

NEW ISSUE BOOK-ENTRY ONLY

RATING: *Standard & Poor's: (See "RATING" herein)
Series 2009 A Bonds: "AAA"*

In the opinion of Kutak Rock LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and judicial decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2009 A Bonds is includable in the gross income of the holders thereof for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Bond Counsel is also of the opinion that, under existing law, interest on the Series 2009 A Bonds is exempt from the District of Columbia's income taxation, except estate, inheritance or gift taxes. See "TAX MATTERS" herein.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

\$25,000,000

**Single Family Housing Revenue Bonds
Series 2009 A (Program Bonds – Taxable)**

Dated: December 30, 2009
Interest Accrual Date: January 12, 2010

Due: As shown on the inside cover

The District of Columbia Housing Finance Agency (the "Issuer") has agreed to issue its Single Family Housing Revenue Bonds Series 2009 A (the "Program Bonds") in the aggregate principal amount of \$25,000,000, pursuant to and secured by a General Indenture of Trust dated as of December 1, 2009 (the "General Indenture"), and a Supplemental Indenture of Trust dated as of December 1, 2009 (the "Supplemental Indenture," and together with the General Indenture, the "Indenture"), each by and between the Issuer and U. S. Bank National Association, Richmond, Virginia, as trustee (the "Trustee").

The Program Bonds are issuable only as fully registered bonds, without coupons, in denominations of \$5,000 or any integral multiple thereof, and for purposes of initial issuance and redemption of Program Bonds, \$10,000 or any integral multiple thereof (the "Authorized Denominations"). The Program Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Program Bonds. Individual purchases of the Program Bonds will be made in book-entry form and individual purchasers of the Program Bonds will not receive certificates representing their interest in the Program Bonds purchased. Purchases of the Program Bonds may be made only in book-entry form in Authorized Denominations as described herein. The principal of, premium, if any, and interest on the Program Bonds will be payable by the Trustee to DTC, which will remit such payments in accordance with its normal procedures, as described herein.

The Program Bonds will begin to accrue interest from January 12, 2010 and will be payable upon the applicable Release Date for the Program Bonds being Converted as described herein or upon the redemption date thereof as more fully described herein for any Program Bonds that have not Converted.

The Program Bonds are subject to Conversion and are subject to optional and special redemption prior to their stated maturity as set forth herein.

THIS OFFICIAL STATEMENT IS INTENDED TO DESCRIBE THE PROGRAM BONDS ONLY TO THE APPLICABLE RELEASE DATE, IF ANY, FOR THE PROGRAM BONDS THAT ARE CONVERTED OR TO THE REDEMPTION DATE FOR PROGRAM BONDS THAT ARE NOT CONVERTED. THIS OFFICIAL STATEMENT IS NOT INTENDED TO DESCRIBE ANY PROGRAM BONDS AFTER THE RELEASE DATE THEREOF.

The Program Bonds are issued under the Indenture in connection with the New Issue Bond Program of the Housing Finance Agency Initiative described herein and, upon initial issuance and delivery, proceeds of the Program Bonds (along with an additional deposit of the Agency) shall be deposited in the escrow fund established under the Supplemental Indenture (the "Escrow Fund") and held therein until released and transferred by the Trustee pursuant to the Supplemental Indenture on the Release Date as more fully described herein.

THE PROGRAM BONDS DO NOT CONSTITUTE OBLIGATIONS OF THE DISTRICT OF COLUMBIA, BUT ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM AND SECURED BY THE PROPERTY PLEDGED THEREFOR UNDER THE INDENTURE. THE ISSUER IS NOT OBLIGATED TO PAY PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE PROGRAM BONDS EXCEPT FROM THE PLEDGED PROPERTY. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT IS PLEDGED TO THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE PROGRAM BONDS. THE ISSUER HAS NO TAXING POWER. THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. THIS COVER PAGE IS NOT INTENDED TO BE A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION REGARDING THE PROGRAM BONDS.

The Program Bonds are offered when, as and if issued and received by the purchasers thereof, subject to the approving opinion of Kutak Rock LLP, Washington, D.C., Bond Counsel. Certain legal matters will be passed upon for the Issuer by Maria Day-Marshall, its General Counsel. It is expected that the Program Bonds will be available for delivery through the facilities of DTC in New York, NY on or about December 30, 2009.

Dated: December 18, 2009

MATURITY SCHEDULE

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
Single Family Housing Revenue Bonds
Series 2009 A**

\$25,000,000 Series 2009 A

\$25,000,000 Term Bonds due December 1, 2041 Price: 100% CUSIP 25477RAA9

No dealer, broker, salesman or other person has been authorized by the Issuer to give any information or to make any representations with respect to the Program Bonds other than those contained in this Official Statement 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 an offer to buy, nor shall there be any sales of the Program 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 obtained from the Issuer and other sources which are believed to be reliable. The information regarding DTC and DTC's book-entry system (in Appendix F) has been obtained from DTC, but is not guaranteed as to accuracy or completeness by the Issuer. The information regarding the Master Servicer has been obtained from the Master Servicer, but is not guaranteed as to accuracy or completeness by the Issuer. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Issuer, DTC or the Master Servicer since the date hereof. This Official Statement does not constitute a contract between the Issuer and any one or more of the purchasers or registered owners of the Program Bonds.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the attached Appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections in this Official Statement. All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Program Bonds are qualified in their entirety by reference to the form thereof included in the Indenture and the provisions with respect thereto included in the aforesaid documents and agreements.

THE PROGRAM BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE PROGRAM BONDS IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THE PROGRAM BONDS HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER SUCH JURISDICTION NOR ANY RELATED AGENCY HAS GUARANTEED OR PASSED UPON THE SAFETY OF THE PROGRAM BONDS AS AN INVESTMENT, UPON THE PROBABILITY OF ANY EARNINGS THEREON OR UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION.....	1
THE ISSUER	2
CONTINUING DISCLOSURE	7
APPLICATION OF THE PROCEEDS OF THE PROGRAM BONDS.....	8
THE PROGRAM BONDS.....	8
SECURITY FOR THE PROGRAM BONDS.....	10
MORTGAGE-BACKED SECURITIES	11
THE PROGRAM	13
TAX MATTERS.....	16
APPROVAL OF LEGAL PROCEEDINGS	17
ABSENCE OF LITIGATION.....	17
FINANCIAL ADVISOR.....	18
SPECIAL ADVISOR.....	18
PLACEMENT OF THE PROGRAM BONDS	18
RATING.....	18
MISCELLANEOUS.....	18
APPENDIX A – Definitions of Certain Terms	A-1
APPENDIX B – Summary of Certain Provisions of the Indenture.....	B-1
APPENDIX C – Form of Appendix to the Supplemental Indenture.....	C-1
APPENDIX D - Freddie Mac, Ginnie Mae and Fannie Mae Programs	D-1
APPENDIX E - Proposed Form of Opinion of Bond Counsel.....	E-1
APPENDIX F - Book-Entry Only Provisions	F-1
APPENDIX G –Form of Continuing Disclosure Undertaking.....	G-1

OFFICIAL STATEMENT

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

\$25,000,000
Single Family Housing Revenue Bonds
Series 2009 A

INTRODUCTION

The purpose of this Official Statement, which includes the cover page, the inside cover page and the Appendices hereto, is to set forth certain information in connection with the issuance by the District of Columbia Housing Finance Agency (the "Agency" or the "Issuer") of its Single Family Housing Revenue Bonds, Series 2009 A, in the aggregate principal amount of \$25,000,000 (the "Program Bonds" or the "Series 2009 A Bonds"). The Program Bonds will be issued pursuant to the provisions of a General Indenture of Trust dated as of December 1, 2009 (the "General Indenture"), and a Supplemental Indenture of Trust dated as of December 1, 2009 (the "Supplemental Indenture," and, together with the General Indenture, the "Indenture"), each by and between the Issuer and U. S. Bank National Association, Richmond, Virginia, as trustee (the "Trustee"). The Program Bonds and any additional Bonds which may be issued in the future under the General Indenture are and will be parity debt obligations, equally and ratably secured under the General Indenture.

The Program Bonds are the first Series of Bonds issued under the General Indenture. The Issuer may issue additional series of Single Family Housing Revenue Bonds pursuant to a Supplemental Indenture. The Program Bonds, together with any additional series of Single Family Housing Revenue Bonds issued under the General Indenture are herein called the "Bonds." All capitalized terms used in this Official Statement that are not defined herein but are defined in the Indenture shall have the respective meanings set forth in the Indenture. Prior to the issuance of the Program Bonds, the Issuer will transfer to the Trustee for deposit into the Escrow Fund (as defined on the cover) an amount equal to \$52,500 (the "Shortfall Amount") as well as a \$25,000 good faith deposit.

Under the New Issue Bond Program ("NIBP") announced by the United States Treasury, the Issuer will deliver, subject to certain conditions, the Program Bonds to Fannie Mae and Freddie Mac (each a "GSE") under the terms of the Placement Agreement (the "Placement Agreement") among the GSEs and the Issuer. See PLACEMENT OF THE PROGRAM BONDS.

Pursuant to the terms of the Indenture, proceeds of the Program Bonds will initially be held in the Escrow Fund until released and transferred by the Trustee, as set forth in the Indenture. The proceeds in the Escrow Fund are intended to be used for the purpose of financing the purchase of mortgage-backed securities (as defined by the Indenture), or until applied to the redemption of Program Bonds. The Issuer may establish, subject to the approval of the GSEs, up to three release dates (each, a "Release Date") and the respective amounts of proceeds to be released on each such Release Date. On the date three months after each Release Date, the interest rate on a principal amount of Program Bonds equal to the amount of proceeds released on such Release Date will be converted ("Converted") to an interest rate permitted by the Indenture (each such conversion, a "Conversion"). The proceeds the Issuer receives from the GSEs along with the Shortfall Amount will be placed in the Escrow Fund for the Program Bonds.

THIS OFFICIAL STATEMENT IS INTENDED TO DESCRIBE THE PROGRAM BONDS ONLY TO THE APPLICABLE RELEASE DATE, IF ANY, FOR THE PROGRAM BONDS THAT ARE CONVERTED OR TO THE REDEMPTION DATE FOR PROGRAM BONDS THAT ARE NOT CONVERTED. THIS OFFICIAL STATEMENT IS NOT INTENDED TO DESCRIBE ANY PROGRAM BONDS AFTER THE RELEASE DATE THEREOF.

Pursuant to the Indenture, proceeds held in the Escrow Fund are to be invested in Permitted Escrow Investments and are pledged exclusively to the repayment of the Program Bonds prior to the Release Date thereof. Any amounts remaining on deposit in the Escrow Fund on January 1, 2011 will be applied to pay the redemption

price of, and accrued interest on, the Program Bonds for which no Release Date has occurred.

The Issuer provides funds to finance the purchase of fully modified mortgage-backed securities (the “Ginnie Mae Securities”), guaranteed as to timely payment of principal and interest by the Government National Mortgage Association (“Ginnie Mae”) and/or mortgage-backed securities (the “Freddie Mac Securities”) issued and guaranteed by the Federal Home Loan Mortgage Corporation (“Freddie Mac” or “FHLMC”) and/or mortgage-backed securities (the “Fannie Mae Securities”) issued and guaranteed by Fannie Mae (“FNMA” or “Fannie Mae”), in each case backed by pools of qualifying mortgage loans (as described herein) originated by one or more of the participating mortgage lending institutions (the “Lenders”), to qualified persons or families of low or moderate income to finance the purchase of single-family residences for use as the principal residence of such persons in the District. The Ginnie Mae Securities, the Freddie Mac Securities and the Fannie Mae Securities are hereinafter collectively referred to herein as the “Mortgage-Backed Securities.” See “**MORTGAGE-BACKED SECURITIES**” and Appendix D herein.

The references to and summaries and descriptions of the Act, the Indenture, the Program Bonds and the NIBP, and the other statutes, instruments and documents which are included or are referred to in this Official Statement do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entireties by references to the appropriate statute, instrument or document.

THE ISSUER

The Issuer is a corporate body and an instrumentality of the District of Columbia (the “District”), created under the District of Columbia Housing Finance Agency Act, Chapter 27 of Title 42 of the District of Columbia Code, as amended (the “Act”). The Program Bonds do not constitute obligations of the District, but are special limited obligations of the Issuer payable solely from and secured by the revenues and properties of the Issuer pledged under the Indenture and not from any other revenues or property of the Issuer, and do not constitute an indebtedness or obligation (legal, general, moral, special or otherwise) of the District. Neither the full faith and credit nor the taxing power of the District is pledged for the payment of the principal of, premium, if any, or interest on, the Program Bonds or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the Issuer, and none of the Program Bonds or any of the agreements or obligations of the Issuer shall be construed to constitute an indebtedness of the District within the meaning of any constitutional or statutory provision whatsoever. The Issuer has no taxing power. See, “**SECURITY FOR THE PROGRAM BONDS.**”

General

The Issuer was established in 1979 pursuant to the Act as a corporate body which has a legal existence separate from the government of the District but which is an instrumentality of the government of the District created to effectuate certain public purposes. The Act declares that there exists in the District a critical shortage of adequate housing for low and moderate income families, and empowers the Issuer to generate funds from private and public sources to increase the supply and lower the cost of funds available for residential mortgages and construction loans and thereby help alleviate the shortage of adequate housing. The principal office of the Issuer is located at 815 Florida Avenue, N.W., Washington, D.C., 20001; telephone (202) 777-1600.

From the Issuer’s inception to September 30, 1992, the Issuer’s operations were primarily funded by interest-bearing, unsecured advances appropriated by the District. The unsecured advances were to be repaid from income of the Issuer in excess of operating expenses in future years, to the extent such net income is available for such repayment. Pursuant to Public Law 104-194 (enacted September 9, 1996), the appropriated debt of the Issuer including interest thereon was eliminated. Since October 1, 1993, the Issuer’s operating expenses have been funded solely from income derived from certain multifamily financial activities, other financial activities of the Issuer and certain program income derived from its Single Family Mortgage Revenue Bond Programs.

Board of Directors

The Act provides for the Issuer to be governed by a Board of Directors (the “Board”) consisting of five members appointed by the Mayor with the advice and consent of the Council of the District of Columbia (the “Council”). The current members of the Board are as follows:

Chairperson – Michael L. Wheat

Currently serving as Managing Director with Frasca and Associates, a leading independent financial advisor primarily to transportation clients, Michael L. Wheat has more than 22 years of experience in the area of public finance. Mr. Wheat has participated as issuer, lawyer, financial advisor and investment banker, in the issuance of over \$10 billion of bonds during his career. Before joining Frasca and Associates, Mr. Wheat’s vast array of experience includes: 4 years as Managing Director in the Public Finance Department of Merrill Lynch & Co; 11 years as Director in the Public Finance Department of Citigroup Global Markets, Inc., a New York based investment bank, formerly named Salomon Smith Barney; and several years as a Vice President with Lazard Freres and Co., where he was responsible for a number of that firm’s financial advisory clients, including the District of Columbia and the Metropolitan Washington Airports Authority.

Prior to becoming an investment banker, Mr. Wheat was a lawyer and local government official in the District. During the period from 1981-1986, he was employed in the Office of the Deputy Mayor for Finance, where he worked on the District’s reentry into the capital markets through the first sale of bonds by the City in the twentieth century. During his employment with the District, he was responsible for overseeing the issuance of over \$1 billion of general obligation and revenue bonds by the District. He has also been employed as an attorney by two national law firms engaged in the practice of municipal finance and state and local government law from 1979-1981 and from 1986-1988.

Mr. Wheat received his Juris Doctorate degree from the University of Pennsylvania Law School in 1979 and his A.B. degree from Harvard University in 1976.

Vice Chairperson – Jacque D. Patterson

As Project Director with the Federal City Council, Mr. Jacque D. Patterson focuses on affordable housing, libraries, government operations, education and public safety issues confronting the District of Columbia government. Before joining the Federal City Council, he served in the District of Columbia Executive Office of the Mayor’s Office of Community Affairs as the Community Affairs Coordinator. Mr. Patterson’s career in public service began when he was selected for the Capital City Fellows’ Program. His assignments during the Fellowship were with the Deputy Chief Finance Officer, Office of Tax & Revenue and the DC Brownfields Program. He also served as a Policy Analyst in the Office of Policy, Planning, and Program Evaluation for the DC Department of Health.

In 2006, Mr. Patterson was selected as a Fannie Mae Fellow to receive additional housing policy training while attending the Harvard University John F. Kennedy School of Government’s Senior Executives in State & Local Governments Program. Mr. Patterson received his Masters of Public Administration from Central Michigan University and a graduate certification as a Certified Public Manager from the George Washington University. He holds an undergraduate degree in Education from Southern Illinois University and is currently pursuing a doctorate in Law & Policy at Northeastern University. He brings to the DC Housing Finance Agency Board of Directors a deep knowledge of urban affairs, public policy, government operations and finance.

Member – Derek Ford

Mr. Derek Ford has more than 13 years of progressive financial experience with both private and government sector entities. Currently serving as Senior Auditor for the District of Columbia Office of the Inspector General, Mr. Ford performs financial statement audits, compliance, control and substantive testing; and examines internal control cycles and operational compliance of government agencies. During his career, and in addition to holding the position as an Auditor, Mr. Ford has held positions as an Accountant, Tax Associate, Consultant and

Entrepreneur in areas related to real estate, transportation and commerce. Mr. Ford is also a Real Estate Agent with Senate Realty Company.

As a Ward 7 resident of the District of Columbia, he served as Campaign Treasurer for both the Committee to Elect, as well as the Committee to Re-elect, Ward 7 Councilwoman Yvette Alexander (D). Mr. Ford also serves as Treasurer for the Ward 7 Democrats.

Mr. Ford was a member of the US Army Reserve for 8 years and he received his Bachelor of Science degree from North Carolina A&T University in 1996.

Member – Buwa Binitie

Mr. Buwa Binitie has more than 7 years of experience in real estate development and advisory services. He is instrumental in assessing development opportunities, managing development teams, as well as planning and underwriting budgets for development projects. Mr. Binitie’s development experience also extends to the creation and preservation of affordable housing. Currently, Mr. Binitie is a principal of Dantes Partners where his work focuses on the financing and development of affordable housing and charter school facilities.

Previously, Mr. Binitie, on behalf of the District, administered and managed the implementation of the New Communities Initiative for the Mayor of the District of Columbia. The New Communities Initiative is a billion dollar comprehensive partnership designed to improve the quality of life for families and individuals living in distressed neighborhoods in Washington, DC. The New Communities Initiative will fight these conditions by transforming highly concentrated low-income neighborhoods into healthy mixed-income neighborhoods.

Prior to serving the District, Mr. Binitie consulted with The Neighborhood Development Company to build a \$27 million, 100% affordable 72 unit apartment building along Georgia Ave, NW. Mr. Binitie has also been engaged by owners and tenant associations alike to guide them through the D.C. Tenant’s Rights Act which enables renters to acquire their units at below market rates. Mr. Binitie also served as the Director of Quality Control and Client Relations at Real Estate Resource Group (“RRG”) where he realized over \$5 million in savings for Fortune 1000 clients during his first two years. At RRG, he was primarily responsible for managing the strategic and logistic aspect of every lease audit campaign.

In addition to the above, Mr. Binitie serves on the Board of Capital City Charter School and the Washington Area Community Investment Fund (“WACIF”). Mr. Binitie received a B.S. from New York University and is a graduate of Johns Hopkins University’s Master in Real Estate Development Program.

Secretary to the Board – Harry D. Sewell. See “Management” below.

Management

The Act authorizes the Board to appoint, with the advice and consent of the Council of the District of Columbia, an Executive Director who serves as Secretary to the Board. The Executive Director is the Chief Executive Officer of the Issuer and is responsible to the Issuer’s Board of Directors for the operation of the Issuer.

Executive Director and Secretary to the Board – Harry D. Sewell

On June 6, 2006, the Board selected Harry D. Sewell as its Executive Director. Mr. Sewell has more than 30 years of public and private sector housing experience. During his professional career, he has held many executive-level positions in housing agencies on the east coast as well as senior positions within private sector development companies. Within the public sector, Mr. Sewell has served as Executive Director of the Housing Authority of the City of Annapolis. As Assistant Secretary for the Maryland Department of Housing and Community Development, he managed the state’s Housing Finance Agency, increasing production in its single family and multifamily programs. He also led the effort for the first in the nation HFA sponsored pooled Capital Fund securitization transaction, and as Director of the Department of Real Estate and Housing in Wilmington,

Delaware, he was credited with the innovative reuse of vacant city-owned properties through the creation of several homeownership programs.

Mr. Sewell's private sector experience also demonstrates his commitment to the production of affordable housing. Among the positions he has held are Program Manager for Mid-City Urban, LLC in Silver Spring, MD, Senior Vice President of A&R Management, Inc and Vice President of ABG Financial Services in Baltimore, Maryland. At Mid-City, he managed the Planned Unit Development approval process for the Arthur Capper HOPE VI project in SE, Washington. As Vice President at ABG Financial Services in Baltimore, Maryland, he was responsible for originating, underwriting and closing over \$75 million in multifamily loans using FHA Coinsurance and Ginnie Mae Mortgage-Backed Securities.

Mr. Sewell has a B.A. in Labor Management Relations from Pennsylvania State University in State College, Pennsylvania. He has served on several boards and held key positions in numerous industry organizations including being a board member for the National Organization of African Americans in Housing and the Maryland Affordable Housing Coalition; Commissioner for the Philadelphia Housing Authority and President of the Quaker Hill Housing Corporation in Wilmington, Delaware.

Deputy Executive Director – Fran D. Makle

Fran D. Makle has almost 30 years of housing finance experience, including eleven years of management with a nationally-recognized state housing finance agency. Ms. Makle has extensive experience in mortgage lending for both single-family and multifamily housing and has been instrumental in the development and implementation of three consecutive award-winning housing programs. In November 2006, Ms. Makle joined the Issuer and currently she serves as the Deputy Executive Director for the Agency. In this capacity, Ms. Makle serves as the Chief Operating Officer for the Agency and manages the day to day operations.

Previously, Ms. Makle served as the Program Director for the Arundel Community Development Services, Inc., the Acting Director and the Deputy Director of the Community Development Administration at the Maryland Department of Housing and Community Development (DHCD), and the Deputy Director of the Division of Development Finance, which includes the Community Development Administration at the Maryland Department of Housing and Community Development.

In 1999, she completed a seven-month executive leadership program with the National Forum for Black Public Administrators. Ms. Makle also received her certification in Housing Finance Development from the University of Maryland School of Public Affairs and studied Business and Public Administration at Charles Community College.

Associate Executive Director – Allison Ladd

Allison Ladd has over 10 years of experience in housing finance, community development, and government affairs. Throughout her career, Ms. Ladd has served on the senior management teams in various housing finance entities - state, county and local.

Currently, Ms. Ladd serves as the Associate Executive Director of the District of Columbia Housing Finance Agency. Ms. Ladd joined the Agency in February 2007 and her primary responsibility is to manage the communications, marketing, and government affairs for the Agency.

Previously, Ms. Ladd served as the Chief of Staff to the Maryland Department of Housing and Community Development. Prior to joining the state, she served as the Special Assistant to the Director of the Prince George's County (MD) Department of Housing and Community Development. While in Prince George's County, Ms. Ladd provided technical oversight and counsel regarding the issuance of over \$75 million in tax exempt bonds for multifamily and single-family purposes.

Ms. Ladd graduated with her Masters of Community Planning from the University of Maryland, College Park, Maryland and graduated with a Bachelor of Arts degree from the University of Rhode Island, Kingston, Rhode Island.

General Counsel – Maria Day-Marshall

Ms. Day-Marshall joined the District of Columbia Housing Finance Agency in November, 2009, and serves as General Counsel to the Agency. She is responsible for the overall supervision, coordination and management of all legal matters for the Agency.

Prior to joining the Agency, Ms. Day-Marshall was a Senior Business Development Manager in Fannie Mae's Community Lending Channel. She was responsible for business development, underwriting, legal documentation review, and transaction execution and closing related to two direct loan products that finance housing development and rehabilitation projects and are offered to governmental entities.

Ms. Day-Marshall has been involved in the municipal finance industry for over twenty years. Prior to joining Fannie Mae from 1982 to 1996, she served in financially and legally related positions in the District government. During her tenure, she served as Treasurer of the District of Columbia, Deputy Treasurer and Debt Manager. As Treasurer, she was responsible for the issuance of over \$6 billion of debt for the District and other D.C. government issuers. Subsequently, Ms. Day-Marshall served as a financial consultant to the D.C. Water and Sewer Authority. Ms. Day-Marshall joined Columbia Equity Financial Corp., an independent financial advisory firm, in 1999. While working at the firm, she was involved in an array of tax-exempt and taxable bond transactions totaling over \$3 billion, and served as financial advisor to, among others, Public Housing Authorities, Housing Finance Agencies and Redevelopment Authorities.

Ms. Day-Marshall currently serves as an adjunct professor in the University of Maryland's Colvin Institute of Real Estate Development. She is a member of the District of Columbia Bar, and other associations. She earned a Master of Laws in Taxation degree from Georgetown University Law Center, a Juris Doctorate degree from the Columbus School of Law, Catholic University of America, and her undergraduate degree from Fisk University.

Acting Deputy General Counsel – Michael Winter

Mr. Winter is the Issuer's Acting Deputy General Counsel. He provides legal assistance to the Issuer in structuring single-family bond transactions and has structured a variety of multifamily housing bond transactions. Mr. Winter has over eight years of legal experience in the mortgage revenue bond and low income housing tax credit programs. He graduated from the Duke University School of Law and is a member of the District of Columbia Bar.

Chief Financial Officer -- Sergei V. Kuzmenchuk

Mr. Kuzmenchuk joined the Issuer as its Chief Financial Officer in October 2008. Mr. Kuzmenchuk has 10 years of housing finance agency experience. Prior to joining the Issuer, he served as the Director of Finance and the Deputy Director of Finance for Community Development Administration (CDA), Maryland Department of Housing and Community Development. Mr. Kuzmenchuk led a team of financial analysts and accountants and managed a portfolio of more than \$3 billion of mortgage revenue bonds, mortgage loans and investments. Throughout his career, Mr. Kuzmenchuk has structured and managed tax-exempt/taxable bond transactions, including variable rate debt structures with swaps. Prior to his work at CDA, Mr. Kuzmenchuk worked in various financial management and international trade and banking capacities, domestically and overseas. Mr. Kuzmenchuk earned his M.B.A. in Accounting from the Joseph A. Sellinger, S.J., School of Business and Management, Loyola College in Maryland in 2002. He was granted a M.P.M. degree in Public Sector Financial Management from the School of Public Policy, University of Maryland, College Park, in 1995. Mr. Kuzmenchuk received his B.A. and M.A. degrees in English and French Interpretation from the Minsk State Linguistic University, Minsk, Belarus in 1993.

Director of Public Finance – Anthony L. Waddell

Mr. Waddell has over 10 years of experience in complex mixed-use, mixed-income, mixed-finance (LIHTC, historic tax credits, taxable/tax-exempt bonds, conventional), urban development projects as both a lender and developer. Early in his career, Mr. Waddell served as the Executive Director of Coppin Heights CDC in

Baltimore, and led the Commercial and Multifamily Lending Division of the public-private lending conduit, the Baltimore Community Development Financing Corporation (CDFC), to its highest annual production in its 10-year history, investing/leveraging over \$25 million in debt in difficult to develop Baltimore neighborhoods. After CDFC, Mr. Waddell was hired by Mid-City Urban (MCU) of Washington (now Urban Atlantic) as a development manager and led its HOPE VI joint ventures with Integral Properties of Atlanta and Forest City of Washington. The two projects together consisted of the development of over 2,100 units of housing (for sale and rental) and over 800,000 square feet of office/retail/community space. During his 5-year stay with Mid-City, Mr. Waddell managed over \$700 million worth of development activity. Mr. Waddell joined the Issuer as its Director of Public Finance in July 2006. The Public Finance Department is primarily responsible for originating, underwriting, structuring and closing the issuance of multifamily tax exempt/taxable mortgage revenue bonds and 4% low income housing tax credit projects. Mr. Waddell is a graduate of The Johns Hopkins University School of Professional Studies, now The Carey Business School, where he earned a Masters of Science Degree in Real Estate with a concentration in Institutional Investment and Development.

