
| Assets restricted under revenue bond resolutions: | | | | | | |
| Investment agreements | 23,588,022 | - | - | 2,808,226 | 2,809,670 | 17,970,126 |
| Agency mortgage-backed securities | 47,886,635 | - | - | - | - | 47,886,635 |
| U.S. Government and agency securities | 1,557,344 | - | - | 1,557,344 | - | - |
| GNMA MBS | 2,601,212 | - | - | - | 863,284 | 1,737,928 |
| Total long-term investment securities | <u>\$ 254,961,843</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 103,919,286</u> | <u>\$ 21,554,924</u> | <u>\$ 129,487,633</u> |

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| | Total Fair Value | Investment maturities as of June 30, 2015 | | | | |
|---|-----------------------|---|---------------------|----------------------|----------------------|-----------------------|
| | | Less than 3 Months | 4 - 12 Months | 1 - 5 Years | 6 - 10 Years | More than 10 Years |
| Cash and cash equivalents: | | | | | | |
| Cash | \$ 2,511,030 | \$ 2,511,030 | \$ - | \$ - | \$ - | \$ - |
| Georgia Fund 1 | 87,943,707 | 87,943,707 | - | - | - | - |
| Money market accounts | 9,545,949 | 9,545,949 | - | - | - | - |
| Cash restricted under State grant programs | 65,198,719 | 65,198,719 | - | - | - | - |
| Assets restricted under revenue bond resolutions: | | | | | | |
| Money market accounts | 93,380,608 | 91,018,304 | 2,362,304 | - | - | - |
| Total cash and cash equivalents | <u>\$ 258,580,013</u> | <u>\$ 256,217,709</u> | <u>\$ 2,362,304</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Short-term investment securities: | | | | | | |
| U.S. Government and agency securities | \$ 3,828,508 | \$ - | \$ 3,828,508 | \$ - | \$ - | \$ - |
| Corporate bonds | 2,930,725 | 796,475 | 2,134,250 | - | - | - |
| Foreign bonds | 1,111,529 | 791,063 | 320,466 | - | - | - |
| Total short-term investment securities | <u>\$ 7,870,762</u> | <u>\$ 1,587,538</u> | <u>\$ 6,283,224</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Long-term investment securities: | | | | | | |
| Mortgage-backed securities | \$ 45,316,583 | \$ - | \$ - | \$ - | \$ 614,135 | \$ 44,702,448 |
| U.S. Government and agency securities | 57,249,771 | - | - | 15,596,257 | 11,071,989 | 30,581,525 |
| Corporate MBS/ABS | 15,306,315 | - | - | 3,360,831 | 1,740,607 | 10,204,877 |
| Foreign bonds | 5,153,447 | - | - | 3,625,465 | 1,527,982 | - |
| Corporate bonds | 21,988,112 | - | - | 13,522,108 | 7,672,034 | 793,970 |
| Fixed income bonds | 11,158,468 | - | - | 11,158,468 | - | - |
| Assets restricted under revenue bond resolutions: | | | | | | |
| Investment agreements | 25,671,695 | - | - | - | 5,468,130 | 20,203,565 |
| Agency mortgage-backed securities | 56,499,198 | - | - | - | 1,017,228 | 55,481,970 |
| U.S. Government and agency securities | 1,604,628 | - | - | 1,604,628 | - | - |
| Total long-term investment securities | <u>\$ 239,948,217</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 48,867,757</u> | <u>\$ 29,112,105</u> | <u>\$ 161,968,355</u> |

Custodial credit risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Authority will not be able to recover all or a portion of the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2016 and 2015, all of the Authority's investments were insured or registered, or for which the securities were held by the Authority or its agent in the Authority's name.

Credit risk and concentration of credit risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Some investments, such as U.S. Treasuries and GNMA securities, are guaranteed by the United States government and are considered to have minimal credit risk. Other investments are in corporate debt securities, which have been categorized based on the sponsoring entity's credit rating by Standard & Poor's. Generally, the debt securities are not collateralized. However, the Authority has selected high quality corporate debt investments in order to minimize its exposure to loss due to credit risk. The Authority maintains its cash in bank deposit accounts which, at times may exceed federally insured limits, and may be covered by collateral held in the pledging bank's trust departments. The Authority has not experienced any losses in connection with its investments as a result of credit risk. The exposure of the Authority's debt securities to credit quality risk as of June 30, 2016 and 2015 is as follows:

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| | Total | Government | Standard & Poor's Credit Rating as of June 30, 2016 | | | | | | | Not Rated |
|---|----------------|------------|---|----------------|---------------|---------------|------------|------------|---------------|-----------|
| | Fair Value | securities | AAA | AA | A | BBB | BB | CCC | | |
| Cash and cash equivalents: | | | | | | | | | | |
| Cash | \$ 8,453,864 | \$ - | \$ 7,797,607 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 656,257 | |
| Georgia Fund 1 | 80,197,197 | - | 80,197,197 | - | - | - | - | - | - | |
| Money market accounts | 6,417,646 | - | 1,948,905 | - | - | - | - | - | 4,468,741 | |
| Cash restricted under State grant programs | 40,107,852 | - | 40,107,852 | - | - | - | - | - | - | |
| Assets restricted under revenue bond resolutions: | | | | | | | | | | |
| Georgia Fund 1 | 72,016,243 | - | 72,016,243 | - | - | - | - | - | - | |
| Money market accounts | 11,561,058 | - | 11,561,058 | - | - | - | - | - | - | |
| Total cash and cash equivalents | \$ 218,753,860 | \$ - | \$ 213,628,862 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,124,998 | |
| Short-term investment securities: | | | | | | | | | | |
| U.S. agency securities | \$ 475,381 | \$ - | \$ - | \$ 475,381 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Corporate bonds | 248,021 | - | - | - | 70,153 | 177,868 | - | - | - | |
| Foreign bonds | 245,049 | - | 245,049 | - | - | - | - | - | - | |
| Agency mortgage-backed securities | 688,479 | - | 517,049 | - | 171,430 | - | - | - | - | |
| Non-purpose investments | 41,935,037 | - | - | - | - | - | - | - | 41,935,037 | |
| Total short-term investment securities | \$ 43,591,967 | \$ - | \$ 762,098 | \$ 475,381 | \$ 241,583 | \$ 177,868 | \$ - | \$ - | \$ 41,935,037 | |
| Long-term investment securities: | | | | | | | | | | |
| Mortgage-backed securities | \$ 49,640,946 | \$ - | \$ - | \$ 49,640,946 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| U.S. agency securities | 80,889,054 | - | - | 80,889,054 | - | - | - | - | - | |
| Corporate MBS/ABS | 15,327,576 | - | 10,222,372 | 1,666,114 | 2,151,254 | 809,965 | 164,708 | 313,163 | - | |
| Foreign bonds | 2,982,437 | - | 1,094,507 | - | 1,105,352 | 563,232 | 219,346 | - | - | |
| Municipal bonds | 1,475,421 | - | 1,475,421 | - | - | - | - | - | - | |
| Fixed income fund | 10,820,694 | - | - | - | - | - | - | - | 10,820,694 | |
| Corporate bonds | 18,192,502 | - | 434,049 | 1,130,700 | 6,203,363 | 10,336,415 | 87,975 | - | - | |
| Assets restricted under revenue bond resolutions: | | | | | | | | | | |
| Investment agreements | 23,588,022 | - | 15,239,662 | 8,348,360 | - | - | - | - | - | |
| Agency mortgage-backed securities | 47,886,635 | - | - | 47,886,635 | - | - | - | - | - | |
| U.S. agency securities | 1,557,344 | - | - | 1,557,344 | - | - | - | - | - | |
| GNMA MBS | 2,601,212 | - | - | 2,601,212 | - | - | - | - | - | |
| Total long-term investment securities | \$ 254,961,843 | \$ - | \$ 28,466,011 | \$ 193,720,365 | \$ 9,459,969 | \$ 11,709,612 | \$ 472,029 | \$ 313,163 | \$ 10,820,694 | |
| | | | | | | | | | | |
| | Total | Government | Standard & Poor's Credit Rating as of June 30, 2015 | | | | | | | Not Rated |
| | Fair Value | securities | AAA | AA | A | BBB | BB | CCC | | |
| Cash and cash equivalents: | | | | | | | | | | |
| Cash | \$ 2,511,030 | \$ - | \$ 2,595,455 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (84,425) | |
| Georgia Fund 1 | 87,943,707 | - | 87,943,707 | - | - | - | - | - | - | |
| Money market accounts | 9,545,949 | - | 2,800,152 | - | - | - | - | - | 6,745,797 | |
| Cash restricted under State grant programs | 65,198,719 | - | 65,198,719 | - | - | - | - | - | - | |
| Assets restricted under revenue bond resolutions: | | | | | | | | | | |
| Money market accounts | 93,380,608 | - | 93,380,608 | - | - | - | - | - | - | |
| Total cash and cash equivalents | \$ 258,580,013 | \$ - | \$ 251,918,641 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 6,661,372 | |
| Short-term investment securities: | | | | | | | | | | |
| U.S. agency securities | \$ 3,828,508 | \$ - | \$ - | \$ 3,828,508 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Corporate bonds | 2,930,725 | - | - | 445,167 | 1,444,541 | 1,041,017 | - | - | - | |
| Foreign bonds | 1,111,529 | - | 910,667 | - | 200,862 | - | - | - | - | |
| Total short-term investment securities | \$ 7,870,762 | \$ - | \$ 910,667 | \$ 4,273,675 | \$ 1,645,403 | \$ 1,041,017 | \$ - | \$ - | \$ - | |
| Long-term investment securities: | | | | | | | | | | |
| Mortgage-backed securities | \$ 45,316,583 | \$ - | \$ - | \$ 45,316,583 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| U.S. agency securities | 57,249,771 | - | - | 57,249,771 | - | - | - | - | - | |
| Corporate MBS/ABS | 15,306,315 | - | 9,738,552 | 1,370,152 | 2,668,186 | 904,224 | 171,515 | 323,686 | 130,000 | |
| Foreign bonds | 5,153,447 | - | 1,609,104 | 446,709 | 1,921,961 | 932,958 | 242,715 | - | - | |
| Fixed income funds | 11,158,468 | - | - | - | - | - | - | - | 11,158,468 | |
| Corporate bonds | 21,988,112 | - | 879,875 | 2,233,087 | 10,647,120 | 7,995,392 | 232,638 | - | - | |
| Assets restricted under revenue bond resolutions: | | | | | | | | | | |
| Investment agreements | 25,671,695 | - | 17,323,329 | 7,488,136 | 860,230 | - | - | - | - | |
| Agency mortgage-backed securities | 56,499,198 | - | - | 56,499,198 | - | - | - | - | - | |
| U.S. agency securities | 1,604,628 | - | 1,604,628 | - | - | - | - | - | - | |
| Total long-term investment securities | \$ 239,948,217 | \$ - | \$ 31,155,488 | \$ 170,603,636 | \$ 16,097,497 | \$ 9,832,574 | \$ 646,868 | \$ 323,686 | \$ 11,288,468 | |

Note 5 - Mortgage loans receivable

The Authority's single-family bond programs are designed to provide mortgage loans to qualified home-buyers within the State of Georgia. The Authority's guidelines generally require the mortgage loans to be either FHA insured, guaranteed by the Department of Veterans Affairs or conventionally financed with traditional primary mortgage insurance; and, in the case of pre-1987 single-family programs, insured with mortgage pool policies. A small portion of the Authority's mortgage loans are uninsured. However, uninsured loans are collateralized with a first mortgage on the underlying real estate. Interest on mortgage loans receivable range from 2.875% to 10.750% per annum as of June 30, 2016. As of June 30, 2016 and 2015, interest income from mortgage loans receivable totals \$45,202,388 and \$45,427,890, respectively, and accrued interest outstanding totals \$9,795,820 and \$9,585,216, respectively. Mortgage loans receivable, net consist of the following at June 30, 2016 and 2015:

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| | June 30, | |
|---|-----------------------|-----------------------|
| | 2016 | 2015 |
| Single-family mortgage loans (2.875% to 10.750%): | | |
| FHA insured | \$ 879,651,477 | \$ 881,178,092 |
| Conventional insured | 53,486,021 | 61,587,036 |
| VA insured | 11,174,485 | 13,363,688 |
| Conventional uninsured | 35,658,756 | 32,235,615 |
| | 979,970,739 | 988,364,431 |
| Less allowance for loan losses | (4,500,000) | (4,500,000) |
| | 975,470,739 | 983,864,431 |
| Less current portion of mortgage loan receivable | (19,840,301) | (23,947,956) |
| | 955,630,438 | 959,916,475 |
| Less real estate owned | (4,086,540) | (4,819,634) |
| Long-term portion of mortgage loans receivable, net | <u>\$ 951,543,898</u> | <u>\$ 955,096,841</u> |

In connection with the mortgage loans, the Authority holds various trustee bank accounts on behalf of the mortgagors which consist of escrow deposits for taxes and insurance, replacement reserves, and operating deficit reserves. A corresponding liability is recorded upon receipt by the Authority of the mortgagors' escrow deposits. As of June 30, 2016 and 2015, amount held in such escrows total \$19,461,163 and \$19,459,146, respectively, which are included in mortgage escrow deposits on the Statements of Net Position. As of June 30, 2016 and 2015, real estate owned properties in the amount of \$4,086,540 and \$4,819,634, respectively, are included in other current assets on the Statements of Net Position.

Note 6 - HOME loans receivable and refundable home grant proceeds

The Authority acts as an intermediary on behalf of the Federal government under the HOME Program provisions of the 1990 National Affordable Housing Act. Applicants include entities developing multifamily low-income housing properties. Qualified applicants are issued loans using grant proceeds the Authority receives from the Federal government. These loans generally do not have required scheduled payments of principal or interest. Instead, the loans require payment of interest to the extent of a portion of net cash flows, as defined, of the borrowers. These loans generally are nonrecourse and are collateralized by a subordinated mortgage on the underlying property of the borrower. Any repayments the Authority receives on these loans are required to be repaid to the Federal government or used to fund new HOME loans. The Authority accounts for the loans receivable at the face value of the loans. A corresponding liability is recorded in the same amount to reflect the Authority's obligation to the Federal government. In the event the loans receivable are not repaid, the Authority will not incur any loss and the refundable grant proceeds liability will not be required to be repaid. In the event the borrower fails to comply with the affordability requirements of the HOME Program, any HOME funds invested must be repaid. During the years ended June 30, 2016 and 2015, the Authority made HOME loans to applicants totaling \$49,739,060 and \$45,028,377, respectively, which are included with the Federal and State grant income and expense on the statements of revenues, expense and changes in net position. HOME loans and the corresponding refundable HOME grant proceeds obligation outstanding as of June 30, 2016 and 2015, totaled \$633,449,922 and \$619,092,476, respectively.

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In connection with the mortgage loans, the Authority holds various trustee bank accounts on behalf of the mortgagors which consist of escrow deposits for taxes and insurance, replacement reserves, and operating deficit reserves. A corresponding liability is recorded upon receipt by the Authority of the mortgagors' escrow deposits. As of June 30, 2016 and 2015, amount held in such escrows total \$30,877,434 and \$28,922,812, respectively.

ARRA loans receivable

The Authority has received a total of \$56,481,680 under the Tax Credit Assistance Program (TCAP) funding award from HUD pursuant to the American Recovery and Reinvestment Tax Act of 2009 (Act). By statute, projects eligible to receive TCAP assistance are rental housing projects that received an award of LIHTCs under Section 42(h) of the Internal Revenue Code of 1986, as amended, (IRC) (26 U.S.C. 42), during the period from October 1, 2006 to September 30, 2009 (federal fiscal years 2007, 2008 or 2009). The Authority expended 100 percent of TCAP funds by February 16, 2012. As of June 30, 2016, no committed funds are undrawn.

TCAP loan payments are based on projected cash flow, as defined. The permanent loans are non-recourse and collateralized by a subordinated mortgage on the underlying property of the borrower. Per HUD guidance, any program income earned after the grant period must be used to develop or operate affordable housing.

The Authority has also received a total of \$195,011,506 in Tax Credit Exchange Program (Exchange) grant awards from the US Department of Treasury under Section 1602 of the Act. The Exchange funds are to finance construction or acquisition and rehabilitation of qualified low-income projects. The Authority disbursed grant funds to subawardees in 2010 and 2011. Any funds not disbursed to the subawardee by December 31, 2011 had to be returned to the U.S. Department of Treasury on January 1, 2012. The Authority spent \$194,985,130 by December 31, 2011 and \$26,376 was returned to Treasury. As of June 30, 2016, no committed funds are undrawn.

There is no principal and interest payment on Exchange funds. However a compliance reserve account will be established for each Exchange subaward by generally requiring each subawardee to contribute 50 percent of a project's annual net cash flow, as defined, throughout the 15-year compliance period. Such compliance reserve will be used to pay the US Treasury if a recapture event occurs or to replenish the operating deficit reserve and/or replacement reserve account. Any funds remaining in the compliance reserve account will be returned to the subawardee after the compliance period ends.

The subawards are not required to be repaid unless a recapture event occurs during the 15 year compliance period with respect to a qualified low-income building. In the event of a recapture event, the debt is owed to the US Department of Treasury.

