

NEW ISSUE

This Official Statement has been prepared by the North Carolina Housing Finance Agency to provide information on the Series 62 Bonds. Selected information is presented on this cover page for the convenience of the user. To make an informed decision regarding the Series 62 Bonds, a prospective investor should read this Official Statement in its entirety. Unless indicated, capitalized terms used on this cover page have the meanings given in the Official Statement.



\$350,000,000
North Carolina Housing Finance Agency
Home Ownership Revenue Bonds, Series 62 (Non-AMT)
(1998 Trust Agreement)

Dated: Date of Delivery

Due: as shown on inside front cover

Tax Treatment

In the opinion of Bond Counsel and subject to the qualifications described herein, interest on the Series 62 Bonds (the "Series 62 Bonds") is excluded from gross income for federal tax purposes and is not treated as a preference item for purposes of calculating the alternative minimum tax, however interest on the Series 62 Bonds held by certain corporations is included in the corporation's "adjusted financial statement of income" for purposes of computing the federal alternative minimum tax on such corporations. The Series 62 Bonds are exempt from all income taxes of the State of North Carolina. See "TAX TREATMENT" herein for additional information including information regarding the tax treatment of the Series 62 Bonds.

Redemption

The Series 62 Bonds are subject to optional redemption, special redemption and mandatory redemption as described herein.

Security

The Series 62 Bonds are payable from and secured by a pledge of all Program Obligations, Revenues and Prepayments and certain other assets, on parity with outstanding Bonds heretofore or hereafter issued under the Trust Agreement. *The Series 62 Bonds do not constitute a debt, liability or obligation of the State of North Carolina or of any political subdivision thereof nor is the faith and credit or taxing power of the State of North Carolina or of any political subdivision thereof pledged to payment of the Series 62 Bonds.*

Interest Payment Dates

January 1 and July 1, commencing January 1, 2027.

Denominations

The Series 62 Bonds will be issuable in denominations of \$5,000 or any whole multiple thereof.

Closing/Date of Delivery

October 15, 2026.

Bond Counsel

Womble Bond Dickinson (US) LLP, Raleigh, North Carolina

Underwriters' Counsel

Bode, PLLC, Raleigh, North Carolina

Trustee and Paying Agent

The Bank of New York Mellon Trust Company, National Association, Jacksonville, Florida

The Series 62 Bonds are offered, when, as and if issued and received by the Underwriters, subject to prior sale and the opinion of Bond Counsel as to the validity, the tax treatment of interest on the Series 62 Bonds and certain other matters.

BofA Securities

RBC Capital Markets

Wells Fargo Securities

Morgan Stanley

Raymond James

The date of this Official Statement is September 29, 2026.

North Carolina Housing Finance Agency
\$350,000,000 Home Ownership Revenue Bonds, Series 62 (Non-AMT)
(1998 Trust Agreement)

SERIES 62 MATURITY SCHEDULE

\$71,475,000 Serial Bonds

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP[†]</u>
January 1, 2028	\$2,475,000	3.950%	100.000%	65820BFV3
July 1, 2028	2,675,000	4.000	100.000	65820BFW1
January 1, 2029	2,720,000	4.050	100.000	65820BFX9
July 1, 2029	2,770,000	4.100	100.000	65820BFY7
January 1, 2030	2,825,000	4.200	100.000	65820BFZ4
July 1, 2030	2,875,000	4.250	100.000	65820BGA8
January 1, 2031	2,935,000	4.300	100.000	65820BGB6
July 1, 2031	2,990,000	4.300	100.000	65820BGC4
January 1, 2032	3,050,000	4.350	100.000	65820BGD2
July 1, 2032	3,110,000	4.450	100.000	65820BGE0
January 1, 2033	3,175,000	4.550	100.000	65820BGF7
July 1, 2033	3,240,000	4.600	100.000	65820BGG5
January 1, 2034	3,310,000	4.650	100.000	65820BGH3
July 1, 2034	3,380,000	4.700	100.000	65820BGJ9
January 1, 2035	3,455,000	4.800	100.000	65820BGK6
July 1, 2035	3,530,000	4.900	100.000	65820BGL4
January 1, 2036	3,610,000	4.950	100.000	65820BGM2
July 1, 2036	3,695,000	5.000	100.000	65820BGN0
January 1, 2037	3,780,000	5.050	100.000	65820BGP5
July 1, 2037	3,865,000	5.100	100.000	65820BGQ3
January 1, 2038	3,960,000	5.125	100.000	65820BGR1
July 1, 2038	4,050,000	5.150	100.000	65820BGS9

\$5,715,000 5.200% Term Bonds maturing July 1, 2039 at 100.000% CUSIP 65820BGT7[†]
\$12,325,000 5.375% Term Bonds maturing July 1, 2041 at 100.000% CUSIP 65820BGU4[†]
\$37,685,000 5.600% Term Bonds maturing July 1, 2046 at 100.000% CUSIP 65820BGV2[†]
\$50,255,000 5.700% Term Bonds maturing July 1, 2051 at 100.000% CUSIP 65820BGW0[†]
\$67,105,000 5.750% Term Bonds maturing July 1, 2056 at 100.000% CUSIP 65820BGX8[†]
\$105,440,000 7.000% Term Bonds maturing January 1, 2058 at 110.783% CUSIP 65820BGY6[†]

[†] CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright © 2026 CUSIP Global Services. All rights reserved. CUSIP data herein is provided for convenience of reference only. The Agency, the Underwriters, and their respective agents do not take responsibility for the accuracy of such data. Also, investors should be aware that under certain circumstances the CUSIP identification number assigned to a maturity of the Series 62 Bonds may be changed to a new replacement number.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

No dealer, broker, salesperson or other person has been authorized by the North Carolina Housing Finance Agency or the Underwriters to give any information or to make any representations other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of the Series 62 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been provided by the North Carolina Housing Finance Agency and other sources believed to be reliable. Quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly stated, are intended merely as estimates or opinions and not as representations of fact.

The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the North Carolina Housing Finance Agency since the dates as of which information is given herein.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE SECURITIES OFFERED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or hyperlinks contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12 of the Securities and Exchange Commission.

The order and placement of materials in this Official Statement, including the Appendices, are not deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the attached Appendices, must be considered in its entirety.

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OFFICIAL STATEMENT
OF
NORTH CAROLINA HOUSING FINANCE AGENCY

\$350,000,000
North Carolina Housing Finance Agency
Home Ownership Revenue Bonds, Series 62 (Non-AMT)
(1998 Trust Agreement)

INTRODUCTION AND PURPOSE

This Official Statement (including the cover page and appendices hereto) has been prepared and is being distributed by the North Carolina Housing Finance Agency (the “Agency”) in order to furnish information in connection with the sale of the Agency’s Home Ownership Revenue Bonds, Series 62 (Non-AMT) (the “Series 62 Bonds”), being offered hereby in the aggregate principal amount of \$350,000,000 pursuant to the North Carolina Housing Finance Agency Act, being Chapter 122A of the General Statutes of North Carolina, as amended (the “Act”), the Trust Agreement, dated as of May 1, 1998, between the Agency and The Bank of New York Mellon Trust Company, National Association (hereinafter the “Trustee”), as amended and restated by the Amended and Restated Trust Agreement, dated as of August 1, 2023, as further amended by the First Amendment to the Amended and Restated Trust Agreement, dated as of November 1, 2023, between the Agency and the Trustee (the “Trust Agreement”), and a Sixty-Second Supplemental Trust Agreement, dated as of October 1, 2026, between the Agency and the Trustee (the “Sixty-Second Supplemental Trust Agreement”), authorizing the issuance of the Series 62 Bonds.

Except for bonds issued under the Trust Agreement that by the terms thereof are subordinate to the other bonds issued under the Trust Agreement, all bonds issued under the Trust Agreement will be equally and ratably secured by the pledges and covenants contained therein. All such bonds that are equally and ratably secured, including the prior series of bonds issued in the respective aggregate principal amounts and on the respective dates as described in “THE PROGRAM – Experience to Date Under The Program” herein, and the Series 62 Bonds are herein referred to as the “Bonds.” Information descriptive of the Series 62 Bonds which is included on the cover page and inside cover page hereof is part of this Official Statement.

The Series 62 Bonds are being underwritten and will be offered to the public by the Underwriters set forth on the cover page of this Official Statement.

All capitalized terms used in this Official Statement which are defined in the Trust Agreement shall have the same meanings as are set forth therein (see Appendix C – “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT AND THE SIXTY-SECOND SUPPLEMENTAL TRUST AGREEMENT – Definitions”). The summaries of and references to the Act, the Trust Agreement and the other statutes and documents referred to herein and the description of the Series 62 Bonds which are included in or attached to this Official Statement do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entirety by reference to each such document or statute, copies of which are available from the Agency upon request.

The Agency is a body politic and corporate constituting a public agency and instrumentality of the State of North Carolina (the “State”) which was created for the purpose of providing financing for residential housing for low and moderate income households. Pursuant to the Act, the Agency has established a housing program under the Trust Agreement (hereinafter referred to as the “Program”) under which the Agency is authorized to enter into agreements for the purchase of mortgage loans, mortgage-backed securities and other obligations made for the purpose of assisting in providing housing to low and moderate income households in the State. Under the Act, the Agency’s bonds are sold by the Local Government Commission of the State if it determines such sale to be for the best interest of the Agency and best effectuate the purposes of the Act, as long as the sale is approved by the Agency.

The Trust Agreement authorizes the issuance of Bonds thereunder for the purpose of paying the costs of the Program and for refunding certain bonds of the Agency. Generally, Bonds issued to pay the costs of the Program are

issued to finance the making or purchase by the Agency of “Program Loans” or “Program Securities.” Under the Trust Agreement, and as used herein, a “Program Loan” is an obligation made or purchased by the Agency in order to finance or otherwise provide housing principally on behalf of households of low and moderate income, and a “Program Security” is an obligation representing an interest in a pool of mortgage loans, which obligations are guaranteed or insured by a mortgage agency authorized by the Trust Agreement. As defined in the Trust Agreement and used herein, a “Program Obligation” is a Program Loan or a Program Security. Under the Trust Agreement and as used in this Official Statement, a “Series 62 Securitized Mortgage Loan” refers to a mortgage loan that is made to an eligible borrower to finance the purchase of a home, which mortgage loan is pooled into a Program Security that is purchased by the Agency with the proceeds of the Series 62 Bonds. See “Definitions” and “Program Fund” in Appendix C hereto.

The Trust Agreement further provides that the Supplemental Trust Agreement authorizing the issuance of a Series of Bonds shall direct whether the proceeds of such Series will be used to purchase Program Loans or Program Securities and, if Program Securities are to be purchased, the requirements therefor, including any insurance or guarantee requirements for the Program Securities that may be purchased. In the Sixty-Second Supplemental Trust Agreement, the Agency has provided that the new Program Securities that may be purchased with the proceeds of the Series 62 Bonds must be mortgage-backed securities issued by the Government National Mortgage Association (“Ginnie Mae”), Federal National Mortgage Association (“Fannie Mae”), or Federal Home Loan Mortgage Corporation (“Freddie Mac”), representing mortgage loans financing single family residential housing for households of low and moderate income in the State. In addition to the purchase of Program Securities with proceeds of the Series 62 Bonds, new Program Loans will be purchased with proceeds of the Series 62 Bonds that will be non-interest-bearing loans made to the borrowers of the related Series 62 Securitized Mortgage Loans to provide down payment assistance to such borrowers (“Series 62 DPA Loans”). Series 62 DPA Loans will be secured by a subordinate mortgage on the property purchased with the proceeds thereof, and the principal of such Program Loans will be forgiven if the borrower meets certain program requirements.

The proceeds of the Series 62 Bonds will be used by the Agency, together with any other available funds, to (a) purchase Program Obligations from Lenders to finance single family residential housing for households of low and moderate income in North Carolina, (b) purchase Series 62 DPA Loans as described herein, and (c) pay a portion of the costs of issuance of the Series 62 Bonds. For a more detailed discussion of the manner in which the Agency intends to apply the proceeds of the Series 62 Bonds, see “PLAN OF FINANCE” and “THE PROGRAM.”

The Series 62 Bonds and the interest thereon are payable solely from the Revenues and other moneys and assets pledged therefor under the Trust Agreement.

The Series 62 Bonds do not constitute a debt, liability or obligation of the State or any political subdivision thereof, nor is the faith and credit or the taxing power of the State or any political subdivision thereof pledged to payment of the Series 62 Bonds. The Agency has no taxing power.

PLAN OF FINANCE

The Series 62 Bonds will be issued as fixed rate bonds in denominations of \$5,000 or any whole multiple thereof. The proceeds of the Series 62 Bonds will be used, together with any other available funds, for the purchase by the Agency of the Program Obligations to finance single family residential housing.

Notwithstanding the provisions of the preceding paragraph, proceeds of the Series 62 Bonds deposited to the credit of the Series 62 Program Account may be withdrawn from time to time for a transfer to the Principal/Special Redemption Accounts created under the Trust Agreement in the amounts directed to the Trustee by the Agency, but only if there is an immediate deposit to the Series 62 Program Account of a like amount from funds held in the Principal/Special Redemption Accounts to which the transfer is made as more fully described under “SOURCES AND USES OF FUNDS.”

Purchase of New Program Securities

The Agency anticipates using approximately \$351.0 million of the proceeds of the Series 62 Bonds and transfers from other funds available under the Trust Agreement to fund the purchase by the Agency of Ginnie Mae Certificates, Fannie Mae Certificates and Freddie Mac Certificates securitizing new mortgage loans for home

ownership made to persons of low and moderate income in the State. Upon the purchase of such Certificates, the Certificates so purchased will be deposited to the Series 62 Program Account and will be Series 62 Program Securities for all purposes of the Trust Agreement as that term is used in this Official Statement.

Ginnie Mae, Fannie Mae and Freddie Mac may from time to time change their mortgage-backed securities programs and documents governing those programs. Alterations or amendments to Ginnie Mae, Fannie Mae or Freddie Mac mortgage-backed securities programs in such a way as to prevent Lenders from originating new mortgage loans to be securitized into Program Securities, reduce the volume of such new mortgage loans that can be originated and securitized, and/or prevent ServiSolutions from issuing or delivering new Program Securities to be purchased with proceeds of the Series 62 Bonds as contemplated by the Plan of Finance could result in the early redemption of the Series 62 Bonds before their maturity as described under “REDEMPTION OF THE SERIES 62 BONDS—Special Redemption.” See APPENDIX E for discussions of the current Ginnie Mae, Fannie Mae and Freddie Mac certificate programs.

The Sixty-Second Supplemental Trust Agreement also provides that the Agency may use the proceeds of the Series 62 Bonds to purchase Program Loans meeting the requirements of the Trust Agreement and the Sixty-Second Supplemental Trust Agreement, but at present the Agency does not intend to utilize the proceeds of the Series 62 Bonds for such purpose, other than the Series 62 DPA Loans described below.

Purchase of Series 62 DPA Loans

The Agency anticipates using approximately \$23.9 million of the proceeds of the Series 62 Bonds and transfers from other funds available under the Trust Agreement to purchase Series 62 DPA Loans. The program features associated with the Series 62 DPA Loans are being implemented in reliance upon the provisions of the Trust Agreement, which permits the Agency, in its discretion, to reduce the amounts collected under any Program Loan in order to comply with the requirements of the federal income tax laws applicable to the Series 62 Bonds.

Series 62 DPA Loans will be made to borrowers in connection with the making of a related Series 62 Securitized Mortgage Loan. Series 62 DPA Loans will be secured by the acquired real property by a mortgage that is subordinate to the related Series 62 Securitized Mortgage Loan and may be subordinate to other mortgages on the real property. Series 62 DPA Loans will be non-interest bearing loans and may be subject to automatic reductions in principal upon the occurrence of certain specified events, as appropriate to carry out the Agency’s programmatic objectives to be accomplished through the Series 62 DPA Loans. Series 62 DPA Loans are not required to be insured or guaranteed pursuant to any federal or private mortgage insurance or guaranty program.

Initially, Series 62 DPA Loans will be expected to be made to each borrower in the amount of \$15,000. It is the intention of the Agency that no principal on the Series 62 DPA Loans will be due during the first fifteen years of such loan unless (1) the property purchased with such loan is sold during such period, (2) the Series 62 Securitized Mortgage Loan related to the Series 62 DPA Loan is refinanced, or (3) there is a default under the Series 62 Securitized Mortgage Loan related to the Series 62 DPA Loan. If the events described in the preceding sentence do not occur as of the applicable date, 20% of the original principal of the Series 62 DPA Loans will be reduced on each of the eleventh, twelfth, thirteenth, fourteenth and fifteenth anniversaries of the origination of the Series 62 DPA Loan.

Until the principal of a Series 62 DPA Loan is completely forgiven, the Series 62 DPA Loan will be a “Program Loan” for purposes of the Trust Agreement and will be subject to the pledge of the Program Loans to secure payment of the Bonds issued under the Trust Agreement. Any payments on the Series 62 DPA Loans (which would consist only of payments received if the principal of the Series 62 DPA Loan becomes due during the first fifteen years because the acquired property is sold, the related Series 62 Securitized Mortgage Loan is refinanced or there is a default and foreclosure on the Series 62 Securitized Mortgage Loan) will constitute “Prepayments” and will be applied as provided below under “SECURITY FOR AND SOURCES OF PAYMENT OF THE SERIES 62 BONDS.”

Series 62 Program Obligations

The Sixty-Second Supplemental Trust Agreement creates a special account of the Program Fund designated the “Series 62 Program Account.” Upon the issuance of the Series 62 Bonds, the proceeds of the Series 62 Bonds and

other funds to be used to purchase Program Obligations and pay related costs will be deposited to the credit of the Series 62 Program Account.

SOURCES AND USES OF FUNDS

The proceeds to be received from the sale of the Series 62 Bonds, together with other available moneys, shall be applied approximately as follows:

Sources of Funds:

Principal Amount of Series 62 Bonds	\$350,000,000.00
Original Issue Premium of Series 62 Bonds	11,369,595.20
Transfer from Other Available Agency Funds	<u>13,563,554.80</u>
Total Sources	<u>\$374,933,150.00</u>

Uses of Funds:

Series 62 Program Account	<u>\$374,933,150.00</u>
Total Uses	<u>\$374,933,150.00</u>

Note: The Agency will pay the costs of issuing the Series 62 Bonds from funds available to the Agency.

Of the amounts deposited in the Series 62 Program Account used to purchase Program Obligations, using proceeds from the Series 62 Bonds and additional funds related thereto deposited in the Series 62 Program Account, approximately \$147.8 million is expected to be used to acquire approximately \$147.0 million in principal amount of Ginnie Mae Certificates at a weighted average purchase price equal to approximately 100.6% of the principal amount thereof, and approximately \$203.2 million is expected to be used to acquire approximately \$203.0 million in principal amount of Fannie Mae Certificates and Freddie Mac Certificates at a weighted average purchase price equal to approximately 100.1% of the principal amount thereof, and approximately \$23.9 million is expected to be used to acquire approximately \$23.9 million in principal amount of Series 62 DPA Loans at a weighted average purchase price equal to approximately 100.0% of the principal amount thereof.

Upon the issuance of the Series 62 Bonds, certain of the proceeds of the Series 62 Bonds deposited to the Series 62 Program Account may be transferred to funds and accounts under the Trust Agreement designated to be used to pay at maturity or redeem Bonds previously issued under the Trust Agreement. Upon such transfer, a like amount of funds will be transferred from the recipient funds and accounts to the Series 62 Program Account to be used to purchase Program Securities and DPA Loans. For federal tax law purposes, such use of the proceeds of the Series 62 Bonds constitutes a current refunding by the Series 62 Bonds of the Bonds so paid at maturity or redeemed.

SECURITY FOR AND SOURCES OF PAYMENT OF THE SERIES 62 BONDS

Pledge Created Under the Trust Agreement

The Series 62 Bonds are special obligations of the Agency payable from the following moneys and assets of the Agency, which are pledged in the manner and to the extent provided under the Trust Agreement for the payment of the Bonds:

1. All Program Obligations, Revenues, Program Obligation Accrued Interest, Financing Fees and Prepayments (as such terms are defined in the Trust Agreement), and all moneys, securities and funds and accounts held or set aside pursuant to the Trust Agreement; and

2. All money and securities held by or on behalf of the Trustee in all of the funds, accounts or subaccounts established pursuant to the Trust Agreement, except those funds, accounts and subaccounts that are expressly pledged in a Supplemental Trust Agreement as security only for a specified Series of Bonds and a Special Debt Service Reserve Account (as defined in the Trust Agreement), and except money and securities held by or on behalf of the Trustee in the Revenue Reserve Refunding Account of the Revenue Reserve Fund and the TBA Loan Administration Fund as described below.

For further information, see the subcaptions “Pledge” and “Application of Revenues and Other Moneys” in Appendix C.

Application of Revenues and Certain Other Funds

Pursuant to the Trust Agreement, the Agency has created, among other things, the Revenue Fund and the Bond Service Fund, and within the Bond Service Fund an “Interest Account” and a “Principal Account.” In addition, pursuant to the Trust Agreement, a special account in the Bond Service Fund has been or will be created for each Series of Bonds designated the “Principal/Special Redemption Account” for the Series. The Sixty-Second Supplemental Trust Agreement creates the “Series 62 Principal/Special Redemption Account” for the Series 62 Bonds.

All payments of principal and interest on the Series 62 Program Obligations, other than Prepayments on Series 62 DPA Loans, which shall be applied as provided below, shall be collected by or on behalf of the Agency and deposited as received in the name of the Trustee. Upon receipt, the Trustee shall apply the amounts received as follows:

- (1) All amounts comprising the payment of interest on the Series 62 Program Obligations shall be deposited to the credit of the Revenue Fund.
- (2) All other amounts received shall be deposited to the credit of the Series 62 Principal/Special Redemption Account.

Amounts deposited to the Revenue Fund shall be applied as provided in the Trust Agreement and described in Appendix C under “Periodic Withdrawals from Revenue Fund.” The first use of such amounts is to make the next interest payment on the Bonds issued under the Trust Agreement.

Amounts deposited to the Series 62 Principal/Special Redemption Account shall be applied as follows, in the following order of priority:

- (1) The amount, if any, needed to increase the amount in the Principal Account so that the amount in the Principal Account funded from (i) transfers from the Series 62 Principal/Special Redemption Account and (ii) Prepayments on Series 62 DPA Loans deposited directly to the Principal Account to be used to pay principal on the Series 62 Bonds is the amount sufficient to pay the principal of all Series 62 Bonds maturing within the next six months shall be transferred to the Principal Account.
- (2) The amount, if any, needed to increase the amount in the Principal Account so that the amount in the Principal Account funded from (i) transfers from the Series 62 Principal/Special Redemption Account and (ii) Prepayments on DPA Loans deposited directly to the Principal Account to be used to pay principal on the Series 62 Bonds is the amount sufficient to meet the Sinking Fund Requirements of the Series 62 Bonds to be redeemed within the next six months shall be transferred to the Principal Account.
- (3) Following the transfers described in (1) and (2), the amount, if any, needed to increase the amount in the Series 62 Principal/Special Redemption Account so that the amount on deposit therein is sufficient to redeem Series 62 Bonds maturing January 1, 2058 bearing interest at a rate of 7.000% (the “Series 62 PAC Bonds”) up to the amounts described under “REDEMPTION OF SERIES 62 BONDS – Special Redemption” shall be used for that purpose.
- (4) At the direction of the Agency, to (a) redeem additional Series 62 Bonds; (b) redeem Bonds other than Series 62 Bonds, to the extent the Supplemental Trust Agreement authorizing the issuance of such Bonds allows for such Bonds to be redeemed from such amounts; or (c) to purchase additional Program Obligations that meet the requirements of the Sixty-Second Supplemental Trust Agreement.

Revenue Reserve Fund and Accounts

The Trust Agreement creates a special fund designated the “Revenue Reserve Fund,” and within the Revenue Reserve Fund special accounts designated the “Revenue Funded Account,” the “Revenue Reserve Equity Account,” and the “Revenue Reserve Refunding Account.”

To the extent that Revenues are not needed for debt service, to fund or make up a deficiency in the Debt Service Reserve Fund or for the other purposes provided for by the Trust Agreement, they are required to be deposited to the credit of the Revenue Funded Account of the Revenue Reserve Fund. As of June 30, 2026, there was on deposit in the Revenue Funded Account of the Revenue Reserve Fund \$92,578,000 in cash and investments derived from revenues (such amount does not include amounts on deposit in the Revenue Reserve Equity Account as described below).

Moneys held in the Revenue Funded Account of the Revenue Reserve Fund are pledged to secure the payment of the Bonds and may be used to pay when due the principal of and interest on the Bonds if at any time the moneys otherwise available for such payment or retirement, other than moneys held in the Debt Service Reserve Fund, are insufficient for such purpose. Any moneys so used can only be restored from Revenues in excess of Revenues necessary to pay debt service on the Bonds and not necessary to make up any deficiency in the Debt Service Reserve Fund.

Under certain circumstances, moneys in the Revenue Funded Account of the Revenue Reserve Fund may be (i) used to fund any required payments under an interest rate swap agreement, including termination payments, in the event that the Revenues are not sufficient for such purpose, (ii) used to make any payments required to be made to comply with applicable covenants made by the Agency regarding the exclusion of interest on the Bonds from federal income taxation, (iii) transferred, at the option of the Agency, to a Special Redemption Account, (iv) used to pay Operating Expenses of the Program, (v) transferred to the Optional Redemption Account or any Special Redemption Account created by a Supplemental Trust Agreement, (vi) used to pay costs of issuance of a new series of bonds or to purchase additional Program Obligations, (vii) used for any other purpose authorized by the Trust Agreement or (viii) transferred to the Agency's General Fund. See the subcaptions “Application of Revenues and Other Moneys” and “Revenue Reserve Fund” in Appendix C.

In addition, the Trust Agreement provides that the Agency may from time to time deposit any money available to the Agency to any Fund or Account created under the Trust Agreement. Pursuant to this provision, the Agency has created a separate account of the Revenue Reserve Fund designated the “Revenue Reserve Equity Account.” Amounts deposited to the Revenue Reserve Equity Account are derived from sources other than Revenues. Amounts in the Revenue Reserve Equity Account are subject to all provisions of the Trust Agreement regarding the Revenue Reserve Fund, including the application of moneys in the Revenue Reserve Fund (since amounts deposited to the Revenue Reserve Equity Account are not derived from Revenues, such amounts may not be used for a Special Redemption of Bonds from excess Revenues). As of June 30, 2026, \$36,466,000 was on deposit in cash and investments in the Revenue Reserve Equity Account.

In addition, the Agency has also deposited to the credit of the Revenue Refunding Account of the Revenue Reserve Fund additional funds and assets made available to the Agency from the refunding of Bonds of the Agency issued under other Resolutions or Trust Agreements, following the discharge of all obligations under such other Resolutions or Trust Agreements. Such funds and other assets are not pledged to secure payment of any Bonds issued under the Trust Agreement, the amounts received thereunder do not constitute Revenues under the Trust Agreement and the Owners of the Bonds do not have any rights in respect thereto. While in the Revenue Refunding Account of the Revenue Reserve Fund, however, such amounts may be used for any purpose described in this section (including transfer to the Agency's General Fund), other than for transfer to a Special Redemption Account for the redemption of Bonds from surplus Revenues in the Revenue Reserve Fund

Insurance Reserve Fund

The Trust Agreement creates an Insurance Reserve Fund for the additional security of the Bonds issued thereunder. The Trust Agreement provides that each Supplemental Trust Agreement providing for the issuance of Bonds shall specify the Insurance Reserve Requirement with respect to such Bonds and the manner in which such requirement is to be funded. **The Sixty-Second Supplemental Trust Agreement provides that there shall not be**

any Insurance Reserve Requirement with respect to the Series 62 Program Obligations and losses with respect to any Series 62 Program Loans will not be funded from transfers from the Insurance Reserve Fund.

At present there are no funds on deposit in the Insurance Reserve Fund, as there are currently no bond series outstanding that have a reserve requirement.

Additional Bonds

The Trust Agreement authorizes the issuance of additional Bonds by the Agency, under the circumstances set forth in the Trust Agreement. Such additional Bonds may be issued to finance additional costs of the Program, to refund outstanding bonds issued under the Trust Agreement or issued under other resolutions or indentures other than the Trust Agreement, or for other purposes set forth in the Trust Agreement. In order to issue additional Bonds under the Trust Agreement, the Agency must comply with the provisions of a Supplemental Trust Agreement executed in connection with the additional Bonds, which Supplemental Trust Agreement must be authorized by the Commission and must contain the terms and provisions of the additional Bonds. The additional Bonds must not materially and adversely affect the ability of the Agency to pay the principal of, Sinking Fund Requirements and interest on the Bonds then outstanding. Such additional Bonds, together with the Bonds issued and outstanding under the Trust Agreement, including the Series 62 Bonds, would be equally and ratably secured by the moneys and assets which are pledged for the payment of all of the Bonds issued under the Trust Agreement and would be entitled to the equal benefit and protection of the provisions, covenants and agreements of the Trust Agreement.

Investments

The Trust Agreement provides that funds held thereunder may be invested in investments permitted by the Trust Agreement. For a complete description of investments that are permitted, see the definition of “Investment Obligations” in Appendix C.

Funds held under the Trust Agreement are currently invested in other investments, principally consisting of Government Obligations, and a commingled short-term Investment Fund maintained by the North Carolina State Treasurer.

Historically, the Agency utilized investment agreements and repurchase agreements for the investment of a significant amount of Program Funds, Revenues and Prepayments and Reserve Funds under the Trust Agreement. More recently, the Agency has opted to invest these funds at attractive rates of return in the instruments described above. If market conditions warrant, the Agency may return to a broader use of investment and repurchase agreements permitted by the Trust Agreement.

Debt Service Reserve Fund

The Trust Agreement provides for a Debt Service Reserve Fund for the security of the Bonds issued thereunder under certain circumstances. The Trust Agreement provides that the use of the Debt Service Reserve Fund will be determined on a Series-by-Series basis. At present there are no funds on deposit in the Debt Service Reserve Fund, as there are currently no bond series outstanding that have a debt service reserve requirement. There shall not be any requirement for Debt Service Reserve Fund Requirement for the Series 62 Bonds.

TBA Loan Administration Fund

In addition, the Agency has established within the Revenue Reserve Fund a special account called the “TBA Loan Administration Account” to which the Agency may deposit or withdraw from time to time cash or investments of cash in connection with the administration by the Agency of the single family homeownership program being carried out by the Agency utilizing mortgage-backed securities issued by Fannie Mae, Ginnie Mae and Freddie Mac and sold in the secondary market. Cash or other assets held in the TBA Loan Administration Account are not pledged to secure payment of any Bonds issued under the Trust Agreement and the amounts received thereunder do not constitute Revenues under the Trust Agreement, and such cash and other assets do not provide security for the Bonds and the Owners of the Bonds shall have no rights in respect thereto.

DESCRIPTION OF THE SERIES 62 BONDS

General

The Series 62 Bonds will be dated October 15, 2026. The Series 62 Bonds will be issuable only in book-entry form as fully registered bonds and will be subject to the provisions of the book-entry-only system as described in Appendix D — “BOOK-ENTRY-ONLY SYSTEM.” Purchases of the Series 62 Bonds will be made in the denominations of \$5,000 or any whole multiple thereof.

The Trustee, The Bank of New York Mellon Trust Company, National Association, Jacksonville, Florida, will perform, with respect to the Series 62 Bonds, the fiduciary duties for the Owners, such as maintaining the Funds and Accounts established under the Trust Agreement. In addition, the Trustee shall perform the duties of bond registrar, including the keeping of the registration books, the authentication of the Series 62 Bonds upon original issuance and upon subsequent exchange or transfer, the exchange and transfer of the Series 62 Bonds, and the payment of the principal or redemption price of and interest on the Series 62 Bonds subject to the provisions relating to the book-entry-only system, as described in Appendix D.

The Series 62 Bonds will bear interest (computed on the basis of a 360-day year consisting of twelve 30-day months) from their date of delivery until payment thereof, such interest to the maturity thereof being payable on January 1, 2027 and semiannually thereafter on July 1 and January 1 in each year. Interest payable on the Series 62 Bonds on each Interest Payment Date shall be paid to the registered owner thereof as of the close of business on the Record Date for such Interest Payment Date, which shall be the fifteenth day of the calendar month preceding such Interest Payment Date (whether or not such day is a business day).

REDEMPTION OF SERIES 62 BONDS

The Series 62 Bonds shall not be subject to prior redemption except as provided in the Sixty-Second Supplemental Trust Agreement and the Trust Agreement.

Optional Redemption

The Series 62 Bonds are subject to redemption prior to their maturity, at the option of the Agency, either in whole or in part on any date on or after July 1, 2034. Except for the Series 62 PAC Bonds, any such optional redemption shall be at a redemption price equal to 100% of the principal amount of the Series 62 Bonds to be redeemed, plus accrued interest to the redemption date. If any of the Series 62 PAC Bonds are optionally redeemed as provided in this subsection, any such optional redemption shall be at a redemption price of the principal amount thereof, plus accrued interest, plus the unamortized premium thereon as of the date of optional redemption, to be determined by the Agency based on the effective interest rate amortization of the original issue premium on the Series 62 PAC Bonds between the date of issue and July 1, 2038, on and after which date there shall be no redemption premium.

Any such optional redemption shall be from any moneys on hand, held for the credit of the Optional Redemption Account on or before the date fixed for redemption, including, without limitation, the proceeds of any refunding Bonds issued pursuant to the Trust Agreement, upon receipt of an Officer’s Certificate as provided in the Trust Agreement, in such manner as the Agency in its discretion may determine, and upon notice as provided in the Trust Agreement.

Mandatory Sinking Fund Redemption of Series 62 Bonds

The Series 62 Term Bonds maturing on July 1, 2039 are subject to mandatory sinking fund redemption by lot on January 1, 2039 and July 1, 2039, in the principal amounts set forth below from moneys deposited to the credit

of the Series 62 Principal/Special Redemption Account, at a Redemption Price equal to 100% of the principal amount of the Series 62 Term Bonds to be redeemed, plus accrued interest to the redemption date:

<u>Date</u>	<u>Amount</u>
January 1, 2039	\$2,840,000
July 1, 2039*	2,875,000

*Maturity

The Series 62 Term Bonds maturing on July 1, 2041 are subject to mandatory sinking fund redemption by lot on January 1, 2040 and on each July 1 and January 1 thereafter, in the principal amounts set forth below from moneys deposited to the credit of the Series 62 Principal/Special Redemption Account, at a Redemption Price equal to 100% of the principal amount of the Series 62 Term Bonds to be redeemed, plus accrued interest to the redemption date:

<u>Date</u>	<u>Amount</u>
January 1, 2040	\$2,955,000
July 1, 2040	3,035,000
January 1, 2041	3,125,000
July 1, 2041*	3,210,000

*Maturity

The Series 62 Term Bonds maturing on July 1, 2046 are subject to mandatory sinking fund redemption by lot on January 1, 2042 and on each July 1 and January 1 thereafter, in the principal amounts set forth below from moneys deposited to the credit of the Series 62 Principal/Special Redemption Account, at a Redemption Price equal to 100% of the principal amount of the Series 62 Term Bonds to be redeemed, plus accrued interest to the redemption date:

<u>Date</u>	<u>Amount</u>
January 1, 2042	\$3,300,000
July 1, 2042	3,400,000
January 1, 2043	3,495,000
July 1, 2043	3,600,000
January 1, 2044	3,700,000
July 1, 2044	3,810,000
January 1, 2045	3,920,000
July 1, 2045	4,035,000
January 1, 2046	4,155,000
July 1, 2046*	4,270,000

*Maturity

The Series 62 Term Bonds maturing on July 1, 2051 are subject to mandatory sinking fund redemption by lot on January 1, 2047 and on each July 1 and January 1 thereafter, in the principal amounts set forth below from moneys deposited to the credit of the Series 62 Principal/Special Redemption Account, at a Redemption Price equal

to 100% of the principal amount of the Series 62 Term Bonds to be redeemed, plus accrued interest to the redemption date:

<u>Date</u>	<u>Amount</u>
January 1, 2047	\$4,395,000
July 1, 2047	4,525,000
January 1, 2048	4,660,000
July 1, 2048	4,795,000
January 1, 2049	4,940,000
July 1, 2049	5,085,000
January 1, 2050	5,230,000
July 1, 2050	5,380,000
January 1, 2051	5,540,000
July 1, 2051*	5,705,000

*Maturity

The Series 62 Term Bonds maturing on July 1, 2056 are subject to mandatory sinking fund redemption by lot on January 1, 2052 and on each July 1 and January 1 thereafter, in the principal amounts set forth below from moneys deposited to the credit of the Series 62 Principal/Special Redemption Account, at a Redemption Price equal to 100% of the principal amount of the Series 62 Term Bonds to be redeemed, plus accrued interest to the redemption date:

<u>Date</u>	<u>Amount</u>
January 1, 2052	\$5,870,000
July 1, 2052	6,040,000
January 1, 2053	6,220,000
July 1, 2053	6,400,000
January 1, 2054	6,590,000
July 1, 2054	6,785,000
January 1, 2055	6,985,000
July 1, 2055	7,190,000
January 1, 2056	7,400,000
July 1, 2056*	7,625,000

*Maturity

The Series 62 PAC Bonds are subject to mandatory sinking fund redemption by lot on January 1, 2039 and on each July 1 and January 1 thereafter, in the principal amounts set forth below from moneys deposited to the credit of the Series 62 Principal/Special Redemption Account, at a Redemption Price equal to 100% of the principal amount of the Series 62 PAC Bonds to be redeemed, plus accrued interest to the redemption date:

[Table appears on following page]

<u>Date</u>	<u>Amount</u>
January 1, 2039	\$1,310,000
July 1, 2039	1,390,000
January 1, 2040	1,430,000
July 1, 2040	1,475,000
January 1, 2041	1,515,000
July 1, 2041	1,560,000
January 1, 2042	1,605,000
July 1, 2042	1,650,000
January 1, 2043	1,700,000
July 1, 2043	1,745,000
January 1, 2044	1,800,000
July 1, 2044	1,850,000
January 1, 2045	1,905,000
July 1, 2045	1,960,000
January 1, 2046	2,015,000
July 1, 2046	2,075,000
January 1, 2047	2,135,000
July 1, 2047	2,200,000
January 1, 2048	2,260,000
July 1, 2048	2,330,000
January 1, 2049	2,395,000
July 1, 2049	2,465,000
January 1, 2050	2,540,000
July 1, 2050	2,615,000
January 1, 2051	2,690,000
July 1, 2051	2,770,000
January 1, 2052	2,850,000
July 1, 2052	2,935,000
January 1, 2053	3,020,000
July 1, 2053	3,110,000
January 1, 2054	3,200,000
July 1, 2054	3,295,000
January 1, 2055	3,390,000
July 1, 2055	3,495,000
January 1, 2056	3,595,000
July 1, 2056	3,700,000
January 1, 2057	11,655,000
July 1, 2057	9,315,000
January 1, 2058*	495,000

*Maturity

Special Redemption

General. Except as hereinafter provided, the Series 62 Bonds may be redeemed pursuant to an Officer's Certificate in whole or in part on any date from (i) unexpended proceeds of the Series 62 Bonds, (ii) amounts deposited in the Series 62 Principal/Special Redemption Account as provided in the Sixty-Second Supplemental Trust Agreement and the Trust Agreement, (iii) excess Revenues transferred from the Revenue Reserve Fund pursuant to the Trust Agreement, (iv) moneys withdrawn from the Proceeds Reserve Account of the Debt Service Reserve Fund in connection with an excess over the Debt Service Reserve Requirement and (v) Non-Series 62 Principal Reduction Payments. Except as provided below with respect to the Series 62 PAC Bonds, any such redemption shall be at a price of 100% of the principal amount thereof, plus accrued interest to the date of redemption.

Unexpended Proceeds. Unexpended proceeds of the Series 62 Bonds may be transferred, pursuant to the Trust Agreement, from the Series 62 Program Account to the Series 62 Principal/Special Redemption Account and applied by the Trustee to the special redemption of Series 62 Bonds on any date directed by the Agency. In such

event, the Series 62 Bonds to be so redeemed shall be selected pro rata by maturity in proportion to the principal amount of each maturity outstanding, unless the Agency files with the Trustee prior to the date of redemption, a notice of intent to redeem such Series 62 Bonds on other than a pro rata basis. In the event that any Series 62 PAC Bonds are redeemed from unexpended proceeds pursuant to the Sixty-Second Supplemental Trust Agreement, such special redemption shall be at a redemption price of the principal amount thereof, plus accrued interest, plus the unamortized premium thereon as determined by the Agency by an effective interest rate amortization of the original issue premium on the Series 62 PAC Bonds being redeemed between the date of issue and the date of redemption.

Series 62 PAC Bonds. Amounts deposited to the Series 62 Principal/Special Redemption Account during each semi-annual period ending January 1 or July 1 that are not used to pay maturing principal or mandatory sinking fund redemptions on the Series 62 Bonds on the next January 1 or July 1 shall be applied to the special redemption of the Series 62 PAC Bonds (at a redemption price of 100% of the principal amount thereof, plus accrued interest to the date of redemption) on one or more days during the period, provided that after giving effect to such redemption and giving effect to the payment at scheduled maturity or mandatory sinking fund redemption of Series 62 PAC Bonds on the next January 1 or July 1, the aggregate principal amount of Series 62 PAC Bonds on a redemption date of January 1 or July 1 shall not be less than the related Target Outstanding Series 62 PAC Bond Amount set forth in the table below. The amounts in the following table are derived from certain assumptions related to the Series 62 Program Obligations, including the assumption that all of the prepayments on such Series 62 Program Obligations are received at a rate equal to 75% of the SIFMA Standard Prepayment Model (with the exception of the Series 62 DPA Loans, the prepayments on which are not included).

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<u>Semi-Annual Period Ending</u>	<u>Target Outstanding Series 62 PAC Bond Amount</u>
Date of Issuance	\$105,440,000
January 1, 2027	105,440,000
July 1, 2027	105,335,000
January 1, 2028	104,270,000
July 1, 2028	101,665,000
January 1, 2029	97,545,000
July 1, 2029	91,975,000
January 1, 2030	85,125,000
July 1, 2030	77,890,000
January 1, 2031	70,850,000
July 1, 2031	64,015,000
January 1, 2032	57,380,000
July 1, 2032	50,950,000
January 1, 2033	44,710,000
July 1, 2033	38,660,000
January 1, 2034	32,800,000
July 1, 2034	27,125,000
January 1, 2035	21,630,000
July 1, 2035	16,305,000
January 1, 2036	11,755,000
July 1, 2036	7,985,000
January 1, 2037	4,870,000
July 1, 2037	2,290,000
January 1, 2038	160,000
July 1, 2038	-

In the event that the amounts deposited in the Series 62 Principal/Special Redemption Account are insufficient during any period set forth above to permit the special redemption of the Series 62 PAC Bonds in the amount described, unless the Series 62 PAC Bonds are called for special redemption from other permitted sources,

the amounts of the Series 62 PAC Bonds shall continue to be subject to special redemption from future amounts when deposited in the Series 62 Principal/Special Redemption Account.

In the event any Series 62 Bonds are redeemed from unexpended proceeds of the Series 62 Bonds pursuant to the provision titled Unexpended Proceeds above, the Target Outstanding Series 62 Bond Amount for each date in the tables set forth above after the date of redemption shall be reduced proportionately by a fraction, the numerator of which is the amount of Series 62 Bonds redeemed and the denominator of which is the original aggregate principal amount of the Series 62 Bonds, provided, that the amount of the reduction for each date may be rounded to an authorized denomination of the Series 62 Bonds.

After the amount of Series 62 PAC Bonds required to be redeemed during any period as described above have been called for special redemption in any semiannual period, if additional amounts deposited in the Series 62 Principal/Special Redemption Account are required pursuant to the requirements of clause (iv) of Section 143(a)(2)(A) of the Code to be used to redeem Series 62 Bonds (sometimes referred to as the “Ten Year Rule”), such amounts shall be applied to redeem the Series 62 PAC Bonds if at the time there are no Outstanding Series 62 Bonds other than the Series 62 PAC Bonds.

After the amount of Series 62 PAC Bonds required to be redeemed during any period as described above have been called for special redemption in any semiannual period as described above in accordance with the “Target Outstanding Series 62 PAC Bond Amount” table, any additional amounts deposited in the Series 62 Principal/Special Redemption Account during the period may be applied by the Agency to redeem the Series 62 Bonds other than the Series 62 PAC Bonds, except as described below under “Special Provisions for the Series 62 PAC Bonds.” The Series 62 Bonds to be so redeemed shall be selected pro rata by maturity among such Series 62 Bonds to be redeemed in proportion to the principal amount of each maturity outstanding, unless the Agency files with the Trustee prior to the date of redemption, a direction to redeem such Series 62 Bonds on other than a pro rata basis.

Projected Weighted Average Lives of the Series 62 PAC Bonds. The “projected weighted average life” of a security refers to the average amount of time that is projected to elapse from the date of delivery of such security to the date of projected payment to the investor of each dollar paid to reduce the principal of such security (assuming no losses). The projected weighted average life of a security is determined by (a) multiplying each projected reduction, if any, of the outstanding amount of such security by the number of years from the date of delivery of such security to the related redemption date or maturity date, (b) adding the results and (c) dividing the sum by the initial outstanding amount of such security.

The calculation of the projected weighted average lives of the Series 62 PAC Bonds requires the making of certain assumptions (collectively, the “Portfolio Assumptions”) with respect, but not limited, to the future financing and prepayment of Program Obligations as well as certain assumptions (collectively, the “Agency Option Assumptions”), with respect, but not limited to, the future use by the Agency of its options under the Trust Agreement related to: (a) the repayments and Prepayments on the new Series 62 Program Securities; (b) the application of repayments, Prepayments, and excess revenues related to other Series to the redemption of the Series 62 PAC Bonds; and (c) the optional redemption of all or a portion of the Series 62 PAC Bonds on July 1, 2034 from any source.

Set forth in the table captioned “Projected Average Lives (in years)” (the “Table”) are projected weighted average lives for the Series 62 PAC Bonds under a number of different scenarios, each such scenario representing a unique combination of assumptions, as described below. Both the Portfolio Assumptions and the Agency Option Assumptions are hypothetical in nature and are provided only to give a general sense of how the weighted average lives of the Series 62 PAC Bonds might behave as such assumptions are varied. The actual characteristics and the performance of the Program Obligations (including, without limitation, prepayments thereof) will differ from the Portfolio Assumptions utilized in constructing the Table, and the actual use of options under the Trust Agreement by the Agency will differ from the Agency Option Assumptions utilized in constructing the Table.