Director, Compliance and Asset Management – David L. Jefferson

David L. Jefferson began his 15-year career in affordable housing in Washington, D.C. Originally from Cleveland, Ohio, Mr. Jefferson attended Howard University and currently serves as the Director of Compliance and Asset Management for the Issuer, where he provides Asset Management to over 80 Issuer financed projects.

Mr. Jefferson has served the public sector as the Executive Director of Rockville Housing Enterprises where he oversaw the development of a 60-unit homeownership community. He served as the Deputy Executive Director of the Housing Authority of the City of Annapolis, a mid-sized Housing Authority, where he managed operations. As Regional Director of the Housing Authority of Baltimore City, he directed operations for over 8,000 units of conventional public housing.

In the private sector, Mr. Jefferson served as a Vice President for A&R Management Inc. in Baltimore, MD where he oversaw operations of an over 3,000 unit mixed portfolio. He gained a strong background in asset management as a Property Manager for the Trammel Crow Company in Washington, DC.

Mr. Jefferson currently serves on the Board of Directors of the Community Housing Associates, a non-profit providing affordable housing for the mentally challenged in Baltimore City. The recipient of numerous awards, Mr. Jefferson has been traveling the country speaking on LIHTC development and inclusionary zoning.

CONTINUING DISCLOSURE

The Issuer will enter into an undertaking (the “Undertaking”) with Digital Assurance Certification, L.L.C., as dissemination agent, for the benefit of the owners, including beneficial owners, of the Program Bonds to provide certain financial information and operating data relating to the Issuer to certain financial information repositories annually and to provide notice to the Electronic Municipal Market Access (“EMMA”) system established by the Municipal Securities Rulemaking Board (“MSRB”) of certain events, pursuant to the requirements of Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. Part 240, § 240.15c2-12) (the “Rule”) not later than one-hundred eighty (180) days after the end of the Issuer’s fiscal year, commencing with a report following the Issuer’s fiscal year ending September 30, 2010. See **“APPENDIX G, FORM OF THE CONTINUING DISCLOSURE UNDERTAKING.”**

A failure by the Issuer to comply with the Undertaking will not constitute an Event of Default under the Indenture (although Bondholders will have any available remedy at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by a broker-dealer or municipal securities dealer before recommending the purchase or sale of the Program Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Program Bonds and their market price.

APPLICATION OF THE PROCEEDS OF THE PROGRAM BONDS

The following sets forth the sources and uses of funds in connection with the Program Bonds:

Sources

Bond Principal	\$25,000,000
Good Faith Deposit	25,000
Less GSE Legal Fees	(52,500)
Less Securitization Fee	(25,000)
Shortfall Amount	<u>52,500</u>
Total.....	<u>\$25,000,000</u>

Uses

Series 2009 A Escrow Fund.....	<u>\$25,000,000</u>
Total.....	<u>\$25,000,000</u>

THE PROGRAM BONDS

Prior to the Release Date for such Program Bonds, the Program Bonds will be payable solely from and secured solely by the net proceeds derived from the sale of the Program Bonds and other moneys held in the Escrow Fund for such purpose. NO MORTGAGE LOANS OR MORTGAGE-BACKED SECURITIES WILL BE PURCHASED UNTIL THE RELEASE DATE APPLICABLE TO SUCH PROGRAM BONDS AS DESCRIBED HEREIN.

See Appendices A, B and C to this Official Statement for the definitions of certain capitalized terms with respect to the Program Bonds and for a more detailed description of the terms of the Program Bonds and the process of Conversion.

Description of the Program Bonds

The Program Bonds will be dated December 30, 2009 and will start to accrue interest from January 12, 2010 at an interest rate which produces an interest payment on the applicable Release Date relative to the Program Bonds with respect to which escrowed proceeds are subject to release on such Release Date equal to investment earnings, payable upon the Release Date or redemption date of such Program Bonds. Interest on the Program Bonds will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. If the date of payment of principal of, premium, if any, and interest on the Program Bonds shall not be a Business Day, then such payment shall be made on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided for such payment.

The principal of, premium, if any, and interest on the Program Bonds will be payable in coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts of the United States of America. The Program Bonds will be issued as fully-registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof, and for purposes of initial issuance and redemption of Program Bonds, \$10,000 or any integral multiple thereof.

Except as otherwise provided in Appendix F entitled **“Book-Entry Only Provisions,”** the principal of the Program Bonds is payable to the registered owners thereof on presentation at the principal office of the Trustee, or its successors; provided, however, that the payment of the redemption price will be made by wire transfer in immediately available funds to any Bondowner of at least \$1,000,000 in the aggregate principal amount if such Bondowner has submitted such Program Bonds to the Trustee and has requested in writing payment by such method at least 15 days before the applicable redemption date. Payment of interest on the Program Bonds will be made by check or draft mailed to the registered owner thereof at the address of such Bondowner as it appears on the registration books of the Trustee on the Record Date or at such other address as is furnished to the Trustee in writing

by such registered owner, or upon the written request of a registered owner of at least \$1,000,000 in principal amount of Bonds Outstanding, by wire transfer in immediately available funds to an account designated by such registered owner which request will be effective for all Debt Service Payment Dates until such notice is canceled by the Bondowner. The Trustee will cause CUSIP number identification with appropriate dollar amounts for each CUSIP number to accompany all payments of interest or redemption price made to Bondowners, whether such payment is made by check or wire transfer. Additional information can be found in the Supplemental Indenture and the Appendix to the Supplemental Indenture.

Redemption Provisions Relating to the Program Bonds

Optional Redemption

The Program Bonds are subject to redemption in authorized denominations, at the option of the Issuer, in whole or in part, from any source of funds, on the first Business Day of any month, at a redemption price equal to the principal amount thereof, without premium, plus accrued interest, if any, to the redemption date.

Special Redemptions

Failure to Establish Release Date. Any Program Bonds, for which the interest rate has not been the subject of a Conversion (the “Pre-Conversion Bonds”), with respect to which a Release Date has not occurred prior to January 1, 2011 are subject to mandatory redemption on February 1, 2011 (or an earlier date selected by the Issuer), at a redemption price equal to the principal amount thereof plus accrued interest, without premium, from amounts then on deposit in the Escrow Fund.

Withdrawal of Closing Certificates. The Pre-Conversion Bonds are subject to mandatory redemption in whole, at a redemption price equal to the principal amount thereof, plus accrued interest, on the first Business Day at least thirty (30) days after the Settlement Date, if there is delivered by mail or by electronic means to the Trustee on or prior to the Settlement Date a Certificate of Adverse Change and the GSEs have not, prior to the date 20 days following the Settlement Date, provided the Trustee a written waiver, from amounts then on deposit in the Escrow Fund and any other available moneys under the Indenture.

Series 2009 A Bonds Not Meeting Rating Thresholds. The Pre-Conversion Bonds are subject to mandatory redemption within ten (10) Business Days of receipt by the Trustee of notice that the Bond Rating has been withdrawn or fallen below “AAA” at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, from amounts then on deposit in the Escrow Fund and any other available moneys under the Indenture. The Issuer hereby covenants to provide such notice to the Trustee promptly upon receipt by the Issuer of notice of any such withdrawal or downgrade.

Available Moneys for Redemption. With respect to the redemptions set forth above, moneys still on deposit in the Escrow Fund shall be used for any such redemption; if Escrow Fund moneys are not sufficient, then any available moneys under the Indenture shall also be used for any such redemption.

Selection of Program Bonds to be Redeemed

If less than all of a maturity of the Program Bonds is to be redeemed, the particular Program Bonds or the respective portions thereof to be redeemed shall be selected by lot by the Trustee.

Additional information regarding the redemption provisions for the Program Bonds can be found in the Supplemental Indenture and the Appendix to the Supplemental Indenture.

Notice of Redemption

Notice of redemption shall be mailed, first-class postage prepaid, by the Trustee not less than 10 days nor more than 30 days prior to the redemption date, the Trustee shall give the maximum notice possible to the respective holders of any Program Bonds or portions thereof to be redeemed at their last addresses, if any, appearing upon the

registry books and to at least two Information Services identified in the Indenture, but failure by the Trustee to give such notice pursuant to the Indenture shall not affect the sufficiency of the proceedings for redemption. Failure by the Trustee to mail notice of redemption pursuant to the Indenture to any one or more of the respective holders of any Program Bonds designated for redemption shall not affect the sufficiency of the proceedings for redemption with respect to the Bondholder or Bondholders to whom such notice was mailed.

Notice of redemption having been given in the manner provided above, and money sufficient for the redemption being held by the Trustee for that purpose, the Program Bonds so called for redemption shall become due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. The holders of the Program Bonds so called for redemption shall thereafter no longer have any security or benefit under the Indenture except to receive payment of the redemption price for such Program Bonds from such money on deposit with the Trustee.

Additional information regarding notice requirements for the Program Bonds can be found in the Supplemental Indenture and the Appendix to the Supplemental Indenture.

SECURITY FOR THE PROGRAM BONDS

General

Moneys in the Series 2009 A Escrow Fund will be invested pursuant to the Global Escrow Agreement, pursuant to which U.S. Bank National Association, as Escrow Agent, will invest in several money market funds satisfying the requirements set forth in the Indenture. The Issuer represents and warrants that the Indenture is, and at all times while the Program Bonds are Outstanding shall be, a Permitted Single Family Indenture.

Pursuant to the General Indenture, the security for the Bonds (including the Program Bonds) is a pledge and lien on:

- 1) The Program Agreements;
- 2) The Mortgage Loans (and related Mortgages) and the Mortgage-Backed Securities;
- 3) All moneys and securities, including Permitted Investments, Bond proceeds and Revenues from time to time held by the Trustee under and subject to the terms of the Indenture or any Supplemental Indenture (except Service Fees, Escrow Payments, administrative fees, if any, of the Issuer, any amount received by the Issuer upon a sale of servicing rights with respect to the Mortgage Loans and Excess Nonmortgage Earnings);
- 4) any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder by the Issuer, or by anyone on its behalf or with its written consent to the Trustee which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the General Indenture.

The pledge made and security interests granted in the General Indenture and the covenants and agreements therein set forth, to be performed by and on behalf of the Issuer, shall be for the equal benefit, protection and security of holders of any and all such Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any Bond over any other Bond, except as expressly provided therein.

In accordance with the Supplemental Indenture, prior to the Release Date, amounts on deposit in the Series 2009 A Escrow Fund and investments thereon are pledged solely to secure the Program Bonds.

Limited Obligations of the Issuer

THE PROGRAM BONDS DO NOT CONSTITUTE OBLIGATIONS OF THE DISTRICT, BUT ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM AND SECURED BY THE PROPERTY PLEDGED THEREFOR UNDER THE INDENTURE. THE ISSUER IS NOT OBLIGATED TO PAY PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE PROGRAM BONDS EXCEPT FROM THE PLEDGED PROPERTY. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT IS PLEDGED TO THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE PROGRAM BONDS. **THE ISSUER HAS NO TAXING POWER.**

MORTGAGE-BACKED SECURITIES

General

Pursuant to the Indenture, each Mortgage-Backed Security must be a Freddie Mac Security, a Fannie Mae Security, or a Ginnie Mae Security (or such other security backed by a loan or loans which is specified in a Supplemental Indenture, the purchase of which will not adversely affect the Rating Quality of the Outstanding Bonds).

Each mortgage loan underlying a Mortgage-Backed Security pursuant to the applicable Mortgage Purchase Agreements must be evidenced by a mortgage note secured by a first mortgage lien on the Single Family Residence acquired thereby, and made to finance Single Family Residences substantially in accordance with the then current underwriting policies of FHA, VA, Freddie Mac, Ginnie Mae and Fannie Mae, as applicable, and must meet all other requirements established by the Program Documents, the Agreements and the then current criteria set forth in the Freddie Mac Guide, Ginnie Mae Guide or the Fannie Mae Guide, subject to the final review of the Master Servicer.

All mortgage loans underlying Mortgage-Backed Securities and originated under the Program are required either (i) to be insured by FHA or guaranteed by VA or USDA/RD before they are pooled by the Servicer and delivered to Ginnie Mae, or (ii) to be insured by a private mortgage insurance policy (if in an amount in excess of certain loan-to-value ratios) before they are pooled by the Servicer and delivered to Freddie Mac upon the issuance of a Freddie Mac Security or delivered to Fannie Mae upon the issuance of a Fannie Mae Security. As part of the approval process, each Participating Lender is required to obtain and maintain an errors and omissions policy and fidelity bond in amounts required by Freddie Mac, Ginnie Mae or Fannie Mae, as applicable, for parties acting in their capacity under the Program.

The Master Servicer is required to remit to Freddie Mac, Ginnie Mae or Fannie Mae all scheduled payments of principal, interest and any principal prepayments that are payable with respect to the applicable Freddie Mac Security, Ginnie Mae Security or Fannie Mae Security or when any of the same shall be due and payable (excluding the scheduled interest on a Freddie Mac Security, Ginnie Mae Security or Fannie Mae Security received in the month such Freddie Mac Security, Ginnie Mae Security or Fannie Mae Security is purchased) and to meet all its obligations under the Freddie Mac Guide, the Ginnie Mae Guide, the Ginnie Mae Guaranty Agreements, the Fannie Mae Guide and the Pool Purchase Contract or contractual agreements entered into between the Servicer and Freddie Mac, Ginnie Mae or Fannie Mae.

Freddie Mac Certificates

The Federal Home Loan Mortgage Corporation (“FHLMC” or “Freddie Mac”) is a corporate instrumentality of the United States organized pursuant to the Federal Home Loan Mortgage Corporation Act (Title III of the Emergency Home Finance Act of 1970, as amended (12 U.S.C. §§ 1451-1459)).

Freddie Mac has established a mortgage purchase program pursuant to which Freddie Mac purchases a pool of mortgage loans from approved sellers in exchange for a security issued by Freddie Mac representing an undivided interest in such mortgage pool (a “Freddie Mac Certificate” or “Freddie Mac Security”). Payments by borrowers on

the underlying mortgage loans are passed through monthly by Freddie Mac to the holders of the Freddie Mac Certificate. Unless otherwise indicated, each pool will consist of fixed-rate mortgage loans having an initial aggregate unpaid principal balance of at least \$250,000.

Freddie Mac guarantees scheduled principal payments on the mortgage loans underlying each Freddie Mac Certificate, together with interest thereon at the applicable pass-through rate, in each case whether or not such principal or interest is received from the mortgagors. The obligations of Freddie Mac under such guarantees are obligations of Freddie Mac only. THE FREDDIE MAC 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 is unable to satisfy its obligations under its guarantees, distributions on the Freddie Mac Certificates would consist solely of payment and other recoveries on the related mortgage. Accordingly, delinquencies and defaults on the mortgages after a Freddie Mac default may adversely affect distributions on the Freddie Mac Certificates. This could adversely affect payments on the Program Bonds.

See Appendix D for more information regarding Freddie Mac and its mortgage-backed securities program.

Fannie Mae Certificates

The Federal National Mortgage Association (“FNMA” or “Fannie Mae”) is a federally-chartered, private, stockholder-owned corporation organized and existing under the Federal National Mortgage Association Charter Act (12 U.S.C. § 1716 *et seq.*). The Secretary of HUD exercises general regulatory power over Fannie Mae. Among other things, Fannie Mae issues mortgage-backed securities primarily in exchange for pools of mortgage loans from lenders.

Fannie Mae operates a mortgage-backed securities program pursuant to which Fannie Mae issues securities backed by pools of mortgage loans (“Fannie Mae Certificates” or “Fannie Mae Securities”). Each Fannie Mae Certificate represents an undivided ownership interest in a specified pool of mortgage loans purchased by Fannie Mae. Generally, Fannie Mae Certificates are issued in book-entry form, representing a minimum of \$1,000 unpaid principal amount of mortgage loans. Any Fannie Mae Certificates created with the proceeds of the Program Bonds will represent pools of mortgage loans created by the Servicer. Unless otherwise indicated, each pool will consist of fixed-rate mortgage loans having an initial aggregate unpaid principal balance of at least \$250,000.

Fannie Mae guarantees to the registered holders of Fannie Mae Certificates that it will distribute amounts representing (i) scheduled principal and interest at the applicable pass-through rate on the mortgage loans in the pools represented by such Fannie Mae Certificates, whether or not received, and (ii) the full principal balance of any foreclosed or other finally liquidated mortgage loans, whether or not such principal balance is actually received. FANNIE MAE’S OBLIGATIONS UNDER THE FANNIE MAE CERTIFICATES ARE OBLIGATIONS SOLELY OF FANNIE MAE AND ARE NOT BACKED BY, OR ENTITLED TO, THE FULL FAITH AND CREDIT OF THE UNITED STATES OR ANY OF ITS AGENCIES OR INSTRUMENTALITIES OTHER THAN FANNIE MAE. If Fannie Mae is unable to satisfy such obligations, distributions to the Trustee, as the registered holder of Fannie Mae Certificates, would consist solely of payments and other recoveries on the underlying mortgage loans. Accordingly, monthly distributions to the Trustee after a Fannie Mae default could be adversely affected by delinquent payments and defaults on such mortgage loans.

See Appendix D for more information regarding Fannie Mae and its mortgage-backed securities program.

Ginnie Mae Certificates

The Government National Mortgage Association (“GNMA” or “Ginnie Mae”) is a wholly-owned corporate instrumentality of the United States of America within the Department of Housing and Urban Development (“HUD”). 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 to guarantee the timely payment of the principal of and interest on certificates (“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 United States 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 Housing and Urban Development (“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. The full faith and credit of the United States is pledged to the payment of all amounts required to be paid under each such guaranty. To the extent necessary, Ginnie Mae will borrow from the United States Treasury any amounts necessary to enable Ginnie Mae to honor its guaranty of the Ginnie Mae Certificates. Ginnie Mae is required to honor its guaranty only if the Servicer is unable to make the full payment on any Ginnie Mae Certificate, when due.

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 mortgage loans 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 Program Bonds. While the Servicer may issue Ginnie Mae Certificates under either Ginnie Mae program, proceeds of the Bonds are expected to be used to purchase Ginnie Mae Certificates under the Ginnie Mae I MBS Program. Ginnie Mae Certificates constitute Ginnie Mae Securities under the Indenture. Each pool will consist of fixed-rate mortgage loans having an initial aggregate unpaid principal balance of at least \$500,000.

See Appendix D for more information regarding Ginnie Mae and its mortgage-backed securities program.

The above summaries of the Freddie Mac Program, the Fannie Mae Program, the Ginnie Mae Program and other documents referred to herein, do not purport to be comprehensive and are qualified in their entirety by reference to the Freddie Mac Guides and the Freddie Mac website, the Fannie Mae website, the Ginnie Mae website and other documents, as applicable, for full and complete statements of their provisions.

THE PROGRAM

In conjunction with the adoption of the Indenture, the Authority will establish the Single Family Housing Revenue Bond Program (the “Program”). The Program is substantially the same as the Single Family Mortgage Revenue Bond Program which was previously established by the Issuer.

The loans purchased under the Single Family Mortgage Revenue Bond Program are not pledged to the Program Bonds or any subsequent bonds issued under the Indenture and are not necessarily indicative of the performance of loans that will be purchased under the Program.

The following information describes both the Program and the Single Family Mortgage Revenue Bond Program.

General Description

The Mortgage Loans will be secured by first mortgage liens on residences in the District. The residences may include condominium units, single-family attached and detached residences and set-asides for single family developments in the District (i) which are determined by a qualified appraiser to have an expected useful life of not less than 30 years, (ii) which will be occupied by the Mortgagor as his or her principal personal residence within a reasonable time (not to exceed 60 days) after financing is provided and (iii) the land appurtenant to which reasonably maintains the basic livability of the residence and does not provide, other than incidentally, a source of income to the Mortgagor. The residences must meet the requirements of FHA, or VA for pooling and securitization pursuant to the Ginnie Mae Guide, the Freddie Mac Guide or the Fannie Mae Guide, as applicable. Mortgage Loans

must be made to persons or families of low to moderate income or to persons who otherwise qualify for such financing based upon the income limits permitted under the Code.

The Participating Lenders under the Mortgage Purchase Program are Bank of America, N.A., Capital One, N.A., Citi Mortgage Inc., First Home Mortgage Corporation, Industrial Bank, N.A., SunTrust Mortgage Inc., Wells Fargo Home Mortgage, Advance Bank, BB&T, Dynamic Capital Mortgage, First Savings Mortgage Corp, Mason Dixon Funding, Met Life Bank, N.A., M&T Bank and MPoint Mortgage Services.

The Lender must submit the file for a Mortgage Loan to the Program Administrator (defined below) for its review and commitment prior to closing such loan. The Program Administrator will review the file to assess compliance with federal tax law. Once compliance has been established, the Program Administrator will issue a commitment to fund such Mortgage Loan to the Lender. Upon receipt of such commitment, the Lender may close the Mortgage Loan and submit it to the Servicer for purchase. The Servicer then reviews the Mortgage Loan for compliance with the underwriting requirements (other than federal tax law requirements) and will purchase loans which are in compliance.

Upon the purchase of Mortgage Loans by the Master Servicer, the Master Servicer will pool such Mortgage Loans and cause Mortgage-Backed Securities to be issued with respect thereto and purchased by the Trustee.

Each Mortgage Loan (i) will provide for substantially level monthly payments of principal and interest due the first day of each month (which payments will be accompanied by amounts for deposit in an escrow account to provide for timely payment of taxes and insurance), (ii) is expected to have an original term of at least 360 months, (iii) may be assumable under the terms and conditions set forth in the Origination Agreement and described herein, (iv) will comply in all respects with the Origination Agreement, the Ginnie Mae Guide and FHA, or VA rules and regulations or the Fannie Mae Guide or Freddie Mac Guide, as applicable, (v) will be in a principal amount not exceeding such amount as conforms to the eligibility and credit underwriting standards specified in the Origination Agreement and the applicable limitations of FHA, or VA, as applicable, the Ginnie Mae Guide, the Freddie Mac Guide or the Fannie Mae Guide, as applicable, (vi) will be the subject of a mortgagee's title insurance policy, and (vii) will be the subject of appropriate standard hazard insurance as long as the Mortgage Loan is outstanding. See, "**Insurance or Guarantee**," below. The Issuer may revise the Program to permit 40 year loans or fixed rate loans with an interest only period.

Low Rate Program Loans

Low Rate Program Loans will have 30-year terms with level monthly payments of principal and interest. Low Rate Program Loans must be Mortgage Loans eligible for pooling into Freddie Mac Certificates, Fannie Mae Certificates or Ginnie Mae Certificates as applicable in accordance with Freddie Mac Guide, Fannie Mae Guide and Ginnie Mae Guide, as applicable.

Origination and Purchase

In connection with each Mortgage Loan, the Lender may charge the mortgagee and collect total fees not in excess of 1.00% of the principal amount of such Mortgage Loan reflected in the purchase price of the Mortgage Loan sold to the Master Servicer (which amount may be subsequently changed by the Issuer), plus all reasonable and customary out-of-pocket costs permitted by law paid or incurred by the Lender. Such fees and expenses may be collected only once in connection with the origination of the Mortgage Loan and will not exceed limits established from time to time by federal or state law and in any event may not exceed like amounts charged in such areas in cases where owner financing is not provided through tax-exempt revenue bonds.

With respect to a condominium unit, such unit must be acceptable to FHA or VA, as applicable, and Ginnie Mae standards, Freddie Mac standards or Fannie Mae standards, as applicable. There is no restriction on the percentage of condominium Mortgage Loans that a Lender may originate. The Lenders are required to consider each application for a Mortgage Loan in the order in which received, on a fair and equal basis. A Lender is not permitted to arbitrarily reject a Mortgage Loan application because of the location and/or age of the property and will not, in

the case of a proposed mortgagor, arbitrarily vary the terms of a Mortgage Loan or the application procedures therefor or reject a Mortgage Loan applicant because of the race, color, religion, national origin, age, sex or marital status of such applicant. In addition, Mortgage Loans can be made only to those persons who certify their intent to occupy the property as their principal residence and whose Annualized Monthly Income does not exceed the current income limitation and no income limitation for a certain amount of Mortgage Loans in 157 of the District of Columbia's 192 census tracts.

Insurance or Guarantee

All Mortgage Loans backing Ginnie Mae Securities are required to be insured by FHA or guaranteed by VA before they are pooled by a Master Servicer and delivered to Ginnie Mae upon the issuance by the Master Servicer of a Ginnie Mae Mortgage-Backed Security. All Mortgage Loans backing Freddie Mac Securities are required to be Mortgage Loans originated in accordance with the Freddie Mac Guide. All Mortgage Loans backing Fannie Mae Securities are required to be Mortgage Loans originated in accordance with the Fannie Mae Guide. FHA's authority to issue commitments to insure the Mortgage Loans is subject to a statutory limit on the dollar amount of commitments that FHA may issue during a federal fiscal year. No assurance can be given that FHA's authority to issue commitments to insure Mortgage Loans will not have reached its statutory ceiling for a fiscal year before it has issued a commitment to insure with respect to some or all of the Mortgage Loans.

Lenders

The Issuer will notify certain mortgage lending institutions of the availability of the Program and will solicit their participation as Lenders under the Program. The Issuer anticipates that it will allocate the proceeds of the Mortgage Loan Fund among Lenders on a first-come basis but it reserves the right to reserve proceeds for developers, projects or otherwise.

Each Lender must be either a commercial bank, savings and loan association, or a mortgage banking institution approved by the Issuer that is (i) authorized to do business in the District and (ii) an FHA approved mortgagee, or a VA, Freddie Mac or Fannie Mae approved lender.

Servicing of the Mortgage Loans

The Master Servicer will service the Mortgage Loans backing the Mortgage-Backed Securities issued by the Master Servicer and will have full power and authority, acting alone, to take such actions as may be necessary to discharge its duties with respect to servicing. The Master Servicer will be entitled to a monthly servicing fee, and, under certain circumstances, compensation from insurance proceeds or liquidation proceeds. Additional compensation in the form of late payment charges, assumption fees, or otherwise may be received by the Master Servicer to the extent permitted by law and by Ginnie Mae, Freddie Mac, Fannie Mae, FHA or VA, as applicable. The Master Servicer will be required to pay all expenses incurred by it in connection with its servicing activities under the Servicing Agreement (including maintenance of its errors and omissions insurance policy and fidelity bond) and will not be entitled to reimbursement therefor, except as specifically provided in the Servicing Agreement.

The Master Servicer is required to perform all of its duties in servicing Mortgage Loans with due care, diligence and reasonable promptness and to use at least the same degree of care in servicing Mortgage Loans under the Program as it employs in servicing mortgage loans in its own portfolio. The Master Servicer is required to conform to at least the minimum requirements established by Freddie Mac, Ginnie Mae and Fannie Mae.

The Master Servicer will pool mortgage loans purchased under the Program into Freddie Mac, Ginnie Mae and Fannie Mae Securities for sale to the Trustee at the agreed upon price sufficient to pay the principal of, and interest on, bonds issued under the General Indenture.

Under certain circumstances, as described in the Servicing Agreement, the Issuer may terminate the Servicing Agreement with respect to the Master Servicer, after which a successor servicer acceptable to the Issuer,

Ginnie Mae, Freddie Mac and Fannie Mae will succeed to all rights and obligations of the Master Servicer concerning the servicing of the Mortgage Loans.