Hardest Hit Fund loans receivable

During 2011, AHI received an award from the US Department of Treasury in the amount of \$339,255,819 for the HHF program of which \$47,410,693 can be used for administrative expenses. During 2016, AHI received an additional award from the US Department of Treasury in the amount of \$30,880,575 for the HHF program of which \$441,423 can be used for administrative expenses. Loans made under the HHF program bear no interest and are secured by a deed on the property. The loans are forgivable 20 percent a year, until maturity, five years from date of the last monthly payment. The unforgiven portion of the loan is required to be repaid if the borrower sells or refinances the property before the five year period. At maturity, the loan will be considered satisfied and the lien will be released. If the property is sold before maturity, and does not generate net

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proceeds sufficient to repay the remaining loan balance, the unpaid portion will be forgiven. Any amounts recaptured from the program activities are to be remitted back to the US Department of Treasury upon termination of the program. Accordingly, AHI does not bear the risk of loss in connection with the HHF program lending activities and as such, records loans receivable, which are fully offset by a corresponding liability of the same amount payable to the US Department of Treasury. During the years ended June 30, 2016 and 2015, HHF loans funded were \$32,028,590 and \$38,547,633, and repayments received were \$782,622 and \$757,787, respectively. During 2016 and 2015, repayments received were utilized to reduce program expenditures. As of June 30, 2016 and 2015, HHF loans receivable and its corresponding liability of the same amount payable to the US Department of Treasury were \$123,601,271 and \$110,095,333, respectively.

Note 7 - Capital assets

Capital assets consisted of the following as of June 30, 2016 and 2015:

| | July 1, 2015 | Additions | Deletions | June 30, 2016 |
|-----------------------------------|---------------------|---------------------|-------------|---------------------|
| Land | \$ 800,000 | \$ - | \$ - | \$ 800,000 |
| Building | 3,865,000 | - | - | 3,865,000 |
| Capital improvements | 3,486,550 | 590,051 | - | 4,076,601 |
| Vehicles | 378,755 | - | - | 378,755 |
| Equipment, computers and software | 438,177 | - | - | 438,177 |
| | <u>8,968,482</u> | <u>590,051</u> | <u>-</u> | <u>9,558,533</u> |
| Less accumulated depreciation | (5,547,185) | (398,871) | - | (5,946,056) |
| Capital assets, net | <u>\$ 3,421,297</u> | <u>\$ 191,180</u> | <u>\$ -</u> | <u>\$ 3,612,477</u> |
| | July 1, 2014 | Additions | Deletions | June 30, 2015 |
| Land | \$ 800,000 | \$ - | \$ - | \$ 800,000 |
| Building | 3,865,000 | - | - | 3,865,000 |
| Capital improvements | 3,431,302 | 55,248 | - | 3,486,550 |
| Vehicles | 378,755 | - | - | 378,755 |
| Equipment, computers and software | 438,177 | - | - | 438,177 |
| | <u>8,913,234</u> | <u>55,248</u> | <u>-</u> | <u>8,968,482</u> |
| Less accumulated depreciation | (5,138,985) | (408,200) | - | (5,547,185) |
| Capital assets, net | <u>\$ 3,774,249</u> | <u>\$ (352,952)</u> | <u>\$ -</u> | <u>\$ 3,421,297</u> |

Note 8 - Credit facility

The Authority has a credit facility with the Federal Home Loan Bank of Atlanta (FHLB), which allows collateralized borrowings up to \$200,000,000. Borrowings, or Advances under the facility are used to purchase single family mortgages. Advances are repayable from the proceeds of single family mortgage bonds issued by the Authority. Each advance bears a fixed rate of interest dependent

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upon maturity of the advance, as determined by FHLB. Outstanding advances under the facility are set to mature on the expected closing date of the next issuance of single-family mortgage bonds. Advances are collateralized by the market value of pledged investment securities held in safekeeping at FHLB. During the years ended June 30, 2016 and 2015, the Authority utilized advances from the FHLB which totaled \$60,448,059 and \$63,285,000, respectively. As of June 30, 2016 and 2015, there were no advances outstanding, respectively.

Note 9 - Mortgage bonds payable

The principal long-term obligations of the Authority are single-family mortgage bonds payable out of the Authority's revenue, monies, or assets legally available there from. The bonds are issued to finance the purchase of single-family mortgage loans for eligible persons and families of low and moderate income within the State of Georgia.

As provided in the bond resolutions, the bonds are secured by certain assets authorized for that purpose and any interest earned thereon. These assets include mortgage loans purchased and certain cash and cash equivalents and investment securities in mortgage bond accounts restricted in prescribed amounts as required by Revenue Bond Resolutions. Reserve balances included in the assets restricted under revenue bond resolutions investment accounts which are included in investments on the Statements of Net Position were as follows at June 30, 2016 and 2015:

| | <u>2016</u> | <u>2015</u> |
|--|-----------------------------|-----------------------------|
| Capital reserve for debt service | \$ 37,807,347 | \$ 33,410,937 |
| Mortgage reserve for debt service and potential loan losses | <u>960,361</u> | <u>905,596</u> |
| Total | <u><u>\$ 38,767,708</u></u> | <u><u>\$ 34,316,533</u></u> |