Any difference between such Portfolio Assumptions and the actual characteristics and performance of the Program Obligations or between the Agency Option Assumptions and the actual use of such options will cause the actual weighted average lives of the respective Series 62 PAC Bonds to differ (which difference could be significant) from the projected weighted average lives in the Table. Accordingly, the Agency makes no representation as to the reasonableness of any of such assumptions and makes no representation that the projected average lives set forth in the Table will reflect the actual course of events. The Agency Option Assumptions are not necessarily consistent

with the current or historical approach of the Agency to recycling and selecting Bonds to be redeemed, and they are not binding upon or necessarily indicative of future actions of the Agency with respect to the redemption of the Bonds.

All of the scenarios represented in the Table with respect to the Series 62 PAC Bonds are based on the assumptions that the Program Securities held in the Series 62 Program Account will consist of approximately \$147.0 million of Ginnie Mae Certificates, and \$203.0 million of Fannie Mae Certificates and Freddie Mac Certificates, all securitizing loans with a weighted average interest rate of approximately 6.750% and a weighted average remaining term of approximately 360 months. In developing the scenarios represented in the Table, no principal payments or Prepayments of the approximately \$23.9 million Series 62 DPA Loans are assumed.

Each of the scenarios represented in the Table is based on an indicated prepayment assumption, in each case expressed as a percentage of the PSA Prepayment Model. As used in the Table, for example, (a) “0%” assumes no prepayments of the principal of the applicable Program Loans, (b) “50%” assumes the principal of the applicable Program Loans will prepay at a rate one-half times as fast as the prepayment rates for one hundred percent (100%) of the PSA Prepayment Model, (c) “200%” assumes the principal of the applicable Program Loans will prepay at a rate twice as fast as the prepayment rates for one hundred percent (100%) of the PSA Prepayment Model, and so on.

The computation of the weighted average lives of the Series 62 PAC Bonds under the scenario represented in the Table is based on the assumption that, with respect to the fulfillment by the Agency of its obligations pursuant to the redemption provisions described under “Special Redemption,” the Agency will redeem the Series 62 PAC Bonds on each Interest Payment Date commencing on July 1, 2027 and that excess revenues are applied to the Series 62 PAC Bonds up to the Target Outstanding Series 62 PAC Bond Amount at prepayment speeds over 500% of the SIFMA Standard Prepayment Model.

The computation of the weighted average life of the Series 62 PAC Bonds under each of the scenarios represented in the Table is based on one of two sets of indicated assumptions about the exercise of the Optional Redemption provisions under the Trust Agreement:

(a) In the case of scenarios labeled “Optional Call Exercised,” it is assumed that the Agency will exercise its right to optionally redeem all Outstanding Series 62 PAC Bonds on July 1, 2034.

(b) In the case of scenarios labeled “Optional Call Not Exercised,” it is assumed that the Agency will not exercise its right to optionally redeem the Series 62 PAC Bonds.

Investors owning less than all of the Series 62 PAC Bonds, as applicable, may experience redemption at a rate that varies from the projected weighted average lives shown in the Table.

Series 62 PAC Bonds Projected Average Lives (in years)		
PSA	Optional Call Not Exercised	Optional Call Exercised¹
0%	24.1	7.7
25	13.9	7.0
50	8.1	6.2
75	6.0	5.6
100	6.0	5.6
150	6.0	5.6
200	6.0	5.6
300	6.0	5.6
400	6.0	5.6
500	6.0	5.6
600	6.0	5.6
700	6.0	5.6

¹ Assumes July 1, 2034 Optional Call date.

See the information set forth in “Appendix G — PROJECTED PERCENTAGES OF INITIAL PRINCIPAL BALANCE OUTSTANDING AND PROJECTED WEIGHTED AVERAGE LIVES OF THE SERIES 62 PAC BONDS” attached hereto.

Excess Revenues. Revenues transferred from the Revenue Reserve Fund pursuant to the Trust Agreement may be applied at the option of the Agency to the special redemption of the Series 62 Bonds other than the Series 62 PAC Bonds, except as provided in “Special Provisions for the Series 62 PAC Bonds” below. The Series 62 Bonds to be redeemed shall be selected in any manner directed by the Agency.

Excess Debt Service Reserve Funds. Moneys in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement may be withdrawn from the Debt Service Reserve Fund, as provided in an Officer's Certificate pursuant to the Trust Agreement and applied to the special redemption of the Series 62 Bonds other than the Series 62 PAC Bonds, except as provided in “Special Provisions for the Series 62 PAC Bonds” below. The Series 62 Bonds to be redeemed shall be selected in any manner directed by the Agency.

Cross Call Redemption. Non-Series 62 Principal Reduction Payments may be used to redeem Series 62 Bonds other than the Series 62 PAC Bonds, except as provided in “Special Provisions for the Series 62 PAC Bonds” below. The Series 62 Bonds to be redeemed shall be selected in any manner directed by the Agency.

Special Provisions for the Series 62 PAC Bonds. Except as described herein, the Series 62 PAC Bonds may not be redeemed from excess Revenues, excess moneys in the Debt Service Reserve Fund or Non-Series 62 Principal Reduction Payments. The Series 62 PAC Bonds may be redeemed from such sources at any time to the extent necessary to preserve the exclusion of interest on the Series 62 Bonds from the gross income of the owners thereof for purposes of federal income taxation. In addition, if the amount deposited to the Series 62 Principal/Special Redemption Account during any period specified in the table set forth above under “Special Redemption – Series 62 PAC Bonds” is less than the amount required so that the amount of Outstanding Series 62 PAC Bonds at the end of the period will be more than the applicable Target Outstanding Series 62 PAC Bond Amount, then the Agency may redeem the Series 62 PAC Bonds from any lawfully available source in an amount sufficient to achieve the Target Outstanding Series 62 PAC Bond Amount.

Ten Year Rule. As discussed under the heading “FEDERAL TAX REQUIREMENTS – Other Requirements,” the Agency is required to apply certain repayments and prepayments on Series 62 Program Obligations to the payment of principal on the Series 62 Bonds (sometimes referred to as the “Ten Year Rule”). To

comply with the Ten Year Rule, the following percentages of prepayments and repayments of principal on Series 62 Program Obligations received on or after the following dates are required to be applied no later than the end of the first semiannual period beginning after the date of receipt to the payment of principal on the Series 62 Bonds:

<u>Date</u>	<u>Percent</u>
October 15, 2026	-
November 17, 2026	1
June 7, 2027	2
June 13, 2028	3
November 14, 2028	4
April 10, 2029	5
September 18, 2029	6
January 16, 2030	7
May 20, 2030	9
October 14, 2030	10
April 22, 2031	12
September 22, 2031	14
April 28, 2032	16
December 13, 2032	17
May 4, 2033	19
August 9, 2033	21
November 21, 2033	23
February 7, 2034	25
June 21, 2034	26
October 8, 2034	28
February 27, 2035	29
October 15, 2036	100

The above amounts set forth the minimum amount of principal of the Series 62 Bonds the Agency will be required to retire from prepayments and repayments following the respective dates to comply with the Ten Year Rule. The Agency may retire more principal than the minimum amount, whether at maturity or redemption, in accordance with the maturities of the Series 62 Bonds and in accordance with the special redemption provisions of the Series 62 Bonds described above.

Redemption Notice for the Series 62 Bonds. At least thirty (30) days but not more than sixty (60) days before the redemption date of any Series 62 Bond, whether such redemption shall be in whole or in part, the Trustee shall cause a notice of any such redemption to be provided to The Depository Trust Company (“DTC”), New York, New York as the Owner of the Series 62 Bonds in accordance with the procedures of DTC for notices of redemption. If there is no securities depository, then notice shall be mailed, postage prepaid, to all Owners of Series 62 Bonds to be redeemed at their addresses as they appear on the registration books maintained by the Trustee, but failure to mail any such notice to one or more Owners or any defect in such notice shall not affect the validity of the proceedings for such redemption with respect to any other Owner. Each such notice shall set forth the CUSIP numbers of the Series 62 Bonds to be redeemed, the interest rate of the Series 62 Bonds to be redeemed, the dated date of the Series 62 Bonds to be redeemed, the date fixed for redemption, the Redemption Price to be paid, the maturities of the Series 62 Bonds to be redeemed, in the case of Series 62 Bonds of any maturity to be redeemed in part only, the portion of the principal amount thereof to be redeemed, the address and phone number of the Trustee, the date of the redemption notice, that on the redemption date the Series 62 Bonds called for redemption will be payable at the principal corporate trust office of the Trustee and that from the redemption date interest will cease to accrue and be payable.

Any notice of redemption, except a notice of mandatory sinking fund redemption, at the option of the Agency may state that the redemption to be effected is conditioned upon the receipt by the Trustee on or prior to the redemption date of moneys sufficient to pay the principal of and premium, if any, and interest on the Series 62 Bonds to be redeemed and that if such moneys are not so received such notice shall be of no force or effect and such Series 62 Bonds shall not be required to be redeemed. In the event that such notice contains such a condition and moneys sufficient to pay the principal of and premium, if any, and interest on such Series 62 Bonds are not received by the Trustee on or prior to the redemption date, the redemption shall not be made and the Trustee shall within a reasonable

time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

So long as DTC or its nominee is the owner of the Series 62 Bonds, the Agency and the Trustee will recognize DTC or its nominee as the registered owner of the Series 62 Bonds for all purposes, including notices and voting. Conveyance of notices and other communications by DTC to Participants and by Participants to beneficial owners will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time. Any failure on the part of DTC or failure on the part of a nominee of a beneficial owner (having received notice from a Participant or otherwise) to notify the beneficial owner so affected shall not affect the validity of the redemption.

General Provisions as to Purchase or Redemption of Series 62 Bonds

Any Series 62 Bonds or portions of Series 62 Bonds to be purchased or redeemed other than by operation of the Sinking Fund Account shall be purchased or redeemed by the Trustee only upon receipt by the Trustee of an Officer's Certificate determining the following: (a) the Series from which the Series 62 Bonds are to be purchased or redeemed; (b) the maturities within such Series from which the Series 62 Bonds are to be purchased or redeemed; (c) the principal amount of Series 62 Bonds or portion of Series 62 Bonds within such maturities to be purchased or redeemed; and (d) if any of the Series 62 Bonds to be purchased or redeemed are Term Bonds, the years in which Sinking Fund Requirements are to be reduced and the amount by which such Sinking Fund Requirements are to be reduced. Pursuant to the Trust Agreement, the Agency shall not cause Series 62 Bonds to be purchased or redeemed unless, after such purchase or redemption, there shall be no material adverse effect on the ability of the Agency to pay when due the principal of and interest on the Series 62 Bonds then Outstanding. If less than all the Series 62 Bonds of a single maturity shall be redeemed, the Series 62 Bonds shall be redeemed by lot.

So long as DTC or its nominee is the owner of the Series 62 Bonds, if less than all of the Series 62 Bonds of any one maturity shall be called for redemption, the particular Series 62 Bonds or portions of Series 62 Bonds of such maturity to be redeemed shall be selected by DTC and its Participants in such manner as DTC and its Participants may determine. If a Series 62 Bond is of a denomination in excess of \$5,000, portions of the principal amount in the amount of \$5,000 or any whole multiple thereof may be redeemed.

THE AGENCY

Organization and Purposes

The Agency was created in 1973 by the Act as a body politic and corporate and as an instrumentality of the State. It is positioned within the Office of State Budget and Management for financial reporting and budgetary purposes, and it is managed solely by its Board of Directors (the "Board"). The Executive Director is appointed by the Board subject to the approval of the Governor. The Executive Director appoints all other employees subject to an organization chart which is approved by the Board. All employees of the Agency are exempt from the State Personnel Act, but they are considered State employees for certain purposes. They receive the State employee benefits package and participate in the Teachers' and State Employees' Retirement System of North Carolina.

The Agency, like all other State agencies, is required to submit its operating budget to the Office of State Budget and Management. Appropriations, if any, from the North Carolina General Assembly to the Agency are credited to the Agency by the Office of State Budget and Management.

The Agency makes available annual audited financial statements to the Governor, the State Treasurer, the State Auditor, the Finance Committee of the Senate, the Finance Committee of the House of Representatives, the Commission, the Advisory Budget Commission, and the Office of State Budget and Management.

Board of Directors

The Board is constituted with thirteen members. The General Assembly appoints eight directors, four upon the recommendation of the Speaker of the House of Representatives (at least one of whom has had experience with a mortgage-servicing institution and one of whom is experienced as a licensed real estate broker), and four upon the recommendation of the President Pro Tempore of the Senate (at least one of whom is experienced with a savings and

loan institution and one of whom is experienced in home building). The Governor appoints four of the directors of the Agency (one of such appointees is required to be experienced in community planning, one in subsidized housing management, one in public housing policy, and one in the manufactured housing industry). The twelve members so selected elect a thirteenth member. The Governor designates a chairman from among the members of the Board. Members of the Board and officers of the Agency continue in office until their successors are appointed.

The current members of the Agency's Board are the following:

<u>Name and Position</u>	<u>Term Expires</u>	<u>Occupation</u>
J. Adam Abram, Chair	6/30/2025*	Founder and Former Chairman, James River Group Holdings Ltd, Durham
Patricia G. Garrett, Vice Chair	6/30/2026*	Retired Businesswoman, Surf City
Leigh T. Brown	6/30/2027	Realtor, Broker/Owner, RE/MAX Executive Realty, Concord
Ralphine Caldwell	6/30/2027	Executive Director, Local Initiative Support Corporation (LISC), Charlotte
Lavonda R. Daniels	6/30/2027	Vice President, Array CDC, Beaufort
Gary T. Embler	6/30/2027	Chief Financial Officer, Niblock Homes, Harrisburg
Marc Isaacson	6/30/2026*	Partner, Isaacson Sheridan, LLP, Greensboro
Paul S. Jaber	6/30/2027	Retired businessman, Rocky Mount
Paul L. Kennedy	6/30/2027	Retired Sr. Vice President, Carolina Bank, Shallotte
Christopher C. Parrish	6/30/2025*	Co-Owner, Parrish Manor, Inc., Raleigh
B. Lynn Pinter	6/30/2027	Director of Lending, Champion Credit Union, Canton
Tom E. Smith	6/30/2027	Long & Foster Company, Cary
Jason Triplett	6/30/2027	Western NC Area President/Mid-Atlantic Region, First Horizon Regional Bank, Boone

* Awaiting reappointment by the Governor. The Board Members remain in their roles until they are reappointed or their successors are named.

Agency Staff

The Agency currently employs approximately 133 persons. The following persons have been appointed as the principal staff of the Agency:

<u>Name and Position</u>	<u>Experience</u>
Scott Farmer Executive Director	Executive Director, North Carolina Housing Finance Agency, 2017 to present, Director of Rental Investment, 2005 to 2016, Manager of Rental Development, 2001-2005, Debt Restructuring Specialist, 1999-2001; REO/Commercial Asset Supervisor, CDSI Mortgage Services, 1998-1999, Commercial Asset Manager, 1996-1998; Problem Loan Specialist, Wendover Funding, 1993-1996; Legal Assistant, W.A. Bason, Attorney at Law, 1990-1993. Mr. Farmer is a Member of the Board of Directors of the National Council of State Housing Agencies and a Member of the Affordable Housing Advisory Council of the Federal Home Loan Bank of Atlanta.
Brett Warner Chief Financial Officer	Chief Financial Officer, North Carolina Housing Finance Agency, 2021 to present, Controller, 2019-2021; Privately Held Real Estate Company Controller, 2015-2019; Vice President, Credit Suisse, 2010-2015; Audit Senior, PwC, 2005-2010.
Sonia Joyner Director of Home Ownership Programs	Director of Home Ownership Programs, North Carolina Housing Finance Agency, 2018 to present, Manager of Strategic Investment Services, 2015-2018, Team Leader of Strategic Investment Services 2010-2015, Senior Housing Production Officer, 1999-2010, Loan Underwriter 1997-1999.
Ariana Kudlats Manager of Bonds, Mortgage Loans & Strategic Projects	Manager of Bonds, Mortgage Loans & Strategic Projects, North Carolina Housing Finance Agency, 2021 to present, Assistant Controller, 2020-2021, Senior Accountant, 2014-2020; Tax Supervisor, Warren Averett, LLC, 2012-2014; Audit Associate, BDO USA, LLP, 2011-2012; Tax Associate, Cornick, Garber & Sandler, LLP, 2007-2010.
Jennifer Percy General Counsel – Director of Legal Affairs & Compliance	General Counsel – Director of Legal Affairs & Compliance, North Carolina Housing Finance Agency, 2012 to present; Counsel and Manager of Legal Services, North Carolina Housing Finance Agency 2006-2012; Associate, Nelson Mullins Riley & Scarborough, 2006; Attorney, North Carolina Housing Finance Agency 2003-2005.
Tim Carroll Chief Information Officer	Chief Information Officer, North Carolina Housing Finance Agency, 2014 to present, Manager of Information Technology, 2011-2014, Senior Systems Analyst, 2006-2011; Senior Consultant, Keane, Inc., Durham, NC 1999-2006.

The Agency is located at 3508 Bush Street, Raleigh, North Carolina 27609, and its telephone number is (919) 877-5700. The Agency's web site is www.nchfa.com. Brett Warner is the contact person at the Agency for questions regarding the Agency's bond programs. His telephone number is (919) 981-2519 and his e-mail address is bawarner@nchfa.com.

THE PROGRAM

General

Under the Trust Agreement, the type of low and moderate income housing financing that will be provided, and the security for the Program Obligations to be financed by a given Series of Bonds is determined and set forth in the Supplemental Trust Agreement authorizing that Series of Bonds entered into by the Agency at the time such Bonds are issued. Program Obligations may involve financing for purposes of, among others, home ownership, home improvement and residential rental housing.

Program Loans under the FirstHome Mortgage Program

Historically, proceeds of Bonds have been used by the Agency to purchase Program Loans originated by Lenders specifically for sale to the Agency for the purpose of providing financing for residential housing for low and moderate income households in North Carolina. The mortgage program financed with the sale of the tax-exempt bond proceeds for the purchase of Program Loans to date is called the FirstHome Mortgage program (“FirstHome”). In addition to Program Loans purchased under FirstHome, Program Loans also include mortgage loans purchased with proceeds of Bonds of the Agency issued under financing documents other than the Trust Agreement that were refunded by Bonds issued under the Trust Agreement. Under this program, the mortgage loans were purchased as Program Loans and are reflected on the Statement of Net Position as mortgage loans.

The Agency has entered into various arrangements with financial institutions for mortgage servicing services in connection with these Program Loans. Such services include collecting mortgage loan payments and transferring principal and interest payments to the Trustee, property tax payments to the taxing jurisdictions and property and casualty insurance payments to the property insurer, confirming that the Program Loan is in compliance with the applicable mortgage insurer or guarantor and other traditional servicing activities. Currently, the institutions servicing the Program Loans held under the Trust Agreement are SN Servicing Corporation; PNC Bank, National Association; Truist Bank; Bank of America, N.A.; and US Bank Home Mortgage. The Agency monitors the services provided by such financial institutions and has the contractual right to remove any servicer that is not providing acceptable services.

Program Securities under the NC Home Advantage Mortgage Program

In 2013, the Agency created a new mortgage loan product called NC Home Advantage Mortgage (“HomeAd”). The mortgage loans are pooled into Ginnie Mae, Fannie Mae and Freddie Mac mortgage-backed securities by the Agency’s master servicer, which is currently ServiSolutions. HomeAd production is funded using two sources of funds: (1) through the issuance of tax-exempt and taxable mortgage revenue bonds and (2) through the sale of MBS to a third party. The bond-funded MBS are reflected on the Agency’s Statement of Net Position as investments.

The HomeAd program provides multiple down payment assistance options to borrowers, across all loan types (FHA, USDA, VA and conventional), including no down payment assistance, 3% down payment assistance, or the NC 1st Home Advantage Down Payment Assistance which provides a fixed amount of down payment assistance. The HomeAd loans with the NC 1st Home Advantage Down Payment Assistance are bond funded and are paired with \$15,000 of down payment assistance. Series 62 proceeds will be used to purchase NC 1st Home Advantage Down Payment Assistance loans (“Series 62 DPA Loans”).

On June 3, 2019, Fannie Mae and Freddie Mac began issuing new, common, single mortgage-backed securities, formally known as the Uniform Mortgage-Backed Security (“UMBS”). The UMBS finance the same types of fixed-rate mortgages that back Fannie Mae Certificates and Freddie Mac Certificates and are guaranteed by either Fannie Mae or Freddie Mac depending upon which issues the UMBS. The UMBS have characteristics similar to Fannie Mae Certificates and Freddie Mac will offer investors the opportunity to exchange existing Freddie Mac Securities for “mirror” UMBS backed by the same loans as the existing securities. Proceeds of the Series 62 Bonds are expected to be used to purchase the Mortgage-Backed Securities, which include UMBS. (For purposes of this Official Statement and the Series 62 Certificates the term “Mortgage-Backed Securities” includes UMBS.)

The proceeds of the Series 62 Bonds and other funds deposited to the Series 62 Program Account will provide the funds for the purchase of Series 62 Program Securities. The interest rates, origination fees and terms of the Series 62 Securitized Mortgage Loans underlying the MBS may vary. The Agency anticipates (a) Series 62 Securitized Mortgage Loans consisting of FHA/VA/USDA insured mortgage loans will be financed through the purchase of Ginnie Mae Certificates by the Trustee, (b) Series 62 Securitized Mortgage Loans consisting of conventional loans will be financed through the purchase of Fannie Mae Certificates by the Trustee and (c) Series 62 Securitized Mortgage Loans consisting of conventional loans may also be financed through the purchase of Freddie Mac Certificates by the Trustee. The term of the Series 62 Securitized Mortgage Loans will be 30 years. The Agency expects to evaluate and change interest rates as appropriate in light of rates in the residential mortgage market generally, economic conditions and financial considerations of the Agency, all within the limitations established by federal tax laws and regulations. See "TAX TREATMENT." The Agency has entered into (and anticipates entering into additional) mortgage origination agreements ("Origination Agreements") with qualified mortgage lending institutions (the "Lenders"), pursuant to which the Lenders may originate Series 62 Securitized Mortgage Loans under the Program. Upon closing of the Series 62 Securitized Mortgage Loans, the Lenders will sell approved Ginnie Mae Loans, the Fannie Mae Loans and Freddie Mac Loans to ServiSolutions, which ServiSolutions will pool into fully modified Ginnie Mae Certificates, Fannie Mae Certificates and Freddie Mac Certificates (Program Securities).

In connection with the origination of Series 62 Securitized Mortgage Loans, the Trustee, on behalf of the Agency, will purchase from ServiSolutions, (i) fully modified Ginnie Mae Certificates (as defined herein) backed by Series 62 Securitized Mortgage Loans and guaranteed as to timely payment of principal and interest by Ginnie Mae, (ii) Fannie Mae Certificates (as defined herein) backed by Series 62 Securitized Mortgage Loans and guaranteed as to timely payment of principal and interest by Fannie Mae, and/or (iii) Freddie Mac Certificates (as defined herein) backed by Series 62 Securitized Mortgage Loans and guaranteed as to timely payment of principal and interest by Freddie Mac. The obligations of Ginnie Mae are considered general obligations of the United States backed by its full faith and credit. The obligations of Fannie Mae under its guarantees of the Fannie Mae Loans are obligations of Fannie Mae only. The obligations of Freddie Mac under its guarantees of the Freddie Mac Loans are obligations of Freddie Mac only. The Fannie Mae Loans and the Freddie Mac Loans, including the interest thereon, are not guaranteed by the United States and do not constitute debts or obligations of the United States or any agency or instrumentality of the United States, other than Fannie Mae and Freddie Mac respectively, and Fannie Mae and Freddie Mac respectively are not entitled to the full faith and credit of the United States. See "Appendix E: SUMMARY OF GINNIE MAE CERTIFICATE, FANNIE MAE CERTIFICATE AND FREDDIE MAC CERTIFICATE PROGRAM."

Series 62 DPA Loans are not required to be insured or guaranteed pursuant to any federal or private mortgage insurance or guaranty program. Notwithstanding any other provision of the Trust Agreement or the Sixty-Second Supplemental Trust Agreement, a Series 62 DPA Loan may be secured by a mortgage that is subordinate to the first mortgage on the financed property made in connection with the origination of the related Series 62 Securitized Mortgage Loan, and the mortgage may be further subordinated to other mortgages and liens on the financed property as may be approved by the Agency. Initially, it is the intention of the Agency that no principal on the Series 62 DPA Loans will be due on Series 62 DPA Loans during the first fifteen years of such loan unless (1) the property purchased with such loan is sold during such period, (2) the Series 62 Securitized Mortgage Loan related to the Series 62 DPA Loan is refinanced, or (3) there is a default under the first mortgage loan related to the Series 62 DPA Loan. If the events described in the preceding sentence do not occur as of the applicable date, 20% of the original principal of the Series 62 DPA Loans will be reduced on each of the eleventh, twelfth, thirteenth, fourteenth and fifteenth anniversaries of the origination of the Series 62 DPA Loan.

In addition to the reduction in the principal amount of any Series 62 DPA Loan permitted by the terms thereof, in the event that there is a default under a Series 62 DPA Loan and a subsequent foreclosure under the mortgage securing such Series 62 DPA Loan, and upon such foreclosure the amount received for payment of the Series 62 DPA Loan is less than the principal amount of the Series 62 DPA Loan, the principal amount of the Series 62 DPA Loan shall be further reduced by the deficiency between the principal amount of the Series 62 DPA Loan and the amount available for payment (and no transfer from the Revenue Reserve Fund to the Series 62 Principal/Special Redemption Account pursuant to the Trust Agreement shall be necessary). The Agency may also elect to reduce the principal amount of any Series 62 DPA Loan at any time in connection with the sale of the property securing the Series 62 DPA Loan in the event that the proceeds of the sale are not sufficient to prepay the entire principal amount of the Series 62 DPA Loan following the application of the proceeds of the sale to the payment of any mortgage loan that is senior to the Series 62 DPA Loan and to other costs related to the sale of the property.

The Agency may also waive the requirement that the principal of a Series 62 DPA Loan be paid in connection with the refinancing of the related Series 62 Securitized Mortgage Loan if the Agency concludes that the refinancing will carry out certain of its programmatic objectives. Upon such a waiver, the Series 62 DPA Loan will be made subordinate to the new mortgage loan providing for the refinancing.

In addition, the Agency may waive the requirement that the principal of a Series 62 DPA Loan be paid for any other reason if such waiver of payment is consistent with the program objectives of the Agency.

The Series 62 DPA Loans purchased with the proceeds of the Series 62 Bonds are Program Loans, and therefore Program Obligations, under the Trust Agreement and, as such, are subject to the pledge of the Program Obligations to secure the payment of the Bonds as provided in the Trust Agreement. Any payments on Series 62 DPA Loans (which at present are expected to be derived only from Prepayments of Series 62 DPA Loans as described above) shall be deposited to the Principal Account or Sinking Fund Account to be used to pay the next principal payment on the Series 62 Bonds. In addition, Series 62 Program Securities purchased with amounts not derived from proceeds of the Series 62 Bonds are Program Securities, and therefore Program Obligations, under the Trust Agreement and, as such, are subject to the pledge of the Program Obligations to secure the payment of the Bonds as provided in the Trust Agreement.

ServiSolutions

ServiSolutions is the Master Servicer for the purchase of Series 62 Securitized Mortgage Loans from Mortgage Lenders, the issuance of Ginnie Mae Certificates, Fannie Mae Certificates and Freddie Mac Certificates backed by such Series 62 Securitized Mortgage Loans, and, with respect to the Ginnie Mae Certificates, Fannie Mae Certificates and Freddie Mac Certificates that will be acquired with Series 62 Bond proceeds, to sell the Ginnie Mae Certificates, Fannie Mae Certificates and Freddie Mac Certificates to the Trustee. Once the Ginnie Mae Certificates, Fannie Mae Certificates and Freddie Mac Certificates have been issued to the Trustee, ServiSolutions' primary duties involve the collection and distribution to the Trustee of payments received on account of the underlying Series 62 Securitized Mortgage Loans. This includes payments received from Ginnie Mae, Fannie Mae and Freddie Mac with respect to defaulted Series 62 Securitized Mortgage Loans. ServiSolutions' ability to purchase and pool Series 62 Securitized Mortgage Loans, and to issue and deliver Ginnie Mae Certificates, Fannie Mae Certificates and Freddie Mac Certificates, underlies the Trustee's ability to spend Series 62 Bond proceeds in a timely manner. ServiSolutions and the Agency entered into a contract in August 2017, which limits the purchase of mortgage loans between the date of purchase from the lender to the date of settlement of the security. The contract limits ServiSolutions to \$60 million of purchases but allows the Agency to purchase up to \$60 million of mortgage loans for a maximum of \$120 million at any given time. This amount may be increased pursuant to a mutual agreement between the parties. The mortgage loans temporarily owned by the Agency earn interest for the Agency equal to the mortgage interest rate minus the servicing fee, and these loans are reflected as "Mortgage loans held for sale" on the financial statements.

The Agency is responsible under the Servicing Agreement for reviewing each Series 62 Securitized Mortgage Loan originated by the Mortgage Lenders to determine compliance with the Agency's program requirements. ServiSolutions reviews the Series 62 Securitized Mortgage Loans to determine compliance with Ginnie Mae, Fannie Mae and Freddie Mac loan documentation. Upon completion of such review, ServiSolutions is required to acquire approved Series 62 Securitized Mortgage Loans on behalf of the Agency, and complete all required documents and forms incidental to the inclusion of such Series 62 Securitized Mortgage Loans in Ginnie Mae, Fannie Mae and Freddie Mac pools.

Experience to Date Under the Program

The Agency has issued over \$7.1 billion of Bonds under the Trust Agreement (excluding Refunding Bonds) for the purposes of the Program. All of the Bonds issued up until the Series 37 Bonds funded a program in which the Agency purchased Program Loans and not Program Securities. A total of sixty-one Series of Bonds have been issued under the Trust Agreement. In addition to Bonds paid at maturity or redeemed from available funds of the Agency, Series 1 through Series 26 and Series 28 through Series 31 were refunded by the Series 32 through Series 39 Bonds.

The Series 32 Bonds were refunded by Series 46. Upon such refunding, the Program Loans financed by the Bonds that were refunded were transferred to the Program Account for the respective Series of Refunding Bonds.

The following table summarizes as of June 30, 2026, the outstanding Bonds under the Trust Agreement by Series of Bonds:

[Table appears on following page]

Bonds Payable (000's)

Bond Issue	Dated Date	Optional Call Date	Amount Issued	Amount Outstanding	Variable Rate Bonds	Call Priority PAC Bonds	Outstanding Principal Amounts by Interest Rate						
							Fixed						
							< 1.00%	≥ 1.00% & < 2.00%	≥ 2.00% & < 3.00%	≥ 3.00% & < 4.00%	≥ 4.00% & < 5.00%	≥ 5.00% & < 6.00%	≥ 6.00% & < 7.00%
Tax Exempt													
Series 37-B	11/17/16	1/1/26	\$95,255	\$8,340	-	-	-	-	\$785	\$7,555	-	-	-
Series 38-B	6/7/17	1/1/27	237,835	66,775	-	\$5,945	-	-	8,180	52,650	-	-	-
Series 39-B	6/13/18	7/1/27	136,915	26,430	-	7,480	-	-	835	18,115	-	-	-
Series 40	11/14/18	1/1/28	97,975	6,580	-	6,580	-	-	-	-	-	-	-
Series 41	4/10/19	7/1/28	146,700	66,145	-	9,565	-	-	8,865	47,715	-	-	-
Series 42	9/18/19	7/1/28	150,000	74,555	-	14,085	-	\$10,130	50,340	-	-	-	-
Series 43	1/16/20	1/1/29	150,000	79,340	-	16,085	-	7,505	55,750	-	-	-	-
Series 44	5/20/20	7/1/29	120,000	75,155	-	13,625	-	2,785	40,730	18,015	-	-	-
Series 45	10/14/20	1/1/30	200,000	121,510	-	28,795	\$2,780	41,530	48,405	-	-	-	-
Series 46-A	4/22/21	7/1/30	150,000	104,670	-	27,760	3,975	31,420	41,515	-	-	-	-
Series 47	9/22/21	7/1/30	162,000	122,190	-	29,545	6,140	26,430	60,075	-	-	-	-
Series 48	4/28/22	1/1/31	200,000	163,220	-	42,175	-	-	7,305	93,825	-	\$19,915	-
Series 49	12/13/22	7/1/31	180,000	156,615	-	44,655	-	-	-	14,965	\$59,155	37,840	-
Series 50	5/4/23	1/1/32	180,000	161,315	-	62,255	-	-	6,405	43,300	49,355	-	-
Series 51	8/9/23	7/1/32	199,000	181,005	-	57,225	-	-	-	38,660	85,120	-	-
Series 52-A	11/21/23	7/1/32	235,000	217,910	-	78,020	-	-	-	12,885	98,850	28,155	-
Series 52-C	11/21/23	-	40,000	40,000	\$40,000	-	-	-	-	-	-	-	-
Series 53-A	2/7/24	7/1/32	200,000	191,760	-	57,395	-	-	-	40,140	94,225	-	-
Series 54-A	6/21/24	1/1/33	199,500	193,170	-	77,855	-	-	-	17,425	97,890	-	-
Series 55-A	10/8/24	7/1/33	220,000	214,320	-	93,025	-	-	-	59,045	62,250	-	-
Series 55-B	10/8/24	-	80,000	80,000	80,000	-	-	-	-	-	-	-	-
Series 57-A	2/27/25	7/1/33	92,500	92,190	-	92,190	-	-	-	-	-	-	-
Series 58-A	6/26/25	7/1/33	92,445	92,415	-	92,415	-	-	-	-	-	-	-
Series 59-A	11/18/25	1/1/34	200,000	200,000	-	88,280	-	-	12,920	44,540	54,260	-	-
Series 59-B	11/18/25	-	99,000	99,000	99,000	-	-	-	-	-	-	-	-
Series 60	4/8/26	1/1/34	299,000	299,000	-	89,010	-	-	26,450	27,925	141,605	14,010	-
Sub-Total			\$4,163,125	\$3,133,610	\$219,000	\$1,033,965	\$12,895	\$119,800	\$368,560	\$536,760	\$742,710	\$99,920	-
Federally Taxable													
Series 46-B	4/22/21	7/1/30	\$17,865	\$1,625	-	-	-	\$1,625	-	-	-	-	-
Series 52-B	11/21/23	7/1/32	75,000	69,815	-	\$20,735	-	-	-	-	-	\$10,415	\$38,665
Series 53-B	2/7/24	7/1/32	100,000	95,760	-	27,660	-	-	-	-	\$4,835	63,265	-
Series 54-B	6/21/24	1/1/33	100,000	96,320	-	15,715	-	-	-	-	7,370	73,235	-
Series 57-B	2/27/25	7/1/33	206,500	205,520	-	-	-	-	-	-	28,410	177,110	-
Series 58-B	6/26/25	7/1/33	206,555	206,555	-	-	-	-	-	-	24,820	41,095	140,640
Sub-Total			\$705,920	\$675,595	-	\$64,110	-	\$1,625	-	-	\$65,435	\$365,120	179,305
Total			\$4,869,045	\$3,809,205	\$219,000	\$1,098,075	\$12,895	\$121,425	\$368,560	\$536,760	\$808,145	\$465,040	\$179,305

Note: The Agency issued the Series 61 Bonds in the amount of \$299,000,000 on July 9, 2026.

Through the issuance of the Series 36 Bonds, the Agency purchased Program Loans with bond proceeds. As described above, when a bond issue has been refunded, the Program Loans that were purchased with the Refunding Bonds were transferred to the Program Account created for the Refunding Bonds (although the Program Loans secure all Bonds on a parity basis). Beginning with the Series 37 Bonds, bond proceeds (other than refunding proceeds) were used to purchase new Program Securities representing new securitized mortgage loans for home ownership. The following table summarizes as of June 30, 2026, the Program Loans and Program Securities, which equal total Program Obligations held under the Trust Agreement and the Series of Bonds with which they are associated:

Program Obligations (000s)

<u>Series</u>	<u>Principal Balance Program Loans¹</u>	<u>Principal Balance Program Securities</u>	<u>Principal Balance Program Obligations</u>	<u>Weighted Average Loan Interest Rate</u>
37	\$26,133	\$37,249	\$63,382	4.77
38	4,600	73,982	78,582	4.91
39	5,247	44,709	49,956	5.34
40	-	40,502	40,502	5.40
41	-	59,618	59,618	4.80
42	-	74,726	74,726	4.24
43	-	80,922	80,922	4.03
44	-	71,250	71,250	3.52
45	34,857	96,039	130,896	3.23
46	11,041	106,881	117,922	3.62
47	-	124,462	124,462	3.81
48	-	162,942	162,942	5.24
49	-	147,933	147,933	6.14
50	-	159,737	159,737	6.37
51	-	177,766	177,766	6.57
52	-	308,672	308,672	6.99
53	-	274,586	274,586	6.89
54	-	281,937	281,937	6.78
55	-	289,754	289,754	6.60
57	-	293,160	293,160	6.75
58	-	292,782	292,782	6.62
59	-	260,360	260,360	6.40
60	-	213,222	213,222	6.09
Unallocated	50,036	-	50,036	5.65
Total	\$131,914	\$3,673,191	\$3,805,105	5.96

¹ Does not include DPA/Second loans. As of June 30, 2026, the Agency had \$240,454,000 of DPA loans outstanding.

Note: The Agency issued the Series 61 Bonds in the amount of \$299,000,000 on July 9, 2026. The Agency expects to utilize all proceeds of the Series 61 Bonds to purchase Program Obligations and pay related costs by December 1, 2026.

Outstanding Auxiliary Obligations

Interest Rate Swap Counterparties

The following table lists certain information concerning interest rate swap counterparties related to outstanding Bonds as of June 30, 2026.

<u>Bond Issue</u>	<u>Swap Counterparty</u>	<u>Swap Counterparty Rating⁽¹⁾ (Moody's/S&P)</u>	<u>Maturity Date</u>	<u>Notional Amount Outstanding</u>	<u>Fixed Rate Paid</u>	<u>Rate Received⁽²⁾</u>
Series 52-C	Bank of America, N.A.	Aa2/A+	7/1/2049	\$40,000,000	3.607%	70% of SOFR + 0.10%
Series 55-B	Royal Bank of Canada	Aa1/AA-	1/1/2050	80,000,000	2.817	65% of SOFR + 0.15%
Series 59-B	Wells Fargo Bank, N.A.	Aa2/A+	1/1/2057	<u>99,000,000</u>	3.067	63% of SOFR + 0.14%
Total				<u>\$219,000,000</u>		

⁽¹⁾ Moody's Swap Counterparty Rating refers to the Moody's Long Term Counterparty Risk Assessment rating.

⁽²⁾ All SOFR rates are Daily USD-SOFR-COMPOUND.

Liquidity Providers

The following table sets forth certain information relating to liquidity providers for variable interest rate Bonds issued and outstanding as of June 30, 2026.

<u>Bond Issue</u>	<u>Liquidity Provider</u>	<u>Liquidity Provider Rating (Moody's/S&P)</u>	<u>Expiration Date</u>	<u>Bonds Outstanding</u>
Series 52-C	TD Bank, N.A.	A1/A+	11/21/2028	\$40,000,000
Series 55-B	TD Bank, N.A.	A1/A+	10/8/2029	80,000,000
Series 59-B	Royal Bank of Canada	Aa1/AA-	11/18/2030	<u>99,000,000</u>
Total				<u>\$219,000,000</u>

The Series 62 Program Account and Program Securities

Program Obligations to be Purchased. Except as hereinafter provided, cash amounts deposited in the Series 62 Program Account pursuant to the Sixty-Second Supplemental Trust Agreement (whether derived from proceeds of the Series 62 Bonds, the transfer from other available funds or earnings from the investment of the Series 62 Program Account) shall be applied by the Agency solely to the purchase of Series 62 Program Securities or Series 62 DPA Loans and lender compensation associated with the Series 62 Securitized Mortgage Loans associated with the Program Securities. All Series 62 Program Securities purchased shall comply with the requirements for Ginnie Mae Certificates, Fannie Mae Certificates, Freddie Mac Certificates or UMBS Certificates, as the case may be, as set forth in the Sixty-Second Supplemental Trust Agreement. The Agency shall take such action as shall be necessary to assure that the Agency and its servicers comply with the requirements for Ginnie Mae Certificates, Fannie Mae Certificates, Freddie Mac Certificates or UMBS Certificates. The Agency shall identify Series 62 Program Obligations purchased with the proceeds of the Series 62 Bonds separate from Series 62 Program Obligations purchased from other amounts deposited to the Series 62 Program Account and trace the repayments and prepayments of each to the original source of funding.

Purchase of Program Loans. The Sixty-Second Supplemental Trust Agreement provides that the Agency may use the proceeds of the Series 62 Bonds to purchase Program Loans meeting the requirements of the Trust Agreement and the Sixty-Second Supplemental Trust Agreement, but at present the Agency does not intend to utilize the proceeds of the Series 62 Bonds for such purpose. No amounts deposited to the Series 62 Program Account shall be applied to purchase new Program Loans except Series 62 DPA Loans unless the Agency files with the Trustee a certificate indicating that arrangements are in place for the servicing of the Program Loans so purchased in accordance with the requirements of the Trust Agreement.

The Sixty-Second Supplemental Trust Agreement provides that amounts deposited to the Series 62 Principal/Special Redemption Account that are not required to be applied to pay principal or mandatory sinking fund redemption of Series 62 Bonds and are not required to be applied to the special redemption of the Series 62 PAC Bonds, may be applied for a number of purposes, including to purchase additional Program Obligations. The requirements of the Sixty-Second Supplemental Trust Agreement for the purchase of Program Securities and Program Loans with the proceeds of the Series 62 Bonds also apply to the purchase of any additional Program Securities and Program Loans from these “recycled” principal payments.

Requirements for Program Securities and Program Loans. Appendix F hereto sets forth a discussion of the additional requirements of the Trust Agreement and the Supplemental Trust Agreements thereunder for Program Securities and also sets forth a discussion of the requirements of the Trust Agreement and Supplemental Trust Agreements thereunder for the Program Loans now held under the Trust Agreement and Program Securities purchased with the proceeds of the Series 62 Bonds (other than Series 62 DPA Loans, which are not required to be insured or guaranteed pursuant to any federal or private mortgage insurance or guaranty program). Appendix F also includes a summary of the major provisions of the insurance or guaranty programs providing additional security for the payment of Program Loans.

FEDERAL TAX REQUIREMENTS

General

The Series 62 Bonds are subject to the requirements of the Internal Revenue Code of 1986, as amended (the “Code”) and the regulations thereunder (the “Federal Tax Requirements”). Pursuant to the Federal Tax Requirements, interest on “qualified mortgage bonds” is not includable in gross income for federal income tax purposes. Bonds are “qualified mortgage bonds” if all of the following requirements are met: (i) all proceeds of the issue exclusive of issuance costs and a reasonably required reserve fund are to be used to finance owner-occupied residences, (ii) the mortgages financed with the issue meet certain eligibility requirements, (iii) the yield that is earned by the issuer of the bonds from such mortgages does not exceed specified limitations and certain investment earnings derived from non-mortgage investments are paid to the United States, (iv) certain proceeds of the issue are available for financing housing located in “targeted areas” and (v) the use of proceeds of the bonds does not meet the private business tests of Sections 141(b)(1) and 141(b)(2) of the Code. In addition to the foregoing requirements, qualified mortgage bonds must meet certain other requirements relating to the issue itself.

Failure to meet the above requirements at any time during the term of the Series 62 Bonds could result in interest on the Series 62 Bonds being subject to federal income taxation as of the date of issuance. The Agency, however, has covenanted to comply with all such requirements. In addition, the Federal Tax Requirements provide that certain requirements will be deemed to have been satisfied if certain steps are taken (see “Good Faith Effort” below).

Eligibility Requirements

The new mortgage loans to be financed with the proceeds of the Series 62 Bonds (whether Series 62 Program Loans, Series 62 Securitized Mortgage Loans or the Series 62 DPA Loans), must meet the following eligibility requirements:

Residence Requirements. All residences for which owner financing is provided with the proceeds of the Series 62 Bonds must be single family residences located within the State, each of which can reasonably be expected to become the principal residence of the mortgagor within 60 days after the financing is provided. Each borrower is

required to certify at the closing of the home mortgage loan that he or she intends to make the financed residence his principal residence within 60 days.

Absence of Prior Home Ownership. Except as described below, at least 95% of the proceeds of an issue, exclusive of a reasonably required reserve fund (“net proceeds”), must be used to finance residences of borrowers who have not had a present ownership interest in a principal residence at any time during the three-year period prior to the date on which the mortgage is executed. The Agency requires the borrower to provide his or her federal income tax returns for the preceding three years for review for evidence of prior ownership of a principal residence or to certify that he or she was not required to file federal income tax returns for the preceding three years, and to certify at the closing of the home mortgage loan that he or she has not had a present ownership interest in a principal residence at any time within the preceding three years. The Code creates an exception from this requirement for mortgage loans for residences located in targeted areas as described below and for mortgage loans and home ownership by veterans (who have not previously received the benefit of mortgage loans as described in this sentence).

Purchase Price Limitations. The Code requires that the “acquisition cost” of each residence being financed may not exceed 90% (or 110% in the case of “targeted areas” as discussed below) of the “average area purchase price” applicable to such residence. The term “acquisition cost” is defined to mean the cost of acquiring a residence as a completed residential unit but does not include (i) usual and reasonable settlement or financing costs, (ii) the value of services performed by the mortgagor or members of his or her family in completing the residence, and (iii) the cost of land which has been owned by the mortgagor for at least two years before the date on which construction of a residence begins. For the purpose of this limitation, the term “average area purchase price” means, with respect to any residence, the average purchase price of single family residences in the Metropolitan Statistical Area (“MSA”) or non-MSA county in which the residence is located which were purchased during the most recent twelve-month period for which sufficient statistical information is available. The determination as to whether a residence meets the purchase price requirements must be made as of the date on which the Lender commits to make the Program Loan or, if earlier, the date of purchase of the residence.

First-time homebuyers may purchase new or existing homes at a current sale price limit of \$525,000 and still qualify for the Agency’s low-interest rate mortgage program. The current sales price limit is subject to change.

Income Restrictions. The Code requires that all financing provided by an issue of qualified mortgage bonds be provided to mortgagors whose family income is 115% or less of the applicable median family income. With respect to any financing provided for “targeted area” residences, as described below, one third of the amount of such financing may be made to mortgagors who do not satisfy this requirement if the remaining two-thirds of such “targeted area” financing is made to mortgagors whose family income is 140% or less of the applicable median family income. Under the Code, the above percentages for households consisting of less than three persons are reduced to 100% for “non-targeted areas” and 120% for “targeted areas,” respectively. For purposes of this income restriction, applicable median family income is the greater of the area median gross income for the area where the residence is located or the statewide median gross income. Each mortgagor is required to provide an affidavit that his or her family income does not exceed the applicable income limit. The applicable income restriction shall be the low or moderate income restriction of the Agency or the applicable median family income restriction of the Federal Tax Requirements, whichever is less.