The Master Servicer

The following information relates to and was supplied by the Master Servicer. Such information has not been verified by the Issuer, its counsel or Bond Counsel and is not to be construed as a representation of the Issuer, its counsel or Bond Counsel.

Bank of America, N.A., ("BANA") will serve as the Master Servicer. BANA is engaged in the mortgage banking business on a national scale, concentrating its activities in the origination and servicing of single family mortgage loans. The Master Servicer will service the Mortgage Loans and will have the other responsibilities set forth in the Servicing Agreement. The Master Servicer is required to be a GNMA-approved issuer and an authorized issuer of GNMA Securities, a Fannie-Mae-approved Seller and Servicer and/or a Freddie Mac-approved Seller and Servicer, and must remain so approved and authorized for the term of the Servicing Agreement. As of December 31, 2008, BANA (either by itself or through its subsidiary BAC Home Loans Servicing, LP) provided servicing for approximately \$1.51 trillion aggregate principal amount of mortgage loans. BANA is (i) a GNMA approved servicer of mortgage loans, (ii) a Fannie Mae approved servicer of Fannie Mae Certificates and (iii) a Freddie Mac approved servicer of Freddie Mac Certificates.

The Master Servicer has not participated in the structuring of the Program or the Program Bonds or the preparation of this Official Statement, except to the extent of providing the information contained under this caption. The Master Servicer accepts no responsibility for the accuracy or completeness of this Official Statement or for the Program Bonds or the creditworthiness of the Program Bonds.

Issuance of Mortgage-Backed Securities

The Master Servicer is required to purchase and aggregate Mortgage Loans until such time that the Master Servicer deems it has sufficient Mortgage Loans to form a mortgage pool. The Master Servicer is required to ensure that the total face amount of any such Mortgage-Backed Securities issued by it based on and backed by a Mortgage Pool will not be issued in such an amount which would either (i) preclude the subsequent purchasing of any Mortgage Loans, or (ii) if Mortgage Loans are originated and a mortgage pool is comprised of such Mortgage Loans, preclude the issuance of Mortgage-Backed Securities backed by such mortgage pool. The total principal face amount of any Mortgage-Backed Securities will not exceed the aggregate unpaid principal balances of Mortgage Loans in the Mortgage pool backing such Mortgage-Backed Securities.

The Master Servicer is required to remit all scheduled payments of principal, interest and any principal prepayments that are payable with respect to the Mortgage Loans which back the applicable Security when any of the same becomes due and payable (except in the month of purchase of a Security) and to meet all its obligations under the Ginnie Mae Guide, the Freddie Mac Guide and the Fannie Mae Guide, as applicable and any contractual agreements to be entered into between the Master Servicer and such Mortgage-Backed Securities provider.

TAX MATTERS

The following summary of certain United States federal income tax consequences with respect to the Program Bonds is based on current law and is for general information only. This summary is generally limited to owners who have acquired the Program Bonds in the original offering as "capital assets" (generally, property held for investment). The tax treatment of an owner of Program Bonds may vary depending upon such owner's particular situation. Certain owners of Program Bonds (including insurance companies, tax-exempt organizations, financial institutions, brokers, dealers, foreign corporations or other entities and persons who are not citizens or residents of the United States) may be subject to special rules not discussed below. Prospective Bondholders should consult their tax advisors to determine the federal, local and other tax consequences of the purchase, ownership and disposition of the Program Bonds.

In the opinion of Kutak Rock, LLP, Bond Counsel, under existing laws, regulations, rulings, and judicial decisions, and assuming compliance by the Issuer with certain covenants and certifications, interest on the Program Bonds is includable in the gross income of the holders thereof for federal income tax purposes. The owners of the Program Bonds, by accepting such Program Bonds, have agreed to treat the Program Bonds as indebtedness. The Issuer will treat the Program Bonds as a financing reflecting the Program Bonds as its indebtedness for tax and financial accounting purposes.

Holders of the Program Bonds should consult with their tax advisor regarding other federal income tax consequences of holding the Program Bonds, including, but not limited to, market discount or premium, deductibility of investment interest expense, sale or exchange of the Program Bonds, backup withholding, state and local taxation, tax-exempt investors, foreign investors, and ERISA.

To ensure compliance with Treasury Circular 230, taxpayers are hereby notified that (a) any discussion of U.S. federal tax issues in this Official Statement is not intended by us to be relied upon, and cannot be relied upon, by taxpayers for the purpose of avoiding penalties that may be imposed on taxpayers under the Internal Revenue Code; (b) such discussion is written in connection with the promotion or marketing of the transactions or matters addressed herein; and (c) taxpayers should seek advice based on their particular circumstances from an independent tax advisor.

Bond Counsel is further of the opinion that interest on the Program Bonds is exempt from the District of Columbia's income taxation, except estate, inheritance or gift taxes.

From time to time, there are legislative proposals in the Congress of the United States and the various states that, if enacted, could alter or amend the federal and state tax matters referred to herein and adversely affect the market value of the Program Bonds. It cannot be predicted whether or in what form any such proposals might be enacted or whether, if enacted, would apply to bonds issued prior to the enactment. In addition, regulatory actions are, from time to time, announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Program Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Program Bonds or the market value thereof would be impacted thereby. Purchasers of the Program Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives, or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Program Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives, or litigation.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the issuance, sale and delivery of the Program Bonds are subject to the approving opinion of Kutak Rock LLP, Washington, D.C., Bond Counsel. Certain legal matters will be passed upon for the Issuer by Maria Day-Marshall, its General Counsel.

PROSPECTIVE PURCHASERS OF THE PROGRAM BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE PROGRAM BONDS AS TO THE IMPACT OF THE FEDERAL AND DISTRICT CONSEQUENCES OF ACQUIRING, HOLDING OR DISPOSING OF THE PROGRAM BONDS.

ABSENCE OF LITIGATION

There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body where service of process has been effectuated on the Issuer or, to the knowledge of the Issuer, threatened against or affecting the Issuer, where an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by this Official Statement, the inclusion of interest on the Program Bonds in the gross

income of the owners of the Program Bonds for federal income tax purposes or the validity or enforceability of the Program Bonds, the Indenture, the Program Agreements, the Continuing Disclosure Undertaking or any agreement or instrument to which the Issuer is a party and which is used or contemplated for use in the transactions contemplated by this Official Statement.

FINANCIAL ADVISOR

Caine Mitter & Associates Incorporated (the “Financial Advisor”) has served as financial advisor to the Issuer in connection with the sale of the Program Bonds.

SPECIAL ADVISOR

M.R. Beal & Company is acting as special advisor to the Issuer in connection with certain administrative duties associated with the delivery of the Program Bonds. M.R. Beal & Co. does not have a financial advisory relationship with the Issuer with respect to the Program Bonds and, in its capacity as special advisor, has no fiduciary obligations to the Issuer.

PLACEMENT OF THE PROGRAM BONDS

Under the NIBP, the Issuer will exchange, subject to certain conditions, the Program Bonds for securities issued by the GSEs that will be backed by the Program Bonds (the “GSE Securities”). The GSE Securities will be purchased by the U.S. Treasury from the Issuer at a price of par, net of certain securitization fees and expenses owed to the GSEs pursuant to the Placement Agreement and the Settlement Agreement. The net purchase proceeds to the Issuer are estimated to be approximately \$24,947,500.

RATING

Standard & Poor’s Ratings Services (“Standard & Poor’s”), a division of The McGraw-Hill Companies, Inc., located at 55 Water Street, New York, New York, 10001 has been engaged in providing ratings for corporate bonds since 1923 and municipal bonds since 1940. Long-term and short-term debt ratings assigned by Standard & Poor’s reflect its analysis of the overall level of credit risk involved in a financing. At present, Standard & Poor’s assigns long-term debt ratings with the symbols “AAA” (the highest rating) through “D” (the lowest rating). Standard & Poor’s assigns short-term debt ratings with the symbols “A-1” or “SP-1” (the highest rating) through “B” or “SP-3” (the lowest rating). Standard & Poor’s has confirmed a rating of “AAA” on the Program Bonds. Any further explanation of the significance of such ratings may only be obtained from Standard & Poor’s. There has been furnished to such rating agency certain information and materials concerning the financing and the Program Bonds. Generally, rating agencies base their ratings on such information and materials and on investigations, studies and assumptions by the rating agencies.

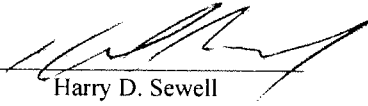
MISCELLANEOUS

Certain provisions of the Act, the Code and the Indenture are summarized herein. Such summaries do not purport to be comprehensive or definitive and reference is made to such laws and documents for a full and complete statement of their respective provisions.

This Official Statement is submitted in connection with the offer and sale of the Program Bonds referred to herein and may not be reproduced or used, as a whole or in part, for any other purpose. Any statements herein 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 Issuer and the purchaser or owners of any of the Program Bonds.

The execution and delivery of this Official Statement have been duly authorized by the Issuer.

**DISTRICT OF COLUMBIA HOUSING
FINANCE AGENCY**

By: 
Harry D. Sewell
Executive Director

December 18, 2009

APPENDIX A

DEFINITIONS OF CERTAIN TERMS

Set forth below are definitions of certain terms used in the Single Family Housing Revenue Bonds General Indenture of Trust (the “Indenture”). The definitions of such terms are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms.

“Account” means an account established pursuant to the Indenture.

“Accrued Debt Service” means, as of any date of calculation, unless otherwise specified in the Supplemental Indenture with respect to a particular Series of Bonds, an amount equal to (i) accrued and unpaid interest on the Outstanding Series of Bonds (accrued and unpaid interest shall not include the Appreciated Amount of a Deferred Interest Bond), plus (ii)(A) in the case of semiannual principal maturities (including Sinking Fund Installments), the amount obtained by multiplying the total amount of Outstanding Bonds of such Series due on the next succeeding principal payment date by the number of full months elapsed since the most recent preceding principal payment date, and dividing the product by six, (B) in the case of annual principal maturities (including Sinking Fund Installments), the amount obtained by multiplying the total amount of Outstanding Bonds of such Series due on the next succeeding principal payment date by the number of full months elapsed since the most recent preceding principal payment date, and dividing the product by 12 and (C) in the case of principal maturities (including Sinking Fund Installments) on other than an annual or semiannual basis, the amount obtained by multiplying the total amount of Outstanding Bonds of such Series due on the next succeeding principal payment date by the number of days elapsed since the most recent preceding principal payment date, and dividing the product by the number of days in the period between principal payment dates for such Series of Bonds.

“Act” means the District of Columbia Housing Finance Agency Act, D.C. Law 2-135, D.C. Code Section 42-2701.01 et seq., as amended.

“Agency” or “Issuer” means the District of Columbia Housing Finance Agency, a body corporate and an instrumentality of the District, and any successor thereto.

“Amortized Value” means for securities purchased at (i) a price equal to their principal amount, par; and (ii) a premium above or a discount below par, the value as of any given date obtained by dividing the total amount of the premium or the discount at which such securities were purchased by the number of days remaining to maturity or redemption date on such securities at the time of such purchase and by multiplying the amount so calculated by the number of days having passed from the date of such purchase; and (a) in the case of securities purchased at a premium, by deducting the product thus obtained from the purchase price and (b) in the case of securities purchased at a discount, by adding the product thus obtained to the purchase price, provided that, with respect to securities deposited in any Fund or Account by the Issuer for no consideration, such securities shall be treated as purchased by the Trustee at the fair market value as of the date of such deposit.

“Authorized Officer” means the Chairman, the Vice Chairman, the Executive Director of the Issuer or any other person authorized by Indenture or bylaws of the Issuer to perform an act or sign a document on behalf of the Issuer.

“Bond” or “Bonds” means any Bond or Bonds authorized and issued pursuant to the Indenture and a Supplemental Indenture, including the Program Bonds.

“Bondholder” or “holder of Bonds” or “owner of Bonds” means the registered owner of any registered Bond.

“Bond Year” means (i) the period of 12 calendar months commencing on January 1 in any calendar year and ending on December 31 in the following year, provided the first Bond Year shall commence on January 12, 2010 and end on December 31, 2010 or (ii) such other period as shall be established pursuant to any Supplemental Indenture.

“Book-Entry System” means such system for registering the Bonds set forth in a Supplemental Indenture.

“Business Day” means any day other than a Saturday, Sunday or other day on which the New York Stock Exchange or banks are authorized or obligated by law or executive order to close in New York, New York, or any city in which is located the principal corporate trust office of the Trustee or such other date as set forth in a Supplemental Indenture.

“Capitalized Interest Fund” means the Fund established pursuant to the Indenture.

“Cash Equivalent” means a letter of credit, insurance policy, surety, guarantee or other security arrangement (as defined and provided for in a Supplemental Indenture), which Cash Equivalent shall have such terms necessary to maintain the Rating Quality on the Bonds.

“Cash Flow Certificate” means a certificate of the Issuer signed by an Authorized Officer to the effect that the action proposed to be taken is consistent with the assumptions set forth in the Cash Flow Statement last filed with the Trustee.

“Cash Flow Statement” means a Cash Flow Statement conforming to the requirements of the Indenture.

“Certificate” means a certificate of an Authorized Officer of the Issuer.

“Code” means the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder; each reference to a Section of the Code herein shall be deemed to include the United States Treasury regulations proposed or in effect thereunder and applied to the Bonds or the use of the proceeds thereof, and also includes all amendments and successor provisions unless the context clearly requires otherwise.

“Counsel” means any attorney or firm of attorneys (who may be employed by or of counsel to the Issuer or an attorney or firm of attorneys retained by it in other connections) licensed to practice in the state in which he/she or it maintains an office (and if the opinion is with respect to an interpretation of federal tax laws or regulations or with respect to the issuance of a Series of Bonds or interpretation or application of the Indenture, is also a nationally recognized attorney or firm of attorneys experienced in such matters), selected or employed by the Issuer and satisfactory to the Trustee.

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

“Date of Original Issuance” means the date on which the Issuer initially issues the Series 2009 A Bonds.

“Debt Service Fund” means the Fund so designated which is established by the Indenture.

“Debt Service Reserve Fund” means the Fund so designated in the Indenture.

“Debt Service Reserve Requirement” means, as of any particular date of calculation, the aggregate of the amounts specified, if any, as the Debt Service Reserve Requirement for each then outstanding Series of Bonds in the related Supplemental Indenture.

“Defaulted Mortgage Loan” means a Mortgage Loan described in a certificate of an Authorized Officer and stated therein to be in default under its terms, or one on which payments are 60 days or more in arrears.

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

“Delivery Period” means the period or periods during which the Master Servicer shall deliver Mortgage-Backed Securities to the Trustee for the purchase thereof with respect to amounts initially available in the Mortgage Loan Account, which periods may be extended as provided in the Supplemental Indenture).

“District” means the District of Columbia.

“Escrow Payments” means all payments made in order to obtain or maintain mortgage insurance and fire and other hazard insurance with respect to Mortgage Loans, and any payments required to be made with respect to Mortgage Loans for taxes, other governmental charges and other similar charges customarily required to be escrowed.

“Event of Default” means any occurrence or event specified in the Indenture.

“Excess Nonmortgage Earnings” means excess nonmortgage investment earnings, net of any credits or offsets thereto, which must be rebated to the United States of America pursuant to Section 148 of the Code.

“Expenses” means all the Issuer’s expenses of administering, operating and maintaining the Program and shall include without limiting the generality of the foregoing: salaries, supplies, utilities, 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, any Depository and Paying Agent; Issuance Expenses not paid from proceeds of Bonds; payments to pension, retirement, health and hospitalization funds; Hedge Agreement payments so designated by an Authorized Officer including, without limitation, payments due upon the early termination of a Hedge Agreement; liquidity provider fees; bond insurer fees; remarketing agent fees; and any other expenses required or permitted to be paid by the Issuer allocable to the Program.

“FHA” means the Federal Housing Administration of the United States Department of Housing and Urban Development or other agency or instrumentality created or chartered by the United States to which the powers of the Federal Housing Administration have been transferred.

“FHLMC” or “Freddie Mac” means the Federal Home Loan Mortgage Corporation, a corporate instrumentality of the United States created pursuant to Title III of the Emergency Home Finance Act of 1970, as amended, or any successor thereto.

“FHLMC Certificate” means a mortgage participation certificate, in certificated or in book-entry form, the timely payment of interest on and the ultimate collection of principal of which is guaranteed by FHLMC, which evidences a proportional undivided interest in specified pools of first lien, fixed-rate, variable-rate or adjustable-rate conventional mortgage loans or participation interests in conventional one-to-four family residential mortgage loans purchased by FHLMC, all of which loans provided for monthly payments of principal and interest in substantially equal installments for the contractual term of such loan or for each rate variation or adjustment period, as the case may be, and are amortizing over the original term to maturity.

“Fiduciary” means any bank, trust company, national banking association or federally or state chartered savings and loan association, including the Trustee and its actions under the Indenture in its role as trustee, (a)(i) having combined capital and surplus of not less than fifty million dollars (\$50,000,000) or (ii) having at least five hundred million dollars (\$500,000,000) of trust assets and (b) legally authorized to perform its obligations under the Indenture.

“FNMA” or “Fannie Mae” means the Federal National Mortgage Association, a federally-chartered and stockholder-owned corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. §1716 et seq., or any successor thereto.

“FNMA Security” means a single pool, guaranteed mortgage pass-through FNMA Mortgage-Backed Security, bearing interest at the Pass-Through Rate, issued by FNMA in book-entry form, recorded in the name of the Trustee or its nominee, guaranteed as to timely payment of principal and interest by FNMA and backed by Mortgage Loans in the related mortgage pool.

“Funds” or “Accounts” means Funds or Accounts, including subaccounts, established pursuant to the Indenture or any Supplemental Indenture.

“GNMA” or “Ginnie Mae” means the Government National Mortgage Association, a wholly owned corporate instrumentality of the United States of America within the Department of Housing and Urban Development, or any successor thereto. Its powers are prescribed generally by Title III of the National Housing Act of 1934, as amended (12 U.S.C. 1716 et seq.).

“GNMA Guaranty Agreement” means the one or more Guaranty Agreements between a Servicer and GNMA, with respect to GNMA Securities under the GNMA I Program or GNMA II Program, and the GNMA Guide now or hereafter in effect pursuant to which GNMA has agreed or will agree to guarantee GNMA Securities.

“GNMA Guide” means the GNMA I or GNMA II Mortgage-Backed Securities Guide, in effect on the date of issuance of the GNMA Guaranty Agreement.

“GNMA Security” means a certificate bearing interest at a rate per annum as set forth in or determined in accordance with the applicable Supplemental Indenture, registered in the name of the Trustee and guaranteed as to timely payment of principal and interest by GNMA pursuant to GNMA’s GNMA I or GNMA II mortgage-backed securities program under Section 306(g) and other related provisions of the National Housing Act of 1934, as amended, and based on and backed by Mortgage Loans as provided in the GNMA Guide, which certificate shall unconditionally obligate the Servicer to remit monthly to the owner thereof (x) principal payments and prepayments made in respect of the pool of Mortgage Loans represented by the GNMA Security and (y) interest in an amount equal to the Pass-Through Rate. GNMA shall guarantee to the owner of each GNMA Security (i) the timely payment of interest at the applicable Pass-Through Rate on the unpaid principal balance of the Mortgage Loans represented by the GNMA Security and (ii) the timely payment of principal in accordance with the terms of the principal amortization schedule applicable to the Mortgage Loans represented by such GNMA Security.

“Interest Payment Date” means any date upon which interest on the Bonds is payable in accordance with their terms and the terms of the Indenture or any Supplemental Indenture.

“Issuance Expense” means all items of expense payable or reimbursable directly or indirectly by the Issuer and related to the authorization, sale and issuance of Bonds and the making, purchasing, acquiring or financing of the Mortgage Loans (including initial premiums on any special hazard insurance or Mortgage Pool Insurance) or the Mortgage-Backed Securities.

“Issuance Expense Fund” means the Account so designated which is established by the Indenture.

“Mortgage” means a mortgage, deed, deed of trust or other instrument securing a Mortgage Loan and constituting a lien on a Residence, subject only to encumbrances permitted by the Program Agreements.

“Mortgage-Backed Security” means a FNMA Security, a FHLMC Certificate or a GNMA Security backed by one or more Mortgage Loans (or such other security backed by Mortgage Loans which is specified in a Supplemental Indenture, the purchase of which will not adversely affect the Rating Quality of the Outstanding Bonds), in each case registered in the name of the Trustee. The definition of “Mortgage-Backed Security” shall not include, unless otherwise specified in a Supplemental Indenture, any Mortgage-Backed Security which is not credited to the Mortgage Loan Fund.

“Mortgage Insurance” means an insurance policy or a guaranty issued by the FHA or the VA, or an entity licensed to insure Mortgage Loans in the District and approved by the Issuer insuring or guaranteeing, in whole or in part, the principal of and interest payments on a Mortgage Loan.

“Mortgage Lender” means any person approved by the Issuer for participation in the Program.

“Mortgage Loan” means a loan to a Mortgagor, bearing interest at such rate or rates (which may include 0% rates) to be determined by the Issuer, secured (unless otherwise specified in a Supplemental Indenture) by a Mortgage on a Residence and evidenced by a promissory note. The definition of Mortgage Loan shall not include, unless otherwise provided in a Supplemental Indenture, any Mortgage Loan which is not credited to the Mortgage Loan Fund.

“Mortgage Loan Fund” means the Fund so designated in the Indenture.

“Mortgage Pool Insurance” means one or more policies of insurance issued by a Qualified Insurer or Qualified Insurers insuring against loss resulting or arising from an event of default under any or all Mortgage Loans financed with the proceeds of a Series of Bonds resulting from the mortgagor’s failure to make any payment required by the terms of such Mortgage Loan or from an event which is a basis for an action to foreclose such Mortgage Loan, as may be more fully described in a Supplemental Indenture.

“Mortgagor” means the obligor or joint obligors on a Mortgage Loan, which Mortgagor has an ownership interest in the Residence.

“Operating Fee” means the amount designated by the Issuer in a Certificate for carrying out the Program and paying any Expenses in connection therewith, in an amount not to exceed the aggregate of the amounts specified as the Operating Fee in each Supplemental Indenture.

“Outstanding” or “Bonds Outstanding” means all Bonds, which have been authenticated and delivered by the Trustee under the Indenture, except:

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

(d) Bonds otherwise specified in a Supplemental Indenture.

“Pass-Through Rate” means the rate of interest on a Mortgage-Backed Security, which shall be the rate or rates of interest per annum as set forth in or determined in accordance with the respective Supplemental Indenture.

“Paying Agent” means any bank or trust company designated pursuant to the Indenture and a Supplemental Indenture to serve as a paying agency or place of payment for a Series of Bonds, and any successors designated pursuant to the Indenture.

“Permitted Investments” means and includes any of the following obligations, to the extent the same are at the time legal for investment of funds of the Agency under the Act, including the amendments thereto or hereafter made, or under other applicable law:

- 1) Government Obligations;
- 2) Obligations of any state within the United States of America or any political subdivision of such a state, provided that at the time of purchase, such obligations are rated in either of the two highest rating categories by the Rating Agency;
- 3) Bonds, debentures, participation certificates, notes or other obligations issued or unconditionally guaranteed by any of the following: Federal Home Loan Banks, Farm Credit System (including the Bank for Cooperatives, Federal Land Banks, Federal Farm Credit Banks and Federal Intermediate Credit Banks), Fannie Mae, Farmer’s Home Administration (or its successor, the Rural Housing and Community Development Service), Freddie Mac, Ginnie Mae, Small Business Administration, Resolution Funding Corporation, or any other Federal agency or instrumentality backed by the full faith and credit of the United States of America;
- 4) Deposits in interest-bearing time or demand deposits, or certificates of deposit, secured by obligations described in clause (1), (2) or (3) above or fully insured by the Federal Deposit Insurance Agency or its successor;
- 5) Money market funds with ratings in the highest category of the Rating Agency;
- 6) Unsecured certificates of deposit, time deposits, banker’s acceptances; repurchase agreements and commercial paper having maturities of not more than 365 days provided that such obligations are rated in the highest short term rating category of the Rating Agency;
- 7) Stripped Securities: principal-only strips and interest-only strips of noncallable obligations issued by the U.S. Treasury, and REFCORP securities stripped by the Federal Reserve Bank of New York;
- 8) Guaranteed investment contracts or similar deposit agreements with insurance companies, banks or other financial institutions, provided the ratings on general unsecured obligations of such an institution are not lower than one rating below the rating on the Bonds by the Rating Agency; and
- 9) Bonds issued under the Indenture.

Provided that it is expressly understood that the definition of Permitted Investments shall be, and be deemed to be, expanded, or new definitions and related provisions shall be added to the Indenture, thus permitting investments with different characteristics from those permitted which an Authorized Officer deems from time to time to be in the interest of the Agency to include as Permitted Investments, as reflected in a Certificate of

an Authorized Officer or in a Supplemental Indenture, if at the time of inclusion such inclusion will not, in and of itself, adversely affect the then existing rating on the Bonds assigned to them by the Rating Agency.

“Prepayment” means (i) any payments on the Mortgage-Backed Securities other than regularly scheduled principal and interest payments thereon and (ii) amounts representing prepayments on the Mortgage Loans, such Prepayment on a Mortgage Loan to mean any Mortgagor payment or other recovery of principal on a Mortgage Loan which is received in advance of its scheduled due date and is not accompanied by an amount as to interest representing scheduled interest for any month subsequent to the month of prepayment, and the portion of any payments representing such amounts from condemnation of the mortgaged premises or foreclosure of the mortgaged premises or other proceedings taken in the event of default by the Mortgagor, any hazard or special insurance policy covering mortgaged premises, any Mortgage Pool Insurance, any Mortgage Insurance, including moneys received from debentures or certificates issued pursuant to a contract of insurance, and moneys received from the sale, assignment, endorsement or other disposition of any such Mortgage Loan with respect to which condemnation, foreclosure or other proceedings taken in the event of default by the Mortgagor have occurred (including the sale or transfer of a Mortgage Loan which is in violation of the requirements of the Program).

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

“Private Mortgage Insurance” means a private mortgage insurance policy issued by a company satisfactory to the Issuer authorized to do business in the District and whose rating for claims-paying ability will not adversely affect the Rating Quality of the Bonds.

“Program” means the Issuer’s program of financing qualified Mortgage Loans through the purchasing, acquiring or financing of Mortgage Loans or Mortgage-Backed Securities or other securities backed by Mortgage Loans pursuant to the provisions of the Indenture and any Supplemental Indenture and the Program Agreements.

“Program Agreements” means one or more agreements in connection with the Program and which may be specified in a Supplemental Indenture, and which shall constitute the rules and regulations of the Issuer governing its activities under the Act with respect to the Program, as the same shall be amended from time to time.

“Qualified Insurer” means (a) the Federal Housing Administration, the Department of Veterans Affairs or any successors thereto or (b) a private mortgage insurance company acceptable to the Rating Agency whose rating for claims-paying ability will not adversely affect the Rating Quality of the Bonds and which has “surplus as regards policyholders” at least equal to \$15,000,000 and qualified (i) to issue mortgage insurance in the District and (ii) to provide insurance on mortgages purchased by FHLMC or Fannie Mae.

“Rating” means the rating or ratings assigned by the Rating Agency, pursuant to a request or requests by the Issuer, and without regard to any policy of insurance on the Bonds of any Series.

“Rating Agency” means S&P and any other rating agency specified in a Supplemental Indenture.

“Rating Quality” means, with respect to any Series of Bonds, having terms, conditions and/or a credit quality such that the item stated to be of “Rating Quality” will not, as confirmed in writing received by the Trustee from the Rating Agency, impair the ability of the Issuer to obtain the rating or ratings initially anticipated to be received from the Rating Agency with respect to such Bonds as described in the related Supplemental Indenture and, if any of the Bonds have been rated, will not cause the Rating Agency to lower or withdraw the rating it has assigned to any of the Bonds.

