This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 19, 2026

NEW ISSUE **BOOK ENTRY ONLY**

In the opinion of Bond Counsel and Special Tax Counsel, interest on the 2026 Series D Bonds is excludable from gross income for purposes of federal income tax, under existing laws as of the date of initial delivery of the 2026 Series D Bonds and assuming continuing compliance with the requirements of federal tax law. Interest on the 2026 Series D Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the 2026 Series D Bonds is taken into account in determining the adjusted financial statement income of applicable corporations for purposes of computing the alternative minimum tax imposed on such corporations. In the opinion of Bond Counsel under existing law, interest on the 2026 Series D Bonds is exempt from Alabama income taxation. See "TAX MATTERS" herein.

$70,000,000*
ALABAMA HOUSING FINANCE AUTHORITY
Collateralized Single Family Mortgage Revenue Bonds
2026 Series D Bonds (Non-AMT)

Dated Date/Delivery Date:	December 17, 2026*
2026 Series D Bonds:	$70,000,000* aggregate principal amount of the Alabama Housing Finance Authority Collateralized Single Family Mortgage Revenue Bonds, 2026 Series D (the "**2026 Series D Bonds**"). Proceeds of the 2026 Series D Bonds, together with other available funds, are being used to purchase fully modified mortgage-backed securities including Ginnie Mae Certificates, Fannie Mae Certificates and Freddie Mac Certificates (each as defined herein) backed by Mortgage Loans which finance single family housing within the State of Alabama for eligible persons and families (collectively, the "**2026 Series D Mortgage Certificates**"), all as further described herein, and to pay the costs of issuing the 2026 Series D Bonds.
Book-Entry Only System:	The 2026 Series D Bonds are issuable only as fully registered bonds in the name of Cede & Co., as nominee of The Depository Trust Company ("**DTC**"). DTC will act as securities depository of the 2026 Series D Bonds. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the 2026 Series D Bonds purchased. Interest on, and principal of, the 2026 Series D Bonds are payable by the Trustee to DTC, which will in turn remit such principal and interest to its Participants, which will remit such principal and interest to the Beneficial Owners of the 2026 Series D Bonds, as described under the caption "THE 2026 SERIES D BONDS – Book-Entry Bonds" herein.
Denominations:	The 2026 Series D Bonds are being issued in denominations of $5,000 and integral multiples thereof.
Interest Payment Dates:	October 1 and April 1, commencing on April 1, 2027*.
Interest Rates and Maturities:	Set forth on the inside cover hereof.
Redemption Dates:	The 2026 Series D Bonds are subject to redemption prior to maturity on terms and at prices, including optional and mandatory redemption, as more fully described herein. See "THE 2026 SERIES D BONDS – Redemption Provisions" herein.
Security:	The 2026 Series D Bonds are limited obligations of the Alabama Housing Finance Authority (the "**Authority**") payable solely from the revenues and properties of the Authority pledged under a Trust Indenture dated as of May 1, 2024 (the "**General Indenture**"), as previously amended and supplemented and as further supplemented by a Ninth Supplemental Trust Indenture dated as of December 1, 2026, relating to the 2026 Series D Bonds (the "**Ninth Supplemental Indenture**" and, together with the General Indenture, as previously amended and supplemented, the "**Indenture**"), between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "**Trustee**"), and not from any other revenues or property of the Authority. THE 2026 SERIES D BONDS ARE NOT A GENERAL OBLIGATION OF THE AUTHORITY, NOR AN OBLIGATION OF ANY KIND OF THE STATE OF ALABAMA OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF ALABAMA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. THE AUTHORITY HAS NO TAXING POWER. The 2026 Series D Bonds are not a debt of the United States of America, or any agency thereof, including Ginnie Mae, Fannie Mae or Freddie Mac, and are not guaranteed by the full faith and credit of the United States of America, Ginnie Mae, Fannie Mae or Freddie Mac. The obligations of Fannie Mae and Freddie Mac are not backed by the full faith and credit of the United States of America. See "SECURITY FOR THE BONDS" herein.
Trustee/Paying Agent:	U.S. Bank Trust Company, National Association
Bond Counsel:	Balch & Bingham LLP, Birmingham, Alabama
Disclosure/Special Tax Counsel:	Barnes & Thornburg LLP, Philadelphia, Pennsylvania
Authority Counsel:	Maynard Nexsen PC, Birmingham, Alabama
Underwriters' Counsel:	Kutak Rock LLP, Atlanta, Georgia
Rating:	Moody's has assigned the 2026 Series D Bonds a rating of "Aa1". See "RATING" herein.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

Raymond James **Stifel**

_____, 2026

* Preliminary, subject to change.

MATURITY SCHEDULE*

$70,000,000
Alabama Housing Finance Authority
Collateralized Single Family Mortgage Revenue Bonds
2026 Series D Bonds (Non-AMT)

$9,805,000 Principal Amount of Serial Bonds (Price of Each Serial Bond Maturity: ____%)

Maturity Date	Principal Amount	Interest Rate	CUSIP† (01030R)
April 1, 2028	$340,000	%	
October 1, 2028	345,000		
April 1, 2029	350,000		
October 1, 2029	365,000		
April 1, 2030	370,000		
October 1, 2030	380,000		
April 1, 2031	390,000		
October 1, 2031	400,000		
April 1, 2032	410,000		
October 1, 2032	420,000		
April 1, 2033	430,000		
October 1, 2033	440,000		
April 1, 2034	455,000		
October 1, 2034	465,000		
April 1, 2035	480,000		
October 1, 2035	495,000		
April 1, 2036	505,000		
October 1, 2036	520,000		
April 1, 2037	540,000		
October 1, 2037	550,000		
April 1, 2038	570,000		
October 1, 2038	585,000		

$60,195,000 Principal Amount of Term Bonds

$3,845,000 ___% Term Bonds Due October 1, 2041 (Price: ____%) (CUSIP: 01030R___†)
$8,255,000 ___% Term Bonds Due October 1, 2046 (Price: ____%) (CUSIP: 01030R___†)
$11,365,000 ___% Term Bonds Due October 1, 2051 (Price: ____%) (CUSIP: 01030R___†)
$15,730,000 ___% Term Bonds Due October 1, 2056 (Price: ____%) (CUSIP: 01030R___†)
$21,000,000 ___% PAC Bonds Due October 1, 2057 (Price: ____%) (CUSIP: 01030R___†)

* Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright © 2026 CUSIP Global Services. All rights reserved. Neither the Authority nor the Underwriters take responsibility for the accuracy of the CUSIP numbers, which are being provided solely for the convenience of the owners of the 2026 Series D Bonds.

No broker, salesperson or other person has been authorized by the Authority to give any information or to make any representations, other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Authority. 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 2026 Series D Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been provided by the Authority and obtained from other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the information or opinions set forth herein, or the financial condition or operations of the Authority described herein, after the date of this Official Statement. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors of the 2026 Series D Bonds under the federal securities laws as applied to the facts and circumstances of the offering of the 2026 Series D Bonds, but the Underwriters do not guarantee the accuracy or completeness of such information. All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the 2026 Series D Bonds are qualified in their entirety by reference to the form thereof included in the Indenture and the provisions with respect thereto included in the aforesaid documents and agreements.

The Underwriters may elect but will have no obligation to maintain a secondary market in the 2026 Series D Bonds. The 2026 Series D Bonds may be offered and sold by the Underwriters to certain dealers at prices lower than the initial public offering prices set forth on the inside cover page, and such public offering prices may be changed from time to time by the Underwriters.

This Official Statement contains statements relating to the Authority's acquisition of mortgage certificates and receipt of future revenues that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "intend," "plan," "budget," "expect" and similar expressions are intended to identify forward-looking statements. Such statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Authority does not expect or intend to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based, occur or fail to occur.

THE 2026 SERIES D BONDS ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE 2026 SERIES D BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF ANY JURISDICTION IN WHICH THESE SECURITIES HAVE BEEN QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF. PROSPECTIVE PURCHASERS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED, AND SHOULD MAKE THEIR OWN DECISION WHETHER THIS OFFERING MEETS THEIR INVESTMENT OBJECTIVES AND FINANCIAL RISK TOLERANCE LEVEL.

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OFFICIAL STATEMENT

relating to

**$70,000,000*
ALABAMA HOUSING FINANCE AUTHORITY
Collateralized Single Family Mortgage Revenue Bonds 2026 Series D**

INTRODUCTION

This Official Statement, including the cover page and Appendices hereto, is provided to furnish information in connection with the issuance and sale by Alabama Housing Finance Authority (the "**Authority**") of $70,000,000* aggregate principal amount of its Collateralized Single Family Mortgage Revenue Bonds, 2026 Series D (the "**2026 Series D Bonds**"). The 2026 Series D Bonds are authorized to be issued pursuant to Chapter 1A of Title 24, Code of Alabama 1975, as amended (the "**Act**").

The Authority has entered into a Trust Indenture dated as of May 1, 2024 (the "**General Indenture**"), as previously amended and supplemented and as further supplemented by a Ninth Supplemental Trust Indenture dated as of December 1, 2026, relating to the 2026 Series D Bonds (the "**Ninth Supplemental Indenture**" and, together with the General Indenture, as previously amended and supplemented, the "**Indenture**"), between the Authority and U.S. Bank Trust Company, National Association, a national banking institution organized and existing under the laws of the United States of America, with a designated corporate trust office in Atlanta, Georgia, as trustee (the "**Trustee**"). *Certain capitalized terms used in this Official Statement are defined in Appendix A hereto.*

The 2026 Series D Bonds will be the tenth Series of Bonds issued under and secured by the Indenture. As of September 30, 2026, $620,165,000 aggregate principal amount of Bonds were outstanding under the Indenture (the "**Prior Bonds**"). The Authority may issue Additional Bonds in the future under the Indenture without limit as to principal amount. See "SECURITY FOR THE BONDS – Parity Bonds" herein. The Prior Bonds, the 2026 Series D Bonds and any Additional Bonds issued in the future under the Indenture are hereinafter collectively referred to as the "**Bonds**," and shall constitute parity obligations, equally and ratably secured by the Authority under the Indenture.

The 2026 Series D Bonds are being issued for the purpose of financing a portion of the Authority's First Step Program (the "**Program**") by making available proceeds of Bonds to purchase Mortgage Certificates backed by Mortgage Loans for newly constructed and existing Single Family Residences located within the State of Alabama (the "**State**"). The information contained herein related to the Authority and its Program is subject to change without notice. The Program requires the Trustee to purchase (i) certain fully-modified pass-through mortgage-backed certificates (the "**Ginnie Mae Certificates**"), guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("**Ginnie Mae**"), a wholly-owned corporate instrumentality of the United States Department of Housing and Urban Development ("**HUD**"), and/or (ii) certain mortgage pass-through certificates (the "**Fannie Mae Certificates**"), the timely payment of the principal of, and interest on which, is guaranteed by Fannie Mae, a body corporate created and existing under the laws of the United States of America and/or (iii) certain mortgage loan pass-through certificates (the "**Freddie Mac Certificates**"), the timely payment of principal of and interest on which is guaranteed by the Federal Home Loan Mortgage Corporation ("**Freddie Mac**"), a body corporate created and existing under the laws of the United States of America. Ginnie Mae Certificates, Fannie Mae Certificates and Freddie Mac Certificates (collectively, "**Mortgage Certificates**")

* Preliminary, subject to change.

purchased with proceeds of the 2026 Series D Bonds are the "**2026 Series D Mortgage Certificates**". Fannie Mae Certificates and Freddie Mac Certificates are now each issued as UMBS (as defined below).

The 2026 Series D Mortgage Certificates will be backed by Mortgage Loans originated by certain mortgage lending institutions in the State of Alabama (the "**Originators**") who have entered into or will enter into separate Origination and Sale Agreements between the Authority and each Originator, as amended (each, an "**Origination Agreement**"). The Authority will act as the servicer of the Mortgage Loans under the Origination Agreements and is referred to herein as the "**Servicer**" when acting in that capacity. The Originators will originate Mortgage Loans that will be purchased by the Servicer, who will issue and sell Mortgage Certificates backed by such Mortgage Loans to the Trustee. The Mortgage Loans are required, among other things, to be made to qualified persons and families of low or moderate income to finance the acquisition or construction of single-family residences located in the State. The Mortgage Loans must satisfy certain requirements of the Authority and of federal tax law. See "THE PROGRAM" herein.

As of June 3, 2019, Fannie Mae and Freddie Mac began issuing common, single mortgage-backed securities, formally known as Uniform Mortgage-Backed Securities ("**UMBS**"). UMBS finance the same types of fixed-rate mortgages that previously backed Fannie Mae Certificates and Freddie Mac Certificates and will continue to be guaranteed by either Fannie Mae or Freddie Mac depending upon which entity issues the UMBS. For purposes of this Official Statement, the term "Mortgage Certificates" includes UMBS.

The Authority will act as Administrator for the Program, in which capacity it will review compliance of Mortgage Loans and Mortgagor eligibility with the requirements of the Program and the Code.

The 2026 Series D Bonds are subject to sinking fund, optional, special mandatory and special optional redemption prior to maturity on the terms and at the prices specified in the Indenture. See "THE 2026 SERIES D BONDS – Redemption Provisions" herein.

The Bonds are limited obligations of the Authority payable solely from the revenues and properties of the Authority pledged under the Indenture and not from any other revenues or property of the Authority, and do not constitute an indebtedness or obligation (legal, general, moral, special or otherwise) of the State. The Authority has no taxing power. The State shall not in any event be liable for the payment of the principal, premium, if any, of or interest on the Bonds or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the Authority, and none of the Bonds or any of the agreements or obligations of the Authority shall be construed to constitute an indebtedness of the State within the meaning of any constitutional or statutory provision whatsoever. See "SECURITY FOR THE BONDS" herein.

The Authority has covenanted in the Continuing Disclosure Agreement dated as of December 1, 2026 (the "**Continuing Disclosure Agreement**") for the benefit of the holders and Beneficial Owners of the 2026 Series D Bonds to provide certain financial information and operating data relating to the Authority not later than March 31 after the end of the Authority's fiscal year, commencing with a report for the Authority's fiscal year ended September 30, 2026 (the "**Annual Bond Disclosure Report**") and to provide notices of the occurrence of certain enumerated events set forth in the Continuing Disclosure Agreement. The Annual Bond Disclosure Report and notices of material events will be filed with the Municipal Securities Rulemaking Board (the "**MSRB**") through its Electronic Municipal Market Access ("**EMMA**") system. The specific nature of the information to be contained in the Annual Bond Disclosure Report and the notices of material events is set forth in APPENDIX E – Form of Continuing Disclosure Agreement. See also "CONTINUING DISCLOSURE" herein. These covenants have been made in order to assist the

Underwriters in complying with Rule 15c2-12 ("**Rule 15c2-12**") under the Securities Exchange Act of 1934, as amended, by the Securities and Exchange Commission (the "**SEC**").

Brief descriptions of the Authority, the 2026 Series D Bonds, the security for the Bonds, the Ginnie Mae Mortgage-Backed Securities Programs (the "**Ginnie Mae Programs**"), the Fannie Mae Mortgage-Backed Securities Program (the "**Fannie Mae Program**"), the Freddie Mac Mortgage-Backed Securities Program (the "**Freddie Mac Program**") and the Authority's Program, together with summaries of certain provisions of the Indenture, and risks associated with an investment in the 2026 Series D Bonds, follow in this Official Statement. All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Bonds are qualified in their entirety by reference to the form thereof included in the Indenture and the provisions with respect thereto included in the aforesaid documents and agreements.

This Official Statement speaks only as of its date.

THE AUTHORITY

General

The Authority is a public corporation and instrumentality of the State of Alabama created on July 25, 1980 pursuant to the Act. One of the Authority's purposes is to issue bonds and use the proceeds therefrom to finance the acquisition of single family residential housing for persons and families of low and moderate income. The Authority has a staff of 160 persons as of September 30, 2026. The principal office of the Authority is located at 7460 Halcyon Pointe Drive, Suite 200, Montgomery, Alabama 36117, telephone (334) 244-9200.

Pursuant to the Act, the Authority has the power to purchase mortgage loans from mortgage lenders and to contract with mortgage lenders with regard to the origination and servicing of mortgage loans. The Authority is also empowered to sell and issue bonds in order to provide funds for any of its corporate purposes, to grant security interests in any or all of its mortgage loans and mortgages and to pledge revenues from which its bonds are payable. In addition, the Authority may take such other action as may be necessary or desirable to accomplish any purpose for which the Authority is organized or to exercise any power granted under the Act. There are no debt ceilings imposed by the Act on the Authority.

Directors of the Authority

The powers of the Authority are vested in its Board of Directors (the "**Board**"). The Board has 15 membership positions, one member from each of the seven congressional districts of the State being appointed by the Governor for staggered terms of office, one member being appointed by the Governor from the State at large, two members being appointed by the Speaker of the Alabama House of Representatives, two members being appointed by the Lieutenant Governor, and three State officials (i.e., the Director of Finance, the Superintendent of Banks and the State Treasurer) serving as members ex officio. The Act requires that at the time of their initial appointment, two members be engaged in the business of home building, two members be licensed real estate brokers who are not in the business of home building, one member be engaged in the business of lending money on the security of residential mortgages or be an officer, director or employee of a mortgage lender, one member be an elected commissioner of a county and one member be an elected mayor of a municipality. The Act provides that each member (other than those serving ex officio) shall hold office for a term of seven years and until his or her successor shall have been appointed and qualified. The Board members serve without salary.

The present members of the Board, their respective occupations and residences, and the expiration dates of the terms for which they were respectively appointed, are presented in the table below.

Name	Occupation	Residence (all cities are in Alabama)	Expiration of Term†
Robert L. Smith *Chairman*	Vice President Auburn Bank	Auburn	05/30/30
James W. Rutland, IV *Vice Chairman*	President Lowder New Homes	Montgomery	01/01/27
Thomas "Blake" Corder *Secretary*	President Crimson Properties, LLC	Tuscaloosa	01/01/30
Carolyn Norman *Treasurer*	Broker/Owner Norman Realty, Inc.	Mobile	05/30/31
Craigory Kelley	President Lurleen B. Wallace Community College	Andalusia	05/31/32
Jeff Mims	Former Mayor City of Clanton, Alabama	Clanton	05/31/32
Benjamin A. Byrd	Owner/President Byrd Builders, LLC	Millbrook	12/31/29
Guirreck Walton	Owner, President Legacy Builders Construction	Dothan	05/31/29
Joshua Dean	President Precision HomeCrafters, LLC	Birmingham	05/30/28
Annie Furrer	Banker Citizens Bank & Trust	Guntersville	01/01/28
Glenn Horton	Broker Southern Properties Agency, Inc.	Fort Payne	05/30/27
Ray Long	Commissioner Morgan County, Alabama	Somerville	05/30/33
Young Boozer	State Treasurer State of Alabama	Montgomery	Ex officio
Doryan H. Carlton	Director of Finance State of Alabama	Montgomery	Ex officio
Mike Hill	Superintendent of Banks State of Alabama	Montgomery	Ex officio

† Members continue to serve until a successor is appointed and qualified.

The following are key staff members of the Alabama Housing Finance Authority presently involved with the administration of the Single-Family Mortgage Revenue Bond Program:

Robert Strickland became Executive Director in 1987 after a 14-year career in commercial banking. A graduate of Auburn University, he previously served as Vice Chair of the Federal Home Loan Bank of Atlanta's Board of Directors and as chair of the organization's Housing and Community Investment Committee. In addition, he has held all positions, including two terms as chair, of the Board of Directors of the National Council of State Housing Agencies.

Blair Bingham, CPA, became Finance Administrator in February 2015. Prior to joining the Authority, he was Chief Financial Officer for Mississippi Home Corporation for 10 years. He also served corporate and banking entities for 22 years. Mr. Bingham received his BBA and MBA degrees from Millsaps College.

Anthony Box became Single-Family Servicing Administrator in 2016. He is a 32-year mortgage veteran with a focus in real estate finance, loan servicing, and asset management. He is a graduate of the University of Alabama, B.S. in Finance, where he played varsity baseball after being drafted by the Chicago White Sox. He is a graduate of the MBA's School of Mortgage Banking, with an Accredited Mortgage Professional designation.

Carrie Hamaker became Single-Family Administrator in January 2018. She previously held senior management positions in Mortgage Banking at depository institutions in Alabama dating back to 2002. A qualified and certified HUD Direct Endorsement Underwriter, she holds the VA Staff Appraisal Review designation.

Jimmy McLemore became General Counsel in 2015 after practicing law with the firm of Capell & Howard, P.C. for 32 years. He received both his B.S. in Finance (*magna cum laude*) and J.D. from the University of Alabama. He also received an Army commission while at the University and served in the reserves as an Armor officer.

Legislative Oversight Committee

The Act provides for a Legislative Oversight Committee, the function of which is to provide recommendations to the Board concerning the efficient operation of the Authority. The Legislative Oversight Committee consists of seven members of the State House of Representatives, one from each congressional district, appointed by the Speaker of the House, and seven members of the State Senate, one from each congressional district, appointed by the Lieutenant Governor. The Governor, Lieutenant Governor and Speaker of the State House of Representatives, or their designated representatives are ex officio members of the Legislative Oversight Committee.

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Single Family Financings under the Indenture

The 2026 Series D Bonds will be the tenth series of Bonds to be issued under and secured by the Indenture.

The following table sets forth certain facts concerning the operations of the Authority's Program under the Indenture through September 30, 2026:

Designation of Issue	Original Issuance Principal Amount	Bonds Outstanding Principal Amount	Underlying Mortgage Interest Rates	Principal Amount of Mortgage Certificates Initially Expected to be Purchased	Principal Amount of Mortgage Certificates Purchased
2024 Series A	$35,000,000	$32,935,000	5.50% - 6.00%	$ 36,000,000	$ 35,980,830
2024 Series B	75,000,000	70,775,000	5.75% - 6.25%	76,500,000	76,420,173
2024 Series C	75,000,000	72,090,000	5.25% - 6.25%	76,500,000	76,463,071
2024 Series D	75,000,000	71,880,000	5.25% - 6.00%	76,500,000	76,490,816
2025 Series A	75,000,000	73,175,000	5.50% - 6.25%	76,500,000	76,457,079
2025 Series B	100,000,000	99,310,000	5.75% - 6.50%	102,000,000	101,975,612
2025 Series C	75,000,000	75,000,000	5.50% - 6.50%	76,125,000	76,060,818
2026 Series B	50,000,000	50,000,000	5.50% - 6.25%	51,000,000	50,966,907
2026 Series C	75,000,000	75,000,000	5.75% - 7.25%	76,500,000	11,611,689
Total	$635,000,000	$620,165,000	5.25% - 7.25%	$647,625,000	$582,426,995

As of the date hereof, all proceeds of the Prior Bonds have been reserved to purchase Mortgage Certificates. The Authority expects all unexpended proceeds from the Prior Bonds will be spent by March 1, 2027; however, there can be no guarantee that all proceeds will be expended by such date.

Prior Single Family Financings and Mortgage Certificate Acquisition Experience of the Authority

Prior Single Family Bond Issuances. Through earlier single family mortgage programs outside the Indenture (the "**Prior Single Family Programs**"), the Authority had issued single family mortgage bonds (the "**Prior Single Family Bonds**") to purchase, as of September 30, 2026, $2.91 billion principal amount of mortgage loans (or Ginnie Mae and Fannie Mae Certificates representing mortgage loans) financing single-family residences in the State. The Prior Single Family Bonds were issued under separate bond indentures of the Authority and are not secured by the Indenture. As of September 30, 2026, the Authority had approximately $5,972,000 of taxable Prior Single Family Bonds outstanding and $73,000 of tax-exempt Prior Single Family Bonds outstanding.

Sale of Mortgage Certificates to Secondary (TBA) Market. From January 1, 2001 through September 30, 2026, the Authority purchased 23,373 loans that were pooled into Mortgage Certificates in the approximate principal amount of $3.33 billion, all of which were sold in the TBA market. Such loan purchases were funded from general funds of the Authority apart from, and are not secured by, and will not generate revenues under the Indenture. At this time, the Authority does not anticipate that its sale of

Mortgage Certificates in the TBA market will have a material impact on its funding of 2026 Series D Mortgage Certificates with 2026 Series D Bond proceeds.

In addition to issuing tax-exempt single family bonds for the purpose of purchasing Mortgage Certificates backed by Mortgage Loans, the Authority also expects to continue to purchase new single family mortgage loans using its general funds and to then issue Mortgage Certificates and sell those securities in the TBA market on a concurrent basis. The Authority may at any time, on the basis of any factor the Authority deems relevant, including, without limitation, a change in market conditions, change its practice and solely issue either tax-exempt or taxable Bonds or use alternative sources as described above as a significant, primary or exclusive means of purchasing new Mortgage Loans and Mortgage Certificates.

No representation is made as to the future or any expected experience of the Authority under the Program as to the origination, purchase, prepayment or other aspect of the Mortgage Loans and Mortgage Certificates or any other matter related thereto based upon the experience to date of the Authority under its Prior Single Family Programs or its sale of Mortgage Certificates in the TBA market. See "PROGRAM ASSUMPTIONS AND CERTAIN RISK FACTORS" herein.

FINANCING PLAN

The 2026 Series D Bonds are being issued in order to provide funds to finance the Program. See "THE PROGRAM" herein. The net available proceeds of the 2026 Series D Bonds (excluding underwriters' fees and amounts received as accrued interest) will be deposited (i) in the 2026 Series D Account of the Acquisition Fund and the 2026 Series D Account of the Supplemental Acquisition Fund in the amounts of $_____ and $_____, respectively, to be used principally to purchase the 2026 Series D Mortgage Certificates and (ii) in the 2026 Series D Account of the Expense Fund in the amount of $_____ to pay a portion of the underwriters' fees and costs of issuance of the 2026 Series D Bonds. In addition, a contribution from the Authority will be (i) deposited to the General Fund, and (ii) deposited to the Expense Fund to pay the remaining underwriters' fees and costs of issuance of the 2026 Series D Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

Upon the issuance of the 2026 Series D Bonds, the sources and uses of funds for the Program, exclusive of accrued interest, are expected to be applied approximately as follows:

Sources of Funds	
2026 Series D Bond Principal Amount	$
2026 Series D Bond Premium	
Authority Contribution[(1)]	
Total	$
Uses of Funds	
Deposit in the Acquisition Fund	$
Deposit in the Supplemental Acquisition Fund	
Deposit in the General Fund	
Underwriters' Fee	
Other Costs of Issuance[(2)]	
Total	$

(1) The Authority will be reimbursed in part for this contribution from commitment fees paid by Originators as Originators reserve funds through the Program's first-come, first-served reservation procedure.

(2) Includes fees and expenses of Bond Counsel, Disclosure Counsel, Special Tax Counsel, Authority's Counsel, Municipal Advisor, Trustee, Rating Agency and other costs incident to the issuance of the 2026 Series D Bonds.

THE 2026 SERIES D BONDS

General Terms

The 2026 Series D Bonds will be dated the date of issuance thereof and will bear interest from their dated date at the rates, and will mature in the amounts and on the dates, set forth on the inside cover page of this Official Statement. Interest on the 2026 Series D Bonds is payable semiannually on April 1 and October 1 of each year, commencing on April 1, 2027,* to the registered owners thereof. Payment of interest on the 2026 Series D Bonds will be calculated on the basis of a 360-day year of twelve 30-day months. The 2026 Series D Bonds are issuable in denominations of $5,000 or any integral multiple thereof. The 2026 Series D Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("**DTC**"), to which principal and interest payments on the 2026 Series D Bonds will be paid. See "THE 2026 SERIES D BONDS – Book-Entry Bonds" herein. If any due date for payment of principal and interest with respect to the 2026 Series D Bonds is not a Business Day, then such payment shall be made on the next succeeding Business Day with the effect of having been made on such due date.

Redemption Provisions*

Sinking Fund Redemption

The 2026 Series D Term Bonds and the 2026 Series D PAC Bonds are subject to scheduled mandatory sinking fund redemption in part, by lot, from funds in the related subaccount of the Mortgage Repayment Account of the Principal Payment Fund and the related account of the Interest Payment Fund at a Redemption Price equal to the principal amount thereof and accrued interest thereon, without premium, on the dates and in the respective principal amounts set forth below:

$3,845,000____% 2026 Series D Term Bonds Maturing October 1, 2041			
Redemption Date	**Principal Amount**	**Redemption Date**	**Principal Amount**
April 1, 2039	$590,000	October 1, 2040	$650,000
October 1, 2039	615,000	April 1, 2041	670,000
April 1, 2040	630,000	October 1, 2041†	690,000

$8,255,000____% 2026 Series D Term Bonds Maturing October 1, 2046			
Redemption Date	**Principal Amount**	**Redemption Date**	**Principal Amount**
April 1, 2042	$710,000	October 1, 2044	$835,000
October 1, 2042	735,000	April 1, 2045	865,000
April 1, 2043	755,000	October 1, 2045	890,000
October 1, 2043	785,000	April 1, 2046	920,000
April 1, 2044	810,000	October 1, 2046†	950,000

* Preliminary, subject to change.
† Maturity Date

$11,365,000____% 2026 Series D Term Bonds Maturing October 1, 2051			
Redemption Date	**Principal Amount**	**Redemption Date**	**Principal Amount**
April 1, 2047	$ 980,000	October 1, 2049	$1,150,000
October 1, 2047	1,010,000	April 1, 2050	1,185,000
April 1, 2048	1,045,000	October 1, 2050	1,225,000
October 1, 2048	1,080,000	April 1, 2051	1,265,000
April 1, 2049	1,115,000	October 1, 2051†	1,310,000

$15,730,000____% 2026 Series D Term Bonds Maturing October 1, 2056			
Redemption Date	**Principal Amount**	**Redemption Date**	**Principal Amount**
April 1, 2052	$1,355,000	October 1, 2054	$1,590,000
October 1, 2052	1,395,000	April 1, 2055	1,645,000
April 1, 2053	1,445,000	October 1, 2055	1,695,000
October 1, 2053	1,495,000	April 1, 2056	1,755,000
April 1, 2054	1,545,000	October 1, 2056†	1,810,000

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† Maturity Date

$21,000,000____% 2026 Series D PAC Bonds Maturing October 1, 2057			
Redemption Date	**Principal Amount**	**Redemption Date**	**Principal Amount**
April 1, 2028	$100,000	April 1, 2043	$310,000
October 1, 2028	105,000	October 1, 2043	320,000
April 1, 2029	110,000	April 1, 2044	330,000
October 1, 2029	110,000	October 1, 2044	345,000
April 1, 2030	115,000	April 1, 2045	355,000
October 1, 2030	120,000	October 1, 2045	370,000
April 1, 2031	125,000	April 1, 2046	385,000
October 1, 2031	130,000	October 1, 2046	400,000
April 1, 2032	135,000	April 1, 2047	415,000
October 1, 2032	140,000	October 1, 2047	430,000
April 1, 2033	145,000	April 1, 2048	445,000
October 1, 2033	150,000	October 1, 2048	465,000
April 1, 2034	155,000	April 1, 2049	480,000
October 1, 2034	165,000	October 1, 2049	500,000
April 1, 2035	170,000	April 1, 2050	520,000
October 1, 2035	175,000	October 1, 2050	540,000
April 1, 2036	185,000	April 1, 2051	560,000
October 1, 2036	190,000	October 1, 2051	580,000
April 1, 2037	195,000	April 1, 2052	600,000
October 1, 2037	205,000	October 1, 2052	625,000
April 1, 2038	210,000	April 1, 2053	645,000
October 1, 2038	220,000	October 1, 2053	670,000
April 1, 2039	230,000	April 1, 2054	695,000
October 1, 2039	235,000	October 1, 2054	725,000
April 1, 2040	245,000	April 1, 2055	750,000
October 1, 2040	255,000	October 1, 2055	780,000
April 1, 2041	265,000	April 1, 2056	810,000
October 1, 2041	275,000	October 1, 2056	840,000
April 1, 2042	285,000	April 1, 2057	660,000
October 1, 2042	295,000	October 1, 2057†	10,000

If any of the 2026 Series D Term Bonds or the 2026 Series D PAC Bonds are to be redeemed in part as described under "– Optional Redemption," "– Special Optional Redemption (Cross-Calling)" or "– Special Mandatory Redemption" below, the principal amount of each succeeding scheduled sinking fund redemption for each such Bond to be so redeemed shall be reduced by a percentage equal to the ratio of (i) the principal amount of the 2026 Series D Bonds of such maturity to be redeemed pursuant to such optional redemption, special optional redemption or special mandatory redemption, to (ii) the total principal amount of the 2026 Series D Bonds Outstanding in such maturity immediately prior to such optional redemption, special optional redemption or special mandatory redemption. Any such reductions will be rounded to the nearest $5,000.