New Program Loan Requirement. In order to comply with the Federal Tax Requirements, none of the proceeds of a bond issue may be used to acquire or replace existing mortgages (except for construction period loans and temporary financings with a term not to exceed 24 months). The Agency’s review procedures are designed to meet these restrictions.

Program Loan Assumption Limitation. To meet the Federal Tax Requirements, each mortgage financed with the proceeds of a bond issue may be assumed only if the residence requirements, absence of prior home ownership, purchase price limitations and the income restrictions are met with respect to the mortgage assumption. The determinations as to compliance with these requirements are to be made as of the date on which the mortgage is being assumed. Accordingly, the Agency must make the required statistical study or otherwise determine (e.g., by reliance on “safe harbor” statistics published by the U.S. Treasury) the relevant average area purchase prices for each statistical area within the State on an annual basis, and must assure compliance with the other applicable Federal Tax Requirements as long as any Series 62 Bonds are outstanding.

The combination of the interest rate or rates and discount points of Series 62 Program Loans and Series 62 Program Securities shall be determined from time to time by the Agency and communicated to the Lenders. In establishing the interest rate or rates, the Agency shall assure that the “effective rate of interest” on the applicable Series 62 Program Obligations and Series 62 DPA Loans financed by the Series 62 Bonds are not a rate that would cause interest on the Series 62 Bonds to be includable in the gross income of the owners thereof for purposes of federal income taxation. In addition to the use of the Series 62 DPA Loans, the Chief Financial Officer is authorized to institute such procedures as may be necessary, including mortgage forgiveness, adjustments to mortgage interest rates and the payment to the federal government of yield reduction payments, to assure that the effective rate of interest on the applicable Series 62 Program Obligations and the Series 62 DPA Loans is in compliance with the Code. No part of the original proceeds of the Series 62 Bonds deposited in the Series 62 Program Account shall be used to acquire or replace existing Program Loans within the meaning of the Code. As necessary or convenient to obtain compliance with the requirements of the federal tax laws regarding the effective rate of interest on the Program Loans purchased with the proceeds of the Series 62 Bonds, the Chief Financial Officer is authorized to combine the proceeds of the Series 62 Bonds with the proceeds of other Series of Bonds issued by the Agency under the Trust Agreement and to direct the purchase of Program Loans meeting the requirements of the Trust Agreement from such combined sources of funds.

Requirements Related to Arbitrage

In addition to the arbitrage requirements that apply to all tax-exempt bonds under Section 148 of the Code, the Agency must satisfy two additional arbitrage requirements. First, certain limitations are imposed upon the yield the Agency may receive from the Program Obligations. The Code and the Treasury regulations thereunder require that all fees, charges and other amounts borne by the mortgagor be taken into account in determining the yield on the Program Obligations. Accordingly, in computing the yield on the Program Obligations, the Agency takes into account all discount points paid by the seller and origination fees paid by the mortgagor. Since the Lenders are prohibited from charging any other fees and charges in excess of those which would be charged when owner financing is not provided through the use of tax-exempt bonds, the Agency does not have to take such other charges into account in such computation. In addition, the Agency has reserved the right to adjust the yield on the Program Loans should circumstances indicate that such an adjustment is necessary in order to comply with the arbitrage requirements. In addition, the Agency may make a “yield reduction payment” to the federal government that will reduce the yield on the portfolio of Program Obligations allocated to the Series 62 Bonds.

The second principal arbitrage requirement obligates the Agency to pay to the United States government amounts earned on non-mortgage investments in excess of the amounts which would have been earned on such investments if invested at a yield equivalent to the yield on the Series 62 Bonds, plus the earnings on such excess.

Other Requirements

Application of Certain Payments. The Federal Tax Requirements provide that prepayments and repayments of principal on financing provided by an issue of “qualified mortgage bonds” such as the Series 62 Bonds must be used not later than the close of the first semiannual period beginning after the payment is received to redeem the bonds of that issue, provided that this requirement does not apply to amounts received within ten years after the date of the issue, or in the case of a refunding bond, the date of issuance of the original bond (sometimes referred to as the “Ten Year Rule”).

Targeted Area Requirement. In order to comply with the Federal Tax Requirements, the Agency will, for at least one year after owner financing is first made available with respect to new mortgage loans financed with proceeds of the Series 62 Bonds, make available for mortgage loans in Targeted Areas within the State an amount equal to 20% of the proceeds of the Series 62 Bonds deposited in the Series 62 Program Account. The Agency’s efforts to place mortgage financing in Targeted Areas will include the Agency’s general advertising that mortgage funds are available for such areas.

Information Reporting Requirement. In addition to the information reporting requirement applicable to all tax-exempt obligations, issuers of qualified mortgage bonds must compile and submit to the Internal Revenue Service (the “Service”) for each year in which proceeds of a qualified mortgage bond issue are used to provide mortgages, a

report containing information on each mortgagor, including information with respect to the eligibility requirements and other data pertaining to a mortgagor's income.

Recapture of Portion of Federal Subsidy. The Code imposes a recapture provision (the "Recapture Provision"), which requires a payment to the United States from certain mortgagors of an amount determined to be the subsidy provided by a qualified mortgage upon disposition of the residence financed by the Program Loan. The Agency has established procedures to comply with the requirements imposed on it by the Recapture Provision. The Agency has also created a Recapture Tax Reimbursement Program for borrowers who receive first mortgage loans derived from mortgage revenue bond financing. Eligible borrowers will be reimbursed by the Agency for any Recapture Provision payment that they pay to the federal government after they have sold their home. The Agency estimates that its liability will be minimal.

Good Faith Effort

An issue of qualified mortgage bonds that fails to meet the Eligibility Requirements will be treated as meeting all such requirements if:

- (i) the issuer in good faith attempted to meet such requirements before the mortgages were executed;
- (ii) 95% of the net proceeds devoted to owner-financing were devoted to residences with respect to which (at the time the mortgages were executed or assumed) all such requirements were met; and
- (iii) any failure to meet such requirements is corrected within a reasonable period after such failure is first discovered.

Failure to meet one or more of the Eligibility Requirements can be corrected by either calling the non-qualifying mortgage or replacing it with a qualifying mortgage.

In determining whether the 95% requirement referred to in clause (ii) above is satisfied, the Treasury regulations provide that the Agency may rely on affidavits evidencing compliance from the mortgagors and sellers of residences and upon the examination by the Agency or its agents of the income tax returns filed by the mortgagors with the Internal Revenue Service for the preceding three years which indicate no prior home ownership during such period (or statements in the mortgagors affidavits that one or more of such returns were not required to have been filed).

The failure to meet the arbitrage and targeted area requirements will not affect the tax-exempt status of a qualified mortgage bond if:

- (i) the issuer in good faith attempted to meet all such requirements; and
- (ii) any failure to meet such requirements is due to inadvertent error after taking reasonable steps to comply with such requirements.

Agency Procedures

In order to comply with the Federal Tax Requirements, the Agency has established procedures that include an approval process that must be completed before the Agency enters into a conditional commitment to purchase a Program Loan or a Program Security securitizing a mortgage loan, including the examination of affidavits to determine applicant eligibility and Lender compliance, and guidance and assistance to the Lenders.

The Agency will not purchase any Program Loan or a Program Security securitizing a mortgage loan until it has reviewed the documentation to verify compliance with the Federal Tax Requirements. As described above under "THE PROGRAM," the Agency begins its review of the mortgage loan application after the Lender has processed and approved the loan application in accordance with applicable loan underwriting procedures. Once the Lender has

completed its processing and has approved the mortgage loan, a submission package, which includes the loan application and the affidavits, is forwarded to the Agency.

The Agency will require that each submission package contain an affidavit from each mortgagor which represents and warrants, among other things (i) that he or she has not had a previous ownership interest in a principal residence within the preceding three years (the Code creates an exception from this requirement for mortgage loans in targeted areas and for mortgage loans and home ownership by veterans who have not previously benefitted by such mortgage loans); (ii) that he or she will occupy the premises as his or her principal residence within 60 days after the mortgage loan is made; (iii) that the residence is a completed residential unit which needs no alteration for normal occupancy; (iv) that no more than 15% of the property will be used for business purposes; and (v) that the statement of family income set forth in the application is true and complete. The Agency will also require each mortgagor to submit for inspection such mortgagor's federal income tax returns for each of the three years preceding the origination of the mortgage loan or a certificate that the mortgagor was not required to file a federal income tax return during such period to verify the absence of prior home ownership during such period. The Agency will also require that each loan package contain an affidavit from the seller of the residence which evidences compliance with the purchase price limitations.

The Agency has published a Program Guide describing the compliance process each Lender must perform with respect to the Federal Tax Requirements. The Agency regularly holds training classes and has held conversations with mortgage lenders to explain the procedures designed to assure compliance.

Lenders will be required to make representations and warranties that certain Federal Tax Requirements have been met and to repurchase mortgage loans if misstatements or misrepresentations by any party in connection therewith adversely affect the loan's eligibility for purchase under the Federal Tax Requirements.

OTHER AGENCY PROGRAMS AND INFORMATION REGARDING THE AGENCY

Single Family Programs

All Agency Programs involving the issuance of bonds to provide financing of home ownership are now carried out under the Trust Agreement.

Multifamily Programs

In addition to its home ownership programs, the Agency has several programs to provide financing for residential rental housing for low and moderate income households.

The Agency administers the federal tax credit program along with other sources of state funds for qualifying rental production. These funds are available to developers, on a competitive basis, for the development of affordable rental housing in the State. The Agency's goals include supporting the best developments possible given the limited resources available. Therefore, the Agency selects developments serving low-income residents for the longest period of time, at appropriate locations, with strong market demand, with the healthiest financial structures, the best architectural design and the best quality of building materials and workmanship. The Agency has administered this program since its inception in 1987 and has helped create over 2,700 projects comprising over 126,000 rental units, allocating approximately \$1.048 billion of tax credits.

The Agency also provides "conduit" financing of residential rental developments from time to time as described below under "Other Activities."

Other Activities

Since 1987 the General Assembly of North Carolina has provided appropriations for the North Carolina Housing Trust Fund to produce housing for low-income households by leveraging private, local government, and federal resources. The Agency manages the Trust Fund and pays its operating costs so that all appropriated funds go directly into housing construction and rehabilitation. The annual appropriation for the Trust Fund has varied over its

history. Appropriations for fiscal year 2026 and 2027 were \$7.66 million and \$17.66 million, respectively. The annual appropriation for the Trust Fund does not affect the Agency's operating budget.

The Agency provides additional financing assistance for some residential rental housing through the issuance of bonds of the Agency, the proceeds of which are loaned to residential rental housing developers to acquire or construct and equip and furnish residential rental housing facilities. These bond issues are "conduit" financings in which the Agency's obligation for payment thereof is limited to the payment received from the third-party borrowers and the properties, revenues and the other security pledged to the payment of the bonds. The bonds are not secured by any funds or other assets that secure the payment of the Bonds issued under the Trust Agreement. As of June 30, 2026, the Agency had \$177,647,000 of conduit financing bonds outstanding.

The Agency may issue additional series of bonds under any of its programs, including the Program, and may adopt other programs under which bonds could be issued. The Agency's ability to issue additional bonds to finance its programs is restricted by federal tax law.

Cybersecurity

As increased threats persist to the cybersecurity of private companies and State and local governments and their Agencies nationwide, the Agency monitors Agency systems for any incidents or attempts to access protected systems and information. The Agency also has extensive information and system security policies to promote protection against cybersecurity threats. All employees are required to take cybersecurity training and the Agency has engaged outside consultants to test Agency systems and procedures for weaknesses against such threats. Policies and training material are reviewed at least annually by the Agency and revised if appropriate.

TAX TREATMENT

Series 62 Bonds

Opinion of Bond Counsel. Certain federal tax requirements must be met subsequent to the initial issuance and delivery of the Series 62 Bonds in order that interest on such Bonds be excluded, on and after the date of such issuance and delivery, from the gross income of the owners thereof for federal income tax purposes under the Code. The Agency has established procedures in its Program Documents and the Sixty-Second Supplemental Trust Agreement to meet the Federal Tax Requirements. The Agency has also covenanted in the Sixty-Second Supplemental Trust Agreement to comply with the requirements of Sections 143 and 148 of the Code. Bond Counsel is of the opinion that the procedures established as of the date hereof in the Agency's Program Documents and the Sixty-Second Supplemental Trust Agreement are sufficient, if followed, to comply with the Federal Tax Requirements. The Agency has also covenanted, in the Sixty-Second Supplemental Trust Agreement, to comply with the regulations promulgated with respect to the rebate and other arbitrage requirements under Sections 143 and 148 of the Code. Failure to comply with such aforementioned covenants or to carry out the procedures set forth in the Program Documents may cause interest on the Series 62 Bonds to become included in gross income for federal income tax purposes retroactive from their date of issue.

In the opinion of Womble Bond Dickinson (US) LLP, Raleigh, North Carolina, as Bond Counsel, assuming that the Agency will carry out the aforementioned procedures set forth in the Program Documents and comply with the aforementioned covenants contained in the Sixty-Second Supplemental Trust Agreement, interest on the Series 62 Bonds is excluded from gross income for federal tax purposes and is not treated as a preference item for purposes of calculating the alternative minimum tax, however interest on the Series 62 Bonds held by certain corporations is included in the corporation's "adjusted financial statement of income" for purposes of computing the federal alternative minimum tax on such corporations.

Bond Counsel is further of the opinion that interest on the Series 62 Bonds is exempt from all income taxes of the State of North Carolina.

Original Issue Premium. The Series 62 PAC Bonds are being sold at initial offering prices which are in excess of the principal amount payable at maturity. The difference between (a) the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the Series 62 PAC Bonds are sold and (b) the

principal payable at maturity of such Series 62 Bonds constitutes original issue premium, which original issue premium is not deductible for federal income tax purposes. In the case of an owner of a Series 62 PAC Bond, however, the amount of the original issue premium which is treated as having accrued over the term of such Series 62 PAC Bond is reduced from the owner's cost basis of such Series 62 PAC Bond in determining, for federal income tax purposes, the taxable gain or loss upon the sale, redemption or other disposition of such Series 62 PAC Bond (whether upon its sale, redemption or payment at maturity). Owners of Series 62 PAC Bonds should consult their tax advisors with respect to the determination, for federal income tax purposes, of the "adjusted basis" of such Series 62 PAC Bonds upon any sale or disposition and with respect to any state or local tax consequences of owning a Series 62 PAC Bond. Other Tax Consequences. Ownership or transfer of, or the accrual or receipt of interest on, the Series 62 Bonds may result in collateral federal, State of North Carolina, other state or local tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers who may be eligible for the federal earned income tax credit, and taxpayers subject to franchise, estate, inheritance, gift or capital gains taxes. Prospective purchasers of the Series 62 Bonds should consult their tax advisors as to any such possible collateral tax consequences. Except to the extent covered in their legal opinion, Bond Counsel expresses no opinion regarding any such collateral tax consequences.

The Internal Revenue Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the Series 62 Bonds.

Interest paid on tax-exempt obligations, such as the Series 62 Bonds, will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although such reporting requirement does not, in and of itself, affect the excludability of interest with respect to the Series 62 Bonds from gross income for federal income tax purposes, such reporting requirement causes the payment of interest with respect to the Series 62 Bonds to be subject to backup withholding if such interest is paid to beneficial owners who (a) are not "exempt recipients" and (b) either fail to provide certain identifying information (such as the beneficial owner's taxpayer identification number) in the required manner or have been identified by the Service as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or credit against such beneficial owner's federal income tax liability provided the required information is furnished to the Service.

FINANCIAL STATEMENTS

The financial statements of the Agency as of and for the year ended June 30, 2026, included in this Official Statement as Appendix A have been audited by BDO USA, LLP, independent auditors, as stated in their report appearing herein.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings ("S&P") have assigned ratings of "Aa1" and "AA+" respectively, to the Series 62 Bonds. Such ratings are not a recommendation to buy, sell or hold securities. Any desired explanation of the significance of such ratings should be obtained from Moody's and S&P, respectively. There is no assurance that a particular rating will remain in effect for any given period of time or that it will not be lowered, suspended or withdrawn entirely if, in the judgment of the rating agency furnishing such rating, circumstances so warrant. Any suspension, downward revision or withdrawal of one or both of such ratings could have an adverse effect on the marketability or the market price of the Series 62 Bonds. The Agency assumes no responsibility to take any actions with regard to possible rating changes.

LITIGATION

At the time of the delivery of and payment for the Series 62 Bonds, the Agency will certify that, to the best of its knowledge, there is no controversy or litigation of any nature at such time pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Series 62 Bonds, or in any way contesting or affecting the validity of the Series 62 Bonds or any proceedings of the Agency taken with respect to the issuance or sale thereof or the pledge or application of any moneys or security provided for the payment of the Series 62 Bonds or the existence or powers of the Agency.

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Series 62 Bonds are subject to the approving opinion of Womble Bond Dickinson (US) LLP, Raleigh, North Carolina, Bond Counsel to the Agency. Copies of the approving opinion of said law firm in substantially the form included herein as Appendix B will be available at the time of delivery of the Series 62 Bonds. Certain legal matters will be passed upon for the Agency by the General Counsel for the Agency and for the Underwriters by their counsel, Bode, PLLC, Raleigh, North Carolina.

LEGAL INVESTMENT

The Act provides that the Series 62 Bonds shall be securities in which all public officers and public bodies of the State and its political subdivisions, and all North Carolina insurance companies, trust companies, banking associations, investment companies, executors, administrators, trustees and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them.

UNDERWRITING

BofA Securities, Inc., RBC Capital Markets, LLC, Wells Fargo Bank, National Association, Morgan Stanley & Co. LLC, and Raymond James & Associates, Inc. (together, the “Underwriters”), have jointly and severally agreed, subject to certain conditions, to purchase all of the Series 62 Bonds at a price equal to the aggregate principal amount of the Series 62 Bonds, plus an original issue premium of \$11,369,595.20. The Underwriters will receive from the Agency a fee of \$2,154,917.43. The initial public offering prices of the Series 62 Bonds may be changed from time to time by the Underwriters.

Certain of the Underwriters have provided the statements in the remainder of this section for inclusion in this Official Statement. The Agency does not take any responsibility for or make any representation as to its accuracy or completeness of such statements.

BofA Securities, Inc., an underwriter of the Series 62 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 62 Bonds.

RBC Capital Markets, LLC (“RBCCM”), an underwriter of the Series 62 Bonds, has entered into a distribution arrangement with its affiliate RBC Securities, Inc. (RBC Securities) (formerly known as City National Securities, Inc.). As part of this arrangement, RBCCM may distribute municipal securities to investors through the financial advisor network of RBC Securities. As part of this arrangement, RBCCM may compensate RBC Securities for its selling efforts with respect to the Series 62 Bonds. RBCCM is serving as remarketing agent on a separate bond issue. RBCCM is separately compensated for serving in that capacity.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group (“WFBNA”), one of the Underwriters of the Series 62 Bonds, has entered into an agreement (the “WFA Distribution Agreement”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“WFA”), for the distribution of certain municipal securities offerings, including the Series 62 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 62 Bonds with WFA. WFBNA also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the Series 62 Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

Morgan Stanley & Co. LLC, one of the Underwriters of the Series 62 Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 62 Bonds.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. In the course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively traded 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 Agency (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Agency. The Underwriters and their respective affiliates may also 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.

MUNICIPAL ADVISOR

Caine Mitter & Associates Incorporated (“Caine Mitter”) has been engaged as a municipal advisor to the Agency in connection with the issuance of the Series 62 Bonds. Caine Mitter is an independent registered municipal advisor and is not engaged in the underwriting, trading, or distribution of municipal or other public securities. Caine Mitter is not a public accounting firm and has not been engaged to compile, review, examine, or audit the information contained herein in accordance with accounting standards. Any cash flow projections, quantitative analyses, or other work products prepared by Caine Mitter rely on information obtained from the Agency and other parties to the transaction and third-party sources believed to be reliable, as well as assumptions provided by or on behalf of the Agency. Caine Mitter has not independently verified and assumes no responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement, compliance with any continuing disclosure undertakings, or the provisions of the legal documents relating to the Series 62 Bonds.

CONTINUING DISCLOSURE

Pursuant to the Sixty-Second Supplemental Trust Agreement, the Agency hereby undertakes, for the benefit of the beneficial owners of the Series 62 Bonds, to provide to the Municipal Securities Rulemaking Board (“MSRB”):

- (a) by not later than seven months from the end of each fiscal year of the Agency, audited financial statements of the Agency prepared in accordance with Section 160-34 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, or, if such audited financial statements of the Agency are not available by seven months from the end of such fiscal year, unaudited financial statements of the Agency to be replaced subsequently by audited financial statements of the Agency to be delivered within fifteen (15) days after such audited financial statements become available for distribution;

- (b) concurrently with the delivery of the audited financial statements referred to in (a) above, the most recent financial and statistical data available to the Agency as of a date not earlier than the end of the preceding fiscal year, for the type of information included in the tables labeled “Bonds Payable” and “Program Obligations” under the heading “THE PROGRAM—Experience to Date Under the Program” in this Official Statement;
- (c) in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Series 62 Bonds:
 - (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 any credit enhancements reflecting financial difficulties;
 - (5) substitution of any 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 security, or other material events affecting the tax status of the security;
 - (7) modification to the rights of the beneficial owners of the Series 62 Bonds;
 - (8) bond calls, other than calls for mandatory sinking fund redemption, if material, and tender offers;
 - (9) defeasance of any of the Series 62 Bonds;
 - (10) release, substitution or sale of any property securing repayment of the Series 62 Bonds, if material;
 - (11) rating changes;
 - (12) bankruptcy, insolvency, receivership or similar event of the Agency;
 - (13) the consummation of a merger, consolidation or acquisition involving the Agency or the sale of all or substantially all of the assets of the Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (14) appointment of a trustee or a successor or additional trustee or the change of name of a trustee, if material;
 - (15) incurrence of a financial obligation (as defined below) of the Agency, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation of the Agency, any of which affect beneficial owners of the Series 62 Bonds, if material;
 - (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Agency, any of which reflect financial difficulties; and

- (d) in a timely manner, notice of a failure of the Agency to provide required annual financial information described in (a) or (b) above on or before the date specified.

The Agency shall provide the documents referred to above to the MSRB in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

For the purposes of this Section, “financial obligation” means (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either clause (a) or (b). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12 issued under the Securities Exchange Act of 1934 (“Rule 15c2-12”).

The Agency may discharge its undertaking described above by transmitting the documents referred to above to any entity and by any method authorized by the U.S. Securities and Exchange Commission.

The Agency reserves the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the Agency, provided that:

- (a) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Agency;
- (b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 as of the date of the Official Statement, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and
- (c) any such modification does not materially impair the interests of the beneficial owners of the Series 62 Bonds, as determined by the Trustee or bond counsel to the Agency, or by approving vote of the Owners of a majority in principal amount of the Series 62 Bonds pursuant to the terms of the Trust Agreement at the time of the amendment.

In the event that the Agency makes such a modification, the annual financial information containing the modified operating data or financial information shall explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

The continuing disclosure provisions of the Sixty-Second Supplemental Trust Agreement shall terminate upon payment, or provision having been made for payment in a manner consistent with Rule 15c2-12, in full of the principal and interest with respect to all of the Series 62 Bonds.

In the event of a failure of the Agency to comply with any provision of the covenant set forth above, the Trustee may (and, at the request of the owners of at least 25% aggregate principal amount of Outstanding Series 62 Bonds, shall), or any beneficial owner of the Series 62 Bonds may, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Agency to comply with the continuing disclosure provisions of the Sixty-Second Supplemental Trust Agreement. However, a default with respect to the continuing disclosure provisions of the Sixty-Second Supplemental Trust Agreement shall not be deemed an Event of Default under the Trust Agreement, and the remedy in the event of any failure of the Agency to comply with the continuing disclosure provisions of the Sixty-Second Supplemental Trust Agreement shall be the actions referred to above.

The Agency has not failed in any material respect to file any information required to be provided by any undertaking previously made by the Agency pursuant to the requirements of Rule 15c2-12 in the last five years.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Agency and the purchasers or holders of any of the Series 62 Bonds.

NORTH CAROLINA HOUSING FINANCE AGENCY

By: /s/ Brett Warner
Chief Financial Officer

The interest rates, maturities, sale price and manner of sale of the Series 62 Bonds have been determined, with the approval of the North Carolina Housing Finance Agency and the Local Government Commission of the State of North Carolina.

By: /s/ Denise Canada
Secretary of the Local Government Commission
of North Carolina

Dated: September 29, 2026

APPENDIX A

FINANCIAL STATEMENTS OF THE AGENCY

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NORTH CAROLINA HOUSING FINANCE AGENCY

Audited Financial Statements for
the Year Ended June 30, 2026

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Audited Financial Statements

June 30, 2026

NORTH CAROLINA HOUSING FINANCE AGENCY FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2026

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Independent Auditor's Report

The Board of Directors
North Carolina Housing Finance Agency
Raleigh, North Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the North Carolina Housing Finance Agency (the Agency), a public agency component unit of the State of North Carolina as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Agency, as of June 30, 2026, and the changes in its financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

BDO USA, P.C., a Virginia professional corporation, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The combining statement of net position; the combining statement of revenues, expenses and changes in net position and the combining statement cash flows (collectively, the Supplementary Information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare 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 GAAS. In our opinion, the Supplementary 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 25, 2026 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

BDO USA, P.C.

September 25, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
June 30, 2026

1. Overview of the Financial Statements

The North Carolina Housing Finance Agency (Agency) was created in 1973 to provide safe, affordable housing opportunities to enhance the quality of life of North Carolinians. The Agency focuses its efforts on providing assistance to borrowers purchasing a home, financing affordable rental housing, and helping homeowners who are facing foreclosure or living in substandard housing. Activities are financed primarily through the issuance of bonds, sale of mortgage-backed securities (MBS) and administration of federal and state housing programs.

The Agency's basic financial statements include the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows, and Notes to the Financial Statements. The Supplementary Information section breaks out these statements by accounting entity, as described further in Note A to the Financial Statements.

The following discussion provides an objective analysis of the Agency's financial performance.

2. Financial Summary

The following tables summarize the changes in financial position between June 30, 2026 and June 30, 2025 (*in thousands*):

<u>Condensed Statements of Net Position</u>	<u>2026</u>	<u>2025</u>	<u>Change</u>	<u>%</u>
Assets*				
Cash and cash equivalents	\$ 1,090,129	\$ 1,330,725	\$ (240,596)	(18.1)
Investments	3,700,479	3,185,956	514,523	16.1
Accrued interest receivable on investments	18,389	16,041	2,348	14.6
Mortgage loans receivable, net	243,705	271,479	(27,774)	(10.2)
Mortgage loans held for sale	59,422	548	58,874	10,743.4
Hedging derivatives asset	7,795	3,362	4,433	131.9
Accrued interest receivable on mortgage loans	1,016	1,010	6	0.6
State receivables	-	821	(821)	(100.0)
Capital assets, net	853	1,478	(625)	(42.3)
Other assets, net	6,828	4,530	2,298	50.7
Total Assets	\$ 5,128,616	\$ 4,815,950	\$ 312,666	6.5
Deferred Outflows of Resources				
Deferred outflows for pensions	\$ 3,491	\$ 4,716	\$ (1,225)	(26.0)
Deferred outflows for other postemployment benefits	4,597	6,220	(1,623)	(26.1)
Accumulated decrease in fair value of hedging derivative	-	547	(547)	(100.0)
Total Deferred Outflows of Resources	\$ 8,088	\$ 11,483	\$ (3,395)	(29.6)
Liabilities*				
Bonds payable, net	\$ 3,916,601	\$ 3,703,161	\$ 213,440	5.8
Accrued interest payable	83,755	67,890	15,865	23.4
Accounts payable	4,770	3,286	1,484	45.2
Hedging derivatives liability	-	547	(547)	(100.0)
Unearned revenues	40,160	31,470	8,690	27.6
Pension liability	7,067	8,828	(1,761)	(19.9)
Other postemployment benefits	11,119	17,443	(6,324)	(36.3)
Lease liabilities	795	1,438	(643)	(44.7)
Other liabilities	10,357	7,672	2,685	35.0
Total Liabilities	\$ 4,074,624	\$ 3,841,735	\$ 232,889	6.1

Condensed Statements of Net Position (Continued)	2026	2025	Change	%
Deferred Inflows of Resources				
Deferred inflows for pensions	\$ 227	\$ 26	\$ 201	773.1
Deferred inflows for other postemployment benefits	6,101	2,517	3,584	142.4
Accumulated increase in fair value of hedging derivative	7,795	3,362	4,433	131.9
Total Deferred Inflows of Resources	\$ 14,123	\$ 5,905	\$ 8,218	139.2
Net Position				
Net investment in capital assets	\$ 853	\$ 1,478	\$ (625)	(42.3)
Restricted net position	829,579	795,098	34,481	4.3
Unrestricted net position	217,525	183,217	34,308	18.7
Total Net Position	\$ 1,047,957	\$ 979,793	\$ 68,164	7.0

*For the detail of current and noncurrent items, please see the audited Statement of Net Position in the accompanying financial statements.

Condensed Statements of Revenues, Expenses and Changes in Net Position	2026	2025	Change	%
Operating Revenues				
Interest on mortgage loans	\$ 10,873	\$ 11,648	\$ (775)	(6.7)
Federal program awards received	289,719	277,714	12,005	4.3
Nonfederal program awards received	4,752	8,935	(4,183)	(46.8)
State appropriations received	10,660	55,660	(45,000)	(80.8)
State grants received	54,732	55,999	(1,267)	(2.3)
Program income/fees	87,029	73,922	13,107	17.7
Other revenues	91	281	(190)	(67.6)
Total Operating Revenues	\$ 457,856	\$ 484,159	\$ (26,303)	(5.4)
Operating Expenses				
Mortgage servicing expense	\$ 539	\$ 618	\$ (79)	(12.8)
Federal program expense	295,245	277,279	17,966	6.5
Nonfederal program expense	80,385	70,380	10,005	14.2
State program expense	108,447	108,373	74	0.1
General and administrative expense	32,903	32,419	484	1.5
Other expenses	34	1,366	(1,332)	(97.5)
Total Operating Expenses	\$ 517,553	\$ 490,435	\$ 27,118	5.5
Operating Income (Loss)	\$ (59,697)	\$ (6,276)	\$ (53,421)	(851.2)
Noncapital Subsidies				
Noncapital contributions	\$ -	\$ 6	\$ (6)	(100.0)
Total Noncapital Subsidies	\$ -	\$ 6	\$ (6)	(100.0)
Operating Income (Loss) and Noncapital Subsidies	\$ (59,697)	\$ (6,270)	\$ (53,427)	(852.1)
Other Nonoperating Revenues (Expenses)				
Interest on investments	\$ 225,343	\$ 187,306	\$ 38,037	20.3
Net increase (decrease) in fair value of investments	55,726	62,345	(6,619)	(10.6)
Interest on bonds	(153,167)	(120,541)	32,626	27.1
Lease interest expense	(41)	(40)	1	2.5
Total Other Nonoperating Revenues (Expenses)	\$ 127,861	\$ 129,070	\$ 1,209	0.9
Increase (Decrease) in Net Position	\$ 68,164	\$ 122,800	\$ (54,636)	(44.5)
Total Net Position - Beginning	\$ 979,793	\$ 856,993	\$ 122,800	14.3
Total Net Position - Ending	\$ 1,047,957	\$ 979,793	\$ 68,164	7.0

3. Detailed Analyses

Condensed summary of changes in net position between fiscal years 2025 and 2026:

- **Total Assets** increased by \$312.7 million, or 6.5%, driven primarily by higher investment balances and mortgage loans held for sale.
- **Deferred Outflows** decreased by \$3.4 million, or 29.6%, largely due to changes in pension and other postemployment benefits (OPEB) actuarial measures.
- **Total Liabilities** increased by \$232.9 million, or 6.1%, mainly reflecting bond issuance activity and related accrued interest.
- **Deferred Inflows** increased by \$8.2 million, or 139.2%, tied to changes in hedging derivative valuations and pension and OPEB assumptions.
- **Net Position** increased by \$68.2 million, or 7.0%, led by investment performance, mortgage production volume, and increased program income.

Key account changes for fiscal year 2026:

The Agency issued mortgage revenue bonds to finance a portion of its NC Home Advantage Mortgage (HomeAd) production. These HomeAd loans were securitized into MBS. This activity was responsible for the increases and decreases in the accounts below:

- *Bonds payable, net* increased \$213.4 million, or 5.8%
- *Accrued interest payable* increased \$15.9 million, or 23.4%
- *Interest on bonds* increased \$32.6 million, or 27.1%
- *Investments* increased \$514.5 million, or 16.1%
- *Interest on investments* increased \$38.0 million, or 20.3%
- *Net increase (decrease) in fair value of investments* decreased \$6.6 million or 10.6%
- *Hedging derivatives asset* increased \$4.4 million, or 131.9%
- *Hedging derivatives liability* decreased \$0.5 million, or 100.0%
- *Accumulated increase in fair value of hedging derivative* increased \$4.4 million, or 131.9%
- *Accumulated decrease in fair value of hedging derivative* decreased \$0.5 million, or 100.0%

Other notable changes:

- The legacy FirstHome mortgage loan portfolio continued to decline due to expected prepayments, resulting in a \$27.8 million, or 10.2% decrease in *Mortgage loans receivable, net*.
- *Mortgage loans held for sale* increased \$58.9 million, or 10,743%, primarily due to elevated loan production at the end of the fiscal year.
- A NC Department of Health and Human Services (DHHS) contract amendment for Community Living Rental Assistance, which allocated additional funding to the Agency, contributed to the increase in *Unearned revenues* by \$8.7 million, or 27.6%.
- Allocation fees for the Low-Income Housing Tax Credit (LIHTC) increased, driving the \$13.1 million, or 17.7% increase in *Program income/fees*.
- *State appropriations received* decreased \$45 million, or 80.8%, primarily due to non-recurring appropriations that were not received in fiscal year 2026.

Program discussion:

Pursuant to its mission, the Agency expended \$1.7 billion on 21 programs in fiscal year 2026, consistent with fiscal year 2025 expenditures. These programs were supported by a mix of federal, state, nonfederal and other funding sources. Most of the program expenditures were for the HomeAd

program, which totaled \$1.1 billion and \$1.2 billion in fiscal years 2026 and 2025, respectively. The other major program expenditures included Section 8 Project-Based Contract Administration (\$224.3 million), the LIHTC program (\$51.7 million), the Workforce Housing Loan Program (WHLP) (\$40.1 million), Transitions to Community Living Vouchers (TCLV) (\$38.9 million), and the Rental Production Programs (\$33.5 million). With the exception of TCLV, each of these programs saw changes of less than 4% compared to the prior fiscal year. TCLV increased 17% due to elevated funding requests from Local Management Entity/Managed Care Organizations. The Mortgage Credit Certificate program, which incurred \$55.3 million in expenditures in fiscal year 2025, was discontinued during fiscal year 2026.

Additional information on the Agency's programs can be found in Note A to the Financial Statements and on the Agency's website at <https://www.nchfa.com/about-us/agency-investment-and-impact/programs-and-impacts>.

4. Significant Capital Asset and Long-Term Financing Activity

The Agency issued tax-exempt bonds in fiscal year 2026 to finance a portion of its HomeAd production, increasing its long-term debt.

Series 59 closed in November 2025 for \$299 million. The issuance consisted of \$200 million in fixed-rate bonds and \$99 million in variable-rate bonds, hedged with a SOFR-based (Secured Overnight Financing Rate), swap. This structure allows the Agency to manage exposure to market-driven interest rate variability while maintaining predictable, long-term financing costs for program operations. The bonds were issued at a yield of 3.6185%, supporting continued access to competitively priced capital.

Series 60 closed in April 2026 for \$299 million. The fixed-rate bonds were issued at a yield of 4.0897%. These bonds further strengthen the Agency's capacity to purchase first-mortgage loans and to provide down-payment assistance. Both Series 59 and Series 60 carry maturities up to 30 years, mirroring the expected lives of the mortgages being financed and supporting long-term asset-liability alignment.

In fiscal year 2026, the Agency made biannual principal payments totaling \$400.2 million. This amount includes the refunding redemption of \$200 million of Series 55 convertible option bonds on their mandatory tender date in January 2026, with a portion of the proceeds from Series 59. By issuing the convertible option bonds, the Agency was able to lower its cost of funds.

The Agency's debt has maintained its strong Aa1 and AA+ credit ratings from Moody's Investors Service, Inc. and S&P Global Ratings respectively, indicating the year's financing decisions were consistent with its established credit profile and underlying financial strength. Additional information regarding debt service requirements, detailed swap terms and fair value measurements are included in the Notes to the Financial Statements.

5. Currently Known Facts, Decisions, or Conditions

The Agency receives limited funding from the State of North Carolina (State) annually and the NC General Assembly did not pass a budget in fiscal year 2026. In the absence of a State budget, all recurring appropriations are level funded and non-recurring appropriations are not received. As such, only recurring appropriations of \$7.7 million for the NC Housing Trust Fund (HTF) and \$3 million for HOME Investment Partnerships Program Match were received during fiscal year 2026. The State approved a budget on July 7, 2026, and includes \$25 million of non-recurring appropriations for WHLP and \$10 million for HTF, to be received in fiscal year 2027.

Additional Information

For questions or additional financial details, contact:

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NORTH CAROLINA HOUSING FINANCE AGENCY

STATEMENT OF NET POSITION

AS OF JUNE 30, 2026

(In thousands)

ASSETS

Current assets:

Cash and cash equivalents	\$ 227,455
Restricted cash and cash equivalents	862,674
Accrued interest receivable on investments	18,389
Mortgage loans receivable, net	46,506
Mortgage loans held for sale	59,422
Accrued interest receivable on mortgage loans	1,016
Other assets	6,795
TOTAL CURRENT ASSETS	\$ 1,222,257

Noncurrent assets:

Restricted investments	\$ 3,700,479
Mortgage loans receivable, net	197,199
Hedging derivatives asset	7,795
Capital assets, net	853
Other assets, net	33
TOTAL NONCURRENT ASSETS	\$ 3,906,359
TOTAL ASSETS	\$ 5,128,616

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows for pensions	\$ 3,491
Deferred outflows for other postemployment benefits	4,597
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 8,088

LIABILITIES

Current liabilities:

Bonds payable	\$ 74,895
Accrued interest payable	83,755
Accounts payable	4,770
Unearned revenues	10,578
Lease liabilities	662
Other liabilities	1,291
TOTAL CURRENT LIABILITIES	\$ 175,951

Noncurrent liabilities:

Bonds payable, net	\$ 3,841,706
Unearned revenues	29,582
Pension liability	7,067
Other postemployment benefits	11,119
Lease liabilities	133
Other liabilities	9,066
TOTAL NONCURRENT LIABILITIES	\$ 3,898,673
TOTAL LIABILITIES	\$ 4,074,624

DEFERRED INFLOWS OF RESOURCES

Deferred inflows for pensions	\$ 227
Deferred inflows for other postemployment benefits	6,101
Accumulated increase in fair value of hedging derivatives	7,795
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 14,123

NET POSITION

Net investment in capital assets	\$ 853
Restricted net position	829,579
Unrestricted net position	217,525
TOTAL NET POSITION	\$ 1,047,957

The accompanying notes are an integral part of these financial statements.

NORTH CAROLINA HOUSING FINANCE AGENCY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2026

(in thousands)

OPERATING REVENUES

Interest on mortgage loans	\$ 10,873
Federal program awards received	289,719
Nonfederal program awards received	4,752
State appropriations received	10,660
State grants received	54,732
Program income/fees	87,029
Other revenues	91
TOTAL OPERATING REVENUES	\$ 457,856

OPERATING EXPENSES

Mortgage servicing expense	\$ 539
Federal program expense	295,245
Nonfederal program expense	80,385
State program expense	108,447
General and administrative expense	32,903
Other expenses	34
TOTAL OPERATING EXPENSES	\$ 517,553
OPERATING INCOME (LOSS)	\$ (59,697)

OTHER NONOPERATING REVENUES (EXPENSES)

Interest on investments	\$ 225,343
Net increase (decrease) in fair value of investments	55,726
Interest on bonds	(153,167)
Lease interest expense	(41)
TOTAL OTHER NONOPERATING REVENUES (EXPENSES)	\$ 127,861
INCREASE (DECREASE) IN NET POSITION	\$ 68,164

TOTAL NET POSITION - BEGINNING

\$ 979,793

TOTAL NET POSITION - ENDING

\$ 1,047,957

The accompanying notes are an integral part of these financial statements.

NORTH CAROLINA HOUSING FINANCE AGENCY

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2026

(in thousands)

Cash flows from operating activities:	
Interest on mortgage loans	\$ 10,799
Principal payments on mortgage loans	42,199
Purchase of mortgage loans	(13,769)
Sale of mortgage loans held for sale	270,279
Purchase of mortgage loans held for sale	(329,153)
Federal program awards received	289,830
Nonfederal program awards received	4,752
Federal program expense	(295,546)
Nonfederal program expense	(80,385)
Federal grant administration income	11,247
State appropriations received	10,660
State grants received	62,666
State program expense	(108,927)
Program income/fees	77,020
Other expenses	(30,910)
Other revenues	(1,653)
Net cash provided by (used in) operating activities	\$ (80,891)
Cash flows from capital financing activities:	
Lease interest expense	\$ (41)
Net cash provided by (used in) capital financing activities	\$ (41)
Cash flows from noncapital financing activities:	
Issuance of bonds	\$ 398,000
Proceeds from refunding bonds	200,000
Principal repayments on bonds	(200,220)
Principal payments on refunded debt	(200,000)
Interest paid on bonds	(117,640)
Bond issuance costs paid	(4,002)
Net cash provided by (used in) noncapital financing activities	\$ 76,138
Cash flows from investing activities:	
Proceeds from sales or maturities of investments	\$ 586,463
Purchase of investments	(1,045,260)
Earnings on investments	222,995
Net cash provided by (used in) investing activities	\$ (235,802)
Net increase (decrease) in cash and cash equivalents, unrestricted and restricted	\$ (240,596)
Cash and cash equivalents, unrestricted and restricted, at beginning of year	1,330,725
Cash and cash equivalents, unrestricted and restricted, at end of year	\$ 1,090,129
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (59,697)
Change in assets and liabilities:	
Decrease (increase) in mortgage loans receivable	27,774
Decrease (increase) in mortgage loans held for sale	(58,874)
Decrease (increase) in accrued interest receivable on mortgage loans	(6)
Decrease (increase) in other assets	(4,884)
Decrease (increase) in deferred outflows of resources	3,395
Increase (decrease) in accounts payable and other liabilities	(5,507)
Increase (decrease) in deferred inflows of resources	8,218
Increase (decrease) in unearned revenues	8,690
Total adjustments	\$ (21,194)
Net cash provided by (used in) operating activities	\$ (80,891)

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2026

A. AUTHORIZING LEGISLATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Authorizing Legislation The North Carolina Housing Finance Agency (Agency) is a public agency and component unit of the State of North Carolina (State). The accompanying financial statements represent the financial position of the Agency only. The Agency was created to provide financing for housing to residents of the State with low and moderate incomes. Pursuant to its enabling legislation, the Agency is authorized to issue bonds and other obligations to fulfill its corporate purpose up to a total outstanding amount of \$12 billion. The debt obligations of the Agency do not constitute a debt, grant, or line of credit of the State, and the State is not liable for the repayment of such obligations.

Basis of Presentation The accompanying financial statements of the Agency have been prepared in accordance with generally accepted accounting principles in the United States (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) establishes standards of financial accounting and reporting for state and local government entities.

Measurement Focus and Basis of Accounting The accompanying financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Programs The Agency's accounts are organized on the basis of programs. Each program represents a separate accounting entity. Agency resources are allocated to these programs based on legal responsibility, fiscal accountability, and management designation. The Agency's primary programs are summarized below:

Agency Programs Direct administrative and operational activities, including operating expenses of various programs, are recorded in Agency Programs. Among the most active programs are the federal Low-Income Housing Tax Credit (LIHTC) program and the State Home Foreclosure Prevention Project (SHFPP). The Agency administers LIHTC for the State, evaluating applications for the tax credits and monitoring the rental properties for the compliance period to ensure that they meet federal program requirements, among other responsibilities. The Agency earns fees related to the applications and monitoring of LIHTC properties.

In 2008, the State authorized the formation of SHFPP in response to the foreclosure crisis. State statute requires that all parties who wish to initiate a foreclosure against a home in North Carolina remit a \$75 fee to the Agency. The fees collected are used to counsel and/or provide legal assistance to homeowners at risk of foreclosure. Any excess funds are allocated to the North Carolina Housing Trust Fund (HTF) annually.

Housing Trust Fund Programs The North Carolina Housing Trust and Oil Overcharge Act created the HTF and the North Carolina Housing Partnership (Housing Partnership). The purpose of the HTF is to increase the supply of decent, affordable, and energy-efficient housing for residents of the State with low and moderate incomes. The Housing Partnership is responsible for developing policy for the operation of several programs within the HTF. The Agency staff provides services to the Housing Partnership and administers the HTF programs. State appropriations for fiscal year 2026 include only the recurring appropriation that is used to make loans and grants under the HTF programs.

Federal and State Programs The Agency administers several federal programs including Section 8 Project-Based Contract Administration (Section 8 PBCA), the combined HOME Investment

Partnerships Program (HOME) and the HOME Investment Partnerships American Rescue Plan Program (HOME-ARP), Emergency Rental Assistance (ERA2), and National Housing Trust Fund, which represent 80%, 12%, 4% and 4% of federal expenditures, respectively. The Agency receives a fee for administering these programs. The HOME program is matched with State funds of up to \$3 million annually as appropriated by the North Carolina General Assembly (General Assembly).

The Agency receives funds from the North Carolina Department of Health and Human Services (DHHS) for the Transitions to Community Living Voucher program (TCLV), the Key Rental Assistance (Key) program and other housing programs. TCLV is a tenant-based, rental assistance program, which also provides assistance with security deposits, holding fees and risk mitigation claims. The Key program provides assistance and services to low-income individuals with disabilities and those who are homeless. These funds are reported in *State grants received*.

Home Ownership Bond Programs The Home Ownership Bond Programs were created through single-family trust agreements and are restricted as to their use. The proceeds of individual bond issues are used to purchase qualifying mortgage loans for single-family residential units.