“Rebate Fund” means the Fund so designated in the Indenture.

“Record Date” means any Regular Record Date, Special Record Date or Redemption Record Date.

“Redemption Fund” means the Fund so designated in the Indenture.

“Redemption Record Date” means the date or dates set forth in the applicable Supplemental Indenture authorizing the particular Series of Bonds.

“Regular Record Date” means the date or dates set forth in the applicable Supplemental Indenture authorizing the particular Series of Bonds.

“Residence” means real property and improvements thereon, which consists of single family (one to four family) dwelling units (which may be a condominium or cooperative unit, subject to any restrictions established by the Issuer) which is, at the time of origination of the related Mortgage Loan, owned and occupied by the Mortgagor as his or her principal residence, and which satisfies other requirements which the Issuer may from time to time establish under the Program Agreements. A residence does not include a rental house, vacation homes or factory-made housing or mobile homes that are not permanently affixed to real property and not deemed real property under the laws of the District.

“Revenue Fund” means the Fund so designated in the Indenture.

“Revenues” means (i) all amounts received as repayment of principal, interest and all other charges received for, and all other income and receipts derived by the Issuer from, the Mortgage-Backed Securities and Mortgage Loans or any way in connection therewith, including Prepayments, (ii) moneys deposited in a sinking, redemption or reserve fund or other Fund or Account to secure Bonds or to provide for the payment of the principal of, premium or interest on Bonds and (iii) to the extent hereinafter provided, interest earnings or income received on moneys so deposited in any Fund or Account pursuant to the Indenture and all other payments and receipts received with respect to Mortgage Loans or Mortgage-Backed Securities, including the proceeds of Mortgage Insurance claims (but excluding Service Fees, Escrow Payments and Excess Nonmortgage Earnings).

“Serial Bonds” means that portion of a Series of Bonds so designated by the Issuer in a Supplemental Indenture as Serial Bonds.

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

“Service Fee” means any fee or charge authorized to be deducted by a Servicer from payments on a Mortgage Loan or Mortgage-Backed Security before passing through or remitting payments to the Trustee and as specified in a Supplemental Indenture.

“Servicer” means one or more servicers which have entered into Program Agreements with the Issuer, or their successors and assigns or any substitute entity therefor and as identified in a Supplemental Indenture.

“Sinking Fund Installment” means any amount of money required by or pursuant to the Indenture or a Supplemental Indenture to be paid on a specified date by the Issuer toward the retirement of any particular Bonds of a Series before maturity.

“S&P” means Standard & Poor’s Ratings Group, a division of the McGraw-Hill Companies, Inc., and its successors and assigns, or, if S&P shall no longer be maintaining a rating on the Bonds, then another nationally recognized rating agency designated by the Issuer.

“Special Record Date” means the date described in the Indenture.

“Supplemental Indenture” means any supplement to the Indenture entered into pursuant to Article IX of the Indenture authorizing and specifying the terms of a Series of Bonds.

“Surplus Fund” means the Fund so designated which is established by the Indenture.

“Tax-Exempt Obligation” means (a) obligations, which are rated at a level which will not impair the then current Rating on the Bonds, the interest on which is excluded from gross income of the owner thereof for federal income tax purposes under Section 103 of the Code (other than an obligation described in Section 57(a)(5)(C) of the Code); and (b) United States Treasury -State and Local Government Series, demand deposit securities.

“Term Bonds” means that portion of a Series of Bonds so designated by the Issuer in a Supplemental Indenture as Term Bonds.

“Trustee” means the trustee appointed by or pursuant to the Indenture, its successor or successors and any other corporation or association, which may at any time be substituted in its place pursuant to the Indenture.

“VA” means the Department of Veterans Affairs or other agency or instrumentality created or chartered by the United States to which the powers of the Department of Veterans Affairs have been transferred.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The General Indenture of Trust (the “Indenture”) contains terms and conditions relating to the issuance and sale of Bonds under it, including various covenants and security provisions, certain of which are summarized below. This summary does not purport to be comprehensive or definitive and is subject to all of the provisions of the Indenture, to which reference is hereby made, copies of which are available from the Issuer or the Trustee. This summary uses various terms defined in the Indenture and such terms as used herein shall have the same meanings as so defined.

Authority and Purpose

The Indenture is entered into under authority and in accordance with the provisions of the Act, for the purpose of facilitating an increase in the supply of affordable housing in the District at prices which persons of primarily low and moderate income, particularly first-time homebuyers, can afford, by financing Mortgage Loans through the purchase, acquisition or financing of Mortgage Loans or Mortgage-Backed Securities; and for the purpose of establishing covenants, agreements and procedures to assure that Revenues received from financing such Mortgage Loans and Mortgage-Backed Securities (or security therefor), together with other amounts pledged under the Indenture, will be sufficient for the repayment of money borrowed for that purpose, and that Revenues and other amounts pledged under the Indenture exceeding the amounts needed for that purpose will be applied in accordance with law for other purposes authorized by the Act.

Indenture Constitutes Contract

The provisions of the Indenture constitute a contract of the Issuer with the Trustee for the benefit of the holders of the Bonds and the pledge, covenants and agreements set forth in the Indenture to be performed by and on behalf of the Issuer are for the equal benefit, protection and security of the holders of any and all of the Bonds.

Pledge Effected by the Indenture

For the payment of the principal of, premium, if any, and interest on the Bonds, and the Sinking Fund Installments for the retirement thereof, the Issuer has pledged to the Trustee, and granted a security interest in, in accordance with the provisions of the Indenture, all proceeds of the sale of the Bonds other than proceeds deposited in trust for the retirement of Outstanding Bonds, all Mortgage Loans and Mortgage-Backed Securities and Permitted Investments made or purchased from such proceeds, all Revenues and all money, Permitted Investments and other assets and income held in and receivable by the Funds and Accounts established by or pursuant to the Indenture, but excluding Service Fees, Escrow Payments and Excess Nonmortgage Earnings, all subject to the right of the Issuer to direct withdrawals of amounts from said Funds and Accounts upon the conditions set forth in the Indenture, which pledge constitutes a first lien on such pledged moneys and revenues.

Purposes

Each Supplemental Indenture authorizing the issuance of one or more Series of Bonds will specify the purposes for which such Series of Bonds is being issued. The purpose or purposes for which a Series of Bonds may be issued are as follows: (i) the purchase of Mortgage-Backed Securities in order to finance Mortgage Loans or the financing, purchasing or acquiring of Mortgage Loans, (ii) the making of deposits in amounts, if any, required or authorized by the Supplemental Indenture to be paid into Funds or Accounts established in the Indenture or in a Supplemental Indenture from the proceeds of a Series of Bonds, (iii) the

refunding of Bonds, (iv) to pay or defease notes or bonds or other indebtedness issued by the Issuer to acquire, finance or purchase Mortgage Loans or Mortgage-Backed Securities in exchange for Mortgage Loans or Mortgage-Backed Securities with respect to which such notes, bonds or other indebtedness was issued and meeting any other requirements set forth in a Supplemental Indenture or (v) for such other purpose as stated in the Supplemental Indenture and not inconsistent with the provisions of the Indenture.

Conditions Precedent to the Issuance of Bonds

The Indenture authorizes Bonds to be issued from time to time in one or more Series without limitations as to amount except as may be provided by law. All of the Bonds of each Series shall be issued by the Issuer under the Indenture, delivered to the Trustee for authentication and, upon authentication by the Trustee, delivered to the Issuer or its order, but only upon receipt by the Trustee of, among other things:

(1) A Counsel's Opinion, dated the date of delivery thereof, to the effect that: (i) the Issuer is a body corporate and an instrumentality of the District with the powers, among others, to finance, purchase or acquire the Mortgage Loans, either directly or through the purchase or acquisition of Mortgage-Backed Securities, to issue the Bonds to provide funds therefor and to perform its obligations under the Indenture and the applicable Supplemental Indenture; (ii) the Bonds are valid limited obligations of the Issuer secured by and payable solely from the Revenues and other moneys pledged under the Indenture; and (iii) the Indenture and the applicable Supplemental Indenture have been validly authorized, executed and delivered and create an assignment and pledge of and lien on the Revenues and other moneys pledged under the Indenture, except that (y) no opinion need be expressed as to the effect upon such enforceability of bankruptcy, insolvency, reorganization, moratorium and other similar laws enacted for the relief of debtors and (z) no opinion need be expressed as to the availability of the remedy of specific performance, mandamus, injunctive relief or any other equitable remedy;

(2) A certificate from the Issuer directing that the Trustee authenticate and deliver such Bonds and containing instructions as to the delivery of such Bonds and the purchase price therefor;

(3) A copy of the Supplemental Indenture authorizing such Bonds, which shall specify the terms and purposes thereof;

(4) A Certificate from the Issuer stating that the Issuer is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Indenture or in any Supplemental Indenture;

(5) A Cash Flow Certificate or a Cash Flow Statement which includes the issuance of such Series of Bonds conforming to the requirements of the Indenture;

(6) Any executed Investment Agreement assumed, for the Series of Bonds, in the Cash Flow Statement;

(7) Any necessary fees from the Mortgage Lenders and the Servicers assumed, for the Series of Bonds, in the Cash Flow Statement;

(8) Written verification from the Rating Agency that the issuance of such Series of Bonds will not, in and of itself, adversely affect the Rating Quality of any Outstanding Bonds of any prior Series of Bonds;

(9) If such Series of Bonds is to have the benefit of a liquidity facility or be secured by credit enhancement, the executed liquidity facility or credit enhancement or evidence that all

conditions precedent to the issuance of such liquidity facility or credit enhancement have been met as of the date of issuance of such Series of Bonds;

(10) Such further documents and moneys as are required by the provisions of Article IX of the Indenture or any Supplemental Indenture adopted pursuant to Article IX thereof; and

(11) In addition to satisfaction of the requirements set forth above, with respect to the Bonds of the Series of a Refunding Issue:

(i) there shall be deposited with the Trustee either:

(1) moneys in an amount sufficient to effect payment at the applicable redemption price of the Other Issuer Bonds to be refunded, together with accrued interest on such Other Issuer Bonds to the redemption date designated for such purpose, or

(2) Permitted Investments in such principal amounts, having such maturities, bearing such interest and otherwise having such terms and qualifications as shall be required to pay the applicable redemption price of the Other Issuer Bonds to be refunded, together with accrued interest on such Other Issuer Bonds to the redemption date, which Permitted Investments and moneys shall be held in trust for the holders of Outstanding Other Issuer Bonds being refunded;

(ii) The Issuer shall have given irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Other Issuer Bonds so to be redeemed on a redemption date specified in such instructions and to give notice in the manner provided in the applicable Indenture pursuant to which the Other Issuer Bonds were issued;

(iii) The Trustee shall furnish to the Issuer a certificate, as shall be satisfactory to the Trustee, stating that it holds or there is being held in trust the Permitted Investments and/or moneys required to effect such redemption; and

(iv) The requirements set forth in the Indenture regarding conditions precedent to the issuance of Bonds generally, have been satisfied.

Establishment of Funds and Accounts

The Issuer, by the Indenture, has established the following Funds and Accounts:

- (1) Mortgage Loan Fund, and therein Series Mortgage Loan Accounts, and therein Series Recycling Subaccounts;
- (2) Revenue Fund;
- (3) Debt Service Fund;
- (4) Debt Service Reserve Fund;
- (5) Operating Fund;
- (6) Redemption Fund;

- (7) Rebate Fund;
- (8) Issuance Expense Fund;
- (9) Capitalized Interest Fund, and therein Series Capitalized Interest Accounts; and
- (10) Surplus Fund.

The Trustee may also establish from time to time such additional funds or accounts as the Issuer may direct or as the Trustee shall determine may be reasonably required to carry out its duties under the Indenture, and moneys deposited therein shall be used and pledged only as provided in the directions of the Issuer, it being intended that such authority be used (among other things) to implement the utilization of moneys provided by other entities in conjunction with the Program.

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

The proceeds from any Series of Bonds will be deposited in the Funds and Accounts established under the Indenture in accordance with the terms of the Indenture and the Supplemental Indenture authorizing such Series of Bonds.

Mortgage Loan Fund

There will be deposited in the Mortgage Loan Fund the proceeds of any Bonds in such amount as shall be established in a Supplemental Indenture and any moneys transferred from the Revenue Fund as directed by an Authorized Officer of the Issuer.

The Trustee will from time to time pay out money from the related Series Mortgage Loan Account (i) for the purpose of acquiring, financing or purchasing Mortgage Loans or Mortgage-Backed Securities in accordance with the Indenture and the terms of any applicable Supplemental Indenture and (ii) to pay or defease notes or bonds or other indebtedness issued by the Issuer to finance or purchase Mortgage Loans or Mortgage-Backed Securities in exchange for Mortgage Loans or Mortgage-Backed Securities with respect to which such notes, bonds or other indebtedness was issued and meeting any other requirements set forth in a Supplemental Indenture.

The Trustee will transfer moneys from the Mortgage Loan Fund to the Revenue Fund, the Redemption Fund or Rebate Fund to the extent specified in any Supplemental Indenture or upon the direction of an Authorized Officer of the Issuer.

Mortgage Loans and Mortgage-Backed Securities credited to the Mortgage Loan Fund may be released to the Issuer, free and clear of the lien of the Indenture, upon the filing of a certificate of an Authorized Officer directing the same and filing with the Trustee (i) a Cash Flow Statement; (ii) an opinion of Counsel that the release of such Mortgage Loans or Mortgage-Backed Securities will not adversely affect

the tax-exempt status of interest on the Bonds; and (iii) written evidence that such release will not adversely affect the then current Ratings on the Bonds by the Rating Agency.

The Trustee will from time to time pay out money from the related Series Recycling Subaccount (i) for the purpose of acquiring, financing or purchasing Mortgage Loans or Mortgage-Backed Securities in accordance with the Indenture and the terms of any applicable Supplemental Indenture and (ii) to pay or defease notes or bonds or other indebtedness issued by the Issuer to finance or purchase Mortgage Loans or Mortgage-Backed Securities in exchange for Mortgage Loans or Mortgage-Backed Securities with respect to which such notes, bonds or other indebtedness was issued and meeting any other requirements set forth in a Supplemental Indenture. Any investment earnings on moneys held in the Mortgage Loan Fund will be credited by the Trustee to the Revenue Fund upon receipt.

Revenue Fund

Unless otherwise specified in a Supplemental Indenture for a particular Series of Bonds, the Trustee will credit all Revenues derived from the Mortgage Loans (including Defaulted Mortgage Loans) and the Mortgage-Backed Securities (provided that, if directed in a Supplemental Indenture, amounts representing accrued interest on the Mortgage Loans and Mortgage-Backed Securities from the origination or issue date thereof to the date purchased by the Trustee will be remitted to the applicable Servicer) to the Revenue Fund. As soon as possible after receipt of such moneys for deposit into the Revenue Fund, the Trustee will segregate as designated by the Servicer such moneys as either Prepayments or other moneys (including, but not limited to Scheduled Principal Payments). Amounts representing Prepayments will be immediately transferred by the Trustee (i) to the related Series Recycling Subaccount of the Mortgage Loan Fund, as directed pursuant to the terms of a Supplemental Indenture or upon the filing of a Cash Flow Statement, or (ii) as directed pursuant to the terms of a Supplemental Indenture or by a Certificate of an Authorized Officer, to the Redemption Fund. There will also be deposited in the Revenue Fund, unless otherwise specified in a Supplemental Indenture, any income or interest earned by, or increment to, any Fund or Account (except the Rebate Fund, unless otherwise directed in a Certificate of an Authorized Officer), established pursuant to the Indenture due to the investment thereof.

Unless otherwise specified in the Supplemental Indenture for a particular Series of Bonds, moneys remaining in the Revenue Fund following the transfer of amounts representing Prepayments as set forth above shall be disbursed by the Trustee at the following times and in the following order of priority:

(1) On or before each Interest Payment Date and other date on which principal of or interest on the Bonds is due, the Trustee will transfer to the Debt Service Fund an amount sufficient to pay the interest, principal (if any) and Sinking Fund Installment due on such Interest Payment Date or other date for application as provided in the Indenture.

(2) On any Interest Payment Date or on such other date or dates as specified below or as directed in a Certificate of an Authorized Officer, the Trustee will withdraw from the balance of any moneys remaining in the Revenue Fund in excess of Accrued Debt Service less amounts on deposit in the Debt Service Fund as of the date of withdrawal and deposit the same as follows:

First, to the credit of the Rebate Fund, such amount as may be specified in a Certificate of an Authorized Officer, to satisfy the rebate requirements set forth in the Indenture;

Second, to the credit of the Debt Service Reserve Fund such amount (or the balance of the moneys so remaining in the Revenue Fund if less than the required amount) as will be required to increase the amount credited thereto to an amount equal to the Debt Service Reserve Requirement;

Third, to the credit of the Operating Fund, on each June 1 and December 1, an amount equal to the Operating Fee;

Fourth, to the Redemption Fund, any amounts so directed in a Supplemental Indenture or a Certificate of an Authorized Officer; and

Fifth, to the Surplus Fund, any amounts so directed in a Supplemental Indenture or a Certificate of an Authorized Officer.

Amounts remaining in the Revenue Fund following the transfers set forth above shall be retained in the Revenue Fund until the next Interest Payment Date.

Notwithstanding the foregoing requirements of the Indenture, upon direction of an Authorized Officer, amounts in the Revenue Fund representing Excess Nonmortgage Earnings will be withdrawn from the Revenue Fund only for deposit to the credit of the Rebate Fund in accordance with the requirements of the Indenture.

Debt Service Fund

The Trustee will withdraw from the Debt Service Fund, on each Interest Payment Date and any other date on which interest on the Bonds is payable, an amount equal to the unpaid interest due on the Bonds on that date, and on any redemption date or purchase date pursuant to the Indenture, an amount equal to the unpaid interest due on the Bonds to be paid, redeemed or purchased, and will cause it to be applied to the payment of said interest when due, or will transmit it to one or more Paying Agents, who will apply it to such payment.

The Trustee will withdraw from the Debt Service Fund on each date on which principal on the Bonds is payable (1) an amount equal to the principal amount of the Outstanding Bonds, if any, due (whether by maturity, redemption or otherwise) on that date, which will be applied to the payment or purchase of the principal of said Bonds when due or transmitted to one or more Paying Agents who will apply it to such payment and (2) an amount equal to the Sinking Fund Installment, if any, due on that date, which will be applied to the redemption of Bonds to be redeemed on that date or transmitted to one or more Paying Agents who will apply it to such redemption.

Unless other dates are specified in the Supplemental Indenture authorizing a Series of Bonds, not earlier than the forty-fifth day prior to each such date on which a Sinking Fund Installment is due, the Trustee will proceed to select for redemption in the manner provided in the Indenture from all Outstanding Bonds subject to redemption from such Sinking Fund Installment an amount of such Bonds, equal to the aggregate principal amount of such Bonds redeemable with such Sinking Fund Installment, and will call such Bonds for redemption from such Sinking Fund Installment on the next succeeding date for redemption, and give notice of such call in accordance with the Indenture. On or before the forty-fifth day next preceding any date on which a Sinking Fund Installment is due, the Issuer, by a certificate of an Authorized Officer, may (1) deliver to the Trustee for cancellation, Bonds which are subject to redemption from such Sinking Fund Installment, or portions thereof, in any aggregate principal amount desired or (2) receive a credit in respect of its Sinking Fund Installment obligation for any such Bonds, which prior to said date have been delivered to the Trustee for cancellation or redeemed (otherwise than through redemption from a Sinking Fund Installment) and canceled by the Trustee and not theretofore applied as a credit against any Sinking Fund Installment obligation. Each Bond or portion thereof so delivered or previously redeemed will be credited by the Trustee at the principal amount thereof on the obligation of the Issuer with respect to such Sinking Fund Installments as the certificate of an Authorized Officer will direct and the principal amount of such Bonds to be redeemed by such Sinking Fund Installment will be accordingly reduced.

Unless other dates are specified in a Supplemental Indenture authorizing a Series of Bonds, on or before the forty-fifth day preceding each date on which a Sinking Fund Installment is due, the Trustee, if directed by a certificate of an Authorized Officer, will apply moneys in the Debt Service Fund held for such Sinking Fund Installment to the purchase of Outstanding Bonds subject to redemption from such Sinking Fund Installment in the manner provided in the Indenture, and upon such purchase, such Bonds will be canceled and the amount of such Sinking Fund Installment will thereupon be reduced by the principal amount of such Bonds so purchased and canceled, provided that no such Bonds will be so purchased within the 45 days next preceding the date on which such Sinking Fund Installment is to be used to redeem Bonds. The price paid by the Trustee (excluding accrued interest, but including any brokerage and other charges) for any Bond purchased under the Indenture will not exceed the redemption price applicable on the next date on which such Bond could be redeemed in accordance with its terms from a Sinking Fund Installment. Subject to the limitations set forth and referred to in the Indenture, the Trustee will purchase Bonds at such times, for such prices, in such amounts and in such manner (whether after advertisement for tenders or otherwise) as the Trustee may be so directed by the Issuer and as may be possible with the amount of money available in the Debt Service Fund.

Any investment earnings on moneys held in the Debt Service Fund will be credited by the Trustee to the Revenue Fund upon receipt.

In the event that the amount in the Debt Service Fund on any Interest Payment Date (following the transfer of funds from the Revenue Fund pursuant to the Indenture) or other date on which principal of or interest on the Bonds is payable, or otherwise, is insufficient to pay in full interest when due, or is insufficient to pay in full principal and Sinking Fund Installments when due, the Trustee will withdraw the amount of such deficiency from the following funds in the following order: (i) any amounts in any Series Capitalized Interest Account, (ii) the Surplus Fund, (iii) the Redemption Fund, to the extent of amounts available therein, (iv) the Debt Service Reserve Fund and (v) the Operating Fund.

Debt Service Reserve Fund

There will be deposited into the Debt Service Reserve Fund, from the proceeds of the sale of the Bonds or such other sources as specified by a direction of an Authorized Officer of the Issuer, the amounts specified by each Supplemental Indenture, provided that, as a result of such deposit, the amount on deposit in the Debt Service Reserve Fund will be at least equal to the Debt Service Reserve Requirement.

If there is not a sufficient amount in the Debt Service Fund to provide for the payment when due of principal of and interest on the Bonds and any Sinking Fund Installments, the Trustee will withdraw from the Debt Service Reserve Fund (after withdrawing any amounts in any Series Capitalized Interest Account, the Surplus Fund, the Redemption Fund (to the extent of amounts available therein), but prior to withdrawing any amounts from the Operating Fund) and pay into the Debt Service Fund the amount of the deficiency then remaining.

If there is not a sufficient amount in the Revenue Fund to make the deposits into the Operating Fund, the Trustee will, on such date for deposit, withdraw from the Debt Service Reserve Fund (after withdrawing amounts in any Series Capitalized Interest Account and the Issuance Expense Fund) to the extent of amounts available therein (but prior to any withdrawal from the Operating Fund) and pay into the Revenue Fund the amount of the deficiency then remaining.

Interest and other income from the investment or deposit of amounts in the Debt Service Reserve Fund will unless otherwise directed by an Authorized Officer of the Issuer be immediately transferred by the Trustee to the Revenue Fund upon receipt thereof.

Any balance in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement will, at the option of the Issuer and upon the direction of an Authorized Officer of the Issuer, be transferred to the Revenue Fund or the Redemption Fund at such times as directed by such Authorized Officer.

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

Redemption Fund

Amounts credited to the Redemption Fund, as directed by or pursuant to the Indenture, will be used for the purchase or redemption of Bonds pursuant to the Indenture and the related Supplemental Indenture. In addition, the Trustee will, to the extent amounts are insufficient in the Debt Service Fund to pay principal of or interest on the Bonds when due, transfer (after transferring amounts in any capitalized interest account established in connection with a Supplemental Indenture, but prior to amounts in the Debt Service Reserve Fund) moneys from the Redemption Fund (for which notice of redemption has not been given) to the Debt Service Fund to pay principal of or interest on the Bonds.

Interest and other income from the investment or deposit of amounts in the Redemption Fund will be immediately transferred by the Trustee to the Revenue Fund upon receipt thereof.

Operating Fund

Moneys in the Operating Fund may, at the option of the Issuer, be withdrawn from time to time for the purpose of paying the Operating Fee and, when so withdrawn and paid out, will be free and clear of any lien or pledge created by the Indenture.

Rebate Fund

Amounts deposited and held in the Rebate Fund will not be subject to the pledge of the Indenture; however, such amounts are held for public purposes and are necessary in order to comply with Section 148 of the Code, and therefore, such amounts are pledged under the Indenture, subject only to any withdrawals permitted by the Issuer pursuant to the Indenture, to the United States of America to the extent required to make any payments pursuant to Section 148 of the Code and pursuant to any no arbitrage certificate delivered by the Issuer in connection with the issuance of any Series of Bonds. Investment earnings on any moneys in the Rebate Fund will be retained therein.

The Trustee will establish in the Rebate Fund a separate account for the Outstanding Bonds of each Series (each such account herein referred to as a “Series Rebate Account”).

If permitted by the Code, at such periodic intervals as the Issuer, in a Certificate of an Authorized Officer, will direct, the Issuer may withdraw from the related Series Rebate Account in the Rebate Fund and transfer to the Revenue Fund moneys in excess of the amount required to be deposited in the Rebate Fund pursuant to the most recent arbitrage rebate computation.

The Issuer will, in accordance with the requirements of Section 148 of the Code, pay over moneys in the Rebate Fund to the United States of America. To the extent that moneys in the Rebate Fund are not withdrawn pursuant to provisions of the Indenture, moneys in the Rebate Fund will be withdrawn by the Issuer for disbursement to the United States of America, at such times and in such amounts as will be determined by the Issuer in accordance with the requirements of the Code.

Capitalized Interest Fund

The Trustee will establish in the Capitalized Interest Fund a separate account for any Series of Bonds issued under the Indenture if so directed in a Supplemental Indenture (each such account is referred to in the Indenture as a “Series Capitalized Interest Account”). There will be deposited in any Series Capitalized Interest Account, the amount specified in any Supplemental Indenture. The Trustee will transfer moneys from any Series Capitalized Interest Account to the Debt Service Fund, the Debt Service Reserve Fund, the Redemption Fund, and the Operating Fund to fund any deficiencies in such funds as provided in the Indenture.

Interest and other income from the investment or deposit of amounts in the Capitalized Interest Fund will, unless otherwise directed in a Certificate of an Authorized Officer, be immediately transferred by the Trustee to the Revenue Fund upon receipt thereof.

Issuance Expense Fund

There will be deposited in the Issuance Expense Fund any amount as directed pursuant to any Supplemental Indenture. The Trustee will apply moneys in the Issuance Expense Fund to pay Issuance Expenses. The Trustee may also apply moneys in the Issuance Expense Fund to fund any deficiencies in the Operating Fund pursuant to the Indenture.

Upon payment of all Issuance Expenses, as reflected in a Certificate of an Authorized Officer, amounts in the Issuance Expense Fund will be transferred to the Revenue Fund.

Interest and other income from the investment or deposit of amounts in the Issuance Expense Fund will, unless otherwise directed in a Certificate of an Authorized Officer or pursuant to a Supplemental Indenture, be immediately transferred by the Trustee to the Revenue Fund upon receipt thereof.

Surplus Fund

There will be deposited in the Surplus Fund any amounts as provided in the Indenture. Moneys, if any, in the Surplus Fund may be withdrawn and transferred, as directed by a Supplemental Indenture or in a Certificate of an Authorized Officer, to any other Fund or Account under the Indenture or, subject to certain provisions of the Indenture, to the Issuer, free and clear of the lien and pledge created by the Indenture for any purpose authorized by the Act.