Optional Redemption

The 2026 Series D Bonds, other than the 2026 Series D PAC Bonds, are subject to redemption at the option of the Authority in whole or in part (in integral multiples of $5,000) at any time on and after

† Maturity Date

October 1, 2034, upon notice or waiver of notice as provided in the Indenture, from moneys made available for such purposes and deposited in the Principal Payment Fund and Interest Payment Fund, at a Redemption Price equal to the principal amount of the 2026 Series D Bonds, or portions thereof, to be redeemed (without premium), plus accrued interest, if any, thereon to the redemption date.

The 2026 Series D PAC Bonds are subject to redemption prior to maturity as a whole or in part (in integral multiples of $5,000) on any date on and after October 1, 2034, at the option of the Authority, upon notice or waiver of notice as provided in the Indenture, at the Redemption Prices set forth below, of the principal amount of the 2026 Series D PAC Bonds, or portions thereof, to be redeemed, plus accrued interest thereon to the redemption date.

Redemption Date	2026 Series D PAC Bonds Redemption Price
October 1, 2034 – March 31, 2035	
April 1, 2035 – September 30, 2035	
October 1, 2035 – March 31, 2036	
April 1, 2036 – September 30, 2036	
October 1, 2036 – March 31, 2037	
April 1, 2037 – September 30, 2037	
October 1, 2037 and thereafter	100.000%

Any optional redemption of 2026 Series D Bonds in part will be on a Pro Rata by Maturity Basis (as defined below) unless the Authority shall have delivered to the Trustee a Cash Flow Certificate confirming that redemption on other than a Pro Rata by Maturity Basis will not adversely affect the ability of the Authority to provide for payment of debt service on the 2026 Series D Bonds, in which event the 2026 Series D Bonds to be redeemed will be selected as provided in the Cash Flow Certificate.

For all purposes herein, "**Pro Rata by Maturity Basis**" means that each maturity of the 2026 Series D Bonds will be redeemed in an amount equal to the product of the principal amount of the 2026 Series D Bonds to be redeemed and a fraction the numerator of which is the principal amount of each such maturity Outstanding immediately prior to such redemption and the denominator of which is the principal amount of all 2026 Series D Bonds Outstanding immediately prior to such redemption, rounded to the nearest $5,000.

The Indenture permits the Authority to direct the Trustee, subject to the receipt of the Trustee of certain items and restrictions described in the Indenture and subject to any applicable provisions of the Code, at any time to sell or otherwise dispose of some or all Mortgage Certificates at a price of not less than par and to invest the proceeds of such disposition as provided under the Indenture and redeem Bonds with such proceeds and the investment earnings thereon. In the event of such sale of the Mortgage Certificates by the Trustee, the 2026 Series D Bonds will be subject to optional redemption in whole at any time on or after October 1, 2034, at a Redemption Price equal to the principal amount of the 2026 Series D Bonds so redeemed, plus accrued interest, if any, thereon to the redemption date, or in the case of the 2026 Series D PAC Bonds, at the redemption prices set forth in the table above, plus accrued interest, if any, thereon to the redemption date.

Special Optional Redemption (Cross-Calling)

The 2026 Series D Bonds are subject to special optional redemption at the direction of the Authority as a whole or in part, at any time, at the Redemption Price equal to 100% of the principal amount of such 2026 Series D Bonds being redeemed, plus accrued interest thereon to the redemption date, without premium, from moneys on deposit in an Excess Revenues and Prepayments Account of the Principal

Payment Fund relating to any other Series of Bonds and available therefor; provided, however, the 2026 Series D PAC Bonds shall be redeemed from such amounts only to the extent that after such redemption, the aggregate principal amount of the Outstanding 2026 Series D PAC Bonds is not less than the 75% SIFMA Outstanding Amount as hereinafter defined for the applicable semiannual period as set forth in the table in "– Special Mandatory Redemption – *Excess Revenues and Prepayments*", unless no other 2026 Series D Bonds remain Outstanding.

Special Mandatory Redemption

Under the provisions of the Indenture, the Trustee is required to establish and maintain separate accounts for the 2026 Series D Bonds within each Fund having no Accounts, and separate subaccounts within each Account within a Fund having Accounts. The Pledged Revenues allocable to each series of Bonds, including the 2026 Series D Bonds, are required to be deposited in the Account or subaccount identified to such series. See "FLOW OF FUNDS" herein for descriptions of the various Funds and Accounts under the Indenture. The 2026 Series D Bonds are subject to redemption as described below under the headings "– *Non-Origination*" and "– *Excess Revenues and Prepayments*".

Non-Origination. At any time on or after August 1, 2027 (but no later than June 1, 2030), the 2026 Series D Bonds are subject to special mandatory redemption in whole or in part, on a Pro Rata by Maturity Basis, on at least 20 days' notice, at a Redemption Price equal to the principal amount thereof, plus accrued interest thereon to the redemption date, without premium, or in the case of the 2026 Series D PAC Bonds, at a Redemption Price equal to the principal amount thereof to be redeemed plus accrued interest thereon to the redemption date, plus the unamortized premium thereon as determined by the Authority by straight-line amortization of the original issue price of ____% between the date of issue and October 1, 2037 (as of which date the premium would reduce to $-0-) (the "**Amortized Original Issue Price**") from moneys attributable to the 2026 Series D Bonds and on deposit in (i) the 2026 Series D Account of the Acquisition Fund which are not used to purchase Mortgage Certificates and are transferred to the 2026 Series D subaccount of the Non-Origination Account of the Principal Payment Fund on the Transfer Date applicable to the 2026 Series D Bonds and (ii) the 2026 Series D account of the Supplemental Acquisition Fund which are not used to pay accrued interest on the Mortgage Certificates or to fund the Capitalized Interest Fund and are transferred to the 2026 Series D subaccount of the Non-Origination Account on the Transfer Date applicable to the 2026 Series D Bonds; provided, however, that subject to a de minimis exception of $250,000 (or such amount as otherwise permitted under the Code) and to the extent required by the Code, 100% of the funds held in the Acquisition Fund and the Supplemental Acquisition Fund on May 1, 2030, which are proceeds of the 2026 Series D Bonds, shall be used to redeem the 2026 Series D Bonds at par (or in the case of the 2026 Series D PAC Bonds, the Amortized Original Issue Price thereof), plus accrued interest on June 1, 2030 on a Pro Rata by Maturity Basis. Notwithstanding anything to the contrary in this paragraph, if moneys attributable to the 2026 Series D Bonds and on deposit in the 2026 Series D Account of the Acquisition Fund which are not used to purchase Mortgage Certificates plus moneys attributable to the 2026 Series D account of the Supplemental Acquisition Fund which are not used to pay accrued interest on the Mortgage Certificates or to fund the Capitalized Interest Fund are less than $250,000, they will be treated as Excess Revenues and Prepayments and applied as set forth in the section below titled *Excess Revenues and Prepayments*.

10-Year Rule Requirement. To the extent required by the Code, the 2026 Series D Bonds are subject to special mandatory redemption in an amount equal to the 2026 Series D Bonds 10-Year Rule Requirement (if any) present for each Debt Service Payment Date. 2026 Series D Bonds subject to redemption pursuant to the 2026 Series D Bonds 10-Year Rule Requirement shall be redeemed in whole or in part, on at least 20 days' notice, at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the redemption date, without premium. The 2026 Series D Bonds to be so redeemed in the amount of the 2026 Series D Bonds 10-Year Rule Requirement (defined below) will be redeemed in the priority set forth

under "Special Mandatory Redemption – *Excess Revenues and Prepayments*" until the 2026 Series D Bonds 10-Year Rule Requirement for the special mandatory redemption has been satisfied without regard to whether the aggregate principal amount of the 2026 Series D Bonds is equal to or less than the 500% SIFMA Outstanding Amount (as defined below).

"**2026 Series D Bonds 10-Year Rule Requirement**" means, to the extent required by the Code, (i) an amount equal to zero before December 17, 2036, and (ii) on and after December 17, 2036, an amount equal to the principal portion of all Mortgage Repayments and Mortgage Prepayments related to the 2026 Series D Bonds received since the last Debt Service Payment Date less the sum of all installments of principal due and payable on the 2026 Series D Bonds on such Debt Service Payment Date.

Excess Revenues and Prepayments. The 2026 Series D Bonds are subject to special mandatory redemption in whole or in part, on at least 20 days' notice, at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the redemption date, without premium, from moneys on deposit in the related subaccount of the Excess Revenues and Prepayments Account of the Principal Payment Fund, attributable to Mortgage Prepayments and excess Mortgage Repayments on Mortgage Certificates acquired with the proceeds of the 2026 Series D Bonds and Excess Revenues transferred from the General Fund and attributable to the 2026 Series D Bonds (collectively, the "**2026 Series D Excess Amounts**"). The 2026 Series D Excess Amounts deposited in the Excess Revenues and Prepayments Account shall be applied in the following order of priority:

(a) *first*, such amounts are to be applied to redeem the 2026 Series D PAC Bonds until the aggregate principal amount of the Outstanding 2026 Series D PAC Bonds is equal to the amounts shown in the column entitled "75% SIFMA 2026 Series D PAC Bond Outstanding Amount" (the "**75% SIFMA Outstanding Amount**") for the applicable semiannual period as set forth in the table below; and

(b) *second*, after applying the amounts as described in clause *first* above,

(i) if the aggregate principal amount of the 2026 Series D Bonds Outstanding is more than the amount shown in the column "500% SIFMA 2026 Series D Bonds Outstanding Amount" (the "**500% SIFMA Outstanding Amount**") for the applicable semiannual period as set forth in the table below, any remaining amounts will be applied to (A) the redemption of Outstanding 2026 Series D Bonds other than the 2026 Series D PAC Bonds, of such maturities and in such amounts as directed by the Authority (or, in the absence of such direction, on a Pro Rata by Maturity Basis) and/or (B) so long as the 2026 Series D Bonds 10-Year Rule Requirement for special mandatory redemption has been satisfied, (1) the redemption of any other Bonds Outstanding under the Indenture, of such Series and in such maturities and amounts as directed by the Authority, or (2) the recycling of such amounts into new Mortgage Loans to be pooled into new Mortgage Certificates to be held under the Indenture and attributable to the 2026 Series D Bonds; or

(ii) if the aggregate principal amount of the 2026 Series D Bonds Outstanding is less than or equal to the amount shown in the column 500% SIFMA Outstanding Amount for the applicable semiannual period as set forth in the table below, any remaining amounts shall be applied to the redemption of (A) any 2026 Series D Bonds, including the 2026 Series D PAC Bonds, of such maturities and in such amounts as directed by the Authority (or, in the absence of such direction, on a Pro Rata by Maturity Basis) and/or (B) so long as the 2026 Series D Bonds 10-Year Rule Requirement for special mandatory redemption has been satisfied, (1) any other Bonds Outstanding under the Indenture of such Series and in such maturities and amounts as directed by the Authority or (2) the recycling of such amounts into new Mortgage Loans to be pooled into new Mortgage Certificates to be held under the Indenture and attributable to the 2026 Series D Bonds; provided that the percentage of any 2026 Series D Excess Amounts so applied to redeem 2026 Series D PAC Bonds may not exceed the ratio of the aggregate principal amount of Outstanding

2026 Series D PAC Bonds to the aggregate principal amount of Outstanding 2026 Series D Bonds prior to such redemption.

Such redemptions may occur at such times and with such frequency as the Authority elects, provided that any redemptions described in clause *first* above must occur at least once during each semiannual period commencing with the semiannual period ending on October 1, 2027 to the extent moneys in the Excess Revenues and Prepayments Account are legally available therefor. To the extent the 2026 Series D PAC Bonds are to be redeemed on a date that is not a Debt Service Payment Date, the 75% SIFMA Outstanding Amounts and the 500% SIFMA Outstanding Amounts as set forth in the table on the following page shall be deemed to be the respective amounts determined by interpolating the 75% SIFMA Outstanding Amount and the 500% SIFMA Outstanding Amount (each, a "**SIFMA Outstanding Amount**"), using the straight-line method, by reference to the respective SIFMA Outstanding Amount for the semi-annual period ending dates listed in the table below which are immediately prior to and immediately subsequent to such redemption date, and the number of days elapsed since the Debt Service Payment Date which is immediately prior to such redemption date, calculated on the basis of a 360-day year of twelve 30-day months.

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Debt Service Payment Date	75% SIFMA 2026 Series D PAC Bond Outstanding Amount[1]	500% SIFMA 2026 Series D Bond Outstanding Amount[1]
December 17, 2026	$21,000,000	$70,000,000
April 1, 2027	21,000,000	70,000,000
October 1, 2027	20,795,000	68,610,000
April 1, 2028	19,895,000	64,445,000
October 1, 2028	18,960,000	58,690,000
April 1, 2029	17,710,000	51,490,000
October 1, 2029	16,205,000	43,425,000
April 1, 2030	14,705,000	36,040,000
October 1, 2030	13,435,000	29,895,000
April 1, 2031	12,195,000	24,780,000
October 1, 2031	10,970,000	20,525,000
April 1, 2032	9,775,000	16,985,000
October 1, 2032	8,615,000	14,040,000
April 1, 2033	7,475,000	11,595,000
October 1, 2033	6,365,000	9,560,000
April 1, 2034	5,280,000	7,860,000
October 1, 2034	4,225,000	6,445,000
April 1, 2035	3,180,000	5,265,000
October 1, 2035	2,225,000	4,285,000
April 1, 2036	1,430,000	3,465,000
October 1, 2036	775,000	2,785,000
April 1, 2037	220,000	2,210,000
October 1, 2037	0	1,725,000
April 1, 2038		1,320,000
October 1, 2038		980,000
April 1, 2039		675,000
October 1, 2039		430,000
April 1, 2040		215,000
October 1, 2040		35,000
April 1, 2041		0

(1) If any 2026 Series D Bonds are redeemed from unexpended proceeds and related amounts, the SIFMA Outstanding Amounts set forth above will be proportionately reduced.

Projected Weighted Average Life of the 2026 Series D PAC Bonds

The weighted average life of a security refers to the average of the length of time that will elapse from the date of issuance of such security to the date each installment of principal is paid to the investor, weighted by the amount of such installment. The weighted average lives of the 2026 Series D PAC Bonds will be influenced by, among other factors, the rate at which principal (including scheduled payments and principal prepayments) are made on the Mortgage Loans. As a result, actual weighted average lives of the 2026 Series D PAC Bonds may vary substantially over the lives of such 2026 Series D PAC Bonds.

Payments of mortgage loans are commonly projected in accordance with a prepayment standard or model. The results of the model used in this Official Statement have been calculated using the Standard Prepayment Model (the "**SIFMA Prepayment Model**") of the Securities Industry and Financial Markets Association ("**SIFMA**") which is based on an assumed rate of prepayment each month of the then unpaid principal balance of the mortgage loans. The SIFMA Prepayment Model starts with an assumed 0.2%

annualized prepayment rate in the first month of the life of the mortgage loans, increases the prepayment rate by 0.2% annualized in each succeeding month until the 30th month (when a 6.0% annualized prepayment rate is reached) and then assumes a constant annualized prepayment rate of 6.0% of the unpaid principal balance for the remaining life of the mortgage loans.

The following table assumes, among other assumptions, that (i) all of the Mortgage Loans are purchased on the anticipated dates of origination, (ii) all of the Mortgage Loans are prepaid at the indicated percentage of SIFMA Prepayment Model, (iii) all scheduled principal and interest payments on the Mortgage Loans and Prepayments of Mortgage Loans are timely received, (iv) no moneys are withdrawn from the Trust Estate by the Authority, (v) available amounts are used to redeem 2026 Series D Bonds as described in "Selection of Bonds to be Redeemed" below on a semiannual basis, and (vi) no 2026 Series D Bonds are redeemed pursuant to the optional redemption provisions of the Indenture. The following table also assumes that moneys on deposit in funds and accounts of the Indenture related to other series of Bonds will not be applied to redeem 2026 Series D Bonds and moneys on deposit in funds and accounts of the Indenture related to the 2026 Series D Bonds will not be applied to redeem Bonds of another series. Based on such assumptions, some or all of which are unlikely to reflect actual experience, the following table indicates the projected weighted average life of the 2026 Series D PAC Bonds. Holders of less than the entire principal amount of a particular maturity of the 2026 Series D PAC Bonds may realize an average life materially different than the average life of the entire maturity of the 2026 Series D PAC Bonds.

The SIFMA Prepayment Model does not purport to be a prediction of the anticipated repayments of the Mortgage Loans, and there is no assurance that the Prepayment of the Mortgage Loans will conform to any of the assumed prepayment rates. See "PROGRAM ASSUMPTIONS AND CERTAIN RISK FACTORS – Prepayments" herein for a discussion of certain factors that may affect the rate of prepayment of the Mortgage Loans. The Authority makes no representation as to the percentage of the principal balance of the Mortgage Loans that will be paid as of any date or as to the overall rate of prepayment. The Authority has not undertaken any obligation to update the information in the table on the following page in the future.

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Projected Weighted Average Life (in years)
of the 2026 Series D PAC Bonds[(1)]

Prepayment Speed (SIFMA)	2026 Series D PAC Bonds Maturing October 1, 2057*
0%	18.1
25%	10.0
50%	6.5
75%	5.4
100%	5.4
125%	5.4
150%	5.4
200%	5.4
300%	5.4
400%	5.4
500%	5.4
600%	4.4

(1) The weighted average life of a bond is determined by (i) multiplying the amount of each principal payment by the number of years from the date of issuance of the bond to the related principal payment date, (ii) adding the results, and (iii) dividing the sum by the total principal paid on the bond.

Purchase of 2026 Series D Bonds in Lieu of Redemption

The Trustee may, if so directed by the Authority in writing, apply moneys in the Principal Payment Fund and in the Interest Payment Fund to the purchase of the 2026 Series D Bonds in the open market or otherwise subject to redemption at a purchase price not to exceed the stated principal amount of such Bonds to be purchased, plus accrued interest to the purchase date. Upon any such purchase, the Trustee shall cancel the 2026 Series D Bonds so purchased and, if any of the bonds so purchased are 2026 Series D Term Bonds or the 2026 Series D PAC Bonds, shall credit the principal amount of the 2026 Series D Term Bonds or 2026 Series D PAC Bonds so purchased against the next succeeding sinking fund redemption amount for the 2026 Series D Term Bonds or 2026 Series D PAC Bonds so purchased, and shall credit the excess, if any, of the principal amount of the 2026 Series D Term Bonds or 2026 Series D PAC Bonds so purchased over all subsequent sinking fund redemptions for the 2026 Series D Term Bonds or 2026 Series D PAC Bonds so purchased on a pro rata basis. Any such credited amounts will be rounded to the nearest $5,000.

Notwithstanding the above, any Authority purchase of 2026 Series D Bonds in the open market or otherwise not intended for the purpose of redemption in lieu will not result in the cancellation of such purchased 2026 Series D Bonds unless otherwise directed by the Authority to the Trustee.

AS A RESULT OF THE SINKING FUND REDEMPTION, OPTIONAL REDEMPTION, SPECIAL OPTIONAL REDEMPTION (CROSS-CALLING) AND SPECIAL MANDATORY REDEMPTION PROVISIONS DESCRIBED ABOVE, A SUBSTANTIAL PORTION OR ALL OF THE 2026 SERIES D BONDS MAY BE REDEEMED OR PURCHASED PRIOR TO THEIR STATED MATURITIES.

* Preliminary, subject to change.

Notice of Redemption

Except as otherwise provided, notice of redemption is to be given not less than 30 nor more than 60 days prior to the redemption date, to registered owners of the Bonds, or portions thereof, to be redeemed. If the Book-Entry System has been terminated, a second notice of redemption provided in the same manner as the first notice of redemption, will be given, not later than 90 days subsequent to the redemption date, to registered owners of Bonds, or portions thereof redeemed but who failed to deliver Bond certificates for redemption prior to the 45th day following such redemption date. Any notice mailed will be conclusively presumed to have been duly given, whether or not the owner of such Bonds receives the notice. Receipt of such notice will not be a condition precedent to such redemption, and failure so to receive any such notice by any of such registered owners will not affect the validity of the proceedings for the redemption of the Bonds. The obligation of the Trustee to give the notice required by the Indenture will not be conditioned upon the prior payment to the Trustee of moneys sufficient to pay the Redemption Price of the Bonds or portions thereof to which such notice relates or the interest thereon to the redemption date.

If at the time of giving of notice of any optional redemption there is not on deposit with the Trustee moneys available for payment in an amount sufficient to redeem all the Bonds called for redemption, such notice may state, at the direction of the Authority, that it is conditional in that it is subject to the deposit of sufficient moneys available for payment in the Principal Payment Fund and the Interest Payment Fund pursuant to "THE 2026 SERIES D BONDS – Optional Redemption" above not later than the noticed redemption date, in which case such notice will be of no effect unless such moneys are so deposited.

For so long as DTC or its nominee is the registered owner of any 2026 Series D Bond to be redeemed, notice of redemption will be given to DTC or its nominee as the registered owner of such 2026 Series D Bond. Any failure on the part of DTC or failure on the part of a nominee of a Beneficial Owner (having received notice from a DTC Participant or otherwise) to notify the Beneficial Owner of any 2026 Series D Bond to be redeemed shall not affect the validity of the redemption of such 2026 Series D Bond.

Selection of Bonds to be Redeemed

If less than all of the 2026 Series D Bonds of like maturity are to be redeemed, the particular 2026 Series D Bonds to be redeemed will be selected by lot in such manner as the Trustee in its discretion may deem fair and appropriate. The portion of any 2026 Series D Bond of a denomination larger than the minimum denomination of $5,000 principal amount may be redeemed in the principal amount of such minimum denomination or an integral multiple thereof, and for purposes of selection and redemption, any such Bond of a denomination larger than the minimum denomination shall be considered to be that number of separate 2026 Series D Bonds of such minimum denomination which is obtained by dividing the principal amount of such 2026 Series D Bonds by such minimum denomination. If there shall be selected for redemption less than all of a 2026 Series D Bond, the Authority will execute and the Trustee will authenticate and deliver, upon the surrender of such Bond, without charge to the Owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, 2026 Series D Bonds of like maturity in any of the authorized denominations.

For so long as the 2026 Series D Bonds are registered in the name of DTC or its nominee, the Trustee will select for redemption only 2026 Series D Bonds or portions thereof registered in the name of DTC or its nominee, in accordance with the preceding paragraph, and DTC will select for redemption the Beneficial Owners' interests in the 2026 Series D Bonds. Neither the Authority nor the Trustee will have any responsibility for selecting for redemption any Beneficial Owners' interest in the 2026 Series D Bonds. See "THE 2026 SERIES D BONDS – Book-Entry Bonds" herein.

Payment of Redeemed Bonds

The 2026 Series D Bonds, or portion thereof so called for redemption, will become due and payable on the redemption date so designated in the notice of redemption at the Redemption Price, plus interest accrued and unpaid to the redemption date. Such 2026 Series D Bonds or portions thereof will be paid upon presentation and surrender thereof at the offices specified in such notice, together with, in the case of 2026 Series D Bonds presented by other than the registered owner, a written instrument of transfer duly executed by the registered owner or its duly authorized attorney. If less than the entire principal amount of a 2026 Series D Bond is called for redemption, the owner thereof will receive upon the surrender of such 2026 Series D Bond, without charge, a registered 2026 Series D Bond or Bonds of like maturity in any authorized denomination representing the unredeemed balance of the principal amount of the 2026 Series D Bond so surrendered.

If, on the redemption date, moneys for the redemption of all the 2026 Series D Bonds or portions thereof to be redeemed, together with interest to the redemption date, are held by the Trustee so as to be available therefor on the redemption date and if notice of redemption has been given as described above, then, from and after the redemption date, interest on the 2026 Series D Bonds or portions thereof so called for redemption will cease to accrue and become payable. If said moneys are not so available on the redemption date, such 2026 Series D Bonds or portions thereof will continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Transfers and Exchanges

The registered owner of any 2026 Series D Bond may, upon surrender thereof at the designated corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee duly executed by the owner thereof or its duly authorized attorney, transfer or exchange such Bond for an equal aggregate principal amount of 2026 Series D Bonds of the same maturity of any authorized denomination. The Authority and the Trustee may deem and treat the person in whose name any 2026 Series D Bond is registered upon the books of the Authority as the absolute owner of such bond, for the purpose of receiving payment of, or on account of, the principal or Redemption Price, if any, of and interest on such bond, for notices required under the Indenture and for all other purposes. As a condition to any such exchange or transfer of 2026 Series D Bonds, the Authority or the Trustee may require payment of an amount sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer.

For so long as the 2026 Series D Bonds are registered in the name of DTC or its nominee, the Trustee will transfer and exchange 2026 Series D Bonds only on behalf of DTC or its nominee, in accordance with the preceding paragraph. Neither the Authority nor the Trustee will have any responsibility for transferring or exchanging any Beneficial Owner's interest in any 2026 Series D Bonds. See "THE 2026 SERIES D BONDS – Book-Entry Bonds" herein.

Neither the Authority nor the Trustee is obligated to transfer or exchange 2026 Series D Bonds during the 15 days next preceding any Debt Service Payment Date of the 2026 Series D Bonds, or, in the case of any proposed redemption of the 2026 Series D Bonds, the 15 days next preceding the date of the giving of notice of such redemption or, with respect to any particular 2026 Series D Bond, after such Bond has been called for redemption.

Book-Entry Bonds

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy or completeness thereof. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.

The 2026 Series D Bonds will be issued as fully-registered bonds in the name of Cede & Co., as nominee of DTC, as registered owner of the 2026 Series D Bonds. Purchasers of such Bonds will not receive physical delivery of bond certificates. For purposes of this Official Statement, so long as all of the 2026 Series D Bonds are in the custody of DTC, references to Bondholders or Bondowners shall mean DTC or its nominee.

DTC will act as securities depository for the 2026 Series D Bonds. The 2026 Series D Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2026 Series D Bond will be issued for each maturity of the 2026 Series D Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of the 2026 Series D Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2026 Series D Bonds on DTC's records. The ownership interest of each actual purchaser of each 2026 Series D 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 Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2026 Series D 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 2026 Series D Bonds, except in the event that use of the book-entry system for the 2026 Series D Bonds is discontinued.

To facilitate subsequent transfers, all 2026 Series D Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 2026 Series D Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2026 Series D Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2026 Series D 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 the 2026 Series D Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2026 Series D Bonds, such as redemptions, defaults and proposed amendments to the 2026 Series D Bonds. For example, Beneficial Owners of the 2026 Series D Bonds may wish to ascertain that the nominee holding the 2026 Series D Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided to them directly.

Redemption notices shall be sent to DTC. If less than all of the 2026 Series D Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issues to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2026 Series D Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2026 Series D Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the 2026 Series D Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, DTC's nominee, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2026 Series D Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, the 2026 Series D Bonds are required to be printed and delivered to DTC.

SECURITY FOR THE BONDS

General

The Bonds are limited obligations of the Authority, payable solely from the Pledged Revenues, which include payments made on, and secured by a pledge of, the Mortgage Certificates and amounts (including interest earnings thereon) held for the benefit of the Bondholders under the Indenture and not from any other revenues, funds or assets of the Authority. The Program documents related to the 2026 Series D Bonds permit Ginnie Mae Certificates, Fannie Mae Certificates and Freddie Mac Certificates to be purchased. See "INTRODUCTION" herein. The 2026 Series D Bonds will be secured equally and ratably with all other Bonds Outstanding under the Indenture. See "SECURITY FOR THE BONDS – Parity Bonds" herein.

PAYMENT OF THE BONDS SHALL BE A VALID CLAIM ONLY AS AGAINST THE SPECIAL FUND OR FUNDS OF THE AUTHORITY RELATING THERETO AND IS NOT A GENERAL OBLIGATION OF THE AUTHORITY, NOR AN OBLIGATION OF ANY KIND OF THE STATE OF ALABAMA OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF ALABAMA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. THE AUTHORITY HAS NO TAXING POWER.

The 2026 Series D Bonds are not a debt of the United States of America, or any agency thereof, including Ginnie Mae, Fannie Mae or Freddie Mac, and are not guaranteed by the full faith and credit of the United States of America, Ginnie Mae, Fannie Mae or Freddie Mac. The obligations of Fannie Mae and Freddie Mac are not backed by the full faith and credit of the United States of America.

