

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 15, 2024

NEW ISSUE – Book-Entry Only

See “RATINGS” herein

In the opinion of Bond Counsel, assuming compliance with certain tax covenants contained herein including the conditions described in “TAX MATTERS” herein, under existing statutes, regulations, rulings and court decisions, interest on the 2024 Series K Bonds (as hereinafter defined), including interest in the form of original issue discount, will be excludable from the gross income of the holders thereof for federal income tax purposes, pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). Interest on the 2024 Series K Bonds will not be treated as an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax imposed on individuals under the Code. For purposes of the federal alternative minimum tax that is imposed on “applicable corporations” as defined in the 2022 Inflation Reduction Act (the “2022 Act”), interest on the 2024 Series K Bonds will be taken into account in determining “adjusted financial statement income” (as defined in the 2022 Act). Under the laws of the State of New Jersey as enacted and construed on the date hereof, interest on the Offered Bonds (defined below) and the net gain from the sale of the Offered Bonds are exempt from the tax imposed by New Jersey Gross Income Tax Act. See “TAX MATTERS” herein.

\$245,050,000*

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY

\$205,500,000* Single Family Housing Revenue Bonds, 2024 Series K (Non-AMT) (Social Bonds)

\$39,550,000* Single Family Housing Revenue Bonds, 2024 Series L (Federally Taxable) (Social Bonds)

Dated: Date of Delivery

Due: As shown on inside front cover

The Single Family Housing Revenue Bonds, 2024 Series K (Non-AMT) (Social Bonds) (the “**2024 Series K Bonds**” or the “**Tax-Exempt Bonds**”) and the Single Family Housing Revenue Bonds, 2024 Series L (Federally Taxable) (Social Bonds) (the “**2024 Series L Bonds**” or the “**Taxable Bonds**”) and, together with the 2024 Series K Bonds, the “**Offered Bonds**”) are being issued by the New Jersey Housing and Mortgage Finance Agency (the “**Agency**”) pursuant to the New Jersey Housing and Mortgage Finance Agency Law of 1983, constituting Chapter 530 of the Laws of New Jersey of 1983, as amended (the “**Act**”), the Single Family Housing Revenue Bond Resolution adopted by the Agency on August 21, 2003, as previously amended and supplemented (the “**General Resolution**”), and as further amended and supplemented by the Series Resolution Authorizing Not to Exceed \$700,000,000 Single Family Housing Revenue Bonds, Series 2024, adopted by the Agency on March 28, 2024 (the “**Offered Bonds Series Resolution**”), and by an Executive Director’s Certificate dated the date of delivery of the Offered Bonds (the “**Executive Director’s Certificate**” and, together with the General Resolution and the Offered Bonds Series Resolution, the “**Resolution**”).

The Offered Bonds will be issued in fully registered form without coupons, and, when offered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“**DTC**”). DTC will act as securities depository of the Offered Bonds. Individual purchases of the Offered Bonds will be made in book-entry form only in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of the Offered Bonds will not receive certificates representing their interest therein. See “DESCRIPTION OF THE OFFERED BONDS — Book-Entry Bonds” herein.

Proceeds of the Offered Bonds, together with other available monies of the Agency, will be applied to: (i) the purchase of Loans (as defined herein) and the provision of closing cost and down payment assistance for certain of the Agency’s single family housing loan purchase programs made to borrowers for Single Family Residences (as defined herein) in the State of New Jersey (the “**State**”) (including reimbursing the Agency for sums previously advanced to make such Loans), including the payment of legal, financing and other expenses incidental thereto or the payment of temporary indebtedness, if any, incurred by the Agency to obtain funds to purchase such Loans; (ii) the making of deposits in amounts, if any, required by the Resolution, including, without limitation, a deposit in the related Reserve Fund (as defined herein) for the Offered Bonds; (iii) the replacement of amounts that were applied to refund certain prior Series of Bonds; and (iv) the payment of all or a portion of the costs of issuance incurred in connection with the issuance of the Offered Bonds.

The principal of and interest on the Offered Bonds are payable by U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”). Interest on the Offered Bonds is payable on April 1 and October 1 of each year commencing on October 1, 2024*. The Offered Bonds are subject to mandatory and optional redemption prior to maturity under the circumstances more fully described herein. See “DESCRIPTION OF THE OFFERED BONDS — Redemption” herein.

The Offered Bonds are special, limited obligations of the Agency payable solely out of Pledged Property as defined in the General Resolution, including Revenues derived from Loans and certain other Funds and Accounts held by the Trustee under the Resolution. The faith and credit of the Agency are not pledged for the payment of the principal or Redemption Price of, or interest on, the Offered Bonds. Neither the State nor any political subdivision thereof, other than the Agency to the limited extent of the Pledged Property, is obligated to pay, and neither the faith and credit nor the taxing power of the State or any other political subdivision thereof is pledged to the payment of the principal or Redemption Price of, or the interest on, the Offered Bonds. The Agency has no taxing power.

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

The Offered Bonds are offered for delivery when, as and if issued, subject to prior sale or withdrawal or modification of the offer, without notice, and to the approval of legality by Obermayer Rebmann Maxwell & Hippel LLP, Mount Laurel, New Jersey, Bond Counsel. Certain legal matters will be passed on for the Agency by the Attorney General of the State. Certain legal matters will be passed upon for the Underwriters by their counsel, Ballard Spahr LLP, Mount Laurel, New Jersey. It is expected that the Offered Bonds will be available for delivery to DTC in New York, New York on or about May* ____, 2024.

Jefferies

BofA Securities, Inc.

Raymond James

Essex Securities LLC

Multi-Bank Securities, Inc.

R. Sealaus & Co., LLC

Dated: _____, 2024

* Preliminary, subject to change.

This is a Preliminary Official Statement and the information contained herein is subject to completion and amendment in a final Official Statement. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities offered hereby in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction.

MATURITY SCHEDULE*

\$245,050,000*

**NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
Single Family Housing Revenue Bonds**

\$205,500,000 Single Family Housing Revenue Bonds, 2024 Series K (Non-AMT) (Social Bonds)

\$51,530,000* 2024 Series K Serial Bonds

Maturity*	Amount*	Interest Rate	Price	CUSIP† (64613A)
April 1, 2025	\$ 610,000	%	%	
October 1, 2025	1,805,000			
April 1, 2026	1,835,000			
October 1, 2026	1,865,000			
April 1, 2027	1,900,000			
October 1, 2027	1,930,000			
April 1, 2028	1,965,000			
October 1, 2028	2,000,000			
April 1, 2029	2,035,000			
October 1, 2029	2,070,000			
April 1, 2030	2,110,000			
October 1, 2030	2,150,000			
April 1, 2031	2,190,000			
October 1, 2031	2,230,000			
April 1, 2032	2,270,000			
October 1, 2032	2,315,000			
April 1, 2033	2,360,000			
October 1, 2033	2,405,000			
April 1, 2034	2,455,000			
October 1, 2034	2,505,000			
April 1, 2035	2,555,000			
October 1, 2035	2,605,000			
April 1, 2036	2,655,000			
October 1, 2036	2,710,000			

\$17,495,000* ___% 2024 Series K Term Bonds due October 1, 2039* - Price: ___% - CUSIP†

\$34,790,000* ___% 2024 Series K Term Bonds due October 1, 2044* - Price: ___% - CUSIP†

\$48,980,000* ___% 2024 Series K Term Bonds due October 1, 2050* - Price: ___% - CUSIP†

\$52,705,000* ___% 2024 Series K Term Bonds due October 1, 2055* - Price: ___% - CUSIP† (“Series K PAC Bonds”)

* Preliminary, subject to change.

† A registered trademark of the American Bankers Association. CUSIP numbers have been provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of holders of the Offered Bonds only at the time of issuance of the Offered Bonds and the Agency does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity of the Offered Bonds is subject to being changed after the issuance of the Offered Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Offered Bonds.

MATURITY SCHEDULE*

\$245,050,000*

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
Single Family Housing Revenue Bonds

\$39,550,000* Single Family Housing Revenue Bonds, 2024 Series L (Federally Taxable) (Social Bonds)

Maturity*	Amount*	Interest Rate	Price*	CUSIP† (64613A)
April 1, 2025	\$ 170,000	%	%	
October 1, 2025	275,000			
April 1, 2026	280,000			
October 1, 2026	285,000			
April 1, 2027	295,000			
October 1, 2027	300,000			
April 1, 2028	310,000			
October 1, 2028	315,000			
April 1, 2029	325,000			
October 1, 2029	330,000			
April 1, 2030	340,000			
October 1, 2030	350,000			
April 1, 2031	360,000			
October 1, 2031	370,000			
April 1, 2032	375,000			
October 1, 2032	385,000			
April 1, 2033	400,000			
October 1, 2033	410,000			
April 1, 2034	420,000			
October 1, 2034	430,000			
April 1, 2035	445,000			
October 1, 2035	455,000			
April 1, 2036	470,000			
October 1, 2036	480,000			

\$3,195,000* ___% 2024 Series L Term Bonds due October 1, 2039* - Price: ___% - CUSIP†

\$6,720,000* ___% 2024 Series L Term Bonds due October 1, 2044* - Price: ___% - CUSIP†

\$4,650,000* ___% 2024 Series L Term Bonds due October 1, 2047* - Price: ___% - CUSIP†

\$16,410,000* ___% 2024 Series L Term Bonds due October 1, 2054* - Price: ___% - CUSIP† (“Series L PAC Bonds”)

* Preliminary, subject to change.

† A registered trademark of the American Bankers Association. CUSIP numbers have been provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of holders of the Offered Bonds only at the time of issuance of the Offered Bonds and the Agency does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity of the Offered Bonds is subject to being changed after the issuance of the Offered Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Offered Bonds.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE EXHIBITS, ARE NOT DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE OFFERED BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

No dealer, broker, salesperson or other person has been authorized by the Agency to give any information or to make any representations other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Offered Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Agency since the dates as of which information is given herein.

Certain information set forth herein has been obtained from sources which are believed to be reliable but is not guaranteed as to the accuracy or completeness by, and is not to be construed as a representation of, the Agency. The information and the expressions of opinion herein are subject to change without notice, and neither delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in such information since the date hereof.

Upon issuance, the Offered Bonds will not be registered under the Securities Act of 1933, as amended, or listed on any stock or other securities exchange, and the Resolution (as defined herein) will not have been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such Acts. The exemption from registration or qualification of the Offered Bonds in accordance with applicable provisions of the securities laws of various states likewise cannot be regarded as a recommendation of the Offered Bonds. Neither these states nor any of their agencies have passed upon the merits of the Offered Bonds or the accuracy or the completeness of this Official Statement. Any representation to the contrary may be a criminal offense. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity, other than the Agency, has passed upon the accuracy or adequacy of this Official Statement or approved the Offered Bonds for sale.

This Official Statement is not to be construed as a contract or agreement between the Agency and the purchasers or holders of the Offered Bonds.

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute "forward looking statements." In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward looking statements. A number of important factors affecting the Agency and its programs could cause actual results to differ materially from those stated in the forward looking statements.

References in the Official Statement to statutes, laws, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive, and all such references are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. This Official Statement is distributed in connection with the sale of the Offered Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

The information in this Official Statement concerning The Depository Trust Company ("DTC"), New York, New York, and DTC's book-entry-only system has been obtained from DTC, and the Agency takes no responsibility for the accuracy or completeness thereof. Such information has not been independently verified by the Agency, and the Agency makes no representation as to the accuracy or completeness of such information.

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\$245,050,000*

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY

\$205,500,000* Single Family Housing Revenue Bonds, 2024 Series K (Non-AMT) (Social Bonds)
\$39,550,000* Single Family Housing Revenue Bonds, 2024 Series L (Federally Taxable) (Social Bonds)

INTRODUCTION

The purpose of this Official Statement (which includes the cover page and appendices hereto) is to set forth information in connection with the issuance and sale of \$205,500,000* aggregate principal amount of Single Family Housing Revenue Bonds, 2024 Series K (Non-AMT) (Social Bonds) (the “**2024 Series K Bonds**” or the “**Tax-Exempt Bonds**”) and \$39,550,000* aggregate principal amount of Single Family Housing Revenue Bonds, 2024 Series L (Federally Taxable) (Social Bonds) (the “**2024 Series L Bonds**” or the “**Taxable Bonds**” and, together with the 2024 Series K Bonds, the “**Offered Bonds**”), by the New Jersey Housing and Mortgage Finance Agency (the “**Agency**”), which was created by the New Jersey Housing and Mortgage Finance Agency Law of 1983, constituting Chapter 530 of the Laws of New Jersey of 1983, as amended (the “**Act**”). Certain capitalized terms used in this Official Statement shall have the meanings ascribed thereto in “APPENDIX A — SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION.”

The Offered Bonds are being issued pursuant to the Act, the Single Family Housing Revenue Bond Resolution adopted by the Agency on August 21, 2003, as previously amended and supplemented (the “**General Resolution**”), and as further amended and supplemented by the Series Resolution Authorizing Not to Exceed \$700,000,000 Single Family Housing Revenue Bonds, Series 2024, adopted by the Agency on March 28, 2024 (the “**Offered Bonds Series Resolution**”), and an Executive Director’s Certificate dated the date of delivery of the Offered Bonds (the “**Executive Director’s Certificate**” and, together with the General Resolution and the Offered Bonds Series Resolution, the “**Resolution**”).

The Offered Bonds will be Additional Bonds issued under the General Resolution. As of December 31, 2023, \$1,228,795,000 aggregate principal amount of the previously issued Bonds were Outstanding under the General Resolution (collectively, the “**Prior Bonds**”). The Prior Bonds and Additional Bonds (including the Offered Bonds) are hereinafter referred to as the “**Bonds**.” Pursuant to the General Resolution, Additional Bonds of other subsequent Series may be issued from time to time pursuant to a related Series Resolution, and all Bonds issued under the General Resolution, including the Offered Bonds, Additional Bonds and the Prior Bonds, and any Hedge Instrument payments (other than termination payments, unless otherwise provided in a Series Resolution), are and will be equally and ratably secured by the pledges and covenants contained in the General Resolution, except as otherwise provided therein. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Additional Bonds” herein.

The Offered Bonds are being issued pursuant to the Agency’s Home Buyer Program (the “**Home Buyer Program**”) to, among other purposes, provide funds to purchase Loans made to eligible borrowers (“**Borrowers**”) for single family owner-occupied residences (“**Single Family Residences**”) throughout the State of New Jersey (the “**State**”), in accordance with the requirements of State and federal law, the Resolution and the Agency’s Home Buyer Program’s requirements.

As used herein, the term “**Loans**” refers to all mortgage loans (including participations therein) financed under the General Resolution and all mortgage loans (including participations therein) to be financed or purchased with the proceeds of the Offered Bonds.

Loans will be purchased from Mortgage Lenders (as defined herein) approved or to be approved by the Agency. See “ESTIMATED SOURCES AND USES OF FUNDS” and “THE HOME BUYER PROGRAM.” The Agency is the administrator for the Home Buyer Program, in which capacity it reviews compliance of Loans and

*Preliminary, subject to change.

Borrower eligibility with the requirements of such Home Buyer Program and the Internal Revenue Code of 1986, as amended (the “Code”).

The proceeds of the Offered Bonds, together with other available monies of the Agency, will be used to: (i) purchase Loans and provide for closing cost and down payment assistance for certain of the Agency’s single family housing loan purchase programs made to Borrowers for Single Family Residences in the State (including reimbursing the Agency for sums previously advanced to make such Loans), including the payment of legal, financing and other expenses incidental thereto or the payment of temporary indebtedness, if any, incurred by the Agency to obtain funds to purchase such Loans; (ii) make certain deposits in amounts, if any, required by the Resolution including, without limitation, a deposit to the related Reserve Fund; (iii) the replacement of amounts that were applied to refund certain prior Series of Bonds; and (iv) pay or reimburse the Agency for certain costs incurred in connection with the issuance of the Offered Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “THE HOME BUYER PROGRAM.”

The General Resolution provides that the details relating to the Loans to be purchased with the proceeds of a Series of Bonds are to be determined by Series Program Determinations set forth in the related Series Resolution or Executive Director’s Certificate. These details may include the security, the principal and interest payment provisions, the maximum term to maturity, the nature of the residences to which the Loans relate, Borrower eligibility limitations, required credit standards and other terms of primary mortgage insurance or other credit support, if any, the levels of coverage and applicable loan-to-value ratios, if appropriate, Supplemental Mortgage Coverage, if any, Credit Enhancement, if any, provisions for limiting or restricting use of Recovery Payments and limitations on Expenses. The Agency may from time to time adjust the interest rates at which it will purchase Loans with amounts on deposit in the various Series Loan Purchase Accounts. The details concerning Loans to be purchased with proceeds of the Offered Bonds will be determined by the Series Program Determinations set forth in the Executive Director’s Certificate for the Offered Bonds. *The Series Program Determinations for the Offered Bonds do not include provision for primary mortgage insurance, Supplemental Mortgage Coverage or Credit Enhancement; each new Loan shall be subject to insurance or guaranty by the Federal Housing Administration (“FHA”), the Department of Veterans’ Affairs (“VA”) or the USDA Rural Housing Service (“RHS”). The Offered Bonds are all fixed rate, and there will be no provision for a Hedge Instrument (as defined herein). See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Loans,” and “THE HOME BUYER PROGRAM — General.”*

The Bonds are special, limited obligations of the Agency payable solely out of the Pledged Property, as such term is defined in Appendix A hereto, pursuant to the General Resolution. The faith and credit of the Agency are not pledged for the payment of the principal or Redemption Price of, or the interest on, the Bonds. The Bonds are payable solely from and secured by Pledged Property which is defined in the General Resolution to include all moneys received by or on behalf of the Agency or Trustee representing: (i) principal and interest payments on the Loans, net of Service Charges, including, without limitation, all Recovery Payments and all prepayment premiums or penalties received by or on behalf of the Agency with respect to the Loans; (ii) all Insurance Proceeds; (iii) interest earnings received on the investment of amounts in any Account or Fund, except the Rebate Fund; (iv) unless otherwise provided in a Series Resolution, payments received by the Agency on any Hedge Instrument (other than any up-front payment or termination payment, unless otherwise provided in a Series Resolution); and (v) all other property pledged as security as set forth in the General Resolution. Such pledges are subject to the rights of the Trustee or the Agency which relate to events of defeasance and default, administration of the Loans, the use of moneys for the making of Loans, the deposit of certain excess arbitrage on non-mortgage investments in the Rebate Fund, the payment of excess arbitrage on non-mortgage investments to the federal government, the making of investments, the redemption of Bonds and the release of certain moneys to the Agency for its general use, all as set forth in the General Resolution. See “APPENDIX A — SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION” attached hereto.

The General Resolution establishes the maintenance of the Reserve Fund to be funded as may be required by a Series Resolution to secure the timely payment of debt service on all Bonds. The Executive Director’s Certificate provides that the Series Reserve Requirement established in connection with the issuance of the Offered Bonds is equal to 2% of the aggregate principal amount of the Offered Bonds. Amounts in the Reserve Fund, if any, are required to be used to satisfy a deficiency in the Debt Service Account for the Bonds or to make payments on any Hedge Instrument (other than termination payments, unless otherwise provided in a Series Resolution), to the extent that Revenues and other available amounts are insufficient therefor. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Reserve Fund.”

The Depository Trust Company, New York, New York (“**DTC**”), will act as securities depository of the Offered Bonds, and the Offered Bonds will be registered in the name of Cede & Co., as nominee for DTC. Individual purchases of the Offered Bonds will be made in book-entry form, in denominations of \$5,000 or any integral multiple thereof. So long as Cede & Co. is the registered owner of the Offered Bonds, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Offered Bonds. Principal of and redemption premium, if any, and interest on the Offered Bonds are payable by the Trustee to Cede & Co., as nominee for DTC, which will, in turn, remit such principal, redemption premium and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners. Interest on the Offered Bonds will be payable by check mailed to the registered owners thereof. However, interest on Offered Bonds will be paid to any owner of Offered Bonds of \$1,000,000 or more in aggregate principal amount by wire transfer pursuant to standing wire instructions to the Trustee, and as long as the Offered Bonds are registered in the name of Cede & Co., as nominee of DTC, such payments will be made directly to DTC via wire transfer. See “DESCRIPTION OF THE OFFERED BONDS — Book-Entry Bonds” herein.

Neither the State nor any political subdivision thereof, other than the Agency to the limited extent of the Pledged Property, is obligated to pay, and neither the faith and credit nor the taxing power of the State or any such other political subdivision is pledged to the payment of the principal or Redemption Price of, or the interest on, the Offered Bonds. The Agency has no taxing power.

THERE FOLLOWS IN THIS OFFICIAL STATEMENT A DESCRIPTION OF THE AGENCY, THE AGENCY’S PROGRAMS AND THE SECURITY FOR THE OFFERED BONDS, TOGETHER WITH SUMMARIES OF THE TERMS OF THE OFFERED BONDS. ALL REFERENCES HEREIN TO THE RESOLUTION ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE FINAL FORM THEREOF AND ALL REFERENCES TO THE OFFERED BONDS ARE FURTHER QUALIFIED BY REFERENCE TO THE INFORMATION WITH RESPECT TO THE OFFERED BONDS CONTAINED IN THE RESOLUTION. CAPITALIZED TERMS USED IN THIS OFFICIAL STATEMENT THAT ARE NOT OTHERWISE DEFINED HEREIN HAVE THE MEANINGS SET FORTH IN “APPENDIX A — SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION” ATTACHED HERETO.

DESIGNATION OF THE OFFERED BONDS AS SOCIAL BONDS

The Agency is self-designating the Offered Bonds as Social Bonds based on, among other things, the intended use of proceeds of the Offered Bonds to finance single family owner-occupied residence mortgage loans in order to increase the accessibility of homeownership throughout the State. The Social Bond designation reflects a use of the proceeds of the Offered Bonds that is intended to be consistent with The Social Bond Principles promulgated by the International Capital Market Association (“**ICMA**”), updated as of June 2023 (with June 2022 Appendix 1). By reference to the ICMA’s “Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals,” the Agency has determined that the Offered Bonds designation as Social Bonds reflects the intended use of the proceeds in a manner that is consistent with certain targets within the United Nations (“**UN**”) 17 Sustainable Development Goals (“**SDG**”) as set forth in the following table. The 17 UN SDGs were adopted by the United Nations General Assembly in 2015 as part of its 2030 Agenda for Sustainable Development, a plan of action for all countries to collaborate and achieve a better and more sustainable future for all. “Social Bonds” are entirely self-designating labels lacking any objective guidelines or criteria. ICMA is a European-based entity with some members from the United States.

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Mapping to the UN SDGs

UN SDG	Indicators for UN SDG Alignments	Social Bond Principles Project Categories
SDG 1: No Poverty (Target 1.4)	<input type="checkbox"/> Mortgage loans are made—solely, in the case of Tax-Exempt Bonds, and primarily, in the case of the Taxable Bonds—to first-time homebuyers of low and moderate income throughout the State, providing access to financial resources and a path to homeownership for vulnerable populations	<input type="checkbox"/> Affordable Housing <input type="checkbox"/> Access to Essential Services <input type="checkbox"/> Socioeconomic Advancement and Empowerment
SDG 8: Decent Work and Economic Growth (Target 8.10)	<input type="checkbox"/> Mortgage loans are underwritten by the Agency’s network of lenders located throughout the State, providing access to Agency mortgage loan programs to all who qualify	<input type="checkbox"/> Access to Essential Services <input type="checkbox"/> Socioeconomic Advancement and Empowerment
SDG 10: Reduced Inequalities (Target 10.2, 10.3)	<input type="checkbox"/> Down payment assistance is offered in conjunction with 30-year mortgage loans to increase home purchase accessibility for its borrowers <input type="checkbox"/> In connection with the Loans financed by the Tax-Exempt Bonds, together with any Taxable Bond proceeds blended therewith, the Code sets income restrictions, purchase price limits and first-time home requirements for mortgage loans, with adjustments provided for loans made in Targeted Areas (as hereinafter defined)	<input type="checkbox"/> Socioeconomic Advancement and Empowerment <input type="checkbox"/> Access to Essential Services
SDG 11: Sustainable Cities and Communities (Target 11.1)	<input type="checkbox"/> The Agency’s mortgage loans provide safe and affordable housing throughout the State	<input type="checkbox"/> Affordable Housing <input type="checkbox"/> Affordable Basic Infrastructure

As of June 2023, the ICMA Social Bond Principles include the following four core components: (1) Use of Proceeds; (2) Process for Project Evaluation and Selection; (3) Management of Proceeds; and (4) Reporting.

Use of Proceeds. The proceeds of the 2024 Series K Bonds are expected to be used, among other things, to finance single family owner-occupied residence mortgage loans to homebuyers throughout the State in accordance with the Home Buyer Program, and the proceeds of the 2024 Series L Bonds are expected to be used, among other things, to finance single family owner-occupied residence mortgage loans to homebuyers throughout the State in accordance with the Homeward Bound Program. See “THE HOME BUYER PROGRAM” herein.

The term “Social Bonds” is neither defined in nor related to provisions of the Resolution. Owners of the Offered Bonds do not have any security other than as provided in the Resolution and described under “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.” The Agency does not assume any obligation to ensure that the Loans financed with proceeds of the Offered Bonds comply with any legal or other standards or principles that may be related to the Social Bond Principles or that the Offered Bonds comply with any legal or other standards or principles that may be related to “Social Bonds.”

Process for Project Evaluation and Selection. Loans funded by the Tax-Exempt Bonds proceeds, together with any Taxable Bond proceeds blended therewith, will be originated by participating lenders and will be consistent with the Home Buyer Program, as described in “THE HOME BUYER PROGRAM.” The Agency is the administrator for the Home Buyer Program, in which capacity it reviews compliance of Loans funded with Tax-Exempt Bond proceeds and Borrower eligibility with the requirements of such Home Buyer Program and the Code. Loans funded

with 2024 Series L Bonds proceeds will be originated by participating lenders and will be consistent with either the Home Buyer Program or the Homeward Bound Program, each as described in “THE HOME BUYER PROGRAM”. The Agency reviews compliance of all Loans under such programs for compliance with the requirements of the respective programs.

Management of Proceeds. The proceeds of the Offered Bonds that remain after (i) the making of deposits in amounts, if any, required by the Resolution; (ii) the replacement of amounts that were applied to refund certain prior Series of Bonds; and (iii) if necessary, the payment of all or a portion of Costs of Issuance incurred in connection with the issuance of the Offered Bonds, will be invested as described in “ASSUMPTIONS REGARDING REVENUES, DEBT SERVICE REQUIREMENTS AND PROGRAM EXPENSES — Certain Investments” until disbursed to finance Loans.

Reporting. A one-time report with respect to the use of proceeds of the Offered Bonds will be made by the Agency at such time as the proceeds of the Offered Bonds have been fully expended (the specific form and content of which are in the absolute discretion of the Agency). The Agency expects that such report will consist of the information outlined in the Form of Social Bonds Reporting in “APPENDIX H — FORM OF SOCIAL BONDS REPORTING” attached hereto. The Agency expects to post such report as a voluntary filing on the Electronic Municipal Market Access System (“EMMA”) of the Municipal Securities Rulemaking Board (“MSRB”). The Agency is not required to provide a report relating to the “Social Bonds” status pursuant to its continuing disclosure undertaking with respect to the Offered Bonds or any other agreement to provide continuing disclosure, and the failure to do so will not constitute an event of default under the Resolution or any continuing disclosure undertaking.

Summary Statistics

During 2023, through its Home Buyer Program, the Agency purchased from bond proceeds approximately \$301.77 million of mortgage loans made to first time homebuyers, or those in Targeted Areas, 90.52% (by principal balance) of which were made to borrowers with household incomes at or below 100% Area Median Income (“AMI”) and 61.88% (by principal balance) of which were made to borrowers with household incomes at or below 80% AMI, as further detailed in the table on the following page, and 12.4% (by principal balance) of which were made to borrowers in Targeted Areas. In conjunction with these mortgage loans purchased from bond proceeds, the Agency provided \$13.46 million of down payment and closing cost assistance to 1195 borrowers (99.50% of borrowers), with an average of \$11,259 provided per borrower. The average borrower household income was \$88,776, and the average purchase price was \$257,562. Proceeds from the Agency’s tax-exempt bond program used to purchase mortgage loans, together with any taxable bond proceeds blended therewith, are used to purchase mortgage loans made through the Home Buyer Program.

Tax-Exempt Bond-Funded Home Buyer Program Loans		
January 2023 – December 2023		
First Lien Loans (\$)	First Lien Loans (#)	Counties Represented
\$301,773,338	1201	100%
Program Loan Statistics		
Average Mortgage Size		\$251,268
Average Purchase Price		\$257,562
Average Household Income		\$88,776
DPA Loans provided (\$)		\$13,455,000
DPA Loans provided (#)		1,195
% of Borrowers Receiving DPA		99.50%
DPA Amount Provided per Borrower		\$11,259
DPA Provided (% of Purchase Price)		4.37%

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During 2023, through its Homeward Bound Program, the Agency purchased with TBA Market securities proceeds (as defined hereinafter) approximately \$109,251,142 million of mortgage loans made to first time homebuyers and borrowers who have previously owned a home, 60.91% (by principal balance) of which were made to borrowers with household incomes at or below 100% AMI and 39.09 % (by principal balance) of which were made to borrowers with household incomes above 100% AMI, as further detailed in the table below. The Homeward Bound Program may be used in conjunction with Agency Down Payment Assistance programs, provided the borrowers qualify as “first-time homeowners.” In conjunction with the Homeward Bound Program, the Agency provided \$4.157 million of down payment and closing cost assistance to 362 borrowers (97.84% of borrowers), with an average of \$11,483 provided per borrower. The average borrower household income was \$113,551, and the average purchase price was \$302,287.

TBA Market Homeward Bound Program		
January 2023 – December 2023		
First Lien Loans (\$)	First Lien Loans (#)	Counties Represented
\$109,251,142	370	85.71%
Program Loan Statistics		
Average Mortgage Size		\$295,273
Average Purchase Price		\$302,287
Average Household Income		\$113,551
DPA Loans provided (\$)		\$4,157,000
DPA Loans provided (#)		362
% of Borrowers Receiving DPA		97.84%
DPA Amount Provided per Borrower		\$11,483
DPA Provided (% of Purchase Price)		3.80%

The Agency’s down payment and closing cost assistance program is described in greater detail under “THE HOME BUYER PROGRAM” below.

The historical data provided below assisted the Agency in making the determination that the use of the proceeds of the Offered Bonds is expected to meet the goals discussed herein for their designation as Social Bonds; however, no assurance is given that such goals will be achieved.

Tax-Exempt Bond Funded Mortgage Loans Originated By Borrower Income as a % of AMI						
AMI Band	2022		2023		Total	
	\$	Cumulative %	\$	Cumulative %	\$	Cumulative %
<50.01%	\$ 50,579,873	22.27%	\$ 29,592,080	9.81%	\$ 80,171,953	15.16%
50.01% - 60%	\$ 38,767,546	17.07%	\$ 38,060,390	12.61%	\$ 76,827,936	14.53%
60.01% - 70%	\$ 46,747,578	20.58%	\$ 63,081,228	20.90%	\$109,828,806	20.76%
70.01% - 80%	\$ 44,867,667	19.75%	\$ 56,004,755	18.56%	\$100,872,422	19.07%
80.01% - 90%	\$ 26,190,810	11.53%	\$ 47,550,346	15.76%	\$ 73,741,156	13.94%
90.01% - 100%	\$ 11,213,453	4.94%	\$ 38,878,307	12.88%	\$ 50,091,760	9.47%
100.01%+	\$ 8,777,034	3.86%	\$ 28,606,232	9.48%	\$ 37,383,266	7.07%
Total	\$227,143,961	100.00%	\$301,773,338	100.00%	\$528,917,299	100.00%

TBA Market Funded Mortgage Loans Originated By Borrower Income as a % of AMI						
AMI Band	2022		2023		Total	
	\$	Cumulative %	\$	Cumulative %	\$	Cumulative %
<50.01%	\$24,738,860	14.38%	\$3,574,524	3.27%	\$28,313,384	10.07%
50.01% - 60%	\$18,257,561	10.62%	\$5,313,338	4.86%	\$23,570,899	8.38%
60.01% - 70%	\$27,755,275	16.14%	\$5,380,912	4.93%	\$33,136,187	11.78%
70.01% - 80%	\$24,470,153	14.23%	\$14,924,272	13.66%	\$39,394,425	14.01%
80.01% - 90%	\$24,875,502	14.46%	\$15,841,253	14.50%	\$40,716,755	14.48%
90.01% - 100%	\$18,661,396	10.85%	\$21,508,549	19.69%	\$40,169,945	14.28%
100.01%+	\$33,238,981	19.33%	\$42,708,294	39.09%	\$75,947,275	27.00%
Total	\$171,997,728	100.00%	\$109,251,142	100.00%	\$281,248,870	100.00%

Past uses of the Agency’s bond proceeds does not guarantee that the Offered Bonds will be used in the same manner or with the same results. The information set forth herein concerning the designation of the Offered Bonds has been

furnished by the Agency and by other sources that are believed to be reliable but such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Agency. The information and expressions related to the designation as Social Bonds herein are subject to change without notice.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY

Creation of the Agency

The Act, which became effective on January 17, 1984, provided for the consolidation of the New Jersey Housing Finance Agency (the “HFA”) and the New Jersey Mortgage Finance Agency (the “MFA”) into a single agency to be known as the New Jersey Housing and Mortgage Finance Agency. Prior to the merger, the MFA was primarily responsible for providing funds to finance the purchase or improvement of owner-occupied, one to four family residences in the State, and the HFA was primarily responsible for providing funds to finance the construction and rehabilitation of multifamily rental housing projects in the State. The Act provided for the vesting in the Agency of the powers previously possessed by the MFA and the HFA and the assumption by the Agency of the outstanding bonds and other obligations of each predecessor agency.

The Agency was created to provide a strong unified advocate for the production, financing and improvement of housing. The Agency has the power, *inter alia*, to provide to housing sponsors, through eligible loans or otherwise, financing, refinancing or financial assistance for fully completed, as well as partially completed, projects; to issue negotiable bonds and to secure the payment thereof; to make and enter into and enforce all contracts and agreements necessary, convenient or desirable to the performance of its duties and the execution of its powers under the Act; to make and collect the fees and charges it determines reasonable; to the extent permitted under its contract with the holders of bonds of the Agency, to invest and reinvest any moneys of the Agency not required for immediate use, including proceeds from the sale of any obligations of the Agency, in obligations, securities or other investments as the Agency deems prudent; and to do any acts and things necessary or convenient to carry out the powers expressly granted in the Act.

Organization and Membership

The Agency is established in, but is not a part of, the State Department of Community Affairs and is constituted as a body politic and corporate and an instrumentality of the State exercising public and essential governmental functions. Its members include the following ex officio members: the Commissioner of the Department of Community Affairs, the State Treasurer, the Attorney General, the Commissioner of the Department of Banking and Insurance and the Commissioner of the Department of Human Services. There are also four (4) public members appointed by the Governor with the advice and consent of the State Senate for terms of three (3) years. The four (4) public members must be residents of the State and must have knowledge in one or more of the following areas: housing design, construction or operation, finance, urban redevelopment or community relations. The Commissioner of the Department of Community Affairs is the ex officio Chair of the Agency.

The Agency’s present members are as follows:

Jacquelyn A. Suárez, ex officio, Chair, Acting Commissioner of the Department of Community Affairs of the State.

Justin Zimmerman, ex officio, Acting Commissioner of the Department of Banking and Insurance of the State.

Elizabeth Maher Muoio, ex officio, Treasurer of the State.

Sarah Adelman, ex officio, Commissioner of the Department of Human Services of the State.

Matthew J. Platkin, ex officio, Attorney General of the State.

Dorothy L. Blakeslee, public member, of Wyckoff, New Jersey.

Diane Johnson, public member, Sole Principal, DNF Consulting Group, LLC.

Stanley M. Weeks, public member, Vice President and Senior Business Banker, PNC Bank.

The Agency has approximately three hundred (300) employees with the staff generally organized under an Executive Director, a Chief of Staff, a Chief of Multifamily Programs, a Chief of Legal & Regulatory Affairs and a Chief Financial Officer. The staff includes professionals in the fields of architecture, engineering, mortgage banking, finance, accounting, planning and law, as well as specialists in construction, real estate development and housing management.

Melanie R. Walter is the Executive Director of the Agency. Debra M. Urban serves as the Chief of Multifamily Programs. Laura Shea serves as the Chief of Legal & Regulatory Affairs and John Murray serves as the Chief Financial Officer.

The Agency maintains its office at 637 South Clinton Avenue, Trenton, New Jersey. The Agency's mailing address is 637 South Clinton Avenue, P.O. Box 18550, Trenton, New Jersey 08611, and the Agency's telephone number is (609) 278-7400.

Outstanding Debt of the Agency

The Agency has previously issued single family mortgage revenue bonds and notes, including the Prior Bonds, under various resolutions (including the General Resolution) of which \$1,228,795,000* in aggregate principal amount was Outstanding as of December 31, 2023. The Agency has also previously issued multi-family mortgage revenue bonds and notes under various resolutions, of which \$975,190,000* in aggregate principal amount was outstanding as of December 31, 2023.

The Agency's bonds and notes are all secured by certain revenues and assets of the Agency pledged under the respective resolutions applicable to such bonds and notes. Such revenues and assets pledged to secure the Agency's obligations, other than the Bonds, are not pledged to and should not be considered as security for the Bonds. Similarly, the property pledged under the General Resolution is not pledged to the payment of outstanding bonds and notes of the Agency, other than the Bonds.

For additional information concerning the Agency's outstanding Bonds under the General Resolution, see "APPENDIX E – CERTAIN RESOLUTION INFORMATION" attached hereto.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds are special limited obligations of the Agency with a claim for payment solely from Pledged Property, as defined in the General Resolution. The Bonds are not general obligations of the Agency. The Bonds are not a debt of or guaranteed by the State or by the United States or any agency or instrumentality of the United States or the State.

The Bonds are secured by a pledge and grant of a lien on and security interest in the Pledged Property. Pledged Property includes all Revenues, as defined in the General Resolution, including all moneys received by or on behalf of the Agency or the Trustee representing: (i) principal and interest payments on the Loans, net of Service Charges, including, without limitation, all Recovery Payments and all prepayment premiums or penalties received by or on behalf of the Agency with respect to the Loans; (ii) all Insurance Proceeds; (iii) interest earnings received on the investment of amounts in any Account or Fund, except the Rebate Fund; and (iv) unless otherwise provided in a Series Resolution, payments received by the Agency on any Hedge Instrument (other than any up-front payment or

* Does not include bonds issued under the Agency's multi-family conduit bond program consisting of single project bond financings.

termination payment, unless otherwise provided in a Series Resolution). Pledged Property also includes all Funds and Accounts held by the Trustee (other than the Rebate Fund), the Agency's right, title and interest in and to all Loans financed with Bond proceeds and all other property pledged as security as set forth in the General Resolution (unless otherwise provided in a Series Resolution). Pledged Property does not include amounts required to be paid as rebate to the United States. The pledge of Funds and Accounts established in the Series Resolution may be limited in purpose and time, as set forth in the Series Resolution. In addition, at any time the Trustee shall, upon Agency Request, accompanied by a Cash Flow Certificate or Cash Flow Statement, as appropriate, release certain excess amounts on deposit in the Revenue Fund to the Agency for any lawful purpose free and clear of the pledge and lien of the General Resolution. See "APPENDIX A — SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION" attached hereto.

All moneys in the Series Loan Purchase Accounts established for the Bonds, including the Offered Bonds, are subject to the pledge of the General Resolution for the benefit of all Bonds issued or to be issued thereunder, including the payment of interest on the Offered Bonds and the payment of principal of the Offered Bonds at redemption or maturity.

Loans

Under the General Resolution, a Loan may be made or purchased or otherwise financed by the Agency (in whole or in part) or may be a mortgage-backed security, security or certificate in connection with a Loan exchanged for or otherwise evidencing ownership of an interest in a Loan purchased or otherwise financed by the Agency. A Loan shall relate to an owner-occupied residential dwelling of one or more units located within the State and may or may not be secured by a Mortgage, all to the extent permitted by the Act and, to the extent applicable, the Code. The Agency shall be the payee or the beneficial payee on a Loan.

The General Resolution provides that the details relating to the Loans, which may include the security, the principal and interest payment provisions, the maximum term to maturity, the nature of the residences to which the Loans relate, Borrower eligibility limitations, required credit standards and other terms of primary mortgage insurance or other credit support, if any, the levels of coverage and applicable loan-to-value ratios, if appropriate, Supplemental Mortgage Coverage, if any, Credit Enhancement, if any, provisions for limiting or restricting use of Recovery Payments and limitations on Expenses shall be determined by Series Program Determinations set forth in the related Series Resolution or Executive Director's Certificate.

The Agency may, by resolution, amend or supplement Series Program Determinations for each Series of Bonds without the consent of the Owners thereof upon filing a Cash Flow Statement and Rating Certificate with the Trustee. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Cash Flow Statements, Cash Flow Certificates and Rating Certificates." In addition, Series Program Determinations may vary for each Series of Bonds.