Interest and other income from the investment or deposit of amounts in the Surplus Fund will, unless otherwise directed in a Certificate of an Authorized Officer, be immediately transferred by the Trustee to the Revenue Fund upon receipt thereof.

Payment of Bonds

The Issuer shall duly and punctually pay or cause to be paid (but solely from amounts pledged under the Indenture) the principal amount of and interest on the Bonds, at the dates and places and in the manner mentioned in the Bonds, according to the true intent and meaning thereof, and will duly and punctually pay or cause to be paid (solely from amounts pledged under the Indenture) to the Trustee any part of any and all Sinking Fund Installments required pursuant to the Indenture and the related Supplemental Indentures.

Purchase of Mortgage-Backed Securities; Purchase of Mortgage Loans

In carrying out the Program, the Issuer will cause the Trustee to purchase, using proceeds from the Bonds of each Series, together with any other amounts deposited in the related Series Mortgage Loan Account, Mortgage-Backed Securities backed by Mortgage Loans and/or Mortgage Loans with such maturity

dates, for such prices and at such rates of interest as will permit the Issuer, upon the sole determination of the Issuer, to pay the debt service on such Bonds in a manner consistent with the Act, the Indenture, the related Supplemental Indenture and any other documents by which the Issuer is bound.

No amounts which have been deposited in the Mortgage Loan Fund will be disbursed to finance, purchase or acquire any Mortgage-Backed Security or Mortgage Loan unless the Mortgage Loan (or Mortgage Loan underlying the Mortgage-Backed Security) meets the requirements of the applicable Program Agreements.

The Issuer will take whatever action is required by law from time to time to pledge the Mortgage-Backed Securities and the Mortgage Loans to the Trustee.

The Issuer warrants and covenants in the Indenture (i) that no Mortgage Loan or Mortgage-Backed Security backed by a Mortgage Loan will be financed by the Issuer under the Program unless the Mortgage Loan (or Mortgage Loan underlying the Mortgage-Backed Security) complies in all respects with the Act and (ii) to comply with any additional Program covenants contained in the Indenture and in any Supplemental Indenture.

The Issuer warrants and covenants that each Mortgage Loan will be a self-amortizing obligation which, to the extent set forth in the applicable Supplemental Indenture, will bear interest at a fixed or variable rate of interest and have level or variable debt service over its life.

The Issuer warrants and covenants that Mortgage Loans financed by a Series of Bonds must consist of one of the following (in each case, subject to any additional requirements imposed by the related Supplemental Indenture):

(i) Any Mortgage Loan insured under programs of the Federal Housing Administration under the National Housing Act of 1934, as amended;

(ii) Any Mortgage Loan guaranteed by the Department of Veterans Affairs pursuant to the Servicemen's Readjustment Act of 1944, as amended;

(iii) Any Mortgage Loan which has a loan-to-Value of the Property ratio no greater than 80%; or

(iv) Any Mortgage Loan which has a loan-to-Value of the Property ratio in excess of 80% as to which (1) Private Mortgage Insurance coverage thereof results in the uninsured portion of the principal amount thereof not exceeding 60% of the Value of the Property or (2) Private Mortgage Insurance coverage thereof results in the uninsured portion of the principal amount thereof not exceeding 72% of the Value of the Property and coverage thereof by Mortgage Pool Insurance.

The deed of trust or mortgage securing any Mortgage Loan is required to be executed and recorded in accordance with the requirements of existing laws and (except to the extent that a variance is required by an agency or instrumentality of the United States of America insuring or guaranteeing the payment of a Mortgage Loan):

(1) the deed of trust or mortgage will constitute and create a first lien, subject only to permitted encumbrances, on the real property or on the interest in the real property constituting a part of the residential housing with respect to which the Mortgage Loan secured thereby is made and on the fixtures acquired with the proceeds of the Mortgage Loan attached to or used in connection with such residential housing and will relate to housing owned on a cooperative or condominium basis to the extent set forth in the applicable Supplemental Indenture;

(2) the Mortgagor shall have warranted generally the title to the premises, subject to permitted encumbrances, and will execute such further assurances as may be requisite;

(3) the Mortgagor will enter into a binding agreement with or for the benefit of the Issuer that it will pay or escrow all taxes, assessments, water rates, sewer rents and municipal and other charges and fees and any prior liens at the time or thereafter assessed or liens on or levied against the premises or any part thereof, and in the case of default in the payment thereof when the same will be due and payable, it will be lawful for the Issuer without notice or demand to the Mortgagor, to pay the same or any of them; that the moneys paid by the Issuer in discharge of taxes, assessments, water rates, sewer rents and municipal, other charges and fees and prior liens will be a lien on the premises added to the amount of the Mortgage Loan and secured by a promissory note payable on demand with interest (at the rate applicable under the Mortgage Loan from and after maturity), from the time of payment of the same;

(4) the Mortgagor shall covenant and represent that it has insurable legal title in fee simple to the premises with respect to which the Mortgage Loan is made, subject to permitted encumbrances, and that the proceeds of the Mortgage Loan will be used solely to pay the reasonable and necessary costs of the residential housing to be financed by such Mortgage Loan;

(5) the Mortgagor shall covenant that it will keep the buildings on the premises insured against loss by fire and other hazards as required by the Issuer to protect its interest with losses payable to the Issuer as its interest may appear and that the borrower will reimburse the Issuer or its agent for any insurance premiums paid by or on behalf of the Issuer on the borrower's default in so insuring the buildings;

(6) the Mortgagor shall covenant that it will maintain the premises in good condition and repair, will not commit or suffer any waste of the premises, and will comply with, or cause to be complied with, all statutes, ordinances and requirements of any governmental authority relating to the premises; and

(7) the Mortgagor shall covenant to obtain and maintain in force, at its sole expense, a mortgagee policy of title insurance (in standard American Land Title Association form as then in effect) issued by a title insurance company qualified to do business in the District and acceptable to the Issuer insuring the Issuer that the deed of trust is valid and enforceable and in the full amount of any advances made on the Mortgage Loan, including, when applicable, any increases in the amount thereof.

The Issuer may sell any Mortgage Loan held under the Indenture to realize the benefits of mortgage insurance or guaranty, or to replace or dispose of defective Mortgage Loans or for any other reason deemed appropriate by the Issuer.

Notwithstanding the foregoing, a Mortgage Loan may be financed under the Indenture which does not meet one or more of the criteria set forth above, provided that the financing of such Mortgage Loan will not adversely affect the then current Rating on the Bonds.

The Trustee may rely on a Certificate of an Authorized Officer or Mortgage Lender as evidence that the provisions of the Indenture have been satisfied with respect to any Mortgage Loan.

Enforcement of Mortgage-Backed Securities; Mortgage Loans and Program Agreements

The Issuer will diligently enforce and take all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of all Mortgage-Backed Securities, Mortgage Loans and the Program Agreements, including the prompt payment of all payments and all other amounts

due the Issuer under the Indenture. The Issuer will not, without good cause, release the obligations of any Mortgagor under any Mortgage Loan, Mortgage-Backed Security or any Mortgage Lender or Servicer under any Program Agreement, except as expressly provided therein and will, at all times, to the extent permitted by law, defend, enforce, preserve and protect the rights and privileges of the Issuer and of the Bondholders under or with respect to each Mortgage-Backed Security and Mortgage Loan and the Program Agreements, provided that this provision will not be construed to prevent the Issuer from (i) settling a default thereof on any Mortgage Loan or Mortgage-Backed Security on such terms as the Issuer determines to be in the best interests of the Issuer and the Bondholders or (ii) releasing any Mortgagor from, or waiving, any of such Mortgagor's obligations under the respective Mortgage Loan to the extent necessary to preserve the tax-exempt status of the Bonds or as otherwise authorized in a Supplemental Indenture.

Amendment of Mortgage Loans; Disposition of Mortgage Loans and Mortgage-Backed Securities

The Issuer will not consent to or agree to or permit any amendment or modification of any Mortgage Loan which will in any manner impair or materially adversely affect the rights or security of the Bondholders or the Trustee under the Indenture. In determining whether any amendment or modification will in any manner impair or materially adversely affect the rights or security of the Bondholders or the Trustee under the Indenture, the Issuer may rely on a Counsel's Opinion.

The Issuer may at any time, consistent with the other provisions of the Indenture, sell, transfer, assign, dispose of or otherwise release from the lien of the Indenture a Mortgage Loan or Mortgage-Backed Security:

- (a) in order to realize the benefit of any insurance or guarantee with respect to such Mortgage Loan or Mortgage-Backed Security or any covenant of a Mortgage Lender or Servicer under any Program Agreement;
- (b) in order to provide funds for the redemption or purchase of a principal amount of Bonds corresponding to the unpaid principal amount of such Mortgage Loan or Mortgage-Backed Security, if a Cash Flow Statement will be filed with the Trustee giving effect to the proposed sale thereof and the application of the proceeds of such sale; provided, however, that no such certificate will be necessary if all Outstanding Bonds are simultaneously defeased pursuant to the Indenture;
- (c) upon payment in full of such Mortgage Loan or Mortgage-Backed Security; or
- (d) as otherwise provided in the Indenture.

The Issuer may also sell any Mortgage, Mortgage-Backed Security or other obligation evidencing or securing a Mortgage Loan made or purchased by the Issuer if it is necessary for the Issuer to take such action in order to maintain the tax exemption on any Series of Bonds pursuant to the Code.

Tax Covenants

The tax covenants of the Issuer contained in the Indenture will apply only to the Bonds as to which the related Supplemental Indenture determines that interest thereon will be excludable from gross income for federal income tax purposes. The Issuer will take no action which may cause interest on the Bonds to be included in gross income for federal income tax purposes and will at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Issuer on the Bonds will not be includable in gross income for federal income tax purposes.

The Issuer covenants and certifies in the Indenture to and for the benefit of the owners of the Bonds from time to time Outstanding that so long as any of the Bonds remain Outstanding, moneys on deposit in any Fund or Account in connection with the Bonds, whether or not such moneys were derived from the

proceeds of the sale of the Bonds or from any other sources, will not be used in a manner which will cause the Bonds to be classified as “arbitrage bonds” within the meaning of Sections 143 and 148 of the Code. Pursuant to such covenant, the Issuer obligates itself, to the extent permitted by law, to comply throughout the term of the issue of the Bonds with the requirements of Sections 143 and 148 of the Code.

The Issuer shall require that any person (or any “related person” as defined in Section 144(a)(3) of the Code) who receives financing through a Mortgage Loan will not, pursuant to an arrangement, formal or informal, purchase Bonds in an amount related to the amount of such Mortgage Loan so financed. In the event that at any time the Issuer is of the opinion that for purposes of this subsection it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under the Indenture, the Issuer will so direct the Trustee in writing. The Trustee is required in the Indenture to take such action as may be necessary in accordance with such instructions and is deemed to be in compliance with the Indenture to the extent it follows such instructions.

The Issuer will in good faith attempt to meet all the requirements of the Code, which relate to the eligibility of the Mortgage Loans or Mortgage Loans underlying the Mortgage-Backed Securities before the Mortgage-Backed Securities or Mortgage Loans are acquired. The Issuer will establish reasonable procedures to ensure compliance with such requirements. Such procedures will include reasonable investigations by the Issuer, the Servicer or the Mortgage Lenders to determine that the Mortgage Loans satisfy such requirements. The Issuer requires that a Mortgage Loan may be assumed only if it has been determined that the conditions for assumption of such Mortgage Loan as set forth in provisions of the Code and the Program Agreements are satisfied and the assumption has been approved by the Issuer. Any failure of a Mortgage Loan, the Residence financed thereby or the Mortgagor(s) with respect thereto to meet such requirements will be corrected within a reasonable period after such failure is discovered. The Issuer will in good faith attempt to meet, and take all reasonable steps to assure compliance with, the requirements of Section 143(g) and (h) of the Code.

The Issuer will provide that at least 95% of all the Bond proceeds will be used for one or more of the following purposes: (i) to pay the principal or interest or otherwise to service the debt on the Bonds; (ii) to reimburse the Issuer, or to pay for administrative costs of issuing the Bonds; (iii) to reimburse the Issuer, or to pay for administrative and other costs and anticipated future losses directly related to the Program; (iv) to finance additional loans (including through the purchase of Mortgage-Backed Securities) for the same general purposes specified in the Program; or (v) to redeem and retire the Bonds at the next earliest possible date of redemption.

Accounts and Reports

Pursuant to the Indenture, the Trustee is required to keep proper books of record and account in which complete and accurate entries will be made of all its transactions relating to the Program and all Funds and Accounts established by or pursuant to the Indenture or any Supplemental Indenture, which will at all reasonable times be subject to the inspection of the Issuer or of the holders (or beneficial owners if their names and addresses have been filed with the Trustee for such purposes) of an aggregate of not less than 5% in principal amount of Bonds then Outstanding or their representatives duly authorized in writing.

Discharge of Lien

If the Issuer will pay or cause to be paid, or there will otherwise be paid or provision for payment made, to the holders of the Bonds the principal amount of, premium, if any, and interest due or to become due thereon at the times and in the manner provided in the Indenture, then unless there will be delivered to the Trustee a certificate of an Authorized Officer to the contrary, the presents and the estate and rights granted in the Indenture will cease, determine and be void, whereupon the Trustee will cancel and discharge the lien of the Indenture, and execute and deliver to the Issuer such instruments in writing as will be requisite to release the lien of the Indenture, and reconvey, release, assign and deliver unto the Issuer any and all the

estate, right, title and interest in and to any and all rights or property assigned or pledged to the Trustee or otherwise subject to the lien of the Indenture, except cash held by the Trustee or any Paying Agent for the payment of the principal amount of, premium, if any, and interest on any Series of Bonds.

Any Bond will be deemed to be paid within the meaning of the Indenture and for all purposes of the Indenture and any Supplemental Indenture when payment of the principal amount of and premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided in the Indenture), either (a) will have been made or caused to be made in accordance with the terms thereof or (b) will have been provided by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment (1) moneys sufficient to make such payment and/or (2) Government Obligations (which may be subject to redemption prior to maturity only if such terms of redemption do not adversely affect the Rating Quality of the Bonds) maturing as to principal and interest in such amount and at such time as will ensure the availability of sufficient moneys to make such payment. At such times as a Bond will be deemed to be paid under the Indenture, as aforesaid, it will no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or Government Obligations.

Notwithstanding the foregoing, no deposit under clause (b) of the immediately preceding paragraph will be deemed a payment of such Bonds as aforesaid until the earlier of: (I) proper notice of redemption of such Bonds will have been previously given in accordance with the Indenture, or in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, until the Issuer will have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions to notify, as soon as practicable, the holders or owners of the Bonds, in accordance with the Indenture, that the deposit required by (b) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Indenture and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal amount or redemption price, if applicable, on said Bonds; or (II) the maturity of such Bonds.

Notwithstanding the foregoing, in the case of Bonds which by their terms may be redeemed prior to their stated maturity, no deposit under the immediately preceding paragraph will be deemed a payment of such Bonds as aforesaid until the Issuer will have given the Trustee, in form satisfactory to the Trustee, irrevocable instruction: (i) stating the date when the principal amount (and premium, if any) of each such Bond is to be paid, whether at maturity or on a redemption date; (ii) to call for redemption pursuant to the Indenture (and at such times as notice thereof may be given in accordance with the Indenture) any Bonds to be redeemed prior to maturity pursuant to (I) above; and (iii) to mail, as soon as practicable, in the manner prescribed by the Indenture, a notice to the holders of such Bonds and to the Rating Agency that the deposit required by (b) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Indenture and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal amount or redemption price, if applicable, on said Bonds as specified in (I) above and, if a maturity date is stated, whether or not such Bonds continue to be subject to redemption.

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

Anything in the Indenture to the contrary notwithstanding, all moneys or Government Obligations set aside and held in trust pursuant to the provisions of the Indenture for the payment of Bonds (including interest and premium thereon, if any) will be applied to and used solely for the payment of the particular

Bonds (including interest and premium thereof, if any) with respect to which such moneys and Government Obligations have been so set aside in trust.

Anything in the Indenture to the contrary notwithstanding, if moneys or Government Obligations have been deposited or set aside with the Trustee pursuant to the Indenture for the payment of Bonds and such Bonds will not have in fact been actually paid in full, no amendment to the provisions of the Indenture will be made without the consent of the holder of each Bond affected thereby.

Events of Default

Each of the following will constitute an event of default under the Indenture and is therein called an “Event of Default”:

(a) Interest on any of the Bonds is not paid by the Issuer on any date when due or the principal of any Bonds is not paid by the Issuer at maturity or the redemption price of any Bond is not paid by the Issuer at a Redemption Date at which such Bonds have been called for redemption;

(b) If there is a default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Issuer in the Indenture, in any Supplemental Indenture or in the Bonds contained, and such default is not remedied after notice thereof pursuant to the Indenture;

(c) If the Issuer files a petition seeking relief under the federal bankruptcy laws or under any other applicable law or statute of the United States of America or of the District; or

(d) If the District has limited or altered the rights of the Issuer pursuant to the Act, as in force on the date of the Indenture, to fulfill the terms of any agreements made with the holders of Bonds or in any way impaired the rights and remedies of holders of Bonds while any Bonds are Outstanding.

If the Issuer determines that an Event of Default has occurred under sections (b), (c) or (d) above, the Issuer will promptly notify the Trustee thereof.

Upon the occurrence of an Event of Default as set forth above and of which the Trustee has knowledge or has been provided a notice from the Issuer regarding an Event of Default, and upon the cure, if any, of any such Event of Default, in either case, the Trustee will provide written notice thereof to the Issuer and the holders of the Bonds outstanding (and each beneficial owner who has filed a written notice with the Trustee requesting the same) within 10 days of receiving such notice or learning of the Event of Default or the occurrence of such Event of Default.

Remedies; Rights of Bondholders

Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy under the Act, at law or in equity, to enforce the payment of the principal and interest on the Bonds then Outstanding, including, without limitation, the following:

(a) The Trustee may declare the principal amount of all Bonds Outstanding and the interest accrued thereon to be immediately due and payable, whereupon such principal amount and interest will thereupon become immediately due and payable, if an Event of Default pursuant to clause (a) under “Events of Default” above has occurred;

(b) The Trustee will have full power and authority to take such action with respect to the Mortgage-Backed Securities and Mortgage Loans assigned by the Indenture as the Trustee will

deem necessary or appropriate, subject only to the terms of such Mortgage-Backed Securities and Mortgage Loans;

(c) The books of record and account of the Issuer and all records relating to the Program will at all times be subject to the inspection and use of the Trustee and of its agents and attorneys; and

(d) The Issuer, whenever the Trustee will demand, will account as if it were the trustee of an express trust for all Revenues and other money, securities and Funds and Accounts pledged or held under the Indenture for such period as will be stated in such demand.

If an Event of Default will have occurred and, if requested so to do by the holders of not less than 25% in aggregate principal amount of Bonds then Outstanding and indemnified as provided in the Indenture, the Trustee will be obligated to exercise one or more of the rights and powers conferred by the Indenture, as the Trustee, being advised by counsel, will deem most expedient in the interests of the Bondholders.

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee or to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy will be cumulative and will be in addition to any other remedy given to the Trustee or to the Bondholders under the Indenture or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default will impair any such right or power or will be construed to be a waiver of any such default or Event of Default or acquiescence therein; and every such right and power may be exercised from time to time as often as may be deemed expedient.

No waiver of any default or Event of Default under the Indenture, whether by the Trustee or by the Bondholders, will extend to or will affect any subsequent default or Event of Default or will impair any rights or remedies consequent thereon.

Right of Bondholders To Direct Proceedings

Anything in the Indenture to the contrary notwithstanding, the holders of a majority in aggregate principal amount of Bonds then Outstanding will have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings under the Indenture, provided that the Trustee will be indemnified as provided in the Indenture and that such direction will not be otherwise than in accordance with the provisions of law and of the Indenture.

Appointment of Receivers

Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders under the Indenture, the Trustee will be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate and of the revenues, issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment will confer.

Application of Moneys

All moneys received by the Trustee pursuant to any right given or action taken under the Indenture will (in the case of a default in the payment of principal of or interest on the Bonds when due as described in the Indenture, after payment of the costs and expenses of the proceedings resulting in the collection of such

moneys and of the expenses, liabilities and advances incurred or made by the Trustee and of any Program expenses necessary to maintain the security for the Bonds) be deposited in the Debt Service Fund and all moneys in the Debt Service Fund (other than moneys held for redemption of Bonds duly called for redemption) will be applied as follows:

(a) Unless the principal amount of all the Bonds has become or been declared due and payable, all such moneys will be applied:

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

SECOND: To the payment to the persons entitled thereto of the unpaid principal amount of any of the Bonds which will have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the Indenture), in the order of their due dates, with interest on such Bonds from the respective dates upon which they became due at the rate borne by the Bonds and, if the amount available will not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege; and

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

(b) If the principal amount of all the Bonds will have become or will have been declared due, all such moneys will be applied to the payment of the principal amount and interest then due and unpaid upon the Bonds, without preference or priority of principal amount over interest or of interest over principal amount, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal amount and interest, to the persons entitled thereto without any discrimination or privilege.

(c) If the principal amount of all the Bonds will have been declared due and payable, and if such declaration will thereafter have been rescinded and annulled under the Indenture then, subject to the provisions of the preceding subsection (b) above in the event that the principal amount of all the Bonds will later become due or be declared due and payable, the moneys will be applied in accordance with the provisions of the preceding subsection (a) above.

Whenever moneys are to be applied pursuant to the Indenture, such moneys will be applied at such times, and from time to time, as the Trustee will determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee will apply such funds, it will fix the date (which will be an Interest Payment Date unless it will deem another date more suitable) upon which such application is to be made and upon such date interest on the principal amount to be paid on such dates will cease to accrue. The Trustee will give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and will not be required to make payment to the holder of any Bond until such Bond will be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all principal amounts of and interest on all Bonds have been paid under the Indenture and all fees, expenses and charges of the Trustee and any Paying Agent have been paid, any balance remaining in the Debt Service Fund will be paid to the Issuer.

Remedies Vested in Trustee

All rights of action (including the right to file proof of claims) under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding related thereto and any such suit or proceeding instituted by the Trustee is required to be brought in its name as the Trustee without the necessity of joining as plaintiffs or defendants any holders of the Bonds, and any recovery of judgment will be for the equal and ratable benefit of the holders of the Outstanding Bonds.

Rights and Remedies of Bondholders

No holder of any Bond will have any right to institute any suit, action or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy under the Indenture, unless (1) a default has occurred of which the Trustee has been notified as provided in the Indenture, or of which by the terms of the Indenture it is deemed to have notice, (2) such default will have become an Event of Default and the owners of not less than 50% in aggregate principal amount of Bonds then Outstanding or, if such Event of Default is an Event of Default described in clause (a) of "Events of Default" above, by the owners of not less than 50% in aggregate principal amount of Bonds then Outstanding of the Series with respect to which such Event of Default has happened, will have given written notice to the Trustee and will have offered it reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in their own name or names, (3) such Bondholders have offered to the Trustee indemnity as provided in the Indenture, and (4) the Trustee will thereafter fail or refuse to exercise the powers granted in the Indenture, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy under the Indenture; it being understood and intended that no one or more holders of the Bonds will have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Indenture by his action or to enforce any right under the Indenture except in the manner therein provided, and that all proceedings at law or in equity will be instituted, had and maintained in the manner therein provided and for the equal and ratable benefit of the holders of all Bonds then Outstanding, subject to the provisions of the Indenture. However, nothing contained in the Indenture will affect or impair the right of any Bondholders to enforce the payment of the principal of and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of and interest on each of the Bonds issued under the Indenture to the respective holders thereof at the time, place, from the source and in the manner in the Bonds expressed.

Termination of Proceedings

In case the Trustee will have proceeded to enforce any right under the Indenture by the appointment of a receiver or otherwise, and such proceedings will have been discontinued or abandoned for any reason, or will have been determined adversely, then and in every such case the Issuer, the Trustee and the Bondholders will be restored to their former positions and rights under the Indenture, respectively, with regard to the property therein subject to the Indenture, and all rights, remedies and powers of the Trustee will continue as if no such proceedings had been taken.

Waivers of Events of Default

The Trustee may at its discretion waive any Event of Default under the Indenture and its consequences, and will do so upon the written request of the holders of (a) more than 66-2/3% in aggregate principal amount of all the Bonds then Outstanding in respect of which default in the payment of principal amount or interest, or both, exists or (b) more than 50% in aggregate principal amount of all Bonds then Outstanding in the case of any other default; provided, however, that there will not be waived (1) any Event of Default in the payment of the principal amount of any Outstanding Bonds at the date of maturity or sinking fund redemption date specified therein or (2) any default in the payment when due of the interest on any such Bonds unless, prior to such waiver or rescission, all arrears of interest or all arrears of payments of principal amount when due, as the case may be, with interest on overdue principal at the rate borne by the Bonds, and all fees and expenses of the Trustee in connection with such default will have been paid or provided for, and in case of any such waiver or rescission, or in case any proceedings taken by the Trustee on account of any such default will have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, the Trustee and the Bondholders will be restored to their former positions and rights under the Indenture, respectively, but no such waiver or rescission will extend to any subsequent or other default, or impair any right consequent thereon.

Notice of Defaults; Opportunity of the Issuer To Cure Such Defaults

Anything in the Indenture to the contrary notwithstanding, no default under clause (b) of “Events of Default” above shall constitute an Event of Default under the Indenture until actual notice of such default by first class mail (postage prepaid) will be given to the Issuer by the Trustee or by the holders of not less than 25% in aggregate principal amount of all Bonds Outstanding and the Issuer will have had 60 days after receipt of such notice to correct said default or cause said default to be corrected, and will not have corrected said default or caused said default to be corrected within the applicable period; provided, however, if said default be such that it cannot be corrected within the applicable period, it will not constitute an Event of Default if corrective action is instituted by the Issuer within the applicable period and diligently pursued until the default is corrected.

Supplemental Indentures Effective upon Filing

For any one or more of the following purposes and at any time or from time to time, a supplemental Indenture of the Issuer supplementing the Indenture may be adopted, which supplemental Indenture, upon filing with the Trustee of a copy thereof certified by an Authorized Officer, shall be fully effective in accordance with its terms:

(a) to close the Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Indenture on, the delivery of Bonds or the issuance of other evidences of indebtedness;

(b) to authorize Bonds of a Series and, in connection therewith, specify and determine the matters and things referred to in the Indenture, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with the Indenture as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first delivery of such Bonds;

(c)(i) to add to the covenants or agreements of the Issuer in the Indenture other covenants or agreements to be observed by the Issuer which are not contrary to or inconsistent with the Indenture as theretofore in effect or (ii) to make any change which, in the judgment of the Trustee (in reliance upon evidence that such change will not adversely affect the Rating Quality of the Bonds), is not to the material prejudice of the Bondholders;

(d) to add to the limitations or restrictions in the Indenture other limitations or restrictions to be observed by the Issuer which are not contrary to or inconsistent with the Indenture as theretofore in effect;

(e) to surrender any right, power or privilege reserved to or conferred upon the Issuer by the Indenture;

(f) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Indenture of the Revenues or any other money, securities, Funds or Accounts; and

(g) to modify any of the provisions of the Indenture in any respect whatever, provided that (i) such modifications shall be, and be expressed to be, effective only after all Bonds of any Series Outstanding at the date of the adoption of such Supplemental Indenture shall cease to be Outstanding and (ii) such Supplemental Indenture shall be specifically referred to in the text of all Bonds of any Series delivered after the date of the adoption of such Supplemental Indenture and of Bonds issued in exchange therefor or in place thereof.

(h) to make any additions, deletions or modifications to the Indenture as long as the additions, deletions or modifications, as the case may be, will not, in and of themselves, result in a reduction or withdrawal of the then current Rating on the Bonds by the Rating Agency; and

(i) to modify or supplement the definition of Permitted Investments provided that any such modification shall not result in a reduction or withdrawal of the then current rating on the Bonds by the Rating Agency.