Under the Indenture, the Bonds are secured by an assignment and pledge of and security interest in (i) all Mortgage Certificates and the Authority's interest in the Mortgage Loans, (ii) the rights and interest of the Authority in the Origination Agreements, and (iii) Pledged Revenues which include income from Mortgage Certificates and all money and securities held under the Indenture and investment earnings thereon (excluding money and securities in the Rebate Fund).

Pledged Revenues

Pledged Revenues include (i) all payments of principal of and interest on Mortgage Certificates held by the Trustee and required to be deposited in the Principal Payment Fund and the General Fund, respectively, under the Indenture (including any payments received from Ginnie Mae, Fannie Mae or Freddie Mac pursuant to its guarantee of the Mortgage Certificates, as applicable) and all other net proceeds of such Mortgage Certificates, (ii) amounts otherwise required to be deposited as Pledged Revenues pursuant to the Indenture, (iii) income or interest earned and gains realized in excess of losses suffered on Permitted Investments (excluding any Rebate Amount) and (iv) all other moneys, securities and funds (except money in the Rebate Fund) held by the Trustee under the Indenture. The foregoing amounts constitute revenues pledged to the payment of the Bonds.

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Parity Bonds

The 2026 Series D Bonds will be the tenth series of Bonds to be issued under and secured by the Indenture. See "THE AUTHORITY – Single Family Financings under the Indenture" for a description of the prior Bonds.

Additional Series of Bonds ("**Additional Bonds**") may be issued under or secured by the Indenture without limit as to principal amount if the following conditions are satisfied in addition to the conditions for delivery of Bonds:

(a) An Officer's Certificate is delivered to the Trustee to the effect that (i) the principal amount of the Additional Bonds then to be issued or secured, together with the principal amount of all Bonds then Outstanding, does not exceed any limit imposed by state or federal law; (ii) the Authority is not then in default of any of its obligations under the Indenture; and (iii) all fees and contributions assumed in the Cash Flow Certificate required in (c) below have been delivered to the Trustee and were made from funds which satisfy the criteria of the Rating Agency;

(b) At the time of the issuance or securing of such Additional Bonds, there exists no deficiency in any Fund or Account created by the Indenture or any Supplemental Indenture;

(c) A Cash Flow Certificate for the Bonds, including the Additional Bonds, is delivered to the Trustee confirming, among other things, that such issuance will not have any material adverse effect on the ability of the Authority to pay the principal of and interest on the Bonds then Outstanding (including the proposed Additional Bonds);

(d) There is delivered to the Trustee Permitted Investments containing such terms and conditions as are assumed in the Cash Flow Certificate required by (c) above;

(e) A copy, duly certified by the Authority, of the resolution authorizing the issuance of the Additional Bonds and copies of any Origination Agreements entered into as of the date of delivery of such Additional Bonds, and the Supplemental Indenture related thereto is delivered to the Trustee;

(f) Written notice from the Rating Agency is received by the Trustee that the Additional Bonds are rated at least as high as the Outstanding Bonds and that the issuance of such Series of Bonds will not adversely affect the then current rating by the Rating Agency on all other Bonds then Outstanding; and

(g) The Authority and the Trustee shall have executed and delivered a Supplemental Indenture pursuant to the Indenture setting out the terms of such Series of Bonds which shall not be inconsistent with the provisions of the Indenture and shall include, but is not limited to, the following: (i) the date, maturity or maturities, principal amounts and interest rates; (ii) the redemption provisions; (iii) the Debt Service Payment Dates; (iv) the disposition of the proceeds and any other amounts received or contributed by the Authority; and (v) the purchase price applicable to related Mortgage Certificates.

Any additional Bonds issued under the Trust Indenture will be on a parity with the Bonds then Outstanding and will be entitled to the equal and proportionate benefit, protection and security of the pledges, provisions, covenants and agreements of the Trust Indenture. The Indenture provides that money from all series of Bonds in the Acquisition Fund will be used solely to purchase Mortgage Certificates, except as otherwise described under the caption "FLOW OF FUNDS – Acquisition Fund" herein.

FLOW OF FUNDS

The Indenture creates the following funds to be held by the Trustee: (i) an Acquisition Fund, (ii) a Supplemental Acquisition Fund, (iii) a General Fund, (iv) an Interest Payment Fund, (v) a Principal Payment Fund (consisting of a Mortgage Repayment Account, a Non-Origination Account, and an Excess Revenues and Prepayments Account), (vi) an Expense Fund, (vii) a Capitalized Interest Fund, (viii) a Rebate Fund and (ix) a Temporary Fund. Within each Fund other than the Principal Payment Fund there is established a separate account for each Series of Bonds, and within each account within the Principal Payment Fund there is established a separate subaccount for each Series of Bonds. The proceeds of a particular Series of Bonds, the Revenues derived from Mortgage Certificates acquired with the proceeds of a particular Series of Bonds, and the earnings on investments of moneys in the accounts and subaccounts relating to a particular Series of Bonds, when required to be deposited in any Fund or credited to any account, are to be deposited or credited to the account or subaccount established herein for that particular Series of Bonds. However, such proceeds secure all Bonds Outstanding under the Indenture on a parity basis until applied pursuant to the terms of the Indenture. The following summarizes each Fund and the flow of funds under the Indenture, and unless otherwise indicated, all references hereinafter to any fund or account shall mean the 2026 Series D accounts or the 2026 Series D subaccounts, respectively, of such Fund or Account.

Initial Deposits

The anticipated available proceeds of the 2026 Series D Bonds will be deposited with the Trustee in the 2026 Series D Account of the Acquisition Fund (as defined below) ($_____), the 2026 Series D Account of the Supplemental Acquisition Fund ($_____), and 2026 Series D Account of the Expense Fund for payment of certain costs of issuing the 2026 Series D Bonds ($_____). The Authority will contribute funds of its own for deposit as follows: $_____ to the 2026 Series D Account of the Expense Fund for payment of certain costs of issuing the 2026 Series D Bonds, $_____ to the 2026 Series D Account of the General Fund. The Authority will be reimbursed for a portion of its contribution from commitment fees paid by Originators as Originators reserve funds through the first-come, first-served reservation procedure.

Deposit of Revenues

The Authority, acting in its capacity as Servicer, will collect and deposit with the Trustee each month all Pledged Revenues derived from the Mortgage Certificates. The Servicer will designate to the Trustee the series of Bonds to which such Pledged Revenues are attributable and whether the money is derived from Mortgage Repayments or Mortgage Prepayments, interest on Mortgage Loans or other moneys with respect to Mortgage Loans underlying the Mortgage Certificates. The Trustee will credit all Mortgage Repayments to the Mortgage Repayment Account and will credit all Mortgage Prepayments to the Excess Revenues and Prepayments Account. All other Pledged Revenues and any income or interest earned by, or incremental to, all Funds and Accounts (other than the Rebate Fund), because of the investment thereof, will be deposited in the General Fund.

Acquisition Fund

The Indenture creates within the Acquisition Fund a separate account related to the 2026 Series D Bonds, the "2026 Series D Account of the Acquisition Fund". Moneys in the respective Accounts of the Acquisition Fund will be disbursed subsequent to the Issuance Date for the 2026 Series D Bonds, subject to satisfaction of the requirements of the Indenture, solely for the purchase of 2026 Series D Mortgage Certificates (including participations therein) secured by Qualified Mortgage Loans.

With respect to the 2026 Series D Bonds, moneys on deposit in the 2026 Series D Account of the Acquisition Fund will be used to purchase 2026 Series D Mortgage Certificates backed by Mortgage Loans for Single Family Residences located in the State.

The Trustee is required to disburse amounts held in the Acquisition Fund as follows:

(a) Moneys in the 2026 Series D Account of the Acquisition Fund are required to be disbursed, subsequent to the Issuance Date for the 2026 Series D Bonds and subject to satisfaction of certain requirements of the Indenture related to the Mortgage Certificates, solely to purchase 2026 Series D Mortgage Certificates backed by Pools of Qualified Mortgage Loans. 2026 Series D Mortgage Certificates are required to be purchased from the Servicer at a price of 100% of the principal amount thereof, plus accrued interest, payable as follows: (i) the principal component of the 2026 Series D Mortgage Certificate purchase price will be paid from the 2026 Series D Account of the Acquisition Fund and (ii) the accrued interest will be paid from the 2026 Series D Account of the Supplemental Acquisition Fund. At the time the Trustee purchases a Mortgage Certificate, the Trustee is required to transfer from the 2026 Series D Account of the Supplemental Acquisition Fund to the General Fund an amount equal to 30 days' interest on such Mortgage Certificate less the accrued interest paid to the Servicer with respect to the Mortgage Certificate.

(b) Any amounts in the 2026 Series D Account of the Acquisition Fund and the 2026 Series D Account of the Supplemental Acquisition Fund remaining unexpended on the Transfer Date for the 2026 Series D Bonds, as such date may be extended as described below, will be transferred to the 2026 Series D subaccount of the Non-Origination Account of the Principal Payment Fund and applied to the special mandatory redemption of the 2026 Series D Bonds; provided, however, that there shall not be transferred to the 2026 Series D subaccount of the Non-Origination Account any amount in 2026 Series D Account of the Acquisition Fund and the 2026 Series D Account of the Supplemental Acquisition Fund which the Authority has certified to the Trustee as being needed with respect to Mortgage Loans delivered to but not yet purchased by the Servicer and Mortgage Loans purchased by the Servicer but not yet pooled into a Mortgage Certificate.

(c) Any amounts in the 2026 Series D Account of the Acquisition Fund remaining unexpended on the Mortgage Certificate Acquisition Date for the 2026 Series D Bonds, as such date may be extended as described below, will be transferred to the 2026 Series D subaccount of the Non-Origination Account of the Principal Payment Fund and applied to the special mandatory redemption of 2026 Series D Bonds. Notwithstanding anything to the contrary in this section, if amounts remaining in the 2026 Series D Account of the Acquisition Fund are less than $250,000, they will be transferred to the Excess Revenues and Prepayments Account in the Principal Payment Fund.

The Transfer Date for all or any portion of the moneys in the 2026 Series D Account of the Acquisition Fund and the 2026 Series D Account of the Supplemental Acquisition Fund may be extended to a date certain (but not later than June 1, 2030*) upon delivery to the Trustee of the following:

(a) an opinion of Bond Counsel addressed to the Authority and the Trustee to the effect that such an extension and the continued use of such moneys in the 2026 Series D Account of the Acquisition Fund and the 2026 Series D Account of the Supplemental Acquisition Fund to acquire Mortgage Certificates will not cause the interest on the 2026 Series D Bonds to be included in the calculation of gross income of the Bondholders for purposes of federal income taxation;

* Preliminary, subject to change.

(b) a Cash Flow Certificate of the Authority showing that extending the Transfer Date will not adversely affect the availability of Pledged Revenues sufficient to make timely payment of principal of and interest on the 2026 Series D Bonds and all Program Expenses, provided, however, delivery of such Cash Flow Certificate to the Trustee is not to be a precondition to the extension of the Transfer Date if the Trustee receives the written confirmation from the Rating Agency referred to in clause (e) below;

(c) evidence that Permitted Investments will be available for investment of amounts in the Acquisition Fund at a yield not in excess of the yield on the 2026 Series D Bonds, or as otherwise permitted under the arbitrage rebate requirements of federal tax law as confirmed in the opinion of Bond Counsel described in clause (a) above, or in certain qualified tax-exempt Permitted Investments until such amounts are disbursed to acquire Mortgage Certificates;

(d) funds sufficient to cover any cash flow deficiency reflected by the certificate described above during the period of any extension of the Mortgage Certificate Acquisition Date; and

(e) written confirmation from the Rating Agency that such extension will not adversely affect the then current rating on the 2026 Series D Bonds.

If the Transfer Date is so extended, the Mortgage Certificate Acquisition Date will automatically be extended to a date which is the last Business Day of the second calendar month preceding the month in which such extended Transfer Date occurs.

Investment earnings on moneys on deposit in the Acquisition Fund will be credited to the General Fund.

Supplemental Acquisition Fund

At the time the Trustee acquires a Mortgage Certificate from the Servicer, the Trustee is required to withdraw from the 2026 Series D Account of the Supplemental Acquisition Fund an amount equal to 30 days' interest on such Mortgage Certificate and apply such amount as follows: (a) to the Servicer, an amount equal to the accrued interest on the Mortgage Certificate and (b) to the General Fund, the remainder. Any moneys remaining in the 2026 Series D Account of the Supplemental Acquisition Fund on the Mortgage Certificate Acquisition Date for the 2026 Series D Bonds which are not to be used to pay accrued interest on Mortgage Certificates or to fund the Capitalized Interest Fund or to be transferred to the General Fund, as aforesaid, will be transferred to the 2026 Series D subaccount of the Non-Origination Account of the Principal Payment Fund on the Mortgage Certificate Acquisition Date to be applied to the special mandatory redemption of 2026 Series D Bonds, provided, however, that if the amount remaining in the 2026 Series D Account of the Supplemental Acquisition Fund is less than $25,000, such monies will be transferred to the Excess Revenues and Prepayments Account in the Principal Payment Fund. Earnings on investments of funds on deposit in the Supplemental Acquisition Fund will be credited to the General Fund.

General Fund

All interest received on the Mortgage Certificates and income derived from the investment of moneys in the Funds and Accounts established under the Indenture other than the Rebate Fund are required to be deposited upon receipt in the General Fund. Moneys and the proceeds of sale of securities from time to time in the General Fund are required to be paid out and applied for the uses and purposes for which the same are pledged by the provisions of the Indenture, in the following manner:

(a) Moneys in the General Fund representing the Rebate Amount will be withdrawn from the General Fund only for deposit to the Rebate Fund. At the end of each Bond Year for each Series of Bonds,

upon written direction of the Authority, the Trustee is required to transfer to the Rebate Fund an amount equal to the excess of (i) all investment earnings paid or accrued since the end of the preceding Bond Year on the Funds and Accounts established by the Indenture other than the Rebate Fund, taking into account any gain or loss realized on the disposition of such investments over (ii) the amount which would have been earned on such Funds and Accounts since the end of the preceding Bond Year if the amounts in such Funds and Accounts had been invested at a rate equal to the Bond Yield on such series of Bonds, excluding from such amount investment earnings on the General Fund, the Interest Payment Fund and the Principal Payment Fund but only if such investment earnings are less than $100,000 for the Bond Year, all in accordance with Sections 143 and 148(f) of the Code and Treasury Regulations promulgated thereunder.

(b) On each Debt Service Payment Date and on each date on which interest is payable as a result of a redemption of Bonds, the Trustee is required to transfer to the Interest Payment Fund from the General Fund an amount sufficient to make the amount on deposit in the Interest Payment Fund equal to the interest payable on the Bonds on such Debt Service Payment Date or redemption date, for application as provided in the Indenture.

(c) On each Debt Service Payment Date and on each date on which principal is payable as a result of a redemption of Bonds, the Trustee is required to transfer to the Mortgage Repayment Account of the Principal Payment Fund from the General Fund an amount sufficient to make the amount then on deposit in the Mortgage Repayment Account equal to the principal payable on the Bonds on such Debt Service Payment Date or redemption date, for application as provided in the Indenture.

(d) On each Debt Service Payment Date after providing for the payments required by paragraphs (a), (b) and (c) above, the Trustee is required to withdraw from the General Fund and pay, upon requisition of the Authority, the Program Expenses.

(e) On each Debt Service Payment Date after providing for the payments required by paragraphs (a), (b), (c) and (d) above, the Trustee is required to transfer the excess, if any, remaining in the General Fund on each Debt Service Payment Date, after allowing for a minimum balance of $10,000, to the Excess Revenues and Prepayments Account of the Principal Payment Fund for application to the special mandatory redemption of Bonds; provided, however, that the Authority may direct the Trustee to pay to the Authority, free of the lien of the Indenture, an amount of such excess funds which would otherwise be transferred to the Excess Revenues and Prepayments Account of the Principal Payment Fund if (i) any special redemption requirement applicable to the 2026 Series D Bonds has been satisfied, and (ii) the Authority provides to the Trustee a Cash Flow Certificate which demonstrates (x) that immediately after paying the amount requested to the Authority, and on each Debt Service Payment Date thereafter, the sum of the amount of funds held in the General Fund, the Principal Payment Fund, the Interest Payment Fund and the Capitalized Interest Fund, together with accrued but unpaid interest on all of said Funds, plus the outstanding principal amount of the Mortgage Certificates held by the Trustee (including the accrued but unpaid interest thereon) exceeds an amount equal to 102% of the sum of the aggregate principal amount of Bonds Outstanding, plus the accrued but unpaid interest on such Bonds, and (y) such payment will not adversely affect the availability of Pledged Revenues sufficient to make timely payment of principal of, and interest on, the Bonds.

(f) All payments received on the Mortgage Certificates subsequent to discharge of the Indenture, and all moneys held under the Indenture after such discharge date (other than amounts held under the Rebate Fund), will be paid to the Authority subject to any liens thereon in favor of the Servicer.

Interest Payment Fund

Moneys in the Interest Payment Fund will be used solely for the purpose of paying the interest on the Bonds as follows:

(a) The Trustee is required to withdraw and pay to the Bondholders from the Interest Payment Fund on each Debt Service Payment Date an amount equal to the unpaid interest due on the Outstanding Bonds on such Debt Service Payment Date and cause such amount to be applied to the payment of said interest when due.

(b) If Bonds are to be redeemed on other than a Debt Service Payment Date, the Trustee is required to withdraw and pay to the Bondholders from the Interest Payment Fund on the date of such redemption, an amount equal to the interest due and payable on such date and shall cause such amount to be applied to the payment of said interest when due.

Any investment earnings on moneys held in the Interest Payment Fund will be credited to the General Fund.

Principal Payment Fund

The Principal Payment Fund shall consist of three accounts, including the Mortgage Repayment Account, the Non-Origination Account, and the Excess Revenues and Prepayments Account, which shall be used solely for the purpose of paying the principal of the Bonds prior to and upon maturity pursuant to the Indenture. Moneys in the Principal Payment Fund are required to be applied as follows:

(a) The Trustee shall withdraw from the Mortgage Repayment Account, on each Debt Service Payment Date and on the date of each sinking fund redemption of Bonds, an amount equal to the principal amount of Bonds that mature or are scheduled for sinking fund redemption on such date and shall cause such amount to be applied to the payment of said principal amount when due. All funds in the Mortgage Repayment Account after such application to the payment of principal shall be transferred to the Excess Revenues and Prepayments Account for application to the special mandatory redemption of Bonds.

(b) Any moneys on deposit in the Non-Origination Account are required to be applied to the redemption of Bonds to which such moneys are attributable.

(c) Any moneys on deposit in the Excess Revenues and Prepayments Account are required to be applied to the redemption of Bonds to which such moneys are attributable.

(d) Investment earnings (net of losses) on all moneys on deposit in the Principal Payment Fund will be credited to the General Fund.

Expense Fund

Upon the delivery of the 2026 Series D Bonds, the Trustee will deposit $_____ in the 2026 Series D Account of the Expense Fund to be expended only to pay Expenses relating to the 2026 Series D Bonds upon receipt of written instructions from the Authority. Any moneys remaining in the 2026 Series D Account of the Expense Fund six months after delivery of the 2026 Series D Bonds and not specifically committed to the payment of such Expenses may be transferred to the Authority, free and clear of the lien of the Indenture. Investment earnings on any moneys on deposit in the Expense Fund will be credited to the General Fund.

Capitalized Interest Fund

In connection with the issuance of the 2026 Series D Bonds, no additional amounts will be deposited in the Capitalized Interest Fund. With respect to the 2026 Series D Bonds, existing moneys on account in the Capitalized Interest Fund will be withdrawn and deposited in the Interest Payment Fund on each Debt Service Payment Date occurring prior to the applicable Mortgage Certificate Acquisition Date and on the Debt Service Payment Date immediately following such Mortgage Certificate Acquisition Date in such amount as may be necessary, when added to the amounts transferred from the General Fund, to provide for the payment of interest due on the Bonds on such dates. The Capitalized Interest Fund will also receive additional deposits of funds pursuant to the Indenture upon extension of the Transfer Date and Mortgage Certificate Acquisition Date for the 2026 Series D Bonds, if such event were to occur. Moneys remaining in the Capitalized Interest Fund on the later of the applicable Transfer Date or the date that there are no longer funds on deposit in the respective Account of the Acquisition Fund will be deposited in the General Fund. Amounts in the Capitalized Interest Fund attributable to a contribution of revenues of the Authority (and not from sale proceeds of Bonds) will remain in the Capitalized Interest Fund and not be transferred to the General Fund and will be available to pay interest on and Program Expenses with respect to any Outstanding Bonds regardless of the occurrence of any Transfer Date with respect to any Series of Bonds or due to funds no longer being on deposit in the Acquisition Fund (whether due to the acquisition of Mortgage Certificates or the occurrence of the Transfer Date); provided, however, that an amount equal to the Authority's contributions (or any portion thereof) to the Capitalized Interest Fund may, upon request of the Authority, be withdrawn and returned to the Authority if reflected in the most recent Cash Flow Certificate delivered in accordance with the Indenture. Separate accounts will be created to account for the deposit of sale proceeds from a Series of Bonds into the Capitalized Interest Fund, and the Supplemental Indenture pursuant to which such Series of Bonds is issued may provide that such sale proceeds may only be used to pay interest on such Series of Bonds. Investment earnings on moneys on deposit in the Capitalized Interest Fund will be credited to the General Fund.

Rebate Fund

Sections 143 and 148 of the Code limit the amount of earnings that can be retained from the investment of certain moneys held under the Indenture. In order to enable the Authority to comply with such limitation, the Authority will cause to be computed the amount, if any, required to be set aside in the Rebate Fund in accordance with the Indenture. Moneys deposited and held in the Rebate Fund, including investment earnings thereon, if any, are not subject to the pledge of the Indenture and will not constitute part of the Pledged Revenues held for the benefit of the Bondholders.

Temporary Fund

The Indenture provides for creation of a Temporary Fund to be used in connection with the refunding of bonds issued by the Authority. As no proceeds of the 2026 Series D Bonds will be used to refund other bonds, the Temporary Fund will not be utilized in connection with the issuance of the 2026 Series D Bonds.

THE PROGRAM

General

The Authority has established the Program pursuant to the Act for the purpose of applying proceeds of Bonds to purchase Mortgage Certificates backed by Mortgage Loans and assist in financing the costs of acquisition of Single Family Residences located within the State by Eligible Persons and Families. Under the Origination Agreements, the Trustee is expected to purchase Mortgage Certificates backed by Qualified

Mortgage Loans originated by the Originators. Such Mortgage Loans will be sold to the Servicer by the Originators, and the Servicer will sell to the Trustee the Mortgage Certificates backed by such Mortgage Loans. The Trustee will use the proceeds made available from the issuance of the 2026 Series D Bonds to purchase 2026 Series D Mortgage Certificates.

Reservation of Funds

The Authority will notify mortgage lending institutions in the State of the availability of the Program and will solicit their participation as Originators under the Program. In order to ensure that the Mortgage Loans originated do not exceed the available funds of the Program and that such funds are allocated to Eligible Persons and Families on a fair and equitable basis, the Authority has established a controlled first-come, first-served reservation procedure. After an Originator has received from a potential Mortgagor an executed application for a Mortgage Loan and a copy of an executed sales contract for the related Residence, the Originator may request a reservation of funds from the Authority for the proposed Mortgage Loan. Prior to requesting a reservation of funds, the Originator is required to have made a preliminary determination that the Mortgage Loan, the Mortgagor and the Residence are eligible for participation in the Program. The Authority will issue a commitment to the Originator who then has three business days in which to deliver to the Authority certain additional items related to the Mortgage Loan, along with a Commitment Fee.

Origination and Sale of Mortgage Loans

During any origination period established by the Authority (the start date of which shall be referred to as the "**Commencement Date**" and the period from the Commencement Date through the date the Authority ends such origination period shall be referred to as the "**Commitment Period**"), Originators may make Mortgage Loan commitments to Mortgagors and, in connection therewith, may charge sellers of Single-Family Residences or mortgagors (a) reasonable and customary charges not in excess of the amount which would be charged for non-Program loans, related to insurance, guaranty premiums, surveys, title insurance, appraisal fees and certain other closing costs, and (b) commitment fees to be charged to the Mortgagor and origination fees as set forth in the Program Guidelines; provided, however, that no Mortgage Loan may be closed by an Originator until and unless the Authority has reviewed and approved such Mortgage Loan for compliance with the federal tax law requirements of the Program.

During the period beginning on the Commencement Date and continuing through June 30, 2027*, (unless extended further) with respect to Mortgage Loans to be pooled into the 2026 Series D Mortgage Certificates (the "**Origination Period**"), Originators will sell Qualified Mortgage Loans to the Servicer for a purchase price equal to a percentage of the principal amount thereof of FHA Insured Mortgage Loans, Rural Development Guaranteed Mortgage Loans, VA Guaranteed Mortgage Loans and Conventional Loans in accordance with the Program Guidelines, plus accrued interest to the date of purchase. The purchase price includes certain fees paid for the release of the right to service the Mortgage Loans (the "**Servicing Release Fee**").

The Authority is not authorized under State law to purchase Mortgage Loans that refinance outstanding loans. Therefore, none of the proceeds of the 2026 Series D Bonds will be used to purchase Mortgage Loans made to refinance outstanding loans.

* Preliminary, subject to change.

Down Payment Assistance

Down payment assistance is offered in the form of an interest-bearing amortized fixed rate subordinate lien with a term of 10 years. The interest rate is set to the same rate of the first mortgage. The Authority funds these loans from its Housing Assistance Fund (not held under the Indenture); no proceeds from the 2026 Series D Bonds will be used to fund down payment assistance loans, and repayments of the down payment assistance loans are not pledged to pay debt service on the Bonds. Substantially all homebuyers utilizing the first mortgage program utilize down payment assistance.

Servicing of Mortgage Loans

The Authority services its own Mortgage Loans pursuant to authorization from Ginnie Mae and Pool Purchase Contracts with Fannie Mae and Freddie Mac and does not currently contract with any third party servicer of Mortgage Loans, but may do so in the future.

Sale of Mortgage Certificates

The Servicer will pool Mortgage Loans purchased under the Program and will issue 2026 Series D Mortgage Certificates for sale to the Trustee for a price equal to 100% of the face amount thereof, plus accrued interest. See "THE GINNIE MAE, FANNIE MAE AND FREDDIE MAC CERTIFICATE PROGRAMS" herein.

Mortgage Loans

To qualify under the Program, Mortgage Loans must satisfy each of the following requirements as of the date of the closing of such Mortgage Loan:

(a) Each Mortgage Loan shall provide financing for the acquisition or construction of a Single-Family Residence located within the State which is to be owned and occupied by a person or family of low or moderate income, as determined by the Authority in accordance with the Act and the Code;

(b) The mortgage securing a Mortgage Loan shall constitute a first lien on the Residence financed thereby, subject only to permitted encumbrances;

(c) Each Mortgage Loan shall be a 30-year, fixed-rate level payment loan, payable monthly;

(d) Each Mortgage Loan shall be either:

(i) a VA Guaranteed Mortgage Loan;

(ii) an FHA Insured Mortgage Loan;

(iii) a Rural Development Guaranteed Mortgage Loan;

(iv) an uninsured Mortgage Loan having an original principal balance not exceeding 80% of the lesser of the appraised value or the sales price of the Residence; or

(v) a Conventional Mortgage Loan in compliance with Fannie Mae's or Freddie Mac's Seller/Servicer Guidelines.

(e) Each Mortgage Loan must comply with the Ginnie Mae Guide, the Fannie Mae Guide or the Freddie Mac Guide, as applicable, and must be eligible for inclusion, and must be included, in a Pool

pursuant to and in accordance with the applicable regulations, policies, handbooks and guidelines of Ginnie Mae, Fannie Mae and Freddie Mac governing the issuance of Ginnie Mae Certificates, Fannie Mae Certificates and Freddie Mac Certificates, respectively.

(f) Under the Origination Agreement, following the Purchase of any Mortgage Loan by the Authority, (i) if the Originator does not submit the completed Mortgage Loan file to the Authority within 120 days from the purchase date of such Mortgage Loan, or (ii) if any documents constituting a part of the Mortgage Loan file for a Mortgage Loan are, in the judgment of the Authority, defective or inaccurate in any material respect, if any representation or warranty of the Originator, in the judgment of the Authority, is untrue as to any material matter, or if the Mortgage Loan fails to qualify for inclusion in a Pool or is otherwise not a Qualified Mortgage Loan, and the Originator fails to cure any such defect within 30 days from the time it receives notice of the same, the Originator shall, at the option of the Authority, repurchase the Mortgage Loan for an amount equal to the sum of (1) the outstanding principal balance of such Mortgage Loan, plus (2) any accrued and unpaid interest at the annual rate borne by the Mortgage Note to the date of repurchase, plus (3) any Servicing Release Fees or other earned fees paid to the Originator, plus (4) any other funds expended or advanced by the Authority with respect to such Mortgage Loan, including down payment assistance.

Compliance with Tax Covenants

The Program contains restrictions on, and requirements for, Mortgage Loans intended to reflect the applicable requirements of Section 143 of the Code relating to the exclusion from gross income of interest on obligations issued to finance Single Family Residences. Each Originator will agree, pursuant to the terms of an Origination Agreement, to make Mortgage Loans which comply with the following terms and conditions and to execute an affidavit evidencing such compliance. The Authority has reserved the right to require the Originators to submit appropriate documentation to the Authority demonstrating the eligibility of each Mortgage Loan for inclusion in the Program prior to closing such Mortgage Loan. In addition, the Authority, as Administrator for the Program, will review each Mortgage Loan for compliance with the applicable federal tax requirements prior to the purchase of such Mortgage Loan.

Residence Requirement. Each Mortgage Loan must finance a Single Family Residence which is located within the State and is intended to be used as the Mortgagor's principal residence. Each Mortgagor must execute an affidavit stating that the Single Family Residence is located within the State, is intended to be the principal residence of the Mortgagor and will not be used in a trade or business, as an investment property or as a vacation home.

Targeted Areas. Pursuant to the Code, Targeted Areas have been established for the Program. The Targeted Areas consist of certain census tracts in the State in which, based on the 2020 census, at least 70% of the families had an annual income of 80% or less of the statewide median income, and of certain areas designated by the Governor of the State as areas of chronic economic distress, the designation of which has been approved by the Secretaries of the Department of the Treasury and the Department of Housing and Urban Development. The Targeted Areas applicable to Mortgage Loans financed by the 2026 Series D Bonds currently include 23 entire counties, certain entire cities, and portions of certain other counties and cities.