Series Program Determinations

For newly-originated Loans to be purchased with the proceeds of the Offered Bonds, the Executive Director's Certificate establishes Series Program Determinations which include, among other provisions, that:

1. Each Loan will be secured by a Mortgage consisting of a valid first mortgage lien on a Single Family Residence.
2. Each Loan will have a term not exceeding 30 years; except that a portion of the Loans purchased may, as permitted by law, have terms exceeding 30 years but not exceeding 40 years. Principal and interest payments will be payable in equal monthly installments over the term of the Loan.
3. For Loans to be purchased with the proceeds of the Tax-Exempt Bonds, together with any Taxable Bond proceeds blended therewith, purchase price limits on Single Family Residences and income limits for eligible Borrowers shall not exceed those set by the Agency as permitted under federal tax law.

4. No Loan shall have a loan-to-value ratio that exceeds 100% of the value of the Single Family Residence, except for purposes of financing the one-time payment that a Veteran, service member, or survivor pays on a VA-backed or VA direct home loan (the “**VA Funding Fee**”) or the upfront guarantee fee and annual fee required by the Housing Act of 1949, as amended (the “**USDA Guarantee Fee**” and, together with the VA Funding Fee, the “**Government Guarantee**”).
5. Each Loan shall be subject to insurance or guaranty by the FHA, the VA or the RHS. See “APPENDIX B — SUMMARY OF PRIMARY MORTGAGE INSURANCE, FEDERAL HOUSING ADMINISTRATION AND GUARANTY PROGRAMS AND FORECLOSURE PROCEEDINGS” and “APPENDIX E — CERTAIN RESOLUTION INFORMATION” attached hereto.
6. Each Single Family Residence shall be insured, as and to the extent required by the Agency to protect its interest against loss or damage by fire and other hazards, and by flooding if the Single Family Residence is located in an area designated as having specific flood hazards.
7. Each Mortgage must be the subject of a title insurance policy, in an amount at least equal to the original principal amount of the Loan, insuring that the Mortgage constitutes a first lien, subject only to permitted liens and encumbrances.

Reserve Fund

The General Resolution establishes a Reserve Fund to be used to pay debt service on all Outstanding Bonds and, unless otherwise provided in a Series Resolution, to make payments on any Hedge Instrument (other than termination payments unless otherwise provided in a Series Resolution) to the extent sufficient amounts are not available in the Revenue Fund. The General Resolution establishes a Reserve Requirement, as of any particular date of calculation, equal to the sum of all amounts established as Series Reserve Requirements in all Series Resolutions for all Series of Bonds Outstanding. The Reserve Requirement may be funded with cash, Cash Equivalents or Loans. The Agency may, by resolution, amend the Series Reserve Requirement for each Series of Bonds without the consent of the Owners thereof upon filing a Cash Flow Statement accompanied by a Rating Certificate with the Trustee.

The Executive Director’s Certificate for the Offered Bonds establishes a Series Reserve Requirement equal to 2% of the aggregate principal amount of the Offered Bonds. As of December 31, 2023, the Reserve Fund contained money or other securities in the aggregate principal amount of \$25,864,052. Upon issuance, approximately \$2,650,000* provided by the Agency from its General Fund is expected to be deposited in the Reserve Fund, and the amount therein will thereupon be at least equal to the Reserve Requirement. For a description of Reserve Fund investments, see “APPENDIX E — CERTAIN RESOLUTION INFORMATION” attached hereto.

Amounts on deposit in the Reserve Fund with respect to a Series of Bonds in excess of the applicable Series Reserve Requirement for such series of Bonds, if any, may be used to meet all or a portion of the Series Reserve Requirement, if any, of other Series of Bonds.

On or prior to each debt service payment date and any payment date for any Hedge Instrument, after paying: (i) debt service on Bonds; (ii) any Hedge Instrument payments (other than termination payments, unless otherwise provided in a Series Resolution); (iii) fees in connection with any Credit Enhancement related to such Bonds; and (iv) Agency Expenses, amounts in the Revenue Fund are required to be transferred to the Reserve Fund until the amount on deposit in the Reserve Fund equals the Reserve Requirement.

*Preliminary, subject to change.

Hedge Instruments

Pursuant to the General Resolution, the Agency may enter into interest rate exchange agreements (“Swaps”) for the purpose of converting all or a portion of variable rate interest payments it must make on a Series of Bonds into synthetically fixed-rate payments (generally, under a Swap the Agency would pay a fixed rate on the notional amount of the Swap to the counterparty, and the counterparty would pay an index-based variable rate on the same notional amount to the Agency). Each Swap, when entered into, shall be a Hedge Instrument under the General Resolution, and the Agency’s obligations under the Swap to make regularly scheduled payments shall (unless otherwise provided in a Series Resolution) be payable and secured on a parity with the Bonds and other payment obligations of the Agency by a pledge of the Pledged Property pursuant to the General Resolution and will not be general obligations of the Agency. In connection with the execution by the Agency of any Hedge Instrument, the Agency shall file with the Trustee a Cash Flow Statement accompanied by a Rating Certificate. Termination payments of the Agency relating to a Swap shall be payable on a subordinate basis under the General Resolution unless otherwise provided by Series Resolution. Such payments shall be made from all amounts in the Revenue Fund not in the Debt Service Account, Recovery Payment Account or Redemption Account of the Revenue Fund after payment of: (i) principal and interest, at maturity or mandatory redemption; (ii) certain Hedge Instrument payments (including regularly scheduled payments related to Swaps); (iii) Agency Expenses; (iv) amounts necessary to replenish the Reserve Fund equal to the Reserve Requirement; and (v) certain other amounts as provided in the General Resolution, and will be subject and subordinate to certain other transfers and payments from the Revenue Fund. Such termination payments are payable from such amounts under the General Resolution only upon the filing with the Trustee of a Cash Flow Statement. See “APPENDIX A — SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION — Revenue Fund” herein.

There are currently no outstanding Swaps constituting Hedge Agreements under the General Resolution, and no Bonds under the General Resolution currently bear interest at a variable rate.

The Offered Bonds bear interest at fixed rates and will not be the subject of any Hedge Instrument.

Cash Flow Statements, Cash Flow Certificates and Rating Certificates

The General Resolution allows the Agency to take various actions subject to filing with the Trustee a Cash Flow Statement and a Rating Certificate. A Cash Flow Statement is a certification and calculation made by or for the Agency and signed by an Authorized Officer of the Agency, which, after giving effect to the action proposed to be taken, demonstrates that Revenues and any other moneys or funds pledged to the payment of the Bonds will be sufficient, in the judgment of an Authorized Officer of the Agency, to pay the principal of and interest on all Outstanding Bonds, certain payments on Hedge Instruments and certain Expenses described in the calculation in the current and in each succeeding Bond Year. In addition, a Cash Flow Statement demonstrates that, in the judgment of the Authorized Officer of the Agency, the amount of moneys and Investment Obligations held in any Fund or Account (except the Rebate Fund) together with accrued but unpaid interest thereon, the outstanding principal balance of Loans, together with accrued but unpaid interest thereon, and any other assets, valued at their realizable value, pledged for the payment of the Bonds, will equal or exceed the aggregate principal amount of and accrued but unpaid interest on Outstanding Bonds. A Cash Flow Statement shall be based upon the Agency’s reasonable expectations and the applicable Series Program Determinations, and shall be based upon assumptions consistent with those used in the most recent Cash Flow Statement or such other assumptions as shall not adversely affect any of the Rating Agency’s ratings on the Bonds. A Cash Flow Statement shall take into account the financial position of the General Resolution as of the stated starting date of such projection. See “APPENDIX A — SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION — Cash Flow Statements and Certificates” attached hereto.

A Rating Certificate is a Certificate of an Authorized Officer of the Agency filed with the Trustee that the Agency has been advised by each Rating Agency (including by means of published rating criteria) that the Rating on the Bonds by that Rating Agency will not be reduced as a result of the actions to be taken by the Agency. “**Rating Agency**” means any nationally recognized rating agency maintaining a rating of any Bonds pursuant to a request by the Agency. “**Rating**” means, at any date, the then existing rating of Bonds (other than any Series of Bonds which has a rating based on a Credit Enhancement) by a Rating Agency.

Certain actions for which filing a Cash Flow Statement accompanied by a Rating Certificate is required are:

1. issuing any Series of Bonds;
2. making supplements or amendments to the General Resolution or any Series Resolution;
3. converting any Series of Bonds or remarketing any Bonds in connection with a change in the tender period except as required at the time of their issuance; or
4. entering into a Hedge Instrument.

The Rating Agencies may determine that filing a Cash Flow Statement is not required. However, a Cash Flow Statement shall be filed at least annually with the Trustee.

In addition to the above requirements, prior to taking certain other actions, the General Resolution requires the Agency to file with the Trustee a Cash Flow Certificate. A Cash Flow Certificate is a statement of an Authorized Officer of the Agency to the effect of one of the following:

1. The proposed action to be taken by the Agency is consistent with the assumptions set forth in the most recent Cash Flow Statement; or
2. After giving effect to the proposed action, in the current and each succeeding Bond Year in which Bonds are scheduled to be Outstanding, Revenues and any other moneys or funds pledged to the payment of the Bonds will be sufficient, in the judgment of an Authorized Officer of the Agency, to pay the principal of and interest on all Outstanding Bonds described in the calculation; or
3. The proposed action will not in and of itself materially adversely affect the Revenues and any other moneys or funds pledged to the payment of the Bonds.

The actions for which a Cash Flow Certificate must be filed include:

1. any purchase or redemption of Bonds of a Series in a manner other than (a) as contemplated in the most recent Cash Flow Statement filed by the Agency with the Trustee, or (b) on a basis whereby the Bonds of each maturity of such Series are purchased or redeemed in the proportion that the amount Outstanding of such maturity bears to the total amount of all Outstanding Bonds of such Series, with respect to purchases or redemptions to be made from Recovery Payments;
2. prior to withdrawing moneys for payment to the Agency free and clear of the pledge and lien of the General Resolution, in an amount or amounts in excess of the amounts determined to be available for such purpose in the most recent Cash Flow Statement filed with the Trustee;
3. prior to selling or otherwise transferring any Loan not in default (other than a Non-Conforming Loan);
4. prior to recycling Revenues by making or purchasing Loans at interest rates other than those set forth in the relevant Series Program Determinations; or
5. in connection with any modification, amendment or alteration of any security for, or any terms or provisions of, any Loan not in default or Mortgage with respect to a Loan not in default by the Agency or any material modification, amendment, alteration, cancellation or release of primary mortgage insurance or Supplemental Mortgage Coverage of any Loan not in default.

The Agency, at its option, may file a Cash Flow Statement in lieu of a Cash Flow Certificate in any instance when it is required to file a Cash Flow Certificate.

Contributed Assets

The Agency has previously contributed cash and other assets (“**Contributed Assets**”) released free and clear from the liens of Agency resolutions other than the General Resolution for deposit and application under the General Resolution. Contributed Assets upon receipt therein constitute Pledged Property under the General Resolution to be used to finance Loans or be invested in Investment Obligations.

As of December 31, 2023, the Agency held as Contributed Assets under the General Resolution Loans with an aggregate principal balance as of such date of \$35,225,874 and \$98,361,458 in cash equivalents in the General Resolution Fund.

Additional Bonds

Under the General Resolution, the Agency may issue Additional Bonds on a parity with Outstanding Bonds for the purpose of purchasing or making Loans, making deposits in Funds and Accounts under the General Resolution, refunding Bonds or other obligations and achieving other lawful purposes of the Agency related to financing Single Family Residences. Additional Series of Bonds on a parity with the Bonds may be issued only upon filing a Cash Flow Statement and Rating Certificate with the Trustee and complying with other requirements as set forth in the General Resolution. Upon issuing any such Series of Bonds, the amount in the Reserve Fund must equal the Reserve Requirement.

PLAN OF FINANCE

Use of Proceeds

The proceeds of the Offered Bonds, together with other available monies of the Agency, will be used to: (i) purchase Loans and provide for closing cost and down payment assistance for certain of the Agency’s single family housing loan purchase programs made to Borrowers for Single Family Residences in the State (including reimbursing the Agency for sums previously advanced to make such Loans), including the payment of legal, financing and other expenses incidental thereto or the payment of temporary indebtedness incurred by the Agency to obtain funds to purchase such Loans; (ii) make certain deposits, if any, required by the Resolution including, without limitation, a deposit to the related Reserve Fund; (iii) replace amounts that were applied to refund certain prior Series of Bonds; and (iv) pay or reimburse the Agency for certain costs incurred in connection with the issuance of the Offered Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “THE HOME BUYER PROGRAM.”

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ESTIMATED SOURCES AND USES OF FUNDS

The expected estimated sources and uses of funds upon the issuance of the Offered Bonds will be as follows:

Sources of Funds:

Principal Amount of 2024 Series K Bonds	\$
Principal Amount of 2024 Series L Bonds.....	
[Plus][Less] [Net] Original Issue [Premium][Discount]	
Monies provided by the Agency from its General Fund	
Total Sources of Funds	\$

Uses of Funds:

Deposit to 2024 Series K/L Loan Purchase Account ⁽¹⁾	\$
Deposit to Revenue Fund ⁽²⁾	
Deposit to Reserve Fund.....	
Underwriting Fee.....	
Costs of Issuance ⁽³⁾	
Total Uses of Funds	\$

-
- ⁽¹⁾ Amount deposited following the issuance of the Offered Bonds and the replacement of amounts that were applied to refund certain prior Series of Bonds.
 - ⁽²⁾ May be used to purchase Loans, pay costs of issuance of Offered Bonds, and to provide down payment and closing cost assistance to Borrowers and pay origination fees.
 - ⁽³⁾ Costs of Issuance include the fees and expenses of the Trustee, bond counsel, rating agencies, printing and other miscellaneous costs and expenses.

DESCRIPTION OF THE OFFERED BONDS

The Offered Bonds will be dated the date of their initial authentication and delivery and will mature in the amounts and on the maturity dates set forth on the inside cover page of this Official Statement and will bear interest calculated on the basis of a 360-day year of twelve 30-day months from their date of delivery to their maturity or earlier redemption. Interest is payable on each April 1 and October 1, commencing October 1, 2024* (each, an “**Interest Payment Date**”). The Offered Bonds will be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof (“**Authorized Denomination**”), subject to the book-entry procedures described herein.

General Payment Provisions

While the Offered Bonds are book-entry bonds, as described below, payment of the principal and tender price of, premium, if any, and interest on any Offered Bonds will be made by wire transfer to DTC, to the account of Cede & Co. In the event the Offered Bonds are no longer book-entry bonds, principal and interest on the Offered Bonds at maturity will be payable at the designated corporate trust office of the Trustee in Edison, New Jersey, and principal and interest payments on the Offered Bonds (other than at maturity) are to be made by check mailed on the date due by the Trustee to the registered owners of such Offered Bonds as of the Record Date (as defined below herein); provided, however, that if a registered owner of \$1,000,000 or more aggregate outstanding principal amount of any

*Preliminary, subject to change.

Series of the Offered Bonds gives the Trustee written notice of such holding accompanied by sufficient wire transfer instructions, the payments of interest on the Offered Bonds will be payable by wire transfer of immediately available funds on the date due. The “**Record Date**” for this purpose with respect to the Offered Bonds will be the 15th day of the month next preceding each Interest Payment Date.

Redemption*

The Offered Bonds are subject to redemption prior to maturity as follows:

Special Mandatory Redemption

General. The Offered Bonds are subject to special mandatory redemption in whole or in part, from such Series as shall be designated by the Agency in its sole discretion, in any order of maturity and within a maturity as described below, prior to maturity as set forth below at a Redemption Price equal to the principal amount thereof (provided that the redemption of the 2024 Series K Bonds maturing October 1, 2055* (the “**Series K PAC Bonds**”) and the 2024 Series L Bonds maturing October 1, 2054* (the “**Series L PAC Bonds**”) and, together with the Series K PAC Bonds, the “**PAC Bonds**”) pursuant to paragraph (1) below shall be at the Redemption Price set forth in (1) below), plus accrued interest thereon to the redemption date as follows:

(1) *Unexpended Proceeds.* The Agency shall redeem the 2024 Series K Bonds, as selected by the Agency, at any time no later than November 8, 2027, in an amount equal to the unexpended proceeds of the 2024 Series K Bonds in the 2024 Series K Loan Purchase Account attributable to the portion of the 2024 Series K Bonds which requires an allocation of volume cap under the Code. PAC Bonds redeemed pursuant to this provision shall be redeemed at a Redemption Price that maintains the original yield of such bonds, provided, however, the PAC Bonds may not be redeemed in amounts in excess of their proportionate amounts of all Offered Bonds then Outstanding.

(2) *Certain Repayments and Prepayments of Loans (Ten-Year Rule).* In compliance with the requirements imposed by the Code, a percentage of Prepayments (defined in the General Resolution as any money received from a payment of principal on a Loan in excess of the scheduled payments of principal then due) and principal repayments of Loans financed with proceeds of the Tax-Exempt Bonds (“**Offered Bonds Tax-Exempt Loans**”) must be applied to pay maturing principal of or to redeem the Tax-Exempt Bonds as follows:

<u>Effective Dates</u>	<u>10-Year Rule Percentage (%)*</u>
Issue Date through June 26, 2028	0.0
June 27, 2028 through March 20, 2029	4.1
March 21, 2029 through August 11, 2030	6.1
August 12, 2030 through August 18, 2032	6.8
August 19, 2032 through September 28, 2032	8.2
September 29, 2032 through May 7, 2034	9.4
May 8, 2034 and thereafter	100.0

Such Prepayments and principal repayments will be applied to pay maturing principal of or to redeem the Tax-Exempt Bonds, as directed by the Agency to the extent required to satisfy the requirements of the Code; provided, however, that if such redemptions are required, the Premium Serial Bonds shall be the last Tax-Exempt Bonds to be so redeemed.

(3) *Special Mandatory Redemption of the Bonds.* The Series K PAC Bonds are subject to special mandatory redemption prior to their maturity, in whole or in part, from amounts transferred to the Redemption Account representing Prepayments of the Series K Bonds Loans (the “**Series K Bonds Loans Prepayments**”) or portions thereof and, to the extent not required to make regularly scheduled principal payments, including sinking fund payments, on the Offered Bonds, Series K Bonds Loans Repayments. “**Series K Bonds Loans Repayments**”

*Preliminary, subject to change.

consist of regularly scheduled payments of principal of the Series K Bonds Loans, or portions thereof. **“Series K Bond Loans”** consist of all Loans financed with proceeds of the Series K Bonds. Any monies so deposited in the Redemption Account shall be applied to the redemption of the Series K PAC Bonds on at least any Interest Payment Date, commencing April 1, 2025*.

While any Series K PAC Bonds remain Outstanding, Series K Bonds Loans Prepayments and Series K Bonds Loans Repayments shall be applied as follows:

FIRST, if Series K Bonds Loans Prepayments have been received at a rate equal to or less than approximately 75% SIFMA (as defined below), then available Series K Bonds Loans Prepayments and Series K Bonds Loans Repayments (to the extent such Series K Bonds Loans Prepayments and Series K Bonds Loans Repayments are not required to make regularly scheduled principal payments, including sinking fund payments, on the Series K Bonds) shall first be applied to redeem Series K PAC Bonds up to an amount correlating to the Series K Planned Amortization Amount (as defined below) for the Series K PAC Bonds and, subject to the application of the 10-year rule as described in paragraph (2) above, the remainder may be applied to any purpose permissible under the Resolution, including to redeem any Bonds issued under the Resolution, and SECOND, if available Series K Bonds Loans Prepayments have been received at a rate in excess of approximately 400% SIFMA, then available Series K Bonds Loans Prepayments and Series K Bonds Loans Repayments (to the extent such Series K Bonds Loans Prepayments and Series K Bonds Loans Repayments are not required to make regularly scheduled principal payments, including sinking fund payments, on the Series K Bonds) up to an amount correlating to the Series K Planned Amortization Amount shall first be applied to redeem Series K PAC Bonds and, subject to the application of the 10-year rule as described in paragraph (2) above, the remainder may be applied to any purpose permissible under the Resolution, including to redeem any Bonds issued under the Resolution, including the Series K PAC Bonds (any such remainder used to redeem Series K PAC Bonds being an **“Excess Principal Series K PAC Bond Redemption”**); provided, however, that (i) the source of an Excess Principal Series K PAC Bond Redemption is restricted to the portion of the available Series K Bonds Loans Prepayments which is in excess of 400% SIFMA, and (ii) the principal amount of an Excess Principal Series K PAC Bond Redemption may not exceed the product of (A) Series K Bonds Loans Prepayments in excess of 400% SIFMA and (B) the fraction whose numerator is the amount of Series K PAC Bonds then Outstanding and whose denominator is the amount of Series K Bonds then Outstanding.

“Series K Planned Amortization Amount” means the dollar amount for each Interest Payment Date set forth in the Executive Director’s Certificate. Each Series K Planned Amortization Amount represents the cumulative principal amount of Series K PAC Bonds assumed to be redeemed from Series K Bonds Loans Prepayments and Series K Bonds Loans Repayments as of a particular Interest Payment Date based on receipt of and application of Series K Bonds Loans Prepayments at a 75% SIFMA prepayment rate for Loans financed with the proceeds of the Series K Bonds.

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*Preliminary, subject to change.

The amortization schedule of the Series K PAC Bonds, including the Planned Amortization Amounts for the Series K PAC Bonds (which assumes the full origination of Loans with proceeds of the Series K Bonds in accordance with the expected schedule for such origination and Series K Bonds Loans Prepayments at a rate equal to 75% of the SIFMA prepayment rate), is set forth below:

Series K PAC Bonds Amortization Schedule*

<u>Semiannual Period Ending</u>	<u>Planned Amortization Amount</u>
April 1, 2025	\$ 745,000
October 1, 2025	2,315,000
April 1, 2026	4,790,000
October 1, 2026	8,125,000
April 1, 2027	12,175,000
October 1, 2027	16,420,000
April 1, 2028	20,530,000
October 1, 2028	24,485,000
April 1, 2029	28,290,000
October 1, 2029	31,950,000
April 1, 2030	35,470,000
October 1, 2030	38,855,000
April 1, 2031	42,105,000
October 1, 2031	45,230,000
April 1, 2032	48,230,000
October 1, 2032	51,105,000
April 1, 2033	52,705,000

Each Series K Planned Amortization Amount, as set forth in the table above, is subject to proportionate reduction to the extent Series K PAC Bonds are redeemed from amounts on deposit in the 2024 Series K Loan Purchase Account and not applied to finance Loans.

The Series L PAC Bonds are subject to special mandatory redemption prior to their maturity, in whole or in part, from amounts transferred to the Redemption Account representing Prepayments of the Series L Bonds Loans (the “**Series L Bonds Loans Prepayments**”) or portions thereof and, to the extent not required to make regularly scheduled principal payments, including sinking fund payments, on the Offered Bonds, Series L Bonds Loans Repayments. “**Series L Bonds Loans Repayments**” consist of regularly scheduled payments of principal of the Series L Bonds Loans, or portions thereof. “**Series L Bond Loans**” consist of all Loans financed with proceeds of the Series L Bonds. Any monies so deposited in the Redemption Account shall be applied to the redemption of the Series L PAC Bonds on at least any Interest Payment Date, commencing April 1, 2025*.

While any Series L PAC Bonds remain Outstanding, Series L Bonds Loans Prepayments and Series L Bonds Loans Repayments shall be applied as follows:

FIRST, if Series L Bonds Loans Prepayments have been received at a rate equal to or less than approximately 100% SIFMA (as defined below), then available Series L Bonds Loans Prepayments and Series L Bonds Loans Repayments (to the extent such Series L Bonds Loans Prepayments and Series L Bonds Loans Repayments are not required to make regularly scheduled principal payments, including sinking fund payments, on the Series L Bonds) shall first be applied to redeem Series L PAC Bonds up to an amount correlating to the Series L PAC Planned Amortization Amount (as defined below) for the Series L PAC Bonds and the remainder may be applied to any purpose permissible under the Resolution, including to redeem any Bonds issued under the Resolution, and SECOND, if available Series L Bonds Loans Prepayments have been received at a rate in excess of approximately 400% SIFMA, then available Series L Bonds Loans Prepayments and Series L Bonds Loans Repayments (to the extent such Series L Bonds Loans Prepayments and Series L Bonds Loans Repayments are not required to make regularly scheduled

* Preliminary, subject to change.

principal payments, including sinking fund payments, on the Series L Bonds) up to an amount correlating to the Series L Planned Amortization Amount shall first be applied to redeem Series L PAC Bonds and the remainder may be applied to any purpose permissible under the Resolution, including to redeem any Bonds issued under the Resolution, including the Series L PAC Bonds (any such remainder used to redeem Series L PAC Bonds being an “**Excess Principal Series L PAC Bond Redemption**”); provided, however, that (i) the source of an Excess Principal Series L PAC Bond Redemption is restricted to the portion of the available Series L Bonds Loans Prepayments which is in excess of 400% SIFMA, and (ii) the principal amount of an Excess Principal Series L PAC Bond Redemption may not exceed the product of (A) Series L Bonds Loans Prepayments in excess of 400% SIFMA and (B) the fraction whose numerator is the amount of Series L PAC Bonds then Outstanding and whose denominator is the amount of Series L Bonds then Outstanding.

“**Series L Planned Amortization Amount**” means the dollar amount for each Interest Payment Date set forth in the Executive Director’s Certificate. Each Series L Planned Amortization Amount represents the cumulative principal amount of Series L PAC Bonds assumed to be redeemed from Series L Bonds Loans Prepayments and Series L Bonds Loans Repayments as of a particular Interest Payment Date based on receipt of and application of Series L Bonds Loans Prepayments at a 100% SIFMA prepayment rate for Loans financed with the proceeds of the Series L Bonds.

The amortization schedule of the Series L PAC Bonds, including the Planned Amortization Amounts for the Series L PAC Bonds (which assumes the full origination of Loans with proceeds of the Series L Bonds in accordance with the expected schedule for such origination and Series L Bonds Loans Prepayments at a rate equal to 100% of the SIFMA prepayment rate), is set forth below:

Series L PAC Bonds Amortization Schedule*

<u>Semiannual Period Ending</u>	<u>Planned Amortization Amount</u>
April 1, 2025	\$ 145,000
October 1, 2025	530,000
April 1, 2026	1,140,000
October 1, 2026	1,975,000
April 1, 2027	3,010,000
October 1, 2027	4,100,000
April 1, 2028	5,150,000
October 1, 2028	6,160,000
April 1, 2029	7,135,000
October 1, 2029	8,075,000
April 1, 2030	8,980,000
October 1, 2030	9,845,000
April 1, 2031	10,680,000
October 1, 2031	11,485,000
April 1, 2032	12,255,000
October 1, 2032	12,995,000
April 1, 2033	13,710,000
October 1, 2033	14,325,000
April 1, 2034	14,860,000
October 1, 2034	15,320,000
April 1, 2035	15,715,000
October 1, 2035	16,055,000
April 1, 2036	16,350,000
October 1, 2036	16,410,000

* Preliminary, subject to change.

Each Series L Planned Amortization Amount, as set forth in the table above, is subject to proportionate reduction to the extent Series L PAC Bonds are redeemed from amounts on deposit in the 2024 Series L Loan Purchase Account and not applied to finance Loans.

Prepayments on mortgage loans are commonly measured relative to a standard prepayment model. The model used in the following discussion is the Securities Industry and Financial Markets Association (formerly known as the Bond Market Association and the Public Securities Association) (“SIFMA”) prepayment standard or model (commonly referred to as the “SIFMA Prepayment Model”). The SIFMA Prepayment Model represents an assumed monthly rate of prepayment of the then outstanding principal balance of a pool of new mortgage loans. The SIFMA Prepayment Model does not purport to be either an historic description of the prepayment experience of any pool of mortgage loans or a prediction of the anticipated rate of prepayment of any pool of mortgage loans, including the Offered Bonds Loans. One hundred percent (100%) SIFMA assumes prepayment rates of 0.2 percent per year of the then-unpaid principal balance of such mortgage loans in the first month of the life of the mortgage loans and an additional 0.2 percent per year in each month thereafter (for example, 0.4 percent per year in the second month) until the 30th month. Beginning in the 30th month and in each month thereafter during the life of the mortgage loans, 100% SIFMA assumes a constant prepayment rate of 6 percent per year. Multiples of SIFMA will be calculated from this prepayment rate series. For example, 200% SIFMA assumes prepayment rates will be 0.4 percent per year in month one, 0.8 percent per year in month two, reaching 12% per year in month 30 and remaining constant at 12% per year thereafter.

Set forth in the following table is the projected weighted average life (in years) of the Series K PAC Bond based upon various rates of prepayment (resulting in recoveries of principal being received with respect to the related Series K Bonds Loans) expressed as percentages of the SIFMA Prepayment Model. The table assumes, among other things, that (i) 100 percent of the moneys on deposit in the 2024 Series K Loan Purchase Account attributable to the proceeds of the 2024 Series K Bonds will be used to purchase Loans in accordance with the Home Buyer Program with a weighted average coupon of approximately 6.369% by February 1, 2025, (ii) all 2024 Series K Bonds Loans are prepaid at the percentage of the SIFMA Prepayment Model indicated in the applicable table, (iii) all scheduled principal and interest payments and prepayments on the Series K Bonds Loans are timely received and the Agency experiences no foreclosure losses on such Series K Bonds Loans, (iv) all Series K Bonds Loans Prepayments received up to 75% SIFMA are applied as described in this paragraph (3), (v) Series K Bonds Loans Prepayments received in excess of 75% SIFMA and less than 400% SIFMA are applied proportionally to the redemption of all Series K Bonds except the PAC Bonds, (vi) Series K Bonds Loans Prepayments in excess of 400% SIFMA are applied proportionally to the redemption of the Series K Bonds then Outstanding, including the PAC Bonds, and (vii) there will be no other optional redemption of the Series K PAC Bonds. Some or all of such assumptions are unlikely to reflect actual experience, Series K Bonds Loans Prepayments received in excess of 75% SIFMA and less than 400% SIFMA are not required to be applied as described in clause (v) above, and Series K Bonds Loans Prepayments received in excess of 400% SIFMA are not required to be applied as described in clause (vi) above.

<u>Prepayment Speed (% of SIFMA)</u>	<u>Series K PAC Bonds Average Life (in years)*</u>
0	28.6
25	13.0
50	6.7
75	5.0
100	5.0
200	5.0
300	5.0
400	5.0
500	4.8

* Preliminary, subject to change.

Set forth in the following table is the projected weighted average life (in years) of the Series L PAC Bond based upon various rates of prepayment (resulting in recoveries of principal being received with respect to the related Series L Bonds Loans) expressed as percentages of the SIFMA Prepayment Model. The table assumes, among other things, that (i) 100 percent of the moneys on deposit in the 2024 Series L Loan Purchase Account attributable to the proceeds of the Series L Bonds will be used to purchase Loans in accordance with the Homeward Bound Program with a weighted average coupon of approximately 6.95% by November 1, 2025, (ii) all Series L Bonds Loans are prepaid at the percentage of the SIFMA Prepayment Model indicated in the applicable table, (iii) all scheduled principal and interest payments and prepayments on the Series L Bonds Loans are timely received and the Agency experiences no foreclosure losses on such Series L Bonds Loans, (iv) all Series L Bonds Loans Prepayments received up to 100% SIFMA are applied as described in this paragraph (3), (v) Series L Bonds Loans Prepayments received in excess of 100% SIFMA and less than 400% SIFMA are applied proportionally to the redemption of all Series L Bonds except the PAC Bonds, (vi) Series L Bonds Loans Prepayments in excess of 400% SIFMA are applied proportionally to the redemption of the Series L Bonds then Outstanding, including the PAC Bonds, and (vii) there will be no other optional redemption of the Series L PAC Bonds. Some or all of such assumptions are unlikely to reflect actual experience, Series L Bonds Loans Prepayments received in excess of 100% SIFMA and less than 400% SIFMA are not required to be applied as described in clause (v) above, and Series L Bonds Loans Prepayments received in excess of 400% SIFMA are not required to be applied as described in clause (vi) above.

<u>Prepayment Speed (% of SIFMA)</u>	<u>Series L PAC Bonds Average Life (in years)*</u>
0	27.3
25	18.5
50	11.2
75	7.6
100	6.0
200	6.0
300	6.0
400	6.0
500	5.0

Information concerning historical prepayment speeds for Loans purchased by the Agency is contained in “APPENDIX F — HISTORICAL LOAN PREPAYMENT SPEEDS.”

Excess Receipts of Principal and Other Amounts. Any scheduled principal repayments and Recovery Payments on Offered Bonds Loans received that are not required to be used to redeem the Offered Bonds as described above under the caption “Special Mandatory Redemption” and certain other excess amounts on deposit in the Revenue Fund may, in the Agency’s discretion, subject to the requirements of the Resolution, be applied to the purchase of additional Loans or applied to the redemption of Bonds pursuant to the Resolution.

Special Optional Redemption

General. The Offered Bonds are subject to special optional redemption, in whole or in part, in any order of maturity and within a maturity as described below, at any time, at the option of the Agency, at a Redemption Price equal to the principal amount thereof (provided that the redemption of PAC Bonds pursuant to paragraph (2) below shall be at the Redemption Price set forth in paragraph (2) below), plus accrued interest thereon to the redemption date from:

- (1) except as described in paragraph (3) above under the subcaption “Special Mandatory Redemption of the PAC Bonds,” Recovery Payments deposited in the Recovery Payment Account of the Revenue Fund pursuant to the General Resolution and thereafter transferred to the Redemption Account of the Revenue Fund, such Recovery Payments relating to Offered Bonds Loans, which include, but are not limited to, (i) Prepayments,

* Preliminary, subject to change.

(ii) any Insurance proceeds (to the extent not applied to the repair or restoration of mortgaged premises), (iii) Liquidation Proceeds, and (iv) amounts from the sale, transfer or other disposition of a Loan, or net recovery from Supplemental Mortgage Coverage to the extent not included in Insurance Proceeds;

(2) amounts on deposit in the Loan Purchase Fund relating to the Offered Bonds not expended to finance the making or acquisition of Loans or for the other purposes set forth in the General Resolution and thereafter transferred to the Redemption Account; PAC Bonds redeemed pursuant to this paragraph shall be redeemed at a Redemption Price that maintains the original yield of such bonds;

(3) scheduled principal repayments and Prepayments relating to Loans financed from any Series of Bonds or Contributed Assets that are deposited in the Revenue Fund pursuant to the General Resolution and thereafter transferred to the Redemption Account; and

(4) excess revenues, as well as excess amounts in the Revenue Fund, including, without limitation, amounts resulting from any reduction in the Reserve Fund from any Series of Bonds, or Contributed Assets that is deposited into the Revenue Fund pursuant to the General Resolution; provided, however, that the PAC Bonds shall not be subject to redemption as described in paragraphs (1) and (3) above and this paragraph (4), if such redemption would cause amortization of the PAC Bonds to exceed the Planned Amortization Amount shown above in its respective PAC Bond Amortization Schedule.

Amounts Available for Redemption. The actual amounts available for use by the Agency to redeem Offered Bonds pursuant to these special optional redemption provisions will depend upon a variety of factors, including, among others: (i) the Agency's right to determine from which Series Loan Purchase Account it will purchase Loans or portions of Loans; (ii) the Agency's right to use moneys described in paragraphs (1) through (4) under the subcaption "Special Optional Redemption — *General*" above to redeem Bonds of any Series, to the extent any such Bonds are not otherwise protected from such redemption; and (iii) the Agency's obligation to redeem the Tax-Exempt Bonds under the Code, subject to the provisions regarding the special mandatory redemption of the Tax-Exempt Bonds.

The Agency may redeem the Series K PAC Bonds from Recovery Payments relating to Series K Bonds Loans in advance of the dates or in principal amounts greater than required to meet the Series K Planned Amortization Amount schedule set forth under the subcaption "Special Mandatory Redemption — *General* — Special Mandatory Redemption of the PAC Bonds" without regard to this limitation in the event that all other Series K Bonds have been paid or redeemed.

The Agency may redeem the Series L PAC Bonds from Recovery Payments relating to Series L Bonds Loans in advance of the dates or in principal amounts greater than required to meet the Series L Planned Amortization Amount schedule set forth under the subcaption "Special Mandatory Redemption — *General* — Special Mandatory Redemption of the PAC Bonds" without regard to this limitation in the event that all other Series L Bonds have been paid or redeemed.

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Optional Redemption

The Offered Bonds, except for the PAC Bonds, are subject to redemption at the option of the Agency prior to maturity, at any time, on or after October 1, 2032*, upon notice as provided in the General Resolution, in whole or in part (and if in part in an Authorized Denomination), in any order of maturity and within a maturity as described in Article III of the General Resolution, at a Redemption Price equal to 100% of the principal amount thereof to be redeemed, together with accrued interest to the redemption date.

The Series K PAC Bonds are subject to redemption at the option of the Agency prior to maturity, at any time, on or after October 1, 2032*, upon notice as provided in the General Resolution, in whole or in part (and if in part in an Authorized Denomination), in any order of maturity and within a maturity as described in Article III of the General Resolution, at a Redemption Price equal to the following, together with accrued interest to the redemption date:

<u>Optional Redemption Date*</u>	<u>Redemption Price</u>
October 1, 2032	
April 1, 2033 and thereafter	

The Series L PAC Bonds are subject to redemption at the option of the Agency prior to maturity, at any time, on or after October 1, 2032*, upon notice as provided in the General Resolution, in whole or in part (and if in part in an Authorized Denomination), in any order of maturity and within a maturity as described in Article III of the General Resolution, at a Redemption Price equal to the following, together with accrued interest to the redemption date:

<u>Optional Redemption Date*</u>	<u>Redemption Price</u>
October 1, 2032	
April 1, 2033	
October 1, 2033	
April 1, 2034	
October 1, 2034	
April 1, 2035	
October 1, 2035	
April 1, 2036	
October 1, 2036 and thereafter	

Mandatory Sinking Fund Redemption*

The 2024 Series K Bonds maturing on October 1, 2039* are subject to mandatory redemption in part as described in Article III of the General Resolution, at 100% of the principal amount thereof, together with accrued interest thereon to the date of redemption on the dates and in the amounts as set forth below.

2024 Series K Bonds maturing October 1, 2039*			
<u>Redemption Date*</u>	<u>Principal Amount*</u>	<u>Redemption Date*</u>	<u>Principal Amount*</u>
April 1, 2037	\$ 2,765,000	October 1, 2038	\$ 2,945,000
October 1, 2037	2,825,000	April 1, 2039	3,005,000
April 1, 2038	2,885,000	October 1, 2039†	3,070,000

†Final Maturity.

*Preliminary, subject to change.

The 2024 Series K Bonds maturing on October 1, 2044* are subject to mandatory redemption in part as described in Article III of the General Resolution, at 100% of the principal amount thereof, together with accrued interest thereon to the date of redemption on the dates and in the amounts as set forth below.

2024 Series K Bonds maturing October 1, 2044*

<u>Redemption Date*</u>	<u>Principal Amount*</u>	<u>Redemption Date*</u>	<u>Principal Amount*</u>
April 1, 2040	\$ 3,135,000	October 1, 2042	\$ 3,510,000
October 1, 2040	3,205,000	April 1, 2043	3,590,000
April 1, 2041	3,280,000	October 1, 2043	3,675,000
October 1, 2041	3,355,000	April 1, 2044	3,760,000
April 1, 2042	3,435,000	October 1, 2044†	3,845,000

†Final Maturity.

The 2024 Series K Bonds maturing on October 1, 2050* are subject to mandatory redemption in part as described in Article III of the General Resolution, at 100% of the principal amount thereof, together with accrued interest thereon to the date of redemption on the dates and in the amounts as set forth below.

2024 Series K Bonds maturing October 1, 2050*

<u>Redemption Date*</u>	<u>Principal Amount*</u>	<u>Redemption Date*</u>	<u>Principal Amount*</u>
April 1, 2045	\$ 3,935,000	April 1, 2048	\$ 4,525,000
October 1, 2045	4,025,000	October 1, 2048	4,630,000
April 1, 2046	4,120,000	April 1, 2049	4,740,000
October 1, 2046	4,220,000	October 1, 2049	4,850,000
April 1, 2047	4,320,000	April 1, 2050	4,965,000
October 1, 2047	4,420,000	October 1, 2050†	230,000

†Final Maturity.

The 2024 Series K Bonds maturing on October 1, 2055* are subject to mandatory redemption in part as described in Article III of the General Resolution, at 100% of the principal amount thereof, together with accrued interest thereon to the date of redemption on the dates and in the amounts as set forth below.

2024 Series K PAC Bonds maturing October 1, 2055*

<u>Redemption Date*</u>	<u>Principal Amount*</u>	<u>Redemption Date*</u>	<u>Principal Amount*</u>
October 1, 2050	\$ 4,855,000	October 1, 2053	\$ 6,110,000
April 1, 2051	5,240,000	April 1, 2054	6,300,000
October 1, 2051	5,405,000	October 1, 2054	5,580,000
April 1, 2052	5,570,000	April 1, 2055	1,555,000
October 1, 2052	5,745,000	October 1, 2055†	420,000
April 1, 2053	5,925,000		

†Final Maturity.

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*Preliminary, subject to change

The 2024 Series L Bonds maturing on October 1, 2039* are subject to mandatory redemption in part as described in Article III of the General Resolution, at 100% of the principal amount thereof, together with accrued interest thereon to the date of redemption on the dates and in the amounts as set forth below.

2024 Series L Bonds maturing October 1, 2039*

<u>Redemption Date*</u>	<u>Principal Amount*</u>	<u>Redemption Date*</u>	<u>Principal Amount*</u>
April 1, 2037	\$495,000	October 1, 2038	\$540,000
October 1, 2037	510,000	April 1, 2039	555,000
April 1, 2038	525,000	October 1, 2039†	570,000

†Final Maturity.