The Agency's former FirstHome program was funded with tax-exempt mortgage revenue bonds, and the mortgage loans are reported in *Mortgage loans receivable, net* in the 1998 Home Ownership Bond Program. Mortgage loan interest income related to the Home Ownership Bond Programs is reported in *Interest on mortgage loans*.

The operations for the NC Home Advantage Mortgage (HomeAd) program are financed through the issuance of taxable and tax-exempt mortgage revenue bonds as well as the sale of mortgage-backed securities (MBS). The production related to the HomeAd program is reported in the 1998 Home Ownership Bond Program. In contrast to the FirstHome program, in which the Agency owns the mortgage loans, all HomeAd production is pooled into MBS, regardless of the method of financing. For HomeAd loans funded through the sale of MBS, the related program income is recorded in *Program income/fees*. The MBS funded with bond proceeds are reported in *Restricted Investments*, which also include US Agency securities held by the Agency. The corresponding earnings from the bond-funded MBS are reported in *Interest on investments*. The down payment assistance loans and lender compensation incurred by the HomeAd program are reported in *Nonfederal program expense*, regardless of the method of financing.

Significant Accounting Policies Below is a summary of the Agency's significant accounting policies:

Cash and Cash Equivalents *Cash and cash equivalents* are comprised of cash on hand, amounts on deposit with financial institutions which are insured or collateralized under provisions of State laws and regulations, and amounts in pooled cash accounts managed by in the North Carolina State Treasurer (State Treasurer), and highly liquid investments with original maturities of three months or less. Funds deposited in an investment pool of the State Treasurer are invested in a variety of instruments as authorized by State law. The majority of *Cash and cash equivalents* classified as restricted on the accompanying Statement of Net Position are for the Agency's debt service payments, bond calls, and for funding home ownership under the Agency's different programs.

Investments *Restricted investments* are reported at fair value in accordance with GASB Codification Section 150, *Investments*. The investments include US Treasury securities, US Agency securities and MBS insured by the Government National Mortgage Association (GNMA), which is a US government agency, and the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC), both government sponsored enterprises. The interest earnings are reported in *Interest on investments* and the net change in fair value is reported in *Net increase (decrease) in fair value of investments*.

Mortgage Loans Receivable, Net Mortgage loans include first lien single-family mortgages from the Agency's former FirstHome program, and second lien single-family and multifamily mortgages from various Agency programs. The Agency has the ability and intent to hold these loans for the foreseeable future; therefore, they are not considered investments under GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72), and are carried at their outstanding principal balances less a loan loss reserve. The Agency determines the loan loss reserve based on an evaluation of the loan portfolio, current economic conditions, historical loss experience and other factors relevant to the determination of the collectability of the loans.

Mortgage Loans Held For Sale Periodically, the Agency purchases a portion of HomeAd mortgage loans from its originating lenders to hold from the time of loan purchase to the subsequent securitization of the loan, which is approximately one month. The loans are recorded at their outstanding principal balances. When these loans are purchased, they are included in *Mortgage loans held for sale*. The interest income and servicing fees associated with these loans are included in *Interest on mortgage loans* and *Mortgage servicing expense*, respectively.

Other Assets *Other assets* for Federal and State Programs includes receivables related to the administration of these programs. *Other assets* reflected in the Home Ownership Bond Programs include mortgage payments collected by servicers that will be remitted to the Agency in the upcoming fiscal year.

Capital Assets, Net Fixed assets, net of accumulated depreciation, are included in *Capital assets, net* in the accompanying financial statements. Fixed assets of \$5,000 or greater, intangible assets of \$100,000 or greater, and internally developed software with development costs of \$1 million or greater are capitalized and depreciated over a five-year economic useful life using the straight-line method. Right to Use (RTU) buildings and RTU machinery and equipment, net of accumulated depreciation, are also included in *Capital assets, net*. RTU assets with a lease term of greater than 12 months are capitalized and depreciated over the lesser of the lease term or the useful life of the asset, using the straight-line method. Such leases are only subject to capitalization by the Agency if total future lease payments total \$100,000 or more.

Bond Premium and Discount Bond premium and discount represents the difference in the amount received upon the sale of bonds and the par value and is included as a component of *Bonds payable, net* in the accompanying financial statements. The bond premium and discount are amortized using the effective interest rate method over the life of the related bonds and are adjusted accordingly for any bond calls that occur during the year. The amortization of the bond premium and discount is included as a component of *Interest on bonds* in the accompanying financial statements.

Derivative Instruments The Agency has entered into interest rate swap agreements (swap) in order to provide lower cost fixed rate financing for its loan production. The Agency pays a fixed interest rate in exchange for receiving a variable interest rate from the counterparty. By entering into a swap, the Agency hedges its interest rate risk associated with variable rate bonds. The Agency's swaps are considered to be hedging derivative instruments under GASB Statement No. 53 and are recorded under *Hedging derivatives asset* or *Hedging derivatives liability*. The fair market value of each swap is recorded under *Deferred Inflows of Resources* or *Deferred Outflows of Resources*. The interest differentials paid or received under the swaps are recognized as an increase or decrease in *Interest on bonds*.

Unearned Revenues *Unearned revenues* includes monitoring fees received upon the completion of LIHTC projects. Since the Agency's monitoring of LIHTC projects occurs over time, these fees are amortized on a straight-line basis over the life of the tax credit or over the life of the loan. Also included

in *Unearned revenues* are funds from DHHS for Community Living Rental Assistance programs related to fiscal year 2027. As these funds are disbursed, unearned revenue is reduced and revenue is recognized.

Interprogram Receivable (Payable) During the normal course of operations, the Agency has numerous transactions among programs to provide services. If certain transactions among programs have not been settled as of June 30, 2026 these balances are recorded as *Interprogram receivable (payable)* and eliminated in the accompanying financial statements.

Deferred Outflows/Inflows of Resources In addition to Assets, the Statement of Net Position includes a separate section for *Deferred Outflows of Resources*. This section of the financial statements represents a consumption of net position that applies to a future period and will not be recognized as an expense or expenditure until then. The Agency has two items that meet the criterion: contributions to the pension plan and contributions to other postemployment benefits (OPEB). In addition to Liabilities, the Statement of Net Position includes a separate section for *Deferred Inflows of Resources*. This section of the financial statements represents an acquisition of net position that applies to a future period and will not be recognized as revenue until then. The Agency has three items that meets the criterion: deferred inflows related to the pension plan, deferred inflows related to OPEB, and an accumulated increase in fair value of hedging derivative instruments.

Net Position *Net Position* is reported as restricted when constraints placed on it are externally imposed by creditors, grantors, laws or regulations, or by law through constitutional provisions.

The Agency's Board of Directors approves an operating budget annually that is funded with revenues generated by administrative fees earned on programs, interest income earned on investments, repayment of program funds, and earnings and reserves from trust agreements. These revenue sources are used to cover operating expenses. The decision to use restricted or unrestricted receipts to fund a payment is considered at the transaction level depending on the nature of the payment.

Net position of the Home Ownership Bond Programs is restricted pursuant to the Agency's agreements with its bondholders as determined in its trust agreement. The Agency has restricted these funds in amounts sufficient to meet required debt service and operating expenses as defined by the trust agreement.

Net position of the HTF Programs is restricted in accordance with the policies of the Housing Partnership. The Agency and Federal and State Programs' net positions are restricted in accordance with each program's requirements.

Revenues and Expenses As one of its primary funding sources, the Agency has the authority to issue bonds to the investing public to create inflows of private capital. These funds are used to finance mortgage loans for qualified borrowers, which are then pooled into MBS. Operating income is derived from the sale of MBS funded through the To-Be-Announced (TBA) program, as well as federal programs, state programs, interest on mortgage loans, and other program income. The Agency classifies all revenues derived from state, federal, and nonfederal program funding as operating revenues since the Agency's administration of the programs associated with these sources is contingent upon the receipt of this funding. A significant amount of nonoperating revenues is derived from the interest earned on MBS and a fair market value adjustment associated with the investments resulting from market fluctuations in accordance with GASB Statement No. 31.

Accordingly, the primary operating expenses of the Agency are those related to federal programs, state programs, and mortgage servicing. Other significant operating expenses include down payment assistance and lender compensation, which are reported in *Nonfederal program expense*, and Agency operations, which are reported in *General and administrative expense*. Nonoperating expenses of the Agency are those related to financing and investing activities, including interest expense on bonds outstanding and lease interest expense.

General and Administrative Expense *General and administrative expense* is classified by the related program. To the extent allowed by federal and state programs and trust agreements, transfers are made from proceeds of federal and state programs or bond issuances to the Agency to reimburse allowable general and administrative expenses. Certain indirect costs are allocated to federal and state programs based on an independently prepared cost allocation plan.

Use of Estimates The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the contingent and reported amounts of assets, liabilities, deferred inflows and outflows of resources at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period (e.g., loan loss reserve). Actual results could differ from estimates.

B. CASH, CASH EQUIVALENTS, INVESTMENTS, FAIR VALUE MEASUREMENTS AND SECURITIES LENDING TRANSACTIONS

Cash and Cash Equivalents As of June 30, 2026, the Agency had deposits with a carrying value of \$36,204,000 and a bank balance of \$35,686,000 in its primary operating account. Of this amount, \$30,601,000 was classified as restricted funds, which included \$4,740,000 of escrow and replacement reserves maintained on behalf of multifamily and single-family mortgagors; accordingly, a corresponding liability of the same amount is also included on the Statement of Net Position.

The Agency had deposits in pooled investments accounts of the State Treasurer with a carrying value of \$519,845,000 and a bank balance of \$519,845,000. Of this balance, \$297,994,000 was classified as restricted funds. The State Treasurer investment account has the characteristics of a demand deposit account in that the Agency may deposit and withdraw cash at any time without prior notice or penalty.

The Agency had deposits with a carrying value of \$534,080,000 and a bank balance \$520,293,000 with the Agency's fiduciary agents. Of this balance, \$534,079,000 was classified as restricted funds. Such deposits are held in accordance with State Statute 159-31(b) by a third-party custodian.

Deposits - Custodial Credit Risk Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned. At June 30, 2026, the Agency was not exposed to any material custodial credit risk.

Deposits - Foreign Currency Risk Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of a deposit. The Agency does not have exposure to foreign currency risk.

Investments The Agency's restricted investments include US Agency securities and MBS insured by GNMA, FNMA and FHLMC.

The Agency funds a portion of its HomeAd production with both tax-exempt and taxable bonds. In the HomeAd program, mortgages are made by lenders, purchased by the Agency's master servicer, and securitized into MBS. These MBS are reflected in *Restricted investments* on the Statement of Net Position.

At June 30, 2026, the Agency held the following investments with the listed maturities at annual coupon rates ranging from 1.675% to 7.125%. Ratings are displayed with the Moody's Investors Service, Inc. (Moody's) rating listed first and the S&P Global Ratings (S&P) rating listed second (*in thousands*):

Investments (Ratings)	Carrying Amount	Investment Maturities (<i>In Years</i>)			
		Less Than 1	1 – 5	6 – 10	More Than 10
GNMA MBS (Aa1/AA+)	\$1,742,803	\$ -	\$ -	\$ -	\$1,742,803
FNMA MBS (Aa1/AA+)	1,505,543	-	-	-	1,505,543
FHLMC MBS (Aa1/AA+)	450,357	-	-	-	450,357
US Agency Securities (Aa1/AA+)	1,776	-	1,776	-	-
Total Categorized	\$3,700,479	\$ -	\$ 1,776	\$ -	\$3,698,703

Interest Rate Risk Interest rate risk is the risk that changes in market rates will adversely affect the fair market value of an investment. The Agency's investment strategy is designed to match the life of the asset with the date of its related liability. The Agency seeks to minimize interest rate risk by structuring the portfolio to meet ongoing program and operational cash requirements without having to sell securities prior to maturity.

Credit Risk Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. State statutes authorize the Agency to invest in (i) direct obligations or obligations on which the principal and interest are unconditionally guaranteed by the US Government; (ii) obligations issued by an approved agency or corporation wholly-owned by the US Government; (iii) interest-bearing time deposits, certificates of deposit, or other approved forms of deposits in any bank or trust company in North Carolina which satisfies insurance and, if necessary, collateral requirements for holding Agency money; (iv) duly established investment programs of the State Treasurer; (v) repurchase agreements; and (vi) repurchase agreements with banks and financial institutions which are chartered outside of the State and meet specified rating and collateral requirements of the various trust agreements. The MBS are securitized by GNMA, FNMA and FHLMC. The GNMA MBS are direct obligations of the US Government. FNMA and FHLMC are government sponsored enterprises that have credit ratings and perceived credit risk comparable to direct US obligations. The US Agency securities are direct obligations of the Federal Home Loan Bank.

Concentration of Credit Risk Concentration of credit risk is the risk of loss related to the percentage of the Agency's investment portfolio in any single issuer, except for investments explicitly backed by the US government. The Agency's investments in FNMA and FHLMC both exceed 5% of total investments as of June 30, 2026.

Custodial Credit Risk Custodial credit risk occurs when investment securities are uninsured and are not registered in the name of the Agency, and there is a failure of the counterparty. At year end, the Agency was not exposed to custodial credit risk. The US Agency securities and MBS are on deposit with the Agency's fiduciary agent, which holds these securities by book entry in its fiduciary Federal Reserve accounts. The Agency's ownership of these securities is identified through the internal records of the fiduciary agent.

Foreign Currency Risk Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Agency does not have exposure to foreign currency risk.

Fair Value Measurements To the extent available, the Agency's investments are recorded at fair value within the fair value hierarchy established by GAAP, in accordance with GASB 72. GASB 72 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1	Investments whose values are based on quoted prices (unadjusted) for identical assets (or liabilities) in active markets that a government can access at the measurement date.
Level 2	Investments with inputs – other than quoted prices included within Level 1 – that are observable for an asset (or liability), either directly or indirectly.
Level 3	Investments with unobservable inputs and may require a degree of professional judgment.

The Agency had the following recurring fair value measurements as of June 30, 2026 (*in thousands*):

Investment Type	Fair Value	Input Level	
Short Term Investment Fund (STIF)	\$858,095	Level 2	The ownership interest of the STIF is determined on a fair market valuation basis as of fiscal year-end in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the State's custodian.
US Agency Securities	\$1,776	Level 2	Valuation of the underlying assets is performed by the Agency's custodian using observable inputs such as yield curves and indices.
MBS	\$3,698,703	Level 2	Valuation of the underlying assets is performed by the Agency's custodian using observable inputs such as yield curves and indices.

Securities Lending Transactions GASB Codification Section 160, *Investments—Security Lending* establishes accounting and financial reporting standards for transactions where governmental entities transfer their securities to broker-dealers and other entities (borrowers) in exchange for collateral (which may be cash, securities, or letters of credit) and simultaneously agree to return the collateral in exchange for the original securities in the future. The Agency does not directly engage in securities lending transactions; however, the State Treasurer is authorized to engage in these types of transactions under State Statute 147-69.3(e). The types of securities include government securities and corporate bonds and notes which are held in the pooled investment accounts of the State Treasurer. A securities custodian manages the securities lending program for the State and receives cash as collateral from the borrowers. Collateral is invested in a collateral investment pool and must be maintained at 100% of the market value of the original securities. This investment in the collateral investment pool is considered to be a highly liquid investment. The State has a custodial credit risk related to the transactions.

Throughout fiscal year 2026, the Agency had deposits in the pooled investment accounts of the State Treasurer. The risk associated with these transactions will be recorded by the State in its fiduciary funds. No allocation will be made to the Agency; therefore, the accompanying financial statements do not reflect the risk associated with securities lending transactions in accordance with GASB 160.

C. MORTGAGE LOANS RECEIVABLE

The Agency's mortgage loans are derived from various funding sources. Loans receivable as of June 30, 2026, are as follows (*in thousands*):

	<u>Agency Programs</u>	<u>Housing Trust Fund Programs</u>	<u>Federal and State Programs</u>	<u>Home Ownership Bond Programs</u>	<u>Total</u>
Mortgage loans receivable	\$ 8,641	\$ 17,679	\$ 78,028	\$ 139,448	\$ 243,796
Less: allowance for loan losses	(11)	(29)	-	(51)	(91)
	<u>\$ 8,630</u>	<u>\$ 17,650</u>	<u>\$ 78,028</u>	<u>\$ 139,397</u>	<u>\$ 243,705</u>
Less: current portion	(7,450)	(8,701)	(6,746)	(23,609)	(46,506)
Noncurrent mortgage loans receivable, net	<u>\$ 1,180</u>	<u>\$ 8,949</u>	<u>\$ 71,282</u>	<u>\$ 115,788</u>	<u>\$ 197,199</u>

For the Home Ownership Bond Programs, the Agency has collateralized \$131,863,000 in mortgage loans receivable and \$4,159,334,000 in cash and investments pledged to repay the \$3,809,205,000 single-family bonds payable outstanding as of June 30, 2026. Proceeds from the bonds issued were used to finance housing throughout the State. The outstanding bonds are payable through fiscal year 2058 and are repaid from principal and interest on mortgage loans and MBS, unexpended bond proceeds, proceeds from the sale of investments as well as interest income from investments. The Agency expects 100% of the mortgage loans and MBS, both principal and interest, to pay the principal and interest debt service requirements on the bonds. The total debt service requirement based on projected cash flows as of June 30, 2026 is \$6,974,307,000 (see "Maturities" under Note D).

For the current fiscal year, debt service payments, bond calls and related interest payments totaling \$517,860,000 were made for the Home Ownership Bond Programs. Payments received on mortgage loans and MBS for the Home Ownership Bond Programs were \$30,373,000 and \$360,692,000, respectively.

The existing and future mortgage loans which the Agency may purchase under the Home Ownership Bond Programs must comply with guidelines established by the Agency, including the requirement that all such mortgage loans be insured by the Federal Housing Administration, guaranteed by the Veterans Administration, guaranteed by the US Department of Agriculture, Rural Development, insured under a private mortgage insurance program, or have a loan-to-value ratio equal to or less than 80%. As of June 30, 2026, all outstanding FirstHome mortgage loans purchased with mortgage revenue bond proceeds satisfy these requirements and have stated interest rates ranging from 3% to 8.75%.

D. BONDS PAYABLE

Bonds payable activity for the year ended June 30, 2026, was as follows (*in thousands*):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Bonds Payable				
Home Ownership	\$ 3,611,425	\$ 598,000	\$ (400,220)	\$ 3,809,205
Unamortized Bond Premium and Discount	91,736	28,365	(12,705)	107,396
Total Bonds Payable, Net	\$ 3,703,161	\$ 626,365	\$ (412,925)	\$ 3,916,601

Bonds payable as of June 30, 2026, are as follows (*in thousands*):

<u>Issue</u>	<u>Stated Rates (%)</u>	<u>Final Maturity</u>	<u>Principal Amount</u>
Home Ownership Revenue Bonds			
(1998 Housing Revenue Bonds Trust Agreement)			
Series 37	2.500 - 3.150	7/1/2031	\$ 8,340
Series 38	2.700 - 4.000	7/1/2047	66,775
Series 39	2.950 - 4.000	7/1/2048	26,430
Series 40	4.250	7/1/2047	6,580
Series 41	2.300 - 4.000	1/1/2050	66,145
Series 42	1.600 - 4.000	1/1/2050	74,555
Series 43	1.750 - 4.000	7/1/2050	79,340
Series 44	1.800 - 4.000	7/1/2050	75,155
Series 45	0.950 - 3.000	7/1/2051	121,510
Series 46	0.750 - 3.000	7/1/2051	106,295
Series 47	0.650 - 3.000	7/1/2051	122,190
Series 48	2.250 - 5.000	7/1/2052	163,220
Series 49	3.500 - 6.000	7/1/2053	156,615
Series 50	2.800 - 5.500	1/1/2054	161,315
Series 51	3.250 - 5.750	1/1/2054	181,005
Series 52 A/B	3.750 - 6.500	1/1/2055	287,725
Series 52 C	Variable	7/1/2049	40,000
Series 53	3.150 - 6.250	1/1/2055	287,520
Series 54	3.450 - 6.500	1/1/2055	289,490
Series 55 A/C	3.050 - 6.250	7/1/2056	214,320
Series 55 B	Variable	1/1/2050	80,000
Series 57	4.385 - 6.250	1/1/2056	297,710
Series 58	4.442 - 6.500	1/1/2056	298,970
Series 59 A	2.850 - 6.250	1/1/2057	200,000
Series 59 B	Variable	1/1/2057	99,000
Series 60	2.450 - 6.250	7/1/2057	299,000
Total Bonds Outstanding			\$ 3,809,205
Plus Unamortized Bond Premium and Discount			\$ 107,396
Total Bonds Payable, Net			\$ 3,916,601

Maturities Debt service requirements, including sinking fund requirements on term bonds, subsequent to June 30, 2026, are as follows (*in thousands*):

Bonds Outstanding without Interest Rate Swaps

Fiscal Year			
Ending June 30	Principal		Interest
2027	\$ 74,895	\$	162,894
2028	84,865		163,339
2029	87,550		160,756
2030	90,260		158,035
2031	92,805		155,051
2032-2036	510,040		723,173
2037-2041	614,395		613,625
2042-2046	673,905		469,805
2047-2051	677,625		306,844
2052-2056	661,660		100,868
2057-2058	22,205		880
Total Requirements	\$ 3,590,205		\$ 3,015,270

Bonds Outstanding with Interest Rate Swaps

Fiscal Year			
Ending June 30	Principal		Interest
2027	\$ -	\$	5,647
2028	-		6,351
2029	-		6,351
2030	-		6,351
2031	-		6,351
2032-2036	-		31,755
2037-2041	-		31,755
2042-2046	26,725		31,051
2047-2051	128,970		18,420
2052-2056	56,505		5,686
2057-2058	6,800		114
Total Requirements	\$ 219,000		\$ 149,832

Total Bonds Outstanding

Fiscal Year			
Ending June 30	Principal		Interest
2027	\$ 74,895	\$	168,541
2028	84,865		169,690
2029	87,550		167,107
2030	90,260		164,386
2031	92,805		161,402
2032-2036	510,040		754,928
2037-2041	614,395		645,380
2042-2046	700,630		500,856
2047-2051	806,595		325,264
2052-2056	718,165		106,554
2057-2058	29,005		994
Total Requirements	\$ 3,809,205		\$ 3,165,102

Bond Redemptions The trust agreements provide for various methods of redemption. Bonds are redeemed at par from prepayments of mortgage loans securing the issues, from unexpended bond proceeds of the issues, from excess revenues, or from funds released via the related decreases in the respective debt service reserve requirements.

For the year ended June 30, 2026, bond redemptions were as follows (*in thousands*):

<u>Issue</u>	<u>Amount Redeemed</u>
Housing Revenue Bonds (1998 Trust Agreement)	\$ 400,220

On November 18, 2025, the Agency issued \$200,000,000 Series 59-A bonds to refund its outstanding Series 55-C bonds, originally issued in October 8, 2024. The Series 55-C bonds were redeemed on January 15, 2026, and are included in the amount redeemed above. The economic loss on the transaction was de minimis.

Special Facilities (Conduits) The Agency issued Multifamily Housing Revenue Bonds which are not presented in the financial statements of the Agency. These bonds are limited obligations of the Agency, secured solely by the revenues and other assets pledged for their payment. These bonds do not constitute a debt of and are not guaranteed by the State or any political subdivision thereof. Accordingly, these obligations are excluded from the Agency's financial statements.

Bonds payable as of June 30, 2026 for special facilities are as follows (*in thousands*):

	Bonds
Series 2022 (S. Emerson Hills Apt. Homes)*	\$ 36,361
Series 2024 (Fitch Irick Portfolio)	43,251
Series 2024 (Cabarrus Arms Apartments)**	12,082
Series 2024 (Weaver-PPM Portfolio)	15,200
Series 2025 (Landura Portfolio)	48,474
Series 2026 (Westgreen Apartments)***	22,279
	<u><u>\$ 177,647</u></u>

* The bonds were issued as "draw down" bonds, in which the principal amount of the bonds will increase from time to time as the bond proceeds are advanced to pay for eligible construction expenses up to an amount not to exceed \$37,515,000. As of June 30, 2026, \$36,361,000 has been advanced.

** The bonds were issued for a total of \$12,325,000. As of June 30, 2026, a total of \$243,000 scheduled principal payments has been made.

*** The bonds were issued for a total of \$22,300,000. As of June 30, 2026, a total of \$21,000 scheduled principal payments has been made.

E. DERIVATIVE INSTRUMENT - INTEREST RATE SWAP

Summary Information During fiscal year 2026, the Agency entered into a new swap agreement with Wells Fargo, N.A. to hedge Series 59-B variable-rate bonds issued during the period. The existing swaps with Bank of America, N.A. and Royal Bank of Canada remain in place to hedge Series 52-C and Series 55-B variable-rate bonds, respectively. The pay-fixed rate interest rate swaps are designated as hedging derivative instruments representing a cash flow hedge for the organization (*in thousands*):

Hedgeable Item	Notional Amount	Classification	FMV at June 30, 2026 Asset	Classification	Net Change in FMV
Series 52-C	\$40,000	Hedging Derivative	\$204	Deferred Inflows of Resources	\$751
Series 55-B	\$80,000	Hedging Derivative	\$4,558	Deferred Inflows of Resources	\$1,196
Series 59-B	\$99,000	Hedging Derivative	\$3,033	Deferred Inflows of Resources	\$3,033

There were no derivative instruments reclassified from a hedging derivative to an investment derivative instrument during the period. There was no deferral amount within investment revenue due to any reclassifications during the period.

Objective The Agency enters into interest rate swaps, in connection with its variable-rate revenue bonds, as a means to manage the future cash flow impact associated with these instruments.

Terms and Credit Risk The terms and credit risk of the outstanding swaps as of June 30, 2026 are as follows (*in thousands*):

Notional Amount	Counterparty	Counterparty Credit Rating Moody's/S&P	Date of Swap Execution	Maturity Date of Swap	Fixed Rate	Floating Index
\$40,000	Bank of America, N.A.	Aa2/A+	11/21/2023	7/1/2049	3.607%	70% SOFR-Compound* + 0.10%
\$80,000	Royal Bank of Canada	Aa1/AA-	10/8/2024	1/1/2050	2.817%	65% SOFR-Compound* + 0.15%
\$99,000	Wells Fargo, N.A.	Aa2/A+	11/18/2025	1/1/2057	3.067%	63% SOFR-Compound* + 0.14%

* SOFR-Compound is the Secured Overnight Financing Rate, with compounding for each day of interest during the accrual period.

Fair Value The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of each swap. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. The Agency's derivatives are classified as Level 2 in the fair value hierarchy.

Interest Rate Risk Under the terms of the swap, the Agency pays the counterparty a fixed rate and receives a variable payment. The variable rate component for each swap is calculated using the SOFR index as shown in the floating index column in the table above. The SOFR rate was 3.68% as of June 30, 2026. The variable-rate payment to the bondholders for Series 52-C and Series 55-B bonds is determined by the remarketing agent, TD Securities (USA) LLC. The variable-rate payment to the bondholders for Series 59-B bonds is determined by the remarketing agent, RBC Capital Markets LLC. The interest rate as of June 30, 2026 was 2.90% for all variable-rate bond series.

Basis Risk and Termination Risk The swaps expose the Agency to basis risk to the extent that the interest payments on its variable-rate bonds do not match the variable-rate payments received on the associated swaps. The Agency's swaps are subject to termination if the counterparty's or the Agency's rating fall below Baa2 as issued by Moody's or BBB as issued by S&P.

Credit Risk Credit risk is the risk that the counterparty will not fulfill its obligations. The measurement of this risk is the fair market value of the swaps. The Agency is exposed to credit risk for any positive fair market value to a counterparty. As of June 30, 2026, the Agency's credit risk is minimal. To mitigate credit risk, the Agency maintains strict credit standards. The counterparty to both contracts is a major financial institution with investment-grade ratings.

Foreign Currency Risk Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Agency's swap is denominated in US dollars; therefore, it is not subject to foreign currency risk.

Rollover Risk Rollover risk exists when the derivative does not last as long as the associated debt is outstanding. The maturity date of the Agency's swap contract matches the maturity dates of the hedged debt; therefore, the Agency has no rollover risk.

Market Access Risk Market access risk is the risk that the Agency will not be able to enter credit markets as planned or that credit will become more costly. The Agency's current market access risk is limited due to Standby Bond Purchase Agreements with TD Bank, N.A. that were executed in conjunction with the issuance of the Series 52-C and Series 55-B variable-rate bonds, and with Royal Bank of Canada that was executed in conjunction with the issuance of Series 59-B variable-rate bonds.

Quantitative Method of Evaluating Effectiveness To assess the effectiveness of the hedging derivative instrument, the Agency employed the Regression Analysis Method. Under the Regression Analysis Method, a hedging derivative instrument is effective if the following criteria is met: (1) the R-Squared of the regression analysis is at least 0.80; (2) the F-statistic is within a 95% confidence interval, with the Significance F less than 0.05; and (3) the regression coefficient for the slope is between (1.25) and (0.80). The results of the testing as of June 30, 2026 are as follows:

Hedgeable Item	R-Squared	Significance F	Regression Slope Coefficient	Test Performance
Series 52-C	0.990276	0.00000	(0.84997)	PASS
Series 55-B	0.990251	0.00000	(0.95286)	PASS
Series 59-B	0.994954	0.00000	(0.99781)	PASS

Swap Payments and Associated Debt As rates vary, variable-rate bond interest payments and net swap payments will differ between the fixed rate paid to the counterparty and the variable rate received by the Agency. Using rates as of June 30, 2026, debt service requirements of the variable-rate debt and net swap payments are as follows (*in thousands*):

Fiscal Year	Variable-Rate Bond		Interest Rate	Total
Ending June 30	Principal	Interest	Swap, Net	Interest
2027	\$ -	\$ 5,647	\$ 1,144	\$ 6,791
2028	-	6,351	1,068	7,419
2029	-	6,351	1,053	7,404
2030	-	6,351	1,068	7,419
2031	-	6,351	1,068	7,419
2032-2036	-	31,755	5,327	37,082
2037-2041	-	31,755	5,311	37,066
2042-2046	26,725	31,051	5,275	36,326
2047-2051	128,970	18,420	3,341	21,761
2052-2056	56,505	5,686	1,083	6,769
2057-2058	6,800	114	22	136
Total	\$ 219,000	\$ 149,832	\$ 25,760	\$ 175,592

F. NONCURRENT LIABILITIES

Noncurrent liabilities for the year ended June 30, 2026 are as follows (*in thousands*):

	Beginning			Ending	Due Within
	Balance	Additions	Deletions	Balance	One Year
Bonds payable					
Bonds payable, net	\$ 3,611,425	\$ 598,000	\$ (400,220)	\$ 3,809,205	\$ 74,895
Unamortized bond premium	91,736	28,365	(12,705)	107,396	-
Hedging derivatives liability	547	-	(547)	-	-
Unearned revenues	31,470	15,577	(6,887)	40,160	10,578
Pension liability	8,828	-	(1,761)	7,067	-
OPEB liability	17,443	-	(6,324)	11,119	-
Lease liability	1,438	19	(662)	795	662
Other noncurrent liabilities					
Arbitrage rebate payable	1,813	-	(529)	1,284	-
Compensated absences	3,186	756	(109)	3,833	1,185
Deposits payable	2,193	7,805	(5,253)	4,745	5
Workers' compensation	480	36	(21)	495	101
	\$ 3,770,559	\$ 650,558	\$ (435,018)	\$ 3,986,099	\$ 87,426

G. Leases

During the year ended June 30, 2026, the Agency leased a building with a 60-month term, which expires September 30, 2027, a copier with a 60-month term, which expires July 12, 2028, and a postage meter with a 60-month term, which expires May 6, 2028.

Lease assets are reported in *Capital assets, net*. Lease asset activity for the year ended June 30, 2026 was as follows (*in thousands*):

	Beginning Balance	Increases	Decreases	Ending Balance
Lease Assets:				
RTU Buildings	\$ 3,677	\$ -	\$ -	\$ 3,677
RTU Machinery and Equipment	122	-	-	122
Total Lease Assets	\$ 3,799	\$ -	\$ -	\$ 3,799
Accumulated Depreciation:				
RTU Buildings	\$ (2,372)	\$ (580)	\$ -	\$ (2,952)
RTU Machinery and Equipment	(49)	(25)	-	(74)
Total Accumulated Depreciation	\$ (2,421)	\$ (605)	\$ -	\$ (3,026)
Lease Assets, net	\$ 1,378	\$ (605)	\$ -	\$ 773

Lease liabilities as of June 30, 2026, are as follows (*in thousands*):

	Lease Liability June 30, 2026	Due Within One Year	Lease Term in Years	Interest Rate
Classification:				
RTU Buildings	\$ 745	\$ 638	5	6.25%
RTU Machinery and Equipment	50	24	5	8.23-8.29%
	\$ 795	\$ 662		

Future principal and interest lease payments as of June 30, 2026, are as follows (*in thousands*):

	Fiscal Year Ending June 30	Principal Payments	Interest Payments	Total Payments
Classification:				
RTU Buildings	2027	\$ 638	\$ 40	\$ 678
	2028	107	7	114
	2029	-	-	-
	2030	-	-	-
	2031	-	-	-
RTU Machinery and Equipment	2027	\$ 24	\$ 2	\$ 26
	2028	24	2	26
	2029	2	-	2
	2030	-	-	-
	2031	-	-	-
		\$ 795	\$ 51	\$ 846

H. Federal Awards

As a designated public housing agency for the US Department of Housing and Urban Development (HUD) Section 8 PBCA program, the Agency requisitions Section 8 program funds and makes disbursements to eligible landlords. For the year ended June 30, 2026, \$244,255,000 was received by the Agency and disbursed to property owners.

The Agency is designated as the participating entity under grant agreements with HUD for the combined HOME and HOME-ARP programs, the NHTF program, and the Section 811 Project Rental Assistance (811 PRA) program. The combined HOME and HOME-ARP programs provide funding for the purpose of developing affordable and supportive housing for persons of low and very low income, experiencing homelessness, or victims of domestic violence. The NHTF provides funding to increase and preserve the supply of decent, safe and sanitary affordable housing for extremely low and very low-income households. 811 PRA is a partnership between NCHFA and DHHS to provide rental assistance for low-income people with disabilities, including those experiencing homelessness. For the year ended June 30, 2026, \$20,573,000 in combined HOME and HOME-ARP entitlement funds was received and the Agency disbursed \$34,814,000 in entitlement and program income funds. During the year, \$11,794,000 in NHTF entitlement funds was received and disbursed by the Agency. During the year, \$320,000 in 811 PRA funds was received and disbursed by the Agency.

The Agency receives Community Development Block Grant-Disaster Recovery funds from the NC Office of Recovery and Resiliency, a component of the NC Department of Public Safety, who is the participating entity with HUD. These funds are used for new construction of multifamily rental housing in counties impacted by Hurricane Matthew. For the year ended June 30, 2026, \$1,429,000 was received and disbursed by the Agency.

The Agency was appropriated ERA2 funds that had originally been awarded to the NC Pandemic Recovery Office by Treasury. The Agency is using the funds for eligible affordable rental housing purposes, including the construction, rehabilitation, or preservation of affordable rental housing projects and related activities, serving very low-income families impacted by the COVID-19 pandemic. For the year ended June 30, 2026, \$11,348,000 was received and disbursed by the Agency.

The Agency earned fees of \$13,158,000 for administering these programs for the year ended June 30, 2026. Of these fees, \$6,328,000 was paid to Quadel Consulting Corporation for Section 8 PBCA administration. These fees are reported in *General and administrative expense*.

Federal awards are subject to audit by the grantor agencies. The Agency could be held liable for amounts received in excess of allowable expenditures.

I. PENSION PLAN

Plan Description All permanent, full-time employees of the Agency participate in the Teachers' and State Employees' Retirement System of North Carolina (TSERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State. TSERS provides retirement benefits to plan members and beneficiaries. State statute assigns the authority to establish and amend benefit provisions to the General Assembly. TSERS is included in the Annual Comprehensive Financial Report (Annual Report) for the State. The State's Annual Report includes financial statements and required supplementary information for TSERS. The report may be obtained from the website for the North Carolina Office of State Controller (OSC) using the following link: <https://www.osc.nc.gov/public-information/reports>.

Benefits Provided TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with unreduced retirement benefits at age 65 with five years of membership service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with reduced retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of membership service. Survivor benefits are available to eligible beneficiaries of general members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a

monthly Survivor's Alternate Benefit for life in lieu of the return of the member's contributions that is generally available to beneficiaries of deceased members. The plan does not provide for automatic post-retirement benefit increases.

Funding Policy Plan members are required to contribute 6% of their annual covered salary, and the Agency is required to contribute at an actuarially determined rate. The fiscal year 2026 rate is 17.14% of the annual covered payroll. The contribution requirements of plan members and the Agency are established and may be amended by the General Assembly. The following table represents the three-year trend of the annual contributions made by the Agency to the State retirement system. The Agency made 100% of its required contributions for the years ended June 30, 2026, 2025, and 2024 (*in thousands*):

	2026	2025	2024
Retirement Contribution	\$2,308	\$2,120	\$2,085
Percentage of Covered Payroll	17.14%	16.79%	17.64%

Net Pension Liability At June 30, 2026, the Agency reported a liability of \$7,067,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025. The total pension liability used to calculate the net pension was determined by an actuarial valuation as of December 31, 2024. The total pension liability was then rolled forward to the measurement date of June 30, 2025 utilizing update procedures incorporating the actuarial assumptions listed below. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2025 and at June 30, 2024, the Agency's proportion was 0.06010% and 0.05958%, respectively.

Deferred Outflows/Inflows of Resources Related to Pensions For the year ended June 30, 2026, the Agency recognized pension expense of \$1,971,000. At June 30, 2026, the Agency reported *Deferred Outflows of Resources* and *Deferred Inflows of Resources* related to pensions from the following sources (*in thousands*):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ 837	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	227
Change in proportion and differences between Agency's contributions and proportionate share of contributions	346	-
Contributions subsequent to the measurement date	2,308	-
Total	\$ 3,491	\$ 227

Deferred Outflows of Resources of \$2,308,000 related to pensions resulting from Agency contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2026. Other amounts reported as *Deferred Outflows of Resources* and *Deferred Inflows of Resources* at June 30, 2026 related to pensions will be recognized as pension expense as follows (*in thousands*):

Year ending June 30:	
2027	\$ 1,890
2028	(77)
2029	(507)
2030	(350)
Total	\$ 956

Actuarial Assumptions The total pension liability was determined by an actuarial valuation performed as of December 31, 2024. The total pension liability was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2025. The update procedures incorporated the actuarial assumptions used in the valuation. Inflation is assumed to be 2.5%, and salary increases range from 3.25% to 8.05% which includes 3.25% inflation and productivity factor. The long-term expected rate of return on pension plan investments used in the determination of the total pension liability is 6.5% and is net of pension plan investment expense, including inflation.

TSERS currently uses mortality tables that vary by age, gender, employee group (i.e. teacher, general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and studies that cover significant portions of the US public plan population. The mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2024 valuations were based on the results of an actuarial experience review for the period January 1, 2015 through December 31, 2019.

Future ad hoc Cost of Living Adjustment amounts are not considered to be substantively automatic and are not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of June 30, 2025 (the valuation date) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed Income	2.4%
Global Equity	6.8%
Real Estate	6.1%
Alternatives	7.9%
Opportunistic Fixed Income	5.1%
Inflation Sensitive	4.2%

The information above is based on 30-year expectations developed with the consulting actuary and is part of the asset, liability and investment policy of the North Carolina Retirement Systems, including TSERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.38%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2025 is 2.53%.

Discount Rate The discount rate used to measure the total pension liability was 6.5% for the December 31, 2024 valuation. The 6.5% discount rate is within a reasonable range of the long-term nominal expected return on pension plan investments. The calculation of the net pension liability is a present value calculation of future net pension payments. These net pension payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans’ fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate The following presents the Agency’s proportionate share of the net pension liability calculated using the discount rate of 6.5%, as well as what the Agency’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.5%) or one percentage point higher (7.5%) than the current rate (*in thousands*):

	1% Decrease (5.5%)	Discount Rate (6.5%)	1% Increase (7.5%)
Agency's proportionate share of the net pension liability	\$15	\$7	\$1

Pension Plan Fiduciary Net Position Detailed information about the pension plan’s fiduciary net position is available in the separately issued Annual Report for the State.

J. OTHER POSTEMPLOYMENT BENEFITS

Plan Description In addition to providing pension benefits, the Agency participates in two postemployment benefit plans, the Retiree Health Benefit Fund (RHBF) and the Disability Income Plan of North Carolina (DIPNC), that are administered by the State as pension and other employee benefit trust funds. The Agency makes monthly contributions to the State for these benefits. The State’s Annual Report includes financial statements and required supplementary information for each plan. See Note I. “Pension Plan” for information about obtaining the Annual Report from OSC.

The RHBF has been established as a fund to provide health benefits to long-term disability beneficiaries of the DIPNC and retirees with five or more years of contributory membership service with TSERS. TSERS pays the full cost of coverage for retirees enrolled in the State’s self-funded Teachers’ and State Employees’ Preferred Provider Organization medical plan who were hired prior to October 1, 2006, and retire with five or more years of State TSERS membership service. For employees hired on or after October 1, 2006 and before January 1, 2021, TSERS will pay the full cost of coverage for retirees with 20 or more years of service, TSERS will pay 50% of the cost of coverage for retirees with at least 10 years but less than 20 years of service, and the retiree with less than 10 years of service will pay the

full cost of coverage. Employees hired on and after January 1, 2021 will not be eligible to receive retiree medical benefits.

Short-term and long-term disability benefits are provided through the DIPNC. Long-term disability benefits are payable from the DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. An employee is eligible to receive long-term disability benefits provided the following requirements are met: (1) the employee has five years of contributing membership service with TSERS earned within 96 months prior to the end of the short-term disability period; (2) the employee must make application to receive long-term benefits within 180 days after the conclusion of the short-term disability period, after salary continuation payments cease, or after monthly payments for workers' compensation cease, whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of employees' usual occupation; (4) the disability must have been continuous, likely to be permanent and incurred at the time of active employment; (5) the employee must not be eligible to receive unreduced retirement benefits from TSERS; and (6) the employee must terminate employment as a permanent, full-time employee. In addition, recipients of long-term disability benefits are eligible to receive the State-paid health insurance coverage. The monthly long-term disability benefit is equal to 65% of one-twelfth of an employee's annual base rate of compensation reduced by any social security or workers' compensation to which the recipient may be entitled up to a maximum of \$3,900 per month. When an employee qualifies for an unreduced service retirement allowance from TSERS, the benefits payable from the DIPNC cease, and the employee will commence retirement under TSERS.

All short-term disability benefit payments are made by the various State-administered plans. The Agency has no liability beyond payment of monthly contributions except for short-term disability benefits, which are paid by the Agency during the first six months of the short-term period. Contributions are determined as a percentage of covered monthly payrolls. Annually, the State sets monthly contribution rates for postemployment health care benefits, death benefits and disability benefits, which are the same for all agencies across the State.

Contributions Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the General Assembly in the Appropriations Bill. Although DIPNC operates on a calendar year, disability income benefits are funded by actuarially determined employer contributions that are established by the General Assembly and coincide with the State's fiscal year. The Agency assumes no liability for retiree health care or long-term disability benefits other than its required contributions.

The following table represents the three-year trend of the annual contributions made by the Agency to the State post-employment benefit plans. The Agency made 100% of its required contributions for the years ended June 30, 2026, 2025, and 2024 (*in thousands*):

	2026	2025	2024
Health Care Benefit	\$ 987	\$ 883	\$ 844
Disability Benefit	\$ 9	\$ 16	\$ 13
Percentage of Covered Payroll			
Health Care Benefit	7.33%	6.99%	7.14%
Disability Benefit	0.07%	0.13%	0.11%

Since the benefit payments are made by the various State-administered plans and not by the Agency, the Agency does not determine the number of eligible participants.

Net OPEB Liability (Asset) At June 30, 2026, the Agency reported a liability of \$11,119,000 for its proportionate share of the collective net OPEB liability for RHBF. The Agency also reported an asset of \$33,000 for its proportionate share of the collective net OPEB asset for DIPNC. The total OPEB liability (asset) used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2024, and update procedures were used to roll forward the total OPEB liability (asset) to June 30, 2025. The Agency's proportion of the net OPEB liability (asset) was based on the present value of future salaries for the Agency relative to the present value of future salaries for all participating employers, actuarially-determined. At June 30, 2026 and at June 30, 2025, the Agency's proportion was 0.06010% and 0.05958%, respectively.

Actuarial Assumptions The total OPEB liabilities (assets) for RHBF and DIPNC were determined by actuarial valuations as of December 31, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified. The total OPEB liabilities (assets) were then rolled forward to June 30, 2025 utilizing update procedures incorporating the actuarial assumptions.

	RHBF	DIPNC
Valuation Date	12/31/2024	12/31/2024
Inflation	2.5%	2.5%
Salary Increases*	3.25% - 8.05%	3.25% - 8.05%
Investment Rate of Return**	6.5%	3%
Healthcare Cost Trend Rate - Medical	5% - 6%	N/A
Healthcare Cost Trend Rate - Prescription Drug	5% - 9.5%	N/A
Healthcare Cost Trend Rate - Prescription Drug Rebates	5% - 9.77%	N/A
Healthcare Cost Trend Rate - Medicare Advantage	5%	N/A
Healthcare Cost Trend Rate - Administrative	(7.9%) - 3%	N/A

*Salary increases include 3.25% inflation and productivity factor.

**Investment rate of return is net of OPEB plan investment expense, including inflation.

The OPEB plans currently use mortality tables that vary by age, gender, employee group (i.e. teacher, general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and studies that cover significant portions of the US population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The projected long-term investment returns and inflation assumptions are developed through a review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projects are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. DIPNC is primarily invested in the Bond Index Investment Pool as of June 30, 2025.

Best estimates of real rates of return for each major asset class included in RHBF's target asset allocation as of June 30, 2025 (the valuation date) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed Income	2.4%
Global Equity	6.8%
Real Estate	6.1%
Alternatives	7.9%
Opportunistic Fixed Income	5.1%
Inflation Sensitive	4.2%

The information in the preceding table is based on 30-year expectations developed with the consulting actuary and is part of the asset, liability, and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.38%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2025 (the valuation date) was 2.53%.

Actuarial valuations of the plans involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial assumptions used for RHBF are consistent with those used to value the pension benefits of TSERS where appropriate. These assumptions are based on the most recent pension valuations available. The discount rate used for RHBF reflects a pay-as-you-go approach.

Projections of benefits for financial reporting purposes of the plans are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and historical pattern of sharing of benefit costs between the employer and plan members to that point. Historically, the benefits funded solely by employer contributions applied equally to all retirees. Currently, as described earlier in the note, benefits are dependent on membership requirements.