At least 20% of the funds provided from the issuance of the 2026 Series D Bonds for the purchase of Mortgage Certificates will be made available solely for the purchase of a like principal amount of Mortgage Certificates backed by Mortgage Loans on Residences located in Targeted Areas for a period of at least one year after the date the proceeds of the 2026 Series D Bonds are first made available for purchase by the Trustee of such Mortgage Certificates.

First-Time Homebuyer Requirement. Except in the case of a Mortgage Loan to finance a Single Family Residence in a Targeted Area, the affidavit of the Mortgagor must include a statement that he or she did not have an ownership interest in a principal residence at any time during the three-year period prior to the date on which the Mortgage is executed. In order to verify the information contained in the affidavit of the Mortgagor, the Originator must obtain from the Mortgagor the following: (a) a completed and executed URLA 1003; (b) a residential mortgage credit report or tri-merge credit report; (c) a copy of Drive Report, Fraud Guard Report or MERS report for each Mortgagor; and (d) other documentation as may be requested by the Authority.

Income Requirements. The Authority has adopted income restrictions for the Program which are intended to satisfy the requirements of State and federal law. For Mortgage Loans made with respect to Residences located in Non-Targeted Areas, the family income of the Mortgagor may not exceed 115% (100% if the Mortgagor has a family of fewer than three persons who will be living in the Residence) of the greater of the median income in the area or the median income for the State. For Mortgage Loans made with respect to Residences located in Targeted Areas, the family income of the Mortgagor may not exceed 140% (120% if the Mortgagor has a family of fewer than three persons who will be living in the Residence) of the greater of the median income for the Targeted Area or the median income for the State. The Mortgagor's affidavit must certify compliance with this requirement.

Purchase Price Requirement. The maximum permitted acquisition costs of Single Family Residences are subject to limits established by the Authority and consistent with U.S. Department of the Treasury Regulations issued under the Code. The maximum acquisition cost limits may be revised by the Authority, consistent with Treasury Regulations and IRS directives. The current maximum permitted acquisition cost of Single Family Residences located in Targeted Areas and Non-Targeted Areas in the State is $665,173 and $544,233, respectively.

The affidavit of the Mortgagor must state that (a) as of the date of the initial loan application, through the loan closing date, the sales price and Acquisition cost of the property do not exceed the maximum sales price limits; (b) the acquisition cost of the Residence as shown in the purchase contract represents the cost of acquiring the dwelling as a completed Residence; (c) Mortgagor has not or will not make any other payment for the Residence to the seller, developer, contractor, or any other person for any reason whatsoever, including payments for the following: (i) completion of the construction of the dwelling so that occupancy is permitted; (ii) installation or replacement of fixtures or another item which has been omitted or removed; or (iii) obtaining services relating to the improvement of the dwelling Residence; and (d) a correct copy of the final purchase contract representing the entire transaction for the purchase of the Residence has been provided to the lending institution to which the Mortgagor applied for the Mortgage Loan.

New Mortgage Requirement. Each Mortgage Loan must be made to a Mortgagor who did not have a mortgage (whether or not paid off) on the Residence securing the Mortgage Loan at any time prior to the execution of the Mortgage Loan, except in the case of a construction period loan, a bridge loan or any other similar temporary initial financing with a maturity of not more than 24 months. The Mortgagor's affidavit must certify compliance with this requirement.

Seller's Affidavit. Each seller of a Residence financed by a Mortgage Loan must certify that the acquisition cost is the Mortgagor's true cost of acquiring the Residence as a completed unit, and that if the unit is incomplete, the reasonable cost of completing the Residence is included in the amount shown as the acquisition cost.

The Authority will review each mortgage file submitted by an Originator in order to confirm, among other things, that the affidavits of the Mortgagor, seller and Originator have been executed as

described above. If the Authority or Trustee determines that an affidavit was inaccurate in a material respect, the Originator will be required to cure the defect within 30 days of the time the Originator receives notice of such defect, or to repurchase the Mortgage Loan, all as provided in the Origination Agreements.

Recapture Provision

The Code requires a payment to the United States from certain Mortgagors upon sale of their Residences (the "**Recapture Provision**"). The Recapture Provision requires that an amount determined to be the subsidy provided by qualified mortgage bond financing be paid to the United States on disposition of the Residence (but not in excess of 50% of the gain realized by the Mortgagor). The recapture amount (i) increases during the first five years of ownership, with full recapture occurring if the Residence is sold during the fifth year, (ii) declines ratably with respect to sales occurring in years six to nine, and (iii) is zero in year ten and thereafter. The Code excludes from recapture part or all of the subsidy in the case of certain assisted Eligible Mortgagors whose incomes are less than prescribed amounts at the time of the disposition. The Recapture Provision may result in reduced demand for Mortgage Loans under the Program.

Insurance Requirements

Each Mortgagor is responsible for obtaining and maintaining a hazard insurance policy meeting the requirements set forth in the Origination Agreements, the Ginnie Mae Guide, the Fannie Mae Guide and the Freddie Mac Guide.

Assumption of Mortgage Loans

In any case in which a Residence subject to a Mortgage has been or is about to be conveyed by the Mortgagor to a purchaser who desires to assume all rights and obligations of the Mortgagor under the Mortgage Loan, the Servicer may release the original Mortgagor and take or enter into an assumption agreement from or with the person to whom such property has been or is about to be conveyed only if the Authority so consents in writing; provided that such assumption may only be permitted if (i) the Residence being acquired is a Single Family Residence within the meaning of the Origination Agreements at the time of the assumption, (ii) the requirements of the Program and the Origination Agreements are satisfied (including the maximum purchase price and income limits then applicable), and (iii) the Mortgage Loan continues to comply with the requirements of the Ginnie Mae Guide, the Fannie Mae Guide or the Freddie Mac Guide. The Authority shall be responsible for verifying that all of these conditions are met with respect to each Mortgage Loan proposed to be assumed.

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THE GINNIE MAE, FANNIE MAE AND FREDDIE MAC CERTIFICATE PROGRAMS

The following summary of the Ginnie Mae Programs, the Fannie Mae Program, the Freddie Mac Program and the other documents referred to herein does not purport to be comprehensive and is qualified in its entirety by reference to the Ginnie Mae Guide, the Ginnie Mae Certificates, the Fannie Mae Guide, the Fannie Mae Certificates, the Freddie Mac Guide, the Freddie Mac Certificates, and other documents for full and complete statements of their provisions.

None of the Authority, the Trustee, the Underwriters, Bond Counsel, Special Tax Counsel, Disclosure Counsel or counsel to the Underwriters has independently verified such information, and none assumes responsibility for the accuracy of such information.

Ginnie Mae Certificates

General. Ginnie Mae is a wholly-owned corporate instrumentality of the United States within HUD, with its principal office in Washington, D.C.

Ginnie Mae is authorized by Section 306(g) of Title III of the National Housing Act of 1934, as amended (the "**Housing Act**"), to guarantee the timely payment of the principal of, and interest on, securities that are based on and backed by a pool of mortgage loans that are (i) insured by FHA under the Housing Act, or (ii) guaranteed by USDA-Rural Development ("**RHS**") pursuant to Section 502 of Title V of the Housing Act of 1949, or (iii) guaranteed by the Department of Veterans Affairs ("**VA**") under the Servicemen's Readjustment Act of 1944, as amended, or Chapter 37 of Title 38 United States Code. Section 306(g) further provides that "the full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection." An opinion, dated December 9, 1969, of an Assistant Attorney General of the United States, states that such guaranties under Section 306(g) of mortgage-backed certificates of the type being delivered to the Trustee on behalf of the Authority are authorized to be made by Ginnie Mae and "would constitute general obligations of the United States backed by its full faith and credit."

There are two Ginnie Mae Programs, Ginnie Mae I and Ginnie Mae II. To issue Ginnie Mae Certificates, the Servicer must first apply to and receive from Ginnie Mae a Commitment to Guarantee Mortgage-Backed Securities (the "**MBS Agreement**"). The MBS Agreement authorizes the Servicer to apply to Ginnie Mae for the issuance of mortgage-backed securities to be eligible for guaranty by Ginnie Mae up to a stated date and issue Ginnie Mae Certificates up to a stated amount during a one-year period following the date of the MBS Agreement. Each MBS Agreement is valid for a 12-month period from the date of commitment. Under the Origination Agreement, the Servicer is obligated to pay Ginnie Mae guaranty fees related to the Program. The dollar amount of Ginnie Mae Commitments which Ginnie Mae may approve in any federal fiscal year (October 1 through September 30) is limited by statute and administrative procedures, which could result in the Servicer not being able to issue Ginnie Mae Certificates in the anticipated principal amount.

Each Ginnie Mae Certificate is to be backed by a mortgage pool consisting of Mortgage Loans in a minimum aggregate amount of $25,000 (or such other amount as set by Ginnie Mae). Each certificate under the Ginnie Mae I Program will be a "mortgage loan pass-through" certificate which will require the Servicer to pass through to the paying and transfer agent therefor (the "**Ginnie Mae Paying Agent**") by the 15th day of each month (or the 16th day, if such day is not a business day, provided that, if neither the 15th nor the 16th day is a business day, then the first business day prior to the 15th day of the month), the regular monthly payments on the Mortgage Loans (less Ginnie Mae guaranty fees and the Servicer's Servicing Fee, more fully described herein), whether or not the Servicer receives such payments, plus any prepayments of principal of the Mortgage Loans received by the Servicer in the previous month. Each certificate under the

Ginnie Mae II Program will require the Servicer to pass through to the central paying and transfer agent for the Ginnie Mae II Program, by the 20th day of each month (or the 21st day, if such day is not a business day; provided that, if neither the 20th nor the 21st day is a business day, then the first business day prior to the 20th day of the month), the regular monthly payments on the Mortgage Loans (less Ginnie Mae guaranty fees and the Servicer's Servicing Fee, more fully described herein), whether or not the Servicer received such payments, plus any prepayments on the Mortgage Loan received by the Servicer in the previous month. The Ginnie Mae Paying Agent is then required to pass through to the Trustee on or before the third business day following the 20th day of each month the scheduled payments received from the Servicer. Ginnie Mae guarantees timely payment of principal of and interest with respect to the Ginnie Mae Certificate.

Ginnie Mae, upon execution of the Ginnie Mae Guaranty Agreement (as defined below), delivery of the Ginnie Mae Certificate to the Servicer and subsequent sale of the Ginnie Mae Certificate to the Trustee, will have guaranteed to the Trustee as beneficial holder of the Ginnie Mae Certificate the timely payment of principal of and interest on the Ginnie Mae Certificate. In order to meet its obligations under such guaranty, Ginnie Mae, in its corporate capacity under Section 306(d) of Title III of the National Housing Act, may issue its general obligations to the United States Treasury Department in an amount outstanding at any one time sufficient to enable Ginnie Mae, with no limitations as to amount, to perform its obligations under its guaranty of the timely payment of the principal of and interest on the Ginnie Mae Certificate. The Treasury is authorized to purchase any obligations so issued by Ginnie Mae and has indicated in a letter dated February 13, 1970 from the Secretary of the Treasury to the Secretary of HUD that the Treasury will make loans to Ginnie Mae, if needed, to implement Ginnie Mae's guaranty.

Under the terms of its guaranties, Ginnie Mae warrants to the Trustee as the beneficial holder of the Ginnie Mae Certificate that, if it is called upon at any time to make payment on its guaranty of the principal of and interest on the Ginnie Mae Certificate, it will, if necessary, in accordance with Section 306(d) of Title III of the National Housing Act, apply to the Treasury Department of the United States for a loan or loans in amounts sufficient to make payments of principal and interest due.

Servicing the Mortgages. The Servicer will be responsible for servicing and otherwise administering the Mortgage Loans in accordance with generally accepted practices of the mortgage banking industry and the Ginnie Mae Mortgage Backed Securities Guide (the "**Ginnie Mae Guide**").

The monthly remuneration of the Servicer, for its servicing and administrative functions, and the guaranty fee charged by Ginnie Mae are based on the total aggregate unpaid principal balance of Mortgage Loans outstanding. The Ginnie Mae Certificates carry an interest rate that is fixed at 0.50% below the interest rate on the underlying Mortgage Loans; the Servicer's Servicing Fee and the Ginnie Mae guaranty fee are deducted from payments on the Mortgage Loans before payments are passed through to the holder of the Ginnie Mae Certificates. The Servicer is obligated to pay the Ginnie Mae guaranty fee out of the Servicing Fee.

Defaults on Mortgage Loans. It is expected that interest and principal payments on the Mortgage Loans received by the Servicer will be the source of payments on the Ginnie Mae Certificates. If such payments are less than what is due, the Servicer is obligated to advance its own funds to ensure timely payment of all amounts coming due on the Ginnie Mae Certificates. Ginnie Mae guarantees such timely payment in the event of the failure of the related Servicer to pay an amount equal to the scheduled principal payments (whether or not made by the Mortgagors on the underlying Mortgage Loans).

The Servicer is required to advise Ginnie Mae in advance of any impending default on scheduled principal payments so that Ginnie Mae as guarantor will be able to continue such payments as scheduled. If, however, such payments are not received as scheduled, the Trustee has recourse directly to Ginnie Mae.

Default by Servicer. The Ginnie Mae Guaranty Agreement to be entered into by Ginnie Mae and the Servicer upon issuance of the Ginnie Mae Certificates (the "**Ginnie Mae Guaranty Agreement**") will provide that, in the event of a default by the Servicer, Ginnie Mae will have the right, by letter to the Servicer, to effect and complete the extinguishment of the Servicer's interest in the Mortgage Loans in the respective Pool, and such Mortgage Loans are to thereupon become the absolute property of Ginnie Mae, subject only to the unsatisfied rights of the Trustee as holder of the Ginnie Mae Certificate. In such event, the Ginnie Mae Guaranty Agreement will provide that Ginnie Mae will be the successor in all respects to the Servicer in its capacity under the Ginnie Mae Guaranty Agreement and the transaction and arrangements set forth or arranged for therein. At any time, Ginnie Mae may enter into an agreement with an institution approved by Ginnie Mae under which such institution undertakes and agrees to assume any part or all of such duties, and no such agreement will detract from or diminish the responsibilities, duties or liabilities of Ginnie Mae in its capacity as guarantor.

Payment of Principal and Interest on the Ginnie Mae Certificates. Each installment on a Ginnie Mae Certificate is required to be applied first to interest and then to the reduction of the principal balance then outstanding on the Ginnie Mae Certificate. Interest is to be paid at the specified rate on the unpaid portion of the principal of the Ginnie Mae Certificate. The amount of principal due on the Ginnie Mae Certificate shall be in an amount at least equal to the scheduled principal amortization currently due on the Mortgage Loans. However, payment of principal and interest is to be adjustable as set forth below.

Each of the monthly installments on a Ginnie Mae Certificate is subject to adjustment by reason of unscheduled recoveries of principal on the underlying Mortgage Loans. In any event, the Servicer is required to pay to the Trustee, as holder of the Ginnie Mae Certificate, monthly installments of not less than the interest due on the Ginnie Mae Certificate at the rate specified in the Ginnie Mae Certificate, together with any scheduled installments of principal, whether or not such interest or principal is collected from the Mortgagor, and any prepayments or early recovery of principal. Final payment is to be made upon surrender of the outstanding Ginnie Mae Certificate.

Fannie Mae Certificates

General. Fannie Mae is a federally chartered and stockholder-owned corporation organized and existing under the Federal National Mortgage Association Charter Act (12 U.S.C. Section 1716 et seq.). Fannie Mae was originally established in 1938 as a United States government agency to provide supplemental liquidity to the mortgage market, and was transformed into a stockholder-owned and privately managed corporation by legislation enacted in 1968. On September 6, 2008, Director James Lockhart of the Federal Housing Finance Agency ("**FHFA**") appointed FHFA as conservator of Fannie Mae. This conservatorship does not have a specified termination date. The Authority cannot predict the consequences of the conservatorship and the impact it may have on the Authority's Program.

Fannie Mae provides funds to the mortgage market primarily by purchasing mortgage loans from lenders, thereby replenishing their funds for additional lending. Fannie Mae acquires funds to purchase mortgage loans from many capital market investors that may not ordinarily invest in mortgage loans, thereby expanding the total amount of funds available for housing. In addition, Fannie Mae issues mortgage-backed securities primarily in exchange for pools of mortgage loans from lenders.

ALTHOUGH THE SECRETARY OF THE TREASURY OF THE UNITED STATES HAS CERTAIN DISCRETIONARY AUTHORITY TO PURCHASE OBLIGATIONS OF FANNIE MAE, NEITHER THE UNITED STATES NOR ANY AGENCY OR INSTRUMENTALITY THEREOF IS OBLIGATED TO FINANCE FANNIE MAE OBLIGATIONS OR ASSIST FANNIE MAE IN ANY MATTER.

Fannie Mae has implemented a mortgage-backed securities program pursuant to which Fannie Mae issues securities backed by pools of mortgage loans (the "**MBS Program**"). THE OBLIGATIONS OF FANNIE MAE, INCLUDING ITS OBLIGATIONS UNDER THE FANNIE MAE CERTIFICATES, ARE OBLIGATIONS SOLELY OF FANNIE MAE AND ARE NOT BACKED BY, OR ENTITLED TO, THE FULL FAITH AND CREDIT OF THE UNITED STATES.

The terms of the MBS Program are governed by the Fannie Mae Selling and Servicing Guides (the "**Fannie Mae Guide**"), published by Fannie Mae, as modified by the Pool Purchase Contract (as hereinafter defined), and, in the case of mortgage loans such as the Mortgage Loans, a Trust Indenture dated as of November 1, 1981, as amended (the "**Fannie Mae Indenture**"), and a supplement thereto to be issued by Fannie Mae in connection with each pool. The MBS Program is further described in a prospectus issued by Fannie Mae (the "**Fannie Mae Prospectus**"), which is updated from time to time.

Copies of the Fannie Mae Prospectus are available from Investor Relations, 1100 15th Street NW, Washington, D.C. 20005 (telephone: 800-232-6643). Information on Fannie Mae and its financial condition is contained in Fannie Mae's most current annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K that are filed with the SEC. The SEC filings are available at the SEC's website at www.sec.gov. The periodic reports filed by Fannie Mae with the SEC are also available on Fannie Mae's website at www.fanniemae.com. The Authority takes no responsibility for information contained on websites referenced herein, and no information from these websites is incorporated herein by reference or intended to be part of this Official Statement.

The summary of the MBS Program set forth herein does not purport to be comprehensive and is qualified in its entirety by reference to the Fannie Mae Guide as presently in effect, the Fannie Mae Prospectus and the other documents referred to herein, all of which are subject to change at any time by Fannie Mae.

Fannie Mae and the Servicer have entered into a Pool Purchase Contract (the "**Pool Purchase Contract**"), pursuant to which the Servicer is permitted to deliver, and Fannie Mae agrees to purchase, Mortgage Loans in exchange for Fannie Mae Certificates. The purpose of such Pool Purchase Contract is to provide for certain additions, deletions and changes to the Fannie Mae Guide relating to the purchase of Mortgage Loans. In the event of a conflict between the Pool Purchase Contract and the Fannie Mae Guide, the Pool Purchase Contract will control. The description set forth below assumes that the Pool Purchase Contract would be executed substantially in the form presented by Fannie Mae to the Servicer as of the date hereof. No representation is made as to the amount, if any, of Fannie Mae Certificates that may secure the 2026 Series D Bonds.

Under the Pool Purchase Contract, Fannie Mae purchases both Mortgage Loans eligible under the guidelines set forth in the Fannie Mae Guide and certain Mortgage Loans insured by an approved mortgage insurance carrier based on coverage levels defined by Fannie Mae and private mortgage insurance company policies, which conform to the conditions set forth in the Pool Purchase Contract. The difference between the interest rate on the Mortgage Loans and the pass-through rate on the Fannie Mae Certificates will be collected by the Servicer and used to pay the Servicing Fee and Fannie Mae's guaranty fee.

Each Fannie Mae Certificate issued on or after June 3, 2019 will be a UMBS. Each Fannie Mae Certificate will represent the entire interest in a specified Pool of Mortgage Loans purchased by Fannie Mae from the Servicer and identified in records maintained by Fannie Mae.

Fannie Mae will guarantee to the registered holder of the Fannie Mae Certificates that it will distribute amounts representing scheduled principal and interest at the applicable "pass-through rate" on the Mortgage Loans in the pools represented by such Fannie Mae Certificates, whether or not received, and

the full principal balance of any foreclosed or other finally liquidated Mortgage Loan, whether or not such principal balance is actually received. THE OBLIGATIONS OF FANNIE MAE UNDER SUCH GUARANTEES ARE OBLIGATIONS SOLELY OF FANNIE MAE AND ARE NOT BACKED BY, OR ENTITLED TO, THE FAITH AND CREDIT OF THE UNITED STATES. IF FANNIE MAE WERE UNABLE TO SATISFY SUCH OBLIGATIONS, DISTRIBUTIONS TO THE TRUSTEE, AS THE REGISTERED HOLDER OF FANNIE MAE CERTIFICATES, WOULD CONSIST SOLELY OF PAYMENTS AND OTHER RECOVERIES ON THE UNDERLYING MORTGAGE LOANS AND, ACCORDINGLY, MONTHLY DISTRIBUTIONS TO THE TRUSTEE, AS THE HOLDER OF FANNIE MAE CERTIFICATES, AND PAYMENT ON THE BONDS WOULD BE AFFECTED BY DELINQUENT PAYMENTS AND DEFAULTS ON SUCH MORTGAGE LOANS.

Servicing the Mortgages. To the extent any Pool Purchase Contract is entered into by the Servicer, such Pool Purchase Contract obligates the Servicer to service the Mortgage Loans in accordance with the requirements of the Fannie Mae Guide and the Pool Purchase Contract.

The monthly remuneration of the Servicer for its servicing and administrative functions, and the guaranty fee charged by Fannie Mae, are based on the unpaid principal amount of Fannie Mae Certificates outstanding. The Fannie Mae Certificates carry an interest rate that is fixed at 0.75% below the interest rate on the underlying Mortgage Loans, which is subject to change at the discretion of Fannie Mae; servicing fees (currently equal to 0.75% of the outstanding principal balance of the Mortgage Loans) are deducted from payments on the Mortgage Loans before payments are passed through to the holder of the Fannie Mae Certificates. Under the Pool Purchase Contract, a Servicer is required to pay the Fannie Mae guaranty fee out of Servicing Fees it receives.

Payment of Principal and Interest on the Fannie Mae Certificates. Payments on a Fannie Mae Certificate will be made on the 25th day of each month (beginning with the month following the month such Fannie Mae Certificate is issued), or, if such 25th day is not a business day, on the first business day next succeeding such 25th day. With respect to each Fannie Mae Certificate, Fannie Mae will distribute to the Trustee an amount equal to the total of (i) the principal due on the Mortgage Loans in the related Pool underlying such Fannie Mae Certificate during the period beginning on the first day of the month prior to the month of such distribution and ending on the last day of such month of distribution, (ii) the stated principal balance of any Mortgage Loan in the related Pool that was prepaid in full during the month immediately preceding the month in which the distribution occurs (including as prepaid for this purpose any Mortgage Loan after it is delinquent in whole or in part, with respect to 24 consecutive installments of principal and interest, or because of Fannie Mae's election to repurchase such Mortgage Loan under certain other circumstances as permitted by the Fannie Mae Indenture and described in the Fannie Mae Prospectus), (iii) the stated principal balance of Mortgage Loans that were purchased from the related Pool during the month immediately preceding the month in which that distribution date occurs; (iv) the amount of any partial prepayment of a Mortgage Loan in the related Pool that was received in the month preceding the month in which the distribution occurs, and (v) one month's interest at the pass-through rate on the principal balance of the Fannie Mae Certificate as reported to the Trustee (assuming the Trustee is the registered holder) in connection with the previous distribution (or, respecting the first distribution, the principal balance of the Fannie Mae Certificate on its issue date).

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

Freddie Mac Certificates

General. The following summary of the Federal Home Loan Mortgage Corporation (as defined above, "**Freddie Mac**") Guarantor Program, the Freddie Mac Certificates and Freddie Mac's mortgage purchase and servicing standards and other documents referred to herein does not purport to be complete and is qualified in its entirety by reference to Freddie Mac's Mortgage Participation Certificates Offering Circular, any applicable Offering Circular Supplements, Freddie Mac's Information Statement, any Information Statement Supplements and any other documents made available by Freddie Mac. Copies of these documents can be obtained by writing or calling Freddie Mac's Investor Inquiry Department 8200 Jones Branch Drive, McLean, Virginia 22102 (800-336-3672). The Authority does not and will not participate in the preparation of Freddie Mac's Mortgage Participation Certificates Offering Circular, Information Statement or Supplements. On September 6, 2008, Director James Lockhart of the Federal Housing Finance Agency ("**FHFA**") appointed FHFA as conservator of Freddie Mac. The Authority cannot predict the consequences of the conservatorship and the impact it may have on the Authority's Program.

Information on Freddie Mac and its financial condition is contained in Freddie Mac's most current annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K that are filed with the SEC. The SEC filings are available at the SEC's website at www.sec.gov. The periodic reports filed by Freddie Mac with the SEC are also available on Freddie Mac's website at www.freddiemac.com. The Authority takes no responsibility for information contained on the websites.

Freddie Mac. Freddie Mac is a shareholder-owned government-sponsored enterprise created on July 24, 1970 pursuant to the Federal Home Loan Mortgage Corporation Act, Title III of the Emergency Home Finance Act of 1970, as amended (the "**Freddie Mac Act**"). Freddie Mac's statutory mission is (i) to provide stability in the secondary market for residential mortgages, (ii) to respond appropriately to the private capital market, (iii) to provide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low and moderate income families involving a reasonable economic return that may be less than the return earned on other activities) and (iv) to promote access to mortgage credit throughout the United States (including central cities, rural areas and underserved areas) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing. Neither the United States nor any agency or instrumentality of the United States is obligated, either directly or indirectly, to fund the mortgage purchase or financing activities of Freddie Mac.

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

Certificates. Each Freddie Mac Certificate issued on or after June 3, 2019 will be a UMBS. Freddie Mac Certificates will be mortgage pass-through securities issued and guaranteed by Freddie Mac under its Guarantor Program. Freddie Mac Certificates are issued only in book-entry form through the Federal Reserve Banks' book-entry system. Each Freddie Mac Certificate represents an undivided interest in a pool of mortgages. Payments by borrowers on the mortgages in the pool are passed through monthly by Freddie Mac to record holders of the Freddie Mac Certificates representing interests in that pool.

Freddie Mac guarantees to each record holder of a Freddie Mac Certificate the timely payment of interest at the applicable pass-through rate on the principal balance of the holder's Freddie Mac Certificate.

Freddie Mac also guarantees to each holder of a Freddie Mac Certificate (i) the timely payment of the holder's proportionate share of monthly principal due on the related mortgages, as calculated by Freddie Mac, and (ii) the ultimate collection of the holder's proportionate share of all principal of the related mortgages, without offset or reduction, no later than the payment date that occurs in the month by which the last monthly payment on the Freddie Mac Certificate is scheduled to be made.

Payment of Principal and Interest on the Freddie Mac Certificates. Payments on Freddie Mac Certificates begin on or about the 25th day of the first month following issuance and will be paid on the 25th day of each subsequent month or, if such 25th day is not a business day, on the first business day next succeeding such 25th day. Each month, Freddie Mac passes through to record holders of Freddie Mac Certificates their proportionate share of principal payments on the mortgages in the related pool and one month's interest at the applicable pass-through rate. The pass-through rate for a Freddie Mac Certificate is determined by subtracting from the lowest interest rate on any of the mortgages in the pool the applicable Servicing Fee and Freddie Mac's management and guarantee fee, if any. The interest rates on the mortgages in a pool formed under Freddie Mac's Guarantor Program must fall within a range from the pass-through rate on the Freddie Mac Certificates plus the minimum Servicing Fee through the pass-through rate plus 25 basis points.

Freddie Mac may pay the amount due on account of its guarantee of ultimate collection of principal on a mortgage at any time after default, but not later than 30 days following (i) the foreclosure sale of the mortgaged property, (ii) if applicable, the payment of an insurance or guaranty claim by the mortgage insurer or guarantor, or (iii) the expiration of any right of redemption that the borrower may have, whichever is the last to occur. In no event, however, will Freddie Mac make payments on account of this guarantee later than one year after an outstanding demand has been made on the borrower for accelerated payment of principal or for payment of the principal due at maturity.

The obligations of Freddie Mac under its guarantees of the Freddie Mac Certificates are obligations of Freddie Mac only. The Freddie Mac Certificates, including the interest thereon, are not guaranteed by the United States and do not constitute debts or obligations of the United States or any agency or instrumentality of the United States other than Freddie Mac. If Freddie Mac were unable to satisfy its obligations under its guarantees, distributions on the Freddie Mac Certificates would consist solely of payments and other recoveries on the related mortgages; accordingly, delinquencies and defaults on the mortgages would affect distributions on the Freddie Mac Certificates and could adversely affect payments on the Bonds.

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

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

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

PROGRAM ASSUMPTIONS AND CERTAIN RISK FACTORS

The foregoing is intended only as a summary of certain program assumptions and risk factors attendant to an investment in the Bonds; Bondholders may face additional risks. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement, and the documents referred to herein, and consult with their financial advisor.

General

The 2026 Series D PAC Bonds will be sold at a price in excess of their par amount. Each 2026 Series D PAC Bond purchaser (including secondary market purchasers) should consider that the 2026 Series D PAC Bonds are subject to redemption (or purchase in lieu of redemption) at par from various sources, including mandatory sinking fund payments, amounts in the Excess Revenues and Prepayments Account and from optional redemptions described herein. See "THE 2026 SERIES D BONDS – Redemption Provisions".

Revenues, Program Expenses and Cash Flow

The ability of the Authority to pay principal of and interest on the Bonds depends primarily upon the receipt by the Trustee of sufficient Mortgage Certificate payments and, to a lesser extent, the investment or reinvestment of moneys held pursuant to the Indenture. The Authority will schedule the maturities and sinking fund installments of the 2026 Series D Bonds and any Additional Bonds hereafter issued under the Indenture such that the anticipated investment income from amounts held under the Indenture and the revenues expected to be received from the Mortgage Certificates acquired or expected to be acquired with the proceeds of the Bonds will be sufficient to pay the principal of and interest on the Bonds and the Program Expenses. In projecting revenues to be received under the Indenture, the Authority has assumed (i) the investment of all amounts in the Acquisition Fund, the Supplemental Acquisition Fund, the Capitalized Interest Fund, the General Fund, the Principal Payment Fund, the Interest Payment Fund and the Rebate Fund established under the Indenture; and (ii) a maximum amount of Program Expenses. To the extent that, among other things, one or more of the events set forth below occurs, revenues from such sources may be insufficient for the payment of debt service on the Bonds and operation of the Program:

(a) Mortgage Loans and Mortgage Certificates are not purchased at the times anticipated by the Authority or are not purchased at all;

(b) Mortgage Certificates are not paid on a timely basis in accordance with their terms;

(c) Investment income on moneys in any one or more of the Funds and Accounts (except money and securities in the Rebate Fund) is less than assumed;

(d) Program Expenses exceed expectations; or

(e) Prepayments of Mortgage Certificates are received more rapidly or less rapidly than projected.