The 2024 Series L Bonds maturing on October 1, 2044* are subject to mandatory redemption in part as described in Article III of the General Resolution, at 100% of the principal amount thereof, together with accrued interest thereon to the date of redemption on the dates and in the amounts as set forth below.

2024 Series L Bonds maturing October 1, 2044*

<u>Redemption Date*</u>	<u>Principal Amount*</u>	<u>Redemption Date*</u>	<u>Principal Amount*</u>
April 1, 2040	\$ 590,000	October 1, 2042	\$ 680,000
October 1, 2040	605,000	April 1, 2043	700,000
April 1, 2041	625,000	October 1, 2043	720,000
October 1, 2041	640,000	April 1, 2044	740,000
April 1, 2042	660,000	October 1, 2044†	760,000

†Final Maturity.

The 2024 Series L Bonds maturing on October 1, 2047* are subject to mandatory redemption in part as described in Article III of the General Resolution, at 100% of the principal amount thereof, together with accrued interest thereon to the date of redemption on the dates and in the amounts as set forth below.

2024 Series L Bonds maturing October 1, 2047*

<u>Redemption Date*</u>	<u>Principal Amount*</u>	<u>Redemption Date*</u>	<u>Principal Amount*</u>
April 1, 2045	\$ 785,000	October 1, 2046	\$ 855,000
October 1, 2045	810,000	April 1, 2047	880,000
April 1, 2046	830,000	October 1, 2047†	490,000

†Final Maturity.

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*Preliminary, subject to change

The 2024 Series L Bonds maturing on October 1, 2054* are subject to mandatory redemption in part as described in Article III of the General Resolution, at ____% of the principal amount thereof, together with accrued interest thereon to the date of redemption on the dates and in the amounts as set forth below.

2024 Series L PAC Bonds maturing October 1, 2054*

<u>Redemption Date*</u>	<u>Principal Amount*</u>	<u>Redemption Date*</u>	<u>Principal Amount*</u>
October 1, 2047	\$ 420,000	October 1, 2051	\$ 1,160,000
April 1, 2048	935,000	April 1, 2052	1,195,000
October 1, 2048	965,000	October 1, 2052	1,235,000
April 1, 2049	995,000	April 1, 2053	1,275,000
October 1, 2049	1,025,000	October 1, 2053	1,310,000
April 1, 2050	1,060,000	April 1, 2054	1,355,000
October 1, 2050	1,090,000	October 1, 2054†	1,265,000
April 1, 2051	1,125,000		

†Final Maturity.

Certain Other Redemption Provisions

Selection of Bonds. The amounts, Series and maturity dates of any Offered Bonds to be redeemed will be determined at the discretion of the Agency, as provided in a written direction to the Trustee, accompanied by a Cash Flow Certificate (if required) giving effect to such redemption. If less than all of the Bonds of one Series and maturity are called for redemption, the particular Bonds to be redeemed shall be selected in such a manner as directed by the Agency, and in the absence of such direction, shall be selected by the Trustee by lot or in such other manner as it, in its discretion, may determine. The amounts and maturity dates of any Offered Bonds to be redeemed pursuant to any special optional redemption or optional redemption as provided above may also be subject to the redemption requirements described under the subcaptions “Special Mandatory Redemption” and “Mandatory Sinking Fund Redemption.”

The Trustee shall not be required to issue, register, transfer or exchange any Offered Bonds during a period beginning 15 days prior to an Interest Payment Date and ending at the close of business on such Interest Payment Date, or in the case of any proposed redemption or conversion of Offered Bonds, immediately preceding the date of notice of that redemption or conversion, or after such Offered Bonds or any portion of the Offered Bonds shall have been selected for redemption or conversion as provided in the General Resolution or the Offered Bonds Series Resolution.

Pro Rata Reduction of Sinking Fund Requirements. To the extent that less than all of the Term Bonds of any one maturity of a Series of the Offered Bonds are purchased for cancellation or called for redemption (other than in satisfaction of Sinking Fund Requirements), the principal amount of such Term Bonds that are so purchased or redeemed shall be credited, to the extent practicable, except as otherwise provided in an Agency Request, against all remaining Sinking Fund Requirements for the Term Bonds of such Series and maturity in the proportion which the then remaining balance of each such Sinking Fund Requirement bears to the total of all Bonds of such Series and maturity then outstanding.

Certain Notices to Bondowners

At least fifteen (15) days (or such number of days as may be required by a book-entry depository) but not more than ninety (90) days before the redemption date of any Offered Bonds, the Trustee shall cause a notice of any such redemption, either in whole or in part, signed by the Trustee to be mailed, first class postage prepaid, or to be electronically transmitted through a commercially reasonable method to all registered owners of Bonds to be redeemed at their addresses as they appear on the registration books kept by the Trustee. The notice of redemption may be conditional. If conditional, the notice shall set forth in summary terms the conditions precedent to such redemption

*Preliminary, subject to change

and that if such conditions have not been satisfied on or prior to the redemption date, such notice shall be of no force and effect, and such Bonds shall not be redeemed. If such conditions are not satisfied, or if the Agency by written notice to the Trustee given prior to the date fixed for redemption revokes the redemption (other than a mandatory redemption), the redemption shall not be made and the Trustee shall within a reasonable time give notice to the affected Owners, in the manner in which the notice of redemption was given, that such conditions were not satisfied. Once notice of redemption or revocation of notice is sent in accordance with the provisions of the Resolution, it shall be effective whether or not received by a Bondowner.

If DTC or its nominee is the registered owner of any Offered Bonds to be redeemed, notice of redemption will be given to DTC or its nominee as the registered owner of such Offered Bond. See “DESCRIPTION OF THE OFFERED BONDS — Book-Entry Bonds” below.

On the designated redemption date, if (i) the conditions precedent, if any, to such redemption have been satisfied, (ii) the required notice has been given or waived, and (iii) with respect to a redemption other than a mandatory redemption, if sufficient money to pay the Redemption Price and accrued interest are held by the Trustee in trust for the Owners of the Offered Bonds or portions of Offered Bonds to be redeemed, the Offered Bonds or portions of Offered Bonds so called for redemption shall become and be due and payable at their Redemption Price, such Offered Bonds or portions of Offered Bonds shall cease to be Outstanding under the Resolution, interest on the Offered Bonds or portions of Offered Bonds so called for redemption shall cease to accrue, and such Offered Bonds or portions of Offered Bonds shall cease to be entitled to any benefit or security under the Resolution, and the Owners of such Offered Bonds or portions of Offered Bonds shall have no other rights except to receive payment of the Redemption Price and the accrued interest on such Offered Bonds to the date of redemption and, to the extent provided in the General Resolution, to receive Offered Bonds for any unredeemed portion of Offered Bonds.

Book-Entry Bonds

The Offered Bonds will be issued as fully-registered bonds in the name of Cede & Co., as nominee of DTC, as registered owner of the Offered Bonds. Purchasers of such Offered Bonds will not receive physical delivery of bond certificates. For purposes of this Official Statement, so long as all of the Offered Bonds are immobilized in the custody of DTC, references to holders or owners of the Offered Bonds (except under “TAX MATTERS”) mean DTC or its nominee.

The information in this section concerning DTC and the DTC book-entry system has been obtained from DTC, and neither the Agency nor the Underwriters takes responsibility for the accuracy or completeness thereof.

DTC will act as securities depository for the Offered Bonds. The Offered Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) (“**Cede**”) or such other name as may be requested by an authorized representative of DTC. One fully-registered Offered Bond certificate will be issued for each maturity and CUSIP of each Series thereof set forth on the inside cover page in the aggregate principal amount of each such maturity and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC is the holding company of DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial

relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**” and, together with Direct Participants, “**Participants**”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission (“**SEC**”).

Purchases of the Offered Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Offered Bonds on DTC’s records. The ownership interest of each actual purchaser of each Offered 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 Offered Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Offered Bonds, except in the event that use of the book-entry system for the Offered Bonds is discontinued.

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

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

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

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

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

DTC may discontinue providing its services as depository with respect to the Offered Bonds at any time by giving reasonable notice to the Agency or the Trustee. Under such circumstances, in the event that a successor

depository is not obtained, Offered Bond certificates are required to be printed and delivered as described in the Resolution.

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

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

In the event that the book-entry system with respect to the Offered Bonds is discontinued as described above, bond certificates will be issued directly to registered owners of the Offered Bonds other than DTC or its nominee. Interest on such Offered Bonds will be payable by check mailed to the persons whose names appear on the registration books of the Agency maintained by the Trustee. Principal of each Offered Bond will be payable to the registered owner thereof upon surrender of such Offered Bond at the corporate trust office of the Trustee in Edison, New Jersey. Notwithstanding the foregoing, upon request of a registered owner of any Series of Offered Bonds of \$1,000,000 or more in aggregate principal amount, interest on such Series of Offered Bonds will be payable by wire transfer from the Trustee to the registered owner thereof. The Offered Bonds may be exchanged by the registered owners thereof in person or by a duly authorized attorney. Any Offered Bond may be transferred with a written instrument of transfer, in form satisfactory to the Trustee, duly executed by the registered owner or such owner's duly authorized attorney, at the principal corporate trust office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of the Offered Bonds to be exchanged or transferred. No transfer or exchange of any Offered Bond of a Series shall be required to be made during the 15 days next preceding each Interest Payment Date for such Series of Offered Bonds or immediately preceding the date of notice of redemption or after such Series of Bonds or any portion shall have been selected for redemption. Upon such exchange or transfer, a new Offered Bond or Bonds, as applicable, of the same or any other authorized denomination or denominations for the same aggregate principal amount, will be issued to the owner or transferee, as the case may be, in exchange therefor.

NEITHER THE AGENCY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS, TO THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE OFFERED BONDS OR TO ANY BENEFICIAL OWNER IN RESPECT OF THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT, THE PAYMENT BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE OFFERED BONDS, ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDOWNERS UNDER THE RESOLUTION, THE SELECTION BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE OFFERED BONDS OR ANY OTHER ACTION TAKEN BY DTC AS REGISTERED BONDOWNER.

ASSUMPTIONS REGARDING REVENUES, DEBT SERVICE REQUIREMENTS AND PROGRAM EXPENSES

General

The Agency made certain assumptions, including those set forth under this caption, in establishing the principal amounts of and the maturities and Sinking Fund Requirements with respect to the Offered Bonds and the Prior Bonds.

The Agency expects Loan Repayments and Prepayments, together with Recovery Payments, if any, regularly scheduled payments received under any potential future Hedge Instruments, and other moneys and securities held under the General Resolution and the income thereon, will be sufficient to pay, when due, Expenses of the Program and the debt service attributable to the Offered Bonds and the Prior Bonds (or, in certain cases, regularly scheduled payments due under any Hedge Instruments). In forming this expectation, the Agency has not considered the issuance of Additional Bonds or the application or investment of the proceeds thereof; however, a condition to issuing such Additional Bonds is the filing of a Cash Flow Statement accompanied by a Rating Certificate. Because all Bonds issued under the General Resolution will rank equally and ratably with the Offered Bonds, the Prior Bonds and, unless

otherwise provided in a Series Resolution, any Hedge Instrument payments (other than termination payments, unless otherwise provided in a Series Resolution) with respect to the security afforded by the General Resolution, availability of money for repayment of the Offered Bonds and the Prior Bonds could be significantly affected by the issuance, application, and investment of proceeds of Additional Bonds and the use of Hedge Instruments.

The maturities and Sinking Fund Requirements, if any, of the Offered Bonds and the Prior Bonds were established based on the assumption that there would be no Prepayments or other Recovery Payments of the Loans purchased with the proceeds of the Prior Bonds or the Offered Bonds or Contributed Assets or Acquired Loans. However, the Agency expects to receive Recovery Payments on the Loans, and any such Recovery Payments may be applied to the redemption of the Offered Bonds and the Prior Bonds. See “DESCRIPTION OF THE OFFERED BONDS — Redemption” herein.

The Agency believes it is reasonable to make the assumptions set forth herein but can give no assurance that the actual receipt of moneys will correspond to estimated Revenues available to make redemptions or to pay debt service on and the Expenses incurred in connection with the Offered Bonds and the Prior Bonds or that the assumptions with respect to principal payments on Loans will be realized. If actual events deviate from one or more of the assumptions set forth herein, the amount of Revenues available to make redemption payments and pay debt service on and the Expenses incurred in connection with the Offered Bonds and the Prior Bonds may be affected, and the resulting average lives of the Offered Bonds and final principal payment dates of the Term Bonds may vary.

For a description of the circumstances under which the Agency may change the assumptions described herein, see “APPENDIX A — SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION — Cash Flow Statements and Certificates” attached hereto.

Loans

The Cash Flow Statement delivered in connection with the issuance of the Prior Bonds included, and the Cash Flow Statement to be delivered in connection with the issuance of the Offered Bonds will include, the assumptions that, subject to the temporary investment of Offered Bond proceeds in Investment Obligations, (i) the Agency intends to use all of the proceeds of the Offered Bonds and the Prior Bonds deposited in the respective Series Loan Purchase Accounts (net of Costs of Issuance) to purchase Loans, (ii) each Loan will have level debt service payments with a term that does not exceed thirty (30) years (except that a portion of the Loans purchased may, as permitted by law, have terms exceeding thirty (30) years but not exceeding forty (40) years) and (iii) payments on Loans will be received on the 30th day following their scheduled payment dates.

The Cash Flow Statement delivered in connection with the issuance of the Prior Bonds included, and the Cash Flow Statement to be delivered in connection with the issuance of the Offered Bonds will include, assumptions that the Agency intended or intends to purchase Loans (or allocated portions of Loans) at certain rates of interest (or ranges of rates of interest) per annum, including Loans that bear interest at below market rates pursuant to special programs of the Agency. The Agency from time to time may adjust the interest rates at which it will purchase Loans from the original interest rates established at the time of issuance of the various Series of Bonds. See “THE HOME BUYER PROGRAM” herein.

The Cash Flow Statement delivered in connection with the issuance of the Prior Bonds included, and the Cash Flow Statement to be delivered in connection with the issuance of the Offered Bonds will include, the assumption that the Servicers (hereinafter defined) of the Loans will be paid a per file fee. See “THE HOME BUYER PROGRAM — Servicing of Loans” herein.

In preparing such Cash Flow Statement, the Agency also assumed: (i) losses on certain defaulted Loans, including foreclosures, will exceed insurance coverage, if any, and recoveries upon disposition of REO properties; and (ii) all Loans will comply with the applicable Series Program Determinations for the Prior Bonds and the Offered Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Loans” and “THE HOME BUYER PROGRAM — Servicing of Loans” herein.

Certain Investments

Upon delivery of the Offered Bonds, all amounts representing Offered Bond proceeds and credited to the 2024 Series K Loan Purchase Account, the Revenue Fund and the Reserve Fund shall be invested by the Trustee in Investment Obligations, as directed in writing by the Agency. The Offered Bonds Series Resolution authorizes the investment of proceeds of the Offered Bonds in the purchase of mortgage loans.

Pursuant to the Resolution, if the rating of any Investment Obligation purchased by the Trustee changes subsequent to the date of purchase, and such change results in a downgrade on the Offered Bonds, the Trustee is not required to sell such Investment Obligation. See “APPENDIX A — SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION — Certain Definitions — Investment Obligations” and “APPENDIX E — CERTAIN RESOLUTION INFORMATION — Summary of Investment Obligations” attached hereto for certain additional information regarding investments under the Resolution.

Expenses

All future Expenses with respect to the Prior Bonds and the Offered Bonds, including the expenses of the Trustee and the Agency attributable to operating the Program under the Resolution, will be fixed pursuant to the respective Cash Flow Statement delivered upon the issuance of such Bonds and will be paid in full on a timely basis. The Agency may not subsequently increase such Expenses without first filing with the Trustee a Cash Flow Statement accompanied by a Rating Certificate.

THE HOME BUYER PROGRAM

General

The Agency has established the Home Buyer Program to provide funds to purchase Loans from Mortgage Lenders made to Borrowers for Single Family Residences in accordance with the requirements of the State and federal law and the General Resolution. The description of the Home Buyer Program that follows reflects the current policies of the Agency and is subject to change, including in connection with the issuance of Additional Bonds, which will be secured on a parity with the Offered Bonds.

The Tax-Exempt and Taxable Bonds will provide funds to purchase Loans under the Home Buyer Program. The anticipated lending rate for the Loans secured by a first mortgage, expected to be originated with proceeds of the Tax-Exempt Bonds that have not already been purchased by the Agency, are expected to range from approximately 5.5% to 7.5%. The anticipated lending rate for the Loans secured by a first mortgage, expected to be originated with proceeds of the Taxable Bonds that have not already been purchased by the Agency, are expected to range from approximately 6.0% to 8.0%. The Agency reserves the right to change these rates at any time without notice. The Agency has previously purchased mortgage loans under the Home Buyer Program with proceeds of bonds issued under the General Resolution, under the “Resolution Providing for the Issuance of the New Jersey Housing and Mortgage Finance Agency Single Family Home Mortgage Bonds” adopted on December 8, 2009 (under which resolution no bonds are currently outstanding), and under a prior resolution which was closed in 2011. It is the present intent of the Agency to issue bonds from time to time under the General Resolution to provide an ongoing availability of funds to purchase Loans made to qualified Borrowers.

As a result of the lengthy recession starting in 2007, the economic feasibility for issuance of tax-exempt bonds to fund the purchase of mortgage loans was limited. As a result, the Agency transitioned its method of financing first mortgage loans from the sale of tax-exempt mortgage revenue bonds to the sale of mortgage-backed securities in the secondary market, also known as the “**TBA Market.**” In conjunction with the new method of financing, the Agency created new mortgage products in 2015, including the Homeward Bound Program. The programs offer limited down payment requirements of 3.5% or less and down payment assistance programs and are underwritten in accordance with FHA, USDA and VA guidelines.

As the economic feasibility for issuance of tax-exempt bonds to fund the purchase of mortgage loans has returned, the Agency has returned to financing first mortgage loans from the sales of tax-exempt mortgage revenue

bonds. The Agency has advised the current group of participating lenders on the specifics of the loan programs that will be available for use with the funding of tax-exempt mortgage revenue bonds. The Agency currently works with approximately seventy-five (75) participating lenders and may continue to approve new lenders for the program. The Agency will continue to provide regularly scheduled training sessions for the participating lenders to keep them apprised of the products available through the Agency as well as to ensure that all lenders are familiar with the mortgage revenue bond financing requirements.

Under the Home Buyer Program, Bond proceeds are made available to finance the acquisition of Loans made to Borrowers for the purchase of both existing and newly constructed Single Family Residences, including condominium units. Under State law, at least twenty-five percent (25%) of the funds made available by the Agency for the purchase of Loans are reserved for a period of not less than four (4) months for use in municipalities which qualify for State aid under applicable law.

To date, mortgage loans purchased with the proceeds of Bonds have been conventional mortgage loans, mortgage loans insured by the FHA, guaranteed by the VA or the RHS or which are otherwise insured, secured or guaranteed by a provider approved by the Agency, or which are uninsured. *Pursuant to the Series Program Determinations for the Offered Bonds, all new Loans financed with the Offered Bonds will be required to be subject to insurance by the FHA or guaranty by the VA or the RHS and secured by a first-lien mortgage on the Single Family Residence.*

The Agency has established certain guidelines for the Home Buyer Program regarding condominium subdivision and planned unit development projects, which, among other things, generally limit a specific allocation of funds to finance Loans for such projects to no more than the greater of twenty-five (25) units or fifty percent (50%) of the units in any such development, or any one phase of a phased development, subject to exceptions which may be set forth in an Executive Director's Certificate.

The currently applicable income limits for Borrowers using the First Time Home Buyer Program who purchase Single Family Residences outside a Targeted Area (as hereinafter defined) are 100% of the HUD family of four (4) area median income or the State-wide HUD family of four median income, whichever is greater, for small families (two (2) or fewer persons), and 115% of either the HUD family of four area median income or the State-wide HUD family of four median income, whichever is greater, for large families (three (3) or more persons). The area income limits currently utilized by the Agency for Single Family Residences located outside Targeted Areas range from a low of \$123,500 for a small family to a high of \$159,275 for a large family, depending on the area where the property is located. The currently applicable income limits for Borrowers purchasing Single Family Residences in Targeted Areas are 120% of either the HUD family of four area median income or the State-wide HUD family of four (4) median income, whichever is greater, for small families (two (2) or fewer persons), and 140% of either the HUD family of four area median income or the State-wide HUD family of four median income, whichever is greater, for large families (three (3) or more persons). One-third of the amount of Loans for Single Family Residences located in Targeted Areas may be originated without regard to Borrower income limitations. The area income limits currently utilized by the Agency for Single Family Residences located in Targeted Areas range from a low of \$148,200 for a small family to a high of \$193,900 for a large family depending on the area where the property is located.

The currently applicable income limits for Borrowers using the Homeward Bound Program range from a low of \$148,200 to a high of \$166,200, depending on the area where the property is located.

The Agency has invited and may invite certain commercial banks, savings and loan associations, savings banks, credit unions, trust companies and mortgage banking companies (the "**Mortgage Lenders**") to participate in the Home Buyer Program. In accordance with the terms of the mortgage purchase agreement and the seller's guide (the "**Procedural Guide**") of the Agency establishing procedures for originating and servicing Loans, each Mortgage Lender pays the Agency an annual fee in order to participate in the Home Buyer Program. Mortgage Lenders may continue to originate Loans until notified by the Agency that the program has ended, or the Bond Proceeds are exhausted, whichever comes first. The Agency reserves the right to originate a portion of the Loans financed by Bond proceeds, but such Loans must be serviced by a qualified and approved mortgage servicer or subservicer or by the Agency. The Agency expects to originate or purchase Loans under its Home Buyer Program through various programs such as its First Time Home Buyer Program, Homeward Bound Program, Section 8 Homeownership Program and

Other Programs (each as described below). See “THE HOME BUYER PROGRAM — Other Home Ownership Initiatives” below.

The Agency’s Procedural Guide and guide or guides containing the standard procedures governing the servicing of Loans (the “**Servicer’s Guide**” and, together with the Procedural Guide, the “**Lending Guides**”) set forth certain underwriting standards in connection with the purchase of Loans.

Down Payment Assistance and Closing Cost Assistance Programs

Prior to June 5, 2018, the Agency offered two down payment and closing cost assistance programs (as detailed below). In an effort to provide a consistent, statewide DPA, the Agency streamlined the programs to mirror one another. Since June 5, 2018, there has been one DPA Program available throughout New Jersey. The DPA provides a \$10,000, zero percent interest loan which is forgiven after 5 years. As of November 1, 2022, the amount of the DPA was increased to \$15,000 for loans made on properties in the higher-priced counties of the state. The counties at \$15,000 are Bergen, Essex, Hudson, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, and Union. The DPA remains at \$10,000 for loans made on properties in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Salem, Sussex, and Warren counties. On October 21, 2023, the Agency introduced a First Generation addition to the DPA Program. Under the Smart Start Program with the First Generation award, eligible borrowers meeting the Agency’s definition of a First Generation buyer are eligible for \$7,000 of additional DPA award, increasing the maximum award to \$17,000 in the aforementioned lower priced counties and a maximum award of \$22,000 in the higher priced counties.

Smart Start Program

On May 17, 2018, the Agency approved revisions to its “Smart Start Program.” Under the revised Smart Start Program, the Agency will make funds available under the Resolution to finance non-amortizing second mortgage loans to assist borrowers throughout the State with down payment and closing cost assistance in connection with purchasing homes. The Smart Start Program is intended to aid first-time homebuyers with the costs associated with home acquisition.

Under the Smart Start Program prior to revisions, the Agency made Smart Start down payment and closing cost loans in amounts up to 4% of the first mortgage to qualified Borrowers under the Home Buyer Program purchasing in Smart Growth Areas and who earned less than 80% of the Agency’s homebuyer county income limits. Eligible properties were all residences eligible under the Home Buyer Program located in areas defined on the State Plan Policy Map as smart growth areas (the “**Smart Growth Areas**”). The areas so defined are “**Planning Area 1**,” “**Planning Area 2 (sewered)**” or all “**Centers**” as defined in the New Jersey State Plan adopted March 2001, as updated. Properties may be new or existing.

Under the current Smart Start Program, the Agency makes Smart Start down payment and closing cost loans in the amount of \$10,000 or \$15,000, depending on the county of the property being financed, to qualified Borrowers under the Home Buyer Program who earned less than 140% of area median income. Properties must be located in the State and meet purchase price limitations established under the Smart Start Program. Smart Start Program loans may only be executed with respect to properties encumbered by an Agency first mortgage loan.

Qualified Borrowers using the Smart Start Program who are eligible First Generation buyers are awarded an additional \$7,000, for a total award of \$17,000 or \$22,000, depending on the county of the property being financed. A First-Generation homebuyer is defined as a first-time homebuyer who also is either:

a. an individual:

1. whose parents or legal guardians do not have any present ownership interest in any residential real property in any state or territory of the United States, or outside of the United States; and

2. whose spouse, or domestic partner, and each member of whose household has not, during the 3-year period ending upon acquisition of the eligible home to be acquired using such assistance, had any present ownership interest in any residential real property used as their principal residence in any state or territory of the United States, or outside of the United States;

OR

- b. an individual who has at any time been placed in foster care in the State of New Jersey.

Smart Start Program loans will be five (5) year, zero-coupon interest loans, evidenced by a note and a second mortgage in favor of the Agency. The loans will be deemed satisfied and a cancellation of mortgage or release of lien will be issued to the Borrower if the Borrower continuously resides in the premises, as such Borrower's principal residence, for five (5) years from the date of the closing of the loan. If the Borrower conveys, refinances or ceases to occupy the premises as such Borrower's principal residence on a date less than five (5) years from the date of such closing, the Smart Start Program loan will be due and payable from net equity proceeds. Any funds repaid to the Agency in such case will be reutilized to assist additional Borrowers under the Smart Start Program.

Hardest Hit Funds

In 2017, the Agency set aside funds obtained from the U.S. Department of the Treasury's (the "U.S. Treasury") Hardest Hit Fund program ("HHF") to fund a down payment assistance program ("DPA") for first time home buyers in the State. The HHF DPA was created as a five (5)-year \$16,000 subordinate loan deferred with 0% interest, forgiven fully after five (5) years if the homeowner continues to own and occupy the financed residence. It was initially available in six (6) counties in New Jersey: Atlantic, Camden, Essex, Gloucester, Passaic, and Union. The counties were selected based on a defined set of distressed housing market indicators approved by the U.S. Treasury. In 2018, the HHF DPA changed to a \$10,000 subordinate loan deferred with 0% interest, forgiven fully after five (5) years if the homeowner continues to own and occupy the financed residence. At the same time, the HHF DPA was also expanded to include the initial six (6) counties, plus Burlington and Mercer counties. The county expansion was based on a defined set of distressed housing market indicators approved by the U.S. Treasury. As of December 2021, the HHF Program has ended.

Funding of Down Payment and Closing Cost Assistance Loans

It is the Agency's present expectation that funding of its down payment and closing cost assistance loans will be represented by an appropriation by the State Legislature in the State's Fiscal Year 2025 Appropriations Act and funds appropriated to the Agency by the State Legislature in the State's Fiscal Year 2024 Appropriations Act, on an approximate 80/20 basis. To the extent the Agency determines to provide more funding of down payment and closing cost assistance loans, Contributed Assets may be available to be so applied. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Contributed Assets."

Other Home Ownership Initiatives

As described below, the Agency engages in several programs under its Home Buyer Program to foster single family home ownership, focused primarily on first time home buyers. Mortgage insurance for Loans having a loan-to-value ratio of greater than 80%, or Government Guarantee for applicable loans, is required for the First Time Home Buyer Program, the Homeward Bound Program and the Section 8 Homeownership Program, and no mortgage insurance may be required for the Other Programs. Pursuant to Series Program Determinations for each new Series of Bonds, the Agency currently expects at least 95% of the proceeds of the Bonds deposited into the Series Loan Purchase Account will be used for such programs that require mortgage insurance for Loans with loan-to-value ratios of greater than 80% and that an amount not to exceed 5% of the proceeds of the Bonds deposited into the Series Loan Purchase Accounts will be used for the programs that do not require mortgage insurance for Loans. Limitations on the amount of proceeds of a Series of Bonds that may be used to purchase Loans with characteristics which differ from those limitations set forth above may be established by the Agency in the related Series Resolution or Executive

Director's Certificate for a Series of Bonds and may be amended by the Agency upon filing with the Trustee a Cash Flow Statement accompanied by a Rating Certificate.

Although not required by the Series Program Determination for the Prior Bonds, 31% of conventional loans that have current loan-to-value ratios of 80% or less are currently insured by pool insurance policies. No Loans made with the proceeds of the Offered Bonds will be insured under pool insurance policies. All loans purchased after June 5, 2018 under the Home Buyer Program with proceeds of Bonds issued under the General Resolution are subject to insurance or guaranty by the FHA, the VA or the RHS.

First Time Home Buyer Program

The Agency and the participating lenders contracted with the Agency may originate Loans under the First Time Home Buyer Program, which is specifically designated to promote and support homeownership by "first-time homeowners." To qualify as a "first-time homeowner," all Borrowers who sign the note and mortgage may not include any person who had a "present ownership interest" in their primary residence during the three (3) years before the commencement of homeownership assistance for the family. Such interest includes ownership of title or of cooperative membership shares. The restriction to "first-time homeowners" is intended to direct homeownership assistance to "new" homeowners who may be unable to purchase a home without this assistance.

Loans financed under the First Time Home Buyer Program are subject to insurance or guaranty by the FHA, the VA or the RHS.

Homeward Bound Program

The Agency and the participating lenders contracted with the Agency may originate Loans under the Homeward Bound Program, which promotes and supports homeownership by both "first-time homeowners" and borrowers who have previously owned a home. The Homeward Bound Program may be used in conjunction with Agency Down Payment Assistance programs, provided the borrowers qualify as "first-time homeowners." To qualify as a "first-time homeowner," all borrowers who sign the note and mortgage may not include any person who had a "present ownership interest" in their primary residence during the three (3) years before the commencement of homeownership assistance for the family. Such interest includes ownership of title or of cooperative membership shares. Loans financed under the Homeward Bound Program are subject to insurance or guaranty by the FHA, the VA or the RHS. Mortgages under the Homeward Bound Program may be funded through the Agency's Mortgage Backed Securities program or through the proceeds of the Taxable Bonds.

HFA Advantage Program

The Agency and the participating lenders contracted with the Agency may originate Loans under the HFA Advantage Program, which promotes and supports homeownership by both "first-time homeowners" and borrowers who have previously owned a home. The HFA Advantage Program may be used in conjunction with Agency Down Payment Assistance programs, provided the borrowers qualify as "first-time homeowners." To qualify as a "first-time homeowner," all borrowers who sign the note and mortgage may not include any person who had a "present ownership interest" in their primary residence during the three (3) years before the commencement of homeownership assistance for the family. Such interest includes ownership of title or of cooperative membership shares. Loans financed under the HFA Advantage Program with loan-to-value ratios greater than 80% must have mortgage insurance, consistent with Freddie Mac guidelines and the Agency's Procedural Guide. Mortgages under the HFA Advantage Program are conventional mortgages funded through the Freddie Mac cash window or the Agency's Mortgage-Backed Securities program.

Section 8 Homeownership Program

The Agency may originate Loans under the Section 8 Homeownership Program, which is specifically designated to promote and support homeownership by a family that moves for the first time from rental housing to a family-owned home. Section 8 Homeownership Program payments supplement the family's own income to facilitate

the transition from rental housing to homeownership. The initial availability of these assistance payments helps the families pay the costs of homeownership, so that the family can finance the purchase of the home.

To qualify as a “first-time homeowner,” the assisted family may not include any person who owned a “present ownership interest” in a residence of any family member during the three (3) years before the commencement of homeownership assistance for the family. Such interest includes ownership of title or of cooperative membership shares. The restriction to “first-time homeowners” is intended to direct homeownership assistance to “new” homeowners who may be unable to purchase a home without this assistance.

Loans financed under the Section 8 Homeownership Program with loan-to-value ratios greater than 80% must have mortgage insurance as described under “Other Home Ownership Initiatives” above.

American Rescue Plan — Homeowner Assistance Fund

The State received approximately \$325 million in Homeowner Assistance Funds (“**HAF**”), which the Agency will utilize for programs to assist homeowners in bringing delinquent mortgages current for families earning up to 150% of AMI, with a preference to assist families earning 100% of AMI or less. Per the United States Department of the Treasury’s guidance for the use of HAF funds, the Agency’s own portfolio of delinquent mortgages that became delinquent after January 2020 served as a pilot for mortgage assistance prior to opening programs to all eligible homeowners from all mortgage servicers. The Agency launched the pilot in October of 2021 and opened the program to all eligible homeowners in February 2022. As of December 31, 2023, the Agency had program expenditures of approximately \$156 million, which includes direct financial assistance, counseling assistance and administrative expenses. The assistance is provided to eligible homeowners in the form of a three year forgivable mortgage, which is not subject to mortgage insurance.

Other Programs

The Agency may initiate other special home ownership programs (“**Other Programs**”) within the overall Home Buyer Program and use Bond proceeds to originate Loans under such special programs, subject to filing with the Trustee a Cash Flow Statement accompanied by a Rating Certificate.

Loan Requirements

The requirements established by the Agency for Borrowers are set forth in the applicable Series Resolution, the Executive Director’s Certificate and the Lending Guides. These requirements may change from time to time. Each Borrower must meet certain requirements set forth in the Lending Guides, which presently require each Borrower to possess legal capacity to enter into a Loan, have a satisfactory credit standing, as determined by the Mortgage Lender and/or the Agency, meet certain income and first-time buyer requirements, have the ability to repay the Loan, as determined by the Mortgage Lender and/or the Agency, and intend to occupy the home being purchased as a primary residence during the term of the Loan. Properties which are eligible for Loans must be located in the State, be structurally sound and functionally adequate and meet all insurer or guarantor requirements, applicable zoning requirements, housing codes and similar requirements, provided that a Single Family Residence to be acquired with the proceeds of an insured purchase/rehabilitation Loan need not satisfy the requirement that the residence is structurally sound and functionally adequate and meet all zoning requirements, housing codes and similar requirements until completion of the rehabilitation work.

Loans (except qualified rehabilitation Loans) may not be used to refinance existing loans, except for certain exceptions including first mortgage loans for qualified rehabilitation, construction period loans, bridge loans and similar temporary initial financing with a term of twenty-four months or less. The maximum term for each Loan shall be thirty (30) years, except that a portion of the Loans may, as permitted by law, have terms exceeding 30 years but not exceeding 40 years. The Agency shall require all Mortgage Lenders to underwrite Loans using FHA, VA or RHS eligibility and credit criteria and the criteria set forth in the Procedural Guide; provided, however, Mortgage Lenders shall underwrite Loans for Other Programs using such special eligibility and credit criteria as outlined in the Procedural Guide. The original principal amount of each Loan shall not be greater than one hundred percent (100%) of the value of the property, except for purposes of financing the VA Funding Fee or USDA Guarantee Fee. Prepayment penalties

in connection with Loans are prohibited but late charges may be imposed. Each Loan must be secured by a valid first lien on the dwelling financed by the Loan, subject only to encumbrances created by, among others, non-delinquent taxes or assessments, rights-of-way and easements and other encroachments which do not materially affect the security for the Loan. The obligation to make payments under any Loan may not be made assumable without the Agency's consent and the Agency must be given the right to accelerate the due date of the Loan upon transfer of ownership of the subject property. Title insurance and hazard insurance issued by companies authorized to do business in the State are required with respect to each Loan and subject properties. For a description of New Jersey's foreclosure proceedings, see "APPENDIX B — SUMMARY OF PRIMARY MORTGAGE INSURANCE, FEDERAL HOUSING ADMINISTRATION AND GUARANTY PROGRAMS AND FORECLOSURE PROCEEDINGS" attached hereto.

Reasonable and customary borrower fees, not to exceed those fees charged on other loans originated by the Mortgage Lenders, are being collected by the Mortgage Lenders for Loans being purchased by the Agency. For loans in the First Time Home Buyer Program, those fees may not exceed \$1,800. These fees are retained by the Mortgage Lenders to cover origination and processing expenses and are not remitted to the Agency. The Agency reserves the right to charge Borrower fees up to a maximum amount of three percent (3%) of such Loans if deemed needed or beneficial by the Agency. The Agency will purchase each Loan at a price equal to the principal amount of and accrued interest on the Loan, plus a Mortgage Lender's fee in the amount of 2.75% of the principal amount of the Loan. The Mortgage Lender's fee may be reduced by any applicable fees for which the Mortgage Lender is responsible, per the terms of the Procedural Guide. The amount of the fee may vary with changing market conditions.

Each Loan purchase agreement between the Agency and a Mortgage Lender as to each Loan sold to the Agency will require, among other things, that: (1) the Loan is in conformance with the terms set forth in the Procedural Guide; (2) all required hazard, title and mortgage insurance has been obtained; (3) the first lien securing the Loan has been properly perfected by recordation and has not been impermissibly satisfied, subordinated or impaired; (4) the Loan is not subject to any assignment or pledge; (5) the Mortgage Lender has good title to the Loan, the lien of which is subject only to encumbrances created by, among others, non-delinquent taxes or assessments, rights-of-way and easements and other encroachments which do not materially affect the security for the Loan, and the Mortgage Lender has full right and authority to carry out the sale and delivery of it to the Agency; and (6) on the date the Agency purchases the Loan, the Loan is not more than 15 days delinquent.

Each Loan purchased or originated by the Agency with proceeds of Tax-Exempt Bonds, together with any Taxable Bond proceeds blended therewith, must meet the mortgage eligibility requirements of applicable federal tax law to establish and maintain the exclusion of the interest on the Tax-Exempt Bonds from the gross income of the owners thereof for federal income tax purposes under Section 103 of the Code.

In the event any representation made by the Mortgage Lender proves to have been untrue as of the time when made, or in the event the Mortgage Lender defaults in the observance of its obligations under the mortgage purchase agreement, the Agency may rescind its purchase of the Loan and demand return of the outstanding principal balance (taking into account any discount or premium at which such Loan was purchased by the Agency) of the Loan, accrued interest thereon and any fees or expenses (including origination fees) incurred by the Agency.

Servicing of Loans

The Agency expects to retain the servicing rights to all Loans purchased from Mortgage Lenders and has entered into servicing agreements (the "**Servicing Agreements**" executed with "**Servicers**") to subservice the Loans. The Agency receives a servicing fee presently calculated to approximate 3/8 of 1% per annum of the outstanding principal amount of the Loans serviced which are not in default. Such servicing fee is not pledged for payment of the Bonds under the Resolution. The Agency pays a fixed monthly portion of the Agency's servicing fee to the Servicers for subservicing the Loans.

All Servicers must be legally authorized to engage in the business of servicing loans of the general character of the Loans and meet the qualifications established in the Servicer's Guides. Generally, these qualifications are similar to those established for Servicers by Fannie Mae and FHLMC. The Servicing Agreements establish basic agreements between the Agency and the Servicer and incorporate by reference the detailed guidelines for servicing set out in the Servicer's Guides, which may be revised from time to time at the discretion of the Agency. Servicing

Agreements are generally for a term of five years and can be terminated at any time without cause by the Agency. In lieu of entering into, or upon termination of, any Servicing Agreement, the Agency retains the right to service Loans with its own staff.

The Servicer is responsible for loan accounting, remitting to the Agency the principal and interest payments on the Loans, and accounting for and managing of escrows for payments of taxes, assessments, mortgage and hazard insurance premiums and other expenses. The Servicer must comply with all requirements of the relevant mortgage insurance company with respect to each Loan serviced for the Agency and must maintain in effect at all times at the Servicer’s expense a fidelity bond (or direct surety bond) and an errors and omissions policy issued by a company having a current rating in Best’s Key Rating Guides, of A+, A or A-, Class VI or better and is specifically licensed or authorized by law to transact business in the State, and on a policy form covering all officers, employees and other persons duly authorized by the Servicer to act on behalf of the Servicer for the Agency. The Servicer is responsible for assuring that the hazard insurance requirements set forth in the Servicer’s Guides are at all times maintained with respect to each Loan. The Servicer must indemnify the Agency for any loss suffered by the Agency as a result of failure to meet such requirements. The Agency is to be named as payee on such insurance loss drafts.

The Servicer must take such appropriate action with respect to delinquencies as is required by the private mortgage insurer, or such action as it would take with respect to loans serviced for others or held for its own account. The Servicer has broad discretion to grant appropriate relief in the form of liquidation plans, special forbearance relief and modifications. A liquidation agreement may be entered into which gives the Borrower a definite period not to exceed twelve (12) months in which to bring the Loan current by immediately commencing payment in excess of the monthly installments, or longer if required by federal or state law or Executive Action. A special forbearance relief agreement may be entered into which reduces or suspends monthly installments for a specified period of time up to twelve (12) months for most loans. Some loans may be eligible for up to eighteen (18) months of forbearance, depending on when the initial forbearance started. A modification agreement may be formulated which effects the terms of the Loan repayment provisions, including capitalization of interest arrearages, escrow arrearages, and escrow deficiencies, and the extension of the term and original maturity date. Approval by the Agency is required for any special forbearance agreement or modification agreement. From January through December of 2023, of the portfolio of Loans previously purchased under the Home Buyer Program with proceeds of Bonds issued under the General Resolution, a total of 132 Loans were modified.

The Servicer must promptly notify the Agency upon becoming aware that any prior lien has attached or will attach to the property securing a Loan and of any bankruptcy, probate proceeding or the like with respect to the Borrower. By the 90th day following the due date of the earliest unpaid installment on the Loan, the Servicer must recommend appropriate action to the Agency. Should foreclosure be necessary, the Servicer is required to make a full report to the Agency and undertake all necessary steps to accomplish such foreclosure pursuant to standards contained in the Servicer’s Guides.