Supplemental Indentures Effective upon Consent of Trustee

For any one or more of the following purposes and at any time or from time to time, a supplemental Indenture, amending or supplementing the Indenture, may be approved and entered into by the Issuer, which, upon (i) filing with the Trustee of a copy thereof certified by an Authorized Officer and (ii) filing with the Trustee and the Issuer of an instrument in writing made by the Trustee consenting to such supplemental Indenture, shall be fully effective in accordance with its terms:

(a) to cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision in the Indenture; or

(b) to insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable and are not contrary to or inconsistent with the Indenture as theretofore in effect; or

(c) Any such supplemental indenture may also contain one or more of the purposes specified in Section 9.01, and in that event, the consent of the Trustee required by this Section shall be applicable only to those provisions of such Supplemental Indenture as shall contain one or more of the purposes set forth in this Section 9.02.

Supplemental Indentures Requiring Consent of Bondholders

Exclusive of supplemental Indentures covered above, the Indenture provides that (i) the holders of not less than two-thirds in aggregate principal amount of the Bonds then Outstanding at the time such consent is given and (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, the holders of not less than two-thirds in aggregate principal amount of the Bonds of the particular Series Outstanding affected at the time such consent is given shall have the right,

from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the Issuer and the Trustee of such Indentures supplemental to the Indenture as shall be deemed necessary and desirable by the Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental Indentures. Nothing shall permit, or be construed as permitting, without the consent of the holders of all Bonds Outstanding, (a) an extension of the maturity or mandatory sinking fund redemption date of the principal or of the time for payment of the interest on any Bond issued under the Indenture, (b) a reduction in the principal amount of any Bond or the rate of interest (except as otherwise provided in a Supplemental Indenture), or sinking fund redemption requirements, thereon, (c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, (d) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental Indenture, (e) the creation of any lien other than a lien ratably securing all of the Bonds at any time outstanding under the Indenture, or (f) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee without the written consent of the Trustee.

For the purposes of the paragraph above, Bonds of any particular Series shall be deemed to be affected by a modification or amendment of the Indenture if the same adversely affects or diminishes the rights of the holders of Bonds of such Series. The Trustee, relying upon Counsel's opinion, may determine whether or not, in accordance with the foregoing powers of amendment, Bonds of any particular Series or maturity would be affected by a modification or amendment of the Indenture, and any such determination shall be binding and conclusive on the Issuer and all holders of Bonds.

Modifications by Unanimous Consent

The Indenture and the rights and obligations of the Issuer and the holders of the Bonds, in any particular, may be modified or amended in any respect upon the execution by the Issuer and filing in accordance with the provisions of the Indenture of a supplemental Indenture of the Issuer making such modification or amendment and the consent to such supplemental Indenture by the holders of all of the Bonds then Outstanding, such consent to be given and proved as provided in the Indenture; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of the Trustee without the Trustee's written assent thereto.

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

Investment of Funds and Accounts Held by the Trustee

Except as otherwise provided in the Indenture or any Supplemental Indenture, the Issuer may direct the Trustee to invest, and in the absence of such direction the Trustee will invest, moneys in the Funds and Accounts held by the Trustee in Permitted Investments subject to the maturity or redemption or repayment on a date at the option of the holder of which shall not exceed the earlier of 180 days or the date or dates on which moneys in said Fund or Account for which the investments were made are expected to be required for the purposes provided in the Indenture. The Trustee agrees to take such actions, including, but not limited to, the giving of timely notices for payment, as required pursuant the terms of any Permitted Investment or any guarantee related thereto.

Obligations purchased as an investment of moneys in any Fund or Account held by the Trustee under the provisions of the Indenture will be deemed at all times to be a part of such Fund or Account (and of each Series subaccount thereof), and except as otherwise expressly provided in the Indenture, the income or interest earned by, or the increment to, a Fund or Account (other than the Rebate Fund, Debt Service Reserve Fund) due to the investment thereof shall be transferred to the Revenue Fund as received. Amounts representing the income or interest earned by, or the increment to, the Debt Service Reserve Fund due to the

investment thereof shall be transferred to the Revenue Fund only if directed by an Authorized Officer of the Issuer. Moneys in separate Funds and Accounts may be commingled for the purpose of investment or deposit, subject to instructions from an Authorized Officer, to the extent possible in conformity with the provisions of the Indenture.

In computing the amount in the Debt Service Reserve Fund under the provisions of the Indenture, obligations purchased by the Trustee or transferred by the Issuer to the Trustee as an investment of moneys therein shall be valued at the Amortized Cost. In computing the amount in any other Fund or Account held by the Trustee under the provisions of the Indenture, obligations purchased by the Trustee or transferred by the Issuer to the Trustee as an investment of moneys therein shall be valued at the lower of cost or market price thereof, except that market securities covered by repurchase agreements or with a maturity of one year or less shall be valued at market price. Where market prices for obligations held by the Trustee are not readily available, the Trustee may determine the market price for such obligations in such manner as it deems reasonable. To the extent that moneys are invested pursuant to an Investment Agreement, such Investment Agreement shall be valued at par.

The Trustee shall sell outright or pursuant to a repurchase agreement at the best price obtainable, or present for redemption, any obligation purchased by it as an investment whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the Fund or Account for which such investment was made or as otherwise directed by the Issuer. When transferring moneys from one Fund or Account to another, investments need not be liquidated, and all or a portion of such invested moneys may be credited to a particular Fund or Account from another. The Trustee shall check the accuracy of all calculations of investment earnings on all Permitted Investments.

At the direction of an Authorized Officer of the Issuer, the Trustee may sell Permitted Investments and purchase any Permitted Investments in exchange therefor.

Compensation of Fiduciary

Each Fiduciary shall be entitled to, from time to time, reasonable compensation for services rendered by it under the Indenture and also reimbursement for all its reasonable expenses, charges, legal fees and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under the Indenture, provided that any such compensation or reimbursement shall be payable solely as described in the Indenture and any Supplemental Indenture and shall be limited, except in an Event of Default, to such amounts which shall be payable at such times as shall be set forth in a Supplemental Indenture. In an Event of Default under the Indenture, but only upon an Event of Default, each Fiduciary shall have a lien for its compensation and expenses on any and all funds at any time held by it under the Indenture in the priority described in the Indenture.

Resignation and Removal of Fiduciary

The Fiduciary, or any successor thereof, may at any time resign and be discharged of its duties and obligations created by the Indenture by giving not less than 60 days' written notice to the Issuer and delivering notice thereof to the Bondholders, specifying the date when such resignation shall take effect. Each Fiduciary, or any successor thereof, may be removed at any time by the holders of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Issuer, or by the Issuer (if the Issuer is not in default under the Indenture), by, in the case of removal by the Bondholders, an instrument or concurrent instruments in writing signed and duly acknowledged by such Bondholders or by their attorneys duly authorized in writing and delivered to the Issuer and by, in the case of removal by the Issuer, written notice thereof to the Trustee. Copies of each such instrument shall be delivered by the Issuer to each Fiduciary and any successor thereof. Notwithstanding the above, the resignation or removal of the Fiduciary shall not be effective unless a successor Fiduciary has been appointed and has accepted the duties of the Fiduciary.

Successor Fiduciary

In the event the Fiduciary shall resign or be removed or shall become incapable of acting or shall be adjudged a bankrupt or insolvent or if a receiver, liquidator or conservator of the Fiduciary or its property be appointed or control of the Fiduciary shall be taken by any public office or officer, a successor may be appointed by the Issuer or the holders of a majority in principal amount of the Bonds then Outstanding. Pending such appointment, the Issuer shall appoint a Fiduciary to fill such vacancy until a successor Fiduciary is appointed by the holders of the Bonds as authorized under the Indenture.

APPENDIX C

FORM OF APPENDIX TO THE SUPPLEMENTAL INDENTURE

APPENDIX A

SUPPLEMENT

to the

SUPPLEMENTAL INDENTURE OF TRUST

Relating to

\$25,000,000

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
SINGLE FAMILY HOUSING REVENUE BONDS
2009 SERIES A**

TABLE OF CONTENTS

Page

ARTICLE I
DEFINITIONS AND INTERPRETATIONS

Section 1.1 Appendix Definitions 1
Section 1.2 Inconsistent Defined Terms 5
Section 1.3 Other Defined Terms 5

ARTICLE II
TERMS OF PROGRAM BONDS

Section 2.1 Date, Maturities and Denominations 5
Section 2.2 Interest Rates 6
Section 2.3 Release and Conversion 6
Section 2.4 [Reserved] 7
Section 2.5 Taxable Bond Representation 7
Section 2.6 Special Redemptions 8
Section 2.7 Redemption Restrictions and Recycling Prohibition 8
Section 2.8 Mandatory Sinking Fund Redemption 9
Section 2.9 Optional Redemption 9
Section 2.10 Changes Permitted Upon Conversion 9
Section 2.11 Redemption Notice and Authorized Denomination Requirements 9
Section 2.12 DTC Provisions 9
Section 2.13 Small Issue Requirements 10

ARTICLE III
PROCEEDS OF PROGRAM BONDS

Section 3.1 Escrow of Proceeds of Program Bonds 10
Section 3.2 Use of Proceeds of Program Bonds 11

ARTICLE IV
SPECIAL GSE RIGHTS

Section 4.1 Removal of Trustee 11
Section 4.2 GSEs as Third-Party Beneficiaries 11

ARTICLE V
COVENANTS

Section 5.1	Special Issuer Covenants	12
Section 5.2	Covenants Regarding Administration of Indenture and Program Bonds	13
Section 5.3	Reporting Requirements	14
Section 5.4	Covenant Enforcement by GSEs	16
Section 5.5	Special Notices.....	16

ARTICLE VI
MISCELLANEOUS

Section 6.1	Notices	17
Section 6.2	Appendix to Control	18
Section 6.3	Termination.....	18

EXHIBIT A — NOTIFICATION OF INTEREST RATE CONVERSION/RELEASE
CERTIFICATE

EXHIBIT B — INTEREST RATE CONVERSION CERTIFICATE

SCHEDULE A — QUARTERLY PORTFOLIO PERFORMANCE INFORMATION

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

Section 1.1 Appendix Definitions. The following terms shall, with respect to the Program Bonds, have the following meanings in this Appendix A, the Indenture and the Series 2009 A Supplemental Indenture for so long as the Program Bonds remain Outstanding:

“*Administrator*” means U.S. Bank National Association, as administrator pursuant to that certain Administration Agreement by and among U.S. Bank National Association, Fannie Mae and Freddie Mac and concerning the administration of the Program, together with its successors and assigns in such capacity.

“*Annual Filing*” means the annual financial information required to be provided by the Issuer pursuant to a continuing disclosure undertaking of the Issuer pursuant to Rule 15c2-12, which information shall be provided to the GSEs pursuant to Section 5.3 hereof as and when required by Rule 15c2-12, whether or not Rule 15c2-12 applies to the Program Bonds.

“*Authorized Denominations*” means \$5,000 and integral multiples thereof and, for purposes of initial issuance and redemption of Program Bonds, \$10,000 or any integral multiple of \$10,000 in excess thereof.

“*Bond Counsel*” means nationally recognized bond counsel selected by the Issuer.

“*Bond Rating*” means the long-term credit rating (without regard to any bond insurance or any other form of credit enhancement on the Bonds) assigned to the Program Bonds or Parity Debt by each Rating Agency then providing its long-term rating therefor. If more than one rating agency provides a rating, the “Bond Rating” is the lowest such rating.

“*Certificate of Adverse Change*” means a written notice from or on behalf of the GSEs or the Issuer stating that one or more of the certificates or opinions required to be delivered by the Issuer pursuant to the Placement Agreement has been revised or withdrawn prior to the receipt by the Issuer of proceeds of the Program Bonds on the Settlement Date.

“*Code*” means the Internal Revenue Code of 1986, as amended.

“*Conversion*” or “*Converting*” or “*Converted*” means the conversion or the converting of the interest rate on all or a portion of the Pre-Conversion Bonds from a Short-Term Rate to a Permanent Rate as provided herein.

“*Conversion Date*” means, with respect to all or a portion of Pre-Conversion Bonds that are converting to a Permanent Rate, the date three (3) months after the related Release Date; provided that there shall be no more than three (3) Conversion Dates.

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

“*Debt*” of any Person means at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (d) all obligations of such Person as lessee under capital leases, (e) all debt of others secured by a lien on any asset of such Person, whether or not such debt is assumed by such Person, and (f) all Guarantees by such Person of debt of other Persons.

“*Escrow Fund*” means the Series 2009 A Escrow Account, which is created by the 2009 Series A Supplemental Indenture as a separate, noncommingled account in which the Trustee will hold the Pre-Conversion Bond proceeds until the applicable Release Date or until such Pre-Conversion Bonds are redeemed.

“*Escrowed Proceeds*” means the portion of the proceeds of the Pre-Conversion Bonds that, together with the Shortfall Amount, must be set aside in the Escrow Fund pending the related Release Date.

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

“*FHA*” means the Federal Housing Administration or its successors.

“*Four Week T-Bill Rate*” means the interest rate for Four Week Treasury Bills (secondary market) as reported by the Federal Reserve on its website at the following internet address -<http://www.federalreserve.gov/releases/h15/update/h15upd.htm>.

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

“*GNMA*” means the Government National Mortgage Association, a government-sponsored enterprise organized and existing under the laws of the United States.

“*GSE*” means either Fannie Mae or Freddie Mac or both, collectively, as the context may require.

“*Guarantee*” by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement condition or otherwise) or (b) entered into for the purpose of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part).

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

“*HUD*” means the United States Department of Housing and Urban Development.

“*Indenture*” means the General Indenture of Trust, dated as of December 1, 2009, by and between the Issuer and U.S. Bank National Association, as trustee.

“*Interest Payment Date*” means, with respect to Pre-Conversion Bonds, each Release Date (but such Release Date shall be an Interest Payment Date only for that portion of Pre-Conversion Bonds with respect to which Escrowed Proceeds are subject to release on such date), each Conversion Date (but such Conversion Date shall be an Interest Payment Date only with respect to those Pre-Conversion Bonds which are to become, as of such date, Converted Bonds), and each redemption date. Interest Payment Dates for each Converted Bond shall be each June 1 and December 1 after the Conversion.

“*Issuer*” means the District of Columbia Housing Finance Agency, a body corporate and an instrumentality of the District of Columbia.

“*Material Event Filing*” means the material event notices required to be provided by the Issuer pursuant to a continuing disclosure undertaking of the Issuer pursuant to Rule 15c2-12, which material event notices shall be provided to the GSEs pursuant to Section 5.3 hereof as and when required by Rule 15c2-12, whether or not Rule 15c2-12 applies to the Program Bonds.

“*MBS*” means a single family mortgage-backed security or single family mortgage-backed securities issued by either GSE or by GNMA.

“*Notice Parties*” means the Administrator, Fannie Mae, Freddie Mac and Treasury’s Financial Agent.

“*Notice Parties’ Addresses*” means the addresses of the Notice Parties set forth in Section 6.1 hereof as modified from time to time pursuant to Section 6.1 hereof.

“*Official Statement*” means an official statement or other offering document of the Issuer with respect to the Program Bonds.

“*Official Statement Supplement*” means the supplement or amendment to the official statement of the Issuer relative to the Conversion of Program Bonds to Converted Bonds.

“*Parity Debt*” means, at any given time, Debt, including the Program Bonds, that is now or hereafter Outstanding under the terms of the Indenture; provided, that such Debt is secured and is otherwise payable on a parity with the Program Bonds pursuant to the Indenture.

“*Permanent Rate*” means an interest rate per annum certified to the Trustee by the Special Permanent Rate Advisor on or prior to the Release Date, which shall be equal to the sum of (i) 3.49% plus (ii) 60 bps (.60%).

“*Permanent Rate Calculation Date*” means the date on which the Permanent Rate is calculated with respect to all or a portion of the Program Bonds, which shall be, with respect to each applicable portion of the Pre-Conversion Bonds, a date acceptable to the GSEs selected by the Issuer on or prior to December 31, 2010 by delivery of a Release Certificate as provided in Section 2.3 hereof.

“*Permitted Escrow Investments*” means the investments represented by and provided pursuant to that certain Global Escrow Agreement, by and among the GSEs, the Trustee and U.S. Bank National Association, as escrow agent, relating to the Program Bonds

“*Permitted Single Family Indenture*” means an indenture with respect to which 100% of the mortgage assets held under the indenture are MBS.

“*Person*” means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or organization, including a governmental or political subdivision or an agency or instrumentality thereof.

“*Placement Agreement*” means the Placement Agreement among the Issuer and the GSEs, concerning the acquisition of the Program Bonds from the Issuer.

“*Pre-Conversion Bonds*” means Program Bonds for which the interest rate has not been the subject of a Conversion.

“*Pre-Settlement Date*” means December 30, 2009.

“*Program*” means the Housing Finance Agency Initiative announced by Treasury on October 19, 2009.

“*Program Bonds*” means the Program Bonds authorized to be issued pursuant to Section 2.01 of the Series 2009 A Supplemental Indenture and Section 2.1 of this Appendix A, and includes Pre-Conversion Bonds and Converted Bonds.

“*RDA*” means the Rural Development Agency of the United States Department of Agriculture or its successors.

“*Related Documents*” means this Appendix A, the Program Bonds, the Indenture, the Series 2009 A Supplemental Indenture, any investment agreement or repurchase agreement relating to security for Parity Debt, any surety bond or other credit or liquidity support relative to Parity Debt, and any Hedge entered into with respect to Parity Debt and payable on a parity therewith, as the same may be amended or modified from time to time in accordance with their respective terms.

“*Release Certificate*” means the certificate attached hereto as Exhibit A.

“*Release Date*” means such date or dates (not to exceed three (3) dates) on or prior to December 31, 2010 and which dates are acceptable to the GSEs, on which dates the requirements of Section 2.3 hereof are satisfied, including, without limitation, delivery of a Release Certificate in the form attached hereto as Exhibit A.

“*Rule 15c2-12*” means Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

“*Series 2009 A Supplemental Indenture*” means the Supplemental Indenture of Trust dated as of December 1, 2009 between the Issuer and the Trustee authorizing the issuance of the Program Bonds.

“*Settlement Date*” means January 12, 2010.

“*Shortfall Amount*” means the difference, as of the Settlement Date, between the proceeds of the Program Bonds to be received on such Settlement Date and the initial principal amount of such Program Bonds.

“*Short-Term Rate*” means, (i) for the period from the Settlement Date to the applicable Release Date, the interest rate which produces an interest payment on such Release Date relative to the Program Bonds with respect to which Escrowed Proceeds are subject to release on such Release Date equal to Investment Earnings and (ii) from the Release Date to the Conversion Date, an interest rate equal to the sum of 60 bps (.60%) plus the lesser of (A) the Four Week T Bill Rate as of the Business Day prior to the Release Date or (B) the Permanent Rate less 60 bps (.60%). For purposes of this provision, “Investment Earnings” means total investment earnings on the portion of the Escrow Fund related to Program Bonds with respect to which a Release Date is occurring.

“*Single Family Program Bond Limit*” means the amount of \$25,000,000 that has been allocated to the Issuer with respect to the Program Bonds.

“*Special Permanent Rate Advisor*” means State Street Bank and Trust Company, and any successor or assign designated by Treasury.

“*Treasury*” means the United States Department of the Treasury.

“*Treasury’s Financial Agent*” means JPMorgan Chase Bank, N.A., as Treasury’s financial agent, or such other party as Treasury may appoint for such purpose from time to time.

“*VA*” means the United States Department of Veterans Affairs or its successors.

“*Volume Cap*” means tax-exempt bond volume cap as described in Section 146 of the Code.

Section 1.2 Inconsistent Defined Terms. To the extent that any defined terms contained in Section 1.1 hereof are inconsistent with any terms in the Indenture or the Series 2009 A Supplemental Indenture, the defined terms contained herein shall control with respect to the Program Bonds.

Section 1.3 Other Defined Terms. Other capitalized terms contained in this Appendix A and not otherwise defined herein, shall have the same meanings ascribed thereto in the Indenture or the Series 2009 A Supplemental Indenture.

ARTICLE II

TERMS OF PROGRAM BONDS

Section 2.1 Date, Maturities and Denominations.

(a) **Program Bonds.** The Program Bonds shall be dated December 30, 2009, shall bear interest from the Settlement Date and shall mature on the dates and in the principal amounts set forth below, except as otherwise provided herein:

Maturity	Principal Amount
December 1, 2041	\$25,000,000

(b) **Denominations.** The Program Bonds shall be issued only in Authorized Denominations and each Release Date shall apply to Program Bonds in Authorized Denominations.

Section 2.2 Interest Rates. Each Pre-Conversion Bond shall bear interest at the Short-Term Rate from the Settlement Date to the related Conversion Date. The interest rate on some or all of the Pre-Conversion Bonds may be Converted on a Conversion Date to a Permanent Rate in accordance with the provisions hereof. Interest shall be payable on each Interest Payment Date. From and after the Release Date, the Program Bonds shall bear interest on the basis of a 360-day year consisting of 12 30-day months.

Section 2.3 Release and Conversion.

(a) **General.** A Conversion may involve all or only a portion of the Pre-Conversion Bonds, provided that such Pre-Conversion Bonds may only be Converted in integral multiples of \$10,000. Any particular Pre-Conversion Bond may be Converted to a Permanent Rate only once. The Issuer may exercise its right of Conversion on no more than three (3) occasions and must cause each related Release Date to occur on or prior to December 31, 2010. If Pre-Conversion Bonds are Converted to Permanent Rates in part on different dates, each portion of such Program Bond may bear interest at different Permanent Rates based on their respective Conversion Dates.

(b) **Release Requirements.**

(i) On or prior to the date which is fourteen (14) days prior to a proposed Release Date, the Issuer shall notify the Trustee, the Notice Parties (at the Notice Parties' Addresses) and the Rating Agencies, pursuant to Exhibit A hereto, of (A) the proposed Release Date, (B) the proposed Conversion Date,

(C) the principal amount of Pre-Conversion Bonds to be Converted on such Conversion Date, and (D) the proposed Permanent Rate Calculation Date.

(ii) The Issuer shall deliver or cause to be delivered to the Trustee on or prior to any Release Date, the following:

(A) the certification of the Special Permanent Rate Advisor specifying the Permanent Rate Calculation Date and the Four Week T-Bill Rate and Permanent Rate applicable to the relevant Conversion;

(B) the Official Statement or Official Statement Supplement relative to the Program Bonds;

(C) (I) an opinion or opinions of counsel and a certificate of an authorized officer of the Issuer to the effect that nothing has come to their attention that the Official Statement or Official Statement Supplement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances in which there were made, not misleading and (II) a letter or letters from the counsel referenced in the foregoing clause (I) addressed to the GSEs stating that the GSEs may rely on such opinion as though it was addressed to them;

(D) confirmation by the Rating Agencies that the Bond Rating on the applicable Program Bonds after giving effect to the Release Date and related Conversion will be 'AAA'/'Aaa';

(E) an opinion of Bond Counsel dated as of the Release Date to the effect that the applicable Program Bonds have been duly and validly issued and are enforceable obligations of the Issuer and that interest payable on such Program Bonds is exempt from federal income taxation under Section 103 of the Code; and

(F) a certificate of the GSEs, evidencing (I) their consent to the Release Date and (II) that the Issuer has paid or made arrangements to pay the fees of the GSEs' counsel in connection with the Release Date.

The Trustee shall provide via e-mail and delivery by overnight mail (x) to the Notice Parties at the Notice Parties' Addresses copies of items (ii) (A) through (F) above and (y) to the Issuer and the Notice Parties at the Notice Parties' Addresses, confirmation, as set forth in Exhibit C hereto, that the interest rate of the related Program Bonds shall be Converted to the specified Permanent Rate as of the specified Conversion Date and that the related bond proceeds shall be released to the Issuer on the specified Release Date in accordance with the provisions of this Appendix A.

Section 2.4 [Reserved]

Section 2.5 Taxable Bond Representation. The Issuer hereby represents and warrants that (i) it reasonably expects to have Volume Cap, to the extent necessary for the Program Bonds

to be tax-exempt, on a timely basis and in a manner which shall permit the Conversion of all Program Bonds to a Permanent Rate and the release of all Escrowed Proceeds by December 31, 2010 and (ii) the Issuer shall use its best efforts to obtain such Volume Cap, if necessary. The Issuer further represents and warrants that all tax-exempt Program Bonds issued hereunder shall be qualified mortgage bonds within the meaning of Section 143 of the Internal Revenue Code of 1986. The Issuer agrees and acknowledges that the adjustment of interest on Program Bonds from taxable status to tax-exempt status may not be accomplished through a refunding and remarketing of the Program Bonds, and the Issuer represents and warrants that the conversion of such Program Bonds to tax-exempt status will not be accomplished by such means.

Section 2.6 Special Redemptions.

(a) *Pre-Conversion Bonds.*

(i) *Failure to Convert.* Any Pre-Conversion Bonds with respect to which a Release Date has not occurred prior to January 1, 2011 are subject to mandatory redemption on February 1, 2011 (or an earlier date selected by the Issuer), at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.

(i) *Withdrawal of Closing Certificates.* The Program Bonds are subject to mandatory redemption in whole, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest, on the first Business Day at least thirty (30) days after the Settlement Date, if there is delivered by mail or by electronic means to the Trustee on or prior to the Settlement Date a Certificate of Adverse Change and the GSEs have not, prior to the date 20 days following the Settlement Date, provided the Trustee a written waiver.

(b) ***Pre-Conversion Bonds Not Meeting Minimum Rating Thresholds.*** Within ten (10) Business Days of receipt by the Trustee of notice that the Bond Rating has been withdrawn or fallen below Aaa'/'AAA', all proceeds that are held in the Escrow Fund shall be used to mandatorily redeem a corresponding amount of Pre-Conversion Bonds, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest, to the redemption date. The Issuer hereby covenants to provide such notice to the Trustee promptly upon receipt by the Issuer of notice of any such withdrawal or downgrade.

(c) ***Available Moneys for Redemptions.*** With respect to the redemptions set forth in (a) and (b) above, moneys still on deposit in the Escrow Fund shall be used for any such redemption; if Escrow Fund moneys are not sufficient, then any available moneys under the Indenture shall also be used for any such redemption.

Section 2.7 Redemption Restrictions and Recycling Prohibition. Except as limited by tax law requirements, the Issuer shall apply the following exclusively to the redemption of Program Bonds: (i) all proceeds of the Program Bonds, to the extent not used to acquire MBS, refund outstanding bond issues as herein provided, pay Program Bond issuance expenses or fund related reserve accounts and (ii) a pro rata portion (calculated based on the Outstanding principal

amount of the Program Bonds divided by the sum of the Outstanding principal amount of the Program Bonds and the Outstanding principal amount of any bonds issued in conjunction with and secured by the Trust Estate on a parity with the Program Bonds) and 100% (if no bonds issued in conjunction with and secured by the Trust Estate on a parity with the Program Bonds are then Outstanding) of all principal payments, principal prepayments and recoveries of principal received with respect to the MBS, acquired or financed with the proceeds of the Program Bonds and any such parity bonds, to the extent not used to pay scheduled principal, interest or sinking fund redemptions on Program Bonds and any bonds issued in conjunction with and secured by the Trust Estate on a parity with the Program Bonds. Amounts set forth in clause (ii) are required to be applied to the redemption of Program Bonds promptly and shall not be recycled into new MBS.

Section 2.8 Mandatory Sinking Fund Redemption. Program Bonds are subject to mandatory sinking fund redemption in the amounts and on the dates to be established by the Issuer not later than the final Release Date. The Issuer hereby covenants to establish such sinking fund schedules as herein provided. Each such redemption shall be at a price of par, plus accrued interest to the redemption date. The schedules described above shall take into account anticipated underlying mortgage loan amortization, and standard and customary practices of the Issuer.