Investment Income

Moneys on deposit in the various Funds and Accounts under the Indenture will be invested, pending their use, in Permitted Investments in a manner sufficient to maintain the then current rating on the 2026 Series D Bonds and any Additional Bonds by the Rating Agency. There can be no assurance that the Permitted Investments in which the proceeds of the 2026 Series D Bonds and the Program revenues are expected to be invested will provide the investment returns projected. If the Authority experiences losses or delays in payment on such investments, the Trustee may be unable to purchase the principal amount of Mortgage Certificates needed for the Program and may be unable to pay Program Expenses or debt service on the 2026 Series D Bonds.

The interest income from Permitted Investments may change from time to time and may be less than or greater than the interest payable on the Bonds. If and to the extent the amounts earned from Permitted Investments are less than the principal and interest payable on the Bonds, the Trustee may be unable to pay the debt service on the 2026 Series D Bonds. If and to the extent amounts earned from investment of the proceeds from the Bonds exceed amounts which would have been earned if such proceeds were invested at a rate equal to the yield on such Bonds, such excess may be subject to rebate to the United States Department of Treasury. Each Permitted Investment will evidence the obligation of the issuer thereof to pay principal of and interest on such moneys to the Trustee at certain times for use in accordance with the Indenture. There can be no assurance that the issuer of any Permitted Investment will be able to pay principal of and interest on such moneys at such rates on a timely basis. If the issuer of any Permitted Investment fails to pay principal of, or interest on any such moneys at such rates on a timely basis, the Authority may be unable to pay the principal of and interest on the Bonds.

Program Expenses

The Indenture permits the disbursement of moneys on deposit in the General Fund for the payment from time to time of the Program Expenses. The Indenture imposes a limit on the amounts which can be withdrawn semiannually on each debt service payment date for the payment of Program Expenses equal to 0.09% of the principal amount of 2026 Series D Mortgage Certificates held by the Trustee for the benefit of the Bondowners for any semiannual period as of the calendar day immediately preceding each Debt Service Payment Date commencing on April 1, 2027*.

Mortgage Certificates

The proceeds of the 2026 Series D Bonds are expected to be used to purchase 2026 Series D Mortgage Certificates, consisting of Ginnie Mae Certificates, Fannie Mae Certificates and Freddie Mac Certificates. For a description of Ginnie Mae Certificates, Fannie Mae Certificates and Freddie Mac Certificates, and the risks associated therewith, see "THE GINNIE MAE, FANNIE MAE AND FREDDIE MAC CERTIFICATE PROGRAMS" herein. If the Authority incurs substantial losses on Mortgage Certificates, the Authority may be unable to pay the principal of and interest on the 2026 Series D Bonds.

The weighted average interest rate on Mortgage Loans backing such Mortgage Certificates is expected to be 6.82%* per annum.

* Preliminary, subject to change.

Furthermore, in addition to issuing bonds to purchase mortgage loans from mortgage lenders, the Authority may also securitize its mortgage loans into Mortgage Certificates and sell them in the TBA market. See "THE AUTHORITY – Prior Single Family Financings and Mortgage Certificate Acquisition Experience of the Authority" herein for more detail on such TBA market sales. Should the Authority choose to sell loans pooled into Mortgage Certificates to the TBA market in lieu of purchasing such loans with proceeds of the 2026 Series D Bonds, such sales may adversely affect the amount and timing of originations of 2026 Series D Mortgage Certificates.

Prepayments

The Authority anticipates that the Trustee will receive scheduled principal payments and Prepayments on the Mortgage Certificates purchased under the Program. Prepayments consist of all payments in excess of the regularly scheduled payments on the Mortgage Certificates, including, but not limited to, payments representing: (i) optional prepayments of Mortgage Loans, (ii) casualty insurance proceeds or condemnation awards applied to the prepayment of Mortgage Loans following a partial or total destruction or condemnation of a Residence, (iii) mortgage insurance or guaranty proceeds or other amounts received with respect to Mortgage Loans following acceleration thereof upon the occurrence of an event of default thereunder, (iv) prepayments of Mortgage Loans required pursuant to applicable rules, regulations, policies and procedures of FHA, Rural Development, VA, Fannie Mae, Freddie Mac or Ginnie Mae, and (v) prepayments of Mortgage Loans without notice while under supervision of a trustee in bankruptcy or (vi) prepayments of the Mortgage Loans in connection with the modification of such loans that results in the removal of the Mortgage Loans from the pool of loans backing the related Mortgage Certificates (see "Developments in the Residential Mortgage Market May Adversely Affect Bond Yield" below).

Prepayments are usually the result of the resale of the premises securing a Mortgage Loan or the refinancing of a Mortgage Loan due to changes in mortgage interest rates. Therefore, economic and financial market conditions may have a significant short-term effect on the rate of Prepayments. The Authority is not aware of any means which would allow it to accurately predict the actual level of Prepayments it will receive from the Mortgage Certificates. The rate at which Prepayments are received will affect the amount of Pledged Revenues available to pay principal of and interest on the Bonds. In scheduling principal maturities and sinking fund installments on the 2026 Series D Bonds, the Authority has assumed no Prepayments. Prepayments will be applied to the redemption of the 2026 Series D Bonds at 100% of the principal amount thereof, plus accrued interest thereon to the date of redemption, without premium. See "– Special Mandatory Redemption – *Excess Revenues and Prepayments*" and "– Special Optional Redemption (Cross-Calling)" under "THE 2026 SERIES D BONDS" herein.

Developments in the Residential Mortgage Market May Adversely Affect Bond Yield

Many factors influence the ability of the Authority to use proceeds of Bonds to purchase Mortgage Loans pooled into Mortgage Certificates and receive repayments pursuant to the Mortgage Certificates. Changing interest rate environments, adverse general and local economic conditions, crises and calamities (including financial crisis and pandemics), market disruption and changes in federal and state law, can all impact the origination of Mortgage Loans and the repayments pursuant to the Mortgage Certificates. These risks cannot be controlled by the Authority and their impact on the origination of Mortgage Loans pooled into Mortgage Certificates and the repayment thereof cannot be predicted.

In response to prior crises impacting the mortgage markets, the federal government, state governments, consumer advocacy groups and others urged aggressive action to modify mortgage loans to avoid foreclosures and, in response, certain mortgage servicers have established foreclosure avoidance programs for borrowers. In addition, numerous laws, regulations and rules relating to mortgage loans generally, and foreclosure actions particularly, were enacted by federal, state and local governmental

authorities. These laws, regulations and rules, together with judicial decisions, resulted in delays in the foreclosure process, reduced payments by borrowers, modification of the original terms of the mortgage loans, including permanent forgiveness of debt, increased prepayments due to the availability of government-sponsored refinancing initiatives and/or increased reimbursable mortgage servicing expenses.

Any modification of a Mortgage Loan may result in the removal of such Mortgage Loan from the pool of loans backing the related Mortgage Certificate. The principal balance of the removed Mortgage Loan will be distributed on the related Mortgage Certificate and will affect expected timing of distributions of principal on the Mortgage Certificates, and, therefore, the 2026 Series D Bonds. Bondholders bear the risk that modifications of the Mortgage Loans may reduce the yield on any 2026 Series D Bonds purchased at a premium.

Cross-Calling

Subject to certain restrictions in the Indenture, and at the option of the Authority, Outstanding Bonds under the Indenture are subject to redemption from moneys on deposit in the Excess Revenues and Prepayments Account of the Principal Payment Fund allocable to any series of Bonds. See "THE 2026 SERIES D BONDS – Redemption Provisions – Special Optional Redemption (Cross-Calling)" above. The use of excess moneys, as may be allocable to one Series of Bonds to call Bonds of another Series, is commonly referred to as "cross-calling" bonds. The Authority may opt to utilize cross-calling to redeem higher interest rate Bonds prior to lower interest rate Bonds. However, there can be no assurance that the Authority will do so or that in any particular case the Authority will not choose or be required to redeem Bonds on some other basis. Various refinancing strategies, federal tax law and other considerations may lead the Authority to redeem lower interest rate Bonds prior to redeeming higher interest rate Bonds Outstanding under the Indenture.

Recycling

To the extent that regular repayments of debt service on Mortgage Certificates or recoveries of principal are not necessary for the satisfaction of principal and interest requirements on the 2026 Series D Bonds, for special mandatory or sinking fund redemptions, or to maintain the periodic SIFMA Outstanding Amounts listed in the table under "THE 2026 SERIES D BONDS – Redemption Provisions – Special Mandatory Redemption – *Excess Revenues and Prepayments*" above, such regular payments or recoveries of principal may, in the Authority's discretion, be recycled into new Mortgage Loans to be pooled into new Mortgage Certificates held under the Indenture.

Refinancing Programs

Among the factors potentially affecting the amount and timing of prepayments of the Mortgage Loans backing the Mortgage Certificates are programs in the private sector and at federal and state levels that facilitate the refinancing of single family mortgages. The Authority does not have the statutory authority to purchase a refinanced Mortgage Loan.

Non-Origination

As of the date hereof, all proceeds from the Prior Bonds have been reserved to purchase Mortgage Certificates; the Authority expects all unexpended proceeds from the Prior Bonds will be spent by March 1, 2027; however, there can be no guarantee that all proceeds will be expended by such date.

The Program anticipates that the Originators will originate Mortgage Loans and that the Mortgage Loans will be sold to the Servicer and the Servicer will pool the Mortgage Loans, convert the pools of

Mortgage Loans into Mortgage Certificates and sell the Mortgage Certificates to the Trustee. There can be no assurance, however, that the Originators will be willing or able to originate Mortgage Loans in amounts contemplated by the Program by the time of the Transfer Date.

There are numerous reasons why Mortgage Loans may not be originated, including the availability of other loan programs that have more attractive loan terms than those offered under the Program, failure of lenders to timely submit loan files or sell Mortgage Loans to the Servicer, defective loan files, failure by the Servicer to pool the Mortgage Loans on a timely basis, failure to convert the pools of Mortgage Loans into Mortgage Certificates, or failure to sell the Mortgage Certificates to the Trustee on a timely basis.

Additionally, each Originator's competition in making real estate loans in the State normally comes primarily from other federal savings banks and credit unions, commercial banks, mortgage bankers and qualifying lenders in the area. One of the principal factors in competing for such real estate loan business is the interest rate charged in combination with the discount and origination fees to be charged. Prevailing interest rates for conventional mortgages in the State could fall to a point that would make the interest rate on Mortgage Loans to be financed from the proceeds of the 2026 Series D Bonds uncompetitive, and as a result the Authority might not be able to finance such Mortgage Loans through the purchase of Mortgage Certificates. Furthermore, the Authority may in the future issue Additional Bonds under the Indenture, or bonds under separate trust indentures, that make available mortgage loans at interest rates below the rate provided for Mortgage Loans to be financed from proceeds of the 2026 Series D Bonds.

The dollar amount of commitments to guarantee securities that Ginnie Mae can approve and the dollar amount of Fannie Mae obligations and Freddie Mac obligations outstanding are limited by statute and administrative procedures. If an appropriation act is not passed in any federal fiscal year or if Ginnie Mae, Fannie Mae or Freddie Mac reaches the limits of its authority, or if Ginnie Mae, Fannie Mae or Freddie Mac in its sole discretion, or the federal government, alters or amends its mortgaged-backed securities program in such a way as to prevent the Originators from originating Mortgage Loans or the Servicer from issuing Mortgage Certificates prior to the Mortgage Certificate Acquisition Date, the Originators might not be able to originate Mortgage Loans or the Servicer might not be able to issue Mortgage Certificates in the amounts contemplated by the Program. Any changes in the Ginnie Mae, Fannie Mae or Freddie Mac programs could adversely affect origination of the Mortgage Loans and sale of Mortgage Certificates to the Trustee.

If and to the extent that Mortgage Loans are not originated in a sufficient aggregate principal amount prior to the Transfer Date for the 2026 Series D Bonds, or the Servicer fails to purchase such Mortgage Loans from the Originators or the Servicer fails to issue and sell Mortgage Certificates backed by such Mortgage Loans to the Trustee in amounts contemplated by the Program by the Mortgage Certificate Acquisition Date for the 2026 Series D Bonds, the Authority has covenanted to apply unexpended proceeds from the issuance of the 2026 Series D Bonds, together with certain other amounts remaining in the Acquisition Fund and Supplemental Acquisition Fund, to the redemption of 2026 Series D Bonds at a price equal to 100% of the principal amount thereof, without premium, plus accrued interest (other than in the case of the 2026 Series D PAC Bonds, which price will be equal to the Amortized Original Issue Price thereof). In addition, Section 143 of the Code may require the redemption of the 2026 Series D Bonds from certain unexpended proceeds no later than June 1, 2030*. See "THE 2026 SERIES D BONDS – Redemption Provisions – Special Mandatory Redemption – *Non-Origination*" herein.

* Preliminary, subject to change.

The possibility of a redemption from unexpended proceeds of the 2026 Series D Bonds may also be increased as a result of the imposition of a recapture tax on Mortgagors which may reduce the demand for the Mortgage Loans under the Program. See "THE PROGRAM – Recapture Provision" herein.

Tax Compliance

The Code provides that interest on obligations such as the 2026 Series D Bonds is excludable from gross income for federal income tax purposes if certain requirements are met with respect to the terms, amount and purpose of the obligations; the use of funds generated by the issuance of the obligations; the nature of the residences and mortgages financed by the 2026 Series D Bonds; the eligibility of the borrowers executing the mortgages; and the submission of periodic and annual information reports compiled by the Authority. See "THE PROGRAM – Compliance with Tax Covenants" herein. Failure to comply with such requirements could cause interest on the 2026 Series D Bonds to become includible in gross income for federal income tax purposes retroactive to their date of issue. See "TAX MATTERS" herein. The Indenture does not provide for the payment of any additional interest or penalty in the event of the taxability of the interest on the 2026 Series D Bonds.

Events of Default; Remedies

The remedies available to the owners of the 2026 Series D Bonds upon an Event of Default under the Indenture or an event of default under the other documents described herein are in many respects dependent upon judicial actions, which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code, the remedies available under the Indenture and other documents described herein may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the 2026 Series D Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by the application of equitable principles. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Defaults and Remedies" herein.

Business Disruption Risk

General. Certain external events, such as pandemics, natural disasters, severe weather, technological emergencies, riots, acts of war or terrorism or other circumstances, could potentially disrupt the Authority's ability to conduct its business. A prolonged disruption in the Authority's operations could have an adverse effect on the Authority's financial condition and results of operations. To plan for and mitigate the impact such an event may have on its operations, the Authority has developed a Business Continuity Plan and an Information Systems Incident Response Plan (the "**Plans**"). The Plans are designed to aid the Authority in (i) taking all reasonable and practical steps to minimize possible exposure to a disaster or potentially damaging event, (ii) initiating reasonable and appropriate recovery steps in the event of a disaster or potentially damaging event, and (iii) providing for continuity of operations in the event of a disaster or potentially damaging event. No assurances can be given that the Authority's efforts to mitigate the effects of a disaster or potentially damaging event will be successful in preventing any and all disruptions to its operations should such a disaster or potentially damaging event occur.

Cybersecurity. The Authority relies on a complex technology environment to conduct its operations. As a recipient and provider of personal, private and sensitive information, the Authority faces multiple cyber threats including, but not limited to, hacking, viruses, malware, ransomware, phishing, business email compromise, and other attacks on computers and other sensitive digital networks, systems, and assets. Housing finance authorities and other public finance entities have been targeted by outside third parties, including technically sophisticated and well-resourced actors, attempting to misappropriate assets

or information or cause operational disruption and damage. Further, third parties, such as hosted solution providers, that provide services to the Authority, could also be a source of security risk in the event of a failure of their own security systems and infrastructure.

The Authority uses a layered approach that employs sound operational strategies and security technology solutions to secure against, detect, and mitigate the effects of cyber threats on its infrastructure and information assets. The Authority conducts regular information security and privacy awareness training that is mandatory for all Authority staff and regularly conducts risk assessments and tests of its cybersecurity systems and infrastructure. The Authority's Information Systems Manager and Security Manager focus on and lead the efforts of the Authority to keep its assets secure.

Despite its efforts, no assurances can be given that the Authority's security and operational control measures will be successful in guarding against any and each cyber threat and attack, especially because the techniques used are increasingly sophisticated, change frequently, are complex, and are often not recognized until launched. To date, cyber-attacks have not had a material impact on the financial condition, results or business of the Authority; however, the Authority is not able to predict the severity of these attacks. The results of any attack on the Authority's computer and information technology systems could impact its operations for an unknown period of time, damage the Authority's digital networks and systems, and damage the Authority's reputation, financial performance, and customer or vendor relationships. Such an attack could also result in litigation or regulatory investigations or actions, including regulatory actions by state and federal governmental authorities. The costs of remedying any such damage could be substantial and such damage to the Authority's reputation and relationships could adversely affect the Authority's ability to purchase loans and issue Bonds in the future.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture and is qualified in its entirety by reference to the Indenture. For a description of certain provisions of the Indenture relating to the 2026 Series D Bonds, various funds and the flow of funds, see "THE 2026 SERIES D BONDS" and "FLOW OF FUNDS" herein.

Assignment and Security

Pursuant to the Indenture, the Authority pledges, assigns and grants a security interest in all of its rights, title and interest in the Origination Agreements, the Mortgage Certificates and the Pledged Revenues to the Trustee for the benefit of the Bondholders.

Investment of Funds

The Indenture provides that all moneys held in the Funds and Accounts under the Indenture shall be invested in Investments selected by the Authority having a maturity (at the date of acquisition) that does not exceed (except for moneys in the Acquisition Fund, the Supplemental Acquisition Fund, the Capitalized Interest Fund and the Temporary Fund) the lesser of (i) six months or (ii) the date on which such moneys will be required under the Indenture. Earnings on investments (net of losses) of moneys in all Funds and accounts under the Indenture, except the Rebate Fund, are to be credited to the General Fund. For information with respect to the specific Permitted Investments expected to be made with proceeds of the 2026 Series D Bonds, see "PROGRAM ASSUMPTIONS AND CERTAIN RISK FACTORS – Investment Income" herein.

Certain Tax Covenants

The Authority covenants that it will not use or permit the use of the proceeds of the Bonds in any manner that would cause the Bonds to be "arbitrage bonds" within the meaning of the Code and applicable regulations promulgated thereunder.

The Indenture further contains various covenants of the Authority with regard to compliance with Section 143 of the Code, including the Authority's covenant to attempt in good faith to meet all requirements of Section 143 of the Code and, in the case of requirements which relate to the eligibility of the Mortgage Loans for tax-exempt financing, to attempt in good faith to meet and require the Originators to meet such requirements before the Mortgage Loans are made and to establish reasonable procedures, including the procurement of affidavits and certain tax returns of Mortgagors and, where applicable, affidavits of sellers of the mortgaged properties, evidencing compliance with such requirements, in order to ensure compliance with such requirements.

Defaults and Remedies

Each of the following events constitutes an Event of Default under the Indenture:

(a) default in the payment of the principal or Redemption Price of or interest on any Bond after the same has become due, whether at maturity or upon call for redemption;

(b) default in the performance or observance of any other of the covenants, agreements or conditions on the Authority's part in the Indenture or any Supplemental Indenture, or contained in the Bonds, and continuance of such default for a period of 30 days after written notice thereof is given to the Authority by the Trustee or the owners of not less than 25% in aggregate principal amount of the Outstanding Bonds; or

(c) the State shall limit or alter the rights of the Authority pursuant to the Act, as in force on the date of the Indenture, to fulfill the terms of any agreements made with the Bondholders or in any way impair the rights and remedies of the Bondholders while any Bonds are Outstanding.

Upon the happening and continuance of any Event of Default, the Trustee may proceed (except as specified in clause (e) below, in which case the Trustee shall proceed), and in each such case upon the written request of the owners of not less than 25% in aggregate principal amount of the Outstanding Bonds, the Trustee shall proceed, in its own name and after receiving indemnity and such security satisfactory to it with respect to any costs and expenses which may be incurred, to protect and enforce its rights and the rights of the Bondholders by such of the following remedies, as the Trustee, being advised by counsel, will deem most effectual to protect and enforce such rights:

(a) by suit, action or proceeding in accordance with the laws of the State, enforce all rights of the Bondholders;

(b) by bringing suit upon the Bonds;

(c) by action or suit, require the Authority to account as if it were the trustee of an express trust for the Bondholders;

(d) by action or suit, enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders; and

(e) declare all Bonds due and payable in the amounts provided in the Indenture, and if all defaults will have been cured, then, with the written consent of the owners of not less than 25% in aggregate principal amount of the Outstanding Bonds to annul such declaration and its consequences.

The Trustee is required to give written notice of each Event of Default to all Bondholders within 20 days after knowledge of such occurrence, unless the Event of Default shall have been remedied or cured before giving the notice. The Trustee may, in the case of certain non-monetary defaults, withhold such notice if it determines in good faith that the withholding of notice is in the interests of the Bondholders. If the Book-Entry System is in effect, such notice will be given to DTC by such method as specified in the rules and regulations of the Book-Entry System. If the Book-Entry System has been terminated, such notice will be mailed postage prepaid to each Owner of Bonds then Outstanding at its address appearing upon the registry books of the Authority as kept by the Trustee.

In the enforcement of any remedy under the Indenture, the Trustee will be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Authority for principal, Redemption Price, interest or otherwise, under any provision of the Indenture or of the Bonds, and unpaid, with interest on overdue payments, to the extent permitted by law, at the rate or rates of interest payable on the Bonds prior to maturity, together with any and all costs and expenses of collection and of all proceedings under the Indenture and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce judgment or decree against the Authority for the portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any moneys available for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable.

Supplemental Indentures

The Authority and the Trustee may, without the consent of any of the Bondholders, enter into indentures supplemental to the Indenture, for any one or more of the following purposes:

(a) to add additional covenants and agreements of the Authority for the purpose of further securing the payment on the Bonds or for the purpose of granting to or conferring upon the Bondholders or the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee or either of them, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Indenture;

(b) to surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of the Indenture;

(c) to confirm as further assurance any pledge under and the subjection to any lien, claim or pledge created or to be created by the provisions of the Indenture of the Pledged Revenues and other moneys, securities, funds and property pledged in the manner and to the extent provided in the Indenture;

(d) to cure any ambiguity or defect or inconsistent provision in the Indenture or to insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable in the event any such modifications are not contrary to or inconsistent with the Indenture as theretofore in effect and which shall not adversely affect the interests of any Bondholder;

(e) to provide a correction to any provision of the Indenture which is determined in a Counsel's Opinion to be necessary to avoid the exclusion of the Federally Tax-Exempt Bonds from the treatment afforded by Section 143 of the Code, by reason of the classification of the Federally Tax-Exempt Bonds as

obligations other than "qualified mortgage bonds" within the meaning of Section 143 of the Code; provided, however, that no such correction will impair in any material manner the rights or remedies of Bondholders or the security for the Bonds afforded by the Indenture;

(f) to conform to the requirements of a Rating Agency if a rating is to be obtained for the Bonds; and

(g) to authorize Additional Bonds, and in connection therewith to specify the terms and conditions relating to such Additional Bonds so long as such terms and conditions are consistent with the Indenture as then in effect.

The Trustee

The Trustee may at any time resign and be discharged from the duties and obligations created by the Indenture by giving not less than 60 days' written notice to the Authority specifying the date when such resignation is expected to take effect.

Upon receiving such notice of resignation, the Authority shall promptly appoint a successor trustee by written instrument, in duplicate, executed by the Secretary of the Authority, one copy of which instrument is required to be delivered to the resigning Trustee and one copy to the successor Trustee. If no successor Trustee shall have been so appointed and have accepted appointment within 45 days after the mailing of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, or any Bondholder may, on behalf of itself and all others similarly situated, petition any such court for the appointment of a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor Trustee. Any resignation of the Trustee will become effective upon the acceptance of appointment by the successor Trustee. A resigning Trustee will be entitled to retain from any funds in its custody on deposit in the General Fund, an amount equal to its unpaid Trustee's Fees incurred pursuant to the Indenture.

Upon at least 30 days' notice, the Trustee is to be removed by the Authority if at any time such removal is so requested by an instrument or concurrent instruments in writing appointing a successor, filed with the Trustee and the Authority, and signed by the owners of a majority in aggregate principal amount of the Bonds then Outstanding. The Authority may remove the Trustee at any time, except during the existence of an Event of Default, in the sole discretion of the Authority by filing with the Trustee an instrument signed by an authorized officer of the Authority.

In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Authority will notify the Bondholders in writing and appoint a successor Trustee. The Authority will give notice of any such appointment to the Beneficial Owners through DTC if the Book Entry System is still being utilized or, if the Book Entry System has been terminated, by mail at their addresses appearing upon the registry books of the Authority, such notice to be given within 20 days after such appointment.

If no successor Trustee is so appointed and has accepted such appointment within 45 days after the removal of the Trustee, any Bondholder may, on behalf of itself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee. Such court may thereupon, after notice, if any, as it may deem proper, prescribe and appoint a successor Trustee.

Any successor Trustee appointed under the Indenture shall be a bank or trust company organized under the laws of, or authorized to do business in, the State or a national banking association and having a capital and surplus, at the time of appointment, aggregating at least $75 million.

The Trustee will be entitled to payment of the Trustee's Fees solely from money as provided in the Indenture. Upon an Event of Default, but only upon an Event of Default, the Trustee will have a lien upon the Trust Estate with right of payment prior to payment on account of principal of and interest on any Bond for the foregoing fees, charges and expenses incurred by it, respectively, but subordinate to the lien required for payment of the Rebate Amount.

The Trustee is required to provide the Authority with certain reports pursuant to the Indenture. The Trustee shall be under no obligation to perform any act which would involve it in expenses or liability or to initiate or defend any suit, or to advance any of its own funds, unless properly indemnified. The Trustee shall not be liable in connection with the performance of its duties under the Indenture except for its own gross negligence or willful default.

Any company into which the Trustee may be merged or converted or with which it may be consolidated, or any company resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any company succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee under the Indenture, provided such corporation or association shall be otherwise qualified and eligible under the Indenture, to the extent operative, without the execution or filing of any paper or any further act on the part of the Authority or the Trustee.

TAX MATTERS

The following is a summary of the material federal and State income tax consequences of holding and disposing of the 2026 Series D Bonds. Such summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). It does not discuss all aspects of federal income taxation that may be relevant to investors in light of their own particular investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (including, but not limited to, dealers in securities or other persons who do not hold the 2026 Series D Bonds as a capital asset, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State, it does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the 2026 Series D Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of purchasing, holding, and disposing of the 2026 Series D Bonds.

Opinions of Bond Counsel and Special Tax Counsel

In the opinions of Balch & Bingham LLP, Bond Counsel, and Barnes & Thornburg LLP, Special Tax Counsel, interest on the 2026 Series D Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the 2026 Series D Bonds, assuming the accuracy of the certifications of the Authority and continuing compliance by the Authority with the requirements of the Internal Revenue Code of 1986, as amended (the "**Code**"). Interest on the 2026 Series D Bonds is not an item of tax preference for purposes of the federal alternative minimum tax on individuals; however, such interest is taken into account in determining the "adjusted financial statement income" of "applicable corporations" for purposes of computing the alternative minimum tax imposed on such corporations, as such quoted terms are defined in the Code.

[***Original Issue Discount.*** Certain of the 2026 Series D Bonds may be offered at a discount ("**original issue discount**") equal generally to the difference between the public offering price and the principal amount. For federal income tax purposes, original issue discount on a 2026 Series D Bond accrues periodically over the term of such 2026 Series D Bond as interest with the same tax exemption and alternative minimum tax status as stated interest. The accrual of original issue discount increases the bondholder's tax basis in the 2026 Series D Bond for determining taxable gain or loss upon sale or redemption prior to maturity. Bondholders should consult their tax advisors for an explanation of the accrual rules.]

[***Original Issue Premium***. Certain of the 2026 Series D Bonds may be offered at a premium ("**original issue premium**") over their principal amount. For federal income tax purposes, original issue premium is amortizable over the term of a 2026 Series D Bond through reductions in the bondholder's tax basis for the 2026 Series D Bond for determining taxable gain or loss upon sale or redemption prior to maturity. Amortization of premium does not create a tax-deductible expense or loss. Bondholders should consult their tax advisors for an explanation of the amortization rules.]

No Other Opinions. Bond Counsel and Special Tax Counsel express no opinion regarding other federal tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the 2026 Series D Bonds.

State Tax Exemption

In the opinion of Bond Counsel under existing law, interest on the 2026 Series D Bonds is exempt from Alabama income taxation. Bond Counsel will express no opinion regarding other state or local tax consequences arising with respect to the 2026 Series D Bonds, including whether interest on the 2026 Series D Bonds is exempt from taxation under the laws of any jurisdiction other than the State of Alabama.

Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the 2026 Series D Bonds or otherwise prevent holders of the 2026 Series D Bonds from realizing the full benefit of the tax exemption of interest on the 2026 Series D Bonds. Such proposals may impact the marketability or market value of the 2026 Series D Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the 2026 Series D Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the 2026 Series D Bonds would be impacted thereby.

Purchasers of the 2026 Series D Bonds should consult their tax advisors regarding any potential, proposed or pending legislation, regulatory initiatives or litigation.

General

In rendering its opinion, Bond Counsel will rely upon the opinion of Special Tax Counsel as to arbitrage matters under Sections 143(g) and 148 of the Code, and, in rendering its opinion, Special Tax Counsel will rely upon the opinion of Bond Counsel as to the validity of the 2026 Series D Bonds under Alabama law and as to other matters of Alabama law. The opinions expressed by Bond Counsel and Special

Tax Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the 2026 Series D Bonds, and neither Bond Counsel nor Special Tax Counsel will express any opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

The foregoing is only a general summary of certain provisions of the Code as enacted and in effect on the date hereof and does not purport to be complete; holders of the 2026 Series D Bonds should consult their own tax advisors as to the effects, if any, of the Code in their particular circumstances.