The Agency contracts with several real estate owned (“REO”) Asset Managers (local realtors) to manage and dispose of the Agency’s REO portfolio.

REO losses for Fiscal Year 2023 increased from those of Fiscal Year 2022 as more properties were sold in 2022. The General Resolution’s loss on REO increased from approximately \$0.452 million to \$0.881 million, leaving fewer REOs as of December 31, 2023. The General Resolution has experienced positive trends with respect to the combined loss on sale of REO and provision for loan losses as set forth below:

<i>Combined Loss on REO and Provision of Loan Losses (In Thousands)</i>			
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Loss on Sale of REO	\$881	\$452	\$3,207
<u>Provision for Loan Losses</u>	<u>1,551</u>	<u>4,980</u>	<u>8,049</u>
Total	\$4,419	\$5,432	\$11,256

Foreclosure receivables (which term the Agency defines as expected receipts of government insurance payments on Agency-foreclosed government-insured Loans) have increased very slightly from \$1.022 million in Fiscal Year 2022 to \$1.052 million in 2023.

The Agency executed a five-year subservicing agreement with two additional one (1) year options with Cenlar FSB (“**Cenlar**”) pursuant to which subservicing of newly originated Loans commenced on September 20, 2017. The options to extend have been executed and this contract expires on September 19, 2024. The Agency is actively working on a Request for Proposal to procure a Servicer for a 5 year term.

Requirements of the Code Relating to Home Mortgage Loans Financed With Tax-Exempt Bonds

Interest on a bond that is issued to finance (or to refund bonds that were issued to finance) single family residences is excludable from the gross income of the holder therefor for federal income tax purposes if the bond is a qualified mortgage bond. A bond will be a qualified mortgage bond if all of the proceeds of the issue of which the bond is a part (exclusive of issuance costs and a reasonably required reserve fund) are applied to the funding or refunding of owner occupied residences that meet certain requirements, including (i) eligibility requirements for home mortgage loans and borrowers (see “Mortgage Eligibility Requirements Under the Code” below); (ii) yield and investment requirements (see “Requirements Related to Arbitrage” below); and (iii) certain other requirements related to the issue (see “Other Requirements” below). The paragraphs below reflect the specific requirements of the Code that must be met in connection with mortgage loans that are financed, refinanced or purchased with the proceeds of the Tax-Exempt Bonds (“**Qualified Loans**”).

Mortgage Eligibility Requirements Under the Code

General. An issue of qualified mortgage bonds is treated as meeting the mortgage eligibility requirements of the Code only if (i) the issuer in good faith attempted to meet all of the mortgage eligibility requirements before the mortgage deed was executed; (ii) any failure to comply with the mortgage eligibility requirements is corrected within a reasonable period after such failure is first discovered; and (iii) 95% or more of the lendable proceeds of the issue used to make home mortgage loans was devoted to financing residences that met all such mortgage eligibility requirements at the time the loans were executed or assumed. In determining whether 95% of the proceeds have been so used, the Code permits the Agency to rely on a certificate of the Borrower (the “**Mortgagor’s Affidavit**”) and on examination of copies of the Borrower’s federal income tax returns for the three (3) years preceding the date the mortgage is executed, even if the relevant information in such affidavits and returns should ultimately prove to be untrue, unless the Agency or the participating lender knows or has reason to believe that such information is false.

Residence Requirement. Pursuant to Code Section 143(c), the Agency must reasonably expect at the time the Qualified Loan is executed that the Borrower will make the residence financed by the Qualified Loan the Borrower’s principal residence within a reasonable time after the financing is provided. Under the procedures that the Agency has established (as described herein), the Borrower is required to certify at the closing of the Loan that the Borrower intends to make the financed residence the Borrower’s principal residence within sixty (60) days after closing of the Qualified Loan or, in the case of home purchase-rehabilitation Qualified Loans, sixty (60) days after completion of such rehabilitation. In the case of a two-to-four-family residence (other than two-family residences in Targeted Areas (as defined herein) having Borrowers whose family income does not exceed 140% of applicable median family income), the Borrower is required by the Agency to certify that the residence was first occupied as a residence at least five (5) years before the Qualified Loan was executed.

First Time Home Buyer Requirements. Pursuant to Code Section 143(d)(1), at least 95% of the net proceeds of an issue must be used to finance residences of Borrowers who have not had a present ownership interest in a principal residence during the three-year period ending on the date on which the mortgage is executed. Proceeds used to make mortgage loans in Targeted Areas or to veterans and proceeds used for qualified rehabilitation and qualified home improvement are counted for purposes of meeting this 95% requirement without regard to this 3-year rule. According to Agency procedures, the Agency generally requires the Borrower to provide the Borrower’s federal income tax returns for the preceding three (3) years for review for evidence of prior ownership of a principal residence, and to certify that the Borrower has not had a present ownership interest in the Borrower’s principal residence within the preceding three (3) years.

Purchase Price Limitations. Under the Section 143(e) of the Code, the maximum purchase price for existing and new single family residences (except in Targeted Areas and certain high housing cost areas) is 90% of the average area purchase prices applicable to such residences. In Targeted Areas, the maximum purchase price may be up to 110% of such averages. The Agency may rely upon the average area safe harbor limitations provided by the Internal

Revenue Service (the “IRS”) or on limitations different from such safe harbors based on more accurate and comprehensive data. The IRS has published in Revenue Procedure 2021-17 average area purchase price safe harbor rules identifying purchase price limitations in the State which are considered to be in compliance with the requirements of the Code. Other valid methodologies may be employed to establish purchase price limitations that comply with the requirements of the Code. The Agency expects and intends to make Qualified Loans in compliance with Revenue Procedure 2021-17 unless the Agency establishes other valid methodologies that comply with the Code. According to Agency procedures, the Agency will verify compliance with the purchase price limitations by requiring each mortgagor and seller of a residence to make certifications regarding the purchase price of such residence.

Income Requirements. Borrowers may not have incomes that exceed limits established by Section 143(f) of the Code. Except in Targeted Areas and certain high housing cost areas, the Code establishes maximum income limits for families of three or more persons at no greater than 115% (100% for families of fewer than three persons) of the higher of the area or the statewide median income. In Targeted Areas, one-third of the financing may be provided to Borrowers without regard to this income limitation, and the balance of the financing must be provided to Borrowers whose income does not exceed 140% (120% for families of fewer than three persons) of the higher of the area or the statewide median income. The Agency may impose stricter requirements than those imposed by the Code. According to Agency procedures, the Agency will verify compliance with these income requirements by requiring each Borrower to certify as to the amount of such Borrower’s family income and comparing such family income to the applicable median family income. Family income includes income of all individuals executing both the note and mortgage and occupying the dwelling as their principal residence, as well as any non-borrowing spouse or domestic partner of each Borrower.

New Mortgage Requirement. Pursuant to Code Section 143(i)(1) an existing mortgage loan may not be acquired or replaced with proceeds of a home mortgage loan except for certain exceptions including first mortgage loans for qualified rehabilitation, construction period loans, bridge loans and similar temporary initial financing with a term of twenty-four months or less. The Agency requires a Borrower to certify, subject to the exceptions described above, that the Borrower is not using the proceeds of the Loan to acquire or replace an existing loan. In addition, the participating lender is required to examine the Borrower’s federal income tax returns for the preceding three (3) years and a credit report prior to closing to determine if the Borrower has any outstanding loans that could be acquired or replaced with proceeds of the home mortgage loan.

Requirement as to Assumptions. Section 143(i)(2) of the Code requires that home mortgage loans not be assumed unless the principal residence requirement, the rule precluding prior home ownership interest, the income limitations, and the purchase price requirements described above are met at the time of assumption. The Agency requires that each home mortgage have a “due on sale” clause so that the Agency may accelerate the home mortgage loan if the mortgage is assumed and all such requirements are not met. The Servicer’s guide reflects these restrictions. FHA and VA allow a “due on sale” clause provided that the Borrower is fully informed and consents in writing to such requirements.

Targeted Area Requirements. Section 143(h) of the Code requires that a specified portion of the lendable proceeds of an issue of qualified mortgage bonds be made available for owner financing of residences in Targeted Areas for at least one (1) year after the date of which owner financing is first made available and that the Agency attempt with reasonable diligence to place such proceeds in qualified home mortgage loans. “**Targeted Areas**” are those census tracts in the State in which 70% or more of the families have an income that is 80% or less of the statewide median family income or areas of chronic economic distress that have been designated by the State and approved by the Secretaries of the U.S. Department of Housing and Urban Development and the U.S. Treasury under criteria specified in the Code. The minimum amount which must be made available for mortgages in Targeted Areas is the lesser of (a) 20% of the lendable proceeds of the non-refunding portion of a bond issue or (b) 40% of the average aggregate annual principal amount of mortgages executed during the immediately preceding three calendar years to finance owner-occupied single family residences located in Targeted Areas.

An issue is treated as meeting the targeted-area requirements if (i) the issuer in good faith attempted to meet such requirements and (ii) any failure to meet such requirements is due to inadvertent error after taking reasonable steps to comply with these requirements.

Requirements Related to Arbitrage

Section 143(g) of the Code requires that the yield on home mortgage loans financed with the proceeds of qualified mortgage bonds issued subsequent to December 31, 1980 may not exceed the yield on the issue of such bonds by more than 1.125%. The Code provides rules for determining the yield on home mortgage loans financed from such bonds and requires that the funds held in certain investment accounts for the bonds which are invested at a yield materially higher than the yield on the bonds meet the temporary periods or other arbitrage provisions applicable to nonmortgage investments.

With respect to all of the Tax-Exempt Bonds, the Code also requires the Agency to pay to the United States certain investment earnings on non-mortgage investments to the extent such investment earnings exceed the amount that would have been earned on such investments if the investments were earning a return equal to the yield on the bonds together with any income attributable to such excess. The Agency has established accounting procedures to determine the amount of such excess investment earnings.

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

Other Requirements

The Code imposes an annual volume limitation on the amount of private activity bonds (except qualified 501(c)(3) bonds and certain other bonds) that may be issued in each state. Provided that certain maturity limitation provisions are met, volume cap is not needed for refunding issues. The Tax-Exempt Bonds will meet the requirements of the Code with respect to annual volume limitation.

Section 143(m) of the Code generally requires that certain mortgagors make a payment to the United States from certain mortgagors with respect to mortgage loans originated after December 31, 1990 from the proceeds of tax-exempt bonds issued after August 15, 1986, upon disposition by the mortgagor of an interest in the mortgagor's bond-financed residence (the "**Recapture Provision**"). The Recapture Provision requires that an amount determined to be the subsidy provided by qualified mortgage bond financing (but not in excess of 50% of the gain) be recaptured on disposition of the residence. The recapture amount increases over the period of ownership, with full recapture occurring if the residence is sold at the end of the fifth year. The recapture amount then declines ratably to zero with respect to sales occurring in years six through nine. An exception excludes from recapture part or all of the subsidy in the case of assisted individuals whose income is less than prescribed amounts at the time of the disposition. The Code requires an issuer to inform mortgagors of certain information with respect to the Recapture Provision. The Agency has established procedures to meet such recapture information requirements.

The Code requires that proceeds of an issue of qualified mortgage bonds issued after 1988 which have not been used to make mortgage loans within 42 months from the date of issuance (or the date of issuance of the original bonds in the case of a refunding or a series of refundings) be used to redeem bonds of the issue, except for a \$250,000 de minimis amount.

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

Monitoring for Compliance with the Code

Compliance standards and procedures of the Agency have been designed to comply with the Code. Participating lenders are responsible for reviewing each home mortgage loan application with the accompanying documentation, including the Mortgagor's Affidavit and the Seller's Affidavit, for compliance with the requirements

of the Code. Normal and appropriate measures are required to be undertaken to verify the information given, either independently or concurrently with credit review, when applicable. All documentation is cross-checked to assure that the information presented is complete and consistent.

Participating lenders are required to warrant as to each home mortgage loan sold to the Agency that, among other things: (1) the home mortgage loan is in compliance with the Mortgage Program Policy and Procedures for Participating Lenders; (2) the lender has reviewed the Borrower's application, the Mortgagor's Affidavit, and the Borrower's federal income tax returns for compliance with the provisions of the Code; and (3) the Qualified Loan has been closed in accordance with the Agency's procedures.

Prior to issuing a commitment to purchase any Qualified Loan, the Agency reviews documents submitted to the Agency, including the Borrower's application and the Mortgagor's Affidavit, for compliance with the requirements of the Code.

AGREEMENT BY THE STATE

Under the Act, the State pledges, covenants and agrees with the Owners of the Bonds that the State will not limit, restrict or alter the rights or powers vested in the Agency to perform and fulfill the terms of any agreement made with the owners of the Bonds or in any way impair the rights or remedies of the Owners of the Bonds until the Bonds and interest thereon and all costs and expenses in connection with any action or proceeding by or on behalf of the Owners of the Bonds are fully met, paid and discharged.

STATE NOT LIABLE ON BONDS

The Act provides that Bonds of the Agency shall not be in any way a debt or liability of the State or of any political subdivision thereof other than the Agency and shall not create or constitute any indebtedness, liability or obligation of the State or of any such other political subdivision or be or constitute a pledge of the faith and credit of the State or of any such subdivision but that such Bonds shall be payable solely from revenues or funds pledged or available for their payment as authorized in the Act.

LEGALITY OF BONDS FOR INVESTMENT

Under the Act, all banks, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, investment companies, and other persons carrying on a banking or investment business, all insurance companies, insurance associations and other persons carrying on an insurance business, and all executors, administrators, guardians, trustees and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any Bonds issued pursuant to the Act, and such Bonds shall be authorized security for any and all public deposits.

LITIGATION

To the Agency's knowledge, there is no controversy or litigation of any nature now pending or threatened seeking to or restraining or enjoining the offering or delivery of the Offered Bonds or the purchase of Loans with the proceeds of the Offered Bonds or in any way contesting or affecting the validity of the Offered Bonds or any proceedings of the Agency taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Offered Bonds or the existence or powers of the Agency or the term of any officers or members of the Agency to their respective positions.

LEGAL MATTERS

Certain legal matters incident to the authorization, issuance, sale and delivery of the Offered Bonds are subject to the approval of Obermayer Rebmann Maxwell & Hippel LLP, Mount Laurel, New Jersey, Bond Counsel to the Agency, and certain legal matters will be passed upon for the Underwriters by their counsel, Ballard Spahr LLP, Mount Laurel, New Jersey. The approving opinion of Bond Counsel will be delivered on the date of issuance of the Offered Bonds in substantially the form attached hereto as APPENDIX C.

FINANCIAL STATEMENTS

The financial statements of the Resolution for the Fiscal Years ended December 31, 2022 and December 31, 2021, which are included as APPENDIX D to this Official Statement, have been audited by CliftonLarsonAllen LLP, independent auditors, as stated in their report appearing therein.

TAX MATTERS

Federal

Exclusion of Interest From Gross Income. In the opinion of Bond Counsel, assuming continuing compliance by the Agency with the requirements of the Code, under existing statutes, regulations, rulings and court decisions, interest on the Tax-Exempt Bonds will be excludable from the gross income of the holders thereof for federal income tax purposes pursuant to Section 103 of the Code. Interest on the Tax-Exempt Bonds will not be treated as an item of tax preference for purposes of the alternative minimum tax imposed on individuals under the Code. For purposes of the federal minimum tax that is imposed on “applicable corporations” (as defined in the 2022 Inflation Reduction Act (the “**2022 Act**”)), interest on the Tax-Exempt Bonds will be taken into account in determining “adjusted financial statement income” (as defined in the 2022 Act).

In rendering its opinion, Bond Counsel has assumed compliance by the Agency with its representations and covenants in the Tax Compliance Certificate that are intended to comply with the provisions of the Code relating to actions to be taken by the Agency in respect of the Tax-Exempt Bonds, after issuance thereof to the extent necessary to effect or maintain the exclusion from federal gross income of the interest on the Tax-Exempt Bonds. These representations and covenants relate to, inter alia, the use of and investment of proceeds of the Tax-Exempt Bonds and rebate to the United States Department of Treasury of specified arbitrage earnings, if any. Failure to comply with such covenants could result in interest on the Tax-Exempt Bonds becoming includible in the gross income of the holders thereof for federal income tax purposes from the date of issuance of the Tax-Exempt Bonds.

Original Issue Premium. The initial public offering prices of certain of the maturities of the Tax-Exempt Bonds (“**Premium Tax-Exempt Bonds**”) are more than the principal amounts payable on such Premium Tax-Exempt Bonds at their respective maturities. Such excess, over the amount payable at maturity of a Premium Tax-Exempt Bond is amortizable bond premium, which is not deductible from gross income for federal income tax purposes.

Amortizable bond premium will reduce the owner’s tax basis of a Premium Tax-Exempt Bond in each year by the amount of amortization for such year, which basis is used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of a Premium Tax-Exempt Bond.

Owners of Premium Tax-Exempt Bonds should consult their own tax advisors with respect to the calculation of the amount of bond premium which will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of Premium Tax-Exempt Bonds.

[Original Issue Discount. The initial public offering prices of certain of the maturities of the Tax-Exempt Bonds (“**Discount Tax-Exempt Bonds**”) is less than the principal amount payable on the Discount Tax-Exempt Bonds at maturity. The difference between the initial public offering price at which a substantial amount of each of the Discount Tax-Exempt Bonds was first sold and the principal amount payable at maturity of each such Discount Tax-Exempt Bond constitutes original issue discount. The appropriate portion of the original issue discount allocable to the original and each subsequent owner of the Discount Tax-Exempt Bonds will be treated for federal income tax purposes as interest not includible in gross income of the holders thereof for federal income tax purposes to the same extent as stated interest on the Discount Tax-Exempt Bonds.

Under the Code, original issue discount on the Discount Tax-Exempt Bonds accrues on the basis of economic accrual. The basis of an initial purchaser of a Discount Tax-Exempt Bond acquired at the initial public offering price of the Discount Tax-Exempt Bond will be increased by the amount of such accrued discount.]

Other Federal Tax Matters. Ownership or disposition of the Tax-Exempt Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies and taxpayers who have an initial basis in the Tax-Exempt Bonds greater or less than the principal amount thereof, individual recipients of Social Security or Railroad Retirement benefits and taxpayers, including banks, thrift institutions and other financial institutions subject to Section 265 of the Code, who may be deemed to have incurred or continued indebtedness to purchase or to carry the Tax-Exempt Bonds.

Bond Counsel is not rendering any opinion regarding any federal tax matters other than those described under the caption “Federal — *Exclusion of Interest from Gross Income*” and expressly stated in the form of Bond Counsel opinion included as APPENDIX C hereto. Purchasers of the Tax-Exempt Bonds should consult their independent tax advisors with regard to all federal and other tax matters.

Changes in Federal Tax Law

Legislation affecting tax exempt obligations is regularly considered by the United States Congress. There can be no assurance that legislation enacted or proposed, actions by a court, or administrative pronouncements, after the date of issuance of the Tax-Exempt Bonds, will not have an adverse effect on the tax status of interest on the Tax-Exempt Bonds or the market value or marketability of the Tax-Exempt Bonds.

State

New Jersey. In the opinion of Bond Counsel, under the laws of the State of New Jersey as enacted and construed on the date hereof, interest on the Offered Bonds and the net gain from the sale of the Offered Bonds are exempt from the tax imposed by New Jersey Gross Income Tax Act.

Other. The Offered Bonds and interest thereon may be subject to state and local taxes in jurisdictions other than the State of New Jersey under applicable state and local tax laws.

Bond Counsel is not rendering any opinion on state tax matters other than those described under the caption “State — *New Jersey*” and expressly stated in the form of Bond Counsel opinion included in Appendix C hereto.

Changes in State Tax Law

Legislation affecting tax exempt obligations may be considered by the State of New Jersey. There can be no assurance that legislation enacted or proposed, actions by a court, or administrative pronouncements, after the date of issuance of the Tax-Exempt Bonds, will not have an adverse effect on the state tax status of interest on the Tax-Exempt Bonds or the market value or marketability of the Tax-Exempt Bonds.

Purchasers of the Offered Bonds should consult their independent tax advisors with regard to all state and local tax matters.

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UNDERWRITING

Jefferies LLC (“**Jefferies**”), as representative of the underwriters of the Offered Bonds shown on the cover page hereof (collectively, the “**Underwriters**”), will agree, pursuant to the terms of a bond purchase agreement by and between the Agency and the Underwriters, to purchase (a) the Series 2024 K Bonds, at an aggregate purchase price of \$ _____ (said purchase price reflects the par amount of the Series 2024 K Bonds, plus original issue premium of \$ _____), and (b) the Series 2024 L Bonds, at an aggregate purchase price of \$ _____ (said purchase price reflects the par amount of the Series 2024 L Bonds, plus original issue premium of \$ _____). As compensation for their services, including expenses, in connection with the public offering and sale of the Offered Bonds, the Agency will pay the Underwriters a separate fee in the amount of \$ _____. The Underwriters will be obligated to purchase all of the Offered Bonds if any Offered Bonds are purchased. The Underwriters intend to offer the Offered Bonds to the public initially at the reoffering yields set forth on the inside cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriters may offer and sell the Offered Bonds to certain dealers (including dealers depositing the Offered Bonds into investment trusts) at yields higher than the public offering yields.

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

FINANCIAL ADVISOR

Caine Mitter & Associates Incorporated has served as financial advisor (the “**Financial Advisor**”) to the Agency with respect to the Offered Bonds and, in such capacity, has provided the Agency with cash flow projections and other quantitative analyses reflecting the structure of the Offered Bonds. The Financial Advisor will not engage in underwriting activities with regard to the issuance and sale of the Offered Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and is not obligated to review or ensure compliance with continuing disclosure undertakings. The Financial Advisor has registered with the SEC and the MSRB as a Municipal Advisor.

RATINGS

Moody’s Investors Service, Inc. (“**Moody’s**”) and S&P Global Ratings, a division of Standard & Poor’s Financial Services, LLC (“**S&P**”), have assigned ratings of “Aa2” and “AA”, respectively, to the Offered Bonds. Any desired explanation of the significance of such ratings should be obtained from Moody’s and S&P, respectively. There is no assurance that a particular rating will pertain for any given period of time or that it will not be lowered, suspended or withdrawn entirely if, in the judgment of the rating agency furnishing such rating, circumstances so warrant. Any suspension, downward revision or withdrawal of one or both of such ratings could have an adverse effect on the marketability or the market price of the Offered Bonds. The Agency assumes no responsibility to take any action with regard to possible rating changes. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

CONTINUING DISCLOSURE

Upon the issuance and delivery of the Offered Bonds, the Agency will enter into an agreement (the “**Continuing Disclosure Undertaking**”) with the Trustee, as dissemination agent, for the benefit of the holders and beneficial owners of the Offered Bonds, to comply with the secondary market disclosure requirements of the SEC’s Rule 15c2-12. Pursuant to the Continuing Disclosure Undertaking, the Agency will covenant to provide certain financial information and operating data relating to the Agency, as an “obligated person” with respect to the Offered Bonds, and the Loans (as such term is defined in the General Resolution), to the MSRB. Further, the Agency will covenant to provide notices of the occurrence of enumerated events. The Trustee shall file such information on behalf of the Agency with the MSRB. The Trustee may meet the continuing disclosure filing requirements described above

by providing such information to the MSRB or by complying with any other procedure that may be authorized by the SEC. The form of the Continuing Disclosure Undertaking is set forth in APPENDIX G attached hereto.

The Agency is currently subject to written continuing disclosure undertakings pursuant to Rule 15c2-12 with respect to its outstanding bonds issued pursuant to the General Resolution and various other general bond resolutions of the Agency (collectively, the “**Prior Disclosure Undertakings**”).

In connection with its Prior Disclosure Undertakings with respect to outstanding Bonds issued under the General Resolution, the Agency failed to include updates relating to: (i) the amounts on deposit in the Loan Purchase Fund, Rebate Fund, Reserve Fund and the various sub-accounts in each fund in its annual information filings for the fiscal years ended December 31, 2018 and December 31, 2019; and (ii) the aggregate amount of loans purchased in its annual information filings for the prior five fiscal years. The Agency filed a notice of failure to file on December 2, 2020, and, as part of that filing, provided certain information relating to the items listed in (i) and (ii) above.

In addition, under one such Prior Disclosure Undertaking, the Agency timely filed unaudited financial statements of the General Resolution for the Agency’s Fiscal Year 2018 but did not file the audited version of such financial statements when required. The Agency filed a notice of failure to file, and the required audited financial statements of the General Resolution for the Agency’s Fiscal Year 2018, on EMMA in July 2021.

In addition, under certain Prior Disclosure Undertakings for such bonds and for its Multi-Family Revenue Bonds and its Single Family Home Mortgage Bonds (which are no longer outstanding), the Agency did not file unaudited or audited financial statements of the Agency for its Fiscal Years 2017, 2019 and 2020 when required under certain of such Prior Disclosure Undertakings. The Agency filed a notice of failure to file, and the required audited financial statements of the Agency for its Fiscal Years 2017, 2019 and 2020, on EMMA in July 2021.

In November 2020, the Agency determined that the Agency’s annual information filings for its Fiscal Years 2009 to 2016 under its Prior Disclosure Undertakings with respect to its Multi-Family Revenue Bonds did not include information concerning a surety, dated October 1, 2009, issued by the Agency to the trustee for such bonds, which was part of the pledged funds securing such bonds. Such surety, by its terms, expired on November 1, 2016, and was not renewed or replaced by the Agency.

In August 2022, the Agency determined that the Agency’s annual information filing for Fiscal Year 2021 under its Prior Disclosure Undertaking with respect to its Multi-Family Housing Revenue Bonds did not include the narrative information concerning the ability to prepay an Agency-funded mortgage for a multi-family housing project. On August 18, 2022, the Agency filed a Supplemental Filing on the EMMA system concerning this information. In addition, due to circumstances beyond the Agency’s control that impacted all State agencies, the Agency’s 2022 Audited Financial Statements were unable to be filed in a timely manner.

In addition to the foregoing, the Agency became aware of certain facts that the Agency does not consider to be material but that are disclosed below for the benefit of prospective purchasers of the Offered Bonds. Some information that was made available in a timely manner on EMMA may not have been linked to all relevant CUSIP numbers. In addition, filings with respect to certain bond insurer ratings changes were either posted late or the filings were not posted at all. The Agency is not always aware of or may not have received notices from the rating agencies or the bond insurers of changes in the bond insurers’ ratings. Such bond insurer changes may or may not have had an effect on the ratings of the bonds of the Agency.

The Agency has worked with the dissemination agents to complete the linking of the additional disclosure filings and to ensure that future filings will be uploaded by the dissemination agents in accordance with the Prior Disclosure Undertakings and the Continuing Disclosure Undertaking for the Offered Bonds.

ADDITIONAL INFORMATION

Certain provisions of the Act, the General Resolution, the Offered Bonds Series Resolution, the Executive Director’s Certificate, the Code and other provisions of law are summarized in this Official Statement. Such summaries do not purport to be comprehensive or definitive and reference is made to such documents for a full and

complete statement of their respective provisions. All quotations from, and summaries and explanations of, the Act, the General Resolution, the Offered Bonds Series Resolution and the Executive Director's Certificate contained herein do not purport to be complete and reference is made to said documents for full and complete statements of their provisions. Copies of the General Resolution, the Offered Bonds Series Resolution and the Executive Director's Certificate may be obtained upon request directed to the New Jersey Housing and Mortgage Finance Agency, 637 South Clinton Avenue, P.O. Box 18550, Trenton, New Jersey 08611.

The information contained herein is subject to change without notice and no implication is to be derived therefrom or from the offering of the Offered Bonds that there has been no change in the affairs of the Agency from the date hereof. Pursuant to the General Resolution, the Agency has covenanted to keep proper books of record and account for all of its transactions with respect to the General Resolution and to cause such books to be audited for each Fiscal Year. The General Resolution requires that such Agency books shall be available for inspection by the Trustee during business hours and upon reasonable notice. Further, pursuant to the General Resolution the Trustee has covenanted to keep proper books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocations and applications of all money received by the Trustee under the Resolution, and such books shall be available for inspection by the Agency and any Bondowner during business hours, upon reasonable notice.

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This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. Any statements in this Official Statement involving matters of opinion or estimate, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Agency and the purchasers of any of the Offered Bonds. The execution and delivery of this Official Statement by an Authorized Officer of the Agency has been duly authorized by the Agency.

**NEW JERSEY HOUSING AND MORTGAGE
FINANCE AGENCY**

By: _____
Name:
Title:

Date: _____, 2024

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APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION

The following is a summary of certain provisions of the General Resolution, as they may have been amended by the Offered Bonds Series Resolution. This summary does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the General Resolution, to which reference is hereby made and copies of which are available from the Trustee or the Agency.

Generally

Bonds may be issued under the General Resolution to provide funds for one or more of the following purposes: (a) for the making, purchasing or otherwise financing of Loans; (b) for the refinancing of Loans (including, without limitation, Loans in default); (c) for the refunding of any or all Outstanding Bonds or any other bonds, notes or other obligations, whether or not the Agency is the issuer thereof, including any or all interest and redemption premiums thereon, issued to finance or refinance Single Family Residences and related undertakings; (d) for the funding of reserves; (e) for the funding of costs of issuance, redemption premiums relating to Bonds, Agency Expenses and any other expenses related to financial products in the Program; or (f) achieving any other of the Agency's purposes related to financing Single Family Residences, as described in the Act, as now or hereafter in effect, including the provision of closing cost and/or down payment assistance.

Certain Definitions

The following terms are defined as follows for the General Resolution:

“**Accountant**” means a firm of independent certified public accountants of recognized national standing for auditing financial statements of major issuers of state and/or local government bonds throughout the United States.

“**Act**” means the New Jersey Housing and Mortgage Finance Agency Law of 1983, constituting Chapter 530, Laws of New Jersey, 1983, as may be from time to time amended and supplemented.

“**Additional Bonds**” means any additional Bonds issued pursuant to Section 209 of the General Resolution.

“**Agency**” means the New Jersey Housing and Mortgage Finance Agency, a body politic and corporate organized and existing under the Act.

“**Agency Request**” means a written request or direction of the Agency signed by an Authorized Officer.

“**Agency Subsidiary**” means any Agency subsidiary corporation created pursuant to N.J.S.A. 55: 14K-18 or N.J.S.A. 55: 14K-19.

“**Amortized Value**” means the purchase price of securities, excluding accrued interest, plus an amortization of any discount or less an amortization of any premium on the purchase price. The premium or discount shall be amortized on a straight line basis by multiplying the amount of that premium or discount by a fraction, the numerator of which is the number of days having then passed from the date of purchase and the denominator is the number of days from the date of purchase to the maturity date.

“**Appreciated Amount**” means with respect to a Deferred Interest Bond, as of any date of computation, an amount equal to its initial principal amount plus the interest accrued on it from the date of its original issuance to the earlier of the date of computation or the date, if any, set forth in the related Series Resolution on which interest to be paid on a current interest payment date shall begin to accrue. The accrued interest shall be calculated at the rate per year set forth in the related Series Resolution, and shall be compounded on such dates set forth in that Series Resolution, with accrual between compounding dates in equal daily amounts.

“Authorized Denomination” means the authorized denomination for a Series of Bonds as set forth in the related Series Resolution.

“Authorized Officer” shall mean the Chair, Vice Chair, Treasurer, Secretary, Executive Director, the Chief of Programs, the Chief Financial Officer, the Chief of Program Services or the Chief of Regulatory Affairs, any Deputy Executive Director, any Assistant Executive Director, the Chief of Staff, the Chief Financial Officer, the Director of Capital Markets, the Director of Finance, the Chief of Multifamily Programs or the Chief of Legal and Regulatory Affairs of the Agency or any officer or employee of the Agency authorized to perform specific acts or duties by resolution duly adopted by the Agency and, with respect to any investment instructions given to the Trustee pursuant hereto, may include the State of New Jersey Division of Investment.

“Bond” or **“Bonds”** means any Bond or Bonds issued pursuant to the General Resolution.

“Bond Counsel” means nationally recognized bond counsel who is either currently under contract to provide such services to the Agency or is acceptable to the Agency and the Trustee.

“Bond Year” means the year which begins on April 1 of any year during which Bonds are outstanding and ends on March 31 of the next succeeding year, or as otherwise provided in a Supplemental Resolution or Series Resolution.

“Bondowner” or **“Owner of Bonds”** or **“Owner”** or **“Holder”** means (i) the person in whose name any Bond issued in registered form is registered to the owner thereof on the books of the Agency maintained at the designated office of the Trustee for that purpose, or (ii) the holder of any Bond issued in coupon form.

“Borrower” means the obligor under a Loan, which may include the Agency.

“Cash Equivalent” means a letter of credit, insurance policy, surety, guarantee or other security arrangement upon which the Agency or Trustee may make a draw to provide funds as needed for any Fund or Account or to provide Supplemental Mortgage Coverage or for any other purpose.

“Cash Flow Certificate” means the certification made by or for the Agency pursuant to Section 608(d) of the General Resolution.

“Cash Flow Statement” means the calculation made by or for the Agency pursuant to Section 608(b) of the General Resolution.

“Certificate” means a signed document either attesting to or acknowledging the circumstances, representations or other matters stated in it or setting forth matters to be determined pursuant to the General Resolution or a Series Resolution.

“Code” means applicable provisions of the Internal Revenue Code of 1986, as amended, and the applicable regulations under it, or predecessor or successor provisions, as applicable.

“Costs of Issuance” means items of expense payable or reimbursable directly or indirectly by the Agency and related to the authorization, sale, issuance and remarketing of the Bonds.

“Counsel’s Opinion” means an opinion signed by any attorney or firm of attorneys (who may be the Attorney General of the State, employed by or of counsel to the Agency, Bond Counsel or an attorney or firm of attorneys retained by it in other connections) licensed to practice in the state in which such counsel maintains an office, selected or employed by the Agency.

“Credit Enhancement” means any credit facility which secures all or a portion of one or more Series of Bonds including, but not limited to, a guaranty, standby loan or purchase commitment, insurance policy, letter of credit, surety bond or financial security bond or any combination thereof, which, in any case secures all or a portion of one or more Series of Bonds.

“**Credit Enhancer**” means the issuer of or obligor under any Credit Enhancement.

“**Debt Service Account**” means the Account of that name in the Revenue Fund established pursuant to Section 401 of the General Resolution.

“**Deferred Interest Bond**” means any Bond designated as such by the related Series Resolution.

“**Executive Director’s Certificate**” means a certificate executed by an Authorized Officer dated on the date of issuance and delivery by the Agency of a Series of Bonds which establishes certain terms of such Series of Bonds pursuant to the applicable Series Resolution authorizing the issuance of such Series of Bonds, which certificate shall be deemed incorporated into the Series Resolution.

“**Event of Default**” means any of the events of default described in Section 701 of the General Resolution.

“**Expenses**” means any money required by the Agency to pay the fees or expenses of the Trustee and any expenses which, the Agency lawfully may pay relating to the Program including, without limitation, administrative and operating expenses of the Agency, servicing fees, Supplemental Mortgage Coverage, Credit Enhancement, fees of any remarketing agent, auction agent, broker-dealer or similar party, or the redemption of Bonds, rebates of arbitrage as required by the Code, or fees and expenses of any rebate consultant, except as limited with respect to any Series of Bonds by the applicable Series Resolution.

“**Fiscal Year**” means the twelve calendar months commencing on July 1 in any calendar year and ending on June 30 in the following calendar year or such other period of twelve calendar months as determined by the Agency.

“**Fund**” or “**Account**” means a Fund or Account created by or pursuant to the General Resolution or a Series Resolution.

“**General Resolution**” means the General Resolution, as amended or supplemented by Supplemental Resolutions and any Series Resolution (to the extent that such Series Resolution purports to amend the General Resolution). References to “General Resolution” mean the General Resolution.

“**Government Obligations**” means direct general obligations of, or obligations unconditionally guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof, when these obligations are backed by the full faith and credit of the United States. Such obligations must be limited to those instruments that have a predetermined fixed dollar amount of principal due at maturity that cannot vary or change. If it is rated, the obligation should not have an ‘r’ suffix attached to its rating. For non-defeasance investments, interest may either be fixed or variable. Interest should be tied to a single interest rate index plus a single fixed spread (if any) and should move proportionately with that index. These investments include but are not limited to: (i) U.S. Treasury obligations (all direct or fully guaranteed obligations); (ii) Farmers Home Administration Certificates of Beneficial Ownership; (iii) General Services Administration participation certificates; (iv) U.S. Maritime Administration guaranteed Title XI financing; (v) Small Business Administration guaranteed participation certificates and guaranteed pool certificates; (vi) GNMA guaranteed MBS and participation certificates (defeasances only); (vii) U.S. Department of Housing and Urban Development local authority bonds; and, (viii) Washington Metropolitan Area Transit Authority guaranteed transit bonds.

“**Hedge Instrument**” means an agreement or instrument providing for interest rate swaps, interest rate caps, accounts, floors, futures contracts, forwards contracts, credit default swaps, total-rate-of-return swaps, or similar financial products to modify the Agency’s interest rate exposure under the General Resolution.

“**Insurance Proceeds**” means payments received with respect to the Loans under any insurance policy, guarantee or fidelity bond, including amounts available under any Supplemental Mortgage Coverage, less any expenses incurred in realizing such payments and less any reimbursements of advances due the insurer or provider of such guarantee or bond.

“Investment Obligations” means any of the following investments which at the time are legal investments for moneys of the Agency which are then proposed to be invested therein: (1) Government Obligations; (2) Federal Housing Administration debentures; (3) Bonds, debentures, notes or other evidences of indebtedness of government-sponsored agencies not backed by the full faith and credit of the United States (Such obligations must be limited to instruments having a predetermined fixed dollar amount of principal due at maturity that cannot vary. If it is rated, the obligation should not have an ‘r’ suffix attached to its rating. For non-defeasance investments, interest may either be fixed or variable. Interest should be tied to a single interest rate index plus a single fixed spread (if any) and move proportionately with that index. These investments are limited to: (i) Federal Home Loan Mortgage Corp. (FHLMC) debt obligations; (ii) Farm Credit System (formerly Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperatives) consolidated system-wide bonds and notes; (iii) Federal Home Loan Banks (FHL Banks) consolidated debt obligations; (iv) Federal National Mortgage Association (FNMA) debt obligations; (v) Student Loan Marketing Association (SLMA) debt obligations; (vi) Financing Corp. (FICO) debt obligations; and (vii) Resolution Funding Corp. (REFCORP) debt obligations); (4) Certain federal funds, unsecured certificates of deposit, time deposits, banker’s acceptances, and repurchase agreements having maturities of not more than 365 days, of any bank, the short-term debt obligations of which are rated ‘A-1+’ by Standard & Poor’s (“**S&P**”) and ‘P-1’ by Moody’s Investors Service (“**Moody’s**”) (In addition, the instrument should not have an ‘r’ suffix attached to its rating and its terms should have a predetermined fixed dollar amount of principal due at maturity that cannot vary or change. Interest may either be fixed or variable. Interest should be tied to a single interest rate index plus a single fixed spread (if any) and should move proportionately with that index); (5) Certain deposits from a provider having a rating in one of the two highest rating categories by S&P and Moody’s and such deposits are fully insured by the Federal Deposit Insurance Corporation (FDIC) (The deposit’s repayment terms have a predetermined fixed dollar amount of principal due at maturity that cannot vary or change. If rated, the deposit should not have an ‘r’ suffix attached to its rating. Interest may either be fixed or variable. Interest should be tied to a single interest rate index plus a single fixed spread (if any) and should move proportionately with that index); (6) Certain debt obligations maturing in 365 days or more that are rated ‘AA-’ or higher by S&P and ‘Aa3’ by Moody’s (The debt should not have an ‘r’ suffix attached to its rating and by its terms have a predetermined fixed dollar amount of principal due at maturity that cannot vary or change. Interest can be either fixed or variable. Interest should be tied to a single interest rate, index plus a single fixed spread (if any) and should move proportionately with that index); (7) Commercial paper rated ‘A-1+’ by S&P and ‘P-1’ by Moody’s and maturing in 365 days or less (The commercial paper should not have an ‘r’ suffix attached to its rating and by its terms have a predetermined fixed dollar amount of principal due at maturity that cannot vary or change. Interest may either be fixed or variable. Interest should be tied to a single interest rate index plus a single fixed spread (if any) and should move proportionately with that index); (8) Investments in certain short-term debt of issuers rated ‘A-1’ by S&P and ‘P-1’ by Moody’s is permitted with certain restrictions (The total amount of debt from ‘A-1’ issuers must be limited to the investment of monthly principal and interest payments (assuming fully amortizing collateral). The total amount of ‘A-1’ investments should not represent more than 20% of the rated issue’s outstanding principal amount and each investment should not mature beyond 30 days. Investments in ‘A-1’ rated securities are not eligible for reserve accounts, cash collateral accounts, or other forms of credit enhancement in ‘AAA’ rated issues. In addition, none of the investments may have an ‘r’ suffix attached to its rating. The terms of the debt should have a predetermined fixed dollar amount of principal due at maturity that cannot vary. Interest may either be fixed or variable. Interest should be tied to a single interest rate index plus a single interest rate index plus a single fixed spread (if any) and should move proportionately with that index. Short-term debt includes commercial, federal funds, repurchase agreements, unsecured certificates of deposit, time deposits, and banker’s acceptances); (9) Investment in money market funds rates ‘AAAm’ or ‘AAAm-G’ by S&P and ‘Aaa’ by Moody’s; (10) 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; (11) Guaranteed investment contracts from a provider or guarantor of a provider having at least a long term ‘AA-’ rating and a short term ‘A-1+’ rating from Standard and Poor’s and at least a long term ‘Aa3’ and a short term ‘P-1’ rating from Moody’s and which are approved by S&P and Moody’s; (12) The New Jersey Cash Management Fund or other similar common trust funds for which the New Jersey State Treasurer is custodian; (13) Any security not included in this list may be approved by S&P and Moody’s after a review of the specific terms of the security and its appropriateness for the issue being rated; and (14) Any investments authorized in a Series Resolution authorizing the issuance of Bonds or a Supplemental Resolution.