Section 2.9 Optional Redemption. Program Bonds are subject to redemption at the option of the Issuer, in whole or in part, from any source of funds, on the first Business Day of any month, at a redemption price equal to 100% of the principal amount thereof, without premium, plus accrued interest, if any, to the redemption date.

Section 2.10 Changes Permitted Upon Conversion. In conjunction with the Conversion of Pre-Conversion Bonds, on or prior to the Release Date, the Issuer may add mandatory sinking fund redemption requirements to such Program Bonds and may agree to pay the principal of such Program Bonds prior to their stated maturity.

Section 2.11 Redemption Notice and Authorized Denomination Requirements. In addition to any other required notices under the Indenture, written notice of each redemption of Program Bonds shall be provided by the Trustee to the Notice Parties, such notice to be provided by facsimile transmission to the Notice Parties' Addresses. Redemption of Program Bonds shall not be conditioned on or delayed for the giving of such notice, which shall be provided to the Notice Parties at the Notice Parties' Addresses at least ten (10) days in advance of the date of such redemption (or such lesser period as is required under the Indenture). All redemptions of Program Bonds shall be only in Authorized Denominations.

Section 2.12 DTC Provisions.

(a) The Trustee shall take all actions reasonably required by the Issuer, in accordance with the policies and procedures of The Depository Trust Company, New York, New York ("DTC") to assist the Issuer in the DTC aspects of the settlement process in connection with the Pre-Settlement Date, the Settlement Date, the Release Date and the Conversion Date.

(b) The Program Bonds shall initially be issued to Cede & Co., as nominee for DTC, as one fully registered Bond in the aggregate principal amount of each series of the Program Bonds. In connection with a Release Date for any of the Program Bonds, the Trustee may either accept a replacement bond certificate or make an appropriate notation thereon of the principal amount of such Program Bond certificate and the interest rate(s) to which such Bonds are being Converted and the Release Date and Conversion Date applicable thereto.

If less than all of the Pre-Conversion Bonds are the subject of a particular Release Date, the Issuer and the Trustee may arrange for the delivery of a new Program Bond certificate in an aggregate principal amount equal to the principal amount of Program Bonds for which a Release Date was established, as well as either a notation of a reduction of the principal amount of the Program Bond representing Escrowed Proceeds or the delivery of a new Bond in such reduced principal amount representing Escrowed Proceeds Rate. If a new Program Bond at such a reduced principal amount representing Escrowed Proceeds is so delivered, it shall be exchanged for the existing Program Bond representing Escrowed Proceeds. The Issuer shall arrange for a CUSIP number applicable to each Release Date, which CUSIP number the Trustee shall also note on the Program Bond certificate.

In the event DTC determines to discontinue providing its services and a successor securities depository for all the Program Bonds is not designated, the Issuer and the Trustee shall arrange for the delivery of a single certificate for each series of the Program Bonds as fully registered bonds. Each such fully registered Program Bond shall be identified by a legend consisting of the letter "R" followed by the number of the Bond. The Program Bonds shall be numbered consecutively from 1 upwards.

Section 2.13 Small Issue Requirements. The Issuer hereby represents and warrants that the Indenture is and at all times while the Program Bonds are Outstanding shall be a Permitted Single Family Indenture.

ARTICLE III

PROCEEDS OF PROGRAM BONDS

Section 3.1 Escrow of Proceeds of Program Bonds.

(a) **Escrowed Proceeds.** The proceeds of the Program Bonds and the Shortfall Amount shall be retained in the Escrow Fund for application as set forth herein.

If the Trustee has received a Certificate of Adverse Change, all the proceeds of the Program Bonds, together with the Shortfall Amount, shall be retained in the Escrow Fund until either the written waiver referenced in Section 2.6(a)(ii) is delivered or the Program Bonds are redeemed as provided in such Section.

In addition, the proceeds of the Program Bonds and the Shortfall Amount shall be retained in the Escrow Fund until the requirements of Section 2.3 hereof are satisfied or until applied to the redemption of the Program Bonds pursuant hereto. The Escrowed

Proceeds and the Shortfall Amount held in the Escrow Fund shall be pledged exclusively to the repayment of the Program Bonds unless and until there is a default under the Indenture, in which case such funds will be applied as required by the Indenture. While such proceeds are held in the Escrow Fund, such proceeds may only be invested in Permitted Escrow Investments.

(b) **Conversion and Release of Escrowed Proceeds.** Upon the satisfaction of the requirements of Section 2.3 and to the extent provided therein, the released Escrowed Proceeds shall be transferred to such fund or account as the Issuer may direct the Trustee.

Section 3.2 Use of Proceeds of Program Bonds.

(a) **Use of Proceeds.** The proceeds received from the release of Escrowed Proceeds in connection with Program Bonds shall be used only to redeem Program Bonds or as follows:

(i) to acquire and finance the holding of single family MBS, so long as all the underlying loans are eligible to be financed on a tax-exempt basis under applicable federal income tax law (“eligible loans”);

(ii) to refund, as fixed rate bonds, any of the Issuer’s variable rate debt (including, but not limited to, auction rate securities issued and outstanding on or prior to October 19, 2009 or refund an issue that did so, so long as such debt was, in turn, issued to acquire and finance the MBS with underlying eligible loans; the use of proceeds for such a refunding purpose shall be limited to 30% of the net proceeds of the Program Bonds); the restrictions on refundings herein shall not apply to either (A) the repayment of ‘warehouse credit lines’ used to acquire MBS or (B) ‘replacement refundings’ where proceeds of Program Bonds are exchanged dollar-for-dollar for unexpended tax-exempt bond proceeds and/or mortgage loan prepayments; and

(iii) to fund reasonably required reserves and pay costs of issuance of the Program Bonds in accordance with the requirements and limitations of applicable federal tax law.

The proceeds of the Program Bonds shall not be used for essential governmental functions within the meaning of Section 115 of the Code or qualified veterans mortgage bonds under Section 143 of the Code, or by Section 501(c)(3) organizations.

(b) **Taxable Bonds.** Proceeds of Program Bonds issued as taxable bonds hereunder may not be released from the Escrow Fund unless and until there is delivered to the Trustee and the GSEs the opinion of Bond Counsel required pursuant to Section 2.3(b) hereof.

ARTICLE IV

SPECIAL GSE RIGHTS

Section 4.1 Removal of Trustee. No successor Trustee under the Indenture shall be appointed under the Indenture without written notice to the Notice Parties at the Notice Parties' Addresses and without the prior written consent of the GSEs, which consent shall not be unreasonably withheld.

Section 4.2 GSEs as Third-Party Beneficiaries. Each GSE is intended to be and shall be a third-party beneficiary of this Appendix A, the Series 2009 A Supplemental Indenture and the Indenture, and each GSE shall have the right (but not the obligation) to enforce, separately or jointly with the Trustee or cause the Trustee to enforce, the provisions of this Appendix A.

ARTICLE V

COVENANTS

Section 5.1 Special Issuer Covenants. The Issuer hereby covenants that, so long as the Program Bonds are Outstanding, it shall:

- (a) if any Program Bonds are not issued on a tax-exempt basis, use its reasonable best efforts to obtain Volume Cap allocations as needed for such Program Bonds in 2010;
- (b) not permit the aggregate principal amount of the Program Bonds issued hereunder to exceed the Single Family Program Bond Limit;
- (c) not allow the aggregate principal amount of Program Bonds to exceed the reasonable expectations requirement applicable to tax-exempt mortgage revenue bonds;
- (d) not issue new Bonds under the Indenture in a variable rate demand, adjustable rate or auction rate mode other than Program Bonds during the period such Program Bonds bear interest at the Short-Term Rate;
- (e) take all steps necessary to assure that all assets and revenues of any description pledged to the payment of the Program Bonds and all other Bonds issued under the Indenture shall be applied strictly in accordance with, and solely for the purposes and in the amounts specified and permitted by, the terms of the Indenture;
- (f) not exercise any rights it may have to make voluntary withdrawals of cash or other assets from the lien of the Indenture except under the following circumstances and within the following limits:
 - (i) the Issuer may withdraw cash from the Indenture to pay ordinary and customary administrative and operating expenses of the Issuer, ordinary and customary operating expenses of any of the indentures or bond resolutions of the Issuer (such as, for example, fees and payments due on an interest rate swap

entered into by the Issuer) and to fund or reimburse the cost of programs sponsored by the Issuer, subject to each of the following requirements:

(A) either:

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

(2) prior to and as a condition to such withdrawal, the Issuer obtains and furnishes to the Administrator and to Treasury's Financial Agent a confirmation from each of the rating agencies maintaining ratings on the Program Bonds that the proposed withdrawal will not adversely affect such ratings; and

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

In spite of anything to the contrary contained in this paragraph (f)(i), no withdrawals whatsoever shall be made under this paragraph (f)(i) during any period when any of the ratings on the Program Bonds are below the level of "Aaa" or "AAA" or has been suspended or withdrawn;

(ii) the Issuer may withdraw cash or other assets from the Indenture for any purpose of the Issuer other than as set out in paragraph (f)(i) above, subject to each of the following requirements:

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

(B) the cash or other assets withdrawn from the lien of the Indenture pursuant to this paragraph (f)(ii) are retained by the Issuer within its funds and accounts or are expended to further the mission or otherwise for the benefit of the Issuer; and

(C) prior to and as a condition of such withdrawal, the Issuer provides a written certification to the Administrator and to Treasury's Financial Agent specifying the amount and purpose of the withdrawal and

that all requirements of this paragraph (f)(ii) have been met with respect to such withdrawal.

(g) with respect to the purchase, origination, enforcement and servicing of MBS, the Issuer shall:

(i) purchase, or cause to be purchased, MBS in a manner consistent with applicable state law, the Indenture and any supplements thereto, and such other related documents by which the Issuer is bound; and

(ii) except as otherwise permitted by Treasury or the GSEs, diligently take all steps necessary or desirable to enforce all terms of the MBS and all such other documents evidencing obligations to the Issuer.

(h) not issue any bonds senior in priority to the Program Bonds and the Issuer represents and warrants that the Program Bonds are at least equal in priority with respect to payment and security to the most senior Outstanding Bonds under the Indenture.

Section 5.2 Covenants Regarding Administration of Indenture and Program Bonds.

The Issuer hereby covenants, so long as the Program Bonds remain Outstanding, that it shall:

(a) not amend, supplement or otherwise modify in any material respect the Indenture, this Appendix A or any other Related Document without the prior written consent of the GSEs; provided, however, that the consent of the GSEs shall not be required with respect to supplements entered into solely for the purpose of providing for the issuance of a series of Bonds pursuant to the Indenture, except as provided in Section 5.1(d) hereof. With respect to Indenture amendments, the determination of the GSEs as to the materiality of an amendment shall be controlling;

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

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

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

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

(f) not permit the Indenture to fail to meet the definition of a “Permitted Single Family Indenture.”

Section 5.3 Reporting Requirements.

(a) ***Books and Records; GAAP.*** The Issuer covenants to keep proper books of record and account in which full, true and correct entries will be made of all dealings and transactions of or in relation to affairs, operations, transactions and activities of the Issuer in accordance with generally accepted accounting principles applicable to governmental entities, consistently applied.

(b) ***Non-Public Information.*** As used in this Section, “Information” means any information described in Subsection (c) and “Non-Public Information” means any of the Information that, as of the date that such Information is due to be provided to the GSEs pursuant to subsection (c), the Issuer has not released to the general public or otherwise is not in the public domain. To the extent that any of the Information described in Subsection (c) is Non-Public Information each of the following shall apply:

(i) The Issuer may provide such Non-Public Information to the GSEs, but, subject to (ii) below, is not obligated to do so. If the Issuer elects not to provide Non-Public Information, it shall identify the categories of Information that are then Non-Public Information and so inform the GSEs of that fact at the time such information is otherwise due to be provided under Subsection (c).

(ii) If the Issuer elects not to provide Non-Public Information as stated in (i) above, but a GSE determines that the absence of any such information is a material impairment to its obligation to conduct its business in a safe and sound manner or is inconsistent with the requirements of applicable law or regulation, then the Issuer will provide such Information to that GSE at the times and as otherwise required by Subsection (c).

(iii) To the extent that the Issuer actually provides Non-Public Information pursuant to Subsection (c), the Issuer will label such information as Non-Public Information and will segregate all Non-Public Information so that a GSE which elects not to look at the Non-Public Information can do so;

(c) ***Information.*** The Issuer agrees to furnish to each GSE a copy of each of the following:

(i) on the date that is the earlier of (A) ninety (90) days after the end of each quarter of each fiscal year of the Issuer and (B) the day such information is first made available to the general public, the Issuer shall provide to each GSE the financial statements of the Issuer consisting of a balance sheet of the Issuer as at the end of such period, a statement of operations and a statement of cash flows of the Issuer for such period and, with respect to the report provided after the end of each fiscal year, there shall also be included a statement of the changes in net assets of the Issuer for such period. The financial statements referred to above shall be set forth in reasonable detail and shall be accompanied by, in the case of the annual statements, an audit report of the Issuer’s auditor or nationally recognized independent certified public accountants stating that they have (except

as noted therein) been prepared in accordance with generally accepted accounting principles consistently applied (provided that such audit report need not be submitted until one hundred eighty (180) days after the end of the relevant fiscal year)

(ii) on the date that is the earlier of (A) ninety (90) days after the end of each quarter of each fiscal year of the Issuer and (B) the day such information is first made available to the general public, the Issuer shall provide to each GSE financial statements of the Issuer specific to the Indenture pursuant to which Program Bonds are outstanding consisting of a statement of operations and a statement of cash flows under the Indenture for such period and, with respect to the report provided after the end of each fiscal year, there shall also be included a statement of the changes in net assets under the Indenture for such period. The financial statements referred to above shall be set forth in reasonable detail and shall be accompanied by, in the case of the annual statements, an audit report of the Issuer's auditor or nationally recognized independent certified public accountants stating that they have (except as noted therein) been prepared in accordance with generally accepted accounting principles consistently applied (provided that such audit report need not be submitted until one hundred eighty (180) days after the end of the relevant fiscal year);

(iii) immediately after any officer of the Issuer obtains knowledge thereof, a certificate of the Issuer setting forth the occurrence of any default or Event of Default under the Indenture, the details thereof and the action which the Issuer is taking or proposes to take with respect thereto;

(iv) quarterly, at the time each of the financial statements referenced in (i) above is provided, and otherwise at the request of a GSE, the applicable information set forth in Schedule A hereto and a certificate of the Issuer (A) stating whether there exists on the date of such certificate any default or Event of Default under the Indenture and, if so, the details thereof and the action which the Issuer is taking or proposes to take with respect thereto and (B) setting forth a description in reasonable detail of the amounts held in the Revenue Fund and other accounts in the Indenture;

(v) simultaneously with their release to the general public, disclosure statements of any kind prepared by the Issuer which disclose such matters as quarterly or other interim financial statements relating to the Indenture, portfolio composition information regarding the Indenture such as the percentage of loans insured under FHA, HUD, RDA and VA programs and any pooled mortgage insurance program or securitization by GNMA or a GSE;

(vi) promptly upon receipt of notice by the Issuer of any such default, the occurrence of any material event of default by any counterparty to a Related Document;

(vii) at the request of a GSE, copies of any information or request for information concerning this Appendix A or any of the Related Documents as and when provided to the Trustee;

(viii) promptly after the receipt or giving thereof, copies of all notices of resignation by or removal of the Trustee, which are received or given by the Issuer;

(ix) promptly after the adoption thereof, copies of any amendments to the Indenture, any of the other Related Documents (including replacement of or any new Related Document), the Official Statement relative to the Program Bonds and the Official Statement Supplement;

(x) within thirty (30) days of the issuance of any public issuance of indebtedness of the Issuer payable from the Revenues under the Indenture, copies of any disclosure documents distributed in connection therewith

(xi) any Annual Filing or Material Event Filing shall be delivered to the GSEs on the day it becomes available to the general public or the Program Bondholders or would be required to become available if Rule 15c2-12 were applicable to the Program Bonds;

(xii) simultaneously with the delivery of each set of the financial statements and the annual filing referred to in clauses (i) and (xi) above and otherwise at the request of the GSEs, or with respect to (b)(iii) whenever prepared and available, (A) a copy of the most recent rating letter received relating to the Bond Rating and/or the Indenture rating, (B) a certificate of the Issuer stating that the Issuer is in compliance with all financial covenants set forth in the Indenture; and (C) a copy of the most recent cash flow certificates, financial reports and statements, and annual budget (including portfolio performance reports detailing delinquencies and foreclosure rates, and percentage of loans insured under FHA, HUD, RDA and VA programs and any pooled mortgage insurance program, and the percentage of uninsured loans as set forth in Schedule A hereto);

(xiii) immediately upon receipt by the Issuer, any rating report or other rating action relative to the Issuer, the Program Bonds or any other bonds issued under the Indenture;

(xiv) immediately upon any such transfer, notice of any extraordinary payment or transfer of funds from the Indenture;

(xv) in a timely manner, at the request of a GSE, any data or information required by a GSE for use in calculating performance under the Federal Housing Finance Agency's housing goal regulations or for use in complying with any other regulatory or legal requirement; and

(xvi) such other information, whether such information is published or unpublished, respecting the affairs, condition and/or operations, financial or

otherwise, of the Issuer as a GSE may from time to time reasonably request (including, without limitation, data, including loan level data, required by the GSEs with respect to any asset management surveillance and/or disclosure requirement).

Section 5.4 Covenant Enforcement by GSEs. Only the GSEs may enforce, or cause the Trustee to enforce, the provisions of Sections 5.1, 5.2 and 5.3 hereof.

Section 5.5 Special Notices.

(a) ***Request to Withdraw Indenture Funds.*** The Trustee shall immediately deliver to the Notice Parties at the Notice Parties' Addresses notice of any request by the Issuer to withdraw funds from the Indenture.

(b) ***Events of Default.*** The Trustee shall immediately deliver to the Notice Parties at the Notice Parties' Addresses notice of any default or Event of Default under the Indenture, of which the Trustee has knowledge.

(c) ***Exercise of Remedies.*** The Trustee shall immediately deliver to the Notice Parties at the Notice Parties' Addresses notice of the exercise of any remedies under the Indenture.

ARTICLE VI

MISCELLANEOUS

Section 6.1 Notices. Unless otherwise specified in this Appendix A, all notices, requests or other communications to or upon the Notice Parties or referred to in this Appendix A shall be deemed to have been given (i) in the case of notice by letter, when delivered by hand or four (4) days after the same is deposited in the mails, first class postage prepaid, and (ii) in the case of notice by telecopier or e-mail, when sent, receipt confirmed, addressed to the Notice Parties as follows or at such other address as any of the Notice Parties may designate by written notice to the Issuer and the Trustee:

To Administrator: U.S. Bank National Association
One Federal Street, 3rd Floor
Boston, Massachusetts 02110
Attention: Structured Finance/HFA Program
E-mail: Julie.Kirby@usbank.com

To Fannie Mae: Fannie Mae
3900 Wisconsin Avenue, N.W.
Washington, D.C. 20016
Attention: Carl W. Riedy, Jr.
Vice President for Public Entities
Channel, Housing and Community
Development
E-mail: Carl_W_Riedy@fanniemae.com

and

Attention: Barbara Ann Frouman
Vice President and Deputy General
Counsel, Housing and Community
Development
E-mail: Barbara_Ann_Frouman@fanniemae.com

To Freddie Mac: Freddie Mac
1551 Park Run Drive
Mail Stop D4F
McLean, Virginia 22102
Attention: Mark D. Hanson
Vice President Mortgage Funding
E-mail: Mark_Hanson@freddiemac.com

and

Attention: Joshua L. Schonfeld
Associate General Counsel
E-mail: Joshua_Schonfeld@freddiemac.com

For all notices pursuant to Section 5.3 hereof:

E mail: HFA_Credit_Reporting@freddiemac.com

To Treasury's
Financial Agent: JPMorgan Chase Bank, N.A.
1 Chase Manhattan Plaza, Floor 19
New York, New York 10005
Attention: Lillian G. White
Phone - 212-552-2392
Fax - 212-552-0551
E-mail: Lillian.G.White@jpmorgan.com

with a copy to:

Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, DC 20220
Attention: Fiscal Assistant Secretary
re: Housing Finance Agencies Initiative

and

Attention: Assistant General Counsel
(Banking and Finance)
re: Housing Finance Agencies Initiative

Section 6.2 Appendix to Control. To the extent that any provisions of this Appendix A are inconsistent with any provisions of the Indenture or the Series 2009 A Supplemental Indenture under which the Program Bonds are issued, this Appendix A shall control with respect to the Program Bonds.

Section 6.3 Termination. This Appendix A shall continue in full force and effect so long as the Program Bonds remain Outstanding and shall terminate when Program Bonds are no longer Outstanding.

[remainder of page intentionally left blank]

EXHIBIT A

**NOTIFICATION OF
INTEREST RATE CONVERSION/RELEASE CERTIFICATE**

Reference is made to the General Indenture of Trust, dated as of December 1, 2009, by and between the District of Columbia Housing Finance Agency (the "Issuer") and U.S. Bank National Association, as trustee, as subsequently amended and modified, in particular by the Appendix A to the Supplemental Indenture of Trust securing the \$25,000,000 Single Family Housing Revenue Bonds, Series 2009 A (the "Appendix"), dated as of December 1, 2009 (collectively, the "Indenture"). All capitalized terms not otherwise defined herein shall have the same meanings ascribed thereto in the Indenture.

I, _____, an authorized officer of the Issuer, in connection with Program Bonds to be Converted to a Permanent Rate pursuant to Section 2.3 of the Appendix A, hereby notify the Trustee and the Notice Parties as follows:

- (i) the proposed Release Date is _____, 2010,
- (ii) the proposed Conversion Date is _____, 201[1],
- (iii) the principal amount of Program Bonds to be Converted to a Permanent Rate on the proposed Conversion Date set forth in clause (ii) above is \$_____,
- (iv) the proposed Permanent Rate Calculation Date is _____, 2010, and
- (v) the Issuer hereby covenants to deliver to the Trustee on or before the Release Date the opinion of bond counsel described in Section 2.3(b)(ii)(E) of the Appendix.

IN WITNESS WHEREOF, I have set forth my hand this _____ day of _____, 2010.

DISTRICT OF COLUMBIA HOUSING
FINANCE AGENCY

By: _____
Name: _____
Title: _____

EXHIBIT B
INTEREST RATE
CONVERSION CERTIFICATE

Reference is made to the General Indenture of Trust, dated as of December 1, 2009, by and between the District of Columbia Housing Finance Agency (the "Issuer") and U.S. Bank National Association, as trustee, as subsequently amended and modified, in particular by the Appendix A to the Supplemental Indenture of Trust securing the \$25,000,000 Single Family Housing Revenue Bonds, Series 2009 A (the "Appendix"), dated as of December 1, 2009 (collectively, the "Indenture"). All capitalized terms not otherwise defined herein shall have the same meanings ascribed thereto in the Indenture. All capitalized terms not otherwise defined herein shall have the same meanings ascribed thereto in the Indenture.

I, _____, an authorized officer of U.S. Bank National Association (the "Trustee"), in connection with Program Bonds Converted to a Permanent Rate pursuant to Section 2.3 of the Appendix A, hereby confirm as follows:

- (i) attached are the items required to be delivered pursuant to Section 2.3 of the Appendix A,
- (ii) the Short-Term Rate applicable from the Release Date to the Conversion Date, will be the total of (a) the Four Week T-Bill Rate (____%) plus (b) the Spread applicable to the referenced Program Bonds as of the Release Date (____%), will be ____%;
- (iii) the Permanent Rate with respect to the referenced Program Bonds will be ____% as of the specified Conversion Date of _____, 2010,
- (iv) the CUSIP number for the referenced Program Bonds is _____, and
- (v) related Program Bond proceeds will be released on the specified Release Date of _____, 2010.

IN WITNESS WHEREOF, I have herewith set forth my hand this _____ day of _____, 2010.

U.S. BANK NATIONAL ASSOCIATION

By: _____
Name: _____
Title: _____

Schedule A
Quarterly Portfolio Performance Information

FREDDIE MAC, GINNIE MAE AND FANNIE MAE PROGRAMS

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 Mortgage Participation Certificates Offering Circular, any applicable Offering Circular Supplements, 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 by writing, calling or e-mailing Freddie Mac’s Investor Inquiry Department at 8200 Jones Branch Drive, McLean, Virginia 22102 (800-336-FMPC; e-mail: Investor_Inquiry@freddiemac.com). The Issuer does not and will not participate in the preparation of Freddie Mac’s Mortgage Participation Certificates Offering Circular, Information Statement or Information Statement Supplements. At the time of printing this Official Statement, general information regarding Freddie Mac can be accessed at <http://www.freddiemac.com>. The Issuer makes no representations regarding the content or accuracy of the information provided at such website, and such website is not part of this Official Statement.

Freddie Mac is a shareholder-owned, government-sponsored enterprise created on July 24, 1970, pursuant to the Federal Home Loan Mortgage Corporation Act (Title III of the Emergency Home Finance Act of 1970, as amended) (12 U.S.C. §§ 1451-1459) (the “Freddie Mac Act”). The Secretary of HUD exercises general regulatory power over Freddie Mac under the Financial Housing Enterprises Financial Safety and Soundness Act of 1992.

Freddie Mac’s statutory mission is (i) to provide stability in the secondary market for residential mortgages, (ii) to respond appropriately to the private capital market, (iii) to provide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low- and moderate-income families) and (iv) to promote access to mortgage credit throughout the United States (including central cities, rural areas and underserved areas) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing. Neither the United States nor any agency or instrumentality of the United States is obligated, either directly or indirectly, to fund the mortgage purchase or financing activities of Freddie Mac.

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

Freddie Mac Certificates will be mortgage pass-through securities issued and guaranteed by Freddie Mac under its Guarantor Program. Freddie Mac Certificates are issued only in book-entry form through the Federal Reserve Banks’ book-entry system. Each Freddie Mac Certificate represents an undivided interest in a pool of mortgages. Payments by borrowers on the mortgages in the pool are passed through monthly by Freddie Mac to record holders of the Freddie Mac Certificates representing interests in that pool. The minimum original principal balance for a pool of mortgages is generally \$1,000,000. All of the mortgages are either conventional mortgages or mortgages guaranteed or insured by FHA, the Department of Veterans Affairs or the Rural Housing Service. Conditional mortgages are pooled separately from mortgages guaranteed or insured by FHA, the Department of Veterans Affairs or the Rural Housing Service.

Freddie Mac issues two types of Freddie Mac Certificates--Gold PCs and ARM PCs. Gold PCs are backed by fixed-rate, level payment, fully amortizing mortgages or balloon/reset mortgages. ARM PCs are backed by adjustable rate mortgages.

Payments on Freddie Mac Certificates begin on or about the fifteenth day of the first month following issuance for a Gold PC and on or about the 15th day of the second month after issuance for an ARM PC. Each month, Freddie Mac passes through to record holders of Freddie Mac Certificates their proportionate share of principal payments on the mortgages in the related pool and one month's interest at the applicable pass-through rate. The pass-through rate for a Freddie Mac Certificate is determined by subtracting from the lowest interest rate on any of the mortgages in the pool the applicable servicing fee and Freddie Mac's management and guarantee fee, if any. The interest rates on the mortgages in a pool formed under Freddie Mac's Guarantor Program must fall within a range from the pass-through rate on the Freddie Mac Certificate plus the minimum required servicing fee through the pass-through rate plus a guarantee fee.

Freddie Mac guarantees to each holder of a Freddie Mac Certificate, on each monthly payment date, its proportionate share of scheduled principal payments on the related mortgages, and interest at the applicable pass-through rate, in each case whether or not received. The full and final payment on each Freddie Mae Certificate will be made no later than the payment date that occurs in the month in which the last monthly payment on the Freddie Mac Certificate is scheduled to be made.