The actuarial methods and assumptions used for DIPNC include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial assumptions used in the December 31, 2024 valuations were based on the results of an actuarial experience study prepared as of December 31, 2019.

Discount Rate The discount rate used to measure the total OPEB liability for RHBF was 5.2%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 5.2% was used as the discount rate used to measure the total OPEB liability. The 5.2% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2025.

The discount rate used to measure the total OPEB asset for DIPNC was 3%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the plan's fiduciary net position

was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate The following presents the Agency's proportionate share of the net OPEB liability (asset) of the plans, as well as what the plans' net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate (*in thousands*):

	1% Decrease (4.2%)	Discount Rate (5.2%)	1% Increase (6.2%)
RHBF	\$16	\$13	\$11
DIPNC	-	-	-

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates The following presents the net OPEB liability of the plans, as well as what the plans' net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates (*in thousands*):

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
RHBF	\$11	\$13	\$16

Effective with the actuarial valuation as of December 31, 2021, the liability for the State's potential reimbursement of costs incurred by employers was removed because the reimbursement by DIPNC was eliminated for disabilities occurring on or after July 1, 2019. Thus, the sensitivity to changes in the healthcare cost trend rates is not applicable for DIPNC.

Deferred Outflows/Inflows of Resources Related to OPEB For the year ended June 30, 2026, the Agency reported *Deferred Outflows of Resources* and *Deferred Inflows of Resources* related to OPEB from the following sources (*in thousands*):

Deferred Outflows of Resources Related to OPEB by Classification

	RHBF	DIPNC	TOTAL
Difference between actual and expected experience	\$ 90	\$ 5	\$ 95
Changes of assumptions	2,975	-	2,975
Net difference between projected and actual earnings on OPEB plan investments	20	4	24
Change in proportion and differences between Agency's contributions and proportionate share of contributions	503	4	507
Contributions subsequent to the measurement date	987	9	996
Total	\$ 4,575	\$ 22	\$ 4,597

Deferred Inflows of Resources Related to OPEB by Classification

	RHBF	DIPNC	TOTAL
Difference between actual and expected experience	\$ -	\$ 15	\$ 15
Changes of assumptions	5,865	4	5,869
Net difference between projected and actual earnings on OPEB plan investments	-	-	-
Change in proportion and differences between Agency's contributions and proportionate share of contributions	217	-	217
Contributions subsequent to the measurement date	-	-	-
Total	\$ 6,082	\$ 19	\$ 6,101

Amounts reported as *Deferred outflows of resources* related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for RHBF and DIPNC in the fiscal year ended June 30, 2026. Other amounts reported as *Deferred Outflows of Resources* and *Deferred Inflows of Resources* at June 30, 2026 related to OPEB will be recognized in OPEB expense as follows (*in thousands*):

Year ending June 30:	RHBF	DIPNC
2027	\$ (644)	\$ (7)
2028	(214)	(1)
2029	(369)	1
2030	(1,267)	-
2031	-	-
Thereafter	-	-
Total	\$ (2,494)	\$ (7)

K. RISK MANAGEMENT

The Agency's risk management policies provide for participation in the State's risk management programs. The following types of risk are covered under these programs, as disclosed in the State's Annual Report:

- Automobile, Fire and Other Property Losses
- Public Officers' and Employees' Liability Insurance
- Employee Dishonesty and Computer Fraud
- Statewide Workers' Compensation Program/Fund

The State is responsible for the administration of all liability insurance policies. The deductible and amount of loss in excess of the policy is the responsibility of the Agency.

In addition to the State's policies, the Agency has Cyber Liability and Fraudulent Instruction coverage, which is intended to mitigate financial losses associated with criminal acts of breach and fraudulent impersonation of Agency vendors and staff.

L. SUBSEQUENT EVENTS

The Agency has evaluated subsequent events through September 24, 2026 and determined that there have been no events that would require adjustments to our disclosures in the fiscal year 2026 financial statements.

North Carolina Housing Finance Agency

Supplementary Information

NORTH CAROLINA HOUSING FINANCE AGENCY

COMBINING STATEMENT OF NET POSITION

AS OF JUNE 30, 2026

	AGENCY PROGRAMS	GRANT PROGRAMS		HOME OWNERSHIP BOND PROGRAMS		
		Housing Trust Fund Programs	Federal and State Programs			Total
(in thousands)						
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 227,455	\$ -	\$ -	\$ -	\$ -	227,455
Restricted cash and cash equivalents	62,826	188,796	76,973	534,079		862,674
Accrued interest receivable on investments	-	-	-	18,389		18,389
Mortgage loans receivable, net	7,450	8,701	6,746	23,609		46,506
Mortgage loans held for sale	-	-	-	59,422		59,422
Accrued interest receivable on mortgage loans	1	6	9	1,000		1,016
Other assets	2,211	138	2,752	1,694		6,795
Interprogram receivable (payable)	1,312	104	(2,481)	1,065		-
TOTAL CURRENT ASSETS	\$ 301,255	\$ 197,745	\$ 83,999	\$ 639,258		\$ 1,222,257
Noncurrent assets:						
Restricted investments	\$ -	\$ -	\$ -	\$ 3,700,479		\$ 3,700,479
Mortgage loans receivable, net	1,180	8,949	71,282	115,788		197,199
Hedging derivatives asset	-	-	-	7,795		7,795
Capital assets, net	853	-	-	-		853
Other assets, net	33	-	-	-		33
TOTAL NONCURRENT ASSETS	\$ 2,066	\$ 8,949	\$ 71,282	\$ 3,824,062		\$ 3,906,359
TOTAL ASSETS	\$ 303,321	\$ 206,694	\$ 155,281	\$ 4,463,320		\$ 5,128,616
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows for pensions	\$ 3,491	\$ -	\$ -	\$ -		\$ 3,491
Deferred outflows for other postemployment benefits	4,597	-	-	-		4,597
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 8,088	\$ -	\$ -	\$ -		\$ 8,088
LIABILITIES						
Current liabilities:						
Bonds payable	\$ -	\$ -	\$ -	\$ 74,895		\$ 74,895
Accrued interest payable	-	-	-	83,755		83,755
Accounts payable	2,505	-	1,379	886		4,770
Unearned revenues	3,431	-	7,147	-		10,578
Lease liabilities	662	-	-	-		662
Other liabilities	1,291	-	-	-		1,291
TOTAL CURRENT LIABILITIES	\$ 7,889	\$ -	\$ 8,526	\$ 159,536		\$ 175,951
Noncurrent liabilities:						
Bonds payable, net	\$ -	\$ -	\$ -	\$ 3,841,706		\$ 3,841,706
Unearned revenues	29,582	-	-	-		29,582
Pension liability	7,067	-	-	-		7,067
Other postemployment benefits	11,119	-	-	-		11,119
Lease liabilities	133	-	-	-		133
Other liabilities	7,782	-	-	1,284		9,066
TOTAL NONCURRENT LIABILITIES	\$ 55,683	\$ -	\$ -	\$ 3,842,990		\$ 3,898,673
TOTAL LIABILITIES	\$ 63,572	\$ -	\$ 8,526	\$ 4,002,526		\$ 4,074,624
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows for pensions	\$ 227	\$ -	\$ -	\$ -		\$ 227
Deferred inflows for other postemployment benefits	6,101	-	-	-		6,101
Accumulated increase in fair value of hedging derivatives	-	-	-	7,795		7,795
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 6,328	\$ -	\$ -	\$ 7,795		\$ 14,123
NET POSITION						
Net investment in capital assets	\$ 853	\$ -	\$ -	\$ -		\$ 853
Restricted net position	23,131	206,694	146,755	452,999		829,579
Unrestricted net position	217,525	-	-	-		217,525
TOTAL NET POSITION	\$ 241,509	\$ 206,694	\$ 146,755	\$ 452,999		\$ 1,047,957

NORTH CAROLINA HOUSING FINANCE AGENCY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2026

	AGENCY PROGRAMS	GRANT PROGRAMS		HOME OWNERSHIP BOND PROGRAMS	
		Housing Trust Fund Programs	Federal and State Programs		Total
(in thousands)					
OPERATING REVENUES					
Interest on mortgage loans	\$ 623	\$ 549	\$ 863	\$ 8,838	\$ 10,873
Federal program awards received	-	11,348	278,371	-	289,719
Nonfederal program awards received	4,000	752	-	-	4,752
State appropriations received	-	7,660	3,000	-	10,660
State grants received	-	-	54,732	-	54,732
Program income/fees	43,156	4,926	19,048	19,899	87,029
Other revenues	7	-	-	84	91
TOTAL OPERATING REVENUES	\$ 47,786	\$ 25,235	\$ 356,014	\$ 28,821	\$ 457,856
OPERATING EXPENSES					
Mortgage servicing expense	\$ -	\$ -	\$ -	\$ 539	\$ 539
Federal program expense	-	7,690	287,555	-	295,245
Nonfederal program expense	9,150	-	-	71,235	80,385
State program expense	-	53,713	54,734	-	108,447
General and administrative expense	24,855	-	6,435	1,613	32,903
Other expenses	20	5	-	9	34
TOTAL OPERATING EXPENSES	\$ 34,025	\$ 61,408	\$ 348,724	\$ 73,396	\$ 517,553
OPERATING INCOME (LOSS)	\$ 13,761	\$ (36,173)	\$ 7,290	\$ (44,575)	\$ (59,697)
OTHER NONOPERATING REVENUES (EXPENSES)					
Interest on investments	\$ 10,505	\$ 7,740	\$ 2,280	\$ 204,818	\$ 225,343
Net increase (decrease) in fair value of investments	-	-	-	55,726	55,726
Interest on bonds	-	-	-	(153,167)	(153,167)
Lease interest expense	(41)	-	-	-	(41)
Transfers in (out)	9,239	(261)	(8,672)	(306)	-
TOTAL OTHER NONOPERATING REVENUES (EXPENSES)	\$ 19,703	\$ 7,479	\$ (6,392)	\$ 107,071	\$ 127,861
INCREASE (DECREASE) IN NET POSITION	\$ 33,464	\$ (28,694)	\$ 898	\$ 62,496	\$ 68,164
TOTAL NET POSITION - BEGINNING	\$ 208,045	\$ 235,388	\$ 145,857	\$ 390,503	\$ 979,793
TOTAL NET POSITION - ENDING	\$ 241,509	\$ 206,694	\$ 146,755	\$ 452,999	\$ 1,047,957

NORTH CAROLINA HOUSING FINANCE AGENCY

COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2026

	AGENCY PROGRAMS		GRANT PROGRAMS		HOME OWNERSHIP BOND PROGRAMS		
			Housing Trust Fund Programs	Federal and State Programs			Total
(in thousands)							
Cash flows from operating activities:							
Interest on mortgage loans	\$	623	\$	549	\$	863	\$ 10,799
Principal payments on mortgage loans		5,747		7,460		6,443	42,199
Purchase of mortgage loans		(4,146)		(4,401)		(5,222)	(13,769)
Sale of mortgage loans held for sale		-		-		-	270,279
Purchase of mortgage loans held for sale		-		-		(329,153)	(329,153)
Federal program awards received		-		11,348		278,482	289,830
Nonfederal program awards received		4,000		752		-	4,752
Federal program expense		-		(7,690)		(287,856)	(295,546)
Nonfederal program expense		(9,150)		-		-	(80,385)
Federal grant administration income		-		-		11,247	11,247
State appropriations received		-		7,660		3,000	10,660
State grants received		-		-		62,666	62,666
State program expense		-		(54,193)		(54,734)	(108,927)
Program income/fees		46,604		3,021		7,496	77,020
Other expenses		(21,350)		-		(6,836)	(30,910)
Other revenues		(1,115)		(225)		-	(1,653)
Net cash provided by (used in) operating activities	\$	21,213	\$	(35,719)	\$	15,549	\$ (80,891)
Cash flows from capital financing activities:							
Lease interest expense	\$	(41)	\$	-	\$	-	\$ (41)
Net cash provided by (used in) capital financing activities	\$	(41)	\$	-	\$	-	\$ (41)
Cash flows from noncapital financing activities:							
Issuance of bonds	\$	-	\$	-	\$	-	\$ 398,000
Proceeds from refunding bonds		-		-		-	200,000
Principal repayments on bonds		-		-		-	(200,220)
Principal payments on refunded debt		-		-		-	(200,000)
Interest paid on bonds		-		-		-	(117,640)
Bond issuance costs paid		-		-		-	(4,002)
Net noncapital transfers		9,239		(261)		(8,672)	(306)
Net cash provided by (used in) noncapital financing activities	\$	9,239	\$	(261)	\$	(8,672)	\$ 76,138
Cash flows from investing activities:							
Proceeds from sales or maturities of investments	\$	-	\$	-	\$	-	\$ 586,463
Purchase of investments		-		-		-	(1,045,260)
Earnings on investments		10,505		7,740		2,280	202,470
Net cash provided by (used in) investing activities	\$	10,505	\$	7,740	\$	2,280	\$ (235,802)
Net increase (decrease) in cash and cash equivalents, unrestricted and restricted	\$	40,916	\$	(28,240)	\$	9,157	\$ (240,596)
Cash and cash equivalents, unrestricted and restricted, at beginning of year		249,365		217,036		67,816	796,508
Cash and cash equivalents, unrestricted and restricted, at end of year	\$	290,281	\$	188,796	\$	76,973	\$ 1,090,129
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	\$	13,761	\$	(36,173)	\$	7,290	\$ (44,575)
Change in assets and liabilities:							
Decrease (increase) in mortgage loans receivable		1,614		2,584		1,186	22,390
Decrease (increase) in mortgage loans held for sale		-		-		-	(58,874)
Decrease (increase) in accrued interest receivable on mortgage loans		-		-		-	(6)
Decrease (increase) in other assets		(513)		(225)		593	(4,739)
Decrease (increase) in deferred outflows of resources		2,848		-		-	547
Increase (decrease) in accounts payable and other liabilities		(3,730)		-		(667)	(1,110)
Increase (decrease) in deferred inflows of resources		3,785		-		-	4,433
Increase (decrease) in unearned revenues		3,448		(1,905)		7,147	-
Total adjustments	\$	7,452	\$	454	\$	8,259	\$ (37,359)
Net cash provided by (used in) operating activities	\$	21,213	\$	(35,719)	\$	15,549	\$ (80,891)

This audit report required 796 audit hours at a cost of \$103,125.



Our mission is to provide safe, affordable housing opportunities to enhance the quality of life of North Carolinians.

A self-supporting public agency.

APPENDIX B

FORM OF APPROVING OPINION OF BOND COUNSEL

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APPENDIX B
LEGAL OPINION

Upon the delivery of the Series 62 Bonds, Womble Bond Dickinson (US) LLP, Bond Counsel to the Agency, proposes to issue its approving opinion in substantially the following form:

October [], 2026

North Carolina Housing Finance Agency
Raleigh, North Carolina

We have acted as bond counsel to the North Carolina Housing Finance Agency (the “Agency”) in connection with the authorization and issuance of the \$350,000,000 North Carolina Housing Finance Agency Home Ownership Revenue Bonds, Series 62 (the “Series 62 Bonds”). We have examined (i) the Constitution and laws of the State of North Carolina, including Chapter 122A of the General Statutes of North Carolina, as amended (the “Act”), (ii) certified copies of the proceedings of the Agency authorizing the issuance, sale and delivery of the Series 62 Bonds, (iii) executed originals of the Trust Agreement, dated as of May 1, 1998, by and between the Agency and The Bank of New York Mellon Trust Company, N.A., as trustee, as amended and restated by the Amended and Restated Trust Agreement, dated as of August 1, 2023, as further amended by the First Amendment to the Amended and Restated Trust Agreement, dated as of November 1, 2023 (the “Trust Agreement”), and the Sixty-Second Supplemental Trust Agreement, dated as of October 1, 2026 (the “Sixty-Second Supplemental Trust Agreement”) pursuant to which the Series 62 Bonds are issued and (iv) other proofs submitted relative to the issuance and sale of the Series 62 Bonds.

The Series 62 Bonds are dated as of their date of delivery. The Series 62 Bonds are issued for the purposes of providing funds to the Agency, together with other available funds, to (a) purchase Program Securities securitizing mortgage loans made to low and moderate income persons for single family residential housing in North Carolina, (b) purchase Series 62 DPA Loans as described in the Sixty-Second Supplemental Trust Agreement and (c) pay a portion of the costs of issuance of the Series 62 Bonds.

The Series 62 Bonds are issued under and pursuant to the Trust Agreement and the Sixty-Second Supplemental Trust Agreement. The Agency has heretofore issued sixty-one series of Bonds under the Trust Agreement (the “Existing Bonds”). The Trust Agreement also provides for the issuance, from time to time, under the conditions, limitations and restrictions therein set forth, of additional Bonds. The Existing Bonds, the Series 62 Bonds and any such additional Bonds are herein collectively referred to as the “Bonds.”

The Series 62 Bonds are subject to redemption prior to their maturity at the times, in the manner and upon the terms set forth in the Trust Agreement and the Sixty-Second Supplemental Trust Agreement.

The Series 62 Bonds are subject to the requirements of the Internal Revenue Code of 1986, as amended (the “Code”), and the regulations promulgated thereunder, that must be met subsequent to the issuance and delivery of the Series 62 Bonds in order that interest on the Series 62 Bonds be excluded, on and after the date of such issuance and delivery, from the gross income of the owners thereof for federal income tax purposes under the Code. The Agency has established procedures to meet the requirements of the Code. The Agency has also covenanted in the Sixty-Second Supplemental Trust Agreement to comply with the requirements of the Code, and in particular Sections 143 and 148 of the Code. Our opinion in paragraph 6 below with respect to the treatment of interest on the Series 62 Bonds for purposes of federal income taxation is rendered on the assumption that the Agency will carry out its procedures and comply with the aforementioned covenant contained in the Sixty-Second Supplemental Trust Agreement.

From such examination, we are of the opinion, as of the date hereof and under existing law, that:

1. The Agency has been duly created as a body politic and corporate constituting a public agency and instrumentality of the State of North Carolina with good, right and lawful authority to carry out the

program of purchasing the Program Obligations and to perform its obligations under the terms and conditions of the Trust Agreement and the Sixty-Second Supplemental Trust Agreement.

2. The Agency has duly authorized, executed and delivered the Trust Agreement and the Sixty-Second Supplemental Trust Agreement and such Agreements constitute legal, valid and binding agreements of the Agency, enforceable in accordance with their terms.
3. The Series 62 Bonds are valid and binding special obligations of the Agency secured by a valid pledge in the manner and to the extent set forth in the Trust Agreement, enforceable in accordance with their terms.
4. The Trust Agreement creates the valid and binding pledge it purports to create of the Program Obligations, Revenues and Prepayments (as such terms are defined in the Trust Agreement), and all moneys, securities and Funds and Accounts held or set aside pursuant to the Trust Agreement, to secure the payment of the Bonds in accordance with the terms thereof, subject to the provisions of the Trust Agreement permitting the disposition, use and payment thereof for or to the purposes and on the terms and conditions of the Trust Agreement. Such pledge shall become effective with respect to the assets and revenues so pledged immediately upon the receipt thereof by the Agency in the manner provided in the Trust Agreement.
5. The Series 62 Bonds do not constitute a debt, liability or obligation of the State of North Carolina or of any political subdivision thereof or a pledge of the faith and credit of the State or of any such political subdivision, but are payable solely from the revenues and assets of the Agency pledged therefor.
6. Assuming that the Agency will carry out the procedures mentioned above and comply with the covenants with respect to the Code contained in the Sixty-Second Supplemental Trust Agreement and other certificates and documents, interest on the Series 62 Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. Interest on the Series 62 Bonds is not treated as a preference item in computing the alternative minimum tax imposed by the Code; however, interest on the Series 62 Bonds held by certain corporations is included in the computation of “adjusted financial statement income” for purposes of computing the federal alternative minimum tax on such corporations.
7. Interest on the Series 62 Bonds is exempt from all income taxes of the State of North Carolina.

The Code and other laws of taxation, including the laws of taxation of the State of North Carolina, of other states, and of local jurisdictions, may contain other provisions that could result in tax consequences, upon which we render no opinion, as a result of the ownership or transfer of the Series 62 Bonds or the inclusion in certain computations of interest that is excluded from gross income for purposes of federal and North Carolina income taxation.

The rights of the owners of the Series 62 Bonds and the enforceability thereof and of the Trust Agreement and Sixty-Second Supplemental Trust Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore and hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

[To be signed “Womble Bond Dickinson (US) LLP”]

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE AMENDED AND RESTATED TRUST AGREEMENT AND THE SIXTY-SECOND SUPPLEMENTAL TRUST AGREEMENT

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE AMENDED AND RESTATED TRUST AGREEMENT AND THE SIXTY-SECOND SUPPLEMENTAL TRUST AGREEMENT

The following is a summary of certain provisions of the Trust Agreement.

Definitions

In addition to words and terms elsewhere defined in this Official Statement, the following words and terms have the following meanings under the Trust Agreement, the Supplemental Trust Agreements thereunder and as used in this Official Statement, unless some other meaning is plainly intended:

“Agency Mortgage Loan Default Advance” means an advancement by the Agency, at its discretion, from funds available to the Agency to a Principal/Special Redemption Account of an amount equal to the principal balance of a Program Loan the payment on which is delinquent for the lesser of ninety (90) calendar days or a sufficient time for the Agency to proceed with a claim for the benefits of any insurance or guaranty insuring or guaranteeing the payment of such Program Loan.

“Bank Bonds” means Bonds that are held by the provider of a credit facility or a liquidity facility securing payment of the principal or purchase price thereof pursuant to the terms of the credit facility or liquidity facility on account of a failed remarketing of the Bonds.

“Bond Insurance” means an irrevocable policy of municipal bond insurance, a guaranty agreement or any similar instrument issued or entered into with a municipal bond insurer assuring timely payment of principal and interest on all or a portion of a Series of Bonds.

“Borrower” means the borrower under a Program Loan.

“Capital Appreciation Bond” means any Bond or Bonds of a Series sold at a price less than the principal amount thereof payable at maturity, if such Bond or Bonds are designated as a Capital Appreciation Term or Serial Bond or Bonds (or such other term describing Bonds having the characteristics of Capital Appreciation Bonds) by the Supplemental Trust Agreement providing for the issuance of such Series of Bonds.

“Cash Flow Certificate” means a certificate that is filed as required or permitted by an Authorized Officer, which certificate, after taking into account the effect of the conditions or circumstances for which such certificate is required, will show that scheduled payments of principal and interest on the Program Obligations are such that the Revenues, including, without limitation, investment income (based on the investment rates reasonably expected by the Agency to be received from the investment of amounts held under the Trust Agreement and to be set forth in such certificate) on the Funds and Accounts available for such payments, excluding the investment of amounts held in the Insurance Reserve Fund, and the moneys held for the credit of the Debt Service Reserve Fund (and any Special Debt Service Reserve Account with respect to any Bonds secured by a Special Debt Service Reserve Account) shall be sufficient to pay when due the principal of, Sinking Fund Requirements on account of, and interest on the Bonds and the Program Expenses.

Each Cash Flow Certificate shall set forth the assumptions upon which the investments therein are based, which assumptions shall be based upon the Agency’s reasonable expectations at the time such Cash Flow Certificate is filed.

In determining the amount held in any Fund or Account under the Trust Agreement for purposes of preparing a Cash Flow Certificate, accrued but unpaid interest on amounts held in such Fund or Account invested in Investment Obligations shall be credited to the Fund or Account as if the same had been received and deposited to such Fund or Account on the date of calculation. In determining the amount held in the Funds and Accounts under the Trust

Agreement, amounts held under any Fund or Account created under a Supplemental Trust Agreement shall be included in the calculation, unless the Supplemental Trust Agreement expressly excludes such amounts.

“Compounded Amount” means the amount of principal and accrued interest of a Capital Appreciation Bond as of a given date determined in the manner provided in the Supplemental Trust Agreement authorizing the issuance of such Capital Appreciation Bond.

“Debt Service Reserve Requirement” means, as of any particular time of calculation, the sum of the amounts established in each Supplemental Trust Agreement authorizing the issuance of a Series of Bonds secured by the Debt Service Reserve Fund as the portion of the Debt Service Reserve Requirement attributable to that Series (which amounts may decrease or increase over time in accordance with the terms of the Supplemental Trust Agreement). The portion of the Debt Service Reserve Requirement attributable to any Series of Bonds may be met through a deposit of cash, Investment Obligations or Reserve Alternative Instruments, or any combination thereof, as the case may be.

“Defeasance Obligations” means (a) noncallable Government Obligations and (b) Defeased Municipal Obligations.

“Defeased Municipal Obligations” means obligations of state or local government municipal bond issuers which are rated the highest rating category by each Rating Agency, the provision for the payment of the principal of, premium, if any, and interest on which shall have been made by deposit with a trustee or escrow agent of Government Obligations, the maturing principal of and interest on which, when due and payable, shall provide sufficient money to pay the principal of, premium, if any, and interest on such obligations of state or local government municipal bond issuers. References in this definition to state or local government bond issuers shall mean the State of North Carolina, local government bond issuers, and, to the extent permitted by law, states other than the State of North Carolina and local government bond issuers other than North Carolina local government bond issuers.

“DPA Loan” means a loan made by the Agency to a borrower in connection with the origination of a Program Loan or a Securitized Mortgage Loan, which loan is made for down payment assistance and is made with proceeds of a Series of Bonds or other funds deposited to a Program Account. DPA Loans may have such programmatic features, including a zero-interest rate and principal reductions upon meeting prescribed terms, and may be secured on a subordinated basis, as are provided for herein. DPA Loans are “Program Loans” for purposes of the Trust Agreement.

“Federal Mortgage Agency” means the Government National Mortgage Association, Fannie Mae, Freddie Mac and any other public or private agency created by the United States Congress for the purpose of housing finance and which is an agency or instrumentality of the United States or sponsored thereby.

“FHA Insured Program Loan” means a Program Loan the payment of which is insured by the Federal Housing Administration under the National Housing Act of 1934, as amended.

“Financing Fees” means any fees, charges or deposits that are authorized to be collected by the Agency from a Borrower or a Lender in order for the Agency to assure that funds are available in the Program Fund to purchase a Program Obligation on behalf of a specific Borrower. Financing Fees may be refundable or non-refundable as shall be specified in the Supplemental Trust Agreement authorizing the issuance of the Bonds financing the segment of the Program for which such Financing Fees are paid. Financing Fee shall not be “Revenues” within the meaning of the Trust Agreement unless a Supplemental Trust Agreement specifically designates such funds as Revenues.

“Government Obligations” means direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by, the United States Government.

“Insurance Reserve Requirement” means, as of any particular time of calculation, the sum of the amounts, if any, established in each Supplemental Trust Agreement authorizing the issuance of a Series of Bonds as the portion of the Insurance Reserve Requirement attributable to that Series (which amounts may increase or decrease over time

in accordance with the terms of the Supplemental Trust Agreement). The portion of the Insurance Reserve Requirement attributable to any Series of Bonds may be met through a deposit of cash, Investment Obligations or Reserve Alternative Instruments, or any combination thereof, as the case may be.

“Interest Payment Date” means for any Bond the dates specified in the Supplemental Trust Agreement authorizing such Bonds as the “Interest Payment Date” therefor, notwithstanding that in respect of Capital Appreciation Bonds all or some portion of the interest is paid on a deferred basis.

“Investment Obligations” means

(1) Government Obligations,

(2) bonds, debentures, notes or other similar obligations (but not including “stripped” coupon obligations or the principal portion of any stripped obligation purchased in excess of par) issued by the Federal Intermediate Credit Bank, the Federal Home Loan Banks, Fannie Mae, the Bank for Cooperatives, the Federal Financing Bank, the Federal Farm Credit Bank, Freddie Mac, the Government National Mortgage Association, the Federal Housing Administration, the Farmers Home Administration, the Export-Import Bank, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank and the Federal Land Banks, if the timely payment of the principal of and interest thereon is secured by the full faith and credit of the United States of America,

(3) interest bearing time deposits or certificates of deposit or such other forms of deposit as the Local Government Commission may approve in any bank or trust company located outside or in the State, including a Depositary, provided that such bank or trust company with which moneys are invested as herein provided: (i) is duly chartered under the laws of the United States or any state within the United States and authorized to engage in banking or trust activities, (ii) has a credit rating from a Rating Agency with respect to such bank’s or trust company’s long-term unsecured debt (or, if the debt of the bank is not rated, if its parent holding company has such a rating and the obligations of such institution are expressly and unconditionally guaranteed by the parent holding company) in one of its top two ratings categories, without regard to gradations within a category, and (iii) is approved by the Local Government Commission,

(4) deposits with the State Treasurer in an investment program established pursuant to Section 147-69.3 of the General Statutes of North Carolina,

(5) repurchase agreements that meet the requirements of Section 122A-11(5) of the General Statutes of North Carolina or any successor statute,

(6) participating shares in a mutual fund for North Carolina local governments if the investments of the fund are limited to those qualifying for investment under Section 159-30(c) of the North Carolina General Statutes, as amended, and the fund is certified by the Local Government Commission of North Carolina as a mutual fund permitted for local government investment;

(7) any other investment in which the Agency is authorized from time to time to invest the moneys held under the Trust Agreement, if such investment would not impair such Rating Agency’s Rating then in effect with respect to any Bonds.

“Lender” means any bank or trust company, savings bank, national banking association, savings and loan association, building and loan association, life insurance company, mortgage banking company, any governmental entity or other entity or institution authorized to transact mortgage lending business in the State, including the Agency and any local housing authority.

“Market Value” means the fair market value of property financed by a Program Loan, as demonstrated by an appraisal prepared by an appraiser acceptable to the Agency. “Mortgage” means a deed of trust or other instrument securing a Program Loan that, unless the Mortgage secures a Series 62 DPA Loan, constitutes a first lien upon the property secured thereby, subject to minor easements, rights of way, and similar exceptions customarily acceptable to lenders of funds secured by residential real property and acceptable to the Agency.

“Officer’s Certificate” means a certificate signed by an Authorized Officer, including certificates signed by an “electronic signature” of such Authorized Officer.

“Opinion of Counsel” means a written opinion of counsel who may (except as otherwise expressly provided in the Trust Agreement) be counsel for the Agency.

“Outstanding,” when used with reference to the Bonds, shall mean, as of a particular date, all Bonds theretofore authenticated and delivered under the Trust Agreement, except:

- (1) Bonds theretofore canceled by the Trustee;
- (2) Bonds for the payment or redemption of which moneys or Defeasance Obligations, or both, in the necessary amount have theretofore been deposited in separate accounts with the Trustee in trust for the Owners (whether upon or prior to maturity or the redemption date of such Bonds), the principal of and the interest on such Defeasance Obligations, if any, when due, providing sufficient moneys to pay, with such other moneys so deposited with the Trustee, the principal and redemption premium of and the interest on such Bonds being paid or redeemed; and
- (3) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to the Trust Agreement.

“PMI Insured Program Loan” means a Program Loan the payment of which has been insured by a private mortgage insurance company that has been approved by Fannie Mae or Freddie Mac to insure mortgages purchased by them.

“Prepayments” means any moneys representing principal of a Program Obligation received or recovered by or for the account of the Agency from any payment of principal of any Program Obligation prior to the scheduled payment of principal called for by such Program Obligation, including, without limitation, (i) any payments of principal of any Program Obligation prior to the scheduled payment of principal called for by such Program Obligation, including any prepayment penalty, fee, premium or other additional charge as may be provided by the terms of such Program Obligation, (ii) amounts received upon the sale, assignment or other disposition of any Program Obligation, (iii) proceeds from the condemnation of any property financed by a Program Obligation, (iv) amounts received from any legal proceedings taken upon an event of default by a Borrower, (v) any amounts received by the Agency from a claim under any mortgage insurance, mortgage guarantee, mortgage pool insurance, title insurance or hazard insurance (other than amounts to be applied to replace, repair or restore the property with respect to which the hazard insurance payment was paid), (vi) amounts received from the sale or other disposition, including pursuant to foreclosure proceedings, of any property financed under a Program Obligation, and (vii) transfers from the Insurance Reserve Fund or the Revenue Reserve Fund of amounts to cover the deficiencies between the principal amount of a Program Loan and the amount received by the Agency upon the disposition of the same from the proceeds of foreclosure and any applicable insurance or guaranty payments.

“Program” means the Agency’s program created under the Trust Agreement for the Agency to acquire Program Obligations and to hold the same, all for the purpose of assisting in providing housing to low and moderate income persons in the State.

“Program Expenses” means the Agency’s expenses of carrying out and administering its powers, duties and functions relating to the Program as authorized by the Enabling Act, including, without limiting the generality of the foregoing, administrative expenses, salaries, supplies, utilities, mailing, labor, materials, office rent, maintenance,

furnishings, equipment, machinery and apparatus, insurance premiums, legal, accounting, management, consulting and banking services and expenses, the fees and expenses of the Trustee and Depositaries, cost of issuance of Bonds not paid from proceeds of such Bonds, payments for pension, retirement, health and hospitalization and life and disability insurance benefits and any other expenses required or permitted to be paid by the Agency under the provisions of the Enabling Act or the Agreement, all to the extent such expenses are properly allocable to the Program in accordance with generally accepted accounting principles.

“Program Loan” means an obligation made or purchased by the Agency in order to finance or otherwise provide housing principally on behalf of households of low and moderate income with moneys in the Program Fund derived from the proceeds of, or otherwise made available in connection with the issuance of, Bonds pursuant to the Trust Agreement or that was purchased with the proceeds of bonds issued under another trust agreement or bond resolution of the Agency, which bonds were refunded by Bonds issued under the Trust Agreement. For purposes of Series 62 Bonds, Program Loans include Series 62 DPA Loans.

“Program Obligation” means any Program Loan or Program Security.

“Program Security” means an obligation representing an undivided interest in a pool of Program Loans, to the extent the payments to be made on such obligations are guaranteed or insured by a Federal Mortgage Agency, acquired by the Agency by the expenditure of funds from the Program Fund or that was purchased with the proceeds of bonds issued under another trust agreement or bond resolution, which bonds were refunded by Bonds issued under the Trust Agreement.

“Rating” means with respect to any Series of Bonds, the rating issued by a Rating Agency in force immediately prior to the proposed action to be taken by the Agency, and an action which does not “impair” the Rating with respect to a Series of Bonds shall be an action that will not cause the Rating Agency to lower or withdraw the rating it has assigned to the Series of Bonds.

“Rating Agency” means any nationally recognized entity that, upon the request of the Agency, has issued a credit rating on any Series of Bonds issued under the Trust Agreement.

“Reserve Alternative Instrument” means an insurance policy, surety bond, irrevocable letter of credit, guaranty or similar instrument deposited in any Fund or Account created under the Trust Agreement, including any Supplemental Trust Agreement, in lieu of or in partial substitution for the deposit of cash and Investment Obligations in satisfaction of the Debt Service Reserve Requirement, Insurance Reserve Requirement, a Special Debt Service Reserve Account Requirement or other requirement of such Fund or Account. The Reserve Alternative Instrument shall be payable to make the payments otherwise required to be paid from such Fund or Account in a timely manner. Except as provided in the Trust Agreement, the provider of a Reserve Alternative Instrument shall be, at the time such Reserve Alternative Instrument is delivered to the Trustee (a) an insurer whose long term debt or claims paying ability has been assigned a rating by each Rating Agency in one of the two highest rating categories (without regard to gradations, such as “plus” or “minus,” of such categories), or (b) a commercial bank, insurance company or other financial institution the bonds payable or guaranteed by which are assigned a rating by each Rating Agency in one of the two highest rating categories (without regard to gradations such as “plus” or “minus” of such categories). In the event that a Reserve Alternative Instrument is being delivered to provide all or a portion of a requirement of a Special Debt Service Reserve Account, then the Reserve Alternative Instrument and the requirements of the provider thereof shall meet the requirements set forth in the Supplemental Trust Agreement creating such Special Debt Service Reserve Account. Whenever for any purposes of the Trust Agreement the amounts on deposit in the Funds or Accounts under the Trust Agreement are required to be determined, the amount available to be drawn under any Reserve Alternative Instrument shall be deemed to be cash on deposit in the applicable Fund or Account.

“Reserve Fund Surety Bonds” means any surety bonds issued with regard to the Debt Service Reserve Fund Requirements or Insurance Reserve Fund Requirements for a particular series of Bonds.

“Revenues” means all payments of principal of and interest on the Program Obligations including both timely and delinquent payments (including late charges to the extent such late charges are collected by the Agency),

including Prepayments, and investment earnings on any amounts held in any Fund or Account under the Trust Agreement to the extent said earnings are required pursuant to the Trust Agreement or a Supplemental Trust Agreement to be deposited to the Revenue Fund, but shall not include Escrow Payments, Program Obligation Accrued Interest or Financing Fees, or escrow fees or servicing fees received by a Servicer pursuant to a Servicing Agreement (including the Agency acting as Servicer).

“Securitized Mortgage Loan” means a mortgage loan obligation secured by real property located in the State that after origination is pooled with other mortgage loans to create a Program Security acquired by the Agency by the expenditure of amounts in a Program Account.

“Serial Bonds” means the Bonds of a Series which shall be stated to mature in fixed installments on a fixed payment date, rather than through mandatory redemption in accordance with Sinking Fund Installments, as designated by the Supplemental Trust Agreement authorizing the issuance thereof.

“Series” means any issued or authorized to be issued at any one time pursuant to the Trust Agreement and authorized as “Series” of Bonds by the Supplemental Trust Agreement authorizing the issuance thereof.

“Series 62 DPA Loans” means loans that are made to Borrowers in connection with the origination of Series 62 Securitized Mortgage Loans, which loans are made for down payment assistance and are made with proceeds of the Series 62 Bonds deposited to the Series 62 Program Account. Series 62 DPA Loans may have such programmatic features, including a zero interest rate and principal reductions upon meeting prescribed terms, and may be secured on a subordinated basis, as are provided for in the Trust Agreement. Series 62 DPA Loans are “Program Loans” for purposes of the Trust Agreement.

“Servicer” means any bank or trust company, savings bank, national banking association, savings and loan association, building and loan association, life insurance company and other mortgage banker or financial institution which shall service any of the Program Loans pursuant to a Servicing Agreement with the Agency, or the Agency if the Agency determines to service any Program Loans held pursuant to the Trust Agreement.

“Servicing Agreement” means an agreement between the Agency and a Servicer, if the Agency is not the Servicer, for the servicing of any of the Program Loans by the Servicer.

“Sinking Fund Calculation Period” means the period of time set forth in the Supplemental Trust Agreement authorizing the issuance of Term Bonds during which the Agency is to deposit to the credit of Principal/Special Redemption Account for the Series of Bonds an established amount to be applied to the purchase or redemption of such Term Bonds in accordance with a Sinking Fund Requirement for such period also established in such Supplemental Trust Agreement.

“Sinking Fund Requirement” means, with respect to the Term Bonds of any Sinking Fund Calculation Period, the principal amount fixed or computed for such Sinking Fund Calculation Period for the retirement of such Term Bonds by purchase or redemption (or by payment at maturity in the case of the final Sinking Fund Requirement for any maturity).

“State Treasurer” means the Treasurer of the State of North Carolina.

“Subordinated Indebtedness” means all indebtedness incurred by the Agency in respect of the Program that is made payable from the Revenues, but only after the payments described below under the heading “Application of Revenues and Other Moneys” have been made, to the extent incurred in accordance with the requirements of the Trust Agreement.

“Supplemental Trust Agreement” means a resolution of the Board providing for the issuance of any particular Series of Bonds which is required to be executed and delivered prior to the issuance of such Series.

“Swap Agreement” means any interest rate swap agreement entered into by the Agency with a Swap Provider, pursuant to which the Agency and the Swap Provider agree to make payments thereunder with respect to a notional amount corresponding to Bonds for the purpose of effectively converting the interest rate on the Agency’s bonds bearing interest at a variable interest rate to a fixed interest rate, or converting the interest rate on the Agency’s bonds bearing interest at a fixed interest rate to a variable interest rate.

“Swap Agreement Periodic Payments” means payments required to be paid by the Agency under a Swap Agreement, other than Swap Agreement Termination Payments.

“Swap Agreement Termination Payments” means payments required to be paid by the Agency under a Swap Agreement in connection with the termination of the Swap Agreement, whether voluntarily or upon the occurrence of an event of default or similar event thereunder.

“Swap Provider” means any financial institution with which the Agency enters into an interest rate swap agreement with respect to Bonds.

“Term Bonds” means the Bonds of a Series designated Term Bonds in the Supplemental Trust Agreement authorizing the issuance thereof.

“Trustee” means the Trustee serving as such under the Trust Agreement, whether original or successor.

“USDA Guaranteed Program Loan” means a Program Loan the payment of which is guaranteed by the United States Department of Agriculture Rural Development under its loan guarantee program created under Title V of the Housing Act of 1949, or any successor program.

“VA Guaranteed Program Loan” means a Program Loan the payment of which is guaranteed by the United States Veterans Administration.

Additional Bonds; Supplemental Trust Agreements

Bonds of the Agency may be issued under and secured by the Trust Agreement from time to time for the purpose of providing sufficient funds, with any other available funds, for (a) the making or purchase by the Agency of Program Obligations, (b) refunding Bonds of the Agency issued under the Trust Agreement or under trust agreements or bond resolutions other than the Trust Agreement, including the payment of any redemption premium thereon, (c) the payment of Program Expenses, (d) the payment of interest on such Bonds for the period specified in the Supplemental Trust Agreement authorizing the issuance thereof, and (e) the making of any deposit to the credit of the Debt Service Reserve Fund, the Insurance Reserve Fund or a Special Debt Service Reserve Account required in connection with the issuance of such Series of Bonds.

Before any Bonds shall be issued under the Trust Agreement, the Agency and the Trustee shall enter into a Supplemental Trust Agreement authorizing the issuance of such Bonds fixing the amount and the details thereof. Such Supplemental Trust Agreement shall designate the Series of Bonds and shall set forth the authorized denominations, dates, maturities, interest rates, Interest Payment Dates, redemption provisions, Sinking Fund Requirements and other terms of the details of the Bonds authorized thereby. Each Supplemental Trust Agreement shall specify whether the Series of Bonds authorized thereby shall be entitled to the benefit of the Debt Service Reserve Fund, a Special Debt Service Reserve Account created under the Supplemental Trust Agreement or neither and shall specify the Debt Service Reserve Requirement or the requirement for the Special Debt Service Reserve Account in connection with the Bonds of such Series. Each Supplemental Trust Agreement shall specify the Insurance Reserve Requirement in connection with the Program Obligations to be financed with the proceeds of the Bonds issued thereunder. Each Supplemental Trust Agreement shall specify any requirements for the Program Obligations to be purchased with the proceeds of the Bonds authorized thereby, including how payment of such Program Obligations must be insured, guaranteed or otherwise secured. Each Supplemental Trust Agreement shall specify whether a policy of Bond Insurance will be delivered in connection with the issuance of such Bonds and provide any additional covenants and provisions with respect thereto.

Funds and Accounts

The Trust Agreement and certain of the Supplemental Trust Agreements create the following Funds and Accounts:

- (a) Revenue Fund
- (b) Bond Service Fund
 - (i) Interest Account
 - (ii) Principal /Special Redemption Account for each Series of outstanding Bonds as provided below
 - (iii) Principal Account
- (c) Swap Agreement Payment Fund
- (d) Reserve Alternative Instrument Payment Fund
- (e) Debt Service Reserve Fund
 - (i) Contribution Reserve Account
 - (ii) Equity Reserve Account
 - (iii) Proceeds Reserve Account
 - (iv) 1974 Appropriation Reserve Fund
- (f) Insurance Reserve Fund
 - (i) Insurance Reserve Equity Account
 - (ii) Insurance Reserve Contribution Account
- (g) Optional Redemption Fund
- (h) Revenue Reserve Fund
 - (i) Revenue Funded Account
 - (ii) Equity Account
 - (iii) Revenue Reserve Refunding Account
- (i) TBA Loan Administrative Account
- (j) Program Fund and an Account for each Series of Bonds

A Supplemental Trust Agreement may provide for the creation of a Special Debt Service Reserve Account for the Bonds authorized by such Supplemental Trust Agreement and for the deposit of moneys to and withdrawal of moneys from such Account.

Pursuant to the Trust Agreement and the Supplemental Trust Agreements pursuant to which the existing Bonds have been issued, there has been created a special account within the Bond Service Fund designated the "Principal/Special Redemption Account" corresponding to the Series of Bonds (e.g., the "Series 62 Principal/Special Redemption Account"). In connection with the issuance of any new Series of Bonds, there shall be created a Principal/Special Redemption Account corresponding to the new Series.

Notwithstanding the creation of the Principal/Special Redemption Accounts and the deposit and application of funds as described below, all amounts deposited and held in the Bond Service Fund remain pledged for the benefit, security and protection of all present and future Owners of Bonds issued and secured under the Trust Agreement, without preference, priority or distinction as to lien or otherwise of any one Bond over any other Bond, except as may be specifically provided in a Supplemental Trust Agreement.

Program Fund

Each Supplemental Trust Agreement authorizing the issuance of a Series of Bonds shall create a separate account in the Program Fund for the Program Obligations associated with the Bonds of such Series.

Money held for the credit of any Program Account shall be used to pay the following costs of the Program relating to the Series of Bonds for which such Account was established:

- (a) the amount determined by the Agency to be required to make or purchase any Program Obligation;
- (b) Costs of Issuance;
- (c) interest on such Bonds to the extent set forth in the Supplemental Trust Agreement authorizing such Series of Bonds;
- (d) any obligation or expense heretofore or hereafter incurred or paid by the Agency for any of the items mentioned in clause (b) above; and
- (e) to pay, either at maturity or otherwise in accordance with their terms, any notes theretofore issued by the Agency to provide interim financing for any of the purposes for which Bonds may be issued pursuant to the Trust Agreement.

The Agency covenants that immediately after any moneys are paid by the Trustee to a Lender or other person, firm, or corporation for the making of or purchase by the Agency of any Program Loans, or any notes of the Agency are paid pursuant to the Trust Agreement, the Agency will physically deliver, or cause to be physically delivered, to the Trustee the note or other instrument evidencing each Program Loan made or acquired as a result of such payment.

The Trustee shall not apply any moneys in the Program Fund to the purchase of a Program Security unless arrangements have been made so that immediately after such use the Trustee shall hold, on behalf of the Owners, a first perfected security interest in such Program Security, either through physical delivery of such Program Security or adequate notation on book-entry records for book-entry only securities. No Program Security shall be financed unless such Program Security represents a pass through or participation in a pool of mortgage loans that the Agency is eligible to finance under the Enabling Act and the Program Security provides for a guaranty of all payments to be made thereunder by a Federal Mortgage Agency.