The Trustee, at the direction of the Agency, may purchase Investment Obligations that do not meet the requirements set forth in this definition, so long as the purchase of such Investment Obligations does not, as of the date of such investment, in and of itself, result in a reduction or withdrawal of the then existing rating assigned to the

Bonds by any Rating Agency. If the rating of any Investment Obligation purchased by the Trustee changes adversely subsequent to the date of purchase, the Trustee is not required to sell such Investment Obligation.

The definition of Investment Obligation may be amended and additional obligations or investments included pursuant to a Supplemental Resolution or a Series Resolution, provided such amendments will not in and of themselves cause a reduction in the rating of the Bonds as in effect immediately before such amendment, which may be established by a Rating Certificate.

“**Liquidation Proceeds**” means the net amounts (other than Insurance Proceeds) received in connection with the liquidation of a defaulted Loan, whether through foreclosure, trustee’s sale, repurchase by a mortgage lender, or otherwise, less any costs and expenses incurred in realizing those amounts.

“**Loan**” means (1) a loan, made or purchased or otherwise financed under the Resolution by the Agency; (2) a portion of, or participation in, a loan made or purchased or otherwise financed under the Resolution by the Agency; or (3) a mortgage backed security, security or certificate in connection with a loan exchanged for or otherwise evidencing ownership of an interest in a loan purchased or otherwise financed under the General Resolution by the Agency, which may (but is not required to) be subject to Supplemental Mortgage Coverage. A Loan shall relate to a Single Family Residence and may or may not be secured by a Mortgage, to the extent permitted by the Act. The Agency shall be the payee or the beneficial payee on a Loan.

“**Loan Purchase Fund**” means the Fund of that name and Accounts in it established pursuant to Section 401 of the General Resolution and Series Resolutions.

“**Mortgage**” means a mortgage, deed of trust or other instrument securing a Loan pursuant to which the Agency is the mortgagee.

“**Non-Conforming Loan**” means a Loan which does not comply with the mortgage eligibility requirements of the Code.

“**Outstanding**” means, with respect to any Bonds as of any date, all Bonds authenticated and delivered by the Trustee under the General Resolution to that date, except: (a) any Bond (or portion thereof) deemed to be paid in accordance with the General Resolution; (b) any Bond cancelled by, or delivered for cancellation to, the Trustee because of payment at maturity or redemption or purchase prior to maturity; and (c) any Bond in lieu of or in substitution for which another Bond has been authenticated and delivered pursuant to Section 212 of the General Resolution, unless proof satisfactory to the Trustee is presented that any Bond for which such Bond has been authenticated and delivered is held by a protected purchaser, as that term is defined in Article Eight of the Uniform Commercial Code of the State, as amended, in which case both the Bond so substituted and replaced and the Bond or Bonds authenticated and delivered in lieu of, or in substitution for, it shall be deemed outstanding.

“**Pledged Property**” means Revenues and all other money and property pledged to the payment of the Bonds as set forth in Section 104 of the General Resolution.

“**Pre-Refunded Municipal Obligations**” means any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (a) which are rated, based on the escrow, in the highest rating category of any nationally recognized rating agency, or (b) (i) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Government Obligations, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which fund is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate.

“Prepayment” means any money received from a payment of principal on a Loan in excess of the scheduled payments of principal then due.

“Principal” means (a) with respect to the principal amount of a Deferred Interest Bond, the Appreciated Amount, and (b) with respect to any other Bond, the stated principal amount.

“Program” means the Agency’s program of making or purchasing or otherwise financing Loans pursuant to the provisions of the General Resolution.

“Rating” means at any date the then existing rating of Bonds (other than any Series of Bonds which has a rating based on a Credit Enhancement) by a Rating Agency.

“Rating Agency” means any nationally recognized rating agency maintaining a rating of any Bonds, pursuant to a request for a rating by the Agency.

“Rating Certificate” means, in connection with certain actions to be taken by the Agency, a Certificate of an Authorized Officer filed with the Trustee that the Agency has been advised by each Rating Agency in writing that the Rating of that Rating Agency will not be reduced as a result of the Agency taking that action. Published rating criteria by a Rating Agency shall also constitute advice of that Rating Agency.

“Rebate Fund” means the Fund of that name and Accounts in it which may be created and designated in a Series Resolution pursuant to Section 401 of the General Resolution.

“Recovery Payment” means any payment by a Borrower or any other recovery of a principal on a Loan not applied to a scheduled installment of principal and interest on the Loan (including any deficiency in the payment of any scheduled installments of principal and interest then due and payable or interest paid in connection with a Prepayment of a Loan). A Recovery Payment includes, without limitation, (i) Prepayments, (ii) any Insurance Proceeds (to the extent not applied to the repair or restoration of any mortgaged premises), (iii) Liquidation Proceeds, and (iv) amounts from the sale, transfer or other disposition of a Loan, or net recovery from Supplemental Mortgage Coverage to the extent not included in Insurance Proceeds, in each case representing such principal amounts.

“Recovery Payment Account” means the Account of that name in the Revenue Fund established pursuant to Section 401 of the General Resolution.

“Redemption Account” means the Account of that name in the Revenue Fund established pursuant to Section 401 of the General Resolution.

“Redemption Price” means, with respect to any Bond or portion of any Bond, the portion of the principal amount of such Bond or portion plus the applicable premium, if any, payable upon redemption of a Bond in the manner contemplated by the General Resolution and the related Series Resolution.

“Reserve Fund” means the Fund of that name established pursuant to Section 401 of the General Resolution.

“Reserve Requirement” means, as of any particular date of calculation, an amount equal to the sum of all amounts established as Series Reserve Requirements in the Series Resolutions for all Series of Bonds Outstanding authorizing the issuance of such Outstanding Bonds. The Trustee may rely upon a Certificate from an Authorized Officer of the Agency which states the Reserve Requirement as of the date of the Certificate.

“Revenue Fund” means the Fund of that name established pursuant to Section 401 of the General Resolution.

“Revenues” means all moneys received by or on behalf of the Agency or Trustee representing (i) principal and interest payments on the Loans, [net of Service Charges,] including, without limitation, all Recovery Payments and all prepayment premiums or penalties received by or on behalf of the Agency in respect to the Loans, (ii) all Insurance Proceeds, (iii) interest earnings received on the investment of amounts in any Account or Fund, except the Rebate Fund and (iv) unless otherwise provided in a Series Resolution, payments received by the Agency on any

Hedge Instrument (other than any up-front payment or termination payment, unless otherwise provided in a Series Resolution).

“**Serial Bonds**” means Bonds which are not Term Bonds.

“**Series**” means one of the series of Bonds issued under the General Resolution pursuant to a Series Resolution.

“**Series Loan Purchase Accounts**” means the Series Loan Purchase Accounts in the Loan Purchase Fund established by Series Resolutions.

“**Series Program Determinations**” means determinations by the Agency or an Authorized Officer of the Agency relating to Loans and certain other matters required to be set forth in connection with a Series of Bonds under the Program (or provision to be determined at certain specified times in the future), as provided in a Series Resolution. Series Program Determinations shall be consistent with the General Resolution. They may include, without limitation, (i) the security which may be provided for each Loan; (ii) the principal and interest payment provisions of Loans; (iii) the maximum term to maturity of Loans; (iv) the nature of the residences to which the Loans relate and limitations on who may be a Borrower; (v) required credit standards and other terms of primary mortgage insurance or other credit support, if any, and the levels of coverage and applicable loan to value ratios, if appropriate; (vi) Supplemental Mortgage Coverage, if any; (vii) Credit Enhancement, if any; (viii) provisions for limiting or restricting use of Recovery Payments; and (ix) limitations on Expenses.

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

“**Series Resolution**” means a resolution of the Agency authorizing the issuance of a Series of Bonds and/or a Hedge Instrument and includes any determination with regard to that Series and/or a Hedge Instrument made by an Authorized Officer pursuant to the authority delegated by the Series Resolution, and executed prior to issuance of those Bonds and/or the execution of the Hedge Instrument, including, but not limited to an Executive Director’s Certificate. Series Resolution includes any resolution of the Agency amending a Series Resolution as provided in Section 209 of the General Resolution or the related Series Resolution.

“**Service Charges**” means any charge authorized to be deducted by a Servicer from payments on a Loan and any reimbursement of the cost of servicing by the Agency, before deposit of the payments with the Trustee.

“**Servicer**” means the Agency or any other public or private institution (including the Trustee) with which the Agency shall execute a contractual agreement for the servicing of a Loan, including the collection and deposit of payments, which entity has been approved by Fannie Mae, FHLMC, the Veterans Administration and/or the Federal Housing Administration, unless otherwise provided in a Series Resolution.

“**Single Family Residence**” means a residential dwelling of one or more units located within the State, including, without limitation, manufactured housing or mobile homes permanently affixed to the property, condominiums, and cooperative housing, all to the extent permitted by the Act and to the extent applicable, the Code.

“**Sinking Fund Requirement**” means, as of any particular date of calculation, with respect to the Term Bonds of any Series and maturity, the amount of money required to be applied on any applicable date to the redemption prior to maturity or the purchase of those Bonds. Sinking Fund Requirements may be established as fixed dollar amounts or by formula.

“**State**” means the State of New Jersey.

“**Supplemental Mortgage Coverage**” means the coverage, if any, whether in the form of insurance, including, but not limited to, pool insurance, mortgage backed securities, Cash Equivalent or additional pledged funds, of losses from Loan defaults provided in a Series Resolution which may supplement other mortgage insurance. Supplemental Mortgage Coverage may include any insurance or reserve fund funded by the Agency.

“Supplemental Resolution” means any resolution of the Agency supplementing or amending the General Resolution.

“Taxable Bonds” means any Bonds or Series of Bonds, the income from which will be or is intended to be includable in the Bondowner’s gross income under the Code as determined at the time of issue by the Agency.

“Tax-Exempt Bonds” means any Bonds or Series of Bonds, the income from which will be or is intended to be generally excludable from the Bondowner’s gross income under the Code as determined at the time of issue by the Agency and pursuant to a Bond Counsel opinion (subject, to customary limitations).

“Term Bonds” means the Bonds of a Series with respect to which Sinking Fund Requirements have been established.

“Trustee” means any institution named in the Series Resolution related to the initial Series of Bonds and designated to act as trustee with respect to the Bonds and its successors and any consolidation or merger to which it or its successors may be a party.

Granting Clauses

The Agency pledges to the Trustee for the payment of the principal of, premium, if any, and interest on the Bonds, and, unless otherwise provided in a Series Resolution, Hedge Instrument payments (other than termination payments, unless otherwise provided in a Series Resolution), on a parity basis, at the times and in the manner provided in the General Resolution and applicable Series Resolutions, and grants to the Trustee for the benefit of the owners from time to time of the Bonds and, unless otherwise provided in a Series Resolution, any provider of a Hedge Instrument, a security interest in (a) all proceeds of the sale of Bonds (other than proceeds deposited in trust for the retirement of Outstanding Bonds or other outstanding bonds, notes or other obligations to be refunded), (b) the Agency’s right, title and interest in and to all Loans financed from such proceeds, (c) all Revenues; (d) all money, Investment Obligations and other assets and income held in and receivable by funds and accounts established by or pursuant to the General Resolution and applicable Series Resolutions, except for the Rebate Fund and any money, Investment Obligations, assets or income held in any fund or account created by a Series Resolution or a Supplemental Resolution which provides that such fund or account shall not be subject to the lien of the General Resolution; and (e) all right, title and interest in and to and remedies with respect to any and all other property of every description and nature (including, without limitation, Loans financed from moneys which are not proceeds of Bonds) from time to time hereafter by delivery or by writing of any kind conveyed, pledged, assigned or transferred, as and for additional security under the General Resolution, by the Agency 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 Resolution; all subject to the following limitations: (i) the power of the Agency to direct withdrawals of amounts from said funds and accounts upon the conditions set forth in the General Resolution and the applicable Series Resolution, (ii) other specific limitations set forth in the General Resolution, and (iii) with respect to one or more Series of Bonds or a Hedge Instrument, the power of the Agency to grant a lien on the same property and rights (or any portion thereof) on a parity with or subordinate to the lien granted to the Trustee for the benefit of the owners of the Bond and to exclude all moneys deposited into any fund or account with respect thereto from the pledge set forth in this Section securing payment of the Bonds or to limit such pledge, all as provided in a Series Resolution executed in connection with the issuance of such Series of Bonds or Hedge Instrument.

The pledge made and security interests granted in the General Resolution and the covenants and agreements set forth in the General Resolution, to be performed by and on behalf of the Agency, shall be for the equal benefit, protection and security of holders of 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 except as expressly provided or permitted under the General Resolution or any provider of a Hedge Instrument for Hedge Payments (other than termination payments, unless otherwise provided in a Series Resolution).

No Personal Liability; Limited Liability of the Agency

Neither the Executive Director of the Agency nor any other person executing the Bonds nor any other officer, member or employee of the Agency shall be liable or accountable personally on the Bonds by reason of the issuance thereof. The Bonds of the Agency shall not be a debt of, and do not pledge the faith, credit or taxing power of, the State or any political subdivision and shall be payable solely from the Revenues and property provided for in the General Resolution and in the Act.

Issuance of Bonds

(a) Each Series Resolution authorizing the issuance of a Series of Bonds shall include a determination that the issuance of such Series of Bonds is necessary to achieve one or more purposes of the Agency, shall contain the Series Program Determinations, and may specify and determine: (i) the authorized principal amount of such Series of Bonds; (ii) the purposes for which such Series of Bonds are being issued; (iii) the maturity date or dates, the amounts of each maturity, and the interest payment dates of the Bonds of such Series; (iv) the interest rate or rates of the Bonds of such Series (which may be a variable rate or rates) or method of determining the rate or rates; (v) the denomination or denominations of, and the manner of dating, numbering and lettering the Bonds of such Series; (vi) in the case of Term Bonds, if any, provision for Sinking Fund Requirements; (vii) the Redemption Price or Redemption Prices, if any, the time or times and the terms and conditions upon which the Bonds of such Series may be redeemed prior to their maturities, including without limitation the method of selection for redemption as among maturities, and the application of Recovery Payments; (viii) the amounts to be deposited from the proceeds of such Series of Bonds in the Funds and Accounts created and established by the General Resolution and the Series Resolution; (ix) any Series Reserve Requirement with respect to Bonds, the extent to which the Reserve Requirement may be met by a Cash Equivalent, and the amounts, including proceeds of the Bonds of such Series, which shall be deposited in the Reserve Fund or used to acquire a Cash Equivalent for deposit in the Reserve Fund, so that the amount in that Fund shall be at least equal to the Reserve Requirement calculated immediately after the delivery of such Series of Bonds and any limitation on investments of the Reserve Fund; (x) the manner in which Bonds of such Series are to be sold and provisions for their sale; (xi) whether and to the extent to which the Agency is issuing any of the Bonds with the intent and expectation that such Bonds be Tax-Exempt Bonds or Taxable Bonds, and the terms and conditions of any covenants and restrictions necessary to comply with such intent; (xii) any Hedge Instrument; and (xiii) any other provisions deemed advisable by the Agency not in conflict with the provisions of the General Resolution.

(b) The Bonds shall be executed substantially in the form and manner set forth in the General Resolution and shall be deposited with the Trustee for authentication. Before the Bonds of the Series shall be authenticated and delivered by the Trustee, there shall be on file with the Trustee the following: (i) a copy of the General Resolution and the Series Resolution duly certified by an Authorized Officer; (ii) a Bond Counsel's opinion stating in the opinion of such counsel that (A) the General Resolution and the applicable Series Resolution have been duly adopted and are valid and binding upon the Agency (subject to reasonable exceptions with respect to enforceability under bankruptcy laws, the police power of the State or other similar laws, and the availability of specific performance and other equitable remedies under State law), and (B) the Bonds being issued are valid and legally binding special limited obligations of the Agency secured in the manner and to the extent set forth in the General Resolution and the applicable Series Resolution and are entitled to the benefit, protection and security of the provisions, covenants and agreements contained in the General Resolution and the applicable Series Resolution; (iii) a Cash Flow Statement conforming to the requirements of Section 608 of the General Resolution, accompanied, in the case of each Series other than the initial Series of Bonds, by a Rating Certificate with respect to Bonds; (iv) a request and authorization to the Trustee on behalf of the Agency, signed by an Authorized Officer, to authenticate and deliver the Bonds to the purchaser or purchasers identified in such request upon payment (or provision therefor) to the Trustee for the account of the Agency of the purchase price of the Bonds or, in the instance of Bonds purchased for delivery at a later date or dates, upon such later date(s) as specified in a Series Resolution; (v) an Executive Director's Certificate; (vi) a certificate or certificates of an Authorized Officer of the Agency to the effect that (A) on the basis of the facts, estimates and circumstances (including covenants of the Agency contained in the General Resolution and any applicable Series Resolution) in existence on the date of delivery of the Series of Bonds, it is not expected that the proceeds of the Series of Bonds will be used in a manner that would cause any of the Series of Bonds to be arbitrage bonds within the meaning of the Code, as amended to the date of such certificate, or applicable regulations or formal published rulings promulgated by the United States Department of the Treasury, and such certificate or certificates shall set forth such facts, estimates and circumstances (including covenants of the

Agency contained in the General Resolution and the applicable Series Resolution) and shall state that to the best of the knowledge and belief of the Authorized Officer of the Agency, the Agency's expectations are reasonable and there are no other facts, estimates or circumstances in existence on such date that would materially affect such expectations, and (B) setting forth such covenants of the Agency as to compliance with the requirements of the Code required to obtain a Counsel's Opinion to the effect that interest on the Series of Bonds is excluded from the gross income of the owners thereof for Federal income tax purposes under Section 103 of the Code; and (vii) any amounts specified in the Executive Director's Certificate pursuant to the applicable Series Resolution shall be deposited in the Funds established under the General Resolution or pursuant to the applicable Series Resolution. When the documents mentioned in clauses (i) to (iv), inclusive, of this subsection have been filed with the Trustee and when the Bonds described in the Series Resolution mentioned in clause (i) of this subsection have been executed and authenticated as required by the General Resolution, the Trustee shall deliver such Bonds at one time to or upon the order of the purchaser or purchasers named in the request and authorization mentioned in clause (iv) above, but only upon payment to the Trustee of the purchase price of those Bonds. The Trustee shall be entitled to rely upon such request and authorization as to the amount of such purchase price. Simultaneously with the delivery of such Bonds, the Trustee shall deposit or credit the proceeds of those Bonds into the Funds and Accounts as specified by the General Resolution and the applicable Series Resolution.

(c) Except as expressly provided in a Series Resolution, the Agency may from time to time by resolution supplement or amend Series Resolutions without consent of Owners of Bonds to amend any provisions in a Series Resolution for the Series Reserve Requirement, the use of Cash Equivalents in the Reserve Fund, Supplemental Mortgage Coverage, Investment Obligations or the Series Program Determinations, upon receipt of a Cash Flow Statement and a Rating Certificate.

(d) The Agency expressly reserves the right, to the extent now or hereafter permitted by law, of providing for the release and discharge of the rights and obligations created by the General Resolution with respect to part or all of the Bonds of any Series and the principal or the interest payments thereon, from the proceeds of refunding Bonds, other bonds, notes or other obligations issued by the Agency or others, or other monies available to the Agency.

(e) The Agency may, in connection with the issuance of refunding Bonds or the refunding of any of the outstanding Bonds, provide for the transfer, allocation or re-allocation of any moneys, Investments Obligations or Loans held in any fund or account with respect to the Series of Bonds being refunded, provided such transfers, allocations or re-allocations are consistent with the most recent Cash Flow Statement filed pursuant to Section 608 of the General Resolution.

(f) Upon the issuance and delivery of any Series of Additional Bonds to effect a refunding, the Agency shall forthwith transfer the proceeds thereof to the Trustee, and the Trustee shall apply such proceeds in accordance with the terms of the Series Resolution adopted in connection with the issuance of such Series.

Hedge Instruments

Any Hedge Instrument secured in whole or in part by the General Resolution shall be authorized and entered into pursuant to, and secured by, the General Resolution pursuant to the authorization contained in a Series Resolution.

In connection with the execution of any Hedge Instrument, there shall be delivered to the Trustee the following: (i) a copy of the General Resolution and the Series Resolution duly certified by an Authorized Officer; (ii) a Bond Counsel's opinion stating that (a) the General Resolution and the applicable Series Resolution have been duly adopted and are valid and binding upon the Agency (subject to reasonable exceptions with respect to enforceability under bankruptcy laws, the police power of the State or other similar laws, and the availability of specific performance and other equitable remedies under State law), and (b) the Hedge Instrument is a valid and legally binding obligation of the Agency (subject to reasonable exceptions with respect to enforceability under bankruptcy laws, the police power of the State or other similar laws, and the availability of specific performance and other equitable remedies under State law) secured in the manner and to the extent set forth in the General Resolution and the applicable Series Resolution; and (iii) a Cash Flow Statement conforming to the requirements of Section 608 of the General Resolution, accompanied by a Rating Certificate.

Funds and Accounts

The following Funds and Accounts are established:

Loan Purchase Fund (Section 402 of the General Resolution)

Series Loan Purchase Accounts (Subsection 402(a) of the General Resolution)

Series Costs of Issuance Accounts (Subsection 402(b) of the General Resolution)

Revenue Fund (Section 403 of the General Resolution)

Debt Service Account (Section 404 of the General Resolution)

Recovery Payment Account (Subsection 403(b) of the General Resolution)

Redemption Account (Section 407 of the General Resolution)

Reserve Fund (Section 408 of the General Resolution)

Rebate Fund (Section 411 of the General Resolution)

Additional Funds and Accounts (including for the purpose of depositing amounts required to be rebated to Borrowers or the United States) may be created and designated in Series Resolutions, including as provided in Section 209 of the General Resolution. The Trustee shall create an account within each Fund for each Series of Bonds issued under the General Resolution unless otherwise provided in a Series Resolution. The full designation of each such Fund and Account shall include the term “Single Family Housing Revenue Bond Resolution”, which term shall precede the designation as set forth above. Each such Fund and Account shall be held by the Trustee, in trust, separate and apart from all other funds of the Agency, for the purposes provided in the General Resolution. In Series Resolutions, the Agency may provide for the deposit of amounts in Funds and Accounts, which amounts shall be subject to the lien of the General Resolution for the purposes and period of time set forth in the applicable Series Resolution.

Loan Purchase Fund

(a) For each Series of Bonds there shall be a Series Loan Purchase Account or subaccount. Amounts received upon the sale of a Series of Bonds (other than refunding Bonds) shall be deposited in the Loan Purchase Fund and credited to the related Series Loan Purchase Account in the amount, if any, provided in the applicable Series Resolution. In addition, amounts shall be deposited in the Loan Purchase Fund from the Revenue Fund as provided in Sections 403(b), 403(d) and 403(e)(5) of the General Resolution and from any other source and shall be credited to the Series Purchase Account as specified in the Agency Request directing the transfer.

(b) Amounts in a Series Loan Purchase Account or in a separate Costs of Issuance Account within the Loan Purchase Fund may be used to pay Costs of Issuance of the related Series of Bonds or any other Series of Bonds or to pay any costs or administrative expenses of the Agency, or to reimburse the Agency for Costs of Issuance, in either case in the amount specified in or pursuant to the Series Resolution, upon a requisition stating generally the nature and amount of those Costs of Issuance signed by an Authorized Officer. Any amounts on deposit in the Costs of Issuance Account may be transferred to another Fund or Account established under the General Resolution or any Series Resolution upon Agency Request.

(c) Amounts in Series Loan Purchase Accounts other than amounts used or to be used to pay Costs of Issuance shall be applied by the Trustee upon Agency Request: (i) to finance the making or acquisition of Loans, (ii) to pay costs of Supplemental Mortgage Coverage with regard to Loans or any Credit Enhancement with regard to Bonds, and (iii) as otherwise provided in the Series Resolution, including to provide closing cost and/or

down payment assistance and/or payment of origination fees on such terms as determined by an Authorized Officer of the Agency.

(d) The Trustee shall transfer unexpended amounts in a Series Loan Purchase Account to the Revenue Fund to the credit of the Redemption Account, as specified by an Agency Request, provided, however, that a de minimis amount as determined by the Agency may be deposited into the Revenue Fund.

(e) The Trustee shall transfer amounts from the Loan Purchase Fund to the Revenue Fund to the credit of the Debt Service Account as provided in Section 413 of the General Resolution.

(f) The Trustee shall transfer the allocable amount in a Series Loan Purchase Account for a Series of Bonds refunded in whole or in part by another Series of Bonds to the Series Loan Purchase Account for the refunding Bonds, if so directed by the Series Resolution for the refunding Bonds.

Revenue Fund

(a) The Agency shall transfer all Revenues to the Trustee promptly following their receipt. All Revenues received by the Trustee shall be deposited in the Revenue Fund. The Trustee shall transfer to and deposit in the Revenue Fund all amounts transferred to it from the Loan Purchase Fund as provided in Sections 402(d) and 402(e) of the General Resolution or from the Reserve Fund as provided in Section 413 of the General Resolution and shall credit those amounts to the Accounts as specified in those Sections. Amounts received upon the sale of a Series of Bonds shall be deposited in the Revenue Fund in the amount, if any, provided in the applicable Series Resolution, for credit to the Debt Service Account to pay debt service as specified in the Series Resolution.

(b) Recovery Payments shall be credited to the Recovery Payment Account. Except as may be limited by a Series Resolution, amounts in the Recovery Payment Account may be transferred at any time upon an Agency Request to the Redemption Account, the Debt Service Account or any Series Loan Purchase Account, accompanied by a Cash Flow Certificate or Cash Flow Statement as appropriate.

(c) At any time, upon Agency Request, the Trustee shall apply amounts in the Revenue Fund not credited to any Account in the Fund to pay the accrued interest portion of the cost of acquiring any Loan consistent with the related Series Resolution.

(d) Upon their receipt, the Agency shall notify the Trustee as to any amounts which have been received for accrued interest with respect to Loans made or acquired from amounts which were expended from the Series Loan Purchase Account (to the extent not so funded from a transfer from the Revenue Fund). The Trustee shall transfer those amounts to the credit of the applicable Series Loan Purchase Account as specified by an Agency Request.

(e) On or prior to each debt service payment date for the Bonds and any payment date for a Hedge Instrument in the case of clauses (1) and (3) and no less than semi-annually (on a debt service payment date) in the case of clauses (2), (4) and (5), the Trustee shall transfer all amounts in the Revenue Fund not in any Account in the Revenue Fund to the credit of Funds and Accounts in the following priority:

(1) to the Debt Service Account, an amount sufficient, together with amounts on deposit in that Account, timely to pay interest and principal, at maturity or mandatory redemption, due on such debt service payment date on the Bonds and to pay any fees in connection with any Credit Enhancement related to such Bonds, as set forth in the Series Resolution or a Supplemental Resolution and, unless otherwise provided in a Series Resolution, to make any Hedge Instrument payments (other than termination payments, unless otherwise provided in a Series Resolution) due on such date;

(2) to the payment of Expenses specified in a Series Resolution, or such other Expenses provided in an Agency Request, accompanied by a Cash Flow Certificate or Cash Flow Statement, as appropriate;

(3) to the Reserve Fund, an amount sufficient to cause the amount on deposit in that Fund, including Cash Equivalents permitted by a Series Resolution, to equal the Reserve Requirement;

(4) to the Redemption Account an amount as specified in an Agency Request accompanied by a Cash Flow Certificate or Cash Flow Statement, as appropriate; or

(5) to any Series Loan Purchase Account in the Loan Purchase Fund an amount as specified in an Agency Request, accompanied by a Cash Flow Certificate or Cash Flow Statement, as appropriate.

(f) At any time the Trustee shall, upon Agency Request, accompanied by a Cash Flow Certificate or Cash Flow Statement, as appropriate, release amounts on deposit in the Revenue Fund to the Agency for any lawful purpose free and clear of the pledge and lien of the General Resolution.

(g) At any time the Trustee shall, upon Agency Request, apply amounts in the Revenue Fund not credited to any Account in it to the Rebate Fund to make required rebates pursuant to the Code.

(h) At any time the Trustee shall apply, upon an Agency Request, amounts in the Revenue Fund and not credited to any Account in it to the purchase of Bonds at the times, in the manner and for the purposes set forth in Section 405 of the General Resolution.

(i) At any time, upon Agency Request, accompanied by a Cash Flow Certificate or Cash Flow Statement, as appropriate, amounts on deposit in the Revenue Fund may be applied to pay Expenses as specified in an Agency Request.

Debt Service Account

The Trustee shall, on each principal and interest payment date and on any payment date for a Hedge Instrument, withdraw from the Debt Service Account amounts in immediately available funds for the payment of principal of and interest on the Bonds on that date, Credit Enhancement fees and, unless otherwise provided in a Series Resolution, payments due on any Hedge Instrument (other than termination payments, unless otherwise provided in a Series Resolution) as provided in Section 403(e)(1) of the General Resolution. The Trustee shall remit the interest due by mail (or other method of transfer acceptable to the Agency or as provided in a Series Resolution) to each Owner of Bonds, the amounts required for payment of the interest on such bonds as such interest becomes due and payable. The Trustee shall remit to any Credit Enhancer, its fees in connection with such Credit Enhancement, as described in Section 403(e)(1) of the General Resolution. An Authorized Officer of the Agency shall advise the Trustee in writing regarding the amount of any such Credit Enhancement fees and when payment is due. The Trustee shall remit payments due on any Hedge Instrument to the provider of the Hedge Instrument as directed in writing by an Authorized Officer of the Agency, as described in Section 403(e)(1) of the General Resolution.

Purchase of Bonds From Revenue Fund

Amounts on deposit in the Revenue Fund may be applied as applicable to the purchase of Bonds of each Series then Outstanding, whether or not such Bonds or portions thereof shall then be subject to redemption. The Trustee, upon Agency Request accompanied by a Cash Flow Certificate if required by Section 608(c) of the General Resolution, shall endeavor to purchase from such amounts such Bonds, whether they are Serial Bonds or Term Bonds, as specified in such Agency Request. The Trustee shall pay the interest accrued on such Bonds or portions of Bonds to the date of settlement for the Bonds from the Revenue Fund. No such purchase of a Bond shall be made by the Trustee after the giving of notice of redemption as to that Bond by the Trustee. Purchased Bonds shall be delivered to the Trustee for cancellation.

Use of Amounts in Redemption Account for Redemption

In addition to the provisions for the purchase of Bonds from amounts on deposit in the Revenue Fund as set forth in Section 405 of the General Resolution, the Trustee shall apply money on deposit in the Redemption Account

to the redemption of Bonds, upon an Agency Request, accompanied by a Cash Flow Certificate if required by Section 608(c) of the General Resolution, and shall call Bonds for redemption, on the earliest practicable date on which those Bonds are subject to redemption. The Trustee shall pay the interest accrued on such Bonds or portions of Bonds to the date of redemption from the Debt Service Account or the Revenue Fund (not credited to any Account in it).

Reserve Fund

The Agency shall deposit amounts in the Reserve Fund as provided in the Series Resolutions and as provided in Section 403 of the General Resolution. The Trustee shall transfer money held in the Reserve Fund to the Debt Service Account, pursuant to Section 413 of the General Resolution. Amounts held in the Reserve Fund as of any date in excess of the Reserve Requirement, taking into account any Cash Equivalents in the Reserve Fund, shall upon an Agency Request, be transferred to the Revenue Fund. A Series Resolution may provide that the Reserve Requirement or any excess balance in the Reserve Fund with respect to the applicable Series of Bonds may be funded in whole or in part through Cash Equivalents or Loans.

Rebate Fund

Moneys credited to a Rebate Account of the Rebate Fund established by a Series Resolution for a Series of Offered Bonds, including earnings on or gain realized on any moneys or investments therein, will be held in trust and applied by the Trustee as directed by an Agency Request delivered in accordance with such Series Resolution and a tax matters certificate of the Agency relating to such Series of Offered Bonds.

Deficiencies in Debt Service Account

In the event that amounts in the Debt Service Account are insufficient on any interest payment date or principal payment date to pay the principal of and interest on the Bonds due and unpaid on such date, whether at the stated payment or maturity date or by the retirement of such Bonds in satisfaction of the Sinking Fund Requirements, or unless otherwise provided in a Series Resolution, to make any payments (other than termination payments, unless otherwise provided in a Series Resolution) on any Hedge Instrument, the Trustee shall withdraw amounts from the following Funds and Accounts in the following order of priority to the extent necessary to eliminate such deficiency: (a) Revenue Fund (not credited to any Account); (b) Recovery Payment Account; (c) Redemption Account; (d) Reserve Fund; and (e) Loan Purchase Fund.

Security for Deposits

Any and all money held by the Trustee under the General Resolution, except as otherwise expressly provided in the General Resolution, shall be held in trust, shall be applied only in accordance with provisions of the General Resolution and shall not be subject to any lien, charge or attachment by any creditor of the Agency. All moneys held under the General Resolution by the Trustee shall be continuously and fully secured for the benefit of the Agency and the Owners of the Bonds, either (a) by lodging with the Trustee, as collateral, security, direct obligations of or obligations guaranteed by the United States of America having a market value (exclusive of accrued interest) not less than the amount of such moneys, or (b) in such other manner as may than be required by applicable Federal or State of New Jersey laws and regulations and applicable state laws and regulations of the state in which the Trustee is located, regarding security for, or granting a preference in the case of, the deposit of trust funds; provided, however, that it shall not be necessary for the Trustee to give security under this subsection for the deposit of any moneys with them held in trust and set aside by them for the payment of the principal or Redemption Price of or interest on any Bonds, or for the Trustee to give security for any moneys to the extent that such moneys (i) are insured by the Federal Deposit Insurance Corporation, or (ii) are represented by Investment Obligations purchased as an investment of such moneys.

All money deposited with the Trustee pursuant to the General Resolution shall be credited to the particular Account or Fund to which such money belongs.

Investment of Money

Money deposited under the General Resolution shall, as nearly as is practicable, be fully and continuously invested or reinvested by the Trustee upon the direction of an Authorized Officer (promptly confirmed by delivery of an Agency Request) in Investment Obligations which shall be in such amounts and bear interest at such rates that sufficient money will be available to pay the principal and interest when due on the Bonds and shall mature, or which shall be subject to, redemption by the holder at the option of the holder, such that sufficient money will be available for the purposes intended. Such directions of the Agency shall specify the amount thereof to be invested.

Any Investment Obligations so purchased in any Account or Fund shall be deemed at all times to be part of such Account or Fund. Unless the Agency otherwise directs, any interest paid on the investment in any Account or Fund (except the Rebate Fund) shall be credited to the Revenue Fund and shall be treated as Revenues. Any interest paid on the investment of the Rebate Fund shall be credited to the Rebate Fund. Any profit or loss resulting from an investment shall be credited to or charged against the applicable Account or Fund of which it is an investment. The Trustee shall sell or present for redemption any obligations so purchased whenever it shall be necessary so to do in order to provide money to meet any payment or transfer from any such Account or Fund. The Trustee, when authorized by an Authorized Officer, may trade with itself in the purchase and sale of securities for such investment. Neither the Trustee, nor the Agency shall be liable or responsible for the making of any investment authorized by the provisions herein, in the manner provided herein, or for any loss resulting from any such investment.

For the purposes of making any investment, the Trustee may consolidate money in any Fund or Account with money in any other Fund or Account and may transfer an interest in an investment from one Fund or Account to another without liquidating the investment.

Except as may be provided in a Series Resolution with respect to the Reserve Fund, in computing the amount on deposit to the credit of any Account or Fund, Investment Obligations in such Account or Fund shall be valued at Amortized Value plus the amount of interest on such obligations purchased with money in such Account or Fund.

Although the Agency recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Agency agrees that confirmations of investments made by the Trustee pursuant to Section 502 of the General Resolution are not required to be issued by the Trustee for each month in which a monthly statement is rendered pursuant to Section 806 of the General Resolution. No such statement need be rendered pursuant to the provisions of Section 502 of the General Resolution if no activity occurred in the fund or account during such preceding month.

Covenants and Provisions

The General Resolution is a contract between the Agency and the Owners of the Bonds.

The Agency pledges, assigns and grants a lien on and security interest in the Pledged Property, on a parity basis, as security for the payment of interest on and principal of and the redemption premium, if any, of the Bonds and unless otherwise provided in a Series Resolution, Hedge Instrument payments (other than termination payments, unless otherwise provided in a Series Resolution). The Pledged Property may be applied as provided in or pursuant to the General Resolution.

Any pledge, assignment, lien and security interest made pursuant to the General Resolution and any Series Resolution shall be valid and binding and effective upon its being made or granted; or upon property becoming subject to it, without any physical delivery, filing, recording or further act. The pledge, assignment, lien and security interest shall be valid and binding as against, and shall be superior to any claims of any others having claims of any kind against the Agency or any other person, irrespective of whether such other parties have notice of the pledge, assignment, lien or security interest.

Except for the issuance of Bonds and Hedge Instruments pursuant to the General Resolution, the Agency shall not make or grant any pledge, assignment, lien or security interest in any Pledged Property which is senior to or on a parity with the security provided by the General Resolution. Except as expressly provided in or pursuant to the

General Resolution, all security for the Bonds under the General Resolution shall be for the equal and proportionate benefit of the obligations of the Agency on all Bonds.

The Agency covenants that it will promptly pay, but solely from Pledged Property, the principal of and interest, if any, on each and every Bond issued under the provisions of the General Resolution at the places, on the dates and in the manner specified in the General Resolution and those Bonds. The Agency covenants that it will pay, but solely from Pledged Property any premium required for the retirement of Bonds by purchase or redemption according to their true intent and meaning. The Bonds are not general obligations of the Agency. The State is not liable on the Bonds and the Bonds are not a debt of the State.

The Agency covenants that it will faithfully perform at all times all covenants, undertakings, stipulations, provisions and agreements contained in the General Resolution, each Series Resolution and in each Bond.

The Agency will not directly or indirectly extend or assent to the extension of the time for the payment of any principal of or interest on any Bond and will not directly or indirectly be a party to any arrangement for that purpose without the consent of any Bondowner materially adversely affected by the arrangement.

The Agency covenants that, except as otherwise expressly permitted by the General Resolution, it will not sell, convey, mortgage, encumber or otherwise dispose of the money held for the credit of any Fund or Account created under the General Resolution or take any other action which would materially adversely affect the security of the Bondowners. The Agency may sell, assign or dispose of a Loan upon the filing with the Trustee of a Cash Flow Certificate if required by Section 608(c) of the General Resolution; provided, however, that Loans in default and Non-Conforming Loans may be sold, assigned or disposed without a Cash Flow Certificate.

Cash Flow Statements and Certificates

(a) The Agency shall file with the Trustee a current Cash Flow Statement accompanied (other than in the case of the issuance of the initial Series of Bonds under the General Resolution) by a Rating Certificate, whenever any Series of Bonds is issued, upon any conversion of any Series of Bonds or remarketing of any Bonds in connection with a change in the tender period except as required at the time of their issuance, upon entering into a Hedge Instrument, and in connection with amending the General Resolution or any Series Resolution (as permitted by Article X of the General Resolution), unless such filing is not required by a Rating Agency, provided that the Agency shall file with the Trustee a current Cash Flow Statement at least annually.

(b) A Cash Flow Statement shall consist of a certification and calculation made by or for the Agency and signed by an Authorized Officer giving effect to the action proposed to be taken and demonstrating that: (i) Revenues, and (ii) any other moneys or funds pledged to the payment of the Bonds, will be sufficient, in the judgment of an Authorized Officer of the Agency, to pay the principal of and interest on all Outstanding Bonds, payments on Hedge Instruments (other than termination payments) and Expenses (other than those payable to the Agency) described in the calculation in the current and in each succeeding Bond Year. A Cash Flow Statement shall include all Outstanding Bonds, together with one or more Series of Bonds to be issued by the Agency, all as may be required by the General Resolution. To the extent specified in a Supplemental Resolution, a fund or account established in said Supplemental Resolution shall not be taken into account when preparing a Cash Flow Statement.

In addition, the Cash Flow Statement shall demonstrate that: (1) the amount of moneys and Investment Obligations held in any Fund or Account (except the Rebate Fund) (valued at their cost to the Agency, as adjusted by amortization of the discount or premium paid upon purchase of such obligations ratably to their respective maturities), together with accrued but unpaid interest thereon, (2) the outstanding principal balance of Loans, together with accrued but unpaid interest thereon, and (3) any other assets, valued at their realizable value, pledged for the payment of the Bonds, will equal or exceed the aggregate principal amount of and accrued but unpaid interest on Outstanding Bonds; provided that in the event a Series Resolution specifies that, for purposes of the requirements of this paragraph, the Loans financed by such Series of Bonds shall be valued at other than their outstanding principal balance, then, with respect to such Loans, such other value shall be used in the calculations required by this paragraph.