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Tables reflecting Mortgage Bond activity during fiscal years 2016 and 2015 as well as general information about each bond issue follow:

| | Net bonds outstanding June 30, 2014 | Less Matured called, or redeemed | Issued | Net change unamortized bond premium (discount) | Net bonds outstanding June 30, 2015 | Less Matured called, or redeemed | Issued | Net change unamortized bond premium (discount) | Net bonds outstanding June 30, 2016 |
|----------------------|---|---|----------------|---|---|---|----------------|---|---|
| Resolution 1 Series: | | | | | | | | | |
| 1999A | \$ (10,769) | \$ - | \$ - | \$ - | \$ (10,769) | \$ - | \$ - | \$ - | \$ (10,769) |
| 1999B | 9,413 | - | - | - | 9,413 | - | - | - | 9,413 |
| 2000D | 3,448 | - | - | - | 3,448 | - | - | - | 3,448 |
| 2004A | 12,670,000 | 12,670,000 | - | - | - | - | - | - | - |
| 2004B | 4,215,000 | 4,215,000 | - | - | - | - | - | - | - |
| 2005A | 29,230,000 | 29,230,000 | - | - | - | - | - | - | - |
| 2006A | 58,800,000 | 1,195,000 | - | - | 57,605,000 | 57,605,000 | - | - | - |
| 2006B | 37,600,000 | 12,460,000 | - | - | 25,140,000 | 25,140,000 | - | - | - |
| 2006C | 49,670,000 | 1,540,000 | - | - | 48,130,000 | 48,130,000 | - | - | - |
| 2007A | 44,483,539 | 480,000 | - | - | 44,003,539 | 8,570,000 | - | - | 35,433,539 |
| 2007C | 50,005,000 | 16,885,000 | - | - | 33,120,000 | 2,330,000 | - | - | 30,790,000 |
| 2007D | 12,575,000 | 1,135,000 | - | - | 11,440,000 | 1,070,000 | - | - | 10,370,000 |
| 2009A | 9,645,000 | 6,365,000 | - | - | 3,280,000 | 380,000 | - | - | 2,900,000 |
| 2009B | 26,815,000 | 1,315,000 | - | - | 25,500,000 | 3,240,000 | - | - | 22,260,000 |
| 2010A | 50,007,011 | 3,835,000 | - | - | 46,172,011 | 6,560,000 | - | - | 39,612,011 |
| 2010B | 53,540,582 | 3,445,000 | - | - | 50,095,582 | 3,300,000 | - | - | 46,795,582 |
| 2011A | 59,221,181 | 11,070,000 | - | - | 48,151,181 | 5,520,000 | - | - | 42,631,181 |
| 2011B | 64,846,038 | 4,400,000 | - | - | 60,446,038 | 4,570,000 | - | - | 55,876,038 |
| 2011C | 78,278,582 | 6,725,000 | - | - | 71,553,582 | 5,590,000 | - | - | 65,963,582 |
| 2012A | 92,655,000 | 6,100,000 | - | - | 86,555,000 | 5,790,000 | - | - | 80,765,000 |
| 2013A | 147,249,225 | 5,210,000 | - | - | 142,039,225 | 8,315,000 | - | - | 133,724,225 |
| 2014A | 158,382,598 | 2,750,000 | - | - | 155,632,598 | 15,595,000 | - | - | 140,037,598 |
| 2014B | - | 745,000 | 103,000,000 | - | 102,255,000 | 2,005,000 | - | - | 100,250,000 |
| 2015A | - | - | 103,445,000 | 1,420,603 | 104,865,603 | 1,985,000 | - | - | 102,880,603 |
| 2015B | - | - | - | - | - | 705,000 | 111,555,000 | - | 110,850,000 |
| 2016A | - | - | - | - | - | - | 107,400,000 | 2,846,410 | 110,246,410 |
| Total Resolution 1 | 1,039,890,848 | 131,770,000 | 206,445,000 | 1,420,603 | 1,115,986,451 | 206,400,000 | 218,955,000 | 2,846,410 | 1,131,387,861 |
| Total all series | \$ 1,039,890,848 | \$ 131,770,000 | \$ 206,445,000 | \$ 1,420,603 | \$ 1,115,986,451 | \$ 206,400,000 | \$ 218,955,000 | \$ 2,846,410 | \$ 1,131,387,861 |

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Original issue amounts, interest rates, and amounts outstanding as of June 30, 2016 and 2015 follow:

| | Original issue amount | Interest rates | 2016 Amount outstanding | 2015 Amount outstanding |
|-------------------------------------|--------------------------|-----------------|-------------------------------|-------------------------------|
| Resolution 1 Series: | | | | |
| 2006A | \$ 70,000,000 | 3.4500 - 4.900% | \$ - | \$ 57,605,000 |
| 2006B | 50,000,000 | 3.9500 - 5.150% | - | 25,140,000 |
| 2006C | 60,000,000 | 3.3750 - 4.600% | - | 48,130,000 |
| 2007A | 50,000,000 | 3.7000 - 4.850% | 35,410,000 | 43,980,000 |
| 2007C | 60,000,000 | 3.7500 - 5.150% | 30,790,000 | 33,120,000 |
| 2007D | 60,000,000 | 3.2500 - 5.250% | 10,370,000 | 11,440,000 |
| 2009A | 25,000,000 | 0.9500 - 5.375% | 2,900,000 | 3,280,000 |
| 2009B | 30,000,000 | 0.3500 - 4.625% | 22,260,000 | 25,500,000 |
| 2010A | 118,070,000 | 0.4000 - 5.000% | 39,370,000 | 45,930,000 |
| 2010B | 96,000,000 | 0.4500 - 5.000% | 46,340,000 | 49,640,000 |
| 2011A | 105,600,000 | 0.3750 - 5.000% | 42,235,000 | 47,755,000 |
| 2011B | 98,000,000 | 0.3000 - 4.000% | 55,485,000 | 60,055,000 |
| 2011C | 116,200,000 | 0.3500 - 4.125% | 65,725,000 | 71,315,000 |
| 2012A | 47,955,000 | 0.5300 - 4.050% | 80,765,000 | 86,555,000 |
| 2013A | 149,395,000 | 0.2000 - 3.900% | 133,120,000 | 141,435,000 |
| 2014A | 156,110,000 | 0.1500 - 4.700% | 137,580,000 | 153,175,000 |
| 2014B | 103,000,000 | 0.1500 - 3.650% | 100,250,000 | 102,255,000 |
| 2015A | 103,445,000 | 0.3500 - 3.800% | 101,460,000 | 103,445,000 |
| 2015B | 111,555,000 | 0.5000 - 3.100% | 110,850,000 | - |
| 2016A | 107,400,000 | 0.6500 - 2.800% | 107,400,000 | - |
| Total Resolution 1 | <u>1,717,730,000</u> | | <u>1,122,310,000</u> | <u>1,109,755,000</u> |
| Total Bonds | <u>\$ 1,717,730,000</u> | | 1,122,310,000 | 1,109,755,000 |
| Plus Unamortized Premium (Discount) | | | 9,077,861 | 6,231,451 |
| Net Bonds Payable | | | <u>\$1,131,387,861</u> | <u>\$ 1,115,986,451</u> |