Any Program Obligation may be withdrawn from the Program Fund and transferred by the Trustee to the recipient directed by the Agency free and clear from any pledge, lien, security interest or other interest created under the Trust Agreement upon the delivery to the Trustee of an Officer's Certificate directing such transfer and certifying that:

(a) such transfer is being made in order to provide for the redemption (whether optional or special, to the extent permitted by the applicable Supplemental Trust Agreement) or purchase of Bonds having a value corresponding to the value of the Program Obligation being withdrawn as reasonably estimated by the Agency and set forth in the Officer's Certificate; and

(b) the proposed transfer of the Program Obligation to the Agency and the sale, assignment, transfer or other disposition thereof by the Agency would not have a material adverse effect on the ability of the Agency to pay the principal of, and interest on, and premium, if any on the Bonds as the same become due, and to pay the Program Expenses.

In the event that the payment on a Program Loan is delinquent for the lesser of ninety (90) calendar days or a sufficient time for the Agency to file a claim for the benefits of any insurance or guaranty insuring or guaranteeing the payment of such Program Loan, the Agency may at its option and in its discretion, advise the Trustee that it will advance to the Principal/Special Redemption Account for such Program Loan from any funds available to the Agency for such purpose an amount equal to the principal balance of the Program Loan in default. Upon the advancement of such amount by the Agency, the amount advanced shall be treated as a Prepayment of the Program Loan for all purposes of the Trust Agreement and the Supplemental Trust Agreement. If the Agency so advances funds to a Principal/Special Redemption Account, then any funds realized upon the foreclosure on the delinquent Program Loan or under any insurance policy or guarantee with respect to the payment of the delinquent Program Loan shall be deposited, upon receipt, to the credit of the fund or account from which the Agency advanced the funds and upon this deposit shall not be treated as a Prepayment under the Trust Agreement and the Supplemental Trust Agreement. Upon such deposit, the funds realized may be used for any purpose for which funds in the Revenue Reserve Fund may be used, and may be withdrawn from this Trust Agreement

Pledge

Pursuant to the Trust Agreement, the Agency has pledged for the security of the Bonds, subject to the provisions of the Trust Agreement:

(a) All Program Obligations, Revenues, Program Obligation Accrued Interest, and Financing Fees and all moneys, securities and Funds and Accounts held or set aside pursuant to the Trust Agreement; and

(b) All money and securities held by or on behalf of the Trustee in all of the funds, accounts or subaccounts established pursuant to the Trust Agreement, except those funds, accounts and subaccounts that are expressly pledged in a Supplemental Trust Agreement as security only for a specified Series of Bonds and a Special Debt Service Reserve Account (hereinafter defined) and except money and securities held by or on behalf of the Trustee in the Revenue Reserve Refunding Account of the Revenue Reserve Fund and the TBA Loan Administration Fund, which are specifically excepted from such pledge.

The pledge of the moneys, securities and Funds and Accounts and of the Program Obligations, Revenues, Program Obligation Accrued Interest and Financing Fees is valid and binding from and after the delivery of the first Bond delivered under the Trust Agreement. The Program Obligations, Revenues, Program Obligation Accrued Interest and Financing Fees and other moneys and securities so pledged and then or thereafter received by the Agency shall immediately be subject to the lien of such pledge without any physical delivery or further act, except that the Program Obligations shall be subject to the lien of such pledge only after the delivery of the Program Loan notes to the Trustee and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Agency, irrespective of whether such parties have notice thereof.

Application of Revenues and Other Moneys

All Revenues, Program Obligation Accrued Interest and Financing Fees shall be collected by or on behalf of the Agency and deposited as received in the name of the Trustee or with a qualified Depositary or Depositaries

designated by the Agency which shall receive the same as deposits of moneys held by the Trustee. The Trustee is only responsible for money actually deposited as described in the Trust Agreement.

All Revenues derived from payments of principal and interest on Program Obligations, other than Prepayments on DPA Loans, which shall be applied as provided below, shall be collected by or on behalf of the Agency and deposited as received in the name of the Trustee. The Trustee shall apply the amounts received as follows:

- (1) All amounts comprising the payment of interest on the Program Obligations shall be deposited by the Trustee to the credit of the Revenue Fund.
- (2) All other amounts received shall be deposited to the credit of the Principal/Special Redemption Account for the Series of Bonds that funded the purchase of the Program Obligations. If a Program Obligation was purchased with the proceeds or other funds associated with more than one Series of Bonds, the amount received shall be distributed pro rata among the Bonds of the Series.

Accordingly, the Sixty-Second Supplemental Trust Agreement provides that the Agency shall direct the Trustee to deposit principal payments on the Series 62 Program Obligations, whether constituting scheduled principal payments or Prepayments, to the Series 62 Principal/Special Redemption Account, to be applied as provided in the Sixty-Second Supplemental Trust Agreement as described in the Official Statement under the caption "SECURITY FOR AND SOURCES OF PAYMENT OF THE SERIES 62 BONDS— Series 62 Principal/Special Redemption Account, and Disposition of Certain Funds."

Prepayments on DPA Loans shall be collected by the Trustee and deposited directly to the Principal Account to be used to pay principal on the Series of Bonds that provided the funding for the purchase of the DPA Loan. Such amounts shall be applied to the payment of principal of the Serial Bonds of such Series on the next principal maturity date, and after the maturity of all Serial Bonds of such Series, shall be applied to the Sinking Fund Redemption of the Term Bonds of such Series on the next date the Term Bonds are to be redeemed in accordance with the Sinking Fund Requirements for the Series. In the event that at the time of receipt of a Prepayment of a DPA Loan the amount required to pay the next principal payment or Sinking Fund Redemption on the Bonds of such Series is already funded in the Principal Account, the Prepayment shall nonetheless be deposited to the Principal Account for application.

Any Financing Fees attributable to a Series of Bonds received by the Agency shall be deposited by the Agency as received as shall be provided in the Supplemental Trust Agreement for such Series.

Any moneys or other assets received by the Trustee from the Agency with instructions that the same be deposited to the credit of any Fund or Account under the Trust Agreement shall be so deposited to such Fund or Account.

The Trustee, as of the last business day of each month, shall withdraw from the Revenue Fund and deposit to the credit of the following several Funds or Accounts, but as to each Fund or Account only within the limitation herein below indicated with respect thereto and only after maximum payment within such limitation into every such Fund or Account previously mentioned in the following tabulation:

First: To the credit of the Interest Account, to the extent, if any, needed to increase the amount in the Interest Account so that it equals the amount of interest then or to become within the next ensuing six months due and payable on the Bonds of each Series then Outstanding; provided, however, that if interest on any Bonds is payable on a periodic basis other than a semi-annual basis, then the deposit requirement for the Interest Account may be adjusted to reflect the payment of interest on such other periodic basis.

Second: To the credit of the Swap Agreement Payment Fund the amount, if any, needed to increase the amount in the Accounts therein so that the Accounts equal the amount estimated at the time of transfer to be necessary to pay to any Swap Providers the Swap Agreement Periodic Payments required to be paid during the ensuing six months. In the event that the Agency enters into more than

one Swap Agreement and there are not sufficient funds at the end of a month to make all deposits to all Accounts of the Swap Agreement Payment Fund, amounts shall be deposited to the Swap Agreement Payment Fund and any other Account created with respect to a Swap Agreement on a pro rata basis.

Third: To the credit of the Reserve Fund Alternative Instrument Payment Fund the amount, if any, necessary make payments to the issuers of any Reserve Fund Alternative Instruments to reimburse such issuers for payments with respect to the Reserve Fund Alternative Instruments in accordance with the terms of the agreements between the Agency and such issuers in connection therewith.

Fourth: To the credit of the Debt Service Reserve Fund, to the extent, if any, needed to increase the amount in the Debt Service Reserve Fund so that it equals the Debt Service Reserve Requirement.

Fifth: To the credit of any Special Debt Service Reserve Account, to the extent, if any, needed to increase the amount in such Special Debt Service Reserve Account to the amount required to be on deposit therein by the Supplemental Trust Agreement creating such Special Debt Service Reserve Account; in the event that there are deficiencies in more than one Special Debt Service Reserve Account, to the extent there are insufficient funds to make the deposits required to be made to all Special Debt Service Reserve Accounts, the available amount shall be deposited to all of the Special Debt Service Reserve Accounts pro rata based upon the amounts then required to be deposited to each such Special Debt Service Reserve Account.

Sixth: To the credit of the Insurance Reserve Fund, to the extent, if any, needed to increase the amount in the Insurance Reserve Fund so that it equals the Insurance Reserve Requirement.

Seventh: To the credit of the Swap Agreement Payment Fund the amount, if any, needed to increase the amount in the Accounts therein so that the Accounts equal the amount necessary to pay to any Swap Providers any Swap Agreement Termination Payments then due and payable. In the event that the Agency enters into more than one Swap Agreement and there are not sufficient funds at the end of a month to make all deposits to all Accounts of the Swap Agreement Payment Fund to pay the Swap Agreement Termination Payments, amounts shall be deposited to the Swap Agreement Payment Fund and any other Account created with respect to a Swap Agreement on a pro rata basis.

Eighth: To the credit of the Revenue Reserve Fund, for deposit therein, the balance remaining.

A Supplemental Trust Agreement may provide for the deposit of Revenues to a Fund or Account created thereunder or for another application of Revenues prior to the deposit of remaining Revenues to the credit of the Debt Service Reserve Fund, a Special Debt Service Reserve Account, the Insurance Reserve Fund or the Revenue Reserve Fund; provided however, that the Supplemental Trust Agreement providing for such change in the application of Revenues shall not be effective without the prior written consent of any Swap Provider that is adversely affected by such change.

Amounts deposited to a Principal/Special Redemption Account shall be applied as follows, in the following order of priority:

First: The amount, if any, needed to increase the amount in the Principal Account so that the amount in the Principal Account funded from (i) transfers from the Principal/Special Redemption Account for such Series and (ii) Prepayments on DPA Loans deposited directly to the Principal Account to be used to pay principal on the Series of Bonds pursuant to Section is the amount sufficient to pay the principal of all Serial Bonds of such Series maturing within the next six months shall be transferred to the Principal Account.

Second: The amount, if any, needed to increase the amount in the Principal Account so that the amount in the Principal Account funded from (i) transfers from the Principal/Special Redemption Account for such Series and (ii) Prepayments on DPA Loans deposited directly to the Principal Account to be used to pay principal on the Series of Bonds is the amount sufficient to meet the Sinking Fund Requirements of the Term Bonds for the Series of Bonds to be redeemed within the next six months shall be transferred to the Principal Account.

Third: The amount, if any, needed to increase the amount in the Principal/Special Redemption Account for the Series of Bonds so that the amount on deposit therein is sufficient to redeem the Bonds of the Series, if any, that are required to be redeemed pursuant to their Special Redemption provisions from amounts deposited to the Principal/Special Redemption Account for the Series of Bonds in accordance with the Supplemental Trust Agreement for the Series of shall be applied to such redemption on the dates and in the amounts set forth in the Supplemental Trust Agreement for such Bonds.

Fourth: Any remaining amount shall be applied, at the direction of the Agency to (a) the Special Redemption of additional Bonds of the Series other than the Bonds required to be redeemed as described in the preceding paragraph; (b) redeem Bonds of another Series to the extent the Supplemental Trust Agreement authorizing the issuance of the other Series of Bonds allows for the Special Redemption of such Bonds from such amounts; or (c) transferred to the Program Account for the Series to purchase additional Program Obligations that meet the requirements of the Supplemental Trust Agreement pursuant to which the Principal/Special Redemption Account is created. Any Supplemental Trust Agreement may provide that principal payments deposited to the Principal/Special Redemption Account created thereby may be applied to redeem Bonds other than the Series of Bonds authorized thereby, and may provide any additional conditions that must be met prior to such a redemption.

The Agency may at any time purchase Bonds from the Owners thereof at such price as the Agency and the Owner agree, and delivered the Bonds to the Trustee for cancellation. If the Agency so purchases Term Bonds and delivers the Term Bonds to the Trustee for cancellation, the remaining Sinking Fund Requirements for the maturity of Term Bonds delivered shall be reduced by the amount of the Term Bonds purchased and delivered, such reduction to be applied to the Sinking Fund Requirements for the dates and in the amounts specified to the Trustee by the Agency

Interest Account and Principal Account

Except as described below, the Trustee shall, on each Interest Payment Date, remit payment of interest on the Bonds then due from the Interest Account.

If a Swap Agreement Periodic Payment is also due on a day that is an Interest Payment Date and on the prior Business Day there are not sufficient funds in the Swap Agreement Payment Fund to make such Swap Agreement Periodic Payment, then on such prior Business Day the Trustee shall transfer from the Interest Account to the Swap Agreement Payment Fund an amount so that the sum of (i) the amount in the Interest Account for paying interest on the Bonds and (ii) the amount in the Swap Agreement Payment Fund to pay the Swap Agreement Periodic Payment are deposited pro rata among such amounts. If a Swap Agreement Periodic Payment is due on a date that is not an Interest Payment Date and on the Business Day prior to the date of the Swap Agreement Periodic Payment there are not sufficient funds in the Swap Agreement Payment Fund to make such Swap Agreement Periodic Payment, the Trustee shall transfer from the Interest Account to the Swap Agreement Payment Fund an amount sufficient to pay the Swap Agreement Periodic Payment, unless the Trustee determines that sufficient funds will not be available in the Interest Account to pay interest on the Bonds on the next Interest Payment Date, in which event the Trustee shall transfer from the Interest Account to the Swap Agreement Payment Fund the amount so that the sum of (i) the amount in the Interest Account for paying interest on Bonds on the next Interest Payment Date and (ii) the amount in the Swap Agreement Payment Fund to pay the next Swap Agreement Periodic Payment are held pro rata among such amounts.

The amount deposited to the Principal Account from the Principal/Special Redemption Account to be used for payment of maturing principal of Bonds shall be so applied on the maturity date. The amount deposited to the

Principal Account from the Principal/Special Redemption Account to be applied on the sinking fund redemption date to redeem Term Bonds pursuant to the Sinking Fund Requirement therefor shall be so applied.

Optional Redemption Fund

In addition to moneys held for the credit of the Principal Account or a Principal/Special Redemption Account to be applied to the mandatory sinking fund redemption or Special Redemption of Bonds, the Agency may at any time deliver to the Trustee funds from any lawful source, including the proceeds of refunding Bonds, and including funds that are not restricted as to use under the Trust Agreement, for deposit to the Optional Redemption Fund to be applied to the purchase of Bonds or portions of Bonds, or optional redemption of Bonds then subject to optional redemption, including the payment of premiums, if any.

Reserve Alternative Instrument Replacement Fund

Amounts deposited to the Reserve Alternative Instrument Replacement Fund shall be applied to reimburse the issuer of the respective Prior Reserve Surety Bonds for the amount of drawings and to pay expenses with respect to drawings, including interest expenses, incurred by the Agency under agreements entered by the Agency in connection with the procurement of the Prior Reserve Fund Surety Bonds.

Swap Agreement Payment Fund

Amounts deposited to the Swap Agreement Payment Fund shall be applied to make payments to any Swap Provider in accordance with the terms of the corresponding Swap Agreement as set forth in the Supplemental Trust Agreement. Funds in the Swap Agreement Payment Fund may be used to pay Swap Agreement Periodic Payments at the times and amounts set forth in the Swap Agreement. Funds in the Swap Agreement Payment Fund may be used to pay Swap Agreement Termination Payments only if at the time of payment the Bond Service Fund, the Reserve Fund Alternative Instrument Payment Fund, the Debt Service Reserve Fund (including any Special Debt Service Reserve Account) and the Insurance Reserve Fund are fully funded to the then required level and all Swap Agreement Periodic Payments then due have been paid.

A Supplemental Trust Agreement may provide that to the extent an insurer or guarantor makes any payment to a Swap Provider to cover the obligation under a Swap Agreement of the Agency, such third party may become subrogated to the rights of the Swap Provider to receipt of such payment from the Agency, and if such a provision occurs, amounts paid by the an insurer or guarantor under the Swap Policy shall not be deemed paid for purposes of the Trust Agreement, and the obligations of the Agency under the Swap Policy shall continue to be due and owing.

Debt Service Reserve Fund

Moneys deposited to the credit of the Debt Service Reserve Fund shall be credited to the Proceeds Reserve Account to the extent such moneys are proceeds of Bonds, to the Contribution Reserve Account to the extent that such moneys are derived from appropriations by the State to the Agency and to the Equity Reserve Account to the extent such moneys are not proceeds of Bonds or are not derived from appropriations by the State to the Agency. Any amounts deposited to the Debt Service Reserve Fund from the Revenue Fund as described above under the heading "Application of Revenues and Other Moneys" shall be credited to the Proceeds Reserve Account, Contribution Reserve Account or the Equity Reserve Account as necessary to replenish the amounts withdrawn from such respective Accounts as hereinafter described.

If at any time the moneys held for the credit of the Bond Service Fund, including moneys transferred from the Revenue Reserve Fund as described below under the heading "Revenue Reserve Fund" and any amounts transferred under Funds and Accounts created under any Supplemental Trust Agreement to the extent required to be transferred to the Bond Service Fund or an Account thereof, shall be insufficient to pay when due the interest, principal and Sinking Fund Requirements of the Bonds secured by the Debt Service Reserve Fund the Trustee shall transfer from the Debt Service Reserve Fund to the credit of the Bond Service Fund an amount sufficient to make up any such deficiency.

Amounts shall be transferred from the Debt Service Reserve Fund to the Bond Service Fund only to the extent necessary to pay the interest on and principal and Sinking Fund Requirements of Bonds secured by the Debt Service Reserve Fund. In the event that any portion of the Debt Service Reserve Requirement is being provided by a Reserve Alternative Instrument, the Trustee shall make such drawings under such Reserve Alternative Instrument, pursuant to the terms thereof, as shall be necessary so that the proceeds of such drawing shall be available to make the transfers to the Bond Service Fund required by this paragraph.

If at any time the moneys held for the credit of the Debt Service Reserve Fund shall exceed the Debt Service Reserve Requirement and all transfers of moneys from the Debt Service Reserve Fund have been made, subject to certain provisions of the Trust Agreement, the Agency, by an Officer's Certificate, may instruct the Trustee to withdraw from the Debt Service Reserve Fund the amount of the excess therein over the Debt Service Reserve Requirement. If the Trustee is directed to make such withdrawal, the Trustee shall (i) if the withdrawal is from the Proceeds Reserve Account, deposit the amount withdrawn to the Optional Redemption Fund or a Principal/Special Redemption Account as shall be directed in such Officer's Certificate, or (ii) if the amount withdrawn is from the Contribution Reserve Account or the Equity Reserve Account, pay the amount as directed by the Agency, including depositing such amounts to the credit of the Optional Redemption Fund or a Principal/Special Redemption Account.

Any deficiency in the Debt Service Reserve Fund, whether resulting from a drawing on a Reserve Alternative Instrument or transfers of cash, may be satisfied through the deposit of additional moneys or the providing of an additional, or increase in a, Reserve Alternative Instrument. If a drawing under a Reserve Alternative Instrument occurs, amounts held in the Debt Service Reserve Fund shall be applied to reimburse the issuer of the Reserve Alternative Instrument, including interest thereon, in connection with such drawing under such terms as shall be agreed upon between the Agency and the issuer of the Reserve Alternative Instrument.

Insurance Reserve Fund

The Insurance Reserve Requirement with respect to each Series of Bonds, if any, is to be set forth in the Supplemental Trust Agreement authorizing the issuance of such Bonds. To date, The Insurance Reserve Requirement for each Series of Bonds, if any, has been a percentage of the Program Loans, other than DPA Loans, to be financed with the proceeds of the Bonds, with the percentage based upon whether the Program Loan is an FHA Insured Program Loan, a VA Guaranteed Program Loan, a USDA Guaranteed Program Loan, a PMI Insured Program Loan or a Program Loan that does not require insurance or a guaranty. There is no Insurance Reserve Requirement with respect to the Series 62 Bonds and the provisions of the Trust Agreement regarding the Insurance Reserve Fund do not apply to the Program Obligations deposited to the Series 62 Program Account.

The Insurance Reserve Requirement for any subsequent Series of Bonds, if any, will be set forth in the Supplemental Trust Agreement authorizing the issuance of such Bonds.

Money deposited in the Insurance Reserve Fund shall be used for the purpose of paying the portion of any loss with respect to a Program Loan in default that is not paid from any public or private insuring or guaranteeing agency. To the extent any amounts in the Insurance Reserve Fund are required to be applied to the payment of Bonds, the Agency is not required to replenish such amounts.

Revenue Funded Account of the Reserve Fund

Money deposited in the Revenue Funded Account of the Reserve Fund shall be used in the following order of priority:

1. If at any time the Agency is required to make a Swap Agreement Periodic Payment, the Trustee shall transfer from the Revenue Funded Account of the Revenue Reserve Fund to the Swap Agreement Payment Fund the amount required to pay the applicable payment to the Swap Provider.
2. In the event there is a Swap Agreement Periodic Payment required to be paid by the Agency, and such payment is paid by an insurer or guarantor, the Trustee shall transfer from the Revenue Funded Account

of the Revenue Reserve Fund to the Swap Agreement Payment Fund the amount required to reimburse the payment of the Swap Agreement Periodic Payment or a Swap Agreement Termination Payment by such insurer or guarantor.

3. If at any time the moneys held to the credit of the Bond Service Fund shall be insufficient to pay when due the interest, principal or the Sinking Fund Requirements of any Bonds, the Trustee shall transfer from the Revenue Funded Account of the Revenue Reserve Fund to the credit of the Bond Service Fund an amount sufficient to make up any such deficiency.

4. If at any time the Agency is required to make a Swap Agreement Termination Payment and sufficient funds are not available in the Swap Agreement Payment Fund, the Trustee shall transfer from the Revenue Funded Account of the Revenue Reserve Fund to the Swap Agreement Payment Fund the amount required to pay the Swap Agreement Termination Payment to the Swap Provider.

5. In the event there is a Swap Agreement Termination Payment required to be paid by the Agency, and such payment is paid by an insurer or guarantor, the Trustee shall transfer from the Revenue Funded Account of the Revenue Reserve Fund to the Swap Agreement Payment Fund the amount required to reimburse the payment of the Swap Agreement Termination Payment by such insurer or guarantor.

6. If the Agency is required to make a payment to the United States of America or to the borrowers under the Program Obligations in order for the Agency to comply with the applicable covenants made by the Agency regarding the exclusion of interest on the Bonds from federal income taxation, funds in the Revenue Funded Account of the Revenue Reserve Fund may be used for such purpose.

7. If Prepayments are received with respect to any defaulted Program Loan, funds in the Revenue Funded Account of the Revenue Reserve Fund may be transferred to the credit of the applicable Principal/Special Redemption Account, the amount, if any, by which the portion of such Prepayments to be deposited in such Principal/Special Redemption Account, representing the payment of principal on such Program Loan, is less than the amount by which the principal balance of the defaulted Program Loan has been reduced as a result of the receipt of such Prepayments.

8. The Trustee shall transfer from the Revenue Funded Account of the Revenue Reserve Fund to the Agency any amount certified in an Officer's Certificate filed with the Trustee as necessary for the payment of real estate taxes, insurance, foreclosure fees, including appraisal and legal fees, and similar expenses incurred by the Agency in connection with the acquisition of any property secured by a mortgage on behalf of the Agency or expenses for repairs, rehabilitation, improvements, maintenance, renting or sale and similar expenses incurred by the Agency in connection with such property.

9. The Trustee shall transfer from the Revenue Funded Account of the Revenue Reserve Fund to the Optional Redemption Account or any Principal/Special Redemption Account the amount specified to the Trustee by the Agency to redeem Bonds.

10. The Trustee shall transfer from the Revenue Funded Account of the Revenue Reserve Fund to any Program Account the amount specified to the Trustee by the Agency in an Officer's Certificate for the purpose of paying Issuance Costs in connection with the issuance of a new Series of Bonds or to purchase additional Program Obligations.

11. The Trustee shall transfer from the Revenue Funded Account of the Revenue Reserve Fund the amount specified to the Trustee by the Agency in an Officer's Certificate for the purpose of paying Program Expenses if, as shown by an Officer's Certificate filed with the Trustee, the Agency has purchased and owns Program Obligations with scheduled payments of principal and interest such that the Revenues estimated by the Agency in good faith to be received from such Program Obligations, together with any other moneys estimated in good faith to be available for the payments hereinafter mentioned, including, without limitation, investment income on the Funds and Accounts available for such payments and the moneys held for the credit

of the Debt Service Reserve Fund and any Special Debt Service Reserve Account, shall be sufficient to pay when due (i) the Program Expenses and (ii) the principal of, Sinking Fund Requirements on account of, and interest on the Bonds.

12. The Trustee shall transfer from the Revenue Funded Account of the Revenue Reserve Fund to the Agency's General Fund the amount specified to the Trustee by the Agency in an Officer's Certificate, at any time by which (A) the amount in the Revenue Funded Account of the Revenue Reserve Fund, together with the amount in all other Funds and Accounts under the Trust Agreement (other than the Interest Account and the Insurance Reserve Account) and the outstanding principal balance of all Program Obligations exceeds (B) 102% of the Outstanding principal amount of Bonds; but only if as shown by an Officer's Certificate filed with the Trustee, the Agency has purchased and owns Program Obligations with scheduled payments of principal and interest such that the Revenues estimated by the Agency in good faith to be received from such Program Obligations, together with any other moneys estimated in good faith to be available for the payments hereinafter mentioned, including, without limitation, investment income on the Funds and Accounts available for such payments and the moneys held for the credit of the Debt Service Reserve Fund and any Special Debt Service Reserve Account, shall be sufficient to pay when due (A) the Program Expenses and (B) the principal of, Sinking Fund Requirements on account of, and interest on the Bonds. For purposes of determining whether such a transfer to the General Fund may be made, investments in all Funds and Accounts shall be valued at cost plus amortization of discount or minus amortization of premium.

Revenue Reserve Equity Account of the Revenue Reserve Fund

The Revenue Reserve Equity Account of the Revenue Reserve Fund is funded with available funds of the Agency that are not derived from Revenues hereunder. Amounts in the Revenue Reserve Equity Account are subject to all provisions of this Trust Agreement relating to the Revenue Funded Account of the Revenue Reserve Fund, including the provisions regarding the pledge of the Funds and Accounts under the Trust Agreement as provided herein and the provisions of Section 511 regarding the application of moneys in the Revenue Funded Account of the Revenue Reserve Fund.

1974 Appropriation Reserve Fund

In addition to the foregoing, the Twelfth Supplemental Trust Agreement created the 1974 Appropriation Reserve Fund. In connection with the issuance of the Series 12 Bonds, the Agency deposited \$4,000,000 to the 1974 Appropriation Reserve Fund. If at any time the moneys held to the credit of the Bond Service Fund shall be insufficient to pay when due the principal and Sinking Fund Requirements of, and interest on, the Bonds, and if the amounts transferred to the credit of the Bond Service Fund from the Debt Service Reserve Fund and the Revenue Reserve Fund are insufficient to make up the deficiency, the Trustee shall transfer from the 1974 Appropriation Reserve Fund to the credit of the Bond Service Fund an amount sufficient to make up the deficiency.

The Board may from time to time by resolution direct the Trustee to withdraw any moneys held for the credit of the 1974 Appropriation Reserve Fund and pay such moneys to the Agency or to the trustee under a bond resolution or trust agreement of the Agency other than the Trust Agreement for deposit by the Agency or such trustee to the credit of one or more debt service reserve funds securing bonds of the Agency not issued under the provisions of the Trust Agreement.

Investment of Money

Money held for the credit of each Fund and Account shall, as nearly as may be practicable, be continuously invested and reinvested by the Trustee, at the direction of the Agency, in Investment Obligations. The Investment Obligations may be purchased by the Trustee through its own investment division or other bank facilities established for such purpose.

Encumbrances

The Agency covenants that it will not create or suffer to be created any lien, encumbrance or charge upon the Program Obligations, Revenues or Funds and Accounts pledged under the Trust Agreement except the pledge, lien and charge for the security of the Bonds secured hereby upon the Program Obligations, Revenues and Funds and Accounts, except as otherwise provided in the Trust Agreement.

To the extent of their respective rights therein, the Agency and the Trustee have granted to the Swap Provider(s) a security interest in the moneys, securities and Funds and Accounts and Program Obligations, Revenues, Program Obligation Accrued Interest and Financing Fees (the "Trust Estate") to secure the obligations of the Agency to the Swap Providers under any Swap Agreements entered into by the Agency. Such security interest shall be subject and subordinate to the security interest in and pledge of the Trust Estate created in favor of the Trustee and the holders of the Bonds under the Trust Agreement and the security interest and pledge made by the Agency to the issuers of the Reserve Fund Surety Bonds to secure the payments required to be paid to such issuers in connection with drawings under such surety bonds from the Reserve Fund Surety Reimbursement Fund in accordance with the provisions of the Seventeenth Supplemental Trust Agreement.

The Agency may at any time issue indebtedness secured by a lien, pledge or other security interest in the Program Obligations, Revenues and Funds and Accounts pledged under the Trust Agreement if such indebtedness constitutes Subordinated Indebtedness. The Agency shall not incur such Subordinated Indebtedness unless:

(i) Prior to incurring such Subordinated Indebtedness, the Agency shall file with the Trustee an Officer's Certificate to the effect that the incurrence of such Subordinated Indebtedness and the payment thereof from the Revenues and other amounts available will not materially and adversely affect the ability of the Agency to pay the principal of, Sinking Fund Requirements on account of, and interest on the Bonds then outstanding.

(ii) The terms of such Subordinated Indebtedness shall provide that payment of such indebtedness shall be subordinate and junior in right of payment to the prior payment in the event (a) of any insolvency or bankruptcy proceedings, any receivership, liquidation, reorganization, arrangement or other similar proceedings in connection therewith, relative to the Agency or the Program, or in the event of any proceedings for voluntary liquidation, dissolution or other winding-up of the Agency or the Program whether or not involving insolvency or bankruptcy, (b) any Subordinated Indebtedness is declared or otherwise becomes due and payable before its stated maturity because of the occurrence of an event of default occurring under the documents pursuant to which such Subordinated Indebtedness was incurred, or (c) any Event of Default under the Trust Agreement shall occur and be continuing and (1) written notice of such default shall have been given to the Agency and (2) judicial proceedings shall be commenced in respect of such Event of Default within 180 days in the case of a default in payment of principal or interest on the Bonds and within 90 days in the case of any other default after the giving of such notice, then, for so long as any action described in clause (a), (b) or (c) hereof shall not have been remedied or cured in the opinion of the Trustee, the Owners of the Bonds shall be entitled to receive payment in full of all principal, premium and interest on all Bonds before the owners of the Subordinated Indebtedness are entitled to receive any payment on account of principal of or interest on the Subordinated Indebtedness, and to that end the Owners of the Bonds shall be entitled to receive for application in payment thereof any payment or distribution of any kind of character, whether in cash or property or securities, which may be payable or deliverable in any such proceedings in respect of the Subordinated Indebtedness after giving effect to any concurrent payment or distribution in respect to the Bonds.

Records and Accounts

The Agency covenants that promptly after the close of each Fiscal Year it will cause an audit to be made of its books and accounts by an independent firm of certified public accountants of recognized ability and standing. The Agency covenants that it will cause an annual report of the operations and accomplishments of each program of the

Agency to be prepared. As soon as practicable thereafter, reports of each such audit and copies of each annual report shall be filed with the Trustee and the Local Government Commission, and copies of such reports shall be mailed to all Owners who have sent the Agency a written request for such reports.

Program Covenants

The Agency shall do all such acts and things necessary to receive and collect Revenues and Escrow Payments, and to enforce the Servicing Agreements, as may be consistent with sound banking practices and principles and shall diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the Agency for the enforcement of all terms, covenants and conditions of the Program Obligations. The Agency may, in its discretion, reduce the amounts to be collected under any Program Loan to the extent that such action is required in connection with the federal income tax requirements relating to the tax-exempt status of the Agency's Bonds.

The Agency shall not cause Bonds to be purchased or redeemed unless, after such purchase or redemption, there shall be no material adverse effect on the ability of the Agency to pay when due the principal of and the interest on, and any Sinking Fund Requirements on account of, the Bonds then Outstanding.

The Agency will make or purchase Program Obligations with the proceeds of such Bonds with scheduled payments of principal and interest such that the Revenues estimated by the Agency to be received from such Program Obligations, together with any other moneys estimated to be available will be sufficient to pay when due the principal of, Sinking Fund Requirements on account of, and interest on the Bonds.

The Agency will not cause money to be withdrawn from the Debt Service Reserve Fund unless an Authorized Officer shall determine in an Officer's Certificate which shall be filed with the Trustee at the time of such withdrawal that such amounts being so withdrawn are not likely to be needed while any Bonds are Outstanding under the provisions of the Trust Agreement for paying the principal of, Sinking Fund Requirements on account of, and interest on Bonds secured by the Debt Service Reserve Fund.

The Agency will not delay in the prosecution and collection of any claim for a mortgage insurance or guarantee payment to which it shall be entitled, permit any such delay under its control nor fail to elect to assign any Program Obligation whenever it shall be necessary to do so to obtain the benefits of mortgage insurance or guarantees. The Agency shall not delay in the prosecution or collection of any claim for insurance which it shall be entitled to make or permit any such delay under its control.

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

The Agency shall not expend for Program Expenses in any Fiscal Year more than is reasonable and necessary therefor.

Default and Remedies

Each of the following events is an "Event of Default":

(a) payment of the principal or Redemption Price of any of the Bonds is not made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise;
or

(b) payment of any installment of interest on any of the Bonds is not made when the same shall become due and payable; or

(c) the total amount deposited in the Sinking Fund Account in any applicable period set forth in a Supplemental Trust Agreement shall be less than the Sinking Fund Requirements for such period; or

(d) final judgment for the payment of money is rendered against the Agency and any such judgment is not discharged within sixty (60) days from the entry thereof or an appeal is not taken therefrom or from the order, decree or process upon which or pursuant to which such judgment was granted or entered, in such manner as to stay the execution of or levy under such judgment, order, decree or process or the enforcement thereof; or

(e) an order or decree is entered, with the consent or acquiescence of the Agency, appointing a receiver or receivers of any Revenues or other money or assets, including the Program Obligations pledged under the provisions of the Trust Agreement, or if such order or decree, having been entered without the consent or acquiescence of the Agency, is not vacated, discharged or stayed on appeal within ninety (90) days after the entry thereof; or

(f) any proceeding is instituted, with the consent or acquiescence of the Agency, for the purpose of effecting a composition between the Agency and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or State statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from any Revenues or other moneys or assets, including the Program Obligations, pledged under the provisions of the Trust Agreement; or

(g) the Agency defaults in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Trust Agreement or any Supplemental Trust Agreement on the part of the Agency to be performed, and such default continues for thirty (30) days after written notice specifying such default and requiring it to be remedied shall have been given to the Agency by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding; provided, however, that if the default cannot be corrected within such thirty day period and the Agency is pursuing diligent efforts to cure such default, then an Event of Default shall not have occurred so long as the Agency continues diligent efforts to cure the default.

Upon the happening and continuance of any Event of Default the Trustee may, and upon the written request of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall, by a notice in writing to the Agency, declare the principal of all of the Bonds then Outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained in the Bonds or in the Trust Agreement to the contrary notwithstanding; subject to certain actions by the Agency to cure the Event of Default before the Bonds are paid.

Upon the happening and continuance of any Event of Default, then and in every such case the Trustee may proceed, and upon the written request of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall proceed, to protect and enforce its rights and the rights of the Owners by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under the Trust Agreement, the Trustee shall be entitled to sue for, enforce payment of and receive any and all unpaid amounts then or during any default becoming and at any time remaining, due from the Agency for principal, interest or otherwise under any of the provisions of the Trust Agreement or of the Bonds and unpaid, with interest on overdue payments of principal at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses, without prejudice to any other right or remedy of the Trustee or

of the Owners, and to recover and enforce any judgment or decree against the Agency, but solely as provided herein and in such Bonds, for any portion of such amounts remaining unpaid and interest, costs and expenses as above provided, and to collect (but solely from money in the Funds and Accounts pledged to secure the Bonds under the provisions of the Trust Agreement and any other money available for such purpose) in any manner provided by law, the money adjudged or decreed to be payable.

If at any time the money in the Bond Service Fund shall not be sufficient to pay the interest on or the principal of the Bonds as the same shall become due and payable (either by their terms or by acceleration of maturities), such money, together with any money then available or thereafter becoming available for such purpose, including any money then held for the credit of any Funds and Accounts pledged to secure the payment of the Bonds, whether through the exercise of the remedies provided for in this Article or otherwise, after payment of amounts then due to the Trustee, shall be applied as follows:

(a) If the principal of all the Bonds shall not have become or shall not have been declared due and payable, all such money shall be applied:

first: to the payment to the persons entitled thereto of all installments of interest on the Bonds then due and payable and to any Swap Provider entitled thereto of any Swap Agreement Periodic Payment then due and payable, in each case in the order in which such payments became due and payable and, if the amount available shall not be sufficient to pay in full a particular installment of interest on the Bonds or Swap Agreement Periodic Payment, then to the payment, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds and the amount due on the Swap Agreement Periodic Payment;

second: to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due and payable (other than Bonds called for redemption for the payment of which money is held pursuant to the provisions of the Trust Agreement) in the order of their due dates, with interest on the principal amount of such Bonds at the respective rates specified therein from the respective dates upon which such Bonds became due and payable, and, if the amount available shall not be sufficient to pay in full the principal of the Bonds due and payable on any particular date, together with such interest, then principal of the Bonds due and payable on any particular date, together with such interest, then to the payment first of such interest, ratably, according to the amount of such interest due on such date, and then to the payment of such principal, ratably, according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds; and

third: to the payment of the interest on and the principal of the Bonds, to the purchase and retirement of Bonds and to the redemption of Bonds.

(b) If the principal of all the Bonds shall have become or shall have been declared due and payable, all such money shall be applied:

first: to the payment to the persons entitled thereto of all installments of interest on the Bonds then due and payable prior to maturity, if any, and to any Swap Provider entitled thereto of any Swap Agreement Periodic Payment then due and payable, in each case in the order in which such payments became due and payable and, if the amount available shall not be sufficient to pay in full a particular installment of interest on the Bonds or Swap Agreement Periodic Payment, then to the payment, ratably, according to the amounts due on such installment of interest on the Bonds and Swap Agreement Periodic Payment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds and the amount due on the Swap Agreement Periodic Payment, and then to the payment of any interest due and payable after maturity on the Bonds, ratably, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds

second: to the payment of the principal of the Bonds, ratably, to the persons entitled thereto, without preference or priority of any Bond over any other Bond.

Control of Proceedings by the Owners

The Owners of a majority in principal amount of the Bonds then Outstanding shall have the right, subject to the indemnification provisions described below to direct the method and place of conducting all remedial proceedings to be taken by the Trustee.

No Owner shall have any right to institute any suit, whether in equity or at law, on any Bond or for the execution of any trust under the Trust Agreement or for any other remedy unless such Owner previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be instituted, and unless also the Owners of not less than twenty per centum (20%) in aggregate principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time.

Nothing impairs the right of any Owner to enforce the payment of the principal of and interest on his Bond, or the obligation of the Agency to pay the principal of and interest on each Bond to the Owner thereof, at the time and place in said Bond expressed.

Concerning the Trustee

The Trustee shall be under no obligation to institute any suit, or to take any remedial proceeding under the Trust Agreement, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers under the Trust Agreement, until it shall be indemnified to its reasonable satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability.

Any bank or trust company acting as Trustee under the Trust Agreement, and its directors, officers, board or agents, may in good faith buy, sell, own, hold and deal in any of the Bonds issued under and secured by the Trust Agreement, may join in any action which any Owner may be entitled to take with like effect as if such bank or trust company were not the Trustee under the Trust Agreement.

The Trustee may resign and thereby become discharged from the trusts hereby created by notice in writing to the Local Government Commission, the Agency and to all the Owners, but such resignation shall take effect immediately upon the appointment of a successor Trustee. If no Event of Default shall have occurred and be continuing, and no event that but for the giving of notice on the passage of time would become an Event of Default shall have occurred and be continuing, the Agency may remove the Trustee at any time. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of the Trust Agreement with respect to the duties and obligations of the Trustee, by any court of competent jurisdiction upon the application of the Agency or of the Owners of not less than ten per centum (10%) in aggregate principal amount of the Bonds then Outstanding.

Supplemental Trust Agreements

The Agency and the Trustee may from time to time and at any time enter into such Agreements supplemental hereto to amend the provisions hereof as, in the opinion of the Agency and the Trustee, shall not materially adversely affect the interests of the Owners (which supplemental indentures shall thereafter form a part hereof), including supplemental indentures:

- (a) to cure any ambiguity or formal defect or omission, to correct or supplement any provision therein which may be inconsistent with any other provision herein, or to make any other

provisions with respect to matters or questions arising under the Trust Agreement which shall not be inconsistent with the provisions of the Trust Agreement, or

(b) to grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Trustee, including, without limitation, the issuance of bearer Bonds with appurtenant interest coupons, or

(c) to add to the conditions, limitations and restrictions on the issuance of Bonds under the provisions of the Trust Agreement other conditions, limitations and restrictions thereafter to be observed, or

(d) to amend any of the provisions of the Trust Agreement to the extent required to permit compliance by the Agency with the Internal Revenue Code of 1986, as amended, and the regulations in effect thereunder, or

(e) to add to the covenants and agreements of the Agency in the Trust Agreement other covenants and agreements thereafter, to be observed by the Agency or to surrender any right or power herein reserved to or conferred upon the Agency, or

(f) to make any other change to the provisions of the Trust Agreement that do not materially impair the security of the Owners.

The Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding may consent to and approve the adoption by the Board of such other supplemental trust agreements as shall be deemed necessary or desirable by the Agency for the purpose of modifying, altering, amending, adding to, repealing or rescinding in any particular any of the terms or provisions contained in the Trust Agreement or in any supplemental indenture; provided, however, that nothing herein contained shall permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bond, (b) a reduction in the principal amount or Redemption Price of any Bond, any Sinking Fund Requirement on account of the Bonds or the rate of interest on any Bond, (c) the creation of a lien upon or a pledge of the Program Obligations, Revenues and other money and assets pledged other than the lien and pledge created by the Trust Agreement, (d) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture without the consent of the Owners of all Bonds Outstanding under the Trust Agreement.

A Supplemental Agreement that relates only to the issuance of a particular Series of Bonds and that does not purport to alter or amend the rights or security of any Owners of any Bonds of any other Series shall not be deemed or considered to be a supplemental trust agreement for purposes of the amendment provisions.

Defeasance

If, the Bonds have become due and payable in accordance with their terms or shall have been duly called for redemption or irrevocable instructions to call the Bonds for redemption shall have been given by the Agency to the Trustee, the whole amount of the principal and the interest and the premium, if any, so due and payable upon all of the Bonds then Outstanding shall be paid or sufficient money, or Government Obligations the principal of and the interest on which when due will provide sufficient money to pay such whole amount, shall be held by the Trustee for such purpose under the provisions of the Trust Agreement, and provision shall also be made for paying all other sums payable by the Agency, then and in that case the right, title and interest of the Trustee under the Trust Agreement shall thereupon cease, determine and become void.

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APPENDIX D

BOOK-ENTRY-ONLY SYSTEM

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BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 62 Bonds. The Series 62 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 62 Bond certificate will be issued for each maturity of the Series 62 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest 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. 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 instrument (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 is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 62 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 62 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 62 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 62 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 Series 62 Bonds, except in the event that use of the book-entry system for the Series 62 Bonds is discontinued.

To facilitate subsequent transfers, all Series 62 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 62 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 62 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 62 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 Series 62 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 62 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 62 Bonds may wish to ascertain that the nominee holding the Series 62 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial

Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 62 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 62 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 62 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 62 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Agency or the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agency or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Agency and 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 securities depository with respect to the Series Bonds at any time by giving reasonable notice to the Agency or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 62 Bonds are required to be printed and delivered.

The Agency may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 62 Bonds will be printed and delivered to DTC.

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

APPENDIX E

SUMMARY OF GINNIE MAE CERTIFICATE, FANNIE MAE CERTIFICATE AND FREDDIE MAC CERTIFICATE PROGRAM

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SUMMARY OF GINNIE MAE CERTIFICATE, FANNIE MAE CERTIFICATE AND FREDDIE MAC CERTIFICATE PROGRAM

Ginnie Mae and the Ginnie Mae Certificates

The summary and explanation of the Government National Mortgage Association (“GNMA” or “Ginnie Mae”), Ginnie Mae's mortgage-backed securities program and the other documents referred to herein do not purport to be complete. Reference is made to the *Ginnie Mae Mortgage-Backed Securities Guide* (HUD Handbook 5500.3) (the “Ginnie Mae Guide”) and to said documents for full and complete statements of their provisions. At the time of printing this Official Statement, the Ginnie Mae Guide and general information regarding Ginnie Mae can be accessed at <http://www.ginniemae.gov>. The Agency makes no representation regarding the content, accuracy or availability of the Ginnie Mae Guide or any information provided at such web site. Such web site is not part of this Official Statement. Further, the procedures and fees described below and in the Ginnie Mae Guide are those currently in effect and are subject to change at any time by Ginnie Mae.

Ginnie Mae is a wholly-owned corporate instrumentality of the United States within the Department of Housing and Urban Development (“HUD”), with its principal office in Washington, D.C. Ginnie Mae's powers are prescribed generally by Title III of the National Housing Act, as amended (12 U.S.C. § 1716 *et seq.*).

Ginnie Mae is authorized by Section 306(g) of the National Housing Act to guarantee the timely payment of the principal of and interest on securities (“Ginnie Mae Certificates”) that represent undivided ownership interests in pools of mortgage loans that are: (i) insured by the Federal Housing Administration (“FHA”) under the National Housing Act of 1934, as amended; (ii) guaranteed by the Department of Veterans Affairs under the Servicemen's Readjustment Act of 1944, as amended; (iii) guaranteed by the Rural Housing Service (“RHS”) of the U.S. Department of Agriculture pursuant to Section 502 of Title V of the Housing Act of 1949, as amended; or (iv) guaranteed by the Secretary of HUD under Section 184 of the Housing and Community Development Act of 1992, as amended and administered by the Office of Public and Indian Housing (“PIH”). The Ginnie Mae Certificates are issued by approved servicers and not by Ginnie Mae. Ginnie Mae guarantees the timely payment of principal of and interest on the Ginnie Mae Certificates.

Section 306(g) of the National Housing Act further provides that “the full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection.” An opinion, dated December 12, 1969, of an Assistant Attorney General of the United States, states that such guaranties under Section 306(g) of mortgage-backed securities (which are set forth in “Ginnie Mae Guaranty Agreements”) are authorized to be made by Ginnie Mae and “would constitute general obligations of the United States backed by its full faith and credit.”