The Cash Flow Statement shall be based upon the Agency's reasonable expectations and the Series Program Determinations, and shall be based upon assumptions consistent with those used in the most recent Cash Flow Statement or such other assumptions as shall not adversely affect any of the Rating Agency's ratings on the Bonds. In calculating the amount of interest due on Bonds in the current and each succeeding Bond Year in which Bonds are scheduled to be Outstanding on Bonds bearing interest at a variable rate as defined in a Supplemental Resolution, such minimum interest rate or rates as shall not adversely affect any of the Rating Agency's ratings on the Bonds shall be used. In the case of a Hedge Instrument which is being entered into for the purpose of limiting interest rate risk with respect to specific Bonds, the amount to be withdrawn to pay interest on such Bonds shall be adjusted to give effect to the Hedge Instrument in accordance with generally accepted accounting principles, or, in the absence of any such requirements under generally accepted accounting principles, such fair and reasonable treatment as may be stated in a Certificate of an Authorized Officer of the Agency delivered to the Trustee, so long as such treatment shall not adversely affect any of the Rating Agency's ratings on the Bonds.

Upon filing a Cash Flow Statement with the Trustee, the Agency shall thereafter perform its obligations under the General Resolution in accordance, in all material respects, with the assumptions set forth in such Cash Flow Statement and in any subsequent Cash Flow Certificate. Except with respect to actions being taken contemporaneously with the delivery of a Cash Flow Statement, facts reflected in a Cash Flow Statement may be as of a date or reasonably adjusted to a date which coincides with the date of the most recently available audited financial statements of the Agency.

(c) The Agency shall file with the Trustee a current Cash Flow Certificate: (i) upon purchase or redemption of Bonds of a Series in a manner other than (a) as contemplated in the most recent Cash Flow Statement filed by the Agency with the Trustee, or (b) on a basis whereby the Bonds of each maturity bears to the total amount of all Outstanding Bonds of such Series, with respect to purchases or redemptions to be made from Recovery Payments; (ii) prior to withdrawing moneys for payment to the Agency free and clear of the pledge and lien of the General Resolution, in an amount or amounts in excess of the amounts determined to be available for such purpose in the most recent Cash Flow Statement filed with the Trustee; (iii) except as provided in Section 607 of the General Resolution, prior to selling or otherwise transferring any Loan not in default; (iv) prior to recycling Revenues at interest rates other than those set forth in the relevant Series Program Determinations; or (v) in connection with any action taken by the Agency pursuant to Section 616(b) of the General Resolution, with respect to any Loan not in default. The Agency may file one or more successive Cash Flow Certificates.

(d) A Cash Flow Certificate shall consist of a statement of an Authorized Officer of the Agency to the effect of one of the following: (i) The proposed action is consistent with the assumptions set forth in the most recent Cash Flow Statement; or (ii) After giving effect to the proposed action, in the current and each succeeding Bond Year in which Bonds are scheduled to be Outstanding, the amounts described in clauses (i) and (ii) of subsection (b) above will be sufficient, in the judgment of an Authorized Officer of the Agency, to pay the principal of and interest on all Outstanding Bonds described in the calculations, except that to the extent specified in a Supplemental Resolution, a fund or account established in said Supplemental Resolution shall not be taken into account in connection with such Cash Flow Certificate; or (iii) The proposed action will not in and of itself materially adversely affect the amounts described in clauses (i) and (ii) of subsection (b) above, except with respect to such funds or accounts which may be specified in such Supplemental Resolution to not be taken into account in connection with such Cash Flow Certificate.

The Agency, at its option, may file a Cash Flow Statement in lieu of a Cash Flow Certificate in any instance when it is required to file a Cash Flow Certificate.

Tax Covenants

The Agency shall at all times comply with the applicable tax covenants contained in any applicable Series Resolution. If a Loan is to be funded with the proceeds of Offered Bonds, the proceeds must be expended solely for eligible costs under the Code.

Enforcement of Rights Under Loans

The Agency covenants to enforce all its rights and obligations under and pursuant to the Loans as necessary to obtain payment as due and to comply with the Act and all covenants with regard to federal income taxation of interest on those Bonds, and agrees that the Trustee, in the name of the Agency, may enforce all rights of the Agency under and pursuant to the Loans for and on behalf of the Bondowners pursuant to Section 702 of the General Resolution. The Trustee shall be under no obligation to service the Loans itself, but shall use its best efforts to obtain servicing for the Loans to the extent that the Agency informs the Trustee in writing, or the Trustee concludes upon an Event of Default, that the Agency is unable to perform or obtain such servicing.

Books and Records

(a) The Trustee shall keep proper books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocations and applications of all money received by the Trustee under the General Resolution, and such books shall be available for inspection by the Agency and any Bondowner during business hours, upon reasonable notice and under reasonable conditions.

(b) On a monthly basis the Trustee shall furnish to the Agency in accordance with Section 806 of the General Resolution a written statement of the Funds and Accounts held pursuant to the General Resolution and any Series Resolution.

(c) The Agency shall keep proper books of records and account for all its transactions with respect to the General Resolution, other than those recorded in the books maintained by the Trustee pursuant to subsection (a) of Section 612 of the General Resolution, and such books shall be available for inspection by the Trustee during business hours and upon reasonable notice.

Annual Audit

The Agency shall annually, within 180 days of the end of each Fiscal Year, file with the Trustee a copy of its audited financial statements for the General Resolution for its previous Fiscal Year, accompanied by the related report of an Accountant.

Qualification of Loans

Upon original acquisition or financing, each Loan shall conform to the following terms, conditions, provisions and limitations:

(a) **Mortgage Lien.** If the Loan is secured by a Mortgage or Mortgages, the Mortgage(s) and complementary financing statements, if required by the Agency or any provider of the Supplemental Mortgage Coverage, shall be executed, recorded and filed in accordance with law, so as to create and constitute a valid mortgage lien on the Loan.

(b) **Series Program Determinations.** The Loan shall meet the requirements set forth in the Series Program Determinations established in connection with the issuance of the Series of Bonds financing the Loan.

Program Covenants

(a) The Agency shall from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act and with the provisions of the General Resolution: (i) use and apply the proceeds of the Bonds, to the extent not required by the General Resolution for other Program purposes, to make or purchase or otherwise finance Loans or otherwise apply such proceeds in accordance with the provisions and requirements of each applicable Series Resolution; (ii) do all such acts and things as are reasonably necessary to receive and collect Revenues and such payments for taxes, insurance and similar items as are normally escrowed by prudent mortgage servicing institutions, consistent with sound practices and principles; and (iii) diligently enforce and

take all steps, actions and proceedings reasonably necessary, in the judgment of the Agency, for the enforcement of all terms, covenants and conditions of Mortgages and Loans.

(b) The Borrower for each Single Family Residence financed with the proceeds of a Loan shall meet such income and occupancy requirements as the Agency determines are necessary or desirable to assure compliance with the Act.

Covenants with Respect to Loans

(a) Subject to the other provisions of Section 616 of the General Resolution, the Agency shall take all reasonable steps, actions and proceedings it deems appropriate or necessary for the enforcement of all terms, covenants and conditions of Loans made, purchased or financed by the Agency, including the prompt collection of Loan repayments and fees and charges and other Revenues.

(b) The Agency may, in its discretion, modify, amend or alter any security for, or any terms or provisions, of any Loan or Mortgage with respect to a Loan, provided that, such modification, amendment or alteration is in conformity with the requirements of the Act. The Agency may in its discretion, materially modify, amend, alter, cancel or release primary mortgage insurance or Supplemental Mortgage Coverage of any Loan.

(c) Whenever the Agency deems it necessary or appropriate to protect and enforce the rights of the Agency under a Mortgage securing a Loan and to protect and enforce the rights and interests of Bondowners under the General Resolution, the Agency either shall (i) make claim under any primary mortgage insurance or Supplemental Mortgage Coverage relating to the Loan, and, if required, assign such Loan to the provider of the primary mortgage insurance or Supplemental Mortgage Coverage, as applicable, (ii) commence foreclosure proceedings against the Borrower, or (iii) take such other action or exercise such other rights of the Agency upon default with respect to the Borrower as may be determined by the Agency to be in the best interests of the Bondowners. If the Loan is the subject to any Supplemental Mortgage Coverage, the Agency may take such actions or commence such proceedings (or refrain therefrom) as necessary or required by the provider of the Supplemental Mortgage Coverage and any applicable rules, regulations or procedures applicable to any Supplemental Mortgage Coverage. To the extent necessary for the protection and enforcement of its right under such Mortgage, and subject to the other provisions of Section 616 of the General Resolution, the Agency may accept a deed in lieu of foreclosure or bid for and purchase the Single Family Residence covered by such Mortgage at the foreclosure or other sale thereof and may acquire and take possession of such Single Family Residence or sell or otherwise dispose of the property securing the loan if to do so would, in the Agency's judgment, be in the best interests of the Bondowners.

Sale of Loans; Release of Lien of Resolution

The Agency is authorized to sell, assign or otherwise dispose of a Loan (and to release the same from the lien of the General Resolution), in addition to a sale, assignment or disposition pursuant to Section 616 of the General Resolution or any applicable Supplemental Resolution, provided that, with respect to any Loan not in default, the Agency files with the Trustee a Cash Flow Certificate taking into account such sale, assignment or disposition pursuant to Section 608 of the General Resolution.

Events of Default

An "Event of Default" occurs:

(a) if default shall be made in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity or otherwise;

(b) if default shall be made in the due and punctual payment of any installment of interest on any Bond or the unsatisfied balance of any Sinking Fund Requirement therefor (except when such Sinking Fund Requirement is due on the maturity date of such Bond), when and as such interest installment or Sinking Fund Requirement shall become due and payable;

(c) if default shall be made by the Agency in the performance or observance of any other of the covenants, agreements or conditions on its part in the General Resolution or in Bonds contained, and such default shall continue for a period of 60 days after written notice thereof to the Agency or the Trustee;

(d) if the Agency shall: (a) file a voluntary petition bankruptcy or a voluntary petition or an answer seeking reorganization, arrangement, readjustment or composition of debts or for any other relief under the Federal bankruptcy laws or under any other insolvency act or law, now or hereafter existing; (b) take any action indicating its consent to, approval of, or acquiescence in, any such petition or proceeding; (c) apply for, or consent or acquiesce in the appointment of, a substantial part of its property; (d) make an assignment for the benefit of creditors; or (e) be unable, or admit in writing its inability, to pay its debts as they mature; or

(e) if proceedings shall be commenced against the Agency, without its authorization, consent or application, in bankruptcy or seeking reorganization, arrangement, readjustment or composition of its debts or for any other relief under the Federal bankruptcy laws or under any other insolvency act or law, State or Federal, now or hereafter existing, or seeking the involuntary appointment of a receiver or trustee of the Agency or for all or a substantial part of its property and the same shall continue for 90 days undismissed or undischarged or shall result in the adjudication of bankruptcy or insolvency.

Remedies

(a) Upon the occurrence of an Event of Default, the Trustee may, and upon written request of the Owners of 25% in aggregate principal amount of the Bonds then Outstanding (upon proper compensation of the Trustee pursuant to the General Resolution) shall, in their own name: (i) by any action, writ, or other proceeding, enforce all rights of the Bondowners, including the right to collect and enforce the payment of principal of and interest due or becoming due on Loans, and collect and enforce any collateral securing the Loans or sell such collateral and the right to cause the foreclosure of any Loan, and to sell any property purchased at any such foreclosure, so as to carry out the pledge of Revenues under the General Resolution, and to require the Agency to carry out and perform the terms of the General Resolution, or its duties under the Act; (ii) bring suit upon all or any part of the Bonds; (iii) by action, require the Agency to account as if it were trustee of an express trust for the Bondowners; (iv) by action, enjoin any acts or things which may be unlawful or in violation of the rights of the Bondowners; or (v) declare all the Bonds due and payable whether or not in advance of maturity, upon 30 days prior notice in writing to the Agency, and, if all defaults shall be made good, then with the written consent of the Owners of 25% of the principal amount of the Bonds then Outstanding, annul such declaration and its consequences.

(b) The Trustee shall, in addition to the foregoing, have and possess all of the powers necessary or appropriate for exercise of the functions specifically set forth in the General Resolution or incident to the general representation of the Bondowners in the enforcement and protection of their rights.

(c) In addition to the rights and remedies expressly referred to in Section 702 of the General Resolution, the Bondowners and the Trustee acting for all of the Bondowners shall be entitled to the rights and remedies otherwise provided or permitted to holders of negotiable debt obligations of the same character as the Bonds.

Application of Revenues and Other Moneys After Default

The Agency covenants that if an Event of Default shall happen and shall not have been remedied, the Agency, upon demand of the Trustee, shall pay over to the Trustee (i) forthwith, all moneys, securities and funds then held by the Agency in any Fund or Account under the General Resolution and (ii) as promptly as practicable after receipt thereof, all Revenues.

During the continuance of an Event of Default, the Trustee shall apply all moneys, securities, Funds (except for the Rebate Fund), Revenues, payments and receipts held under the General Resolution and the income therefrom as follows and in the following order:

(i) to the payment of amounts required to be deposited in the Rebate Fund;

(ii) to the payment of the reasonable and proper charges, expenses, including fees of counsel, and liabilities of the Trustee;

(iii) to the payment of the interest and principal or Redemption Price then due on the Bonds and unless otherwise provided in a Series Resolution, to any payments on Hedge Instruments then due (other than termination payments, unless otherwise provided in a Series Resolution) subject to the provisions of Section 605 of the General Resolution, as follows:

(1) unless the principal of all the Bonds shall have become or have been declared due and payable;

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments and, unless otherwise provided in a Series Resolution, to any provider of any Hedge Instrument and payments on Hedge Instruments then due (other than termination payments, unless otherwise provided in a Series Resolution) and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

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

(2) if the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, and unless otherwise provided in a Series Resolution, to the payment of any Hedge Instrument payments due to any provider of a Hedge Instrument (other than termination payments, unless otherwise provided in a Series Resolution) ratably, according to the amounts due respectively for principal and interest and Hedge Instrument payments, to the persons entitled thereto without any discrimination or preference; and

(iv) to the payment of the amounts required for reasonable and necessary Agency Expenses allocable to the Bonds, the General Resolution or the Loan purchase program undertaken pursuant thereto;

(v) if and whenever all overdue installments of interest on all Bonds, together with the reasonable and proper charges, expenses and liabilities of the Trustee and all other sums payable by the Agency under the General Resolution, including the principal and Redemption Price of and accrued unpaid interest on all Bonds which shall then be payable by declaration or otherwise, shall either be paid by or for the account of the Agency, or provision satisfactory to the Trustee shall be made for such payment, and all other defaults under the General Resolution or the Bonds shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefore, the Trustee shall pay over to the Agency all moneys, securities, funds and Revenues then remaining unexpended in the hands of the Trustee (except moneys, securities, funds or Revenues deposited or pledged, or required by the terms of the General Resolution to be deposited or pledged, with the Trustee), and thereupon the Agency and the Trustee shall be restored respectively, to their former positions and rights under the General Resolution, and all Revenues shall thereafter be applied as provided in Article IV of the General Resolution. No such payment over to the Agency by the Trustee or resumption of the application of revenues as provided in Article IV of the General Resolution shall extend to or affect any subsequent default under the General Resolution or impair any right consequent thereon.

Remedies Not Exclusive

No remedy by the terms of the General Resolution conferred upon or reserved to the Trustee or the Bondowners is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every remedy given under the General Resolution or existing at law or in equity or by statute on or after the date of adoption of the General Resolution.

Effect of Waiver and Other Circumstances

No delay or omission of the Trustee or any Bondowner to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such default or be an acquiescence therein; and every power and remedy given by Article VII of the General Resolution to the Trustee or to the Bondowners may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Bondowners.

Notice of Default

The Trustee shall promptly mail to the Owners of Bonds, and to all Bondowners who shall have filed their names and addresses with the Trustee for such purpose, written notice of the occurrence of any Event of Default.

Vesting in Trustee Powers of Statutory Trustee

The Trustee shall be and hereby is vested with all of the rights, powers and duties of a trustee appointed by the Bondowners pursuant to Section 22 of the Act (N.J.S.A. 55:14K-22), as amended and supplemented to the date of adoption of the General Resolution, and the right of the Bondowners to appoint a trustee under said Section is hereby abrogated.

Compensation and Indemnification of Trustee

Subject to the provisions of any contract between the Agency and the Trustee relating to the compensation of the Trustee, the Agency shall pay, from the Pledged Property, to the Trustee reasonable compensation for all services performed by it and also all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees incurred in and about the agency and execution of the trusts created and the performance of its powers and duties. From such source only, the Agency hereby agrees to the extent permitted by law to reimburse and hold harmless the Trustee from and against any and all claims, damages, losses, liabilities, costs or reasonable expenses whatsoever which the Trustee may incur in connection with the performance by the Trustee of its obligations under the General Resolution; provided, however, that the Agency shall not be required to reimburse and hold harmless the Trustee for any claims, damages, losses, liabilities, costs or expenses caused in whole or in part by the Trustee's gross negligence, bad faith, breach of contract or misconduct arising out of or as a result of the Trustee's performing its obligations under the General Resolution or undertaking any transaction contemplated by the General Resolution; and further provided, that the foregoing is subject to the limitations of the provisions of the New Jersey Tort Claims Act, N.J.S.A. 59:2-1 *et seq.* and the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 *et seq.*

The Trustee by accepting its appointment as such under the General Resolution, agrees that the Trustee (i) shall give the Agency prompt notice in writing of any actual or potential claim described above, and the institution of any suit or action; (ii) shall not adjust, settle or compromise any such claim, suit or action without the consent of the Agency; and (iii) shall permit the Agency at the Agency's sole discretion, to assume full control of the adjustment, settlement, compromise or defense of each such claim, suit or action.

While the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 *et seq.* is not applicable by its terms to claims arising under contracts with the Agency, the Trustee, by accepting its appointment as such under the General Resolution, agrees that such statute (except N.J.S.A. 59:13-9) shall be applicable to all claims against the Agency arising under Section 805 of the General Resolution.

The indemnification provided in Section 805 of the General Resolution does not apply to or extend to any indemnification which may be given by the Trustee to any other person.

Resignation and Removal of Trustee

Subject to Section 812 of the General Resolution, the Trustee may resign and thereby become discharged from the trusts, by notice in writing to be given to the Agency and mailed, first class, postage prepaid, to all Registered Owners of Bonds at their addresses as they appear on the registration books kept by the Trustee, not less than sixty (60) days before such resignation is to take effect, but such resignation shall take effect immediately upon the appointment of a new Trustee, if such new Trustee is appointed before the time limited by such notice and then accepts the trusts. No resignation of the Trustee shall be effective if an Event of Default, or any event which upon the passage of time would be an Event of Default has occurred and is continuing except upon the consent of Owners of a majority in principal amount of the Outstanding Bonds.

Subject to Section 812 of the General Resolution, the Trustee may be removed at any time by an instrument or concurrent instruments in writing executed by the Owners of not less than a majority in principal amount of the Outstanding Bonds and filed with the Agency. A facsimile copy of each such instrument shall be delivered promptly by the Agency to the Trustee. The Trustee may also be removed at any time for reasonable cause by any court of competent jurisdiction upon the application of Owners of not less than ten percent (10%) in aggregate principal amount of the Outstanding Bonds. The Trustee may be removed at any time by the Agency (provided that the Agency is not in default under the General Resolution) in its sole discretion by written notice to the Trustee.

Appointment of Successor Trustee

If at any time the Trustee resigns, is removed, dissolved or otherwise becomes incapable of acting, or the bank or trust company acting as Trustee is taken over by any governmental official, agency, department or board, the position of Trustee shall become vacant. If the position of Trustee becomes vacant, the Agency shall appoint a successor and shall cause notice of such appointment to be mailed, first class, postage prepaid, to all registered Owners of Bonds at their addresses as they appear on the registration books kept by the Trustee.

At any time within one year after any such vacancy has occurred, the owners of a majority in principal amount of the Outstanding Bonds, by an instrument or concurrent instruments in writing, executed by such Bondowners and filed with the Agency, may appoint a successor Trustee, which shall supersede any Trustee appointed by the Agency prior to that filing. Facsimile copies of each such instrument shall be delivered promptly by the Agency to the predecessor trustee and to the Trustee so appointed by the Bondowners.

If no appointment of a successor Trustee is made pursuant to Section 814 of the General Resolution within ten (10) days after the vacancy has occurred, the Owner of any Outstanding Bond or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may, after such notice, if any, as such court may deem proper and prescribed, appoint a successor Trustee.

Any Trustee appointed under the General Resolution shall be a bank or trust company, duly authorized to exercise corporate trust powers and subject to examination by federal or state authority, of good standing, and having at the time of its appointment a combined capital and surplus aggregating not less than Fifty Million Dollars (\$50,000,000), as shown on its most recently published report of its financial condition.

Supplemental Resolutions

Without obtaining Bondowners' consent, the Agency may, from time to time and at any time, adopt Supplemental Resolutions:

- (a) to cure any ambiguity, defect or omission in the General Resolution; or

(b) to grant to or confer upon the Trustee for the benefit of the Bondowners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondowners or the Trustee; or

(c) to include as Revenues or Pledged Property any additional amounts, receipts or property;

or

(d) to cure any ambiguity, to correct or supplement any provision which may be inconsistent with any other provision, or to make any other provisions with respect to matters or questions arising under the General Resolution which are not inconsistent with the provisions of the General Resolution, provided such action shall not materially adversely affect the interest of the Bondowners; or

(e) to add to the covenants and agreements of the Agency in the General Resolution additional covenants and agreements to be observed by the Agency or to surrender any right or power reserved to or conferred upon the Agency; or

(f) to modify any of the provisions of the General Resolution in any respect whatever not otherwise set forth in Section 1001 of the General Resolution, provided (i) such modification shall apply only to Series of Bonds issued after the effective date of the Supplemental Resolution and shall not materially adversely affect the interests of the owners of Bonds of any Series Outstanding on the effective date of the Supplemental Resolution, or (ii) (a) 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 Resolution shall cease to be Outstanding, and (b) such Supplemental Resolution shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the adoption of such Supplemental Resolution and of Bonds issued in exchange for, or in place of, such Bonds;

or

(g) to modify, amend or supplement the General Resolution or any Supplemental Resolution in such manner as to permit, if presented, the qualification of the General Resolution and any Supplemental Resolution under the Trust Indenture Act of 1939 or any similar federal statute then in effect or under any state Blue Sky Law; or

(h) to surrender any right, power or privilege reserved to or conferred upon the Agency by the terms of the General Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Agency contained in the General Resolution or a Series Resolution, or

(i) to add to the definition of Investment Obligations pursuant to the last proviso of that definition in the General Resolution; or

(j) to modify, amend or supplement any Series Resolution in any manner so long as the Ratings on the Outstanding Bonds are not adversely affected and a Cash Flow Statement is provided by the Agency;

or

(k) to make any change to provide for or implement the provisions of a Hedge Instrument; or

(l) to make any other change which, in the judgment of the Trustee, does not materially adversely affect the interests of the Bondowners, which may be evidenced by a Rating Certificate.

In addition, the General Resolution may be modified, supplemented or amended by a Supplemental Resolution in ways not described above in accordance with Section 1002 of the General Resolution. No such Supplemental Resolution shall be effective except upon the consent of (i) the Owners of greater than forty percent (40%) in aggregate principal amount of Outstanding Bonds, (ii) if less than all of the Outstanding Bonds are affected, of the Owners of greater than forty percent (40%) in principal amount of Bonds so affected then Outstanding and (iii) in case the terms of any Sinking Fund Requirements are changed, of the Owners of greater than forty percent (40%) in principal amount of the Outstanding Bonds of the particular Series and maturity entitled to such Sinking Fund Requirements. However, without the consent of all adversely affected Bondowners, no Supplemental Resolution

shall (a) change the terms of redemption or of the maturity of the principal of or the interest on any Bond, or (b) reduce the principal amount of any Bond or the redemption premium or the rate of interest on it, or (c) create or grant a pledge, assignment, lien or security interest of the Pledged Property, or any part of it, other than as created or permitted by the General Resolution without the Supplemental Resolution, or (d) create a preference or priority of any Bond or Bonds over any other Bond or Bonds, except as may be permitted by the General Resolution, or (e) reduce the aggregate principal amount or classes of the Bonds required for consent to such Supplemental Resolution. If any such modification, supplement or amendment will by its terms, not take effect so long as any Bonds of any specified Series and maturity remain Outstanding, the consent of the Owners of those Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under Section 1002 of the General Resolution. For the purpose of Section 1002 of the General Resolution, as described in this and the following three paragraphs, a Series shall be deemed to be affected by a modification or amendment of the General Resolution, if it adversely affects or diminishes the rights of the Owner of Bonds of such Series. The Trustee may in its discretion determine whether Bonds of any particular Series and maturity would be affected by any modification, supplement or amendment of the General Resolution or a Supplemental Resolution and any such determination shall be binding and conclusive on the Agency and all Owners of Bonds.

The Trustee shall, at the expense of the Agency, cause notice of the proposed adoption of such Supplemental Resolution to be mailed, first class, postage prepaid, to all affected Bondowners at their addresses as they appear on the registration books. Such notices shall summarize the proposed Supplemental Resolution and shall state that copies of it are on file at the principal office of the Trustee for inspection by all Bondowners. The Trustee shall not, however, be subject to any liability to any Bondowners by reason of its failure to mail the notice required by Section 1002 of the General Resolution, and any such failure shall not affect the validity of such Supplemental Resolution when consented to and approved as provided in Section 1002 of the General Resolution.

Whenever, at any time within one year after the date of the first mailing of such notice, the Agency delivers to the Trustee an instrument or instruments in writing purporting to be executed by the Owners of not less than forty-one percent (41%) in aggregate principal amount of the affected Outstanding Bonds, which instrument or instruments shall refer to the proposed Supplemental Resolution described in such notice and shall specifically consent to and approve the execution of it in substantially the form of the copy referred to in such notice, then, but not otherwise, the Trustee may perform its duties under such Supplemental Resolution in substantially such form, without liability or responsibility to any Bondowner, whether or not such Bondowner shall have consented to it.

If the required number of Owners at the time of the adoption of such Supplemental Resolution have consented to and approved its adoption, no Bondowner shall have any right to object to the execution of such Supplemental Resolution, or to object to any of the terms and provisions contained in it or its operation, or in any manner to question the propriety of its adoption, or to enjoin or restrain the Trustee or the Agency from adopting it or from taking any action pursuant to its provisions.

Defeasance

If the Agency pays or causes to be paid, or there is otherwise paid, to the Registered Owners of the Bonds then Outstanding, the principal, redemption premium, if any, and interest to become due on them, at the times and in the manner stipulated in the General Resolution and in the Series Resolutions, then the covenants, agreements and other obligations of the Agency to the Registered Owners of the Bonds shall be discharged and satisfied. In such event, the Trustee shall pay over or deliver to the Agency all money or securities held by it pursuant to the General Resolution which are no longer required for the payment or redemption of Bonds not already then surrendered for such payment or redemption.

Bonds for the payment or redemption of which money has been set aside and held in trust by the Trustee (through deposit by the Agency of funds for such payment or redemption or otherwise), whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid within the meaning of and with the effect expressed in paragraph (a) of Section 1101 of the General Resolution. All Bonds shall, prior to their maturity or redemption date, be deemed to have been paid within the meaning of and with the effect expressed in paragraph (a) of Section 1101 of the General Resolution if (i) there is deposited with such Trustee either money in an amount which is sufficient, or Government Obligations the principal of and interest on which when due will provide money which, without reinvestment, when added to the money, if any, deposited with such Trustee at the same time, is sufficient to

pay the principal of those Bonds at maturity, or in sinking fund installment dates for Term Bonds, or the principal, redemption premium, if any, and interest due and to become due on those Bonds on and prior to the redemption date or maturity date (or sinking fund installment dates for Term Bonds) of the Bonds, as the case may be; (ii) there is deposited with the Trustee a report of an Accountant verifying the sufficiency of the deposit; (iii) in case any of the Bonds are to be redeemed on any date prior to their maturity, the Agency has given to the Trustee irrevocable instruction to give any required notice of redemption, which instruction the Trustee has accepted in writing; (iv) the Agency has received a Bond Counsel opinion to the effect that the defeasance of the Bonds shall not cause interest on the Bonds to be included in "gross income" of the Registered Owners for federal income tax purposes if the Agency has covenanted in the Series Resolution not to take such action; and (v) to the extent the Bonds are variable rate obligations, there is obtained a Rating Certificate. Upon being defeased as provided in this subsection, Bonds shall continue to be payable as to principal, interest and redemption premiums and to be subject to redemption, but shall have a claim for payment only with respect to the money or Governmental Obligations so held by the Trustee. The Agency may enter into an escrow agreement with the Trustee providing for funds to be so held.

Bonds Not an Obligation of the State of New Jersey

The Bonds shall not be in any way a debt or liability of the State of New Jersey or any political subdivision thereof other than the Agency to the extent of the Pledged Property and shall not create or constitute any indebtedness, liability or obligation of the State of New Jersey nor of any such other political subdivision or be or constitute a pledge of the faith and credit of the State of New Jersey or of any such other political subdivision thereof but all Bonds, unless funded or refunded by other bonds of the Agency, shall be payable solely from the Pledged Property. Each Bond shall contain on its face a statement to the effect that the Agency is obligated to pay the principal thereof or the interest thereon only from the Pledged Property and that neither the State of New Jersey nor any political subdivision thereof other than the Agency to the extent of the Pledged Property is obligated to pay such principal or interest and that neither the faith and credit nor the taxing power of the State nor any such other political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds.

APPENDIX B

SUMMARY OF PRIMARY MORTGAGE INSURANCE, FEDERAL HOUSING ADMINISTRATION AND GUARANTY PROGRAMS AND FORECLOSURE PROCEEDINGS

Primary Mortgage Insurance

Conventional mortgage loans having a loan-to-value ratio greater than eighty percent (80%) will be covered by a mortgage insurance policy issued by a private mortgage insurer. It is expected that the Series Program Determination with respect to a Series of Bonds will require that each private mortgage insurer insuring Loans must be (a) (i) licensed to do business in New Jersey, (ii) qualified to insure mortgages purchased by the Federal Home Loan Mortgage Corporation (“FHLMC”), (iii) approved by the Agency and (iv) rated as to its claims paying ability in the two highest rating categories by the Rating Agencies; or (b) accepted in writing by the Agency, subject to the Agency filing with the Trustee a Rating Certificate.

FHLMC requires approval of private mortgage insurance companies before mortgages insured by those companies are eligible for purchase by FHLMC. FHLMC eligibility requirements for approving private mortgage insurers presently provide that (a) not more than 10% of an insurer’s mortgage insurance risk may be represented by mortgage insurance covering other than real property improved by a building or buildings designed for occupancy by one to four families, (b) an insurer shall not insure mortgages secured by properties in single housing tracts or contiguous tracts where the insurance risk applicable thereto is in excess of 10% of its policyholder’s surplus (reinsurance shall be deducted from the total risk insured in computing the amount of such risk), (c) no insurer shall have more than 20% of its total insurance risk in any one Consolidated Metropolitan Statistical Area or Standard Metropolitan Statistical Area nor may any combination of insurance in force in any one state exceed 40% of its total insurance in force (for the purposes of computing total insurance in force, reinsurance with an eligible private mortgage insurer domiciled in a second state shall be deducted), and (d) an insurer shall limit its insurance risk with respect to each insured to the maximum permitted by state law or regulation. Prior to insuring a loan for any mortgage lender, such insurer should thoroughly investigate and evaluate the mortgage lender in the areas of (a) quality of appraisal ability, (b) quality of underwriting ability, (c) net worth and quality of assets, and (d) ability and past performance of servicing staff and adequacy of servicing procedures. A report with respect to each lender demonstrating that the investigation and evaluation has been made should be retained by the insurer.

The typical primary mortgage insurance policy assigned to the Agency provides that proceedings to vest title to the mortgaged property in the insured mortgage holder must be instituted by it against the mortgagor when the mortgagor has failed to pay the total aggregate amount of monthly payments due under the terms of the mortgage loan for a specified number of months, unless the insured mortgage holder obtains a voluntary conveyance of title to the mortgaged property from the mortgagor. The amount of benefits payable to the insured mortgage holder pursuant to the policy are limited to the principal balance due on the mortgage loan, accumulated interest computed through the date of tender of good and merchantable title to the mortgaged premises by the mortgage holder to the insurer, real estate taxes and hazard insurance premiums necessarily paid by the insured mortgage holder, expenses necessarily incurred by the insured mortgage holder in preservation of the property, and all other necessary expenses of the proceedings to vest title in the insured mortgage holder, together with reasonable attorneys’ fees (collectively, a “Claim”). The Claim is payable within 60 days of the filing by the insured mortgage holder of such Claim with the insurer, which Claim must be accompanied by tender to the insurer of good and merchantable title to the mortgaged property. As a prerequisite for the payment of such benefits, the insured mortgage holder must (if necessary) cause the mortgaged property to be restored to its condition at the time of issuance of the primary mortgage insurance policy, reasonable wear and tear excepted. Upon presentation of a Claim by the Agency, the insurer has the option of paying the Claim in full and taking title to the property or of paying the insured percentage of the Claim and allowing the Agency to retain title to the property.

Pursuant to the Federal Homeowners’ Protection Act of 1998, at certain times and under certain circumstances (which take into consideration the loan-to-value ratio of the mortgage loan), an insured mortgage holder has the right to require the release of the private mortgage insurance policy in effect with respect to the mortgage loan and at other times and under other circumstances (which take into consideration the loan-to-value ratio of the mortgage

loan), the mortgage lender must cancel and release the private mortgage insurance policy in effect with respect to the mortgage loan even if not requested to do so by the insured mortgage holder.

Federal Housing Administration Insurance and Guaranty Programs

Federal Housing Administration (FHA)

The National Housing Act of 1934, as amended, authorizes various Federal Housing Administration (“FHA”) mortgage insurance programs, which differ in some respects depending primarily upon whether the mortgaged premises contain five or more dwelling units or less than five such units. The regulations governing all of the FHA programs under which the Agency’s mortgages are insured provides that insurance benefits are payable either upon foreclosure (or other acquisition of possession) and conveyance of the mortgaged premises to the United States Department of Housing and Urban Development (“HUD”) or upon assignment of the defaulted mortgage loan to HUD. With respect to the assignment of mortgaged premises containing less than five dwelling units to HUD, mortgagees must first make a determination as to whether or not the default is caused by a circumstance or set of circumstances beyond the mortgagor’s control which temporarily renders the family financially unable to cure the delinquency within a reasonable time or make full mortgage payments.

Under other programs, HUD has the option in its discretion to pay insurance claims in cash or in debentures issued by HUD. The current HUD policy, subject to change at any time, is to make insurance payments on mortgages covering less than five dwelling units in cash with respect to all programs covering such units as to which it has discretion to determine the form of insurance payment.

HUD debentures issued in satisfaction of FHA insurance claims bear interest at the HUD debenture interest rate in effect under HUD regulations as of the date the commitment was issued or as of the date the mortgage was endorsed for insurance, whichever rate is higher. The HUD debenture interest rates applicable to the FHA-insured mortgages which the Agency has acquired or committed to acquire are in all cases lower than the interest rates of such mortgages. HUD debentures are negotiable and are fully guaranteed as to principal and interest by the United States.

When entitlement to insurance benefits results from foreclosure (or other acquisition of possession) and conveyance, the insurance payment is computed as of the date of default by the mortgagor, which under HUD regulations will occur no less than 30 days after the due date of a mortgage payment, and the mortgage holder generally is not compensated for mortgage interest accrued and unpaid prior to that date. Under such circumstances, the amount of insurance benefits generally paid by FHA is equal to the unpaid principal amount of the mortgage loan adjusted to reimburse the mortgagee for certain taxes, special assessments, insurance and similar payments made by it and to deduct certain amounts received or retained by the mortgagee after default, plus reimbursement not to exceed the greater of 2/3rds or \$75 of the mortgagee’s foreclosure costs. The regulations under all insurance programs described above provide that the insurance payment itself shall bear interest from the date of default or, where applicable, assignment to the date of payment of the claim at the same interest rate as the applicable HUD debenture interest rate.

Department of Veterans Affairs Guaranty Program (VA)

The Servicemen’s Readjustment Act of 1944, as amended, permits a veteran (or in certain instances the spouse) to obtain a mortgage loan guaranty from the Department of Veterans Affairs (“VA”) covering a mortgage financing of the purchase of a one-to-four family dwelling unit at interest rates permitted by the VA. The program has no mortgage loan limits, requires no down payment from the eligible veteran and permits the guaranty of mortgage loan of up to thirty years and thirty-two days in duration. When any default of the mortgagor continues for a period of three months, a guaranty may be paid without the mortgagee instituting foreclosure proceedings or otherwise acquiring title. A mortgagee intending to institute foreclosure proceedings cannot do so until 30 days after notifying the Administrator of the VA of this intention by registered mail. The maximum guarantee on a mortgage loan is the lesser of the veteran’s available entitlement or as follows: (a) for home and condominium loans of \$45,000 or less, 50 percent of the loan is guaranteed; (b) for home and condominium loans above \$45,000 and not more than \$56,250, the guaranty will not exceed \$22,500; (c) except as provided in (d) for home and condominium loans of more than \$56,250, the guaranty will not exceed the lesser of 40 percent of the loan amount or \$36,000; or (e) for home and condominium loans of more than \$144,000, the lesser of 25 percent of the loan amount or the maximum guaranty amount, defined as the dollar amount that is equal to 25% of the FHLMC conforming loan limit. The liability on the

guaranty is reduced or increased pro rata with any reduction or increase in the amount of the indebtedness, but in no event will the amount payable on the guaranty exceed the amount of the original guaranty. Notwithstanding the dollar and percentage limitations of the guaranty, a mortgage holder will ordinarily suffer a monetary loss only where the difference between the unsatisfied indebtedness and the proceeds of a foreclosure sale of a mortgaged premises is greater than the original guaranty as adjusted. The VA may, at its option and without regard to the guaranty, make full payment to a mortgage holder of unsatisfied indebtedness on a mortgage upon its assignment to the VA.

USDA Rural Housing Service Guaranteed Rural Housing Loan Program (RHS)

The maximum loss payment under the guarantee of single family housing loans will be the lesser of any (1) loss of an amount equal to 90 percent of the principal amount actually advanced to the Borrower or, (2) any loss sustained by the lender of an amount up to 35 percent of the principal amount actually advanced to the Borrower, plus 85% of any additional loss sustained by the lender of an amount up to the remaining 65 percent of the principal amount actually advanced to the Borrower. Loss includes only (1) principal and interest evidenced by the note; (2) any loss subsidy due and owing; and (3) any principal and interest indebtedness on USDA Rural Housing Service (“RHS”) approved protective advances for protection and preservation of collateral. Interest (including any subsidy) will be covered by the loan note guarantee to the date of the final lost settlement when the lender conducts liquidation of collateral in an expeditious manner. Net proceeds received from liquidation of the collateral will be used in calculating the amount of loss sustained by the lender. If the lender acquires the collateral, the net proceeds from the collateral for calculating loss shall be determined by RHS as follows: (i) the collateral will be appraised at its current market value as of the date of acquisition by the lender then (ii) deduct from such appraised value an estimate of liquidation costs which will include an allowance for the estimated time the property will be held by the lender.

Foreclosure Proceedings

The Agency has covenanted in the Resolution to enforce all of its rights under the Loans and to take all steps, actions and proceedings reasonably necessary, in the judgment of the Agency, for the enforcement of all terms, covenants and conditions of all Loans, including prompt payment on all Loans and all other amounts due the Agency thereunder. In order to protect and enforce the rights of the Agency under a Loan and to protect and enforce the rights and interests of Bondowners under the Resolution, the Agency shall take steps to enforce any policy or certificate of insurance relating to such Loan and to foreclose the mortgage or enforce the security interest and to collect, hold and maintain or to sell or otherwise dispose of the property securing such defaulted Loan.