Future debt service requirements are set forth below:

| Year ending June 30, | Future Debt Service Required | | |
|-------------------------|------------------------------|-----------------------|-------------------------|
| | Resolution 1 | | Total |
| | Principal | Interest | |
| 2017 | \$ 30,775,000 | \$ 37,732,473 | \$ 68,507,473 |
| 2018 | 30,450,000 | 37,228,929 | 67,678,929 |
| 2019 | 32,150,000 | 36,600,973 | 68,750,973 |
| 2020 | 33,250,000 | 35,836,388 | 69,086,388 |
| 2021 | 34,175,000 | 34,956,095 | 69,131,095 |
| 2022-2026 | 177,850,000 | 158,077,701 | 335,927,701 |
| 2026-2031 | 190,830,000 | 126,294,556 | 317,124,556 |
| 2031-2036 | 241,565,000 | 87,349,669 | 328,914,669 |
| 2036-2041 | 225,185,000 | 43,580,576 | 268,765,576 |
| 2041-2046 | 126,080,000 | 9,796,748 | 135,876,748 |
| Totals | <u>\$ 1,122,310,000</u> | <u>\$ 607,454,108</u> | <u>\$ 1,729,764,108</u> |

Various series of bonds issued under Resolution 1 include capital appreciation bonds which require no payments of principal or interest until maturity. Interest is payable on all other bonds on June 1 and December 1 of each year. Capital appreciation bonds accrete to their maturity values at

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effective yield of 8 percent. Various issues of bonds outstanding are all subject to mandatory redemptions. All bonds are callable by the Authority without penalty prior to their scheduled maturity under certain conditions. The Authority's management believes that they are in compliance as of June 30, 2016 and 2015.

Note 10 - Related party transactions

The Authority leases office space to DCA, a related party. This leasing agreement is renewable every year and is applicable for the date of July 1 through June 30. Rental income for the years ended June 30, 2016 and 2015 approximated \$1,289,000 and \$1,289,000, respectively.

Costs incurred by DCA for the administration of all Authority programs are reimbursed monthly by the Authority. The Authority has no employees and contracts DCA for all staffing needs. The Authority reimburses DCA for the services provided that include the cost of salaries, related benefits including pension, and other program expenses. For the years ended June 30, 2016 and 2015, reimbursement to DCA for the above described costs incurred on behalf of the Authority totaled \$19,936,102 and \$19,890,598, respectively.

Note 11 - Commitments and contingencies

The Authority participated in a number of Federal and State financial assistance programs. These programs are subject to independent financial and compliance audits by grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

In addition to specific program compliance requirements, the Authority is also required to comply with general compliance requirements and is subject to the provisions of Uniform Guidance.

Bond resolution

The Georgia Housing and Finance Authority is empowered to issue tax-exempt bonds under the 1976 General Resolution. The Authority's debt is serviced by the cash flow streams generated by the mortgages held in its portfolio, or if necessary, the Authority's revenues, money or assets legally available. The use of assets of the program is restricted by the resolution. Certain amounts in the program are restricted to the financing of housing or to the retirement of bonds according to established agreements. Bonds issued by GHFA do not constitute a debt of the State or a pledge of the faith or credit of the State, and are solely the obligations of the Authority. GHFA's bond rating on the 1976 Resolution is currently AAA.

Financial contingencies

The Authority's business operations include significant lending and borrowing arrangements. Borrowings are made in the form of bonds. Proceeds from these bonds are mainly used to finance home mortgage loans to qualifying borrowers. The ultimate source of repayment of these borrowings and the related interest is return of principal and interest on the loans. The Authority invests proceeds from borrowings prior to their use. It also invests funds from repayments received on its loans. These investments usually consist of various debt securities. The Authority generally does not invest in equity securities. Approximately 96 percent of the Authority's loans are insured and approximately 4 percent are uninsured. The Authority is subject to credit risks related to its cash balances and its investments in debt securities. It is also subject to the risk that the underlying value of the collateral on its uninsured loans declines. The Authority maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. Currently, the Authority has

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cash balances with financial institutions that are either insured by Federal Deposit Insurance Corporation (FDIC) or collateralized by government securities held at Georgia Bankers bank and the state of Georgia's collateral pool. As of June 30, 2016, the Authority has not experience any losses associated with these deposits. If the Authority were to incur significant losses in connection with the above cash balances and debt investments, it would impair the Authority's ability to service its debt obligations as they become due.

Additionally, as described above, the Authority has uninsured single-family mortgage loans of approximately \$35,700,000 and \$32,200,000 as of June 30, 2016 and 2015, respectively. All of these loans are for home mortgages in the state of Georgia. Current economic conditions in Georgia have a direct impact on foreclosures and the higher rate of loss on foreclosed loans. If the economy declines, one impact of these conditions could be a decline in housing values and an increase in unemployment and underemployment. The Authority could incur a higher rate of foreclosure and a higher rate of loss on foreclosed loans as a result of the impact of their economic factors and the decline in the value of its underlying collateral on uninsured loans. If the economy declines and, as a result, the Authority could experience a dramatic increase in foreclosures, it is possible that the combination of such an increase combined with lower housing prices could result in increased losses of loan assets that could have adverse impacts on the Authority's ability to repay its outstanding bonds.