In its corporate capacity under Section 306(d) of Title III of the Housing Act, Ginnie Mae may issue its general obligations to the U.S. Department of the Treasury (“Treasury”) in an amount outstanding at any one time sufficient to enable Ginnie Mae, with no limitations as to amount, to perform its obligations under its guaranty of the timely payment of the principal of and interest on the Ginnie Mae Certificate. Treasury is authorized to purchase any obligations so issued by Ginnie Mae and has indicated in a letter dated February 13, 1970, from the Secretary of Treasury to the Secretary of HUD that Treasury will make loans to Ginnie Mae, if needed, to implement Ginnie Mae's guaranty. Ginnie Mae has covenanted to borrow from Treasury any amounts necessary to enable Ginnie Mae to honor its guaranty of the Ginnie Mae Certificates.

Ginnie Mae administers two guarantee programs – the “Ginnie Mae I MBS Program” and the “Ginnie Mae II MBS Program.” The principal differences between the two programs relate to the interest rate structure of the mortgages backing the Ginnie Mae Certificates and the means by which principal and interest payments are made. These differences are not expected to affect adversely the availability of Revenues to pay principal of and interest on the Series 62 Bonds. The Agency permits Mortgage Lenders to issue Ginnie Mae Certificates under either Ginnie Mae program.

To issue Ginnie Mae Certificates, the Master Servicer must apply for and receive Ginnie Mae's commitment to guarantee mortgage-backed securities (“commitment authority”). The Master Servicer is obligated to pay Ginnie

Mae commitment fees. Ginnie Mae's commitment authority permits the Master Servicer to issue Ginnie Mae Certificates up to an approved dollar amount. Commitment authority expires in one year for single-family pools.

Each Ginnie Mae Certificate is to be backed by a separate mortgage pool consisting of qualified mortgages in a minimum aggregate amount of \$25,000. Under the Ginnie Mae I MBS Program, the Master Servicer will be required to pay to the Trustee, as the holder of the Ginnie Mae Certificates issued by the Master Servicer, the regular monthly installments of principal and interest on the Mortgage Loans that back those Ginnie Mae Certificates (less the Master Servicer's servicing fee, which includes a Ginnie Mae guaranty fee). Under the Ginnie Mae II MBS Program, the Master Servicer will be required to pay such amounts to the Paying and Transfer Agent for the Ginnie Mae II MBS Program (the "CPTA"), and the CPTA will be required to pay to the Trustee, as the holder of the Ginnie Mae Certificate, the regular monthly installments of principal and interest on the Mortgage Loans backing such Ginnie Mae Certificate.

Payment of interest and principal on each Ginnie Mae Certificate is required to be made in monthly installments by the 15th day of each month under the Ginnie Mae I MBS Program and by the 20th day of each month under the Ginnie Mae II MBS Program, commencing the month following the date of issue of the Ginnie Mae Certificate. In addition, each payment is required to include prepayments on Mortgage Loans underlying the Ginnie Mae Certificate that were received during the preceding calendar month.

Mortgage Loans underlying a particular Ginnie Mae Certificate issued pursuant to the Ginnie Mae I MBS Program must have the same annual interest rate. The annual Pass-Through Rate on each Ginnie Mae Certificate under the Ginnie Mae I MBS Program is 0.5% less than the annual interest rate on the Mortgage Loans included in the Mortgage pool backing that Ginnie Mae Certificate. Each Mortgage Loan in a Ginnie Mae II pool issued on or after July 1, 2003, must have a fixed interest rate that is at least 0.25% (but not more than 0.75%) higher than the interest rate on the related Ginnie Mae Certificate.

The Master Servicer is required to pay a monthly guaranty fee to Ginnie Mae for each Ginnie Mae Certificate for which the Master Servicer is the issuer of record. Ginnie Mae's monthly guaranty fee is computed based on the aggregate principal balance of the guaranteed securities outstanding at the beginning of the monthly reporting period. The monthly rate used to compute the fee is 0.06% (which may be reduced under Ginnie Mae's Targeted Lending Initiative) divided by 12. Under the Ginnie Mae program, the Master Servicer is responsible for servicing each pooled Mortgage Loans and is entitled to a servicing fee for each such loan. The servicing fee is based on and payable only from the interest portion of each monthly installment of principal and interest actually collected by the Master Servicer on the Mortgage Loan. The fee is equal to the difference between the interest rate on the Mortgage Loan and the interest rate on the Ginnie Mae Certificate for which it serves as collateral, computed on the same principal amount and for the same period as the interest portion of the installment. With respect to Ginnie Mae II MBS pools issued on and after July 1, 2003, the Master Servicer must ensure that the minimum servicing fee is 0.0% (which fee may be increased under Ginnie Mae's Targeted Lending Initiative).

It is expected that interest and principal payments on the Mortgage Loans received by the Master Servicer will be the source of payments on the Ginnie Mae Certificates. If those payments are less than what is due, the Master Servicer will be obligated to advance its own funds to ensure timely payment of all amounts coming due on the Ginnie Mae Certificates. Ginnie Mae guarantees such timely payment in the event of the failure of the Master Servicer to pay an amount equal to the scheduled payment (whether or not made by the Mortgagors). If the Master Servicer defaults on its obligations as an issuer of the Ginnie Mae Certificates (including loan servicing and certificate payment obligations), Ginnie Mae has the right to extinguish the Master Servicer's interest in the Mortgage Loans underlying such Ginnie Mae Certificates, in which case such Mortgage Loans will become the absolute property of Ginnie Mae (subject only to the unsatisfied rights of the Trustee, as holder of the Ginnie Mae Certificates).

Fannie Mae and the Fannie Mae Certificates

The summary and explanation of the Federal National Mortgage Association ("FNMA" or "Fannie Mae"), Fannie Mae's mortgage-backed securities program and the other documents referred to herein do not purport to be complete. Reference is made to said documents for full and complete statements of their provisions. Said documents and the MBS Program are subject to change at any time by Fannie Mae. At the time of printing this Official

Statement, general information regarding Fannie Mae (including, but not limited to, its financial condition and the status of its conservatorship) can be accessed at <http://www.fanniemae.com>. The Agency makes no representations regarding the content or accuracy of the information provided at such web site, and such web site is not part of this Official Statement.

In accordance with the Federal Housing Finance Regulatory Reform Act of 2008 (the “Regulatory Reform Act”), the Federal Housing Finance Agency (the “FHFA”) was named as the conservator of Fannie Mae on September 6, 2008. The Agency cannot predict the long-term consequences of the conservatorship of the Fannie Mae and the corresponding impacts, if any, on the Agency and the Fannie Mae Certificates (“Fannie Mae Certificates”) held under the Trust Agreement. On March 31, 2003, Fannie Mae registered its common stock with the Securities and Exchange Commission (“SEC”). As a result of this action, Fannie Mae is required to file periodic financial disclosures with the SEC under the Securities Exchange Act of 1934, including Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, together with any required exhibits. These reports and other information can be read and copied at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. The SEC currently maintains a web site (<http://www.sec.gov>) that contains reports, proxy statements and other information that Fannie Mae has filed with the SEC. The Agency makes no representations regarding the content, accuracy or availability of any such reports or information filed by Fannie Mae with the SEC, any information provided at the SEC's web site, or how long Fannie Mae will continue to file reports with the SEC. The SEC's web site is not part of this Official Statement.

Fannie Mae was originally established in 1938 as a United States government agency to provide supplemental liquidity to the mortgage market. Fannie Mae became a stockholder-owned and privately managed corporation in 1968. The Housing and Economic Recovery Act of 2008 (“HERA”) established the Federal Housing Finance Agency (“FHFA”), an independent agency of the federal government, as the new supervisory and general regulatory authority for Fannie Mae. Fannie Mae is subject to the supervision and regulation of FHFA to the extent provided in HERA, and the Director of FHFA has general regulatory authority over Fannie Mae to ensure that the purposes of HERA, the authorizing statutes and any other applicable laws are carried out. The Secretary of HUD also exercises general regulatory power over Fannie Mae.

The Agency cannot predict the long-term consequences of the federal conservatorship of Fannie Mae or of the future status of Fannie Mae and cannot predict the impact of any future proposal or legislation on the housing market or the corresponding impact on the Agency, the Fannie Mae Certificates held under the Trust Agreement or the MBS Program.

Fannie Mae operates in the secondary mortgage market by purchasing mortgages and mortgage-related securities, including Fannie Mae mortgage-related securities, from primary market institutions, such as commercial banks, savings and loan associations, mortgage companies, securities dealers and other investors. Fannie Mae provides additional liquidity in the secondary mortgage market by issuing and guaranteeing mortgage-related securities. Fannie Mae also offers fee-based services to its customers, such as issuing and administering a variety of mortgage related securities, providing credit enhancements and offering technology products to aid in originating and underwriting mortgage loans.

Fannie Mae operates various mortgage-backed securities programs pursuant to which Fannie Mae issues securities backed by pools of mortgage loan. The Fannie Mae Certificates described in this Official Statement represent beneficial ownership interests in pools of Mortgage Loans held in trust by Fannie Mae for the benefit of the Trustee, as holder of the Fannie Mae Certificates. The Fannie Mae Certificates are issued by Fannie Mae pursuant to a trust indenture and supplements thereto (generally for certificates issued before June 1, 2007) or a trust agreement and supplements thereto (generally for certificates issued since June 1, 2007).

Information regarding the Fannie Mae Certificates is contained in a prospectus (each, a “Single-Family MBS Prospectus”) and a prospectus supplement. Each Single-Family MBS Prospectus contains general information about pools issued during its effective period including, but not limited to, the nature of the guaranty, yield considerations, and the mortgage purchase programs. Each prospectus supplement includes information about the pooled Mortgage Loans backing a particular issue of Fannie Mae Certificates and about the certificates themselves. Copies of Single Family MBS Prospectuses and prospectus supplements are available at Fannie Mae's offices located at 3900

Wisconsin Avenue, N.W., Washington, D.C. 20016. At the time of printing this Official Statement, these documents can be accessed at <http://www.fanniemae.com>. The Agency makes no representation regarding the content, accuracy or availability of any such prospectus or supplement thereto, or any information provided at such web site. Fannie Mae's web site is not part of this Official Statement.

Payments on a Fannie Mae Certificate are required to be made to the Trustee on the 25th day of each month (beginning with the month following the month such Fannie Mae Certificate is issued), or if such 25th day is not a Business Day, on the first business day next succeeding such 25th day. With respect to each Fannie Mae Certificate, Fannie Mae generally is required to distribute to the Trustee an amount equal to the total of (1) the principal due on the Mortgage Loans in the related pool underlying such Fannie Mae Certificate during the period beginning on the second day of the month before the month of such distribution and ending on the first day of such month of distribution (each, a "due period"), (2) the stated principal balance of any Mortgage Loan that was prepaid in full during the month preceding the month of such distribution (including as prepaid for this purpose any Mortgage Loans repurchased by Fannie Mae because of Fannie Mae's election to repurchase the Mortgage Loan after it is delinquent, in whole or in part, with respect to four consecutive monthly installments (or eight consecutive biweekly installments) of principal and interest or because of Fannie Mae's election to repurchase such Mortgage Loan under certain other circumstances as permitted by Fannie Mae's trust indenture or trust agreement), (3) the amount of any partial prepayment of a Mortgage Loan received in the month preceding the month of distribution, and (4) one month's interest, at the fixed pass-through rate, on the principal balance of the Fannie Mae Certificate immediately prior to the distribution date.

On June 3, 2019, Fannie Mae and Freddie Mac began issuing new, common, single mortgage-backed securities, formally known as the Uniform Mortgage-Backed Security ("UMBS"). The UMBS finance the same types of fixed-rate mortgages that back Fannie Mae Certificates and Freddie Mac Certificates and are guaranteed by either Fannie Mae or Freddie Mac depending upon which issues the UMBS. The UMBS have characteristics similar to Fannie Mae Certificates and Freddie Mac will offer investors the opportunity to exchange existing Freddie Mac Securities for "mirror" UMBS backed by the same loans as the existing securities. Proceeds of the Series 62 Bonds are expected to be used to purchase the Mortgage-Backed Securities, which include UMBS. (For purposes of this Official Statement and the Series 62 Certificates the term "Mortgage-Backed Securities" includes UMBS.)

Fannie Mae guarantees to holders of the Fannie Mae Certificates, on each distribution date, an amount equal to the borrowers' scheduled principal payments for the related due period, whether or not received, plus an amount equal to one month's interest on the Fannie Mae Certificates at the fixed pass-through rate stated in the prospectus supplement for such certificates. In addition, Fannie Mae guarantees the full and final payment of the unpaid principal balance of the Fannie Mae Certificates on the distribution date in the month of the maturity date specified in the prospectus supplement for the Fannie Mae Certificates. Fannie Mae's guaranty covers any interest shortfalls on the Fannie Mae Certificates arising from reductions in the interest rate of a Mortgage Loan due to application of the Soldiers' and Sailors' Civil Relief Act of 1940, as amended, and similar state laws.

Neither the Fannie Mae Certificates nor payments of principal and interest thereon are guaranteed by the United States government. The Fannie Mae Certificates do not constitute a debt or obligation of the United States or any of its agencies or instrumentalities other than Fannie Mae. Fannie Mae alone is responsible for making payments on its guaranty.

If Fannie Mae was unable to perform its guaranty obligations, the Trustee would receive only the payments that borrowers actually made and any other recoveries on the Mortgage Loans in the pool from sources such as insurance, condemnation and foreclosure proceeds. If that were to happen, delinquencies and defaults on the Mortgage Loans would directly affect the amount of principal and interest that the Trustee would receive each month.

Fannie Mae establishes eligibility criteria and policies for the mortgage loans it purchases, for the sellers from whom it purchases loans, and for the servicers who service Fannie Mae's mortgage loans. Fannie Mae's eligibility criteria and policies are set forth in Fannie Mae's Selling and Servicing Guides (the "Fannie Mae Guides") and updates and amendments to such guides. Fannie Mae amends its Fannie Mae Guides and its eligibility criteria and policies from time to time.

The Charter Act requires that Fannie Mae establish maximum original principal balance dollar limitations for the conventional loans that it purchases. These limitations (referred to as conforming loan limits) typically are adjusted annually. For loans delivered during 2025, Fannie Mae's conforming loan limit for conventional loans secured by first liens on single-unit residences in the State of North Carolina is \$832,750. Fannie Mae's conforming loan limit for mortgage loans secured by subordinate liens on single-unit residences is 50% of the amount for first lien loans. In addition, the aggregate original principal balance of all the mortgage loans owned by Fannie Mae that are secured by the same residence cannot exceed the amount of the first lien conforming loan limit. The maximum loan-to-value ratio for FHA-insured and VA-guaranteed mortgage loans Fannie Mae purchases is the maximum established by the FHA or VA for the particular program under which the mortgage was insured or guaranteed. The maximum loan-to-value ratio for HUD guaranteed "Section 184" mortgage loans and RHS guaranteed mortgage loans Fannie Mae purchases is 100%. The Charter Act requires that Fannie Mae obtain credit enhancement whenever it purchases a conventional mortgage loan secured by a single-family residence with a loan-to-value ratio over 80%. The credit enhancement may take several forms, including mortgage insurance issued by an insurer acceptable to Fannie Mae covering the amount in excess of 80%, repurchase arrangements with the seller of the mortgage loans, and seller-retained participation interests. Fannie Mae may impose credit enhancement requirements that are more restrictive than those of the Charter Act.

Fannie Mae is responsible for servicing and administering the mortgage loans it purchases. Fannie Mae may contract with other entities to perform those functions under Fannie Mae's supervision and on Fannie Mae's behalf. The entity with whom Fannie Mae contracts may be the seller that sold the loans to Fannie Mae. Duties generally performed by the servicer include general loan servicing responsibilities, collection and remittance of payments on the mortgage loans, administration of mortgage escrow accounts, collection of insurance claims and foreclosure, if necessary. Fannie Mae remains responsible to certificate holders for all the servicing and administrative functions related to the mortgage loans, even if it hires a servicer. Servicers are required to meet the eligibility standards and performance obligations in the Fannie Mae Guides. Fannie Mae may remove any servicer at any time Fannie Mae considers its removal to be in the certificate holders' best interest.

Freddie Mac and the Freddie Mac Certificates

The following summary of the Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac"), the Freddie Mac Guarantor Program, the Freddie Mac Certificates and Freddie Mac's mortgage purchase and servicing standards does not purport to be complete and is qualified in its entirety by reference to Freddie Mac's current Mortgage Participation Certificates Offering Circular, any applicable Offering Circular and Pool Supplements, Freddie Mac's current Mortgage Participation Certificates Agreement, as amended, Freddie Mac's Information Statement, any Information Statement Supplements and any other documents made available by Freddie Mac. Copies of these documents can be obtained from Freddie Mac at 8200 Jones Branch Drive, McLean, Virginia 22102. At the time of printing this Official Statement, the documents mentioned above and general information regarding Freddie Mac (including, but not limited to, its financial condition and the status of its conservatorship) can be accessed at <http://www.freddiemac.com>. However, the Agency makes no representation regarding the content, accuracy or availability of any such document or any information provided at such web site. Such web site is not part of this Official Statement.

On July 18, 2008, Freddie Mac voluntarily registered its common stock with the SEC, thereby subjecting Freddie Mac to reporting requirements applicable to registered securities. In addition, pursuant to the Senior Preferred Stock Purchase Agreement between the Treasury and Freddie Mac, Freddie Mac is required to provide the Treasury with annual reports on Form 10-K, quarterly reports on Form IO-Q, and current reports on Form 8-K. These reports and other information can be read and copied at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. The SEC currently maintains a web site(<http://www.sec.gov>) that contains reports, proxy statements and other information that Freddie Mac has filed with the SEC. The Agency makes no representations regarding the content, accuracy or availability of any such reports or information filed by Freddie Mac with the SEC, any information provided at on the SEC's web site, or how long Freddie Mac will continue to file reports with the SEC. The SEC's web site is not part of this Official Statement.

In accordance with the Regulatory Reform Act, the FHFA was named as the conservator of Freddie Mac on September 6, 2008. The Agency cannot predict the long-term consequences of the conservatorship of the Freddie

Mac and the corresponding impacts, if any, on the Agency, the Freddie Mac Certificates held under the Trust Agreement or the MBS Program.

Freddie Mac is a shareholder-owned, government-sponsored enterprise chartered on July 24, 1970, pursuant to the Federal Home Loan Mortgage Corporation Act (Title III of the Emergency Home Finance Act of 1970, as amended (12 U.S.C. §§ 1454-1459) (the “Freddie Mac Act”).

Freddie Mac purchases and guarantees a variety of single-family mortgages. Most of these mortgages are conventional mortgages that are not guaranteed or insured by the United States or any of its agencies or instrumentalities. However, Freddie Mac purchases some mortgages that are fully insured by the Federal Housing Administration (“FHA”) or guaranteed, in part, by the Department of Veterans Affairs (“VA”) (collectively, “FHA/VA mortgages”). Freddie Mac operates a program in which purchases and pools single-family mortgages for the purpose of issuing mortgage participation certificates (including any Freddie Mac Certificates that may be purchased by the Trustee). These mortgage participation certificates represent beneficial ownership interests in pools of mortgages that Freddie Mac has purchased.

Freddie Mac is required to pay principal to the holders of its fixed-rate mortgage participation certificates on the 15th of each month (or, if the 15th is not a business day, the next business day), beginning in the month after the certificate is issued (each, a “Payment Date”). The principal balance of the mortgage pool underlying the certificate may differ from the aggregate principal balance of the underlying mortgages due to delays or errors in processing mortgage information, such as a servicer's failure to file an accurate or timely report of its collections of principal or its having filed a report that cannot be processed. Freddie Mac is required to account for any differences as soon as practicable.

The aggregate principal payment in any month on a fixed-rate mortgage participation certificate reflects: (i) the scheduled principal payments due on the mortgages in the related mortgage pool for the monthly reporting period ending in the current month; (ii) prepayments on the related mortgages as reported by servicers for the monthly reporting period ending in the previous month; and (iii) any adjustments necessary to reconcile the principal balance of the mortgage pool with the aggregate balance of the related mortgages reported to Freddie Mac by servicers. Freddie Mac is required to calculate the scheduled principal due on the related mortgages based upon the actual principal balance, interest rate and remaining term to maturity of each mortgage in the mortgage pool. Its calculation of scheduled principal may not reflect actual payments on the mortgages. Interest will accrue on each Freddie Mac during the calendar month preceding the month of the Payment Date at the interest rate specified for the mortgage participation certificate. The interest rate is set at the time of issuance and does not change. Interest accrues on the principal amount of a certificate as determined by its “pool factor” for the month preceding the month of the Payment Date.

On June 3, 2019, Fannie Mae and Freddie Mac began issuing new, common, single mortgage-backed securities, formally known as the Uniform Mortgage-Backed Security (“UMBS”). The UMBS finance the same types of fixed-rate mortgages that back Fannie Mae Certificates and Freddie Mac Certificates and are guaranteed by either Fannie Mae or Freddie Mac depending upon which issues the UMBS. The UMBS have characteristics similar to Fannie Mae Certificates and Freddie Mac will offer investors the opportunity to exchange existing Freddie Mac Securities for “mirror” UMBS backed by the same loans as the existing securities. Proceeds of the Series 62 Bonds are expected to be used to purchase the Mortgage-Backed Securities, which include UMBS. (For purposes of this Official Statement and the Certificates the term “Mortgage-Backed Securities” includes UMBS.)

Freddie Mac guarantees to each holder of each mortgage participation certificate (i) the timely payment of interest at the applicable interest rate for the certificate; (ii) the timely payment of scheduled principal on the underlying mortgages; and (iii) the full and final payment of principal on the underlying mortgages by the Payment Date that falls in the latest month in which Freddie Mac reduces the related “pool factor” to zero.

The obligations of Freddie Mac under its guarantees of mortgage participation certificates are obligations of Freddie Mac only. Such certificates, including the interest thereon, are not guaranteed by the United States and do not constitute debts or obligations of the United States or any agency or instrumentality of the United States other than Freddie Mac. If Freddie Mac were unable to satisfy its obligations under its

guarantees, distributions on the mortgage participation certificate would consist solely of payment and other recoveries on the related mortgage. Accordingly, delinquencies and defaults on the mortgages would affect distributions on the certificates.

The Freddie Mac Act limits the maximum original principal amount of single-family mortgages that Freddie Mac may purchase. These limits are referred to as “conforming loan limits.” For loans delivered during 2025, Fannie Mae's conforming loan limit for conventional loans secured by first liens on single-unit residences in the State of North Carolina is \$832,750 in all counties. The conforming loan limit for second-lien mortgages is 50 percent of the limit for first-lien mortgages on one-family dwellings. When Freddie Mac purchases both the first-lien and second-lien mortgage on the same property, the Freddie Mac Act provides that the total amount Freddie Mac may purchase may not exceed the applicable conforming loan limit.

The Freddie Mac Act also prohibits Freddie Mac from purchasing first-lien conventional single-family mortgages if the outstanding principal balance at the time of purchase exceeds 80 percent of the value of the real property securing the mortgage unless Freddie Mac have a level of credit protection (such as mortgage insurance from an approved mortgage insurer, a seller's agreement to repurchase or replace any mortgage that has defaulted) or the retention of at least a 10 percent participation interest in the mortgages by the seller. This requirement does not apply to FHA/VA mortgages.

The single-family mortgages purchased and guaranteed by Freddie Mac generally are subject to the credit, appraisal, underwriting and other purchase policies and guidelines set forth in Freddie Mac's *Single-Family Seller/Servicer Guide*. Freddie Mac may modify these guidelines or grant waivers for certain mortgages that it purchases. Freddie Mac services or supervises the servicing of the mortgages it purchases. In performing its servicing responsibilities, Freddie Mac may employ servicing agents or independent contractors. Each such servicer generally is required to perform all activities concerning the calculation, collection and processing of mortgage payments and related borrower inquiries, as well as all mortgage administrative responsibilities, including claims collection, workouts, foreclosures and reports. Servicers service mortgages, either directly or through approved subservicers, and receive fees for their services. Freddie Mac monitors a servicer's performance through periodic and special reports and inspections to ensure it complies with its obligations.

The interest rates of the mortgages in a mortgage pool underlying a fixed-rate mortgage participation certificate are within a range from (i) the certificate interest rate plus any minimum required servicing fee through (ii) 2.5% above the certificate interest rate. Subject to certain adjustments, Freddie Mac will retain from monthly interest payments on each mortgage a management and guarantee fee, which equals any interest received by Freddie Mac from the servicer over the amount of interest payable to holders of the certificate.

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APPENDIX F

SUMMARY OF THE SERIES 62 PROGRAM ACCOUNT AND PROGRAM LOANS

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SUMMARY OF THE SERIES 62 PROGRAM ACCOUNT AND PROGRAM LOANS

As described in the Official Statement, in connection with the issuance of the Series 62 Bonds, although the Agency plans to use Series 62 Bond proceeds deposited to the Series 62 Program Account to purchase only Program Securities, the Sixty-Second Supplemental Trust Agreement permits (under the conditions described in the Official Statement) the use of Series 62 Bond proceeds and certain Prepayments of Series 62 Program Obligations, to purchase new Program Loans.

This Appendix F describes the provisions of the Trust Agreement and the Sixty-Second Supplemental Trust Agreement regarding the requirements for existing and any new Program Loans and the insurance or guaranty programs associated therewith.

The Series 62 Program Account and Program Loan Requirements

Each Program Loan deposited to the credit of the Series 62 Program Account shall be secured by a Mortgage on the property financed thereby. Unless the Series 62 Program Loan is a Series 62 DPA Loan, the unpaid principal amount of a new Program Loan purchased with amounts in the Series 62 Program Account shall not exceed, at the time of the purchase thereof by the Agency, 80% of the Market Value of the property subject to the Mortgage unless the Program Loan is insured or guaranteed in one of the following ways:

- (1) if the Program Loan is an FHA Insured Program Loan, a VA Guaranteed Program Loan, or a USDA Guaranteed Program Loan, the applicable insurance or guaranty of the agency or instrumentality administering the insurance or guarantee program in an amount equal to the maximum coverage permitted for such Program Loan under the regulations of such agency or instrumentality; or
- (2) if the Program Loan is a PMI Insured Program Loan, a private mortgage insurance policy issued by a qualified insurer in an amount so that the principal amount of the Program Loan is not greater than 80% of the Market Value of the property secured thereby plus the maximum amount payable under such private mortgage insurance policy in the event of a default by the Borrower thereunder.

Each private mortgage insurance policy described in (2) above shall be issued by a private mortgage insurance company approved by Fannie Mae or Freddie Mac to insure mortgage loans purchased by them. The Agency shall not purchase a Program Loan insured by a private mortgage insurance company if the purchase of a Program Loan insured by such insurer would have an adverse effect on the ratings then in effect on the Series 62 Bonds.

The Agency shall require that the existing insurance or guarantee of Program Loans deposited to the Series 62 Program Account, and the insurance or guarantee required for new Program Loans shall remain in effect for so long as the Program Loan is held under the Trust Agreement and insurance or guaranty coverage is available with respect to such Program Loan under the insurance or guaranty program or policy with respect to such Program Loans. The insurance policy or guaranty may be cancelled or permitted to terminate as required by applicable law.

Insurance and Guarantee Programs

The Trust Agreement provides that the Supplemental Trust Agreement authorizing the issuance of a Series of Bonds for the Program shall specify any requirements for the Program Obligations to be purchased with the proceeds of the Bonds of such Series, including how such Program Obligations must be insured, guaranteed or otherwise secured.

The Sixty-Second Supplemental Trust Agreement provides that the Series 62 Program Loans must be secured by a mortgage on the property financed thereby and must be, except for Series 62 DPA Loans, insured or guaranteed in one of the following ways: (a) if the Program Loan is an FHA Insured Program Loan, a VA Guaranteed Program Loan, or a USDA Guaranteed Program Loan (as each of such terms is defined below), the applicable insurance or guarantee of the agency or instrumentality administering the insurance or guarantee program in an amount equal to the maximum coverage permitted for such Program Loan under the regulations of such agency or instrumentality; or

(b) if the Program Loan is a Fannie Mae or Freddie Mac Conventional Private Mortgage Insured Program Loan, unless the Market Value of the property subject to the Mortgage is greater than 80% of the principal amount of the Series 62 Program Loan, a private mortgage insurance policy issued by a qualified insurer in an amount so that the principal amount of the Program Loan is not greater than 80% of the Market Value of the property secured thereby plus the maximum amount payable under such private mortgage insurance policy in the event of a default by the Borrower thereunder.

FHA Mortgage Insurance. Program Loans insured by FHA in the manner described below, are herein defined as “FHA-Insured Program Loans.” Sections 203 and 221 of the National Housing Act, as amended (the “Housing Act”), authorize the Federal Housing Administration (“FHA”) of the Department of Housing and Urban Development (“HUD”) to insure certain mortgage loans. Such mortgage loans must be in conformance with the maximum mortgage loan amount limitations and minimum down payment requirements specified in the Housing Act and regulations promulgated thereunder. In addition, the mortgagor under either of these programs must establish to the satisfaction of FHA that his or her income is adequate to meet the periodic payments required in the mortgage loan.

FHA administers the Section 203(k) loan program for the acquisition and rehabilitation of single family properties. Eligible borrowers obtain one mortgage loan to finance both the acquisition and the rehabilitation of the property. The mortgage amount may include funds for the purchase of the property, the costs incidental to closing the transaction, and the completion of the proposed rehabilitation. The mortgage proceeds allocated for the rehabilitation are escrowed at closing. Following loan closing, the FHA reviews the submission and, if found acceptable, issues a Mortgage Insurance Certificate to the lender. At this point, the lender is submitting a fully-insured Program Loan to the Agency for purchase.

Under the provisions of Section 184 of the Housing and Community Development Act of 1992, as amended (“Section 184”), HUD has the authority to guarantee loans for the construction, acquisition, rehabilitation, or refinancing of 1- to 4-family homes to be owned by Native Americans (as defined in Section 184) on eligible land (as defined in Section 184). Loans guaranteed under Section 184 must bear a fixed rate of interest and be in a principal amount not in excess of 97.75% of the appraised value of the property, excluding closing costs (98.75% if the appraised value is \$50,000 or less), but in no event in excess of 150% of the FHA loan limit for the area. The HUD guarantee under Section 184 is 100% of unpaid principal and interest plus reasonable fees and expenses for loans processed through foreclosure by the holder of the guarantee certificate of 100% of unpaid principal and interest for loans assigned to HUD without foreclosure.

All mortgages are subject to a mortgage insurance premium. The premium must be included in the proposed monthly housing expense for underwriting purposes.

Under the terms of either of the foregoing FHA insurance programs, a failure to make a mortgage payment (or to perform any other obligation under the mortgage), if continued for thirty (30) days, constitutes a default which would entitle the mortgagee to claim insurance benefits. The Housing Act gives authority to the Secretary of HUD (the “Secretary”) to settle claims for insurance benefits under mortgages insured under Sections 203 and 221 either in cash or debentures.

Insurance benefits are paid on foreclosure and conveyance of title. Benefit payments made by FHA on conveyed properties are equal to the unpaid principal amount of the mortgage loans plus certain tax, insurance and other payments made, and a portion of any foreclosure expenses incurred by the mortgagee, as well as interest from date of default at a rate equivalent to the debenture interest rate (which may be less than the interest rate of the insured mortgage), less certain amounts received or retained in respect of the mortgaged property.

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

To obtain title to and possession of the property under foreclosure, the Agency will pursue its rights under the power of sale contained in the mortgage subject to the constraints of applicable state law and HUD. HUD requires that absent the consent of the mortgagor, at least three full monthly installments be due and unpaid under the mortgage

before the mortgagee may initiate any action leading to foreclosure of the mortgage. HUD also requires a face-to-face conference between the mortgagee and the mortgagor in an effort to cure the delinquency without foreclosure. These requirements do not apply where the mortgagor has voluntarily abandoned the mortgaged property or the property has been vacant for over 60 days, or the mortgagor has indicated in writing that he or she has no intention of fulfilling his or her obligations under the mortgage, in which case the mortgagee may immediately initiate foreclosure proceedings (subject to applicable state law notice provisions).

VA Guarantee. Program Loans that are guaranteed as to payment by the United States Veterans Administration in the manner described in this Section are herein referred to as “VA Guaranteed Program Loans.” The Serviceman’s Readjustment Act of 1944, as amended, permits a veteran (or, in certain instances, his or her spouse) to obtain a VA Guaranteed Program Loan covering mortgage financing of the purchase of a one-to-four family dwelling unit at interest rates agreed upon by the purchaser and the mortgagee. The program has no mortgage loan limits (other than that the amount may not exceed the property’s reasonable value as determined by the VA), requires no down payment from the purchaser and permits the guarantee of VA Guaranteed Program Loans with terms of up to 30 years.

The guarantee provisions for VA Guaranteed Program Loans are as follows: (a) for home and condominium loans of \$45,000 or less, 50 percent of the loan is guaranteed (for loans with an original principal balance of \$45,000 and not more than \$56,250, the guarantee will not exceed \$22,500); (b) for home and condominium loans of more than \$56,250 but less than or equal to \$144,000, 40 percent of the loan is guaranteed subject to a maximum guarantee of \$36,000; (c) for home and condominium loans of more than \$144,000, 25 percent of the principal amount of the loan is guaranteed, up to a maximum loan amount of \$417,000, for loans greater than \$417,000 the lesser of 25% of the loan amount or VA county limit; and (d) for loans for manufactured homes, 40 percent of the loan is guaranteed (with a maximum guarantee of \$20,000) (modular homes are treated in the same manner as traditional homes). The Agency does not allow purchases of manufactured homes that are not permanently affixed and are not considered real property.

The liability on the guarantee 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 guarantee exceed the amount of the original guarantee. Notwithstanding the dollar and percentage limitations of the guarantee, 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 mortgaged premises is greater than the original guarantee as adjusted. The VA may, at its option and without regard to the guarantee, make full payment to a mortgage holder of unsatisfied indebtedness on a mortgage upon its assignment to the VA.

USDA Guarantee. Program Loans guaranteed by the United States Department of Agriculture, Rural Development are herein referred to as “USDA-Guaranteed Program Loans.” Title V of the Housing Act of 1949 permits USDA to provide mortgage guarantees for single family rural housing loans. A USDA guarantee constitutes an obligation supported by the full faith and credit of the United States.

The maximum loss payment under a USDA guarantee will be the lesser of:

- (1) Any loss of an amount equal to 90 percent of the principal amount actually advanced to the mortgagor, or
- (2) An amount up to 35 percent of the principal amount actually advanced to the mortgagor, plus any additional loss sustained by the lender of an amount up to 85 percent of the remaining 65 percent of the principal amount actually advanced to the mortgagor.

Loss includes only (1) principal and interest evidenced by the note; (2) any loan subsidy due and owing; and (3) any principal and interest indebtedness on USDA approved protective advances for protection and preservation of collateral. Interest is covered by the guarantee to the date of the final loss settlement when the lender conducts liquidation of collateral in an expeditious manner. Net proceeds received from liquidation of the collateral will be used in calculating the amount of loss sustained. If the lender acquires the collateral, the net proceeds from collateral for calculating loss shall be determined by the USDA as follows: (i) the USDA will have the collateral appraised at

its current market value as of the date of acquisition by the lender, then (ii) deduct from such appraised value an estimate of liquidation costs which will include an allowance for the estimated time the property will be held by the lender. The USDA will pay its claim based on an appraisal after foreclosure has occurred rather than upon the sale of the property.

Private Mortgage Insurance. Program Loans that are insured by a policy of private mortgage insurance in the manner described in this Section are herein referred to as “Private Mortgage Insured Program Loans.”

The Sixty-Second Supplemental Trust Agreement provides that a “Private Mortgage Insured Program Loan” is any Program Loan purchased with the proceeds of the Series 62 Bonds that is insured by a private mortgage insurance company that has been approved by Fannie Mae or Freddie Mac to insure mortgage loans purchased by them. The federal Homeowners Protection Act of 1998 requires the automatic termination of private mortgage insurance for any mortgage loan incurred after July 1999 if payments are current on the loan and the loan to value ratio is 78% or less. In addition, borrowers who are current on their mortgage loan payments are entitled to termination of private mortgage insurance requirements upon request if the loan to value ratio is 80% or less based on a current valuation. For purpose of determining the loan to value ratio without a current valuation, the value of the subject property is the lesser of the contract sales price and the appraised value at the time the mortgage loan is made. The Agency will not require (and cannot require) borrowers to maintain private mortgage insurance after the borrower is entitled to termination of the private mortgage insurance in accordance with federal law.

The Sixty-Second Supplemental Trust Agreement provides that at the option of the Agency, the insurance policy on a Private Mortgage Insured Program Loan may be cancelled or permitted to terminate as required by applicable law. The Agency makes no representation regarding the financial condition of any of the entities that have issued policies of Private Mortgage Insured Program Loans under the Trust Agreement. Information regarding specific private mortgage insurance companies should be obtained from the respective company.

Uninsured and Non-Guaranteed Loans. In addition to FHA Insured Program Loans, VA Guaranteed Program Loans, USDA Guaranteed Program Loans and Private Mortgage Insured Program Loans, the Sixty-Second Supplemental Trust Agreement provides that the Agency may purchase any other Program Loan so long as, at the time of purchase of the Program Loan by the Agency, the unpaid principal amount of the Program Loan does not exceed 80% of the Market Value of the property that is subject to the Mortgage securing such Program Loan, except or in conjunction with a Series 62 DPA Loan.

Other Loan and Guarantee Programs. Future supplemental trust agreements may permit the Agency to purchase Program Obligations having insurance and guarantee features different from those described above.

Standard Hazard Insurance

Each mortgagor is required to obtain and maintain for the mortgaged property a standard hazard and casualty insurance policy in an amount which is not less than (i) the maximum insurable value of the mortgaged property or (ii) the unpaid principal amount of the Program Loan. The standard hazard and casualty insurance policy is required to be written by an insurance company qualified to do business in the State and having a current general policyholder's rating in Alfred M. Best's Insurance Reports of B and a financial size category of Class VIII or better.

In general, a standard homeowner's form of fire with extended coverage policy insures against physical damage to or destruction of the improvements on the property by fire, lightning, explosion, smoke, windstorm, hail, riot, strike, and civil commotion, subject to the conditions and exclusions particularized in each policy. Policies typically exclude physical damage resulting from the following: war, revolution, governmental action, floods and other water-related causes, earth movement (including earthquakes, landslides and mudslides), nuclear reactions, wet or dry rot, vermin, rodents, insects or domestic animals, theft, and, in certain cases, vandalism.

Flood insurance is required to be obtained and maintained by mortgagors whose mortgaged property is in an area designated by HUD as having special flood hazards and for which flood insurance is available under the National Flood Insurance Program. The limit of flood insurance must be the lowest of (i) the unpaid principal balance of the

Program Loan, (ii) the full insurable value of the mortgaged property, and (iii) the maximum amount of flood insurance available.

Servicing Agreements

For the Program Loans associated with the FirstHome Mortgage program, the Agency and each Agency-approved Servicer (the “FirstHome Servicer”) have entered into a servicing agreement for the servicing of Program Loans purchased by the Agency (the “FirstHome Servicing Agreements”). Each FirstHome Servicing Agreement provides for an annual servicing fee in an amount no more than $\frac{3}{8}$ th of 1% of the principal balance, computed monthly, of each non-delinquent Program Loan serviced thereunder for which payments of principal and interest have been received by the FirstHome Servicer.

The FirstHome Servicing Agreements will require the FirstHome Servicers to perform all services and duties customary to the servicing of mortgages, including, among other things, inspecting the mortgaged premises when payments by a mortgagor have become delinquent or upon request of the Agency, collecting all payments due with respect to each Program Loan, and applying properly and rendering an accounting to the Agency of all sums collected from a mortgagor for payment of principal and interest, taxes, assessments and hazard and mortgage insurance premiums. In the event a mortgagor fails to make a payment when due or in the event of any default on a Program Loan, each FirstHome Servicer must give notice to the Agency and, in the event of default, is also obligated, unless otherwise notified by the Agency, to take all actions necessary and proper to collect the applicable mortgage insurance and to enforce the applicable contractual provisions, including, if necessary, instituting foreclosure proceedings and managing the mortgaged property. Agency-approved foreclosure and related expenses shall be borne by the Agency.

Under FirstHome Servicing Agreements the FirstHome Servicers must deposit all funds received on account of Program Loans being serviced in segregated accounts in a state or national bank or savings and loan association acceptable to the Agency and in which deposits are insured by the Federal Deposit Insurance Corporation, which may be the FirstHome Servicer, and in segregated accounts in the Federal Home Loan Bank, and must hold the accounts as trustee for the Agency and the various mortgagors. From the funds so deposited the FirstHome Servicer must pay, when due, mortgage and hazard insurance premiums, taxes and assessments. Once a month or at any time when the amount on deposit exceeds the insured amount, the FirstHome Servicer is to remit to the Trustee the total amount of all payments of principal and interest. Prepayments of the Program Loans, proceeds of mortgage insurance, condemnation proceeds, proceeds resulting from action taken with respect to a defaulted Program Loan, and proceeds of hazard insurance that will not be used to restore or rehabilitate the mortgaged property shall be remitted as they are received.

The FirstHome Servicing Agreements will require FirstHome Servicers to maintain hazard and casualty insurance on each of the mortgaged premises in an amount sufficient to ensure that the Agency will not become a co-insurer under the terms and conditions of the applicable policy or policies. The FirstHome Servicer must also comply, as to each Program Loan, with all rules and requirements of the Agency and the applicable rules and requirements of the insurance or guarantee program with respect to Program Loans, and must at all times keep such insurance in full force and effect. See “Standard Hazard Insurance” above. In addition, each FirstHome Servicer must maintain blanket bond coverage as customarily used in the mortgage banking industry, including among other provisions, fidelity coverage and insurance against losses resulting from the errors and omissions of the FirstHome Servicer.

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APPENDIX G

PROJECTED PERCENTAGES OF INITIAL PRINCIPAL BALANCE OUTSTANDING AND PROJECTED WEIGHTED AVERAGE LIVES OF THE SERIES 62 PAC BONDS

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APPENDIX G

PROJECTED PERCENTAGES OF INITIAL PRINCIPAL BALANCE OUTSTANDING AND PROJECTED WEIGHTED AVERAGE LIVES OF THE SERIES 62 PAC BONDS

Set forth in the tables below are projected percentages of initial principal balance outstanding and projected weighted average lives for the Series 62 PAC Bonds under various 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. The “projected weighted average life” of a security refers to the average amount of time, measured here in years, that is projected to elapse from the date of delivery of such security to the date of projected payment to the investor of each dollar paid to reduce the principal of such security (assuming no losses). The projected weighted average life of a security is determined by (a) multiplying each projected reduction, if any, of the outstanding amount of such security by the number of years from the date of delivery of such security to the related redemption date or maturity date, (b) adding the results and (c) dividing the sum by the initial outstanding amount of such security. The calculation of the projected weighted average life of the Series 62 PAC Bonds set forth below requires the making of certain hypothetical assumptions. See “REDEMPTION OF SERIES 62 BONDS – Projected Weighted Average Lives of the Series 62 PAC Bonds” in the Official Statement.