See APPENDIX C hereto for the proposed form of Opinion of Bond Counsel and APPENDIX D hereto for the proposed form of Opinion of Special Tax Counsel.

ELIGIBILITY FOR INVESTMENT IN THE STATE

The State Treasurer may invest any idle or surplus moneys of the State in the bonds of the Authority, including the 2026 Series D Bonds, and the governing body of any county or municipality in the State is authorized in its discretion to invest any idle or surplus money held in its treasury in bonds of the Authority, including the 2026 Series D Bonds. The 2026 Series D Bonds are legal investments for executors, administrators, trustees and other fiduciaries in the State unless otherwise directed by a court having jurisdiction of the fiduciary relation or by the documents that are the source of the fiduciary's authority, and for savings banks and insurance companies organized under the laws of the State.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization, issuance, sale and delivery of the 2026 Series D Bonds are subject to the approving opinions of Balch & Bingham LLP, Birmingham, Alabama, Bond Counsel, and Barnes & Thornburg LLP, Philadelphia, Pennsylvania, Special Tax Counsel. The approving opinion of Bond Counsel will be in substantially the form included in Appendix C to this Official Statement. The opinion of Special Tax Counsel will be in substantially the form included in Appendix D to this Official Statement. Certain legal matters will be passed upon for the Authority by its counsel, Maynard Nexsen PC, Birmingham, Alabama and by Barnes & Thornburg LLP, Philadelphia, Pennsylvania, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Kutak Rock LLP, Atlanta, Georgia.

The various legal opinions to be delivered concurrently with the delivery of the 2026 Series D Bonds express the professional judgment of the attorney or firm rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the attorney or firm rendering the opinion does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction, and the rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

ABSENCE OF LITIGATION

There is no controversy or litigation of any nature pending or threatened to restrain or enjoin the issuance or delivery of the 2026 Series D Bonds, or in any way contesting or affecting the validity of the 2026 Series D Bonds or any proceedings of the Authority taken with respect to the issuance or sale thereof, the pledge or application of any revenues or properties provided for the payment of the 2026 Series D Bonds or the existence or powers of the Authority insofar as they relate to the authorization, sale and issuance of the 2026 Series D Bonds or such pledge or application of such revenues and properties. At the time of delivery of the 2026 Series D Bonds, the Authority will furnish a certificate to the effect that no such controversy or litigation is then pending or threatened.

RATING

Moody's Investors Service ("**Moody's**") has assigned the 2026 Series D Bonds a rating of "Aa1". Such rating reflects only the views of Moody's, and an explanation of the significance of any such rating may be obtained from Moody's. The Authority has furnished to Moody's certain information and materials with respect to the 2026 Series D Bonds. Generally, Moody's bases its rating on such information and materials, and on investigations, studies and assumptions made by Moody's. There is no assurance that the rating assigned to the 2026 Series D Bonds will continue for any given period of time or that it will not be revised or withdrawn entirely by Moody's, if in the judgment of Moody's, circumstances so warrant. A downward revision or withdrawal of the rating may have an adverse effect on the market price of the 2026 Series D Bonds. The Authority has not undertaken any responsibility to bring to the attention of the owners of the 2026 Series D Bonds any proposed changes or withdrawal of such credit rating or to oppose any such proposed revision, except as provided in the Continuing Disclosure Agreement.

CONTINUING DISCLOSURE

Pursuant to the terms of a Continuing Disclosure Agreement with respect to the 2026 Series D Bonds (the "**Continuing Disclosure Agreement**"), the Authority will send or cause to be sent to the MSRB, through its EMMA system, certain financial information and operating data and notices of certain events, pursuant to the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, by the Securities and Exchange Commission (the "**Rule**"). The Continuing Disclosure Agreement is expected to be executed in substantially the form attached to this Official Statement as Appendix E.

A failure by the Authority to comply with the Continuing Disclosure Agreement will not constitute a default under the Indenture, although bondholders will have any available remedy at law or in equity, including seeking mandate or specific performance by court order to cause the Authority to comply with its obligations under the Continuing Disclosure Agreement. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2026 Series D Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2026 Series D Bonds and their market price.

MUNICIPAL ADVISOR

The Authority has retained CSG Advisors Incorporated as municipal advisor (the "**Municipal Advisor**") in connection with its financing plans and with respect to the authorization and issuance of the 2026 Series D Bonds. The Municipal 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 (except for information under the subheading "THE 2026 SERIES D BONDS – Projected Weighted Average Life of the 2026 Series D PAC Bonds"). The Municipal Advisor did not participate in the underwriting of the 2026 Series D Bonds. Fees payable to the Municipal Advisor are contingent upon the issuance of the 2026 Series D Bonds.

UNDERWRITING

Raymond James & Associates, Inc. and Stifel, Nicolaus & Company, Incorporated (together, the "**Underwriters**") have agreed, subject to certain conditions, to purchase the 2026 Series D Bonds from the Authority at the prices indicated on the inside cover of this Official Statement. The Underwriters will be paid a fee in connection with the purchase of the 2026 Series D Bonds in an amount equal to $_____. The obligation of the Underwriters to accept delivery of the 2026 Series D Bonds is subject to various

conditions stated in the Purchase Contract dated the date hereof by and between Raymond James & Associates, Inc., as representative of the Underwriters, and the Authority (the "**Purchase Contract**").

The Purchase Contract provides that the Underwriters will purchase all of the 2026 Series D Bonds if any are purchased. The 2026 Series D Bonds are being offered for sale to the public at the prices shown on the inside cover page hereof. The Underwriters reserve the right to lower such initial offering prices as they deem necessary in connection with the marketing of 2026 Series D Bonds.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, Municipal Advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the Authority, for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments. Such activities may involve assets, securities and instruments of the Authority.

INDEPENDENT AUDITORS

The financial statements of the Authority for the years ended September 30, 2025 and September 30, 2024 have been audited by Warren Averett, LLC, independent auditors, and are attached hereto as Appendix B. Such financial statements present financial and other information only as of the dates and for the periods set forth therein and are the most recent audited financial statements of the Authority. Any reference to the financial statements shall not create any implication that the auditors have undertaken any review or procedures with regard to such financial statements or any financial information contained herein.

THE 2026 SERIES D BONDS ARE SECURED ONLY BY THE ASSETS AND REVENUES PLEDGED UNDER THE INDENTURE AND NOT BY ANY OTHER SOURCE. THE ASSETS AND REVENUES DESCRIBED IN THE AUTHORITY'S FINANCIAL STATEMENTS INCLUDE ASSETS AND REVENUES PLEDGED SOLELY TO THE PAYMENT OF OTHER INDEBTEDNESS OF THE AUTHORITY, AND SUCH ASSETS AND REVENUES ARE NOT AVAILABLE TO PAY ANY PRINCIPAL OF OR INTEREST ON THE 2026 SERIES D BONDS.

ADDITIONAL INFORMATION

Certain provisions of the Act, the Code and the Indenture are summarized in this Official Statement. Such summaries do not purport to be comprehensive or definitive and reference is made to such laws and documents for a full and complete statement of their respective provisions. The information contained above is subject to change without notice and no implication is to be derived therefrom or from the issuance and sale of the 2026 Series D Bonds that there has been no change in the affairs of the Authority from the date hereof.

This Official Statement is submitted in connection with the issuance and sale of the 2026 Series D Bonds referred to herein and may not be reproduced or used, as a whole or in part, for any other purpose. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or owners of any of the 2026 Series D Bonds.

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This Official Statement has been duly approved, executed and delivered by the Authority.

ALABAMA HOUSING FINANCE AUTHORITY

By: _____
Name: Robert L. Smith
Title: Chairman of the Board of Directors

APPENDIX A

Definitions

Some of the terms defined in the Indenture which are used in this Official Statement are defined below. Certain of the following definitions have been condensed or otherwise modified where appropriate for purposes of this Official Statement. Reference is made to the Indenture for the complete definitions of such terms.

"**Account**" or "**Accounts**" means one or more accounts established under the Indenture and in any Supplemental Indenture.

"**Additional Bonds**" means additional series of Bonds that may be issued under or secured by the Indenture without limit as to principal amount subsequent to the issuance of the 2026 Series D Bonds if certain conditions are satisfied.

"**Acquisition Fund**" means the fund of that name established by the Indenture.

"**Act**" means Chapter 1A of Title 24 of the Code of Alabama 1975, as amended.

"**Administrator**" means the Authority, in its capacity as administrator of the Program, and any successor to its duties as Administrator of the Program.

"**Authority"** means Alabama Housing Finance Authority, a public corporation of the State of Alabama.

"**Authority Fee**" means the periodic fee payable to the Authority under the Indenture, which fee is payable at the times and amounts as provided in the Indenture.

"**Authority Resolution**" means the resolution of the Authority adopted on December 4, 2025, authorizing the Ninth Supplemental Indenture, the sale and issuance of the 2026 Series D Bonds and the execution and delivery of all documents, instruments and certificates in connection therewith.

"**Authorized Officer**" means the Chairman or the Vice Chairman of the Board of Directors of the Authority, the Secretary or Assistant Secretary of the Authority, the Executive Director of the Authority, the Finance Administrator of the Authority or any other officer or employee of the Authority authorized by resolution of the Authority to perform the act or sign the document in question.

"**Beneficial Owner**" means, while DTC or its nominee is the registered owner of the Bonds, any person entitled to receive payment of principal of, premium, if any, and interest on Bonds and otherwise exercise ownership right with respect to Bonds.

"**Bond**" or "**Bonds**" means, collectively, any one or all, as the case may be, of the bonds of any Series issued under or otherwise secured by the Indenture, including the 2026 Series D Bonds.

"**Bond Counsel**" means the firm of bond attorneys whose opinion is set forth on the Bonds, or their successors appointed by the Authority. If the firm of bond attorneys whose opinion is set forth on the Bonds resigns or is removed by the Authority and the Authority has not appointed its successor, then the term "Bond Counsel" shall mean a firm of nationally recognized attorneys at law, approved by the Authority and experienced in the financing of qualified mortgage bond programs through the issuance of tax-exempt revenue bonds under the exemptions provided under Section 143 of the Code.

"**Bond Year**" means, with respect to the 2026 Series D Bonds, the period ending on the first October 1 following the date of the 2026 Series D Bonds and thereafter the annual period ending on each succeeding October 1.

"**Bond Yield**" means, with respect to any Series of Bonds, the yield on such Series of Bonds as determined by the Authority in accordance with the Code.

"**Bondholder**," "**Bondowner**" or "**owner of Bonds**," or any similar terms, means the registered owner of any outstanding Bond or Bonds.

"**Book-Entry Bonds**" means the 2026 Series D Bonds during the period that such Bonds are subject to the book-entry-only system of DTC.

"**Business Day**" means any day of the week other than Saturday, Sunday or a day on which banking institutions in the State or in New York are authorized or obligated by law or executive order to close or a day on which the Federal Reserve System is closed.

"**Capitalized Interest Fund**" means the fund of that name established by the Indenture.

"**Cash Flow Certificate**" means a certificate, executed by an Authorized Officer of the Authority and delivered to the Trustee, which sets forth for the current and each future Bond Year during which the Bonds will be Outstanding, taking into account any Mortgage Certificates to be purchased and any Bonds to be issued or redeemed upon the filing of such certificate, (A) the amount of regularly scheduled Mortgage Certificate payments to be received in such Bond Year and Prepayments (based upon alternative assumptions of (i) no Prepayments of the Mortgage Loans prior to their scheduled maturities and (ii) immediate Prepayment of the Mortgage Loans and therefore the Mortgage Certificates as of the date of calculation, which assumptions shall be the same as those used for the cash flow projections provided at the time of original issuance of each Series of Bonds) together with other Pledged Revenues which are reasonably expected to be available to make debt service payments on the Bonds and to pay all Program Expenses during such Bond Year, (B) the aggregate debt service for such Bond Year on all Bonds reasonably expected to be Outstanding together with such moneys as may be necessary to fund all Program Expenses reasonably estimated for such Bond Year and (C) if the certificate is being provided to the Rating Agency, any other information required by the Rating Agency. A Cash Flow Certificate shall set forth the assumptions upon which the estimates therein are based, which assumptions shall be based upon the Authority's reasonable expectations at the time such Cash Flow Certificate is filed.

"**Cede**" means Cede & Co., the nominee of DTC, and any successor nominee of DTC.

"**Code**" means the Internal Revenue Code of 1986, as amended, together with corresponding and applicable regulations of the United States Department of Treasury which may be from time to time promulgated thereunder.

"**Commencement Date**" means the first date (which date is determined by the Authority) on which Originators may make Commitments to Eligible Persons and Families under the Program.

"**Commitment**" means the binding written commitment of an Originator in the form customarily used in its owner-occupied home lending practice or in a form customarily used in the mortgage lending industry as may be specified by the Authority, to a particular Eligible Person and Family to finance the purchase of a particular Single Family Residence with a Mortgage Loan, which Commitment shall specify a stated expiration date, a stated principal amount and shall be for the stated interest rate established for the Program.

"**Conventional Mortgage Loan**" means a Mortgage Loan other than an FHA Insured Mortgage Loan, a Rural Development Guaranteed Mortgage Loan or a VA Guaranteed Mortgage Loan.

"**Counsel's Opinion**" means an opinion signed by any attorney or firm of attorneys (who may be employed or retained by or of counsel to the Authority or an attorney or firm of attorneys employed by the Trustee) licensed to practice in the state in which he, she or it maintains an office (and if the opinion is with respect to an interpretation of federal tax laws or regulations, is also a nationally recognized attorney or firm of attorneys experienced in such matters), selected or employed by the Authority.

"**Debt Service Payment Date**" means, with respect to the 2026 Series D Bonds, the first day of April and October in each year during which the 2026 Series D Bonds are Outstanding under the Indenture, commencing April 1, 2027*.

"**Default**" and "**Event of Default**" mean any occurrence of an event of default specified in Section 13.01 of the Indenture.

"**DTC**" means The Depository Trust Company, New York, New York, and its successors and assigns.

"**DTC Participant**" means a broker-dealer, bank or other financial institution for which DTC holds Bonds as securities depository from time to time.

"**Eligible Persons and Families**" means a person or persons and families who qualify as an "Eligible Mortgagor" as defined in the Origination Agreements, who shall in all cases satisfy the income limits and any other requirements prescribed by the Authority for low or moderate income persons and who shall satisfy the requirements of Section 143 of the Code if the Mortgage Loan made to such Eligible Mortgagor is financed with Federally Tax-Exempt Bonds.

"**Excess Revenues**" means the amount required to be transferred from the General Fund to the Excess Revenues and Prepayments Account of the Principal Payment Fund pursuant to Section 6.05(e) of the Indenture.

"**Expense Fund**" means the fund of that name established by the Indenture.

"**Expenses**" means items of expense payable or reimbursable directly or indirectly by the Authority and related to the authorization, sale, remarketing or issuance of the Bonds, which items of expense shall include, but shall not be limited to, printing costs, costs of reproducing documents, filing and recording fees, initial fees, charges and expenses (including counsel's fees and expenses) of the Trustee, legal fees and expenses (including Bond Counsel, Special Tax Counsel, Disclosure Counsel and counsel to the Authority), Municipal Advisors' fees and expenses, remarketing agents' and underwriters' fees and expenses, professional consultants' fees, costs of credit ratings, fees and charges for execution, transportation and safekeeping of Bonds, costs of travel and advertising costs and expenses of refunding and other costs, charges and fees in connection with the foregoing.

"**Fannie Mae**" means Fannie Mae, a body corporate created and existing under the laws of the United States of America (12 U.S.C. § 1717(a)), and any successor thereto.

"**Fannie Mae Certificate**" means (i) a single pool, guaranteed mortgage pass-through Fannie Mae Mortgage-Backed Security, issued by Fannie Mae in book-entry form, the full and timely payment of

* Preliminary, subject to change.

principal of and interest on which is guaranteed by Fannie Mae, and which evidences an individual interest in a Pool of conventional mortgage loans in the related mortgage pool, all of which loans provide for monthly payments of principal and interest in substantially equal installments for the contractual term of such loans and are amortizing over the original term to maturity, or (ii) a Uniform Mortgage-Backed Security issued by Fannie Mae.

"**Fannie Mae Guide**" mean the Fannie Mae Selling and Servicing Guides, as amended from time to time, as modified by the Pool Purchase Contract.

"**Federally Tax-Exempt Bonds**" means Bonds the interest on which is excluded from gross income for federal income tax purposes under Section 143 of the Code and any successor provision thereto.

"**Federally Taxable Bonds**" means Bonds the interest on which is not excluded from gross income for federal income tax purposes.

"**FHA**" means the Federal Housing Administration of the United States Department of Housing and Urban Development, or any successor to its functions.

"**FHA Insurance**" means FHA mortgage insurance issued under any of the FHA insurance programs pursuant to the National Housing Act of 1934, as amended.

"**FHA Insured**" means insured under FHA Insurance.

"**Freddie Mac**" means the Federal Home Loan Mortgage Corporation, a body corporate created and existing under the laws of the United States of America (12 U.S.C. § 1452(a)).

"**Freddie Mac Certificate**" means (i) a mortgage participation certificate, in certificated or book-entry form, the timely payment of interest on and the timely payment or the ultimate collection of principal of which is guaranteed by Freddie Mac, which evidences a proportional undivided interest in a Pool of conventional mortgage loans, all of which loans provide for monthly payments of principal and interest in substantially equal installments for the contractual term of such loans and are amortizing over the original term to maturity, or (ii) a Uniform Mortgage-Backed Security issued by Freddie Mac.

"**Freddie Mac Guide**" means Freddie Mac selling and servicing guide, as amended from time to time.

"**Fund**" or "**Funds**" means one or more of the funds established by Article VI of the Indenture or in any Supplemental Indenture.

"**General Fund**" means the fund of that name established by the Indenture.

"**General Indenture**" means the Trust Indenture, dated as of May 1, 2024, between the Authority and the Trustee.

"**Ginnie Mae**" means the Government National Mortgage Association, a wholly owned corporate instrumentality of the United States of America within the Department of Housing and Urban Development, whose powers are prescribed generally by Title III of the National Housing Act, as amended (12 U.S.C. § 1716, et seq.).

"**Ginnie Mae Certificate**" means a certificate purchased by the Trustee, issued by the Servicer and guaranteed by Ginnie Mae pursuant to Ginnie Mae's Ginnie Mae I or Ginnie Mae II mortgage-backed

securities program under Section 306(g) and other related provisions of the National Housing Act of 1934, as amended, and based upon and backed by Mortgage Loans referred to in the Ginnie Mae Certificate, which certificate shall unconditionally obligate the Servicer to remit monthly to the holder thereof its pro rata share of (x) principal payments and prepayments made in respect of the Pool of Mortgage Loans represented by the Ginnie Mae Certificate and (y) interest received in an amount equal to the Pass-Through Rate. Ginnie Mae shall guarantee to the holder of each Ginnie Mae Certificate such holder's pro rata share of (i) the timely payment of interest at the applicable Pass-Through Rate on the unpaid principal balance of the Mortgage Loans represented by the Ginnie Mae Certificate and (ii) the timely payment of principal in accordance with the terms of the principal amortization schedule applicable to the Mortgage Loans represented by such Ginnie Mae Certificate. If Ginnie Mae so requires pursuant to its book-entry system, in lieu of the aforesaid certificate, the confirmation of Ginnie Mae's guaranty obligation shall be transmitted to the Trustee or its designee electronically.

"**Ginnie Mae Guide**" means the Ginnie Mae I and/or Ginnie Mae II Mortgage-Backed Security Guides in effect on the date of execution of the Ginnie Mae Guaranty Agreement.

"**Guaranty Agreement**" means the guaranty agreement or agreements between the Servicer and Ginnie Mae now or hereafter in effect pursuant to which Ginnie Mae has agreed or will agree to guarantee Ginnie Mae Certificates, and the functionally equivalent documents with respect to Freddie Mac and Fannie Mae pursuant to which Freddie Mac or Fannie Mae has agreed or will agree to guarantee Freddie Mac Certificates and Fannie Mae Certificates, respectively.

"**Indenture**" means the Trust Indenture, dated as of May 1, 2024, between the Authority and the Trustee, as from time to time it may be amended or supplemented in accordance with the terms and provisions thereof.

"**Interest Payment Fund**" means the fund of that name established by the Indenture.

"**Investment**" means, with respect to the 2026 Series D Bonds, the Permitted Investments as may be approved by the Authority. Any Investments to be made from the proceeds of any additional Series of Bonds shall be identified in the Supplemental Indenture related to such Series.

"**Issuance Date**" means, with respect to the 2026 Series D Bonds, December 17, 2026*, and with respect to any subsequent Series of Bonds, the date of issuance and delivery of such Series of Bonds to the initial purchasers thereof.

"**Mortgage**" means the instrument securing a Mortgage Loan which creates a first lien on a Residence subject only to Permitted Encumbrances, and which shall be in a form acceptable to FHA, Rural Development, VA, Freddie Mac or Fannie Mae, with such additions or modifications as required under the Code or the Loan Origination Guidelines (as defined in the Origination Agreement) and prescribed by the Authority.

"**Mortgage Certificate**" as defined under the Indenture, means a Ginnie Mae Certificate, a Fannie Mae Certificate or a Freddie Mac Certificate that satisfies the requirements of Section 6.04(c) of the Indenture, that is purchased from amounts in the Acquisition Fund and the Supplemental Acquisition Fund and is pledged by the Authority to the Trustee pursuant to the Indenture.

* Preliminary, subject to change.

"**Mortgage Certificate Acquisition Date**" means, with respect to the 2026 Series D Bonds, June 30, 2027*, or if the Transfer Date is extended pursuant to the Indenture, a date which is the last Business Day of the second calendar month preceding the month in which such extended Transfer Date occurs. The Mortgage Certificate Acquisition Date for any subsequent Series of Bonds shall be established by the Supplemental Indenture related thereto.

"**Mortgage Loan**" means a mortgage loan to an Eligible Person or Family secured by a related Mortgage on a Single Family Residence located within the State, which the Servicer purchases with proceeds of either Federally Tax-Exempt Bonds or Federally Taxable Bonds (together with any other funds available to the Authority) from an Originator pursuant to the Origination Agreement and the terms of which comply with the Origination Agreement; provided the Mortgage Loan must be a new mortgage loan and not a refinancing of an existing mortgage if proceeds of Federally Tax-Exempt Bonds are used to purchase such Mortgage Loan.

"**Mortgage Prepayment**" means a payment of principal of a Mortgage Loan in addition to scheduled Mortgage Repayments.

"**Mortgage Repayments**" means the scheduled payments of principal of a Mortgage Loan by a Mortgagor to the Servicer.

"**Mortgagor**" means any person who has a present ownership interest in a Single Family Residence subject to the related Mortgage and/or executes the Mortgage (but does not include any person who executes only the Mortgage Note as a guarantor or co-signor and who does not have such a present ownership interest) or who does not execute the Mortgage Note and although executing the Mortgage, has provided evidence satisfactory to the Originator, the Servicer and the Authority that such person will not occupy the Single Family Residence.

"**Ninth Supplemental Indenture**" means the Ninth Supplemental Trust Indenture dated as of December 1, 2026, relating to the Bonds, between the Authority and the Trustee.

"**Officer's Certificate**" means a written instrument signed by an Authorized Officer.

"**Origination Agreement**" means each Origination and Sale Agreement entered into by and among the Authority, the Servicer (if different from the Authority) and an Originator.

"**Origination Period**" means, with respect to the 2026 Series D Bonds, the period beginning on the Commencement Date and ending on June 30, 2027*, subject to any extension of time thereof made in accordance with the provisions of the Indenture.

"**Originators**" means the lending institutions accepted by the Authority to participate as Originators in the Program.

"**Outstanding**" when used with reference to Bonds, means, as of any date, Bonds theretofore or then delivered and secured under the provisions of the Indenture, except: (i) Bonds (or portions of Bonds) for the payment or redemption of which there shall be held in trust by the Trustee under the Indenture (whether at or prior to maturity or redemption date) (a) moneys equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date or (b) Permitted Investments of the type described in clause (a) of the definition of Permitted Investments in such principal

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amounts, having such maturities and bearing such interest, as, together with moneys, if any, shall be sufficient to pay when due, the principal amount or Redemption Price, as the case may be, with interest to the date of maturity or redemption date; provided that if such Bonds are to be redeemed, notice of such redemption shall have been given as provided in Article IV of the Indenture or provision satisfactory to the Trustee shall have been made for giving of such notice, (ii) Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to the Indenture, and (iii) Bonds deemed to have been paid as provided in the Indenture.

"**Pass-Through Rate**" means that rate of interest stated on a Mortgage Certificate.

"**Permitted Investments**" means any of the following securities, to the extent permitted by applicable law:

(1) direct obligations of or obligations guaranteed by the United States of America;

(2) any bond, debenture, note, participation certificate or other similar obligation issued by Ginnie Mae to the extent such obligations are guaranteed by Ginnie Mae or issued by any other federal agency and backed by the full faith and credit of the United States of America;

(3) any of the following obligations of government sponsored agencies which are not backed by the full faith and credit of the United States of America: (a) participation certificates which guarantee timely payment of principal and senior debt obligations of Freddie Mac; (b) consolidated system-wide bonds and notes of Farm Credit Systems; (c) consolidated debt obligations of Federal Home Loan Banks; (d) senior debt obligations and mortgage backed securities (other than interest-only stripped mortgage securities which are valued greater than par on the portion of unpaid principal) of Fannie Mae; (e) senior debt obligations (other than securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date) and letter of credit backed issues of the Student Loan Marketing Association; (f) debt obligations of the Financing Corporation; and (g) debt obligations of the Resolution Funding Corporation;

(4) deposits in interest-bearing time or demand deposits or certificates of deposit or other similar arrangements (including such arrangements entered into with the Trustee) which are issued by an institution which has the Required Short-Term Rating or Required Long-Term Rating;

(5) obligations issued by any domestic or foreign obligors, which obligations have either the Required Short-Term Rating or the Required Long-Term Rating; provided, however, that any such foreign obligor must be governed by the laws of a country which has received a sovereign Required Short-Term Rating or Required Long- Term Rating, as the case may be, by a Rating Agency;

(6) shares of a mutual fund the assets of which are required to be invested solely in obligations of the types described in (1)-(5) above and which have received a Required Long-Term Rating;

(7) any other investment or obligation the acquisition of which is permitted pursuant to the provisions of any Supplemental Indenture authorizing the issuance of a Series of Bonds;

(8) repurchase agreements which are fully collateralized by any of the obligations described in clause (1) above and which are issued by obligors having the Required Short-Term Rating or Required Long-Term Rating; and

(9) investment contracts or other similar arrangements (including such arrangements entered into with the Trustee) which: (a) are issued by a financial institution whose unsecured debt has the Required

Short-Term Rating or Required Long-Term Rating, if such investment contract or other similar arrangement is treated by the Rating Agency as unsecured debt of such issuer; or (b) have the Required Short-Term or Required Long-Term Rating.

Notwithstanding the foregoing, and subject to applicable Alabama law, it is expressly understood that the definition of Permitted Investments shall be, and be deemed to be, expanded and/or amended, or new definitions and related provisions shall be added to this General Indenture, thus permitting investments with different characteristics from those permitted which an Authorized Officer deems from time to time to be in the interest of the Authority, as reflected in an Officer's Certificate or in a Supplemental Indenture, if at the time of inclusion such inclusion will not, in and of itself, adversely affect the then current rating on the Bonds by each Rating Agency, as certified in such Officer's Certificate or Supplemental Indenture.

The following definitions apply to the Permitted Investments described above:

"Required Long-Term Rating," as used in this definition, means the rating assigned by a Rating Agency to Long-Term Investments or, where applicable, the rating assigned by a Rating Agency to the issuer of Long-Term Investments, in either case, which rating is Aa2 or higher by Moody's Investors Service.

"Long-Term Investments," as used in this definition, means any obligation having a remaining term to maturity of three years or more such that a long-term rating is applicable thereto.

"Required Short-Term Rating," as used in this definition, means the rating assigned by a Rating Agency to Short-Term Investments or, where applicable, the issuer of Short-Term Investments, which rating is: (1) if the remaining term to maturity of such Short-Term Investment is one year or less, P-1 by Moody's Investors Service, (2) if the remaining term to maturity of such Short-Term Investment is more than one year but less than two years, at least A2/P-1 by Moody's Investors Service, or (3) if the remaining term to maturity of such Short-Term Investment is two years or more but less than three years, at least Aa2/P-1 by Moody's Investors Service.

"Short-Term Investments," as used in this definition, means an obligation having a remaining term to maturity of less than three years such that a short-term rating is applicable thereunto.

"Fully collateralized," as used in this definition, requires that obligations in an equivalent principal amount to the Permitted Investments being collateralized serve as collateral and be held either by the Trustee or by third party which is independent from the owner with such collateral being valued at fair market value on at least a monthly basis and with the Trustee or such independent third party having a perfected first priority security interest with respect thereto.

The rating on any Permitted Investments will be determined as of the date of acquisition of the obligation to which such rating applies and such obligations will constitute Permitted Investments for all purposes of the Indenture notwithstanding any subsequent decrease in the rating applicable thereto or any subsequent increase in the rating assigned to the Bonds.

"**Pledged Revenues**" means (i) all payments of principal of and interest on Mortgage Certificates required to be deposited in the Principal Payment Fund and the General Fund respectively (including any payments received from Ginnie Mae, Fannie Mae or Freddie Mac pursuant to its guarantee of the Mortgage Certificates, as applicable) and all other net proceeds of such Mortgage Certificates, (ii) amounts required to be deposited as Pledged Revenues pursuant to the Indenture, (iii) income or interest earned and gains

realized in excess of losses suffered on Permitted Investments (excluding any Rebate Amount), and (iv) all moneys, securities and funds (except amounts in the Rebate Fund) held by the Trustee under the Indenture.

"**Pool**" means, with respect to a Mortgage Certificate, the pool of Mortgage Loans the beneficial ownership of which is represented by such Mortgage Certificate.

"**Pool Purchase Contract**" means the Fannie Mae Master Agreement between the Servicer and Fannie Mae relating to the sale by the Servicer of Mortgage Loans to Fannie Mae and the servicing thereof, and the Freddie Mac Purchase Agreement between the Servicer and Freddie Mac relating to the sale by the Servicer of Mortgage Loans to Freddie Mac and the servicing thereof.

"**Prepayment**" means a payment of principal on a Mortgage Certificate other than regularly scheduled payments of principal.

"**Principal Payment Fund**" means the fund of that name established by the Indenture.