The obligations of Freddie Mac under its guarantees of the Freddie Mac Certificates are obligations of Freddie Mae only. The Freddie Mac 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 Freddie Mac Certificates would consist solely of payment and other recoveries on the related mortgage; accordingly, delinquencies and defaults on the mortgages would affect distributions on the Freddie Mae Certificates and could adversely affect payments on the Series 2009 A Bonds.

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

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

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

Ginnie Mae and the Ginnie Mae Certificates

The summary and explanation of the Government National Mortgage Association (“GNMA” or “Ginnie Mae”), GNMA’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 “GNMA Guide”) and to such other Ginnie Mae documents for full and complete statements of their provisions. At the time of printing this Official Statement, the Ginnie Mae Guide can be accessed at <http://www.ginniemae.gov/guide/guidtoc.asp>, and general information regarding Ginnie Mae can be accessed at <http://www.ginniemae.gov>. The Issuer makes no representations regarding the content or accuracy of the information provided at either of such websites, and such websites are 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 Title III of the National Housing Act, as amended, to guarantee the timely payment of the principal of and interest on certificates (“Ginnie Mae Certificates”) that represent an undivided ownership interest in a pool 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 United States Department of Agriculture – Rural Development (“USDA/RD”) USDA/RD 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) 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 9, 1969, of an Assistant Attorney General of the United States, states that such guaranties under Section 306(g) of mortgage-backed certificates of the type being delivered to the Trustee on behalf of the Issuer (“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 order to meet its obligations under such guaranties, Ginnie Mae, in its corporate capacity under Section 306(d) of Title III of the Housing Act, may issue its general obligations to the United States Treasury Department 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 guaranties of the timely payment of the principal of or interest on all Ginnie Mae Certificates. The U.S. 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 the U.S. Treasury to the Secretary of HUD that the U.S. Treasury will make loans to Ginnie Mae, if needed, to implement Ginnie Mae’s guaranties. Under the terms of its guaranties, Ginnie Mae warrants that, in the event it is called upon at any time to make payment on its guaranties, it will, if necessary, in accordance with Section 306(d) of Title III of the Housing Act, apply to the U.S. Treasury Department for a loan or loans in amounts sufficient to make payments of principal and interest.

Ginnie Mae administers two guarantee programs the “Ginnie Mae I MBS Program” and the “Ginnie Mae II MBS Program.” The Ginnie Mae I MBS Program is based on single-issuer pools in which the underlying mortgage loans generally have the same or similar maturities and bear the same interest rate. Ginnie Mae I payments are made to holders on the 15th day of each month. The Ginnie Mae II MBS Program permits multiple-issuer as well as single-issuer pools. Loans with different interest rates, within a one percent (1%) range, may be included in the same pool or loan package under the Ginnie Mae II MBS Program. Ginnie Mae II MBS payments are made to holders on the 20th day of each month.

To issue Ginnie Mae Certificates, the Servicer must apply for and receive from Ginnie Mae a Commitment to Guarantee Mortgage-Backed Securities (“Ginnie Mae Commitment”). A Ginnie Mae Commitment authorizes, the Servicer to issue Ginnie Mae Certificates up to a stated amount during a one year period following the date thereof. The Servicer is obligated to pay Ginnie Mae commitment fees and guaranty fees.

Each Ginnie Mae Certificate is to be backed by a mortgage pool consisting of mortgage loans in a minimum aggregate amount of \$1,000,000 (or such lesser amount as may be approved by Ginnie Mae). Each Ginnie Mae I Certificate will be a “mortgage loan pass-through” certificate which will require the Servicer to pass through to the paying and transfer agent therefor (the “Ginnie Mae Paying Agent”) by the fifteenth day of each month (or the sixteenth day, if such day is not a business day, provided that, if neither the fifteenth nor the sixteenth day is a business day, then the first business day prior to the fifteenth day of the month), the regular month payments on the mortgage loans (less the Ginnie Mae guaranty fee and the Servicer’s servicing fee), whether or not the Servicer receives such payments, plus any prepayments of principal of the mortgage loans received by the Servicer in the previous month. Each Ginnie Mae II Certificate will require the Servicer to pass through to the central paying and transfer agent for the Ginnie Mae II Program, by the nineteenth day of each month (or the twentieth day, if such day is not a business day, provided that, if neither the nineteenth nor the twentieth day is a business day, then the first business day prior to the nineteenth day of the month), the regular monthly payments on the mortgage loans (less the Ginnie Mae guaranty fee and the Servicer’s servicing fee), whether or not the Servicer receives such payments, plus any prepayments of principal of the mortgage loans received by the Servicer in the previous month. The Ginnie Mae Paying Agent is then required to pass through to the Trustee on or before the third business day following the nineteenth day of each month the scheduled payments received from the Master Servicer. Ginnie Mae guarantees timely payment of principal of and interest with respect to the Ginnie Mae Certificate.

Ginnie Mae, upon execution of the Ginnie Mae Guaranty Agreement (defined below), issuance of a Ginnie Mae Certificate by the Master Servicer and subsequent sale of such Ginnie Mae Certificate to the Trustee, will have guaranteed to the Trustee as holder of such Ginnie Mae Certificate the timely payment of principal of and interest on such Ginnie Mae Certificate.

Under contractual arrangements to be made between the Servicer and Ginnie Mae, and pursuant to the Ginnie Mae Guaranty Agreement, the Servicer is responsible for servicing the mortgage loans constituting Ginnie Mae Pools in accordance with FHA, RD or VA regulations, as applicable, and Ginnie Mae regulations.

The monthly remuneration of the Servicer for its servicing functions, and the guaranty fee charged by Ginnie Mae, are based on the unpaid principal amount of the Ginnie Mae Certificates outstanding. In compliance with Ginnie Mae regulations and policies, the total of these servicing and guaranty fees equals 0.50% per annum calculated on the principal balance of each mortgage loan outstanding on the last day of the month preceding such calculation. The Pass-Through Rate is determined by deducting from the Mortgage Rate the 0.50% servicing and guaranty fees because the servicing and guaranty fees are deducted from payments on the mortgage loans before payments are passed through to the Trustee.

It is expected that interest and principal payments on the mortgage loans received by the Servicer will be the source of money for payments on the Ginnie Mae Certificates. If such payments are less than the amount then due, the Servicer is obligated to advance its own funds to ensure timely payment of all scheduled payments on the Ginnie Mae Certificates. Ginnie Mae guarantees such timely payment in the event of the failure of the Servicer to pass through an amount equal to the scheduled payments (whether or not made by the mortgagors). If such payments are not received as scheduled the Trustee has recourse directly to Ginnie Mae.

The Servicer is required to advise Ginnie Mae in advance of any impending default on scheduled payments so that Ginnie Mae as guarantor will be able to continue such payments as scheduled in accordance with the Ginnie Mae Mortgage-Backed Securities Guide (the “Ginnie Mae Guide”).

The Ginnie Mae guaranty agreement to be entered into by Ginnie Mae and the Master Servicer upon issuance of the Ginnie Mae Certificates (the “Ginnie Mae Guaranty Agreement”) will provide that, in the event of a default by the Servicer, including (i) a request to Ginnie Mae to make a payment of principal of or interest on a Ginnie Mae Certificate when the mortgagor is not in default under the mortgage note, (ii) insolvency of the Servicer, or (iii) default by the Servicer under any other guaranty agreement with Ginnie Mae, Ginnie Mae shall have the right, by letter to the Servicer, to effect and complete the extinguishment of the Servicer’s interest in the related mortgage loans, and the related mortgage loans shall thereupon become the absolute property of Ginnie Mae, subject only to the unsatisfied rights of the holder of the Ginnie Mae Certificates and in such event, all power and authority of the Servicer with respect to the servicing of such Ginnie Mae Pools, including the right to collect the servicing fee, also will terminate and expire. The authority and power of the Servicer under the terms of the Ginnie Mae Guide will be required to pass to and be vested in Ginnie Mae, and Ginnie Mae will be the successor in all respects to the Servicer in its capacity as servicer, and will be subject to all duties placed on the Servicer by the Ginnie Mae Guide. At any time, Ginnie Mae may enter into an agreement with an institution approved by Ginnie Mae under which such institution undertakes and agrees to assume any part or all of such duties, and no such agreement will detract from or diminish the responsibilities, duties or liabilities of Ginnie Mae in its capacity as guarantor.

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 such documents for full and complete statements of their provisions. Such 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 can be accessed at <http://www.fanniemae.com>. The Issuer makes no representations regarding the content or accuracy of the information provided at such website, and such website is not part of this Official Statement.

Fannie Mae is a federally-chartered and stockholder-owned corporation organized and existing under the Federal National Mortgage Association Charter Act (12 U.S.C. §1716 *et seq.*). Fannie Mae 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 Secretary of HUD exercises general regulatory power over Fannie Mae under the Financial Housing Enterprises Financial Safety and Soundness Act of 1992.

Fannie Mae provides funds to the mortgage market by purchasing mortgage loans from lenders, thereby replenishing their funds for additional lending. Fannie Mae acquires funds to purchase mortgage loans from many capital market investors that may not ordinarily invest in mortgage loans, thereby: expanding the total amount of funds available for housing. Fannie Mae operates a mortgage-backed securities program pursuant to which Fannie Mae issues securities backed by pools of mortgage loans (the “MBS Program”).

Although the Secretary of the Treasury of the United States has certain discretionary authority to purchase obligations of Fannie Mae, neither the United States nor any agency or instrumentality thereof is obligated to finance Fannie Mae’s obligations or to assist Fannie Mae in any manner.

The obligations of Fannie Mae, including its obligations under the Fannie Mae Certificates, are obligations solely of Fannie Mae are not backed by, or entitled to, the full faith and credit of the United States of America.

The terms of the MBS Program are governed by the Fannie Mae Selling and Servicing Guides published by Fannie Mae (the “Fannie Mae Guides”), as modified by the Pool Purchase Contract, and in the case of mortgage loans, the Resolution, and a supplement thereto to be issued by, Fannie Mae in connection with each pool. The MBS Program is further described in the MBS Prospectus issued by Fannie Mae (the “Fannie Mae Prospectus”). The Fannie Mae Prospectus is updated and supplemented from time to time.

Copies of the Fannie Mae Prospectus and Fannie Mae's most recent annual and quarterly reports and proxy statements are available without charge from the Office of Investor Relations, Fannie Mae, 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/markets/mbssecurities/prospectuses/prorole.jhtml>.

However, information on the Fannie Mae's website is not part of this Official Statement.

The summary of the MBS Program set forth under this caption does not purport to be comprehensive and is qualified in its entirety by reference to the Fannie Mae Guides, the Fannie Mae Certificates, the Fannie Mae Prospectus and the other documents referred to herein.

Each Fannie Mae Certificate represents the entire interest in a specified pool of conventional mortgage loans purchased by Fannie Mae and identified in records maintained by Fannie Mae. The Pool Purchase Contract will require that each Fannie Mae Certificate be in a minimum amount of \$500,000. Each Fannie Mae Certificate will bear interest at the pass-through rate specified thereon.

Fannie Mae will guarantee to the registered holder of the Fannie Mae Certificates that it will distribute amounts representing scheduled principal and interest at the applicable Pass-Through Rate on the mortgage loans in the pools represented by such Fannie Mae Certificates, whether or not received, and the full principal balance of any foreclosed or other finally liquidated mortgage loans, whether or not such principal balance is actually received. *The obligations of Fannie Mae under such guarantees are obligations solely of Fannie Mae and are not backed by, nor entitled to the faith and credit of the United States.* If Fannie Mae were unable to satisfy such obligations, distributions to the Trustee, as the registered holder of the Fannie Mae Certificates, would consist solely of payments and other recoveries on the underlying conventional mortgage loans, and accordingly, monthly distributions to the Trustee, as the holder of the Fannie Mae Certificates, and payments on the Series 2009 A Bonds could be adversely affected by delinquent payments and defaults on such conventional mortgage loans.

Payments on a Fannie Mae Certificate will 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 will 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, (2) the stated principal balance of any mortgage loan that was prepaid in full during the second month next preceding the month of such distribution (including as prepaid for this purpose any mortgage loan repurchased by Fannie Mae because of Fannie Mae's election to repurchase the mortgage loan after it is delinquent, in whole or in part, with respect to four consecutive installments of principal and interest or because of Fannie Mae's election to repurchase such mortgage loan under certain other circumstances as permitted by the Resolution), (3) the amount of any partial prepayment of a mortgage loan received in the second month next preceding the month of distribution, and (4) one month's interest at the Pass-Through Rate on the principal balance of the Fannie Mae Certificate as reported to the Trustee (assuming the Trustee is the registered holder) in connection with the previous distribution (or, respecting the first distribution, on the principal balance of the Fannie Mae Certificate on its issue date).

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

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Letterhead of Bond Counsel]

January 12, 2010

District of Columbia Housing Finance Agency
815 Florida Avenue, N.W.
Washington, D.C. 20001

Re: \$25,000,000 District of Columbia Housing Finance Agency
Single Family Housing Revenue Bonds, Series 2009 A

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the District of Columbia Housing Finance Agency (the "Issuer") of the above-referenced bonds (the "Series 2009 A Bonds"). The Issuer is a corporate body and an instrumentality of the District of Columbia (the "District"), organized and existing under and pursuant to the District of Columbia Housing Finance Agency Act, D.C. Law 2-135, D.C. Code § 42-2701.01 et seq., as amended (the "Act"). The Series 2009 A Bonds are being issued under and pursuant to the Act and the General Indenture of Trust, dated as of December 1, 2009 (the "General Indenture"), including as supplemented by the Supplemental Indenture of Trust, dated as of December 1, 2009 (the "Supplemental Indenture" and, together with the General Indenture, the "Indenture"), each between the Issuer and U.S. Bank National Association, Richmond, Virginia, as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

The Series 2009 A Bonds will be dated December 30, 2009, will mature on the dates in the principal amounts, and will bear interest and be payable as provided in the Indenture. The Series 2009 A Bonds are subject to optional, special and mandatory redemption prior to maturity in whole or in part as set forth in the Indenture. Reference is made to the Indenture for the provisions, among others, with respect to the nature and extent of the rights, duties and obligations of the Issuer, the Trustee, and the owners of the Series 2009 A Bonds; the terms upon which the Series 2009 A Bonds are issued and secured; the collection and disposition of revenues; a description of the properties and interest assigned and pledged; and the provisions relating to modification or amendment of the Indenture, and other matters.

The Series 2009 A Bonds do not constitute an obligation of the District, but are special limited obligations of the Issuer payable solely from and secured by the pledged property pledged therefor under the Indenture. The Issuer is not obligated to pay principal of, premium, if any, or interest on the Series 2009 A Bonds except from the Pledged Property. Neither the faith and credit nor the taxing power of the District is pledged to the payment of principal of, premium, if any, and interest on the Series 2009 A Bonds. The Issuer has no taxing power. The Series 2009 A Bonds are not a debt of the United States of America or any agency thereof or GNMA, Freddie Mac or Fannie Mae, and are not guaranteed by the full faith and credit of the United States of America.

In connection with the issuance of the Series 2009 A Bonds, we have examined the Act, the Indenture and such other opinions, documents, letters and matters of law as we have deemed necessary to render the opinions set forth below.

Based on the foregoing, we are of the opinion that:

1. The Issuer is duly created and validly exists under the Act as a corporate body and an instrumentality of the District of Columbia with full power to issue, sell and deliver the Series 2009 A Bonds.

2. The Indenture has been duly authorized, executed and delivered by the Issuer and creates an assignment and pledge of and lien on the revenues and other moneys pledged under the Indenture. The issuance, sale and delivery of the Series 2009 A Bonds have been duly authorized by the Issuer. The Series 2009 A Bonds have been duly executed and delivered by the Issuer, authenticated by the Trustee and are valid and binding special limited obligations of the Issuer secured by and payable solely from revenues and other moneys pledged under the Indenture. By the terms of the Indenture, the Series 2009 A Bonds are equally and ratably secured in the manner and to the extent set forth in the Indenture and are entitled to the benefit, protection and security of the provisions, covenants, and agreements contained therein. The Indenture and the Series 2009 A Bonds are enforceable in accordance with their terms, except to the extent enforcement may be limited by general principles of equity that may permit the exercise in the future by the District and its instrumentalities of the police power inherent in the sovereignty of the District, and applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally, now or hereafter in effect.

3. Assuming compliance by the Issuer with certain covenants and certifications, under existing laws, regulations, rulings, and judicial decisions, interest on the Series 2009 A Bonds is includable in the gross income of the owners thereof for federal income tax purposes.

4. Interest on the Series 2009 A Bonds is exempt from the District of Columbia's income taxation, except estate, inheritance or gift taxes.

The accrual or receipt of interest on the Series 2009 A Bonds may otherwise affect a bondowner's income tax liability. The nature and extent of these other tax consequences will depend upon the bondowner's particular tax status and the bondowner's other items of income and deduction. Bond Counsel expresses no opinion regarding such consequences. Purchasers of the Series 2009 A Bonds should consult with their tax advisors regarding other federal income tax consequences of holding the Series 2009 A Bonds, including, but not limited to, market discount or premium, deductibility of investment interest expense, sale or exchange of the Series 2009 A Bonds, backup withholding, state and local taxation, tax-exempt investors, foreign investors, and ERISA.

The opinion we have expressed herein as to the treatment of the interest borne by the Series 2009 A Bonds for federal income tax purposes is based upon statutes, regulations, rulings and court decisions in effect on the date hereof. Each purchaser of the Series 2009 A Bonds should consult his or her tax advisor regarding any changes in the status of pending or proposed legislation.

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

Very truly yours,

BOOK-ENTRY-ONLY PROVISIONS

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the District of Columbia Housing Finance Agency Single Family Mortgage Bonds, Series 2009 A (the "Bonds"). The 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 certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. 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 2.2 million issues of U.S. and non-U.S. equity, 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 Standard & Poor's highest rating: AAA. 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 and www.dtc.org.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each 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 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all 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 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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.

5. 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 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security

documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the 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.

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

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the 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 Issuer or 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, nor its nominee, Trustee, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Continuing Disclosure Undertaking”), dated as of January 12, 2010 is executed and delivered by District of Columbia Housing Finance Agency (the “Issuer”) and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent” or “DAC”) for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time, any successor provisions of similar import promulgated by the Securities and Exchange Commission in the future, and any applicable no-action and other authoritative interpretations of Rule 15c2-12 released by the Securities and Exchange Commission (the “Rule”).

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Continuing Disclosure Undertaking shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

“Annual Report” means an Annual Report described in and consistent with Section 3 of this Continuing Disclosure Undertaking.

“Annual Filing Date” means the date, set in Sections 2(a) and 2(f), by which the Annual Report is to be filed with the Repositories.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b) (5) (i) of the Rule and specified in Section 3(a) of this Continuing Disclosure Undertaking.

“Audited Financial Statements” means the financial statements (if any) of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Continuing Disclosure Undertaking.

“Bonds” means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Voluntary Report or Notice Event notice delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Voluntary Report or Notice Event notice required to be submitted to the Repositories under this Continuing Disclosure Undertaking. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“Continuing Disclosure Service” means the continuing disclosure service established by the MSRB known as the Electronic Municipal Market Access (“EMMA”) system. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the Continuing Disclosure Service are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“Disclosure Representative” means Sergei Kuzmenchuk, Chief Financial Officer or his or her designee, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

“Holder” means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

“Information” means the Annual Financial Information, the Audited Financial Statements (if any) the Notice Event notices, and the Voluntary Reports.

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

“Notice Event” means an event listed in Sections 4(a) of this Continuing Disclosure Undertaking.

“Official Statement” means that Official Statement prepared by the Issuer in connection with the respective issue of Bonds, as listed on Appendix A.

“Trustee” means the institution identified as such in the document under which the respective issue of Bonds were issued.

“Voluntary Report” means the information provided to the Disclosure Dissemination Agent by the Issuer pursuant to Section 7.

SECTION 2. Provision of Annual Reports.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than 30 days prior to the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the Continuing Disclosure Service not later than 180 days after fiscal year end, commencing with the fiscal year ending September 30, 2010. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Continuing Disclosure Undertaking.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification) no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Continuing Disclosure Undertaking, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Notice Event as described in Section 4(a)(12) has occurred and to immediately send a notice to the Continuing Disclosure Service in substantially the form attached as Exhibit B.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 12:00 noon on the first business day following the Annual Filing Date for the Annual Report, a Notice Event described in Section 4(a) (12) shall have occurred and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the Continuing Disclosure Service in substantially the form attached as Exhibit B.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certificate, together with a copy for the Trustee, for filing with the Continuing Disclosure Service.

(e) The Disclosure Dissemination Agent shall:

- (i) determine the name and website address of the Continuing Disclosure Service each year prior to the Annual Filing Date;
- (ii) upon receipt, promptly file each Annual Report received under Section 2(a) with the Continuing Disclosure Service;
- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the Continuing Disclosure Service;
- (iv) upon receipt, promptly file the text of each disclosure to be made with the Continuing Disclosure Service together with a completed copy of the Event Notice Cover Sheet in the form attached as Exhibit C, describing the event by checking the box indicated below when filing pursuant to the Section of this Continuing Disclosure Undertaking indicated:
 - 1. “Principal and interest payment delinquencies,” pursuant to Sections 4(c) and 4(a) (1);
 - 2. “Non-Payment related defaults,” pursuant to Sections 4(c) and 4(a) (2);
 - 3. “Unscheduled draws on debt service reserves reflecting financial difficulties,” pursuant to Sections 4(c) and 4(a) (3);
 - 4. “Unscheduled draws on credit enhancements reflecting financial difficulties,” pursuant to Sections 4(c) and 4(a) (4);
 - 5. “Substitution of credit or liquidity providers, or their failure to perform,” pursuant to Sections 4(c) and 4(a) (5);
 - 6. “Adverse tax opinions or events affecting the tax-exempt status of the security,” pursuant to Sections 4(c) and 4(a) (6);
 - 7. “Modifications to rights of securities holders,” pursuant to Sections 4(c) and 4(a) (7);
 - 8. “Bond calls,” pursuant to Sections 4(c) and 4(a)(8);
 - 9. “Defeasances,” pursuant to Sections 4(c) and 4(a)(9);
 - 10. “Release, substitution, or sale of property securing repayment of the securities,” pursuant to Sections 4(c) and 4(a)(10);
 - 11. “Ratings changes,” pursuant to Sections 4(c) and 4(a)(11);
 - 12. “Failure to provide annual financial information as required,” pursuant to Section 2(b)(ii) or Section 2(c), together with a completed copy of Exhibit B to this Continuing Disclosure Undertaking;
 - 13. “Other material event notice (specify),” pursuant to Section 7 of this Undertaking, together with the summary description provided by the Disclosure Representative.
- (v) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Continuing Disclosure Undertaking.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and

the Continuing Disclosure Service, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including the information provided in the Official Statement under the heading: Annual Financial Information.

(b) Audited Financial Statements prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report. If audited financial statements are not available, then, unaudited financial statements, prepared in accordance with generally accepted accounting principles (“GAAP”) will be included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Issuer is an “obligated person” (as defined by the Rule), which have been previously filed with the Continuing Disclosure Service. If the document incorporated by reference is a final official statement, it must be available on EMMA. The Issuer will clearly identify each such document so incorporated by reference.

Any annual financial information containing modified operating data or financial information is required to 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.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events, if material, with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements relating to the Bonds reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
7. Modifications to rights of Bond holders;
8. Bond calls;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds;
11. Rating changes on the Bonds;
12. Failure to provide annual financial information as required; and
13. Any other material event.

The Issuer shall promptly notify the Disclosure Dissemination Agent in writing upon the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c). Such notice shall be accompanied with the text of the disclosure that the Issuer desires to make, the

written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information.

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within five business days of receipt of such notice, instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c), together with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information.

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence in electronic format with the Continuing Disclosure Service in accordance with Section 2 e (iv) hereof.

SECTION 5. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, notices of Notice Events, and Voluntary Reports filed pursuant to Section 7(a), the Issuer shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the failure of the Disclosure Dissemination Agent to so advise the Issuer shall not constitute a breach by the Disclosure Dissemination Agent of any of its duties and responsibilities under this Continuing Disclosure Undertaking. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Continuing Disclosure Undertaking.

SECTION 7. Voluntary Reports.

(a) The Issuer may instruct the Disclosure Dissemination Agent to file information with the Continuing Disclosure Service, from time to time pursuant to a Certification of the Disclosure Representative accompanying such information (a "Voluntary Report").

(b) Nothing in this Continuing Disclosure Undertaking shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Continuing Disclosure Undertaking or including any other information in any Annual Report, Annual Financial Statement, Voluntary Report or Notice Event notice, in addition to that required by this Continuing Disclosure Undertaking. If the Issuer chooses to include any information in any Annual Report, Annual Financial Statement, Voluntary Report or Notice Event notice in addition to that which is specifically required by this Continuing Disclosure Undertaking, the Issuer shall have no obligation under this Continuing Disclosure Undertaking to update such information or include it in any future Annual Report, Annual Financial Statement, Voluntary Report or Notice Event notice.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Continuing Disclosure Undertaking shall terminate with respect to an issue of the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds of such issue, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Continuing Disclosure Undertaking. The Issuer may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure

Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Continuing Disclosure Undertaking for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Continuing Disclosure Undertaking, the Holders' rights to enforce the provisions of this Undertaking shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Continuing Disclosure Undertaking. Any failure by a party to perform in accordance with this Continuing Disclosure Undertaking shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

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

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and neither of them shall incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The fees and expenses of such counsel shall be payable by the Issuer.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Undertaking, the Issuer and the Disclosure Dissemination Agent may amend this Continuing Disclosure Undertaking and any provision of this Continuing Disclosure Undertaking may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Issuer or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Continuing Disclosure Undertaking necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No such amendment shall become effective if the Issuer shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Continuing Disclosure Undertaking shall inure solely to the benefit of the Issuer, the Trustee of the Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Continuing Disclosure Undertaking shall be governed by the laws of the District of Columbia (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Continuing Disclosure Undertaking may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

The Disclosure Dissemination Agent and the Issuer have caused this Continuing Disclosure Undertaking to be executed, on the date first written above, by their respective officers duly authorized.

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

By: _____
Name: Paula Stuart
Title: Chief Executive Officer

District of Columbia Housing Finance Agency,
as Issuer

By: _____
Name: Harry D. Sewell
Title: Executive Director

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

\$25,000,000

District of Columbia Housing Finance Agency

Single Family Housing Revenue Bonds

Series 2009 A

CUSIP 25477RAA9

EXHIBIT B

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Issuer: District of Columbia Housing Finance Agency

Obligor: District of Columbia Housing Finance Agency

Name of Bond Issue: _____

Date of Issuance: _____

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Undertaking, dated as of January 12, 2010, between the Issuer and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _____.

Dated: _____

Digital Assurance Certification, L.L.C., as Disclosure
Dissemination Agent, on behalf of the Issuer

cc: Issuer
Obligated Person

**EXHIBIT C
EVENT NOTICE COVER SHEET**

This cover sheet and material event notice will be sent to the Continuing Disclosure Service, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

District of Columbia Housing Finance Agency

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this material event notice relates:

Number of pages of attached: _____

____ Description of Material Event Notice (Check One):

1. Principal and interest payment delinquencies
2. Non-Payment related defaults
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions or events affecting the tax-exempt status of the security
7. Modifications to rights of securities holders
8. Bond calls
9. Defeasances
10. Release, substitution, or sale of property securing repayment of the securities
11. Rating changes
12. Other material event notice (specify)

____ Failure to provide annual financial information as required

I hereby represent that I am authorized by the Issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Employer: Digital Assurance Certification, L.L.C.

Address: _____

City, State, Zip Code: _____

Voice Telephone Number: _____