In the event the Agency receives recommendations to, and approves, foreclosure on a Loan, the Agency must have first elected to accelerate the maturity date of the note or bond secured by the mortgage by written notice to the Borrower. After the acceleration and a failure of the Borrower to make full payment of the note or bond and proper notice to the Borrower, a foreclosure action would be commenced by filing a complaint in foreclosure with the Superior Court of New Jersey in Trenton. The Borrower, all lienholders and tenants and all other parties who have an interest in the property are named as defendants in the action, are served with copies of the complaint in foreclosure and have a specified time, which varies with the method of service, to answer the complaint. After the filing of the complaint, the Agency would file with the recording officer of the county in which the property is located a notice of *lis pendens* (notice of the pending action). Once this notice is filed, the foreclosure action is binding on all persons claiming title to or an interest in or lien upon the real estate described in the notice by virtue of any transaction subsequent to the filing of the notice, and they will be bound by the judgment in the foreclosure action. If the foreclosure is uncontested, after the expiration of the time to answer the complaint, an application for a judgment and writ of execution is made to the court. Following the judgment being entered and filed and the court returning the writ of execution to the Agency’s legal representative, a certificate of regularity, which indicates that the foreclosure has been completed properly and good title can be conveyed, will be obtained from a title company. Once the certificate of regularity is obtained, the writ of execution is then delivered to the sheriff of the county where the property is located. The sheriff will levy and advertise the property for public sale (i) at the office of the sheriff of the county where the property is situated, and (ii) in at least two newspapers once a week for four weeks, and will notify the Agency in advance of the date of the sale. The property is sold to the highest bidder on the date specified in the advertisement; the sheriff, however, has a statutory right to adjourn the sale no more than two times, up to fourteen days for each adjournment, based upon the sheriff’s discretion. Further adjournments of the sale may be granted by the court only for cause. At the Sheriff’s Sale, the Agency would bid the minimum sum of \$100 and, if there are competing bids, it would, in order to protect its interest, normally bid up to but not exceeding the full amount due on

the judgment plus interest and taxed costs and sheriff's fees and commissions. The Agency may, subject to the applicable mortgage insurance policy restrictions, elect to permit another bidder to purchase the property for less than the amount of the Agency's judgment by not actively bidding against the other bidder, if and only if: (i) the Agency reasonably determines the market value of the property to be less than the amount of its judgment, and (ii) the highest bid is approximately equal to the reasonable market value of the property as determined by the Agency. If the Agency is not the highest bidder, its judgment will be satisfied to the extent of the net proceeds of the sale. Upon payment in full of the bid price, the successful bidder receives a deed to the property executed by the sheriff. Based upon the Agency's own experience and upon information received by the Agency from other persons having experience in foreclosing mortgages, the approximate lapse of time from the delivery of the writ of execution to the sheriff until the sale is two to six months and the total time to complete an uncontested New Jersey foreclosure is approximately eighteen months. In the event the foreclosure is contested due to a defendant filing an answer or counterclaim contesting the validity or priority of the mortgage, the length of time necessary to complete the foreclosure process would vary depending on the facts and circumstances of the individual case, including, for example, if the Borrower files a petition in bankruptcy. In the event that the bid price paid at the sale is less than the amount of the foreclosure judgment, the Agency would be entitled to bring an action for a deficiency judgment against the Borrower on the note or bond secured by the mortgage. The deficiency judgment would be limited to the difference between the fair market value of the property and the mortgage debt. In the event that the bid price paid at the sale is greater than the amount of the foreclosure judgment, the Agency could petition for surplus moneys to the extent of any moneys advanced after the entry of final judgment for taxes and insurance to protect the property; the Agency would not be entitled to any other surplus moneys. The Borrower has an absolute right to redeem the property after foreclosure sale by payment in full of the mortgage indebtedness, costs of foreclosure and costs of sale at any time prior to the entry of an order confirming the sale. The Borrower's right of redemption can be extended for a period of six months after the entry of a judgment for a deficiency.

APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

[UPON ISSUANCE AND DELIVERY OF THE OFFERED BONDS, OBERMEYER REBMANN MAXWELL & HIPPEL LLP, BOND COUNSEL, IS EXPECTED TO RENDER ITS APPROVING LEGAL OPINION IN SUBSTANTIALLY THE FOLLOWING FORM]

[BOND COUNSEL OPINION]

[_____], 2024

New Jersey Housing and Mortgage Finance Agency
637 South Clinton Avenue
Trenton, New Jersey 08650

Re: New Jersey Housing and Mortgage Finance Agency (the “Agency”) Single Family Housing Revenue Bonds, 2024 Series, consisting of \$[205,500,000]* Single Family Housing Revenue Bonds, 2024 Series K (Non-AMT)(Social Bonds), and \$[39,550,000]* Single Family Housing Revenue Bonds, 2024 Series L (Federally Taxable)(Social Bonds)

We have served as Bond Counsel in connection with the issuance and sale by the New Jersey Housing and Mortgage Finance Agency (the “Agency”) of \$[245,550,000]* aggregate principal amount of the Agency’s Single Family Housing Revenue Bonds, 2024 Series, consisting of \$[205,500,000] * Single Family Housing Revenue Bonds, 2024 Series K (Non-AMT)(Social Bonds) (the “2024 Series K Bonds”), and \$[39,550,000]* Single Family Housing Revenue Bonds, 2024 Series L (Federally Taxable)(Social Bonds) (the “2024 Series L Bonds” and, together with the 2024 Series K Bonds, the “Series 2024 Bonds”). The Agency is a body politic and corporate and an instrumentality of the State of New Jersey (the “State”), pursuant to the New Jersey Housing and Mortgage Finance Agency Law of 1983, constituting Chapter 530 of the Laws of New Jersey of 1983, as amended (the “Act”).

Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Resolution (defined below).

The Series 2024 Bonds are issued pursuant to the Act, the Single Family Housing Revenue Bond Resolution Authorizing the Issuance of New Jersey Housing and Mortgage Finance Agency Single Family Housing Revenue Bonds, adopted by the Agency on August 21, 2003, as previously amended and supplemented (the “General Resolution”), and as thereafter amended and supplemented by a Series Resolution adopted by the Agency on March 28, 2024 (the “Series Resolution”), and a certificate executed by the Executive Director of the Agency, dated [_____], 2024 (the “Executive Director’s Certificate” and, together with the General Resolution and the Series Resolution, collectively the “Resolution”).

* Preliminary, subject to change.

The proceeds of the Series 2024 Bonds, together with other available monies of the Agency, are to be applied to (i) the purchase of Loans originated from (A) the proceeds of Bonds or (B) proceeds of the Series 2024 Bonds, loaned to borrowers for Single Family Residences in the State (including reimbursing the Agency for sums previously advanced to make such Loans), including the payment of legal, financing and other expenses incidental thereto or the payment of temporary indebtedness incurred, if any, by the Agency to obtain funds to purchase such Loans and the provision of closing cost and down payment assistance for certain of the Agency's single family housing loan purchase programs; (ii) the making of deposits in amounts, if any, required by the Resolution; (iii) replace amounts that were applied to refund certain prior Series of Bonds; and (iv) the payment of Costs of Issuance incurred in connection with the issuance of the Series 2024 Bonds.

The Series 2024 Bonds are special limited obligations of the Agency payable solely from and secured by a pledge of the Pledged Property as defined in the Resolution, including Revenues derived from Loans and certain other funds and accounts held by the Trustee under the Resolution.

As a basis for this opinion, we have examined such matters of law as we have deemed necessary including, inter alia, the Internal Revenue Code of 1986, as amended, and court decisions interpreting the same and existing regulations, rulings, and other publications promulgated or released thereunder (collectively, the "Code"). We have also examined such documents, opinions, certifications and instruments as we have deemed necessary including, but not limited to, the General Resolution, the Series Resolution, the Executive Director's Certificate and the Tax Compliance Certificate of even date herewith of the Agency executed and delivered to us and intended to satisfy certain provisions of the Code ("Tax Certificate") and such opinions of counsel as we have deemed necessary. We have also examined and authenticated Series 2024 Bonds for each Series of this issue, and we have assumed that all other Series 2024 Bonds have been similarly executed and authenticated by the Agency and authenticated by the Trustee.

In rendering the following opinion, we have relied upon the authenticity, truthfulness and completeness of all documents, instruments and certifications examined including, without limiting the generality of the foregoing, the Tax Certificate.

Based upon and subject to the foregoing, we are of the following opinion:

1. The Agency is a body politic and corporate and an instrumentality of the State, duly and legally organized and validly existing under the Act, and was and is authorized to adopt the General Resolution and the Series Resolution, to execute and deliver the Executive Director's Certificate and to issue the Series 2024 Bonds.

2. The Series 2024 Bonds have been duly authorized, issued and sold by the Agency, all conditions precedent to the delivery of the Series 2024 Bonds set forth in the Resolution have been complied with and the Series 2024 Bonds are valid and binding special limited obligations of the Agency, enforceable in accordance with their terms and payable as to principal, interest and all other obligations thereunder solely from the assets pledged under the General Resolution, and are enforceable in accordance with their terms, secured in the manner and to the extent set forth in the Resolution, and are entitled to the benefits, protection and security of the Act and the Resolution.

3. The Agency has the power to enter into and perform its obligations under the General Resolution, the Series Resolution and the Executive Director's Certificate. The General Resolution and the Series Resolution have been duly adopted by the Agency, and the Executive Director's Certificate has been duly authorized and executed by the Agency. The General Resolution, the Series Resolution and the Executive Director's Certificate are each valid, binding and enforceable in accordance with their terms. The Resolution creates the valid pledge and lien which it purports to create of Pledged Property and all of the Agency's right, title and interest in and to the foregoing, and all other moneys, securities or funds pledged for the payment of principal or redemption price of and interest on the Series 2024 Bonds in accordance with the terms and provisions of the Resolution, subject to the provisions of the Resolution, permitting the application thereof for the purposes of, and on the terms and conditions set forth in, the Resolution.

4. The applicable provisions of the Code establish certain requirements which must be met subsequent to the issuance and delivery of the 2024 Series K Bonds (the "Tax-Exempt Bonds") in order that interest on the Tax-Exempt Bonds be and remain excludable from the gross income of the owners thereof for federal income tax purposes. In the opinion of Bond Counsel, the Resolution and the Tax Certificate establish procedures under which, if followed,

such requirements will be met. In rendering the opinions described in this paragraph 4, Bond Counsel has assumed compliance with such procedures contained in the Tax Certificate.

Pursuant to the applicable provisions of the Code, interest on the Tax-Exempt Bonds is excludable from gross income of the holders of the Tax-Exempt Bonds for federal income tax purposes. Interest on the 2024 Series K Bonds is not a specific preference item to be included in calculating alternative minimum taxable income under the Code for purposes of the alternative minimum tax. However, for purposes of the 15% federal minimum tax that is imposed on “applicable corporations” (as defined in the 2022 Inflation Reduction Act, H.R. 5376 (the “2022 Act”)), interest on the Bonds will be taken into account in determining “adjusted financial statement income” (as defined in the 2022 Act).

5. Interest on and any gain realized on the sale of the Series 2024 Bonds is not includable in gross income under the existing New Jersey Gross Income Tax Act.

Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2024 Bonds, as well as any other tax consequences.

The foregoing opinion is qualified to the extent that the enforceability of the Series 2024 Bonds and the Resolution may be limited under bankruptcy, insolvency, moratorium or other similar laws or equitable principles affecting creditors’ rights or remedies generally.

The opinions in Sections 4 and 5 above are made on the basis of federal tax law and the New Jersey Gross Income Tax Act, all as enacted and construed on the date hereof, and we assume no duty to update this opinion due to a change subsequent to the date hereof in the law or the facts as presented to us.

Attention is called to the fact that the Agency has no taxing power. Neither the State of New Jersey nor any political subdivision thereof is obligated to pay the principal or redemption price, if any, of or interest on the Series 2024 Bonds. The Series 2024 Bonds are special limited obligations of the Agency, and the principal or redemption price, if any, of and interest on the Series 2024 Bonds is payable solely from the assets pledged under the General Resolution, and neither the faith and credit nor the taxing power of the State of New Jersey or any political subdivision thereof is pledged to the payment of the principal or redemption price, if any, of or interest on the Series 2024 Bonds.

Very truly yours,

Obermayer Rebmann Maxwell & Hippel LLP

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APPENDIX D

**FINANCIAL STATEMENTS FOR THE
SINGLE FAMILY HOUSING REVENUE BOND RESOLUTION
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021**

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**NEW JERSEY HOUSING AND MORTGAGE
FINANCE AGENCY
SINGLE-FAMILY HOUSING REVENUE
BOND RESOLUTION**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021



CPAs | CONSULTANTS | WEALTH ADVISORS

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**NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SINGLE-FAMILY HOUSING REVENUE BOND RESOLUTION
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INDEPENDENT AUDITORS' REPORT

Board of Directors
New Jersey Housing and Mortgage Finance Agency
Trenton, New Jersey

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of Single-Family Housing Revenue Bond Resolution (SFHRB Resolution), a program of the New Jersey Housing and Mortgage Finance Agency (the Agency) as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise SFHRB Resolution's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the SFHRB Resolution of the Agency, as of December 31, 2022 and 2021, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1, the financial statements referred to above present only the accounts of the SFHRB Resolution of the Agency and do not purport to, and do not, present the financial position of the Agency as of December 31, 2022 and 2021, the changes in its financial position, or its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SFHRB Resolution's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Required Supplementary Information

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

Board of Directors
New Jersey Housing and Mortgage Finance Agency

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2023, on our consideration of SFHRB Resolution's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SFHRB Resolution's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SFHRB Resolution's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
July 17, 2023

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SINGLE-FAMILY HOUSING REVENUE BOND RESOLUTION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022 AND 2021
(IN THOUSANDS)

Introduction to the Report

This report consists of three parts: Management's Discussion and Analysis (MD&A), Financial Statements, and Notes to Financial Statements. The Single-Family Housing Revenue Bond Resolution (the SFHRB Resolution) as referred to throughout the MD&A is, for financial reporting purposes, the primary government.

The Financial Statements include:

- The statements of net position provide information about the nature and amounts of investments in resources (assets), deferred outflows of resources, obligations to the SFHRB Resolution's creditors (liabilities), and deferred inflows of resources.
- The statements of revenues, expenses, and changes in fund net position account for all of the current year's revenue and expenses, measure the success of the SFHRB Resolution's operations over the past years, and can be used to determine how the SFHRB Resolution has funded its costs.
- The statements of cash flows provide information about the SFHRB Resolution's cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities.

The Notes to Financial Statements provide

- Information that is essential to understanding the basic financial statements, such as the SFHRB Resolution's accounting methods and policies.
- Details of contractual obligations, future commitments, and contingencies of the SFHRB Resolution.
- Any other events or developing situations that could materially affect the SFHRB Resolution's financial position.

Management's Discussion and Analysis

This section of the SFHRB Resolution's financial statements, the MD&A, presents an overview of the SFHRB Resolution's financial performance for the years ended December 31, 2022, 2021, and 2020. It provides an assessment of how the SFHRB Resolution's financial position has improved or deteriorated and identifies the factors that, in management's view, significantly affected the SFHRB Resolution's overall financial position. It may contain opinions, assumptions, or conclusions by the SFHRB Resolution's management that should not be considered a replacement for, and must be read in conjunction with, the financial statements described above.

**NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SINGLE-FAMILY HOUSING REVENUE BOND RESOLUTION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022 AND 2021
(IN THOUSANDS)**

The Agency's Business

The New Jersey Housing and Mortgage Finance Agency (NJHMFA or Agency) was created to provide a strong unified advocate for housing production, financing, and improvement. The Agency is established under, but is not a part of, the Department of Community Affairs, and is constituted as a body politic and corporate and an instrumentality of the state exercising public and essential governmental functions. Included in the Agency's powers is the ability, *inter alia*, to provide to housing sponsors, through eligible loans or otherwise, financing, refinancing, or financial assistance for fully completed, as well as partially completed projects; to provide fund to purchase loans made to borrowers throughout the State for single-family residences in accordance with the requirements of the State and Federal law and the applicable general resolution; to issue negotiable bonds and to secure the payment thereof; and to make and enter into and enforce all contracts and agreements necessary, convenient, or desirable to the performance of its duties and the execution of its powers.

The Agency's Single-Family Mortgage component is a fund of the Agency and includes all of the transactions associated with the Agency's Single-Family Housing Revenue Bond Resolution (SFHRB Resolution).

Under the SFHRB Resolution, bond proceeds are made available to finance the acquisition of mortgages for purchases of both existing and newly constructed single-family residences, including condominium and cooperative units.

Overall Financial Highlights – Year Ended December 31, 2022

In September 2022, the Agency issued \$315,730 of Single-Family Housing Revenue Bonds, 2022 Series I. This bond issue, which was comprised entirely of new money proceeds, was the Agency's second single-family bond issue that was self-designated as Social Bonds.

In July 2022, Moody's Investors Service (Moody's) maintained its Aa2 rating (with a stable outlook) on the Agency's Single Family Housing Revenue Bonds (HRB) Resolution.

In July 2022, Standard & Poor's Global Ratings (S&P) affirmed its AA rating (stable outlook) on the Agency's Single-Family Housing Revenue Bonds (HRB) Resolution.

The Agency purchased 1,039 loans for the SFHRB Resolution in 2022.

In 2022, the Resolution had recorded a loss on Real Estate Owned (REO) of \$451 and a provision for loan loss of \$4,980 compared to \$3,206 and \$8,049 in 2021. In addition, the Resolution recognized a recovery of bad debt of \$8,905 due to a reduction in the reserves needed on the current mortgage and REO portfolios.

Overall Financial Highlights – Year Ended December 31, 2021

In August 2021, the Agency issued \$135,800 of Single-Family Housing Revenue Bonds, 2021 Series H. This bond issue, which was comprised entirely of new money proceeds, was the Agency's first single-family bond issue that was self-designated as Social Bonds.

**NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SINGLE-FAMILY HOUSING REVENUE BOND RESOLUTION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022 AND 2021
(IN THOUSANDS)**

In July 2021, Moody's Investors Service (Moody's) maintained its Aa2 rating (with a stable outlook) on the Agency's Single Family Housing Revenue Bonds (HRB) Resolution.

In July 2021, Standard & Poor's Global Ratings (S&P) affirmed its AA rating (stable outlook) on the Agency's Single Family Housing Revenue Bonds (HRB) Resolution.

The SFHRB Resolution purchased 999 loans in 2021.

In 2021, the Resolution had a combined loss on Real Estate Owned (REO) and provision for loan loss of \$11,256 compared to \$7,773 in 2020. In addition, the Resolution recognized a recovery of bad debt of \$7,199 due to a reduction in the reserves needed on the current mortgage and REO portfolios.

Overview of the Financial Statements

The SFHRB Resolution follows enterprise fund reporting. An enterprise fund reports activity that is financed with debt that is secured solely by a pledge of the net revenue from that activity, as well as activity that is not supported by taxes or similar revenues. SFHRB Resolution's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The accrual basis of accounting matches revenues and expenses to the time period in which they are earned or attributable, respectively, which may differ from the period in which the associated cash is received or expended.

Enterprise fund statements offer short-term and long-term financial information about the SFHRB Resolution's activities.

**NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SINGLE-FAMILY HOUSING REVENUE BOND RESOLUTION
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Financial Analysis

The following sections discuss the SFHRB Resolution's financial results for 2022 compared to 2021. Additionally, an examination of major economic factors that have contributed to the SFHRB Resolution's operations is provided. It should be noted that for purposes of this MD&A, summaries of the financial statements and the various exhibits presented are in conformity with the SFHRB Resolution's financial statements, which are presented in accordance with accounting principles generally accepted in the United States.

SFHRB Resolution's Assets, Deferred Outflows, Liabilities, and Deferred Inflows

The statements of net position present the SFHRB Resolution's assets, deferred outflows, liabilities, deferred inflows, and net position as of December 31, 2022 and 2021. The following table represents the statements of net position as of December 31, 2022, 2021, and 2020. The change between December 31, 2022 and 2021 should be read in conjunction with the financial statements. The amounts in the table below and in the explanation of changes in certain financial categories are expressed in thousands to provide easier comparison to the statements of net position on page 12.

Condensed Statements of Net Position at December 31, 2022, 2021, and 2020

	2022	2021	2020	\$ Change		% Change	
				2022/2021	2021/2020	2022/2021	2021/2020
Current Assets	\$ 415,715	\$ 311,806	\$ 349,725	\$ 103,909	\$ (37,919)	33.3%	-10.8%
Noncurrent Assets	968,635	833,243	768,946	135,392	64,297	16.2%	8.4%
Total Assets	1,384,350	1,145,049	1,118,671	239,301	26,378	20.9%	2.4%
Current Liabilities	45,498	40,305	38,092	5,193	19,582	12.9%	5.8%
Long-Term Liabilities	1,142,491	929,820	909,336	212,671	20,484	22.9%	2.3%
Total Liabilities	1,187,989	970,125	947,428	217,864	22,697	22.5%	2.4%
Net Position:							
Restricted	196,361	174,924	171,243	21,437	3,681	12.3%	2.1%
Total Net Position	\$ 196,361	\$ 174,924	\$ 171,243	\$ 21,437	\$ 3,681	12.3%	2.1%

2022 Comparative Analysis

- Cash equivalents increased by \$101,902 due to monies received from the new bond issuance 2022 Series I in the year ended December 31, 2022.
- Mortgage loans receivables increased \$138,918 related to an increase in mortgage loan disbursements paid with bond proceeds from the 2022 bond issuance.
- Foreclosures receivable decreased from \$1,220 in 2021 to \$1,022 in 2022 due to a decrease in claims outstanding.

**NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SINGLE-FAMILY HOUSING REVENUE BOND RESOLUTION
MANAGEMENT'S DISCUSSION AND ANALYSIS
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2021 Comparative Analysis

- Cash equivalents decreased by \$36,296 due to an increase in the amount of mortgages disbursed.
- Mortgage loans receivables increased \$64,812 related to an increase in mortgage loan disbursements paid with bond proceeds from the 2021 bond issuance.
- Foreclosures receivable decreased from \$3,002 in 2020 to \$1,220 in 2021 due to a decrease in claims outstanding.

SFHRB Resolution's Revenues and Expenses

The statements of revenues, expenses, and changes in fund net position report revenues recognized and expenses incurred for the years ended December 31, 2022 and 2021. The following table summarizes the SFHRB Resolution's revenues and expenses for the years ended December 31, 2022, 2021, and 2020. It should be read in conjunction with the financial statements.

The SFHRB Resolution had an increase in net position of \$21,437 for the year ended December 31, 2022 compared with an increase in net position of \$3,681 in the prior year. This is primarily due to transfers in 2022 of \$18,327 related to advances from the Agency's General Fund to cover the cost of the bond issuance on the 2022 bonds along with the origination fees on mortgages purchased in 2022. The amounts in the two tables below and in the explanation of changes in certain financial categories are expressed in thousands to provide easier comparison to the statements of revenues, expenses, and changes in net position.

**Condensed Statements of Revenues, Expenses, and Changes in Net Position for the Years
Ended December 31, 2022, 2021, and 2020**

	2022	2021	2020	\$ Change		% Change	
				2022/2021	2021/2020	2022/2021	2021/2020
Operating Revenues	\$ 44,383	\$ 43,140	\$ 39,485	\$ 1,243	\$ 3,655	2.88%	9.26%
Operating Expenses	44,785	46,319	39,110	(1,534)	7,209	-3.31%	18.43%
Operating Income (Loss)	(402)	(3,179)	375	2,777	(3,554)	-87.35%	-947.73%
Nonoperating Revenues, Net	3,512	(50)	1,428	3,562	(1,478)	-7124.00%	-103.50%
Income (Loss) Before Transfers	3,110	(3,229)	1,803	6,339	(5,032)	-196.31%	-279.09%
Transfers	18,327	6,910	21,631	11,417	(14,721)	165.22%	-68.06%
Change in Net Position	21,437	3,681	23,434	17,756	(19,753)	482.37%	-84.29%
Net Position - Beginning of Year	174,924	171,243	147,809	3,681	23,434	2.15%	15.85%
Net Position - End of Year	\$ 196,361	\$ 174,924	\$ 171,243	\$ 21,437	\$ 3,681	12.26%	2.15%

**NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SINGLE-FAMILY HOUSING REVENUE BOND RESOLUTION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022 AND 2021
(IN THOUSANDS)**

Summary of Operating Expenses for the Years Ended December 31, 2022, 2021, and 2020

	2022	2021	2020	% Change	
				2022/2021	2021/2020
Operating Expenses:					
Interest and Amortization of Bond Premium/Discount	\$ 28,617	\$ 26,904	\$ 23,619	6.37%	13.91%
Servicing Fees and Other	3,293	2,913	2,568	13.04%	13.43%
Professional Services and Financing Costs	7,443	5,247	5,150	41.85%	1.88%
Loss on Sale of Real Estate Owned	452	3,206	3,927	-85.90%	-18.36%
Provision for Loan Losses	4,980	8,049	3,846	-38.13%	109.28%
Total Operating Expenses	<u>\$ 44,785</u>	<u>\$ 46,319</u>	<u>\$ 39,110</u>	<u>-3.31%</u>	<u>18.43%</u>

2022 Comparative Analysis

- Interest income on mortgage loans receivable decreased by \$486 as the balance of mortgage loans receivable increased by \$2,843. This is a result of decreased interest rates related to the pandemic.
- Interest and amortization of bond premiums and discounts increased \$1,713 due to an increase in bonds outstanding at December 31, 2022.
- Recoveries on bad debt increased by \$1,706 due to the increase in mortgage modifications and mortgage reserves adjustments.
- The loss on sale of real estate owned decreased by \$2,754 due to a decrease in the number of properties sold at a loss in 2022.
- Professional services increased \$2,196 as a result of fees charged for the 2022 bond issuance.
- Nonoperating revenues increased as a result of the upturn in the market in 2022 versus 2021, resulting in investment income of \$3,512.

**NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SINGLE-FAMILY HOUSING REVENUE BOND RESOLUTION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022 AND 2021
(IN THOUSANDS)**

2021 Comparative Analysis

- Interest income on mortgage loans receivable increased by \$2,444 as the balance of mortgage loans receivable increased by \$64,812.
- Interest and amortization of bond premiums and discounts increased \$3,285 due to an increase in bonds outstanding at December 31, 2021.
- Recoveries on bad debt increased by \$1,211 due to the increase in mortgage modifications and mortgage reserves adjustments.
- The loss on sale of real estate owned decreased by \$721 due to a decrease in the number of properties sold in 2021.

Debt Administration

At December 31, 2022 and 2021, the SFHRB Resolution had \$1,177,086 and \$961,900, respectively, of bond principal outstanding, net of deferral on refunding, premium, and discount, an increase of 22.37% over the prior year. The SFHRB Resolution issued new bonds in 2022 in the amount of \$315,730. The following table summarizes the SFHRB Resolution's bonds payable outstanding at December 31, 2022, 2021, and 2020 and the percent changes in bonds payable. The amounts in the table below are expressed in thousands to provide easier comparison to the statements of net position on page 12.

	2022	2021	2020	% Change	
				2022/2021	2021/2020
Bonds Payable, Net	\$ 1,177,086	\$ 961,900	\$ 939,191	22.37%	2.42%

Additional information about the SFHRB Resolution's debt is presented in Note 6 of the financial statements.

Single-Family Programs

The Agency provides a variety of residential mortgage financing programs that primarily serve low to moderate and middle-income first-time homebuyers and homebuyers purchasing in certain designated urban areas. For the most part, the programs are funded with Mortgage Revenue Bond proceeds. The Agency issued new bonds under the Resolution in 2022 and 2021.

Economic Factors

The Agency is a self-supporting entity and is not funded by the general taxing authority of the state of New Jersey. As the State's leader in affordable housing, certain market/economic factors can have an impact on the Agency's operations and the Single-Family Housing Revenue Bonds Resolution.

- **Trends in single-family mortgage and bond rates** – Over the last five years, the interest rate environment has allowed the Agency to stay relevant in the mortgage revenue bond (MRB) market, its traditional loan financing mechanism, which has increased the Agency's ability to lend profitably at competitive loan interest rates. The Agency has expanded its mortgage-backed security (MBS) funding program, which allows the Agency to sell FHA, VA, and USDA whole loans for securitization into Ginnie Mae mortgage-backed securities and conventional whole loans to Freddie Mac.

**NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SINGLE-FAMILY HOUSING REVENUE BOND RESOLUTION
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(IN THOUSANDS)**

- **Trends in foreclosure processing** – New Jersey is a judicial state and as such all foreclosures must be processed through the court system. Prior to the COVID-19 pandemic, the foreclosure process took between 18-24 months to complete. For much of 2021, foreclosures were on hold due to a foreclosure and eviction moratorium under executive order from the Governor that has now expired. As a result of the end of the moratorium, foreclosure processing increased in 2022 versus 2021 volumes. Due to increased homeowner protections and the backlog of the courts in getting through older foreclosure proceedings, the average foreclosure process timeline has increased to about 24-30 months.

- **Trends in home sales** – New Jersey has seen the number of home sales decrease in 2022 by 17.8% versus 2021 volumes. The Agency increased overall loan production by 14.4% over the same time, due to increased lender participation, launch of innovative programs, and competitive pricing versus the general mortgage market.

Contacting the Agency's Financial Management

This financial report is designed to provide a general overview of the SFHRB Resolution's business, financial position, and fiscal accountability for the funds it generates and receives. If you have questions about any information in this report, contact the Finance Division of the New Jersey Housing and Mortgage Finance Agency.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SINGLE-FAMILY HOUSING REVENUE BOND RESOLUTION
STATEMENTS OF NET POSITION
DECEMBER 31, 2022 AND 2021
(IN THOUSANDS)

	2022	2021
CURRENT ASSETS		
Restricted Cash and Cash Equivalents	\$ 378,386	\$ 276,484
Accrued Interest Receivable on Investments	154	154
Mortgage Loans Receivable, Net	30,208	27,365
Accrued Interest Receivable on Mortgages	4,873	5,135
Due from Loan Servicers	1,072	1,446
Foreclosures	1,022	1,220
Due from Other Funds	-	2
Total Current Assets	415,715	311,806
NONCURRENT ASSETS		
Restricted Investments - Noncurrent	2,993	3,686
Mortgage Loans Receivable, Net	963,422	827,347
Supplemental Mortgages and Other Loans, Net	165	177
Real Estate Owned, Net	2,055	2,033
Total Noncurrent Assets	968,635	833,243
Total Assets	1,384,350	1,145,049
CURRENT LIABILITIES		
Bonds and Obligations, Net	34,595	32,080
Accrued Interest Payable on Bonds and Obligations	10,121	7,433
Other Current Liabilities	782	792
Total Current Liabilities	45,498	40,305
NONCURRENT LIABILITIES		
Bonds and Obligations, Net	1,142,491	929,820
Total Noncurrent Liabilities	1,142,491	929,820
Total Liabilities	1,187,989	970,125
NET POSITION		
Restricted Under Bond and Obligation Resolutions	196,361	174,924
Total Net Position	\$ 196,361	\$ 174,924

See accompanying Notes to Financial Statements.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SINGLE-FAMILY HOUSING REVENUE BOND RESOLUTION
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
YEARS ENDED DECEMBER 31, 2022 AND 2021
(IN THOUSANDS)

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Interest Income on Mortgage Loans	\$ 35,455	\$ 35,941
Other Income	23	-
Recovery of Bad Debt	8,905	7,199
Total Operating Revenues	<u>44,383</u>	<u>43,140</u>
OPERATING EXPENSES		
Interest and Amortization of Bond Premium/Discounts	28,617	26,904
Servicing Fees and Other	3,293	2,913
Professional Services and Financing Costs	7,443	5,247
Loss on Sale of Real Estate Owned	452	3,206
Provision for Loan Losses	4,980	8,049
Total Operating Expenses	<u>44,785</u>	<u>46,319</u>
OPERATING LOSS	(402)	(3,179)
NONOPERATING REVENUES (EXPENSES)		
Investment Income (Loss)	<u>3,512</u>	<u>(50)</u>
INCOME (LOSS) BEFORE TRANSFERS	3,110	(3,229)
TRANSFERS	<u>18,327</u>	<u>6,910</u>
CHANGE IN NET POSITION	21,437	3,681
Net Position - Beginning of Year	<u>174,924</u>	<u>171,243</u>
NET POSITION - END OF YEAR	<u>\$ 196,361</u>	<u>\$ 174,924</u>

See accompanying Notes to Financial Statements.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SINGLE-FAMILY HOUSING REVENUE BOND RESOLUTION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(IN THOUSANDS)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Interest on Mortgages and Loans	\$ 35,740	\$ 36,195
Receipts from Principal Payments on Mortgage Loans	165,259	95,620
Payments to Vendors	(10,746)	(8,125)
Payments for Mortgage Purchases and Advances	(295,162)	(154,995)
Payments for Interest	(28,866)	(29,436)
Payments for Other	(4,978)	(7,889)
Net Cash Used by Operating Activities	(138,753)	(68,630)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Bond Premium	5,548	8,910
Receipts from Proceeds of Sale of Bonds and Obligations	315,730	135,800
Payments for Retirement of Bonds	(103,155)	(119,515)
Transfers from Agency General Fund	18,327	6,910
Net Cash Provided by Noncapital Financing Activities	236,450	32,105
CASH FLOWS FROM INVESTING ACTIVITIES		
Earnings on Investments	4,205	229
Net Cash Provided by Investing Activities	4,205	229
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	101,902	(36,296)
Cash and Cash Equivalents - Beginning of Year	276,484	312,780
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 378,386	\$ 276,484
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (402)	\$ (3,179)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Loss on Real Estate Owned	452	3,206
Provision for Loan Losses	4,980	8,049
Amortization of Premium and Discounts	(2,937)	(2,486)
Effects of Changes in Operating Assets, Liabilities, and Deferred Outflows/Inflows:		
Mortgage Loans Receivable, Net	(143,886)	(72,904)
Mortgage Interest Receivable	262	254
Due from Loan Servicers and Insurers	374	729
Other Assets	198	1,782
Real Estate Owned	(474)	(4,230)
Accrued Interest Payable on Bonds	2,688	(46)
Due from Other Funds	2	160
Other Liabilities	(10)	35
Net Cash Used by Operating Activities	\$ (138,753)	\$ (68,630)

See accompanying Notes to Financial Statements.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SINGLE-FAMILY HOUSING REVENUE BOND RESOLUTION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Agency

Authorizing Legislation and Organization – The New Jersey Housing and Mortgage Finance Agency (the Agency), which is established in, but not part of, the Department of Community Affairs, is a body, corporate and politic, created by the New Jersey Housing & Mortgage Finance Agency Law of 1983, constituting Chapter 530, Laws of New Jersey, 1983 (the Act), which combined the New Jersey Housing Finance Agency and the New Jersey Mortgage Finance Agency into a single agency.

The initial legislation and subsequent amendment grant the Agency the power to obtain funds through bond sales and to use the proceeds to finance the construction and rehabilitation of housing projects for families of low and moderate income by providing mortgage loans to qualified housing sponsors or to increase the funds available for residential mortgage and rehabilitation or improvement loans. In addition, the Agency is authorized to make loans to boarding home operators for life safety improvements.

The Agency is governed by nine members: the Commissioner of the Department of Community Affairs who serves as Chair, the State Treasurer, the Attorney General, the Commissioner of Banking and Insurance, and the Commissioner of the Department of Human Services who are members of the New Jersey Housing & Mortgage Finance Agency ex officio, and four persons appointed by the Governor with the advice and consent of the State Senate for terms of three years.

Reporting Entity

The Agency's Single-Family Mortgage component is a fund of the Agency and includes all of the transactions associated with the Agency's Single-Family Housing Revenue Bond Resolution.

Under the Single-Family Housing Revenue Bond Resolution (the SFHRB Resolution), bond proceeds are made available to finance the acquisition of mortgages for purchases of both existing and newly constructed single-family residences, including condominium and cooperative units.

The bonds issued under the Resolution are separately secured, special, and limited obligations of the Agency. The Agency has no taxing power and the state of New Jersey is not liable on bonds, notes or other obligations issued by the Agency. However, the Agency is considered to be a component unit of the state and, as such, is a nontaxable entity. See Note 6 to the financial statements for a more detailed discussion of the Agency's bonds and obligations under the SFHRB Resolution.

The financial statements included herein, prepared on the accrual basis of accounting, present the financial position and the changes in net position and cash flows of only that portion of the financial reporting entity of the Agency that is attributable to the transactions of the SFHRB Resolution.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SINGLE-FAMILY HOUSING REVENUE BOND RESOLUTION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The financial statements of the SFHRB Resolution are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, regardless of when the cash flow takes place. Operating costs and expenses are charged to expense as incurred.

The financial statements of the SFHRB Resolution are required to follow all statements of the Governmental Accounting Standards Board (GASB). GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62), was issued to incorporate FASB and AICPA guidance into GASB authoritative literature.

Use of Estimates

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

Description of Funds

Pursuant to the SFHRB Resolution, separate funds have been established to record all transactions relating to the bond resolutions. Within each fund there are accounts required by the bond resolution.

Net position under the bond resolution is restricted and is not available for any purpose other than as provided.

Cash and Cash Equivalents

Cash equivalents are considered highly liquid investments with a maturity of three months or less when purchased and include short-term highly liquid money market funds, overnight repurchase agreements and amounts held in a tax-free cash management fund, all of which are readily convertible to known amounts of cash.

Investments

Investments in United States government and agency securities, asset-backed securities, corporate notes, and commercial paper are reported at fair value. The Resolution's investment agreements are reported at an amount equal to principal and accrued interest.

Real Estate Owned

Real estate owned represents real estate acquired through foreclosure and in-substance foreclosures. Real estate owned is recorded at the lower of the investment in the loan or the estimated net realizable value.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SINGLE-FAMILY HOUSING REVENUE BOND RESOLUTION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfunds

Interfund receivables and payables that arise from transactions between the bond resolution component and the general fund of the Agency are recorded by all funds affected by such transactions in the period in which the transaction is executed. The interfunds are temporary in nature and are liquidated on a periodic basis. Transfers are used to move revenue that the SFHRB Resolution must account for in other funds in accordance with various bond and obligation resolutions.

Debt Issuance Costs, Bond Discount, and Other Related Costs

Debt issuance costs, except prepaid insurance costs, are expensed in the period incurred. Discount and premium on bonds are unearned and amortized to interest expense using a method approximating the effective interest method.

Mortgage Loans

Mortgage loans are stated at principal amounts outstanding, net of unearned discount. Interest income on first mortgage loans is accrued and credited to interest income as earned. The Agency is involved in foreclosure proceedings relating to single-family mortgages. The Agency allows its outside servicers to represent them in Agency-approved foreclosure proceedings. The Agency is the first lien holder for all supplemental mortgages. Interest income on supplemental mortgages is not accrued but is credited to income as collected.

Allowance for Loan Losses

The allowance is an amount that management believes will be adequate to absorb possible losses on existing loans that may become uncollectible, based on evaluations of the collectability of the loans. The evaluations take into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, and current economic conditions that may affect the borrowers' ability to pay. Economic conditions may result in the necessity to change the allowance quickly in order to react to deteriorating financial conditions of the Agency's borrowers. As a result, additional provisions on existing loans may be required in the future if borrowers' financial conditions deteriorate or if real estate values decline. The Agency has provided allowances for loan losses aggregating \$10,606 and \$11,018 as of December 31, 2022 and 2021, respectively, against mortgage loans receivable, debt service arrears receivable, supplemental mortgages, other loans, and fees and charges.

Deferred Outflows and Deferred Inflows

State and local governments enter into transactions that result in the consumption or acquisition of net assets in one period that are applicable to future periods. GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, identifies those consumptions or acquisitions as *deferred outflows of resources* and *deferred inflows of resources*, respectively, and distinguishes them from assets and liabilities. As such, these transactions are reported on the statements of net position.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SINGLE-FAMILY HOUSING REVENUE BOND RESOLUTION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position comprises the cumulative excess of revenues over expenses from operating income, nonoperating revenues, expenses, and transfers. Net position is classified in the following component:

Restricted – Net position is reported as restricted when constraints placed on net position use are either: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation.

All of the SFHRB Resolution's net position was restricted at December 31, 2022 and 2021. These monies are pledged as security for the respective bondholders, and thus are restricted as to their application.

Operating and Nonoperating Revenues and Expenses

Operating revenues consist primarily of all revenues derived from interest income on mortgage loans, fees and charges on mortgages and loans issued, and gains on the sale of real estate owned. Investment income, which consists of interest income earned on various interest-bearing accounts and on investments in debt securities, is reported as nonoperating revenues.

Operating expenses include general and administrative expenses of the Resolution; salaries and benefits; costs and expenses incurred in connection with the issuance and sale of certain bonds and notes; fees and expenses of trustees and depository and paying agents; and other costs associated with the Agency's various loan programs.

Tax Status

The Agency is exempt from federal income taxes under the Internal Revenue Code Section 115 and from state income taxes under N.J.S.A. 27-25-16. Accordingly, no provision is recorded for federal and state income taxes.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SINGLE-FAMILY HOUSING REVENUE BOND RESOLUTION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(IN THOUSANDS)

NOTE 2 EARLY EXTINGUISHMENT OF DEBT

During the years ended December 31, 2022 and 2021, as a result of prepayment of certain mortgages, the SFHRB Resolution repurchased or redeemed, prior to their scheduled maturity, the principal amount of certain of its bonds, totaling approximately \$71,495 and \$90,170, respectively.

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the SFHRB Resolution's deposits may not be returned to it. The SFHRB Resolution has varying provisions which relate to custodial credit risk including requirements that certain monies and certain deposits of funds held be insured via federal deposit insurance or collateralized or secured by U.S. government, U.S. government backed, U.S. government agency or, in some cases, state of New Jersey obligations. All funds are deposited in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. In some cases, the Trustee or paying agent is excluded from these requirements related to funds held by them in trust. The SFHRB Resolution requires that the holders (banks and other entities) of certain deposits have certain minimum long-term or short-term credit rating levels.

The SFHRB Resolution, a program of the Agency, maintains separate cash and investment accounts at the same financial institutions utilized by the Agency. Federal depository insurance applies to the Agency as a whole and, accordingly, the amount of insured funds is not determinable for the SFHRB Resolution specifically.

Investment Policy

The SFHRB Resolution governs the investment of assets and funds held under the Resolution and, as such, establishes permitted investments in which funds held under the Resolution may be invested. Generally, the Resolution permits commercial bank deposits, time deposits, and certificates of deposits, U.S. government obligations, obligations of certain U.S. government agencies or obligations that are guaranteed by the U.S. government. Additionally, the SFHRB Resolution also permits the investment in money market funds with stipulated rating and maturity levels, as well as repurchase agreements, certain federal funds, commercial paper, banker's acceptances, and funds of which the New Jersey Treasurer is custodian. In addition to the investment of funds related to cash and equivalents discussed herein, the SFHRB Resolution also establishes additional permitted investments.

Investment Types

In addition to those investments discussed in the investment policy, the SFHRB Resolution also permits guaranteed investment contracts or investment agreements, obligations or notes of certain U.S. government agencies which are not backed by the U.S. government, certain short-term and long-term debt providing the issuers fall within permissible rating categories, certain stripped U.S. Treasury securities, and Federal Housing Administration debentures.

**NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SINGLE-FAMILY HOUSING REVENUE BOND RESOLUTION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(IN THOUSANDS)**

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

New Jersey Cash Management Fund

During the year, the SFHRB Resolution invested monies in the New Jersey Cash Management Fund (the fund). The fund is governed by regulations of the State Investment Council, which prescribes standards designed to ensure the quality of investments in order to minimize risk to the fund's participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. The fund does not have a credit rating.

The fund is recorded at amortized cost. The fair value of the position in the fund is the same as the value of the pool shares. As the pool is not SEC registered, regulatory oversight of the pool rests with the New Jersey State Treasury.

The fair value of the fund is the same as the value of the of the pooled investment shares.

The following assets held by SFHRB Resolution as of December 31, 2022 and 2021 are evaluated in accordance with GASB accounting guidance for interest rate risk, credit risk, concentration of credit risk, and custodial credit risk.

<u>Assets</u>	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents:		
Cash	\$ 3,846	\$ 3,330
Money Market Funds	285,274	177,078
NJ Cash Management Fund	89,266	96,076
Investments:		
Federal Home Loan Mortgage Corporation (GICs)	2,993	3,686
Total	<u>\$ 381,379</u>	<u>\$ 280,170</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The SFHRB Resolution provides that monies held and invested be available for use when needed by the SFHRB Resolution. In these cases, the exposure of those securities to interest rate risk may be somewhat limited via the maturity of the securities and/or conversion into cash and equivalents prior to needing such funds.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SINGLE-FAMILY HOUSING REVENUE BOND RESOLUTION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(IN THOUSANDS)

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Interest Rate Risk (Continued)

As of December 31, 2022, the value and maturities for these assets were as follows:

Assets	Value	Maturities (in Years)		
		Less Than 1	5-10	More Than 15
Cash and Cash Equivalents:				
Cash	\$ 3,846	\$ 3,846	\$ -	\$ -
Money Market Funds	285,274	285,274	-	-
NJ Cash Management Fund	89,266	89,266	-	-
Investments:				
Federal Home Loan Mortgage Corp (GICs)	2,993	-	2,993	-
Total	<u>\$ 381,379</u>	<u>\$ 378,386</u>	<u>\$ 2,993</u>	<u>\$ -</u>

As of December 31, 2021, the fair value and maturities for these assets were as follows:

Assets	Value	Maturities (in Years)		
		Less Than 1	5-10	More Than 15
Cash and Cash Equivalents:				
Cash	\$ 3,330	\$ 3,330	\$ -	\$ -
Money Market Funds	177,078	177,078	-	-
NJ Cash Management Fund	96,076	96,076	-	-
Investments:				
Federal Home Loan Mortgage Corp (GICs)	3,686	-	3,686	-
Total	<u>\$ 280,170</u>	<u>\$ 276,484</u>	<u>\$ 3,686</u>	<u>\$ -</u>

Credit Risk

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The SFHRB Resolution establishes varying minimum rating levels for different types of investments. Generally, commercial paper must be rated in the highest rating category or A-1/P-1 and money market funds must be rated AAAM or AAAM-G by Standard and Poor's and Aaa by Moody's. Also, certain deposits or various short-term investments or cash equivalents may only be held by providers in either the highest or two highest rating categories and which are fully insured by the Federal Deposit Insurance Corporation (FDIC).

The Agency's guaranteed investment contracts (GICs), which are permitted, are not rated; however, the SFHRB Resolution requires that the provider of such contracts have either a long-term rating of at least AA- from Standard and Poor's and Aa3 from Moody's and a short-term rating of at least A-1+ from Standard and Poor's and a P-1 from Moody's and which are approved by Standard and Poor's and Moody's.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

As of December 31, 2022 and 2021, the SFHRB Resolution had the following investments, maturities, and credit quality.

	Fair Value		Weighted Average Maturity (Years)		Credit Ratings	
	2022	2021	2022	2021	S&P	Moody's
Investment Type:						
Federal Agency Notes (GICs)	\$ 2,993	\$ 3,686	9.55	10.55	AA+	AAA
Total Investments	<u>\$ 2,993</u>	<u>\$ 3,686</u>				

The SFHRB Resolution does not place limits on the amounts that may be invested in any one issuer relating to certain types of investments.

The following table shows investments in issuers that represent 5% or more of total investments at December 31, 2022 and 2021, respectively:

Issuer	2022	
	Percent of Total Investments	
Federal Home Loan Mortgage Corporation (GICs)	\$ 2,993	100.00%

Issuer	2021	
	Percent of Total Investments	
Federal Home Loan Mortgage Corporation (GICs)	\$ 3,686	100.00%

Pursuant to the SFHRB Resolution, the Agency is required to maintain certain invested debt service reserves with the Trustees to fund potential deficiencies in principal and interest required to be paid in succeeding fiscal years. As of December 31, 2022, the debt service reserves required of \$22,701 were covered by the \$2,993 restricted noncurrent investments with the remaining portion covered by some of the restricted money market funds. As of December 31, 2021, the debt service reserves required of \$18,450 were covered by the \$3,686 restricted noncurrent investments.

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NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Investment Income

Investment income is generally comprised of the following elements described below:

Interest income – is the return on the original principal amount invested and the amortization of premium/discount on short-term investments.

Unrealized gain (loss) on investments – takes into account all changes in fair value that occurred during the year.

The SFHRB Resolution’s investment income for the years ended December 31, 2022 and 2021, consisted of interest earned in the amount of \$4,205 and \$228, respectively, and an unrealized loss on investments of \$693 and \$278, respectively.

Fair Value Measurements

The SFHRB Resolution categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Money market accounts and guaranteed investment contracts are recorded at amortized cost or contract value, thus are not included within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The SFHRB Resolution has the following recurring fair value measurements as of December 31, 2022 and 2021:

- Federal Home Loan Mortgage Corporation securities of \$2,993 and \$3,686 as of December 31, 2022 and 2021, respectively, are valued using significant other observable inputs (Level 2).

NOTE 4 MORTGAGE LOANS RECEIVABLE

Mortgage loans held by the SFHRB Resolution have stated interest rates and are secured by first liens on the related real property. The SFHRB’s mortgage loans receivable as of December 31 consisted of the following:

	2022	2021
Mortgage Loans Receivable	\$ 1,004,236	\$ 865,730
Allowance for Loan Losses	<u>(10,606)</u>	<u>(11,018)</u>
Mortgage Receivable - Net	993,630	854,712
Less: Current Portion	<u>(30,208)</u>	<u>(27,365)</u>
Long-Term Portion	<u>\$ 963,422</u>	<u>\$ 827,347</u>

The mortgage loans are repayable over terms originally up to 30 years and bear interest at rates from 1.00% to 8.70% per annum.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 5 SUPPLEMENTAL MORTGAGES AND OTHER LOANS

Certain borrowers have received supplemental mortgages and other loans from the SFHRB Resolution. The supplemental mortgages and other loans receivable as of December 31, 2022 and 2021 consisted of the following:

	2022	2021
Supplemental Mortgages and Other Loans	\$ 4,134	\$ 4,419
Allowance for Loan Losses	(3,969)	(4,242)
Supplemental Mortgages, Net	\$ 165	\$ 177

NOTE 6 BONDS AND OBLIGATIONS

The SFHRB Resolution obtains funds to finance its lending operations through the sale of bonds and other obligations. Interest on such bonds and obligations is payable semiannually. Generally, bond principal is due in annual or semiannual installments. Term bonds are subject to redemption by application of sinking fund installments. Pursuant to the related bond and obligation resolutions, the Agency has authorized and issued as of December 31, 2022 and 2021 the following bonds and obligations:

	2022				
	Bonds			Bonds	
	Outstanding December 31, 2021	Issued	Reductions	Outstanding December 31, 2022	Amount Due Within One Year
Description of Bonds as Issued					
2018 Series A, 3.60% to 4.50%, due 2033 to 2048	\$ 129,750	\$ -	\$ 19,980	\$ 109,770	\$ -
2018 Series B, 1.65% to 4.50%, due 2018 to 2032	130,890	-	20,430	110,460	9,865
2019 Series C, 2.55% to 4.75%, due 2026 to 2050	167,995	-	12,255	155,740	-
2019 Series D, 1.90% to 4.00%, due 2019 to 2026	37,130	-	8,700	28,430	9,000
2020 Series E, 1.50% to 3.50%, due 2028 to 2051	238,405	-	23,355	215,050	-
2020 Series F, 0.55% to 1.90%, due 2021 to 2028	39,490	-	5,165	34,325	1,090
2020 Series G, 0.743% to 1.729%, due 2021 to 2026	43,035	-	9,965	33,070	10,980
2021 Series H, 0.15% to 5.00%, due 2022 to 2033	135,800	-	3,305	132,495	3,070
2022 Series I, 2.35% to 5.00%, due 2023 to 2053	-	315,730	-	315,730	590
Total Bonds Outstanding	922,495	315,730	103,155	1,135,070	34,595
Bond Premium	39,405	5,548	2,937	42,016	-
Total Bonds Payable (Net)	\$ 961,900	\$ 321,278	\$ 106,092	\$ 1,177,086	\$ 34,595

	2021				
	Bonds			Bonds	
	Outstanding December 31, 2020	Issued	Reductions	Outstanding December 31, 2021	Amount Due Within One Year
Description of Bonds as Issued					
2018 Series A, 3.60% to 4.50%, due 2033 to 2048	\$ 150,885	\$ -	\$ 21,135	\$ 129,750	\$ -
2018 Series B, 1.65% to 3.80%, due 2018 to 2032	154,960	-	24,070	130,890	10,455
2019 Series C, 2.55% to 4.75%, due 2026 to 2050	187,075	-	19,080	167,995	-
2019 Series D, 1.90% to 4.00%, due 2019 to 2026	45,590	-	8,460	37,130	8,700
2020 Series E, 1.50% to 3.50%, due 2028 to 2051	266,090	-	27,685	238,405	-
2020 Series F, .550% to 1.900%, due 2021 to 2028	46,240	-	6,750	39,490	2,275
2020 Series G, .0743% to 1.729%, due 2021 to 2026	55,370	-	12,335	43,035	9,330
2021 Series H, .150% to 5.00%, due 2022 to 2033	-	135,800	-	135,800	1,320
Total Bonds Outstanding	906,210	135,800	119,515	922,495	32,080
Bond Premium	32,981	8,910	2,486	39,405	-
Total Bonds Payable (Net)	\$ 939,191	\$ 144,710	\$ 122,001	\$ 961,900	\$ 32,080

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NOTE 6 BONDS AND OBLIGATIONS (CONTINUED)

Interest paid on variable-rate tax-exempt bonds is closely correlated with The Securities Industry and Financial Markets Association Municipal Swap (SIFMA) rate and taxable bond rates are closely correlated with London Interbank Offered Rate (LIBOR) rate or the FHLB Discount Note rate plus a fixed spread. Generally, rate resets occur quarterly, monthly, or weekly.

In 2022, the Agency issued \$315,730 of Single-Family Housing Revenue Bonds, 2022 Series I. This bond issue, which was comprised entirely of new money proceeds, was self-designated as Social Bonds.

The Single-Family Housing Revenue Bonds are separately secured, special, and limited obligations of the Agency and are payable solely from the property pledged to the payment thereof. These bonds are not payable from any of the funds or accounts established under any other resolution of the Agency securing bonds and other obligations. The full faith and credit of the Agency is not pledged for the payment of the principal or redemption price of or interest on the Bonds.

Pledged Revenue on Revenue Bonds

The Agency has pledged, as security for all the bonds it issues, all revenue within each Bond and Obligation Fund. The bonds are payable with pledged revenue through 2053 for Single-Family Housing Revenue Bonds.

Future Principal and Interest Requirements

The approximate principal and interest payments based on various rates at December 31, 2022, required on outstanding bonds and obligations over the next five years and thereafter are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 34,595	\$ 40,062	\$ 74,657
2024	40,645	39,073	79,718
2025	41,965	37,970	79,935
2026	41,110	36,886	77,996
2027	41,205	35,811	77,016
2028-2032	214,350	159,299	373,649
2033-2037	221,355	121,178	342,533
2038-2042	187,440	83,643	271,083
2043-2047	166,750	50,114	216,864
2048-2052	138,095	16,261	154,356
2053-2057	7,560	260	7,820
Total	<u>1,135,070</u>	<u>\$ 620,557</u>	<u>\$ 1,755,627</u>
Plus: Unamortized Premium	42,016		
Total	<u>\$ 1,177,086</u>		

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NOTE 7 RESERVE FOR INTEREST REBATE

The Tax Reform Act of 1986 placed restrictions on the investments of the proceeds of certain tax-exempt bonds issued after December 31, 1986. Specifically, investment earnings which are above the bond yield (arbitrage) are required to be rebated to the United States Treasury Department within 60 days of the end of the fifth bond year. A bond year is defined as ending on the anniversary date of the bond settlement.

The SFHRB Resolution has various issues of bonds outstanding (see Note 6), which also have various settlement dates. Rebate calculations on these bonds are required to be made at least once every five years. However, the Agency prepares annual rebate calculations for purposes of determining any contingent liability for rebate.

At this time, it is not believed that a rebate is required.

NOTE 8 INTERFUND PAYABLES AND TRANSFERS

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund services are provided or reimbursement occurs, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Amounts payable from other funds as of December 31, 2022 and 2021 consist of the following:

	2022	2021
Interfund Receivable:		
General Fund of the Agency	\$ -	\$ 2

Transfers to / from other funds as of December 31, 2022 and 2021 consist of the following:

Transfers:		
Transfers from General Fund of the Agency	\$ 18,327	\$ 6,910

NOTE 9 COMMITMENTS AND CONTINGENCIES

The Agency is a defendant in various legal actions arising in the ordinary course of business. The Agency is represented in these actions by the Attorney General of the state of New Jersey, acting as general counsel to the Agency, and by counsel to the Agency's various insurers. In the opinion of management and legal counsel, the ultimate disposition of these legal actions will not have a material adverse effect on the SFHRB Resolution's financial position.

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NOTE 10 SUBSEQUENT EVENTS

In May 2023, the Agency issued \$184.27 million of tax-exempt Single Family Housing Revenue Bonds (SFHRB) 2023 Series J. The bond issue was comprised entirely of new money proceeds and was self-designated as Social Bonds. The bonds have interest rates ranging from 3.00% to 5.50%, with a final maturity date of October 1, 2053.

In April 2023, Moody's Investors Service (Moody's) maintained its Aa2 rating (stable outlook) on the Agency's Single Family Housing Revenue Bonds (HRB) Resolution.

In both March and April 2023, Standard & Poor's Global Ratings (S&P) affirmed its AA rating (stable outlook) on the Agency's Single Family Housing Revenue (SFHRB) Resolution.

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APPENDIX E

CERTAIN RESOLUTION INFORMATION

Bonds Issued Under the Resolution

The Agency has previously issued the following Series of Bonds under the Resolution which remain Outstanding as of December 31, 2023:

TABLE 1

<u>Series</u>	<u>Date of Issue</u>	<u>Original Principal Amount</u>	<u>Principal Amount Outstanding as of December 31, 2023</u>
2018 Series A	June 27, 2018	\$186,225,000	\$95,255,000
2018 Series B	June 27, 2018	192,705,000	100,595,000
2019 Series C	March 21, 2019	202,720,000	143,880,000
2019 Series D	March 21, 2019	54,205,000	19,430,000
2020 Series E	August 12, 2020	266,090,000	195,880,000
2020 Series F	August 12, 2020	46,240,000	32,460,000
2020 Series G	August 12, 2020	55,370,000	22,090,000
2021 Series H	August 19, 2021	135,800,000	125,730,000
2022 Series I	September 29, 2022	315,730,000	309,230,000
2023 Series J	May 17, 2023	<u>184,270,000</u>	<u>184,245,000</u>
TOTAL		<u>\$1,639,355,000</u>	<u>\$1,228,795,000</u>

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Loans Under the Resolution

Set forth in the following table is certain information regarding the interest rates borne by Loans held under the Resolution as of December 31, 2023. The information below under the heading “Range of Original Loan Interest Rates” includes the interest rates on Loans purchased by the Agency under its various below market single-family home loan programs for certain low-income Borrowers and targeted areas.

TABLE 2

<u>Series</u>	<u>Remaining Funds Available for Loans Purchases</u>	<u>Funds Used to Purchase Loans During Origination Period[†]</u>	<u>Principal Amount of Loans Outstanding (\$)</u>	<u>Range of Original Loan Interest Rates (%)</u>	<u>Weighted Average of Original Loan Interest Rates (%)</u>
SF General Resolution	\$ 0	-	\$ 34,945,696	1.000-7.600	4.4609
2018 Series A, B	0	-	154,208,811 [‡]	2.875-8.125	5.2005
2019 Series C, D	0	-	145,514,074 [‡]	2.875-8.700	4.8345
2020 Series E, F, G	0	-	218,689,501 [‡]	2.750-8.500	3.9726
2021 Series H	0	-	138,367,121	2.625-6.750	2.8278
2022 Series I	0	-	357,393,111	2.625-7.750	4.6805
2023 Series J	72,411,215	171,621,478	<u>174,425,060</u>	5.250-7.750	6.2685
Total			<u>\$ 1,223,543,373</u>		

[†] Information provided only for Series of Bonds for which origination period is ongoing.

[‡] Includes transferred Loans (Loans originally purchased with proceeds of bonds refunded by the listed Series of Bonds).

Primary Mortgage Insurance Providers Under the Resolution

Certain information regarding the primary mortgage insurance coverage for Loans purchased under the Resolution as of December 31, 2023, is summarized in the following table.

TABLE 3

<u>Mortgage Insurance Provider</u>	<u>Number of Loans</u>	<u>Current Principal Amount of Loans Covered</u>	<u>Percentage of Loan Amount Covered</u>
FHA	5,982	\$1,012,387,297	82.74%
VA	192	38,468,929	3.14
RHS	236	34,808,237	2.85
Conventional Insured			
MGIC	229	17,149,078	1.40
Triad Guaranty	2	234,125	0.03
United Guaranty	68	5,927,036	0.48
Radian Guaranty	8	757,166	0.06
PMI Mortgage Insurance	9	609,221	0.05
Enact Mortgage Insurance	48	3,961,495	0.32
Republic Mortgage Insurance	12	786,144	0.06
Other	9	370,473	0.03
Conventional Uninsured	<u>1,431</u>	<u>108,084,174</u>	<u>8.84</u>
Total	<u>8,226</u>	<u>\$1,223,543,373</u>	<u>100.00%</u>

Loan Delinquency Information Under the Resolution

Certain information regarding payment delinquencies with respect to Loans purchased under the Resolution through and as of December 31, 2023, is summarized in the following table.

TABLE 4

	<u>Loans</u>	<u>One Payment Delinquency</u>	<u>Two Payment Delinquencies</u>	<u>Three or More Payment Delinquencies</u>	<u>Possible Foreclosure[†]</u>
Number of Loans	8,226	563	279	420	59
Principal Amount	1,223,543,373	86,795,683	\$28,458,041	\$62,291,229	\$7,539,137
Percentage of Total					
Number of Loans	100%	6.84%	3.39%	5.11%	0.72%
Percentage of Total					
Principal Amount of Loans	100%	7.09%	2.33%	5.09%	0.62%

Certain information regarding payment delinquencies with respect to Loans purchased under the Resolution through and as of June 30, 2023 is summarized in the following table.

	<u>Loans</u>	<u>One Payment Delinquency</u>	<u>Two Payment Delinquencies</u>	<u>Three or More Payment Delinquencies</u>	<u>Possible Foreclosure[†]</u>
Number of Loans	7,940	488	147	331	128
Principal Amount	\$1,118,171,420	\$71,729,768	\$21,501,555	\$52,227,925	\$15,875,525
Percentage of Total					
Number of Loans	100%	6.15%	1.85%	4.17%	1.61%
Percentage of Total					
Principal Amount of Loans	100%	6.41%	1.92%	4.67%	1.42%

Certain information regarding payment delinquencies with respect to Loans purchased under the Resolution through and as of December 31, 2023 is summarized in the following table.

	<u>Loans</u>	<u>One Payment Delinquency</u>	<u>Two Payment Delinquencies</u>	<u>Three or More Payment Delinquencies</u>	<u>Possible Foreclosure[†]</u>
Number of Loans	7,555	491	165	314	193
Principal Amount	\$1,004,235,742	\$65,301,444	\$24,724,994	\$44,991,6387	\$24,295,056
Percentage of Total					
Number of Loans	100%	6.50%	2.18%	4.16%	2.55%
Percentage of Total					
Principal Amount of Loans	100%	6.50%	2.46%	4.48%	2.42%

[†] Includes non-current loans that are in loss-mitigation, are being processed for potential foreclosure, or that are in foreclosure litigation (i.e., a complaint has been filed with the Superior Court of New Jersey).

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TABLE 5

Amounts on Deposit in Certain Resolution Funds

Set forth in the following table are the amounts on deposit in certain funds held under the Housing Revenue Bond Resolution as of December 31, 2023.

<u>Series</u>	<u>Loan Purchase Fund</u>	<u>Rebate Fund</u>	<u>Reserve Fund</u>	<u>Revenue Fund</u>
SF General Resolution	\$0	\$0	\$0	\$98,361,458
2018 Series A, B	0	0	6,369,181	5,349,367
2019 Series C, D	0	0	3,597,063	13,584,743
2020 Series E, F, G	0	0	6,336,287	11,540,307
2021 Series H	0	0	1,420,164	1,612,188
2022 Series I	20,338,037	0	5,346,577	5,209,862
2023 Series J	72,411,215	0	2,794,781	4,926,627

Summary of Investment Obligations

There are currently no outstanding Investment Obligations.

Hedge Instruments

There are currently no outstanding Swaps constituting Hedge Agreements under the General Resolution.

Liquidity Facility Agreements

There are currently no outstanding Liquidity Facility Agreements.

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APPENDIX F

HISTORICAL LOAN PREPAYMENT SPEEDS

The following table sets forth certain information relating to Loans pledged under the General Resolution and financed with proceeds of Prior Bonds and prior Contributed Assets. The table reflects data as of December 31, 2023, including historical prepayment speeds calculated using the SIFMA Standard Prepayment Model.

Year Originated	Outs. # of Loans	Outstanding Principal Amount	Weighted Average Mortgage Rate	Minimum Mortgage Rate	Maximum Mortgage Rate	Remaining Term [†]	Prepayment Speed		
							6-Month	12-Month	24-Month
Prior to FY 2004	889	\$26,226,203	5.306%	3.000%	8.700%	90	99%	104%	121%
FY 2004	172	9,902,663	4.985%	2.875%	6.000%	142	149%	116%	134%
FY 2005	143	9,615,126	5.100%	1.000%	6.000%	142	77%	85%	84%
FY 2006	209	19,195,661	5.373%	3.000%	5.875%	164	88%	91%	148%
FY 2007	365	41,739,000	5.322%	2.875%	6.750%	181	137%	125%	147%
FY 2008	311	36,627,398	5.092%	1.000%	7.750%	202	73%	86%	106%
FY 2009	214	24,489,911	5.179%	2.875%	7.750%	202	102%	86%	126%
FY 2010	184	20,589,891	4.886%	2.875%	6.500%	211	169%	146%	151%
FY 2011	277	30,515,624	4.515%	2.875%	5.500%	212	177%	148%	117%
FY 2012	336	38,326,804	3.888%	2.875%	5.250%	221	92%	83%	135%
FY 2013	248	30,509,626	3.864%	2.875%	5.750%	230	67%	63%	152%
FY 2014	70	7,875,104	5.003%	3.000%	6.000%	241	116%	140%	188%
FY 2015	55	6,949,083	4.075%	3.125%	5.750%	255	4%	49%	26%
FY 2016	16	1,985,980	4.504%	3.750%	5.000%	255	4%	4%	87%
FY 2017	19	2,514,916	3.995%	3.250%	4.625%	275	127%	66%	160%
FY 2018	312	42,943,691	5.124%	3.000%	5.250%	293	171%	100%	121%
FY 2019	765	109,077,511	4.627%	3.000%	5.250%	303	89%	81%	98%
FY 2020	661	105,612,446	3.281%	2.875%	4.750%	317	116%	83%	90%
FY 2021	983	190,330,101	2.829%	2.625%	3.000%	331	65%	67%	59%
FY 2022	931	200,899,244	4.795%	2.750%	6.250%	342	80%	46%	58%
FY 2023	1,065	267,617,389	6.034%	5.125%	7.750%	354	174%	180%	180%
Aggregate	8,225	\$1,223,543,373	4.623%	1.000%	8.700%	298	101%	87%	106%

[†] Remaining terms reflect certain mortgage loans that have been modified to extend their original term.

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APPENDIX G

CONTINUING DISCLOSURE UNDERTAKING

This CONTINUING DISCLOSURE UNDERTAKING (the “Disclosure Agreement”) is executed and delivered on _____, 2024, by and between the New Jersey Housing and Mortgage Finance Agency (“Agency”) and U.S. Bank Trust Company, National Association, as dissemination agent (the “Dissemination Agent”) in connection with the issuance of \$[205,500,000]* aggregate principal amount of Single Family Housing Revenue Bonds, 2024 Series K (Non-AMT) (Social Bonds) (the “2024 Series K Bonds” or the “Tax-Exempt Bonds”) and \$[39,550,000]* aggregate principal amount of Single Family Housing Revenue Bonds, 2024 Series L (Federally Taxable) (the “2024 Series L Bonds” and, together with the 2024 Series K Bonds, the “Bonds”). The Bonds are being issued pursuant to the Single Family Housing Revenue Bond Resolution adopted by the Agency on August 21, 2003, as previously amended and supplemented, and as further amended and supplemented by the Series Resolution adopted by the Agency on March 28, 2024, authorizing the Bonds, and an Executive Director’s Certificate dated the date hereof (collectively, the “Resolution”). In consideration of the issuance of the Bonds by the Agency and the purchase of such Bonds by the beneficial owners thereof, the Agency and the Dissemination Agent covenant and agree as follows:

1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Agency and the Dissemination Agent for the benefit of the holders and the beneficial owners of the Bonds (collectively, “Bondholders” or “Holders”) and in compliance with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “SEC”), as it may be amended from time to time, including administrative or judicial interpretations thereof, as it applies to the Bonds.

2. Definitions. In addition to the definitions set forth above and in the Resolution, which apply to any capitalized term used and not defined in this Disclosure Agreement, the following capitalized terms shall have the following meanings:

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

“Audited financial statements of the Agency” or “audited financial statements” shall mean the financial statements prepared for the Agency’s Single Family Housing Revenue Bond Resolution in accordance with generally accepted auditing standards.

“Continuing Disclosure Information” shall mean, collectively, (i) each Annual Report; (ii) any notice required to be filed with the MSRB pursuant to Section 3 of this Disclosure Agreement; and (iii) any notice of a Listed Event required to be filed with the MSRB pursuant to Section 5 of this Disclosure Agreement.

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

“EMMA” shall mean the Electronic Municipal Market Access system of the MSRB.

“Fiscal Year” shall mean the fiscal year of the Agency. As of the date of this Agreement, the Fiscal Year of the Agency begins on January 1 of each calendar year and ends on December 31 of such calendar year.

“Listed Event” or “Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

* Preliminary, subject to change.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“National Repository” shall mean the MSRB, through the internet facilities of EMMA, or any other public or private repository or entity that shall hereafter be designated by the SEC as a repository for purposes of the Rule.

“Opinion of Counsel” shall mean a written opinion of counsel expert in federal securities law acceptable to the Agency.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of New Jersey.

“Underwriters” shall mean the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

3. Provision of Annual Reports.

(a) Commencing with the Fiscal Year ending December 31, 2024, the Agency shall, no later than one hundred eighty (180) days following the end of each Fiscal Year during which any of the Bonds remain outstanding, provide or cause to be provided to the Dissemination Agent, the Annual Report prepared in each case for the Fiscal Year ending the immediately preceding December 31 (or if the fiscal year of the Agency shall end on any date other than December 31, the Agency shall provide or cause to be provided to the Dissemination Agent the Annual Report not later than one hundred and eighty (180) days following the end of such other fiscal year); provided, however, that the audited financial statements of the Agency may be submitted separately from the Agency’s Annual Report and later than the date required herein for the filing of the Agency’s Annual Report if such audited financial statements are not available by such date, but only if the unaudited financial statements are included in such respective Annual Report. Each Annual Report provided to the Dissemination Agent by the Agency shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. If the document incorporated by reference is a final official statement, it must be available from the MSRB. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the SEC. Unless otherwise required by law, any Continuing Disclosure Information filed with the National Repository in accordance with this Disclosure Agreement shall be in an electronic format as shall be prescribed by MSRB Rule G-32, and shall be accompanied by such identifying information as shall be prescribed by MSRB Rule G-32.

(b) The Dissemination Agent, promptly on receiving the Annual Report, and in any event not later than July 1 in each year (or if the fiscal year of the Agency shall end on any date other than December 31, not later than 180 days following the end of such other fiscal year), shall submit each such Annual Report received by it to the National Repository in accordance with the Rule and to the Agency.

(c) If the Agency fails to submit the Annual Report to the Dissemination Agent by the date required in subsection (a) of this Section 3, the Dissemination Agent shall send a notice to the Agency advising of such failure. Whether or not such notice is given or received, if the Agency thereafter fails to submit the Annual Report to the Dissemination Agent by the last Business Day of the month in which such Annual Report was due, the Dissemination Agent shall promptly send a notice to the National Repository in substantially the form attached hereto as Exhibit “A.”

(d) (i) The Dissemination Agent shall file a certificate with the Agency and the Trustee (if the Dissemination Agent is not the Trustee) certifying that the Annual Report has been submitted by it to the National Repository pursuant to this Disclosure Agreement, stating the date it was so submitted.

(ii) Notwithstanding anything to the contrary contained in this Disclosure Agreement, in order to expedite the transmission of the Annual Report to the MSRB, as set forth in subsections (a), (b) and (c) of this Section 3, the Agency shall have the option, but shall not be obligated, to submit its Annual Report or cause its Annual Report to be submitted directly to the MSRB no later than June 30 in each year (or if the fiscal year of the Agency shall end on any date other than December 31, not later than the one hundred eighty (180) days following the end of such other fiscal year). In the event that the Agency submits its Annual Report or causes its Annual Report to be submitted directly to the MSRB, the Agency shall, at the same time, submit its Annual Report or cause its Annual Report to be submitted to the Dissemination Agent together with evidence that such Annual Report has been forwarded by or on behalf of the Agency to the MSRB, upon which evidence the Dissemination Agent may rely. In the event that the Agency does not submit its Annual Report or cause its Annual Report to be submitted directly to the MSRB, the Agency shall provide or cause to be provided the Annual Report to the Dissemination Agent within the time period specified in subsection (a) of this Section 3.

(iii) If the Dissemination Agent does not receive notice that the Agency has submitted the Annual Report or caused the Annual Report to be submitted to the MSRB as provided in subsection (d) (i) of this Section 3 by the last Business Day of the month in which such Annual Report was due, the Dissemination Agent shall promptly send a notice to the MSRB in substantially the form attached as Exhibit A hereto.

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

(a) Updated information (limited to annual information only) of the type contained in (i) the Cash Flow Statement as outlined in the final official statement under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Cash Flow Statements, Cash Flow Certificates and Rating Certificates"; and (ii) the final official statement for the Bonds under the caption "THE HOME BUYER PROGRAM," except for the information contained under the caption "THE HOME BUYER PROGRAM - Requirements of the Code Relating to Home Mortgage Loans."

(b) Audited financial statements with respect to the Loan Purchase Fund, the Reserve Fund, the Rebate Fund and the Revenue Fund (as defined in the Resolution). If audited financial statements are not available when the Annual Report is filed, unaudited financial statements shall be included in the Annual Report; provided, however, that the audited financial statements shall be filed when they become available,

(c) Tables setting forth the following information, as of the end of such prior Fiscal Year:

(i) For each Series of Bonds: the interest rates, original aggregate principal amount and the Outstanding principal amount.

(ii) During the origination period, the original amount of funds available for the acquisition of Loans, the total amount of such funds committed by the Agency for Loans, the total amount of uncommitted funds, and the total principal amount of Loans purchased by the Agency. This information will not be provided after the origination period or for Loans originated from repayments or prepayments.

(iii) The amounts on deposit in the Loan Purchase Fund, the Reserve Fund, the Rebate Fund and the Revenue Fund and the various sub-accounts in each of the above-referenced funds or accounts.

(iv) The aggregate principal amount of Loans purchased; the aggregate principal balance of Loans remaining outstanding; and the Mortgage interest rates applicable thereto.

If any amendment is made to this Disclosure Agreement pursuant to the provisions of Section 8 hereof, the Annual Report for the Fiscal Year in which such amendments are made shall contain a brief description of the reasons for such amendment and its impact on the type of information being provided.

Any financial information contained in the Agency's Annual Report shall be prepared in accordance with generally accepted accounting principles.

(d) Any Annual Report containing modified core financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of core financial information or operating data being provided.

5. Reporting of Listed Events.

Listed Events: (a) This Section 5 shall govern the giving of notices of the occurrence of any of the following

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material (excluding scheduled sinking fund redemptions and tender offers);
- (ix) Defeasances of the Bonds;
- (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes relating to the Bonds;¹
- (xii) Bankruptcy, insolvency, receivership or similar event of the Agency;²

¹ The Listed Event identified in subsection (a) (xi) of Section 5 does not include rating changes related to credit enhancement added by a bondholder. In addition, the Agency's obligation to provide notice of any rating change shall be deemed to be satisfied if the applicable rating agency files such change with EMMA pursuant to the "automated data feeds" that have been established by the MSRB.

² For the purposes of the Listed Event identified in subsection (a)(xii) of Section 5, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or

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

(xiv) Appointment of a successor or additional trustee for the Bonds or the change of name of a trustee for the Bonds, if material;

(xv) Incurrence of a financial obligation of the Agency, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Agency, any of which affect Bondholders, if material; and

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Agency, any of which reflect financial difficulties.

With respect to events (xv) and (xvi), the term “financial obligation” means: (A) a debt obligation; (B) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of (A) or (B), but shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(b) The Dissemination Agent shall, in a timely manner not in excess of seven (7) Business Days of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Agency, inform the Agency of the event and request that the Agency promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (d) of this Section 5.

(c) The Agency shall promptly upon obtaining actual knowledge of the occurrence of any of the Listed Events, notify the Dissemination Agent in writing to report the event pursuant to subsection (d) of this Section 5. In determining the materiality of any of the Listed Events specified in subsection (a) of this Section 5, the Agency may, but shall not be required to, rely conclusively on an Opinion of Counsel.

(d) If the Dissemination Agent has been instructed by the Agency to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB within three (3) Business Days of the receipt of such instruction. In addition, notice of Listed Events described in subsections (a) (viii) or (ix) shall be given by such Dissemination Agent under this subsection simultaneously with the giving of the notice of the underlying event to Holders of affected Bonds pursuant to the Resolution.

(e) Notwithstanding anything to the contrary in this Disclosure Agreement, in order to expedite the transmission of the occurrence of Listed Events as set forth in this Section 5, the Agency shall have the option, but shall not be obligated to, submit timely notice directly to the MSRB within ten (10) Business Days of the occurrence of a Listed Event, copying the Dissemination Agent on such notice.

(f) Each notice of a Listed Event relating to the Bonds shall include the CUSIP numbers of the Bonds to which such notice relates or, if the notice relates to all bond issues of the Agency including the Bonds, such notice need only include the base CUSIP number of the Agency.

6. Termination of Reporting Obligation. The Agency’s obligations under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

7. Dissemination Agent. The Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such

governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. The initial Dissemination Agent shall be the Trustee.

8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Agency and the Dissemination Agent may amend the Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the Agency), and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an Opinion of Counsel, to the effect that (a) such amendment or waiver 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 and (b) such amendment does not materially impact Bondholders or, if it does, Trustee has obtained Bondholders' consent, provided, however, that no amendment to this Disclosure Agreement shall change or modify the rights or obligations of the Dissemination Agent without its written assent thereto.

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

10. Default.

(a) In the event of a failure of the Agency or the Trustee and/or Dissemination Agent to comply with any provision of this Disclosure Agreement, any Bondholder of a Bond or the Trustee may (and, at the request of the Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Bonds, the Trustee shall) take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Agency or Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement; provided, however, that no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Notwithstanding the foregoing, the right of any Bondholder to challenge the adequacy of information provided pursuant to this Disclosure Agreement shall be limited in the same manner as enforcement rights are limited under the Resolution. A default under the Disclosure Agreement shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the Agency or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

(b) For purposes of this Disclosure Agreement, in making determinations under applicable securities law, the Agency may, but shall not be required to, rely on an Opinion of Counsel with respect to matters of a legal nature.

11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Dissemination Agent and the Bondholders, and each Bondholder is hereby declared to be a third party beneficiary of this Disclosure Agreement. Except as provided in the immediately preceding sentence, this Disclosure Agreement shall create no rights in any other person or entity.

12. Reimbursement of the Trustee. The provisions of the Resolution relating to reimbursement of the Trustee shall apply to the performance by the Trustee of its obligations under this Disclosure Agreement.

13. Governing Law and Venue. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey. The parties hereto agree that the Agency may be sued, pursuant to Section 10 hereof, only in a court in the County of Mercer in the State of New Jersey.

14. Notices. All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

If to the Agency:

New Jersey Housing and Mortgage Finance Agency
637 South Clinton Avenue
P.O. Box 18550
Trenton, New Jersey 08650
Attn: Chief Financial Officer

If to the Dissemination Agent:

U.S. Bank Trust Company, National Association
333 Thornall St., 4th Fl.
Edison, New Jersey 08837
Attn: Christopher Golabek

Notices to the trustee by the Agency may also be sent by electronic mail (email).

15. Successors and Assigns. All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the Agency or the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

16. Severability. If any provision of this Disclosure Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held invalid or unenforceable, the remaining provisions of this Disclosure Agreement, or the application of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

17. Headings. The descriptive headings in this Disclosure Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any provision hereof.

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

19. Compliance with L. 2005, c. 271. The Dissemination Agent hereby acknowledges that it has been advised of its responsibility to file an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission ("ELEC") pursuant to N.J.S.A. 19:44A-20.13 (L. 2005, c. 271, section 3) if the Dissemination Agent enters into agreements or contracts, such as this Disclosure Agreement, with a public entity, such as the Agency, and receives compensation or fees in excess of \$50,000 or more in the aggregate from public entities, such as the Agency, in a calendar year. It is the Dissemination Agent's responsibility to determine if filing is necessary. Failure to do so can result in the imposition of financial penalties by ELEC. Additional information about this requirement is available from ELEC at 888-313-3532 or at www.elec.state.nj.us.

20. Compliance with L. 2005, c. 92. In accordance with L. 2005, c. 92, the Dissemination Agent agrees that all services performed under this Disclosure Agreement or any subcontract awarded under this Disclosure Agreement shall be performed within the United States of America.

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[Signature page to the Continuing Disclosure Undertaking]

NEW JERSEY HOUSING AND MORTGAGE FINANCE
AGENCY

By: _____
Name:
Title:

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION,
as Dissemination Agent

By: _____
Name
Title:

EXHIBIT A

NOTICE TO MSRB
OF FAILURE TO FILE ANNUAL REPORT

Name of Agency: New Jersey Housing and Mortgage Finance Agency

Name of Bond Issue: \$[205,500,000]* Single Family Housing Revenue Bonds, 2024 Series K (Non-AMT) (Social Bonds)
\$[39,550,000]* Single Family Housing Revenue Bonds, 2024 Series L (Federally Taxable)

Date of Issuance: _____, 2024

NOTICE IS HEREBY GIVEN that the Agency has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated as of _____, 2024 between the Agency and the Dissemination Agent.

The Agency anticipates that the Annual Report will be filed by _____.

Dated: _____

U.S. Bank Trust Company, National Association, as
Dissemination Agent, on behalf of the Agency

cc: New Jersey Housing and Mortgage Finance Agency

* Preliminary, subject to change.

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APPENDIX H

FORM OF SOCIAL BONDS REPORTING

**NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SINGLE FAMILY HOUSING REVENUE BONDS
2024 SERIES [K (NON-AMT)/L (FEDERALLY TAXABLE)](SOCIAL BONDS)**

Proceeds Summary

Total Original Lendable Proceeds: \$ _____

Amount of Proceeds Spent to Acquire Mortgage Loans: \$ _____

Date Bond Proceeds Were Fully Expended: _____, 202_*

Purchased 2024 Series K Tax-Exempt Bond-Funded Mortgage Loans as of [date] by Borrower Income as a Percentage of Area Median Income			
AMI Band	# of Loans	\$ of Loans (\$000s)	Cumulative %
50% and below		\$	%
50.01% - 60%		\$	%
60.01% - 70%		\$	%
70.01% - 80%		\$	%
80.01% - 100%		\$	%
100.01% - []%		\$	%
Total		\$	100%

Purchased 2024 Series L Taxable Bond-Funded Mortgage Loans as of [date] by Borrower Income as a Percentage of Area Median Income			
AMI Band	# of Loans	\$ of Loans (\$000s)	Cumulative %
50% and below		\$	%
50.01% - 60%		\$	%
60.01% - 70%		\$	%
70.01% - 80%		\$	%
80.01% - 100%		\$	%
100.01% - []%		\$	%
Total		\$	100%

* As described in the Official Statement under the heading “**DESIGNATION OF THE OFFERED BONDS AS SOCIAL BONDS – Reporting**,” a one-time report will be made by the Agency at such time as all of the proceeds have been fully expended. No further updates will be provided.

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