"**Principal Receipts**" means the portion of any regularly scheduled payment of principal or Prepayment relating to Mortgage Loans and Mortgage Certificates financed by any Series of Bonds under the Indenture, to the extent such regularly scheduled payments of principal or Prepayments are not otherwise pledged or dedicated to the redemption of a particular Series of Bonds or maturity thereof.

"**Program**" means the Authority's Single Family First Step Program, financed in part by the issuance of the 2026 Series D Bonds, as modified, supplemented or amended.

"**Program Expenses**" means all of the Authority's expenses in carrying out and administering the Program to the extent properly allocable to the Program, including, without limitation, the Trustee's Fee. With respect to the 2026 Series D Bonds, Program Expenses for which the Authority is entitled to reimbursement under the Indenture shall not exceed an amount equal to 0.09% of the principal amount of 2026 Series D Mortgage Certificates held by the Trustee for the benefit of the Bondowners for any semiannual period as of the calendar day immediately preceding each Debt Service Payment Date.

"**Program Guidelines**," when used in reference to Mortgage Loans financed by the 2026 Series D Bonds, means and includes the Program Guidelines dated as of March 14, 2024 for the First Step Program, the First Step Procedural Manual and any revisions, amendments and modifications of any thereof established by the Authority and provided to the Originators and the Servicer, and any other guidelines adopted by the Authority and provided to the Originators and the Servicer.

"**Purchase Price**" means, with respect to the Mortgage Certificates to be purchased from the proceeds of the 2026 Series D Bonds, 100% of the outstanding principal amount of such Mortgage Certificate, plus accrued interest thereon to the date of purchase.

"**Qualified Mortgage Loan**" means a Mortgage Loan which is eligible for inclusion in a Pool related to a Mortgage Certificate, which is secured by a Mortgage on a Single Family Residence meeting all requirements of the Program Guidelines and the Origination Agreement and which shall be, in accordance with the Notice of Acceptance, a level payment, 30-year mortgage bearing interest at the rate specified in the Notice of Availability of Funds. Qualified Mortgage Loans financed with proceeds of the 2026 Series D Bonds shall meet the requirements of the Program Guidelines.

"**Rating Agency**" means any nationally recognized bond rating agency which maintains a rating on the Bonds at the request of the Authority.

"**Rebate Amount**" means the amount required to be paid to the United States of America pursuant to Section 143 of the Code.

"**Rebate Fund**" means the fund of that name established in the Indenture.

"**Record Date**" means the fifteenth day of the calendar month next preceding any Debt Service Payment Date or, in the case of any proposed redemption of Bonds, the fifteenth day next preceding the date of the giving of notice of such redemption, or if such day is not a Business Day, then the Business Day next preceding such day.

"**Redemption Price**" means, with respect to any Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to the Indenture.

"**Rural Development**" means Rural Development, a division of the United States Department of Agriculture, an agency of the United States of America.

"**Rural Development Guaranteed**," when used with respect to a Mortgage Loan, refers to a Mortgage Loan which has a Rural Development Guaranty.

"**Rural Development Guaranty**" means a guaranty by Rural Development under the provisions of Subchapter III, Chapter 8A, Title 42 of the United States Code.

"**Series**" means, unless otherwise specified in a Supplemental Indenture, all of the Bonds authenticated and delivered on an Issuance Date in a simultaneous transaction, regardless of variation in maturity, interest rate or other provisions, and any Bonds thereafter authenticated in lieu of or in substitution for such Bonds pursuant to the Indenture.

"**Servicer**" means, when used with respect to the Mortgage Loans related to the 2026 Series D Bonds, the Authority in its capacity as Servicer, and any successor to its function as Servicer.

"**Servicing Fee**" means the percentage fee of the principal amount of the Mortgage Certificates outstanding received by the Servicer for servicing of Mortgage Loans and shall consist of an amount based on and payable from the interest portion of each monthly installment of principal and interest on the Mortgage Loan actually collected by the Servicer.

"**SIFMA**" means the Securities Industry and Financial Markets Association.

"**SIFMA Prepayment Model**" means the standard or model developed by the SIFMA with respect to an assumed rate of prepayment each month of the then unpaid principal balance of the Mortgage Loans. The SIFMA Prepayment Model starts with an assumed 0.2% annualized prepayment rate in the first month of the life of the mortgage loans, increases the prepayment rate by 0.2% in each succeeding month until the 30th month (when a 6.0% annualized prepayment rate is reached), and then assumes a constant annualized prepayment rate of 6.0% per annum of the unpaid principal balance for the remaining life of the mortgage loans.

"**Single Family Residence**" or "**Residence**" means a residential dwelling unit located within the State, occupied or to be occupied within a reasonable period of time (which shall not exceed 60 days) after the Closing by a single family as the Principal Residence of the owner Mortgagor including, subject to the Program Guidelines, manufactured housing, condominiums, planned unit developments or mobile homes permanently affixed to the real property.

"**State**" means the State of Alabama.

"**Supplemental Acquisition Fund**" means the fund of that name established by the Indenture.

"**Supplemental Indenture**" means an indenture supplemental to or amendatory of the Indenture, adopted by the Authority in accordance with Article XI of the Indenture.

"**Targeted Area**" has the meaning assigned in the Origination Agreements.

"**Tax Year**" means, with respect to any Series of Bonds, the one year period commencing with the Issuance Date for such Series of Bonds and ending on the day immediately preceding the first anniversary thereof and each one year period thereafter.

"**Temporary Fund**" means the fund of that name established by the Indenture.

"**Transfer Date**" means, with respect to the 2026 Series D Bonds, August 1, 2027*, as such date may be extended in accordance with the Indenture.

"**Trustee**" means U.S. Bank Trust Company, National Association, Atlanta, Georgia, appointed to act as trustee hereunder, and its successor or successors and any other bank or trust company at any time substituted in its place pursuant to the Indenture.

"**Trustee's Fee**" means the fee payable to the Trustee as compensation for its services under the Indenture, which for the 2026 Series D Bonds, shall be a semiannual amount equal to the greater of $750 or 0.0075% of the aggregate principal amount of 2026 Series D Bonds Outstanding as of the calendar day immediately preceding each Debt Service Payment Date commencing on April 1, 2027, provided that the Trustee's Fee for the Origination Period (as defined in the Origination Agreement) with respect to the 2026 Series D Bonds shall be 0.0075% of the aggregate principal amount of 2026 Series D Bonds Outstanding as of the calendar day immediately preceding each Debt Service Payment Date commencing on April 1, 2027 during said Origination Period. The Trustee's Fee for any Series of Bonds issued pursuant to any Supplemental Indenture shall be as provided in such Supplemental Indenture.

"**Uniform Mortgage-Backed Security**" or "**UMBS**" means a single-class mortgage-backed security backed by conventional mortgage loans issued by either Fannie Mae or Freddie Mac through a common securitization platform which have the same characteristics (such as payment delay, pooling prefixes and minimum pool submission amounts) regardless of whether Fannie Mae or Freddie Mac is the issuer.

"**VA**" means the Veterans Administration, an agency of the United States of America, or any successors to its functions.

"**VA Guaranteed**" means guaranteed by the VA under the Servicemen's Readjustment Act of 1944, as amended.

"**VA Guaranty**" means a guaranty by the VA under the Servicemen's Readjustment Act of 1944, as amended.

"**2026 Series D Bonds 10-Year Rule Requirement**" or "**10-Year Rule Requirement**" when used with respect to the 2026 Series D Bonds means, to the extent required by the Code, (i) an amount equal to

* Preliminary, subject to change.

zero before December 17, 2036*, and (ii) on and after December 17, 2036*, means an amount equal to the principal portion of all Mortgage Repayments and Prepayments related to the 2026 Series D Bonds received since the last Debt Service Payment Date or the last 10-Year Rule Requirement calculation date, if earlier, less the sum of all principal payments due and payable on all 2026 Series D Bonds on such date, and, when used with reference to any other Series of Bonds, shall have the meaning given in a Supplemental Indenture related to such Series.

"**2026 Series D Bonds**" means the Authority's Collateralized Single Family Mortgage Revenue Bonds, 2026 Series D, issued under the Indenture in the original aggregate principal amount of $70,000,000.*

"**2026 Series D PAC Bonds**" means the 2026 Series D Bonds maturing on October 1, 2057*.

"**2026 Series D Serial Bonds**" means the 2026 Series D Bonds maturing on April 1, 2028* through October 1, 2038*.

"**2026 Series D Term Bonds**" means the 2026 Series D Bonds maturing on October 1, 2041*, October 1, 2046*, October 1, 2051* and October 1, 2056*.

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* Preliminary, subject to change.

APPENDIX B

Financial Statements of the Authority

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ALABAMA HOUSING FINANCE AUTHORITY

FINANCIAL STATEMENTS

SEPTEMBER 30, 2025 AND 2024

Warren Averett
CPAs AND ADVISORS
www.warrenaverett.com

The report accompanying this deliverable was issued by Warren Averett, LLC.

ALABAMA HOUSING FINANCE AUTHORITY
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SEPTEMBER 30, 2025 AND 2024

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Warren Averett
CPAs AND ADVISORS

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Alabama Housing Finance Authority

Opinions

We have audited the accompanying statements of net position of the Alabama Housing Finance Authority (a component unit of the State of Alabama), as of September 30, 2025 and 2024, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Alabama Housing Finance Authority as of September 30, 2025 and 2024, and the respective results of its operations 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. 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 the Alabama Housing Finance Authority 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 opinions.

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 the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audits 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 opinions. 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 generally accepted 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 generally accepted 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 Alabama Housing Finance Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Alabama Housing Finance Authority's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information, schedules of changes in the Alabama Housing Finance Authority's net pension liability and related ratios and schedule of employer contributions to the Alabama Housing Finance Authority Employees' Pension Plan on pages 4 through 9, 43, and 44, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying additional segment data is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The additional segment data is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional segment data is fairly stated, in all material respects, in relation to the financial statements as a whole.

Montgomery, Alabama
December 10, 2025

Introduction

This section of the annual financial report of the Alabama Housing Finance Authority (the Authority) presents management's discussion and analysis of the financial position and results of operations during the fiscal year ended September 30, 2025. This information is being presented to provide additional information regarding the activities of the Authority and to meet the disclosure requirements of Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This analysis should be read in conjunction with the Independent Auditors' Report, financial statements, and accompanying notes. Operations of the Authority include: (1) purchasing and securitizing single family mortgage loans of qualified borrowers, (2) servicing Authority and other entity mortgages, (3) implementing and managing housing-related Federal Programs, and (4) issuing bonds to purchase loans for single family residences and provide funding for multifamily developments. The Authority is an approved seller and servicer with the Government National Mortgage Association (Ginnie Mae), the Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (Freddie Mac). The Federal Programs managed by the Authority are Low-Income Housing Tax Credits, the HOME Investment Partnerships Program (HOME), the Tax Credit Assistance Program (TCAP), the Exchange Grant Program, the Housing Trust Fund (HTF), the Emergency Rental Assistance Alabama Programs (ERA and ERA2), the Mortgage Assistance Alabama Program (MAA), and the HOME Investment Partnerships – American Rescue Plan Program (HOME-ARP). The Authority also administers the State of Alabama's Workforce Housing Credit program. The Authority is entirely self-funded and does not draw upon the general taxing authority of the State of Alabama.

The financial transactions of the Authority are recorded in the funds, which consist of a separate set of self-balancing accounts that comprise its assets and deferred outflows, liabilities and deferred inflows, net position, revenues, and expenses as appropriate.

Required Basic Financial Statements

The basic financial statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer information about the Authority's activities. The statements of net position include all of the Authority's assets and liabilities and provide information about the nature and amounts of investments in resources (assets), consumption of net position that is applicable to future reporting periods (deferred outflows), obligations to Authority creditors (liabilities), and the acquisition of net position that is applicable to future reporting periods (deferred inflows). The assets and liabilities are presented in order of liquidity.

All of the reporting period's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position. This statement measures the activities of the Authority's operations over the past year and presents the resulting change in net position – calculated as revenues less expenses.

The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, noncapital financing, and other financing activities and provides information regarding the sources and uses of cash and the change in the cash balance during the reporting period.

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported changes in net position.

Financial Information

Statements of Net Position

The following table presents information about the net position of the Authority as of September 30, 2025 and 2024, and changes in the balances of selected items during the fiscal year ended September 30, 2025 ($ in thousands):

	2025	2024 (as restated)	Change
ASSETS			
CURRENT ASSETS			
Cash on deposit	$ 15,419	$ 11,674	$ 3,745
Accounts receivable, net	283	290	(7)
Accrued interest receivable	373	317	56
Mortgage loans receivable, net	4,848	4,152	696
Mortgage loans held for sale	77,736	102,093	(24,357)
Investments	77,088	61,321	15,767
Other assets, net	11,220	9,003	2,217
Restricted:			
Cash on deposit	45,691	33,892	11,799
Accrued interest receivable	22,089	19,643	2,446
Investments	194,338	261,476	(67,138)
Other assets	17	134	(117)
Federal program loans receivable, net	62,083	50,608	11,475
Total current assets	511,185	554,603	(43,418)
NONCURRENT ASSETS			
Mortgage loans receivable, net	35,517	30,037	5,480
Other assets, net	15,175	14,982	193
Mortgage servicing rights, net	73,250	56,662	16,588
Restricted:			
Mortgage-backed securities	445,794	136,657	309,137
Investments	-	940	(940)
Other assets, net	1,904	389	1,515
Federal programs loans receivable, net	282,076	287,964	(5,888)
Total noncurrent assets	853,716	527,631	326,085
TOTAL ASSETS	1,364,901	1,082,234	282,667
DEFERRED OUTFLOWS			
Pension-related deferred outflows	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 1,364,901	$ 1,082,234	$ 282,667

Statements of Net Position – Continued

	2025	2024 (as restated)	Change
LIABILITIES			
CURRENT LIABILITIES			
Bonds payable, net	$ 4,601	$ 743	$ 3,858
Obligations under reverse repurchase agreements	-	10,330	(10,330)
Refundable Federal program grants	62,083	50,608	11,475
Accrued interest payable	28,359	20,067	8,292
Right-to-use lease liability	850	863	(13)
Subscription liability	1,065	973	92
Accrued compensated absences	682	666	16
Other liabilities	3,579	2,707	872
Total current liabilities	101,219	86,957	14,262
NONCURRENT LIABILITIES			
Bonds payable, net	448,416	196,261	252,155
Refundable Federal program grants, net	276,892	294,501	(17,609)
Unearned compliance and commitment fees, net	15,558	12,572	2,986
Right-to-use lease liability	3,726	4,674	(948)
Subscription liability	728	1,766	(1,038)
Total noncurrent liabilities	745,320	509,774	235,546
TOTAL LIABILITIES	846,539	596,731	249,808
DEFERRED INFLOWS			
Pension-related deferred inflows	2,344	1,128	1,216
TOTAL LIABILITIES AND DEFERRED INFLOWS	848,883	597,859	251,024
NET POSITION			
Investment in capital assets, net	1,472	378	1,094
Restricted	229,897	217,742	12,155
Unrestricted	284,649	266,255	18,394
Total net position	516,018	484,375	31,643
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 1,364,901	$ 1,082,234	$ 282,667

Statements of Net Position – Continued

Current assets decreased $43,418,000 from September 30, 2024 to September 30, 2025, due to decreases in mortgage loans held for sale and restricted investments. The decrease in mortgage loans held for sale of $24,357,000 is due to the timing of loans purchased and sold compared to the prior year. The decrease in restricted investments of $67,138,000 is due to the timing of proceeds received and used to purchase mortgage-backed securities from the issuance of Single Family Mortgage Revenue Bonds. The increase in investments of $15,767,000 is due to the decrease in the balance of mortgage loans held for sale. The increase in restricted cash on deposit of $11,799,000 is due to program income received in the HOME program and the closure of the MAA investment fund. Finally, the increase in restricted federal program loans receivable, net, of $11,475,000 is due to an increase in current maturities of HOME program loans.

Noncurrent assets increased $326,085,000 due to the purchase of mortgage servicing rights, net and restricted mortgage-backed securities. The increase of $16,588,000 in mortgage servicing rights, net, is due to the increase in the volume of loans purchased during the year. The $309,137,000 increase in restricted mortgage-backed securities is due to the issuance of Single Family Mortgage Revenue Bonds.

Current liabilities increased $14,262,000. Refundable Federal program grants increased $11,475,000 due to current maturities of HOME loans and accrued interest payable increased $8,292,000 due to the issuance of Single Family Mortgage Revenue Bonds. The outstanding balance of obligations under reverse repurchase agreements decreased $10,330,000 due to the agreement being terminated.

Noncurrent liabilities increased $235,546,000 due to an increase in bonds payable, net, of $252,155,000. This increase in bonds payable, net, is due to the issuance of Single Family Mortgage Revenue Bonds. The decrease of $17,609,000 in refundable Federal program grants, net, is due to the expenditures of federal funds under the ERA, ERA2 and MAA programs and the reclassification to current liabilities of certain HOME loans. The increase in unearned compliance and commitment fees, net, of $2,986,000 is due to volume increases in Multifamily bond commitment fees and Low-Income Housing Tax Credit fees.

Statements of Revenues, Expenses, and Changes in Net Position

The following table presents statements of revenues, expenses, and changes in net position for the Authority for the years ended September 30, 2025 and 2024, and the change from the prior year ($ in thousands):

	2025	2024 (as restated)	Change
OPERATING REVENUES			
Interest on mortgage loans	$ 7,671	$ 6,597	$ 1,074
Interest on mortgage-backed securities	14,786	2,995	11,791
Investment income	11,003	11,726	(723)
Net realized and unrealized gain on investments	6,621	10,971	(4,350)
Loan servicing fees and other income	54,870	46,431	8,439
Total operating revenues	94,951	78,720	16,231
OPERATING EXPENSES			
Interest	15,186	3,308	11,878
Amortization of mortgage servicing rights	5,944	4,674	1,270
Program, general, and administrative	55,069	47,068	8,001
Total operating expenses	76,199	55,050	21,149
OPERATING INCOME	18,752	23,670	(4,918)
NONOPERATING REVENUES (EXPENSES)			
Federal program grants	22,667	43,257	(20,590)
Federal program expenditures	(9,776)	(37,388)	27,612
Net nonoperating revenues (expenses)	12,891	5,869	7,022
CHANGES IN NET POSITION	31,643	29,539	2,104
NET POSITION			
Beginning of year, as restated	484,375	454,836	29,539
End of year, as restated	$ 516,018	$ 484,375	$ 31,643

Operating revenues increased $16,231,000. The increase in interest on mortgage-backed securities of $11,791,000 is due to the purchase of mortgage-backed securities from the issuance of Single Family Mortgage Revenue Bonds. The decrease in net realized and unrealized gain on investments of $4,350,000 resulted from a decrease in the realized gain on sale of mortgage loans held for sale and the change in market values of mortgage-backed securities. The increase in loan servicing fees and other income of $8,439,000 was driven by an increase in the Authority's mortgage loan servicing portfolio due to an increase in loan servicing purchase volume and a low volume of loan payoffs.

Statements of Revenues, Expenses, and Changes in Net Position – Continued

Operating expenses increased $21,149,000. The increase in interest expense of $11,878,000 was due to the issuance of Single Family Mortgage Revenue Bonds. Program, general and administrative expenses increased $8,001,000 due to increases in cost of services of certain vendors, increase in guaranty fees paid to government sponsored entities, and bond issuance costs.

As a result of the aforementioned factors, operating income decreased $4,918,000 from September 30, 2024 to September 30, 2025.

Nonoperating revenues increased $7,022,000. The increase is the net change across several programs. Program activities for MAA and HOME decreased, while program activities for ERA2 and HTF increased.

ALABAMA HOUSING FINANCE AUTHORITY
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2025 AND 2024
($ in thousands)

	2025	2024 (as restated)
ASSETS		
CURRENT ASSETS		
Cash on deposit	$ 15,419	$ 11,674
Accounts receivable, net	283	290
Accrued interest receivable	373	317
Mortgage loans receivable, net	4,848	4,152
Mortgage loans held for sale	77,736	102,093
Investments	77,088	61,321
Other assets, net	11,220	9,003
Restricted:		
Cash on deposit	45,691	33,892
Accrued interest receivable	22,089	19,643
Investments	194,338	261,476
Other assets	17	134
Federal program loans receivable, net	62,083	50,608
Total current assets	511,185	554,603
NONCURRENT ASSETS		
Mortgage loans receivable, net	35,517	30,037
Other assets, net	15,175	14,982
Mortgage servicing rights, net	73,250	56,662
Restricted:		
Mortgage-backed securities	445,794	136,657
Investments	-	940
Other assets, net	1,904	389
Federal programs loans receivable, net	282,076	287,964
Total noncurrent assets	853,716	527,631
TOTAL ASSETS	1,364,901	1,082,234
DEFERRED OUTFLOWS		
Pension-related deferred outflows	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 1,364,901	$ 1,082,234

See notes to the financial statements.

ALABAMA HOUSING FINANCE AUTHORITY
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2025 AND 2024
($ in thousands)

	2025	2024 (as restated)
LIABILITIES		
CURRENT LIABILITIES		
Bonds payable, net	$ 4,601	$ 743
Obligations under reverse repurchase agreements	-	10,330
Refundable Federal program grants	62,083	50,608
Accrued interest payable	28,359	20,067
Right-to-use lease liability	850	863
Subscription liability	1,065	973
Accrued compensated absences	682	666
Other liabilities	3,579	2,707
Total current liabilities	101,219	86,957
NONCURRENT LIABILITIES		
Bonds payable, net	448,416	196,261
Refundable Federal program grants, net	276,892	294,501
Unearned compliance and commitment fees, net	15,558	12,572
Right-to-use lease liability	3,726	4,674
Subscription liability	728	1,766
Total noncurrent liabilities	745,320	509,774
TOTAL LIABILITIES	846,539	596,731
DEFERRED INFLOWS		
Pension-related deferred inflows	2,344	1,128
TOTAL LIABILITIES AND DEFERRED INFLOWS	848,883	597,859
NET POSITION		
Investment in capital assets, net	1,472	378
Restricted	229,897	217,742
Unrestricted	284,649	266,255
Total net position	516,018	484,375
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 1,364,901	$ 1,082,234

See notes to the financial statements.

ALABAMA HOUSING FINANCE AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024
($ in thousands)

	2025	2024 (as restated)
OPERATING REVENUES		
Interest on mortgage loans	$ 7,671	$ 6,597
Interest on mortgage-backed securities	14,786	2,995
Investment income	11,003	11,726
Net realized and unrealized gain on investments	6,621	10,971
Loan servicing fees and other income	54,870	46,431
Total operating revenues	94,951	78,720
OPERATING EXPENSES		
Interest	15,186	3,308
Amortization of mortgage servicing rights	5,944	4,674
Program, general, and administrative	55,069	47,068
Total operating expenses	76,199	55,050
OPERATING INCOME	18,752	23,670
NONOPERATING REVENUES (EXPENSES)		
Federal program grants	22,667	43,257
Federal program expenditures	(9,776)	(37,388)
Net nonoperating revenues (expenses)	12,891	5,869
CHANGES IN NET POSITION	31,643	29,539
NET POSITION		
Beginning of year, as restated	484,375	454,836
End of year, as restated	$ 516,018	$ 484,375

See notes to the financial statements.

ALABAMA HOUSING FINANCE AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024
($ in thousands)

INCREASE (DECREASE) IN CASH ON DEPOSIT

	2025	2024 (as restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Purchase of mortgage-backed securities	$ (321,335)	$ (93,159)
Principal payments received on mortgage-backed securities	13,664	9,181
Purchase of mortgage loans	(40,114)	(33,630)
Principal payments received on mortgage loans	28,890	27,843
Purchase of mortgage loans held for sale	(1,910,159)	(1,856,797)
Proceeds from sale of mortgage loans held for sale	1,934,436	1,851,445
Purchase of mortgage servicing rights	(26,411)	(22,099)
Interest received from mortgage loans	7,644	6,560
Interest received from mortgage-backed securities	13,270	2,148
Cash paid to suppliers for goods and services	(34,945)	(27,584)
Cash payments to employees for services	(12,471)	(11,570)
Loan servicing fees and other income received	57,827	48,839
Net cash used in operating activities	(289,704)	(98,823)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from bonds issued	257,126	189,966
Principal payments on bonds	(657)	(805)
Principal payments on repurchase agreements	(10,330)	(4,670)
Proceeds from Federal program grants, net	16,938	2,751
Payments of Federal program grants, net	(14,720)	(44,554)
Interest paid	(7,914)	(1,120)
Net cash provided by noncapital financing activities	240,443	141,568
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on right-to-use lease liability	(961)	(783)
Principal paid on subscription liability	(1,367)	(919)
Interest paid	(395)	(511)
Purchase of furniture and equipment	(1,265)	(264)
Proceeds from sale of furniture and equipment	-	26
Net cash used in capital and related financing activities	(3,988)	(2,451)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(2,305,327)	(2,030,007)
Proceeds from sales of investments	2,357,535	1,968,702
Interest received from investments	16,585	20,020
Net cash provided by (used in) investing activities	68,793	(41,285)

See notes to the financial statements.

ALABAMA HOUSING FINANCE AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024
($ in thousands)

	2025	2024 (as restated)
NET INCREASE (DECREASE) IN CASH ON DEPOSIT	$ 15,544	$ (991)
CASH ON DEPOSIT AT BEGINNING OF YEAR	45,566	46,557
CASH ON DEPOSIT AT END OF YEAR	$ 61,110	$ 45,566
RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES		
Operating income	$ 18,752	$ 23,670
Adjustments to reconcile operating income to net cash used in operating activities:		
Depreciation	171	160
Amortization and expense of mortgage servicing rights	9,823	9,478
Gross unrealized gain on mortgage-backed securities and investments	(1,362)	(2,760)
Gross unrealized (gain) loss on mortgage loans held for sale	117	(120)
Provision for loan losses, net	5,047	1,024
Interest received from investments	(16,378)	(19,792)
Interest paid on bonds and right-to-use lease liability	7,853	1,610
Changes in operating assets and liabilities:		
Accrued interest receivable	(2,476)	(2,016)
Mortgage loans receivable	(11,223)	(5,787)
Mortgage loans held for sale	24,276	(5,352)
Mortgage servicing rights, net	(26,411)	(22,098)
Mortgage-backed securities	(307,670)	(83,978)
Other assets and accounts receivable, net	(2,440)	(1,959)
Accrued interest payable	8,264	2,831
Deferred inflows/outflows	1,216	3,592
Other liabilities	260	356
Accrued compensated absenses	16	-
Unearned compliance and commitment fees, net	2,461	2,318
NET CASH USED IN OPERATING ACTIVITIES	$ (289,704)	$ (98,823)

See notes to the financial statements.

1. AUTHORITY LEGISLATION

The Authority is a public corporation created, organized, and existing under Act No. 80-585 (the Act) originally enacted by the Legislature of the State of Alabama at its 1980 regular session. Pursuant to the Act, as amended, the Authority is authorized, among other things, to issue bonds to finance residential housing for persons and families of low and moderate income in the State of Alabama. The Authority is a component unit of the State of Alabama.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Authority's accounts are organized as funds, which include accounts of the assets, deferred outflows, liabilities, deferred inflows, net position, revenues, and expenses of the Authority's Single Family Mortgage Revenue Bond Programs (Single Family Programs), Federal Programs, the Housing Assistance Fund, and the General Fund. Single Family Programs account for the proceeds from the bonds issued, the debt service requirements of the bonds and the related program investments, as required by the bond resolutions established under the trust indentures of each program.

The Authority uses the accrual method of accounting. The Authority's Funds – Single Family Programs, Federal Programs, Housing Assistance, and General – have been presented on a combined basis, as the Authority is considered a single enterprise fund for financial reporting purposes. Current assets include cash and amounts convertible into cash during the next normal operating cycle or one year. Current liabilities include those obligations to be liquidated with current assets. All inter-fund balances and transactions have been eliminated in the accompanying financial statements. Revenues and expenses from the Single Family Programs, Housing Assistance, and General Funds are reported as operating revenues and expenses.

Federal Program receipts are recognized in proportion to Federal Program expenditures as incurred. Federal Program activities are reported in nonoperating revenues (expenses) in the accompanying financial statements, in accordance with Governmental Accounting Standards Board (GASB) No. 24, *Accounting and Financial Reporting for Certain Grants and Financial Assistance*.

Use of Estimates in the Preparation of Financial Statements

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect 1) the reported amounts of assets and liabilities, 2) the disclosure of contingencies at the date of the financial statements, and 3) revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fair Value Application and Measurement

Fair value is applied to assets and liabilities that the Authority hold primarily for the purpose of income or profit and that have a present service capacity based solely on their ability to generate cash or to be sold to generate cash. The Authority categorizes its fair value measurements within the value hierarchy established by generally accepted accounting principles (GAAP). The hierarchy is based upon valuation inputs used to measure the fair value of the respective asset or liability. Level 1 inputs include quoted prices in active markets for identical assets. Level 2 inputs include observable inputs other than quoted prices included in Level 1 inputs. Level 3 inputs include unobservable inputs.

Cash on Deposit

Cash on deposit represents funds on deposit with various financial institutions and uninvested funds held by the Trustees of the Authority's various bond programs. At September 30, 2025, all cash on deposit held by the Authority's trustees was in the name of the Authority. Cash on deposit consists of unrestricted and restricted cash totaling $61,110,000 and $45,566,000 as of September 30, 2025 and 2024, respectively. All cash on deposit at September 30, 2025 and 2024, was covered by federal depository insurance or collateralized by the various financial institutions.

Investments

The Act authorizes the Authority to invest in bonds or other obligations issued or guaranteed by the U.S. Government, any agency thereof, or the State of Alabama. In addition, the Authority may invest in interest-bearing bank and savings and loan association deposits, any obligations in which a State chartered savings and loan association may invest its funds, any agreement to repurchase any of the foregoing, or any combination thereof. Each of the trust indentures established under the Authority's bond programs contains further restrictions on the investment of nonexpended bond proceeds; however, each trust indenture must be consistent with the Authority's authorizing legislation with respect to the definition of eligible investments.

Investments consist of temporary and debt service reserve funds established under the provisions of each trust indenture and investments of the Authority's General and Housing Assistance Funds. All investments are reported at fair value.

The Authority follows the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. GASB Statement No. 40 addresses disclosures on deposits and investments, focusing on common investment risks related to interest rate risk, credit risk, custodial credit risk, foreign currency risk, and concentration of credit risk.