Projected Percentages of Initial Principal Balance Outstanding and Weighted Average Lives of \$105,440,000 Series 62 PAC Bonds Due January 1, 2058

Payment Date	Prepayment Assumption											
	0 PSA	25 PSA	50 PSA	75 PSA	100 PSA	150 PSA	200 PSA	300 PSA	400 PSA	500 PSA	600 PSA	700 PSA
Initial Percentage	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
January 1, 2027	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
January 1, 2028	100.0%	99.6%	99.3%	98.9%	98.9%	98.9%	98.9%	98.9%	98.9%	98.9%	98.9%	98.9%
January 1, 2029	100.0%	97.5%	95.0%	92.5%	92.5%	92.5%	92.5%	92.5%	92.5%	92.5%	92.5%	92.5%
January 1, 2030	100.0%	93.5%	87.1%	80.7%	80.7%	80.7%	80.7%	80.7%	80.7%	80.7%	80.7%	80.7%
January 1, 2031	100.0%	88.8%	77.9%	67.2%	67.2%	67.2%	67.2%	67.2%	67.2%	67.2%	67.2%	67.2%
January 1, 2032	100.0%	84.2%	69.0%	54.4%	54.4%	54.4%	54.4%	54.4%	54.4%	54.4%	54.4%	54.4%
January 1, 2033	100.0%	79.8%	60.6%	42.4%	42.4%	42.4%	42.4%	42.4%	42.4%	42.4%	42.4%	42.4%
January 1, 2034	100.0%	75.5%	52.6%	31.1%	31.1%	31.1%	31.1%	31.1%	31.1%	31.1%	31.1%	31.1%
January 1, 2035	100.0%	71.3%	44.9%	20.5%	20.5%	20.5%	20.5%	20.5%	20.5%	20.5%	20.5%	20.5%
January 1, 2036	100.0%	67.3%	37.6%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%
January 1, 2037	100.0%	63.4%	30.6%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%
January 1, 2038	100.0%	59.7%	24.1%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
January 1, 2039	98.8%	55.4%	17.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
January 1, 2040	96.1%	50.5%	11.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
January 1, 2041	93.2%	45.7%	5.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
January 1, 2042	90.2%	41.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
January 1, 2043	87.1%	36.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
January 1, 2044	83.7%	32.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
January 1, 2045	80.1%	28.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
January 1, 2046	76.4%	24.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
January 1, 2047	72.4%	21.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
January 1, 2048	68.2%	17.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
January 1, 2049	63.7%	14.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
January 1, 2050	58.9%	12.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
January 1, 2051	53.9%	9.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
January 1, 2052	48.6%	7.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
January 1, 2053	42.9%	5.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
January 1, 2054	36.9%	3.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
January 1, 2055	30.6%	2.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
January 1, 2056	23.9%	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
January 1, 2057	9.3%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
January 1, 2058	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
First Payment or Redemption Date	1/1/2039	7/1/2027	7/1/2027	7/1/2027	7/1/2027	7/1/2027	7/1/2027	7/1/2027	7/1/2027	7/1/2027	7/1/2027	7/1/2027
Last Payment or Redemption Date	1/1/2058	1/1/2058	7/1/2042	7/1/2038	7/1/2038	7/1/2038	7/1/2038	7/1/2038	7/1/2038	7/1/2038	7/1/2038	7/1/2038
Weighted Average Life Optional Call Not Exercised	24.1	13.9	8.1	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Optional Call on 7/1/2034 Exercised	7.7	7.0	6.2	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6

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APPENDIX H

DEBT OUTSTANDING AS OF JUNE 30, 2026

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APPENDIX H
DEBT OUTSTANDING AS OF JUNE 30, 2026

Coupon	Series	Type	Maturity	Amount	Cumulative	% of Total
0.650	Series 47	Fixed	7/1/26	\$2,035,000	\$2,035,000	0.053%
0.750	Series 46	Fixed	7/1/26	1,170,000	3,205,000	0.084%
0.800	Series 47	Fixed	1/1/27	2,045,000	5,250,000	0.138%
0.900	Series 46	Fixed	1/1/27	2,805,000	8,055,000	0.211%
0.950	Series 45	Fixed	7/1/26	2,780,000	10,835,000	0.284%
0.950	Series 47	Fixed	7/1/27	2,060,000	12,895,000	0.339%
1.000	Series 46	Fixed	7/1/27	2,770,000	15,665,000	0.411%
1.050	Series 45	Fixed	1/1/27	2,800,000	18,465,000	0.485%
1.050	Series 47	Fixed	1/1/28	2,080,000	20,545,000	0.539%
1.100	Series 47	Fixed	7/1/28	2,100,000	22,645,000	0.594%
1.100	Series 46	Fixed	1/1/28	2,680,000	25,325,000	0.665%
1.125	Series 45	Fixed	7/1/27	2,825,000	28,150,000	0.739%
1.200	Series 46	Fixed	7/1/28	2,600,000	30,750,000	0.807%
1.250	Series 47	Fixed	1/1/29	2,115,000	32,865,000	0.863%
1.300	Series 45	Fixed	1/1/28	2,835,000	35,700,000	0.937%
1.300	Series 46	Fixed	1/1/29	2,565,000	38,265,000	1.005%
1.330	Series 46	Fixed	7/1/26	1,625,000	39,890,000	1.047%
1.350	Series 45	Fixed	7/1/28	2,865,000	42,755,000	1.122%
1.350	Series 47	Fixed	7/1/29	2,135,000	44,890,000	1.178%
1.400	Series 46	Fixed	7/1/29	2,510,000	47,400,000	1.244%
1.450	Series 47	Fixed	1/1/30	2,160,000	49,560,000	1.301%
1.500	Series 45	Fixed	1/1/29	2,900,000	52,460,000	1.377%
1.550	Series 45	Fixed	7/1/29	2,900,000	55,360,000	1.453%
1.550	Series 46	Fixed	1/1/30	2,520,000	57,880,000	1.519%
1.550	Series 47	Fixed	7/1/30	2,180,000	60,060,000	1.577%
1.600	Series 42	Fixed	7/1/26	1,390,000	61,450,000	1.613%
1.625	Series 46	Fixed	7/1/30	2,450,000	63,900,000	1.678%
1.650	Series 45	Fixed	1/1/30	2,940,000	66,840,000	1.755%
1.650	Series 47	Fixed	1/1/31	2,210,000	69,050,000	1.813%
1.650	Series 47	Fixed	7/1/31	2,235,000	71,285,000	1.871%
1.700	Series 42	Fixed	1/1/27	1,425,000	72,710,000	1.909%
1.700	Series 45	Fixed	7/1/30	2,960,000	75,670,000	1.987%
1.750	Series 42	Fixed	7/1/27	1,425,000	77,095,000	2.024%
1.750	Series 43	Fixed	7/1/26	1,470,000	78,565,000	2.063%
1.750	Series 46	Fixed	1/1/31	2,390,000	80,955,000	2.125%
1.750	Series 47	Fixed	1/1/32	2,260,000	83,215,000	2.185%
1.800	Series 44	Fixed	7/1/26	1,395,000	84,610,000	2.221%
1.800	Series 47	Fixed	7/1/32	2,285,000	86,895,000	2.281%
1.800	Series 42	Fixed	1/1/28	1,450,000	88,345,000	2.319%
1.800	Series 45	Fixed	1/1/31	3,010,000	91,355,000	2.398%
1.800	Series 46	Fixed	7/1/31	2,380,000	93,735,000	2.461%

Coupon	Series	Type	Maturity	Amount	Cumulative	% of Total
1.850	Series 42	Fixed	7/1/28	\$1,450,000	\$95,185,000	2.499%
1.850	Series 43	Fixed	1/1/27	1,480,000	96,665,000	2.538%
1.850	Series 47	Fixed	1/1/33	2,320,000	98,985,000	2.599%
1.850	Series 46	Fixed	1/1/32	2,225,000	101,210,000	2.657%
1.875	Series 45	Fixed	7/1/31	3,025,000	104,235,000	2.736%
1.875	Series 46	Fixed	7/1/32	2,090,000	106,325,000	2.791%
1.900	Series 42	Fixed	1/1/29	1,490,000	107,815,000	2.830%
1.900	Series 42	Fixed	7/1/29	1,500,000	109,315,000	2.870%
1.900	Series 43	Fixed	7/1/27	1,500,000	110,815,000	2.909%
1.900	Series 45	Fixed	1/1/32	3,060,000	113,875,000	2.989%
1.900	Series 45	Fixed	7/1/32	3,105,000	116,980,000	3.071%
1.900	Series 46	Fixed	1/1/33	2,110,000	119,090,000	3.126%
1.900	Series 46	Fixed	7/1/33	2,130,000	121,220,000	3.182%
1.900	Series 47	Fixed	7/1/33	2,350,000	123,570,000	3.244%
1.950	Series 43	Fixed	1/1/28	1,520,000	125,090,000	3.284%
1.950	Series 43	Fixed	7/1/28	1,535,000	126,625,000	3.324%
1.950	Series 44	Fixed	1/1/27	1,390,000	128,015,000	3.361%
1.950	Series 45	Fixed	1/1/33	3,140,000	131,155,000	3.443%
1.950	Series 45	Fixed	7/1/33	3,165,000	134,320,000	3.526%
2.000	Series 42	Fixed	1/1/30	1,505,000	135,825,000	3.566%
2.000	Series 43	Fixed	1/1/29	1,545,000	137,370,000	3.606%
2.000	Series 44	Fixed	7/1/27	1,420,000	138,790,000	3.644%
2.000	Series 45	Fixed	7/1/35	13,050,000	151,840,000	3.986%
2.000	Series 47	Fixed	7/1/36	14,775,000	166,615,000	4.374%
2.050	Series 43	Fixed	7/1/29	1,580,000	168,195,000	4.415%
2.050	Series 42	Fixed	7/1/30	1,530,000	169,725,000	4.456%
2.050	Series 44	Fixed	1/1/28	1,420,000	171,145,000	4.493%
2.100	Series 42	Fixed	1/1/31	1,570,000	172,715,000	4.534%
2.100	Series 44	Fixed	7/1/28	1,440,000	174,155,000	4.572%
2.100	Series 46	Fixed	7/1/36	13,295,000	187,450,000	4.921%
2.150	Series 43	Fixed	1/1/30	1,585,000	189,035,000	4.963%
2.150	Series 44	Fixed	1/1/29	1,455,000	190,490,000	5.001%
2.150	Series 42	Fixed	7/1/31	1,570,000	192,060,000	5.042%
2.200	Series 43	Fixed	7/1/30	1,605,000	193,665,000	5.084%
2.200	Series 44	Fixed	7/1/29	1,475,000	195,140,000	5.123%
2.200	Series 42	Fixed	1/1/32	1,600,000	196,740,000	5.165%
2.200	Series 45	Fixed	7/1/40	35,355,000	232,095,000	6.093%
2.250	Series 42	Fixed	7/1/32	1,630,000	233,725,000	6.136%
2.250	Series 43	Fixed	1/1/31	1,630,000	235,355,000	6.179%
2.250	Series 44	Fixed	1/1/30	1,490,000	236,845,000	6.218%
2.250	Series 44	Fixed	7/1/30	1,500,000	238,345,000	6.257%
2.250	Series 46	Fixed	7/1/42	28,220,000	266,565,000	6.998%
2.250	Series 48	Fixed	7/1/26	2,335,000	268,900,000	7.059%
2.300	Series 41	Fixed	7/1/26	890,000	269,790,000	7.083%

Coupon	Series	Type	Maturity	Amount	Cumulative	% of Total
2.300	Series 43	Fixed	7/1/31	\$1,635,000	\$271,425,000	7.126%
2.300	Series 44	Fixed	1/1/31	1,525,000	272,950,000	7.166%
2.300	Series 47	Fixed	7/1/41	27,715,000	300,665,000	7.893%
2.350	Series 41	Fixed	1/1/27	910,000	301,575,000	7.917%
2.350	Series 43	Fixed	1/1/32	1,670,000	303,245,000	7.961%
2.350	Series 44	Fixed	7/1/31	1,540,000	304,785,000	8.001%
2.375	Series 44	Fixed	1/1/32	1,565,000	306,350,000	8.042%
2.400	Series 41	Fixed	7/1/27	925,000	307,275,000	8.067%
2.400	Series 43	Fixed	7/1/32	1,695,000	308,970,000	8.111%
2.400	Series 44	Fixed	7/1/32	1,570,000	310,540,000	8.152%
2.400	Series 47	Fixed	7/1/44	17,585,000	328,125,000	8.614%
2.450	Series 41	Fixed	1/1/28	970,000	329,095,000	8.639%
2.450	Series 42	Fixed	7/1/34	6,745,000	335,840,000	8.817%
2.450	Series 44	Fixed	1/1/33	1,605,000	337,445,000	8.859%
2.450	Series 60	Fixed	7/1/27	2,305,000	339,750,000	8.919%
2.500	Series 37	Fixed	7/1/26	785,000	340,535,000	8.940%
2.500	Series 41	Fixed	7/1/28	980,000	341,515,000	8.966%
2.500	Series 44	Fixed	7/1/33	1,620,000	343,135,000	9.008%
2.500	Series 60	Fixed	1/1/28	2,525,000	345,660,000	9.074%
2.500	Series 60	Fixed	7/1/28	2,565,000	348,225,000	9.142%
2.550	Series 44	Fixed	7/1/35	6,705,000	354,930,000	9.318%
2.550	Series 60	Fixed	1/1/29	2,600,000	357,530,000	9.386%
2.600	Series 41	Fixed	1/1/29	1,015,000	358,545,000	9.413%
2.600	Series 60	Fixed	7/1/29	2,640,000	361,185,000	9.482%
2.625	Series 42	Fixed	7/1/39	18,920,000	380,105,000	9.979%
2.625	Series 43	Fixed	1/1/35	8,820,000	388,925,000	10.210%
2.650	Series 41	Fixed	7/1/29	1,030,000	389,955,000	10.237%
2.650	Series 60	Fixed	1/1/30	2,680,000	392,635,000	10.308%
2.700	Series 38	Fixed	7/1/26	1,560,000	394,195,000	10.348%
2.700	Series 48	Fixed	1/1/29	2,470,000	396,665,000	10.413%
2.700	Series 60	Fixed	7/1/30	2,720,000	399,385,000	10.485%
2.750	Series 41	Fixed	1/1/30	1,065,000	400,450,000	10.513%
2.750	Series 48	Fixed	7/1/29	2,500,000	402,950,000	10.578%
2.800	Series 38	Fixed	1/1/27	1,595,000	404,545,000	10.620%
2.800	Series 41	Fixed	7/1/30	1,080,000	405,625,000	10.649%
2.800	Series 43	Fixed	1/1/40	19,750,000	425,375,000	11.167%
2.800	Series 60	Fixed	1/1/31	2,760,000	428,135,000	11.239%
2.800	Series 50	Fixed	7/1/26	1,555,000	429,690,000	11.280%
2.850	Series 38	Fixed	7/1/27	1,640,000	431,330,000	11.323%
2.850	Series 42	Fixed	1/1/43	15,270,000	446,600,000	11.724%
2.850	Series 44	Fixed	7/1/40	14,400,000	461,000,000	12.102%
2.850	Series 50	Fixed	1/1/27	1,590,000	462,590,000	12.144%
2.850	Series 59	Fixed	1/1/27	1,875,000	464,465,000	12.193%
2.850	Series 59	Fixed	7/1/27	2,125,000	466,590,000	12.249%

Coupon	Series	Type	Maturity	Amount	Cumulative	% of Total
2.850	Series 60	Fixed	7/1/31	\$2,805,000	\$469,395,000	12.323%
2.875	Series 59	Fixed	1/1/28	2,165,000	471,560,000	12.379%
2.900	Series 59	Fixed	7/1/28	2,210,000	473,770,000	12.438%
2.900	Series 50	Fixed	7/1/27	1,615,000	475,385,000	12.480%
2.950	Series 50	Fixed	1/1/28	1,645,000	477,030,000	12.523%
2.950	Series 38	Fixed	1/1/28	1,675,000	478,705,000	12.567%
2.950	Series 38	Fixed	7/1/28	1,710,000	480,415,000	12.612%
2.950	Series 39	Fixed	7/1/26	835,000	481,250,000	12.634%
2.950	Series 43	Fixed	7/1/43	14,235,000	495,485,000	13.008%
2.950	Series 59	Fixed	1/1/29	2,250,000	497,735,000	13.067%
2.950	Series 59	Fixed	7/1/29	2,295,000	500,030,000	13.127%
2.950	Series 60	Fixed	1/1/32	2,850,000	502,880,000	13.202%
3.000	Series 39	Fixed	1/1/27	860,000	503,740,000	13.224%
3.000	Series 44	Fixed	7/1/46	18,015,000	521,755,000	13.697%
3.000	Series 45	PAC	7/1/51	28,795,000	550,550,000	14.453%
3.000	Series 46	PAC	7/1/51	27,760,000	578,310,000	15.182%
3.000	Series 47	PAC	7/1/51	29,545,000	607,855,000	15.958%
3.000	Series 50	Fixed	7/1/28	1,670,000	609,525,000	16.001%
3.000	Series 59	Fixed	1/1/30	2,345,000	611,870,000	16.063%
3.000	Series 60	Fixed	7/1/32	2,895,000	614,765,000	16.139%
3.050	Series 39	Fixed	7/1/27	885,000	615,650,000	16.162%
3.050	Series 48	Fixed	1/1/32	2,665,000	618,315,000	16.232%
3.050	Series 50	Fixed	1/1/29	1,705,000	620,020,000	16.277%
3.050	Series 55	Fixed	7/1/26	2,210,000	622,230,000	16.335%
3.050	Series 59	Fixed	7/1/30	2,390,000	624,620,000	16.398%
3.050	Series 60	Fixed	1/1/33	2,940,000	627,560,000	16.475%
3.100	Series 39	Fixed	1/1/28	895,000	628,455,000	16.498%
3.100	Series 41	Fixed	7/1/34	6,200,000	634,655,000	16.661%
3.100	Series 48	Fixed	7/1/32	2,705,000	637,360,000	16.732%
3.100	Series 50	Fixed	7/1/29	1,740,000	639,100,000	16.778%
3.100	Series 50	Fixed	1/1/30	1,765,000	640,865,000	16.824%
3.100	Series 55	Fixed	1/1/27	2,260,000	643,125,000	16.883%
3.125	Series 55	Fixed	7/1/27	2,310,000	645,435,000	16.944%
3.125	Series 60	Fixed	7/1/33	2,990,000	648,425,000	17.023%
3.150	Series 37	Fixed	7/1/31	7,555,000	655,980,000	17.221%
3.150	Series 39	Fixed	7/1/28	945,000	656,925,000	17.246%
3.150	Series 48	Fixed	1/1/33	2,745,000	659,670,000	17.318%
3.150	Series 50	Fixed	7/1/30	1,805,000	661,475,000	17.365%
3.150	Series 53	Fixed	7/1/26	1,520,000	662,995,000	17.405%
3.150	Series 55	Fixed	1/1/28	2,360,000	665,355,000	17.467%
3.150	Series 59	Fixed	1/1/31	2,440,000	667,795,000	17.531%
3.200	Series 39	Fixed	1/1/29	945,000	668,740,000	17.556%
3.200	Series 48	Fixed	7/1/33	2,785,000	671,525,000	17.629%
3.200	Series 50	Fixed	1/1/31	1,835,000	673,360,000	17.677%

Coupon	Series	Type	Maturity	Amount	Cumulative	% of Total
3.200	Series 53	Fixed	1/1/27	\$1,545,000	\$674,905,000	17.718%
3.200	Series 53	Fixed	7/1/27	1,585,000	676,490,000	17.759%
3.200	Series 55	Fixed	7/1/28	2,405,000	678,895,000	17.822%
3.200	Series 59	Fixed	7/1/31	2,495,000	681,390,000	17.888%
3.200	Series 60	Fixed	1/1/34	3,040,000	684,430,000	17.968%
3.250	Series 39	Fixed	7/1/29	975,000	685,405,000	17.993%
3.250	Series 48	Fixed	1/1/34	2,825,000	688,230,000	18.068%
3.250	Series 48	Fixed	7/1/34	2,870,000	691,100,000	18.143%
3.250	Series 50	Fixed	7/1/31	1,880,000	692,980,000	18.192%
3.250	Series 51	Fixed	7/1/26	1,685,000	694,665,000	18.236%
3.250	Series 53	Fixed	1/1/28	1,620,000	696,285,000	18.279%
3.250	Series 55	Fixed	1/1/29	2,465,000	698,750,000	18.344%
3.250	Series 60	Fixed	7/1/34	3,095,000	701,845,000	18.425%
3.300	Series 59	Fixed	1/1/32	2,550,000	704,395,000	18.492%
3.300	Series 50	Fixed	1/1/32	1,910,000	706,305,000	18.542%
3.300	Series 53	Fixed	7/1/28	1,650,000	707,955,000	18.585%
3.350	Series 48	Fixed	7/1/37	18,195,000	726,150,000	19.063%
3.350	Series 50	Fixed	7/1/32	1,950,000	728,100,000	19.114%
3.350	Series 53	Fixed	1/1/29	1,685,000	729,785,000	19.158%
3.350	Series 53	Fixed	7/1/29	1,730,000	731,515,000	19.204%
3.350	Series 55	Fixed	7/1/29	2,520,000	734,035,000	19.270%
3.350	Series 59	Fixed	7/1/32	2,605,000	736,640,000	19.338%
3.350	Series 60	Fixed	1/1/35	3,150,000	739,790,000	19.421%
3.375	Series 51	Fixed	1/1/28	5,245,000	745,035,000	19.559%
3.400	Series 38	Fixed	7/1/32	15,370,000	760,405,000	19.962%
3.400	Series 41	Fixed	7/1/39	9,755,000	770,160,000	20.218%
3.400	Series 59	Fixed	1/1/33	2,665,000	772,825,000	20.288%
3.400	Series 50	Fixed	1/1/33	1,990,000	774,815,000	20.341%
3.400	Series 51	Fixed	7/1/28	1,820,000	776,635,000	20.388%
3.400	Series 53	Fixed	1/1/30	1,770,000	778,405,000	20.435%
3.400	Series 53	Fixed	7/1/30	1,805,000	780,210,000	20.482%
3.400	Series 60	Fixed	7/1/35	3,210,000	783,420,000	20.566%
3.450	Series 50	Fixed	7/1/33	2,035,000	785,455,000	20.620%
3.450	Series 53	Fixed	1/1/31	1,845,000	787,300,000	20.668%
3.450	Series 53	Fixed	7/1/31	1,885,000	789,185,000	20.718%
3.450	Series 54	Fixed	7/1/26	1,415,000	790,600,000	20.755%
3.450	Series 55	Fixed	1/1/30	2,580,000	793,180,000	20.823%
3.450	Series 59	Fixed	7/1/33	2,725,000	795,905,000	20.894%
3.500	Series 54	Fixed	1/1/27	1,445,000	797,350,000	20.932%
3.500	Series 54	Fixed	7/1/27	1,475,000	798,825,000	20.971%
3.500	Series 59	Fixed	1/1/34	2,790,000	801,615,000	21.044%
3.500	Series 48	Fixed	7/1/42	34,555,000	836,170,000	21.951%
3.500	Series 49	Fixed	7/1/26	1,545,000	837,715,000	21.992%
3.500	Series 50	Fixed	1/1/34	2,080,000	839,795,000	22.046%

Coupon	Series	Type	Maturity	Amount	Cumulative	% of Total
3.500	Series 51	Fixed	7/1/29	\$3,745,000	\$843,540,000	22.145%
3.500	Series 53	Fixed	1/1/32	1,930,000	845,470,000	22.195%
3.500	Series 53	Fixed	7/1/32	1,970,000	847,440,000	22.247%
3.500	Series 55	Fixed	7/1/30	2,635,000	850,075,000	22.316%
3.500	Series 60	Fixed	1/1/36	3,270,000	853,345,000	22.402%
3.550	Series 41	Fixed	7/1/44	12,595,000	865,940,000	22.733%
3.550	Series 49	Fixed	1/1/27	1,555,000	867,495,000	22.774%
3.550	Series 50	Fixed	7/1/34	2,120,000	869,615,000	22.829%
3.550	Series 53	Fixed	1/1/33	2,025,000	871,640,000	22.882%
3.550	Series 53	Fixed	7/1/33	2,070,000	873,710,000	22.937%
3.550	Series 54	Fixed	1/1/28	1,500,000	875,210,000	22.976%
3.550	Series 55	Fixed	1/1/31	2,705,000	877,915,000	23.047%
3.550	Series 59	Fixed	7/1/34	2,855,000	880,770,000	23.122%
3.550	Series 60	Fixed	7/1/36	3,335,000	884,105,000	23.210%
3.600	Series 49	Fixed	7/1/27	1,595,000	885,700,000	23.252%
3.600	Series 50	Fixed	1/1/35	2,170,000	887,870,000	23.309%
3.600	Series 54	Fixed	7/1/28	1,400,000	889,270,000	23.345%
3.600	Series 59	Fixed	1/1/35	2,925,000	892,195,000	23.422%
3.600	Series 48	Fixed	1/1/46	24,480,000	916,675,000	24.065%
3.600	Series 55	Fixed	7/1/31	2,770,000	919,445,000	24.137%
3.625	Series 39	Fixed	7/1/33	5,150,000	924,595,000	24.273%
3.625	Series 41	Fixed	7/1/49	19,165,000	943,760,000	24.776%
3.650	Series 50	Fixed	7/1/35	2,215,000	945,975,000	24.834%
3.650	Series 51	Fixed	7/1/30	3,895,000	949,870,000	24.936%
3.650	Series 53	Fixed	1/1/34	2,120,000	951,990,000	24.992%
3.650	Series 53	Fixed	7/1/34	2,170,000	954,160,000	25.049%
3.650	Series 54	Fixed	1/1/29	900,000	955,060,000	25.072%
3.650	Series 54	Fixed	7/1/29	925,000	955,985,000	25.097%
3.650	Series 55	Fixed	1/1/32	2,835,000	958,820,000	25.171%
3.650	Series 59	Fixed	7/1/35	2,995,000	961,815,000	25.250%
3.700	Series 49	Fixed	1/1/28	1,625,000	963,440,000	25.292%
3.700	Series 53	Fixed	1/1/35	2,220,000	965,660,000	25.351%
3.700	Series 55	Fixed	7/1/32	2,905,000	968,565,000	25.427%
3.750	Series 48	PAC	7/1/52	42,175,000	1,010,740,000	26.534%
3.750	Series 49	Fixed	7/1/28	1,655,000	1,012,395,000	26.578%
3.750	Series 51	Fixed	7/1/31	4,070,000	1,016,465,000	26.684%
3.750	Series 52	Fixed	7/1/26	2,030,000	1,018,495,000	26.738%
3.750	Series 53	Fixed	7/1/35	2,275,000	1,020,770,000	26.797%
3.750	Series 54	Fixed	1/1/30	950,000	1,021,720,000	26.822%
3.750	Series 55	Fixed	1/1/33	2,975,000	1,024,695,000	26.900%
3.750	Series 55	Fixed	7/1/33	3,060,000	1,027,755,000	26.981%
3.750	Series 59	Fixed	1/1/36	3,070,000	1,030,825,000	27.061%
3.800	Series 49	Fixed	1/1/29	1,685,000	1,032,510,000	27.106%
3.800	Series 52	Fixed	1/1/27	2,070,000	1,034,580,000	27.160%

Coupon	Series	Type	Maturity	Amount	Cumulative	% of Total
3.800	Series 53	Fixed	1/1/36	\$2,330,000	\$1,036,910,000	27.221%
3.800	Series 54	Fixed	7/1/30	975,000	1,037,885,000	27.247%
3.800	Series 55	Fixed	1/1/34	3,135,000	1,041,020,000	27.329%
3.800	Series 55	Fixed	7/1/34	3,210,000	1,044,230,000	27.413%
3.800	Series 59	Fixed	7/1/36	3,150,000	1,047,380,000	27.496%
3.850	Series 38	Fixed	7/1/37	23,790,000	1,071,170,000	28.121%
3.850	Series 39	Fixed	7/1/38	7,460,000	1,078,630,000	28.316%
3.850	Series 49	Fixed	7/1/29	1,730,000	1,080,360,000	28.362%
3.850	Series 51	Fixed	7/1/32	4,250,000	1,084,610,000	28.473%
3.850	Series 52	Fixed	7/1/27	2,125,000	1,086,735,000	28.529%
3.850	Series 53	Fixed	7/1/36	2,390,000	1,089,125,000	28.592%
3.850	Series 54	Fixed	1/1/31	1,000,000	1,090,125,000	28.618%
3.850	Series 55	Fixed	1/1/35	3,295,000	1,093,420,000	28.705%
3.850	Series 55	Fixed	7/1/35	3,380,000	1,096,800,000	28.793%
3.850	Series 59	Fixed	1/1/37	3,230,000	1,100,030,000	28.878%
3.850	Series 59	Fixed	7/1/37	3,310,000	1,103,340,000	28.965%
3.875	Series 51	Fixed	1/1/33	2,195,000	1,105,535,000	29.023%
3.875	Series 52	Fixed	1/1/28	2,170,000	1,107,705,000	29.080%
3.875	Series 55	Fixed	1/1/36	3,470,000	1,111,175,000	29.171%
3.875	Series 55	Fixed	7/1/36	3,560,000	1,114,735,000	29.264%
3.900	Series 49	Fixed	1/1/30	1,775,000	1,116,510,000	29.311%
3.900	Series 51	Fixed	7/1/33	2,250,000	1,118,760,000	29.370%
3.900	Series 52	Fixed	7/1/28	2,220,000	1,120,980,000	29.428%
3.900	Series 54	Fixed	7/1/31	1,030,000	1,122,010,000	29.455%
3.950	Series 38	Fixed	1/1/41	13,490,000	1,135,500,000	29.809%
3.950	Series 49	Fixed	7/1/30	1,800,000	1,137,300,000	29.857%
3.950	Series 50	Fixed	7/1/38	14,430,000	1,151,730,000	30.235%
3.950	Series 51	Fixed	1/1/34	2,300,000	1,154,030,000	30.296%
3.950	Series 51	Fixed	7/1/34	2,345,000	1,156,375,000	30.357%
3.950	Series 51	Fixed	1/1/35	2,400,000	1,158,775,000	30.420%
3.950	Series 51	Fixed	7/1/35	2,460,000	1,161,235,000	30.485%
3.950	Series 52	Fixed	1/1/29	2,270,000	1,163,505,000	30.545%
3.950	Series 54	Fixed	1/1/32	1,060,000	1,164,565,000	30.572%
3.950	Series 54	Fixed	7/1/32	1,090,000	1,165,655,000	30.601%
3.950	Series 54	Fixed	1/1/33	1,115,000	1,166,770,000	30.630%
3.950	Series 54	Fixed	7/1/33	1,145,000	1,167,915,000	30.660%
4.000	Series 38	PAC	7/1/47	5,945,000	1,173,860,000	30.816%
4.000	Series 39	PAC	7/1/48	7,480,000	1,181,340,000	31.013%
4.000	Series 41	PAC	1/1/50	9,565,000	1,190,905,000	31.264%
4.000	Series 42	PAC	1/1/50	14,085,000	1,204,990,000	31.634%
4.000	Series 43	PAC	7/1/50	16,085,000	1,221,075,000	32.056%
4.000	Series 44	PAC	7/1/50	13,625,000	1,234,700,000	32.414%
4.000	Series 52	Fixed	7/1/29	2,320,000	1,237,020,000	32.474%
4.000	Series 53	Fixed	7/1/39	15,685,000	1,252,705,000	32.886%

Coupon	Series	Type	Maturity	Amount	Cumulative	% of Total
4.000	Series 54	Fixed	1/1/34	\$1,180,000	\$1,253,885,000	32.917%
4.000	Series 54	Fixed	7/1/34	1,210,000	1,255,095,000	32.949%
4.000	Series 55	Fixed	7/1/39	23,480,000	1,278,575,000	33.565%
4.050	Series 49	Fixed	1/1/31	1,835,000	1,280,410,000	33.614%
4.050	Series 52	Fixed	1/1/30	2,380,000	1,282,790,000	33.676%
4.050	Series 54	Fixed	1/1/35	1,245,000	1,284,035,000	33.709%
4.050	Series 54	Fixed	7/1/35	1,280,000	1,285,315,000	33.742%
4.050	Series 60	Fixed	7/1/41	14,625,000	1,299,940,000	34.126%
4.100	Series 51	Fixed	7/1/38	16,045,000	1,315,985,000	34.547%
4.100	Series 54	Fixed	1/1/36	1,315,000	1,317,300,000	34.582%
4.100	Series 54	Fixed	7/1/36	1,355,000	1,318,655,000	34.618%
4.100	Series 49	Fixed	7/1/31	1,875,000	1,320,530,000	34.667%
4.100	Series 52	Fixed	7/1/30	2,430,000	1,322,960,000	34.731%
4.125	Series 49	Fixed	1/1/32	1,935,000	1,324,895,000	34.781%
4.150	Series 49	Fixed	7/1/32	1,960,000	1,326,855,000	34.833%
4.150	Series 52	Fixed	7/1/31	5,045,000	1,331,900,000	34.965%
4.150	Series 54	Fixed	7/1/39	8,955,000	1,340,855,000	35.200%
4.150	Series 59	Fixed	7/1/40	13,975,000	1,354,830,000	35.567%
4.200	Series 51	Fixed	7/1/40	12,080,000	1,366,910,000	35.884%
4.200	Series 52	Fixed	1/1/32	2,610,000	1,369,520,000	35.953%
4.250	Series 40	PAC	7/1/47	6,580,000	1,376,100,000	36.126%
4.250	Series 49	Fixed	1/1/33	2,010,000	1,378,110,000	36.178%
4.250	Series 52	Fixed	7/1/32	2,685,000	1,380,795,000	36.249%
4.300	Series 49	Fixed	7/1/33	2,065,000	1,382,860,000	36.303%
4.300	Series 52	Fixed	1/1/33	2,745,000	1,385,605,000	36.375%
4.300	Series 52	Fixed	7/1/33	2,815,000	1,388,420,000	36.449%
4.350	Series 49	Fixed	1/1/34	2,105,000	1,390,525,000	36.504%
4.350	Series 50	Fixed	7/1/43	29,450,000	1,419,975,000	37.277%
4.350	Series 52	Fixed	1/1/34	2,890,000	1,422,865,000	37.353%
4.350	Series 52	Fixed	7/1/34	2,960,000	1,425,825,000	37.431%
4.350	Series 52	Fixed	1/1/35	3,040,000	1,428,865,000	37.511%
4.350	Series 52	Fixed	7/1/35	3,125,000	1,431,990,000	37.593%
4.350	Series 55	Fixed	1/1/44	38,770,000	1,470,760,000	38.611%
4.375	Series 51	Fixed	7/1/43	20,610,000	1,491,370,000	39.152%
4.375	Series 53	Fixed	7/1/44	32,510,000	1,523,880,000	40.005%
4.385	Series 57	Fixed	7/1/26	2,090,000	1,525,970,000	40.060%
4.400	Series 50	Fixed	7/1/46	19,905,000	1,545,875,000	40.583%
4.400	Series 49	Fixed	7/1/34	2,160,000	1,548,035,000	40.639%
4.435	Series 57	Fixed	1/1/27	2,140,000	1,550,175,000	40.695%
4.435	Series 57	Fixed	7/1/27	2,185,000	1,552,360,000	40.753%
4.442	Series 58	Fixed	7/1/26	1,605,000	1,553,965,000	40.795%
4.442	Series 58	Fixed	1/1/27	2,215,000	1,556,180,000	40.853%
4.448	Series 57	Fixed	1/1/28	2,235,000	1,558,415,000	40.912%
4.492	Series 58	Fixed	7/1/27	2,260,000	1,560,675,000	40.971%

Coupon	Series	Type	Maturity	Amount	Cumulative	% of Total
4.498	Series 57	Fixed	7/1/28	\$2,285,000	\$1,562,960,000	41.031%
4.500	Series 51	Fixed	1/1/48	36,385,000	1,599,345,000	41.986%
4.500	Series 60	Fixed	7/1/46	29,955,000	1,629,300,000	42.773%
4.520	Series 58	Fixed	1/1/28	2,305,000	1,631,605,000	42.833%
4.550	Series 53	Fixed	1/1/50	46,030,000	1,677,635,000	44.042%
4.550	Series 54	Fixed	7/1/44	18,855,000	1,696,490,000	44.537%
4.550	Series 58	Fixed	7/1/28	2,350,000	1,698,840,000	44.598%
4.550	Series 59	Fixed	7/1/45	30,040,000	1,728,880,000	45.387%
4.594	Series 57	Fixed	1/1/29	2,335,000	1,731,215,000	45.448%
4.594	Series 57	Fixed	7/1/29	2,390,000	1,733,605,000	45.511%
4.600	Series 49	Fixed	7/1/37	14,135,000	1,747,740,000	45.882%
4.600	Series 59	Fixed	1/1/47	10,245,000	1,757,985,000	46.151%
4.625	Series 52	Fixed	7/1/38	20,610,000	1,778,595,000	46.692%
4.631	Series 58	Fixed	1/1/29	2,400,000	1,780,995,000	46.755%
4.644	Series 57	Fixed	1/1/30	2,445,000	1,783,440,000	46.819%
4.650	Series 60	Fixed	7/1/51	39,480,000	1,822,920,000	47.856%
4.691	Series 58	Fixed	7/1/29	2,445,000	1,825,365,000	47.920%
4.692	Series 54	Fixed	1/1/28	690,000	1,826,055,000	47.938%
4.692	Series 54	Fixed	7/1/28	710,000	1,826,765,000	47.957%
4.694	Series 57	Fixed	7/1/30	2,500,000	1,829,265,000	48.022%
4.700	Series 54	Fixed	7/1/50	31,475,000	1,860,740,000	48.849%
4.700	Series 60	Fixed	7/1/57	57,545,000	1,918,285,000	50.359%
4.741	Series 58	Fixed	1/1/30	2,495,000	1,920,780,000	50.425%
4.741	Series 58	Fixed	7/1/30	2,550,000	1,923,330,000	50.492%
4.742	Series 54	Fixed	1/1/29	720,000	1,924,050,000	50.511%
4.792	Series 54	Fixed	7/1/29	735,000	1,924,785,000	50.530%
4.800	Series 54	Fixed	1/1/55	31,020,000	1,955,805,000	51.344%
4.812	Series 57	Fixed	1/1/31	2,425,000	1,958,230,000	51.408%
4.823	Series 53	Fixed	1/1/28	820,000	1,959,050,000	51.429%
4.829	Series 54	Fixed	1/1/30	760,000	1,959,810,000	51.449%
4.835	Series 53	Fixed	1/1/27	775,000	1,960,585,000	51.470%
4.835	Series 53	Fixed	7/1/27	795,000	1,961,380,000	51.491%
4.848	Series 54	Fixed	1/1/27	705,000	1,962,085,000	51.509%
4.848	Series 54	Fixed	7/1/27	675,000	1,962,760,000	51.527%
4.852	Series 57	Fixed	7/1/31	1,750,000	1,964,510,000	51.573%
4.873	Series 53	Fixed	7/1/28	830,000	1,965,340,000	51.594%
4.875	Series 49	Fixed	7/1/42	29,075,000	1,994,415,000	52.358%
4.879	Series 54	Fixed	7/1/30	775,000	1,995,190,000	52.378%
4.882	Series 57	Fixed	1/1/32	1,790,000	1,996,980,000	52.425%
4.900	Series 52	Fixed	7/1/43	43,195,000	2,040,175,000	53.559%
4.918	Series 53	Fixed	7/1/26	765,000	2,040,940,000	53.579%
4.919	Series 54	Fixed	1/1/31	790,000	2,041,730,000	53.600%
4.932	Series 57	Fixed	7/1/32	1,840,000	2,043,570,000	53.648%
4.962	Series 58	Fixed	1/1/31	2,420,000	2,045,990,000	53.712%

Coupon	Series	Type	Maturity	Amount	Cumulative	% of Total
4.969	Series 54	Fixed	7/1/31	\$810,000	\$2,046,800,000	53.733%
4.973	Series 53	Fixed	1/1/29	850,000	2,047,650,000	53.755%
4.982	Series 58	Fixed	7/1/31	1,775,000	2,049,425,000	53.802%
5.000	Series 48	Fixed	1/1/27	2,360,000	2,051,785,000	53.864%
5.000	Series 48	Fixed	7/1/27	2,385,000	2,054,170,000	53.926%
5.000	Series 48	Fixed	1/1/28	2,410,000	2,056,580,000	53.990%
5.000	Series 48	Fixed	7/1/28	2,440,000	2,059,020,000	54.054%
5.000	Series 48	Fixed	1/1/30	2,530,000	2,061,550,000	54.120%
5.000	Series 48	Fixed	7/1/30	2,565,000	2,064,115,000	54.188%
5.000	Series 48	Fixed	1/1/31	2,595,000	2,066,710,000	54.256%
5.000	Series 48	Fixed	7/1/31	2,630,000	2,069,340,000	54.325%
5.000	Series 49	Fixed	7/1/47	37,840,000	2,107,180,000	55.318%
5.000	Series 52	Fixed	7/1/46	28,155,000	2,135,335,000	56.057%
5.000	Series 60	Fixed	1/1/37	3,400,000	2,138,735,000	56.146%
5.000	Series 60	Fixed	7/1/37	3,465,000	2,142,200,000	56.237%
5.000	Series 60	Fixed	1/1/38	3,535,000	2,145,735,000	56.330%
5.000	Series 60	Fixed	7/1/38	3,610,000	2,149,345,000	56.425%
5.012	Series 54	Fixed	7/1/26	775,000	2,150,120,000	56.445%
5.018	Series 54	Fixed	1/1/32	830,000	2,150,950,000	56.467%
5.023	Series 53	Fixed	7/1/29	880,000	2,151,830,000	56.490%
5.062	Series 58	Fixed	1/1/32	1,815,000	2,153,645,000	56.538%
5.071	Series 57	Fixed	1/1/33	1,885,000	2,155,530,000	56.587%
5.078	Series 54	Fixed	7/1/32	850,000	2,156,380,000	56.610%
5.092	Series 58	Fixed	7/1/32	1,865,000	2,158,245,000	56.659%
5.098	Series 54	Fixed	1/1/33	870,000	2,159,115,000	56.682%
5.099	Series 53	Fixed	1/1/30	895,000	2,160,010,000	56.705%
5.121	Series 57	Fixed	7/1/33	1,940,000	2,161,950,000	56.756%
5.149	Series 53	Fixed	7/1/30	915,000	2,162,865,000	56.780%
5.158	Series 54	Fixed	7/1/33	890,000	2,163,755,000	56.803%
5.171	Series 57	Fixed	1/1/34	1,995,000	2,165,750,000	56.856%
5.199	Series 53	Fixed	1/1/31	940,000	2,166,690,000	56.880%
5.208	Series 54	Fixed	1/1/34	910,000	2,167,600,000	56.904%
5.221	Series 57	Fixed	7/1/34	2,045,000	2,169,645,000	56.958%
5.249	Series 53	Fixed	7/1/31	965,000	2,170,610,000	56.983%
5.258	Series 54	Fixed	7/1/34	935,000	2,171,545,000	57.008%
5.271	Series 57	Fixed	1/1/35	2,105,000	2,173,650,000	57.063%
5.308	Series 54	Fixed	1/1/35	960,000	2,174,610,000	57.088%
5.318	Series 53	Fixed	1/1/32	985,000	2,175,595,000	57.114%
5.321	Series 57	Fixed	7/1/35	2,160,000	2,177,755,000	57.171%
5.341	Series 57	Fixed	1/1/36	2,220,000	2,179,975,000	57.229%
5.348	Series 53	Fixed	7/1/32	1,015,000	2,180,990,000	57.256%
5.355	Series 58	Fixed	1/1/33	1,910,000	2,182,900,000	57.306%
5.358	Series 54	Fixed	7/1/35	980,000	2,183,880,000	57.332%
5.371	Series 57	Fixed	7/1/36	2,285,000	2,186,165,000	57.392%

Coupon	Series	Type	Maturity	Amount	Cumulative	% of Total
5.388	Series 53	Fixed	1/1/33	\$1,040,000	\$2,187,205,000	57.419%
5.388	Series 54	Fixed	1/1/36	1,005,000	2,188,210,000	57.445%
5.405	Series 58	Fixed	7/1/33	1,955,000	2,190,165,000	57.497%
5.417	Series 52	Fixed	1/1/27	595,000	2,190,760,000	57.512%
5.418	Series 53	Fixed	7/1/33	1,065,000	2,191,825,000	57.540%
5.418	Series 53	Fixed	1/1/34	1,095,000	2,192,920,000	57.569%
5.418	Series 54	Fixed	7/1/36	1,030,000	2,193,950,000	57.596%
5.419	Series 52	Fixed	7/1/26	585,000	2,194,535,000	57.611%
5.448	Series 53	Fixed	7/1/34	1,120,000	2,195,655,000	57.641%
5.457	Series 52	Fixed	7/1/27	615,000	2,196,270,000	57.657%
5.475	Series 58	Fixed	1/1/34	2,010,000	2,198,280,000	57.710%
5.488	Series 53	Fixed	1/1/35	1,150,000	2,199,430,000	57.740%
5.491	Series 57	Fixed	7/1/40	20,740,000	2,220,170,000	58.284%
5.500	Series 50	PAC	1/1/54	62,255,000	2,282,425,000	59.919%
5.517	Series 52	Fixed	1/1/28	630,000	2,283,055,000	59.935%
5.518	Series 53	Fixed	7/1/39	11,820,000	2,294,875,000	60.246%
5.525	Series 58	Fixed	7/1/34	2,060,000	2,296,935,000	60.300%
5.547	Series 52	Fixed	7/1/28	640,000	2,297,575,000	60.316%
5.565	Series 58	Fixed	1/1/35	2,115,000	2,299,690,000	60.372%
5.585	Series 58	Fixed	7/1/35	2,170,000	2,301,860,000	60.429%
5.598	Series 54	Fixed	7/1/39	6,785,000	2,308,645,000	60.607%
5.645	Series 58	Fixed	1/1/36	2,225,000	2,310,870,000	60.665%
5.654	Series 53	Fixed	7/1/44	16,850,000	2,327,720,000	61.108%
5.655	Series 58	Fixed	7/1/36	2,285,000	2,330,005,000	61.168%
5.692	Series 52	Fixed	1/1/29	655,000	2,330,660,000	61.185%
5.695	Series 58	Fixed	1/1/37	2,345,000	2,333,005,000	61.247%
5.725	Series 58	Fixed	7/1/37	2,415,000	2,335,420,000	61.310%
5.742	Series 52	Fixed	7/1/29	675,000	2,336,095,000	61.328%
5.748	Series 57	Fixed	7/1/45	33,495,000	2,369,590,000	62.207%
5.750	Series 51	PAC	1/1/54	57,225,000	2,426,815,000	63.709%
5.754	Series 53	Fixed	1/1/50	22,530,000	2,449,345,000	64.301%
5.792	Series 52	Fixed	1/1/30	685,000	2,450,030,000	64.319%
5.798	Series 57	Fixed	7/1/50	44,665,000	2,494,695,000	65.491%
5.811	Series 54	Fixed	7/1/44	13,955,000	2,508,650,000	65.858%
5.842	Series 52	Fixed	7/1/30	710,000	2,509,360,000	65.876%
5.848	Series 57	Fixed	1/1/56	61,575,000	2,570,935,000	67.493%
5.869	Series 52	Fixed	1/1/31	720,000	2,571,655,000	67.512%
5.881	Series 54	Fixed	7/1/49	18,170,000	2,589,825,000	67.989%
5.894	Series 52	Fixed	7/1/31	740,000	2,590,565,000	68.008%
5.901	Series 54	Fixed	1/1/55	24,290,000	2,614,855,000	68.646%
5.919	Series 52	Fixed	1/1/32	765,000	2,615,620,000	68.666%
5.949	Series 52	Fixed	7/1/32	780,000	2,616,400,000	68.686%
5.969	Series 52	Fixed	1/1/33	800,000	2,617,200,000	68.707%
5.975	Series 58	Fixed	7/1/40	15,925,000	2,633,125,000	69.125%

Coupon	Series	Type	Maturity	Amount	Cumulative	% of Total
5.989	Series 52	Fixed	7/1/33	\$820,000	\$2,633,945,000	69.147%
6.000	Series 49	PAC	7/1/53	44,655,000	2,678,600,000	70.319%
6.039	Series 52	Fixed	7/1/38	9,445,000	2,688,045,000	70.567%
6.128	Series 52	Fixed	7/1/43	12,190,000	2,700,235,000	70.887%
6.182	Series 58	Fixed	7/1/45	33,140,000	2,733,375,000	71.757%
6.212	Series 58	Fixed	7/1/50	43,770,000	2,777,145,000	72.906%
6.238	Series 52	Fixed	1/1/49	17,030,000	2,794,175,000	73.353%
6.250	Series 52	PAC	1/1/55	78,020,000	2,872,195,000	75.401%
6.250	Series 53	PAC	1/1/55	57,395,000	2,929,590,000	76.908%
6.250	Series 53	PAC	1/1/55	27,660,000	2,957,250,000	77.634%
6.250	Series 54	PAC	1/1/55	77,855,000	3,035,105,000	79.678%
6.250	Series 55	PAC	7/1/55	93,025,000	3,128,130,000	82.120%
6.250	Series 57	PAC	1/1/56	92,190,000	3,220,320,000	84.540%
6.250	Series 59	PAC	1/1/57	88,280,000	3,308,600,000	86.858%
6.250	Series 60	PAC	7/1/57	89,010,000	3,397,610,000	89.195%
6.322	Series 58	Fixed	1/1/56	63,730,000	3,461,340,000	90.868%
6.500	Series 52	PAC	1/1/55	20,735,000	3,482,075,000	91.412%
6.500	Series 54	PAC	1/1/55	15,715,000	3,497,790,000	91.825%
6.500	Series 58	PAC	1/1/56	92,415,000	3,590,205,000	94.251%
N/A	Series 52	Variable	7/1/49	40,000,000	3,630,205,000	95.301%
N/A	Series 55	Variable	1/1/50	80,000,000	3,710,205,000	97.401%
N/A	Series 59	Variable	1/1/57	99,000,000	3,809,205,000	100.000%