Note 12 - Segment information

The Authority issued revenue bonds to finance the purchase of single-family mortgage loans for eligible persons and families of low and moderate income within the State. Investors in the revenue bonds rely solely on the revenue generated by the individual activities for repayment. Summary financial information for the single-family program is included in the Supplemental Information.

Note 13 - Insured mortgages and net worth requirement

A significant portion of the Authority's mortgage loans are insured by FHA/VA. The Authority acts as a nonsupervised mortgagee in connection with these loans and, as such, is required to comply with certain mortgage lending guidelines as set forth in the applicable HUD regulations. Included in these guidelines is the requirement to maintain a minimum net worth requirement of \$2,500,000 plus 0.2 percent of the total effective outstanding obligations. As of June 30, 2016 and 2015, the Authority was in compliance with these requirements.

Note 14 - Subsequent events

Events that occur after the statement of net position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date, require disclosure in the accompanying notes. Management evaluated the activity of the Authority through September 8, 2016 and concluded that the following subsequent event has occurred that would require recognition in the financial statements or disclosure in the Notes to the Financial Statements.

The Authority is currently in the process of issuing 2016 Series B Single-Family Mortgage Bonds. The issue is estimated to be \$117.6 million and is expected to close in October 2016.

Supplemental Information

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Schedule of Program Net Position
June 30, 2016

| | Administrative Program | Single Family Mortgage Revenue Programs | AHI | EDFI | Federal & State Assistance Programs | Total |
|--|---------------------------|--|---------------|---------------|--|------------------|
| ASSETS | | | | | | |
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents | \$ 15,964,051 | \$ 83,577,301 | \$ 17,378,170 | \$ 21,066,609 | \$ 80,767,729 | \$ 218,753,860 |
| Short-term investments | 1,656,930 | 41,935,037 | - | - | - | 43,591,967 |
| Mortgage loans receivable, current portion | - | 19,840,301 | - | - | - | 19,840,301 |
| Accrued interest receivable | 368,018 | 10,083,373 | 8,071 | - | 67,020 | 10,526,482 |
| Mortgage escrow deposits | 50,338,597 | - | - | - | - | 50,338,597 |
| Interfund receivable (payable) | (3,180,366) | 650,765 | (166,074) | 220,528 | 2,475,147 | - |
| Other current assets | 22,001,498 | 4,049,988 | 90,913 | - | 4,100 | 26,146,499 |
| Total current assets | 87,148,728 | 160,136,765 | 17,311,080 | 21,287,137 | 83,313,996 | 369,197,706 |
| NONCURRENT ASSETS | | | | | | |
| Long-term investments, net | 121,590,071 | 75,633,213 | 2,139,339 | - | 55,599,220 | 254,961,843 |
| Mortgage loans receivable, net | 1,584,206 | 949,391,055 | - | - | 568,637 | 951,543,898 |
| HOME program loans receivable | - | - | - | - | 633,449,922 | 633,449,922 |
| Other loans receivable, net | 58,659 | - | 904,166 | - | 13,496,508 | 14,459,333 |
| Capital assets, net | 3,612,477 | - | - | - | - | 3,612,477 |
| Total noncurrent assets | 126,845,413 | 1,025,024,268 | 3,043,505 | - | 703,114,287 | 1,858,027,473 |
| Total assets | \$ 213,994,141 | \$ 1,185,161,033 | \$ 20,354,585 | \$ 21,287,137 | \$ 786,428,283 | \$ 2,227,225,179 |

Georgia Housing and Finance Authority
(a component unit of the State of Georgia)

Schedule of Program Net Position
June 30, 2016

| | Administrative Program | Single Family Mortgage Revenue Programs | AHI | EDFI | Federal & State Assistance Programs | Total |
|---|---------------------------|--|----------------------|----------------------|--|-------------------------|
| LIABILITIES | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Mortgage bonds payable, current maturities | \$ - | \$ 30,775,000 | \$ - | \$ - | \$ - | \$ 30,775,000 |
| Accrued interest on bonds | - | 3,095,070 | - | - | - | 3,095,070 |
| Accounts payable and accrued expenses | 12,384,189 | 1,128,373 | 316,590 | 27,347 | 93,321 | 13,949,820 |
| Mortgage escrow deposits held | 50,338,597 | - | - | - | - | 50,338,597 |
| Revenue received in advance, current maturities | 2,299,843 | - | - | - | - | 2,299,843 |
| Program funds received in advance | 2,429,403 | - | 16,379,038 | 21,259,865 | 144,089,838 | 184,158,144 |
| Total current liabilities | 67,452,032 | 34,998,443 | 16,695,628 | 21,287,212 | 144,183,159 | 284,616,474 |
| NONCURRENT LIABILITIES | | | | | | |
| Mortgage bonds payable, net | - | 1,100,612,861 | - | - | - | 1,100,612,861 |
| Refundable program grants | - | - | - | - | 633,449,922 | 633,449,922 |
| Revenue received in advance, net | 21,800,571 | - | - | - | - | 21,800,571 |
| Total non-current liabilities | 21,800,571 | 1,100,612,861 | - | - | 633,449,922 | 1,755,863,354 |
| Total liabilities | 89,252,603 | 1,135,611,304 | 16,695,628 | 21,287,212 | 777,633,081 | 2,040,479,828 |
| NET POSITION | | | | | | |
| Invested in capital assets | 3,612,477 | - | - | - | - | 3,612,477 |
| Unrestricted | 121,129,061 | 49,549,729 | 3,658,957 | (75) | 8,795,202 | 183,132,874 |
| Total net position | 124,741,538 | 49,549,729 | 3,658,957 | (75) | 8,795,202 | 186,745,351 |
| Total liabilities and net position | <u>\$ 213,994,141</u> | <u>\$ 1,185,161,033</u> | <u>\$ 20,354,585</u> | <u>\$ 21,287,137</u> | <u>\$ 786,428,283</u> | <u>\$ 2,227,225,179</u> |

See Independent Auditor's Report.

Georgia Housing and Finance Authority
(a component unit of the State of Georgia)

Schedule of Program Revenues, Expenses, and Changes In Net Position
Year Ended June 30, 2016

| | Administrative Program | Single Family Mortgage Revenue Programs | AHI | EDFI | Federal & State Assistance Programs | Total |
|--|---------------------------|--|---------------------|----------------|--|-----------------------|
| OPERATING REVENUES | | | | | | |
| Interest on loans | \$ 22,441 | \$ 44,945,245 | \$ - | \$ - | \$ 234,702 | \$ 45,202,388 |
| Interest on investment securities | 2,525,224 | 4,163,834 | 40,175 | - | 807,504 | 7,536,737 |
| Net (decrease) increase in fair value of investments | 2,361,766 | (461,605) | 29,935 | - | 1,262,013 | 3,192,109 |
| Administrative fees: | | | | | | |
| Federal and state assistance programs | 13,720,704 | 127,130 | 5,329,967 | 384,229 | 33,807 | 19,595,837 |
| Single family trustee | 2,396,724 | - | - | - | - | 2,396,724 |
| Federal and state grant income | 2,008,776 | - | 29,244,886 | 6,305,913 | 56,839,568 | 94,399,143 |
| Other miscellaneous income | 1,336,871 | 36,098 | 1,164,114 | - | - | 2,537,083 |
| Total operating revenues | 24,372,506 | 48,810,702 | 35,809,077 | 6,690,142 | 59,177,594 | 174,860,021 |
| OPERATING EXPENSES | | | | | | |
| Interest on bonds | - | 41,136,642 | - | - | - | 41,136,642 |
| Mortgage servicing | 1,968,161 | 3,740,457 | - | - | 71,908 | 5,780,526 |
| Administrative | 14,766,343 | 2,416,284 | 4,204,321 | 381,458 | 152,346 | 21,920,752 |
| Federal and state grant expense | 407,000 | - | 31,918,045 | 6,305,913 | 56,944,874 | 95,575,832 |
| Professional fees | 273,341 | 1,037,601 | 40,000 | - | 12,962 | 1,363,904 |
| Other | 2,310,105 | 1,247 | 427,844 | 2,771 | 5,175 | 2,747,142 |
| Total operating expenses | 19,724,950 | 48,332,231 | 36,590,210 | 6,690,142 | 57,187,265 | 168,524,798 |
| Change in net position | 4,647,556 | 478,471 | (781,133) | - | 1,990,329 | 6,335,223 |
| Net position at beginning of year | 120,093,982 | 49,071,258 | 4,440,090 | (75) | 6,804,873 | 180,410,128 |
| Net position at end of year | <u>\$ 124,741,538</u> | <u>\$ 49,549,729</u> | <u>\$ 3,658,957</u> | <u>\$ (75)</u> | <u>\$ 8,795,202</u> | <u>\$ 186,745,351</u> |

See Independent Auditor's Report.

Georgia Housing and Finance Authority
(a component unit of the State of Georgia)

Schedule of Adjusted Net Worth and
Ginnie Mae Required Net Worth
June 30, 2016

Adjusted net work calculation:

| | |
|--|------------------------------|
| Total net position per financial statements at June 30, 2016 | \$ 186,745,351 |
| Less unacceptable assets for computation of adjusted net worth as set forth in Attachment A of the Audit Guide | <u>-</u> |
| Adjusted net worth at June 30, 2016 as defined by the Audit Guide | <u><u>\$ 186,745,351</u></u> |

Required net worth calculation:

| | |
|--|----------------------------|
| Unpaid principal balance and securities outstanding | \$ - |
| Outstanding balance and commitments authority issued and requested | <u>-</u> |
| Total outstanding portfolio and authority | <u>-</u> |
| Required net worth | <u>2,873,491</u> |
| Total required net worth | <u><u>\$ 2,873,491</u></u> |

Excess (deficit) net worth

| | |
|---|------------------------------|
| (Adjusted net worth - required net worth) | <u><u>\$ 183,871,860</u></u> |
|---|------------------------------|

Georgia Housing and Finance Authority
(a component unit of the State of Georgia)

Schedule of Required Insurance Calculation
June 30, 2016

Identification of Affiliated Ginnie Mae Issuers

Affiliated Ginnie Mae Issuers:

Georgia Housing and Finance Authority 58-1222605

Affiliated Issuers on same Insurance Policies:

None

Required Insurance Calculation

Servicing portfolio:

| | |
|-------------------------|-------------|
| Ginnie Mae | \$ - |
| Fannie Mae | 51,194,488 |
| Conventional (other) | 925,218,422 |
| Ginnie Mae subservicing | - |

| | |
|---------------------------|----------------|
| Total servicing portfolio | \$ 976,412,910 |
|---------------------------|----------------|

| | |
|---------------------------------|--------------|
| Required Fidelity Bond Coverage | \$ 1,495,516 |
|---------------------------------|--------------|

| | |
|---|--------------|
| Required Mortgage Servicing Errors and Omissions Coverage | \$ 1,495,516 |
|---|--------------|

Verification of Insurance Coverage

| | |
|------------------------|--------------|
| Fidelity Bond Coverage | \$ 1,500,000 |
|------------------------|--------------|

| | |
|--|--------------|
| Mortgage Servicing Errors and Omissions Coverage | \$ 1,500,000 |
|--|--------------|

Excess Insurance Coverage

| | |
|------------------------|----------|
| Fidelity Bond Coverage | \$ 4,484 |
|------------------------|----------|

| | |
|--|----------|
| Mortgage Servicing Errors and Omissions Coverage | \$ 4,484 |
|--|----------|

Ginnie Mae Loss Payable Endorsement

| | |
|------------------------|-----|
| Fidelity Bond Coverage | YES |
|------------------------|-----|

| | |
|--|-----|
| Mortgage Servicing Errors and Omissions Coverage | YES |
|--|-----|

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