Mortgage-Backed Securities

Mortgage-backed securities consist of Ginnie Mae, Fannie Mae, and Freddie Mac pass-through certificates, substantially all of which are pledged either as security for the Single Family Mortgage Revenue Bonds or for obligations under reverse repurchase agreements. The fair value of program investments is based on quoted market prices obtained from an independent financial news and information service, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable investments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Mortgage-Backed Securities – Continued
In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, investments, including mortgage-backed securities, are recorded at fair value, and unrealized gains or losses are reported in the statements of revenues, expenses, and changes in net position. The Authority records a portion of net unrealized gains on investment securities as a liability to the extent that such gains would be rebateable to the United States government under Section 103A of the Internal Revenue Code, as amended (the Code), for tax-exempt bond issues sold after 1981. The Code requires that such excess investment earnings be rebated to certain single family borrowers upon payoff of their respective mortgages or remitted to the Internal Revenue Service. Gains on sales of securities in these bond issues would create excess rebateable earnings. There were no such rebateable earnings for the years ended September 30, 2025 or 2024.

Commitment Fees
Returnable commitment fees are deferred and recognized as income at the time they are no longer returnable. Commitment fees related to loans pooled and sold in secondary markets are recognized upon receipt.

Mortgage Loans Receivable
Mortgage loans that the Authority has the ability and intent to hold for the foreseeable future are carried at their unpaid principal balances less an allowance for loan losses. Management determines the allowance for loan losses based on historical losses and current economic conditions as well as its evaluation of the loan portfolio and the underlying security.

Mortgage Loans Held for Sale
Mortgage loans held for sale are recorded at the lower of cost or fair value. The Authority routinely enters into contracts with various investors to sell these loans in secondary markets and had commitments to deliver mortgage-backed securities at September 30, 2025. The fair value of committed loans is based upon commitment prices. See note 10, Derivative Instruments.

Derivative Instruments
The Authority enters into various forward sales contracts as part of its overall funding strategy. The objective of these financial instruments is to hedge the interest rate risk inherent in purchasing mortgage loans held for sale. The Authority has recorded the fair market value of its derivative investments on the financial statements and has evaluated and measured their effectiveness.

Federal Programs Loans Receivable
HOME Program loans are designed to assist very low-income tenants, and, as such, some mortgages originated under the program are structured in such a way that repayment will only occur in limited circumstances.

The TCAP Program, authorized by the American Recovery and Reinvestment Act of 2009, is designed to assist housing developments financed with Low-Income Housing Tax Credits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Federal Programs Loans Receivable – Continued
The ERA and ERA2 Programs, authorized by the U.S. Department of Treasury, are designed to provide rental and utility assistance grants to tenants affected by the coronavirus.

The MAA Program, authorized by the U.S. Department of Treasury, is designed to provide mortgage assistance grants to homeowners affected by the coronavirus.

The HOME-ARP Program, authorized by the U.S. Department of Housing and Urban Development (HUD), is designed to assist individuals or households who are homeless or at risk of being homeless by providing housing or rental assistance.

Right-To-Use Capital Assets and Lease Liabilities
The Authority is party to leases of nonfinancial assets as a lessee. The Authority recognizes a lease liability and an intangible right-to-use lease asset in the statements of net position.

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its leases and will remeasure lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of any lease liability. Lease assets are reported with unrestricted noncurrent assets, and lease liabilities are reported within current and noncurrent liabilities on the statements of net position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Subscription-Based Information Technology Arrangements
The Authority is party to several subscription-based information technology arrangements (SBITAs). The Authority recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide and proprietary financial statements of net position. The Authority recognizes subscription liabilities with an initial term greater than twelve months and an individual value of $5,000 or more. Remaining subscription terms range from 1 to 3 years with varying payments due. For SBITAs with a maximum possible term of 12 months or less at commencement, the Authority recognizes expenses/expenditures based on the provisions of the arrangement.

At the commencement of a SBITA, the Authority initially measures the subscription liability at the present value of expected subscription payments to be made over the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial implementation costs less any vendor incentives received at the commencement of the subscription term. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the useful life of the IT asset or the subscription term.

Key estimates and judgments related to SBITAs include how the Authority determines (1) the discount rate used to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

The Authority uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate. The subscription term includes the noncancellable period during which the Authority has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend if reasonably certain the Authority or vendor will exercise that option or to terminate if it is reasonably certain that the Authority or vendor will not exercise that option. Subscription payments included in the measurement of the subscription liability are composed of fixed payments that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of a SBITA and will remeasure subscription asset and subscription liability if certain changes occur that are expected to significantly affect the amount of the liability. Subscription assets are reported with unrestricted noncurrent assets, and subscription liabilities are reported within current and noncurrent liabilities on the statements of net position.

The Authority capitalizes qualifying initial implementation costs as part of the subscription asset. Preliminary project stage outlays are expensed as incurred. Operation and additional implementation stage activities are expensed as incurred unless they meet specific capitalization criteria.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

New Accounting Principles
GASB has issued the following standards effective for fiscal year 2024:

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62.* In the opinion of management, this standard does not have a material impact on the Authority's financial position given current operations and obligations.

GASB has issued the following standards effective for fiscal year 2025:

GASB Statement No. 101*, Compensated Absences.* This standard updates the recognition and measurement guidance for compensated absences aligning them under a unified model. The authority has implemented GASB Statement No. 101, Compensated Absences in fiscal year 2024 and the effects can be seen in Note 15, Accrued Compensated Absences.

GASB Statement No. 102*, Certain Risk Disclosures.* The Authority has implemented GASB Statement No. 102, *Certain Risk Disclosures*. In the opinion of management, this standard did not have an impact on the Authority's financial statement disclosures.

GASB has issued the following standards effective for fiscal year 2026:

GASB Statement No. 103*, Financial Reporting Model Improvements.* Management has not studied fully the standards but is of the opinion that any impact will be minimal.

GASB Statement No. 104*, Disclosure of Certain Capital Assets.* Management has not studied fully the standards but is of the opinion that any impact will be minimal.

Debt Financing Costs
The Authority follows the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Issuance costs on bonds are expensed as incurred.

Mortgage Loan Servicing
As of September 30, 2025 and 2024, the Authority serviced $9,084,953,000 and $7,695,995,000, respectively, in mortgage loans. Escrow balances associated with these loans are not included in the statements of net position of the Authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Mortgage Loan Servicing – Continued
The mortgage loan servicing portfolio by state consisted of the following at September 30, 2025 ($ in thousands):

Alabama	$ 1,831,221	20%
Arkansas	1,229,183	14%
Mississippi	170,004	2%
Missouri	545,092	6%
North Carolina	5,296,524	58%
Other	12,929	0%
	$ 9,084,953	100%

The mortgage loan servicing portfolio by state consisted of the following at September 30, 2024 ($ in thousands):

Alabama	$ 1,434,126	19%
Arkansas	999,464	13%
Mississippi	186,783	2%
Missouri	606,815	8%
North Carolina	4,455,941	58%
Other	12,866	0%
	$ 7,695,995	100%

Mortgage Servicing Rights
The Authority follows the provisions of GASB Statement No. 62, entitled *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) Pronouncements.* In accordance with those standards, the cost of mortgage servicing rights is amortized in proportion to, and over the period of, estimated net servicing revenue. The amount originally capitalized is adjusted based on whether related loans are pooled and sold in secondary markets or maintained by the Authority.

Other Real Estate Owned
The Authority states its other real estate owned acquired through foreclosure without further obligation to security holders, which is included in mortgage loans receivable, net, at the lower of cost or fair value at the date of foreclosure. Fair value is determined based on independent appraisals and other relevant factors. Any write-down to fair value is charged to the allowance for loan losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Pool Buyouts
The Authority holds certain mortgages purchased out of respective Ginnie Mae, Freddie Mac, or Fannie Mae pooled loans being serviced by the Authority. These are insured loans that are in the process of foreclosure for which the Authority anticipates receiving claim proceeds from the respective investor or guarantor.

Deferred Outflows of Resources
Deferred outflows of resources include pension-related deferred outflows, which result from the Authority's Employees' Pension Plan (Pension Plan). Pension-related deferred outflows represent differences between expected and actual experience, changes in assumptions and amounts resulting from timing differences of contributions made subsequent to the Pension Plan measurement dates but as of the date of the basic financial statements. Pension-related deferred outflows are recognized over a closed period and are amortized over the remaining average service life of all participating active and inactive employees.

Deferred Inflows of Resources
Deferred inflows of resources include pension-related deferred inflows, which represent the difference between projected and actual earnings on investments within the Pension Plan, are recognized over a closed period, and are amortized over a five-year period.

Net Pension Liability
Net pension liability represents the portion of the present value of projected benefit payments attributed to past periods of service to be provided through the Pension Plan to current active and inactive employees less the fiduciary net position of the Pension Plan. It represents the Authority's total pension liability minus the fiduciary net position available to pay that liability. Investments that comprise the fiduciary net position are reported at fair value.

Pension Plan Expense
The Authority is required to measure and disclose amounts relating to net pension liability, deferred outflows of resources and deferred inflows of resources, pension expense, and the fiduciary net position of the Pension Plan. Actuarially determined periodic contributions are made by the Authority in order to maintain sufficient assets to pay benefits when due.

Compensated Absences
The liability for compensated absences consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Compensated Absences – Continued
Generally, all permanent full-time employees are entitled to accrue and carry forward calendar year-end maximums of 180 sick days and no days of vacation leave. Upon termination of employment, qualified employees are entitled to payment for accumulated unused vacation leave. Employees are not entitled to payment for unused sick leave balances at termination. Annually, at fiscal year-end, the authority calculates and records a liability for compensated absences based on total eligible balance of unused employee leave. The liability is calculated using the current employee salary and related benefits data and is reported on the statements of net position under current and noncurrent liabilities as appropriate.

Reclassification of Prior Year Presentation
Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported changes in net position.

Subsequent Events
The Authority has evaluated subsequent events through December 10, 2025, which is the date the financial statements were available to be issued. See note 17, Subsequent Events.

3. MORTGAGE-BACKED SECURITIES

Mortgage-backed securities held by the Authority include securitized mortgage obligations, backed by pools of single family mortgage loans originated under the Authority's program guidelines. These securities are "fully modified pass-through" mortgage-backed securities which require monthly payments by an FHA-approved, a Fannie Mae-approved, or a Freddie Mac-approved lender, as the issuers of the guaranteed securities, and are registered in the Authority's name. Ginne Mae, Fannie Mae, and Freddie Mac guarantee timely payment of principal and interest on guaranteed securities. The cost of the Authority's mortgage-backed securities at September 30, 2025 and 2024, was $442,698,000 and $135,025,000, respectively. At September 30, 2025, mortgage-backed securities had interest rates ranging from 4.54% to 7.70%

Fair value of the Authority's mortgage-backed securities is measured by Level 1 inputs based upon quoted prices in active markets. As a result of changes in the fair value of mortgage-backed securities, the Authority recorded net unrealized gains of $1,467,000 and $2,382,000 for the years ended September 30, 2025 and 2024, respectively. Interest rates may adversely affect the fair value of the mortgage-backed securities; however, it is the intention of the Authority to hold these securities until the underlying loans are paid in full.

4. INVESTMENTS

Investments consisted of the following at September 30 ($ in thousands):

Investment Type	2025	% of Total	2024	% of Total
Money Market Funds	$ 170,248	63%	$ 205,370	63%
US Treasury Securities	101,178	37%	118,367	37%
	$ 271,426	100%	$ 323,737	100%

Fair Value
The fair value of the Authority's investments is measured by Level 1 inputs based upon quoted prices in active markets and consisted of the following at September 30 ($ in thousands):

Investments	2025	2024
Federated Government Obligations	$ 77,088	$ 61,321
Federated US Treasury Cash Reserves	18,827	29,120
Federated Money Market	275	266
First American Government Obligations	74,058	114,663
US Treasury Securities	101,178	118,367
Total investments	$ 271,426	$ 323,737

The cost of investments at September 30, 2025 and 2024, was $271,243,000 and $323,451,000, respectively. As a result of changes in the fair value of investments, the Authority recorded net unrealized (losses) and gains of $(104,000) and $377,000 for the years ended September 30, 2025 and 2024, respectively.

Credit Risk
Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the Authority. Investments for each bond issue are those permitted by the various bond indentures and rating agencies. (See "Summary of Significant Accounting Policies – Investments" for additional information concerning permitted investments of the Authority.) As of September 30, 2025, the Authority's investments in money market funds and US Treasury Securities were rated Aa1 by Moody's Investor Services meeting the criteria of the Authority and the respective bond issue rating agencies.

Interest Rate Risk
Interest rate risk is the risk that changes in interest rates may adversely affect the fair value of the investment portfolio. Investment maturities will coincide with anticipated debt service payment dates and expected cash flow obligations associated with the respective bond maturities and obligations for the Authority's bond programs and other funds. Trust indentures, market conditions, rates of return, interest rate spreads, and other factors influence maturity selection for all funds in excess of those required to meet projected cash flow obligations. Investments are generally designed to match the life of their related liabilities at fixed interest-rate spreads.

4. INVESTMENTS – CONTINUED

Investment Type	Fair Value	Investment Maturities in Years ($ in thousands) Less than 1	1–5	6–10	More than 10
Money Market Funds	$ 170,248	$ 170,248	$ -	$ -	$ -
US Treasury Securities	101,178	101,178	-	-	-
	$ 271,426	$ 271,426	$ -	$ -	$ -

Custodial Credit Risk
For an investment, custodial credit risk is the risk that, in the event of the use of a custodial agent, the Authority may not be able to recover the value of its investments or collateral securities that are in possession of that outside party. All investments in the General and Housing Assistance funds are held in safekeeping or custodial accounts at approved safekeeping agents of the Authority in the Authority's name. All investments in the Authority's bond issues are registered in the name of the issues' designated trustee.

Concentration of Credit Risk
Concentration of credit risk is the risk of loss that may be attributed to the magnitude of an investment in a single type of security. The table below lists all investments by investment provider and type as of September 30, 2025 ($ in thousands).

Provider	Money Market Funds	US Treasury Securities	Total	Percent
Federated Government Obligations	$ 77,088	$ -	$ 77,088	29%
Federated U.S. Treasury Cash Reserves	18,827	-	18,827	7%
Federated Money Market	275	-	275	0%
First American Government Obligations	74,058	-	74,058	27%
US Treasury Securities	-	101,178	101,178	37%
Total	$ 170,248	$ 101,178	$ 271,426	100%

Investments are classified in the accompanying statements of net position as follows ($ in thousands):

	2025	2024
Current assets – investments	$ 77,088	$ 61,321
Current assets – restricted investments	194,338	261,476
Noncurrent assets – restricted investments	-	940
	$ 271,426	$ 323,737

5. MORTGAGE LOANS

The Authority's Single Family Programs are designed to provide mortgage loans to qualified homebuyers within the State of Alabama. The Authority's guidelines generally require the mortgage loans to be either FHA-insured, guaranteed by the Department of Veterans Affairs, USDA Rural Development insured or conventionally financed with traditional primary mortgage insurance.

The Authority's Single Family Program guidelines allow for down payment assistance of up to 4.0% of the sales price and a maximum amount of $10,000. Current program guidelines require the loan to bear the same interest rate as the first mortgage of the property being purchased and be amortized over a 10-year period with 120 equal monthly principal and interest payments.

The Authority provides permanent financing of home mortgages to Alabama Habitat for Humanity affiliates to help further the affiliates goal of providing safe, decent, and affordable housing to low-income Alabamians. The loans bear an interest rate of 0% and require equal monthly principal payments over the life of the loan and must not exceed a 30-year term.

Mortgage loans receivable, net of the allowance for loan losses consisted of the following at September 30 ($ in thousands):

	2025	2024
Mortgage loans receivable (2.88% to 7.20%):		
Conventional	$ 2,254	$ 2,542
Down payment assistance/Habitat for Humanity loans (0% to 8.13%)	44,364	34,552
Pool buyouts and other real estate	11,787	10,378
	58,405	47,472
Less allowance for loan losses	(18,040)	(13,283)
Total mortgage loans receivable, net	$ 40,365	$ 34,189

Mortgage loans receivable are classified in the accompanying statements of net position as follows at September 30 ($ in thousands):

	2025	2024
Current assets – Mortgage loans receivable, net	$ 4,848	$ 4,152
Noncurrent assets – Mortgage loans receivable, net	35,517	30,037
	$ 40,365	$ 34,189

6. MORTGAGE LOANS HELD FOR SALE

Mortgage loans held for sale to be securitized as mortgage-backed securities and sold by the Authority are reported at fair value measured by Level 2 inputs based on observable quoted prices of similar assets. Mortgage loans held for sale to be securitized as mortgage-backed securities for other entities are reported at cost. Mortgage loans held for sale were $77,736,000 and $102,093,000 as of September 30, 2025 and 2024, respectively.

7. OBLIGATIONS UNDER REVERSE REPURCHASE AGREEMENTS

Obligations under reverse repurchase agreements represent obligations whereby the Authority enters into a sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. In June of 2025, the Authority paid off the outstanding repurchase agreement. The Authority had obligations under reverse repurchase agreements of $0 and $10,330,000 as of September 30, 2025 and 2024, respectively, which were collateralized by securities with fair values totaling $0 and $13,344,000, as of September 30, 2025 and 2024, respectively.

The market value of the securities underlying the reverse repurchase agreements normally exceeds the cash received, providing the dealer a margin against a decline in the market value of the securities. If the dealer defaults on their obligation to resell these securities to the Authority or provide securities or cash of equal value, the Authority would suffer an economic loss equal to the difference between the fair value plus accrued interest of the underlying securities and the agreement obligation, including accrued interest. There was no credit exposure as of September 30, 2025 and 2024.

8. BONDS PAYABLE

Bonds payable are limited obligations of the Authority and are not a debt or liability of the State of Alabama or any subdivision thereof. Each bond issue is secured, as described in the applicable trust indenture, by all revenues, monies, investments, mortgage loans, and other assets in the funds and accounts of the program under which such bonds were issued. The provisions of the applicable trust indentures require or allow for redemption of bonds through the use of unexpended bond proceeds and excess funds accumulated primarily through prepayment of mortgage loans and program certificates. All outstanding bonds are subject to redemption at the option of the Authority, in whole or in part at any time after certain dates, as specified in their respective series indenture.

8. BONDS PAYABLE – CONTINUED

Bonds payable consisted of the following at September 30 ($ in thousands):

	Outstanding		Original Maturity Value
	2025	2024	
Single Family Bond programs:			
2000/2003 Step Up Program (4.42% to 7.80%), due 2032 to 2036	$ 5,422	$ 5,952	$ 128,927
2016 Series A (2.43%), due 2026	1,000	1,000	1,000
2003 First Step Program (4.82% to 5.09%), due 2036	78	85	793
2024 First Step Series A (3.40% to 5.75%), due 2025 to 2055	35,672	35,847	35,000
2024 First Step Series B (3.40% to 6.00%), due 2026 to 2055	76,988	77,115	75,000
2024 First Step Series C (3.15% to 5.75%), due 2026 to 2055	76,891	77,005	75,000
2024 First Step Series D (3.10% to 5.75%), due 2026 to 2056	77,286	-	75,000
2025 First Step Series A (3.05% to 5.75%), due 2027 to 2056	76,814	-	75,000
2025 First Step Series B (3.25% to 6.00%), due 2027 to 2056	102,866	-	100,000
	453,017	197,004	
Less current maturities	(4,601)	(743)	
Noncurrent maturities	$ 448,416	$ 196,261	

Principal and interest payments on bonds after 2025 are scheduled as follows ($ in thousands):

Fiscal Year Ending September 30	Principal	Interest
2026	$ 4,601	$ 19,946
2027	6,435	21,333
2028	6,740	21,077
2029	7,070	20,804
2030	7,410	20,512
Thereafter	420,761	319,837
	$ 453,017	$ 423,509

9. NET POSITION

The Authority's net position is comprised of the various net earnings from operating and nonoperating revenues, expenses, and contributions of capital. The net position is classified in the following three components: investment in capital assets, net of related debt; restricted net position; and unrestricted net position. Investment in capital assets, net of related debt, consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction, and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Restricted net position consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates. Unrestricted net position consists of all other net position not included in the above categories.

The various trust indentures generally permit transfers to the Authority's General Fund for administrative fees and reimbursements of costs associated with the administration of the bond programs. Otherwise, the cash and investments of the various Program Funds are retained in the trust indentures to satisfy debt service obligations with respect to the applicable bonds, and are restricted to this purpose. Such amounts are reflected as restricted components of net position.

10. DERIVATIVE INSTRUMENTS

At September 30, 2025, the Authority had $17,259,000 in forward sales commitments to issue Ginnie Mae and Freddie Mac securities securitized by single family loans. These instruments are utilized to hedge changes in fair value of mortgage loans held for sale and interest rate risk on commitments to purchase mortgage loans from originating mortgage lenders. The Authority is subject to market value fluctuations in the event that mortgage loans are not originated as expected and the committed securities cannot be delivered.

10. DERIVATIVE INSTRUMENTS – CONTINUED

The Authority is subject to credit risk with respect to counterparties to the forward sales commitment contracts summarized as follows ($ in thousands):

Delivery Date	Coupon Rate	Outstanding Notional Amount	Fair Values	Counterparty Credit Rating
Freddie Mac				
October 2025	6.625%	$ 285	$ (4)	Aa1
October 2025	6.75%	68	(3)	Aa1
October 2025	6.75%	275	(5)	Aa1
October 2025	6.75%	284	(5)	Aa1
October 2025	6.75%	347	(5)	Aa1
		1,259	(22)	
Ginnie Mae				
October 2025	6.50%	10,000	(100)	A2
October 2025	6.00%	6,000	(10)	A3
		16,000	(110)	
		$ 17,259	$ (132)	

11. CONDUIT DEBT

From time to time, the Authority issues bonds to provide multifamily housing for the citizens of Alabama. The Authority functions as a conduit to provide tax-exempt financing. These bonds do not constitute a debt or pledge of the faith and credit of the Authority or the State of Alabama, and accordingly, have not been reported in the accompanying financial statements.

The Authority does not actively monitor the operating performance or financial condition of the multifamily properties financed by the bonds. Multifamily mortgage loans are collateralized by varying methods, including first liens on multifamily residential rental properties located within the State of Alabama, short-term investments, letters of credit, surety bonds, and guarantees provided by third parties. The Authority has no obligation for the bonds beyond these resources.

All variable rate bonds bear interest at a weekly rate until maturity or earlier redemption. The remarketing agent for each bond issue establishes the weekly rate according to each indenture's remarketing agreement. The weekly rates are communicated to the various bond trustees for preparation of debt service payments. The weekly rate, as set by the remarketing agent, allows the bonds to trade in the secondary market at a price equal to 100% of the principal amount of the bonds outstanding, with each rate not exceeding maximum rates permitted by law.

11. CONDUIT DEBT – CONTINUED

Conduit debt consisted of the following at September 30 ($ in thousands):

	Aggregate Principal Outstanding		Original Maturity Value
	2025	2024	
2000 Series A (variable), due 2030	$ -	$ 3,700	$ 6,000
2005 Series E & F (variable), due 2035 and 2038	21,550	21,550	21,550
2008 Series B (variable), due 2030	2,359	2,496	4,130
2012 Series A (4.96%), due 2032	2,141	2,208	13,000
2015 Series A (4.15%), due 2032	-	4,064	7,280
2017 Series A (5.00%), due 2034	10,874	11,013	12,460
2019 Series A (4.43%), due 2037	7,200	8,400	9,600
2021 Series A (1.25%), due 2025	-	14,270	14,270
2022 Series A, B, C, F, G, H (2.00% to 5.00%), due 2040	37,093	90,902	37,316
2023 Series B, C, D (5.00% to 5.23%), due 2027 to 2041	19,935	31,735	19,935
2024 Series A, B, C (4.45% to 5.00%), due 2027 to 2045	72,753	-	72,753
2025 Series A, B (3.125% to 5.10%), due 2029 to 2043	28,000	-	28,000
	$ 201,905	$ 190,338	

Principal and interest payments on conduit debt after 2025 are scheduled as follows ($ in thousands):

Fiscal Year Ending September 30	Principal	Interest
2026	$ 546	$ 8,116
2027	3,541	9,072
2028	29,381	8,252
2029	55,025	6,307
2030	637	5,081
Thereafter	112,775	46,238
	$ 201,905	$ 83,066

12. RETIREMENT PLANS

Defined Contribution Plan

Substantially all full-time employees of the Authority participate in a defined contribution retirement plan, the Alabama Housing Finance Authority Retirement Plan (the Retirement Plan), which provides retirement benefits to participants. The Retirement Plan is administered by an independent, third-party administrator. To be eligible, an employee must meet certain age and service requirements. Once an employee is eligible, participation is mandatory. Each employee must contribute 5% of their compensation to the Retirement Plan each pay period. The Authority contributes an amount equal to 7% of each participant's compensation each pay period. The Authority's contributions to the Retirement Plan were $821,000 and $775,000, in fiscal 2025 and 2024, respectively. The employees' contributions to the Retirement Plan were $586,000 and $554,000, in fiscal 2025 and 2024, respectively. The employees vest in the Authority's contribution based upon a six-year vesting schedule.

Defined Benefit Plan

Plan Description

The Authority established the Alabama Housing Finance Authority Employees' Pension Plan (the Pension Plan), a single-employer defined benefit pension plan, on September 26, 2002. All Pension Plan investments are reported at fair value. The Pension Plan provides retirement, death, disability, and termination benefits to participants and beneficiaries.

Benefit provisions are established by the Board of Directors (the Board) under a formal, written plan document and assets are held under a separate tax-qualified plan trust. Those provisions can only be amended by the Board. The plan and trust information can be obtained from the Alabama Housing Finance Authority, 7460 Halcyon Pointe Drive, Suite 200, Montgomery, AL 36117. A separate stand-alone financial report for the Pension Plan is available.

Benefits Provided

An employee is eligible to participate in the Pension Plan on the next October 1 or April 1 following the completion of six months service and attainment of age 21. A participant's normal retirement date is age 65, or five years' participation, if later. A participant is eligible for early retirement upon attainment of age 55 and 10 years of service. In addition, a participant is entitled to a vested benefit based on years of service as follows: 3 years 20%, 4 years 40%, 5 years 60%, 6 years 80%, and 7 or more years 100%. In addition, in the event of death or qualifying disability, benefits are 100% vested and are available to be paid immediately.

A participant's normal retirement benefit payable at normal retirement as a life annuity is equal to 2% of an employee's average compensation multiplied by years of credited service. Average compensation is based on the 36 highest consecutive months that results in the highest average. Credited service is based on 1,000 hours per plan year and is determined from date of hire (with maximum of 25 years). Certain special service rules applied before May 1, 2015. Normal retirement benefits are paid monthly and can be paid in other forms of annuities as elected by the participant including single payment lump sums.

12. RETIREMENT PLANS – CONTINUED

Defined Benefit Plan – Continued

Benefits Provided – Continued
Benefits paid at early retirement are the actuarial equivalent normal retirement benefit. Benefits payable at death, disability, or vested benefits are the actuarial equivalent single sum value of the normal retirement benefit. Lump sums are based on the actuarial equivalent factors, or the IRS minimum lump sum basis, if higher.

	2025	2024
Inactive employees receiving benefits	1	-
Inactive employees entitled to but not receiving benefits	1	1
Active employees	157	145
	159	146

Contributions
Contribution requirements and benefit provisions of the Pension Plan are established by the Board. The funding policy provides for actuarially determined periodic contributions of amounts that will enable sufficient assets to pay benefits when due. The funding basis has been the range of contributions from the minimum (Minimum Required Contribution) to maximum deductible under federal pension laws related to applicable pension plans. Contributions have been determined under the funding laws under the Pension Protection Act of 2006 and later related funding law changes.

Contributions were $2,000,000 and $2,352,000, equaling approximately 18.36% and 22.54% of payroll of covered participants for the years ended September 30, 2025 and 2024, respectively.

Investments
Policies pertaining to the allocation of investments within the Pension Plan are established by the Authority. It is the policy of the Authority to invest pension assets in securities that provide growth and income while maintaining a balanced level of risk tolerance. The following illustrates the approved asset allocation policy for the years ended September 30, 2025 and 2024:

	% Range of Allocation		
	Minimum	Target	Maximum
Investment Type:			
Large cap domestic equity securities	15%	30%	50%
Small-Mid cap domestic equities	0%	10%	20%
International equity	0%	10%	20%
Fixed income and cash equivalent securities	30%	50%	60%
Alternatives	0%	0%	15%

12. RETIREMENT PLANS – CONTINUED

Defined Benefit Plan – Continued

Investments – Continued
Permitted securities in which assets of the Pension Plan may be invested include any of the following:

Equity Securities
- US common and preferred stocks
- US equity mutual funds
- Equity exchange traded funds
- International equity mutual funds

Fixed Income Securities/Cash Equivalents
- US government
- US mortgage and asset-backed
- US corporate bonds
- Taxable municipal bonds
- Fixed income mutual funds
- Fixed income exchange traded funds
- Money market mutual funds
- Money market exchange traded funds
- Cash

Alternatives
- Real estate mutual funds
- Real estate exchange traded funds
- Multi-alternatives strategy mutual funds
- Multi-alternative strategy exchange traded funds

The fair value of investments is determined by market prices.

As of September 30, 2025 and 2024, there were no concentrations of investments in any organization that represented 5% or more of the Pension Plan's fiduciary net position.

For years ended September 30, 2025 and 2024, the estimated annual weighted rate of return based on the Bankers Index Method (BAI) was 10.26% and 20.97%, respectively. The BAI rate of return expresses investment performance, net of investment expense, adjusted for the amounts actually invested with contributions and disbursements deemed to be made uniformly throughout the year.

The assumed discount rate related to plan investments was 7.00%.

12. RETIREMENT PLANS – CONTINUED

Defined Benefit Plan – Continued

Investments – Continued
The fiduciary net position of the Pension Plan at September 30, 2025 and 2024 was invested as follows ($ in thousands):

	2025	2024
Cash equivalents	$ 2,348	$ 2,565
Equity securities	17,523	15,963
Fixed income securities	14,097	12,237
Total	$ 33,968	$ 30,765

Actuarial Assumptions
The Pension Plan was measured as of September 30, 2025 and 2024, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of those dates.

The total pension liability in the September 30, 2025 and 2024 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Rate
Inflation	3.00%
Salary increases	4.50%
Investment rate of return	7.00%

Mortality rates used in the September 30, 2025 actuarial valuation were based on the 2025 Applicable Mortality Table for small plans under the minimum funding requirements of IRC Section 430. Mortality rates used in the September 30, 2024 actuarial valuation were based on the 2024 Applicable Mortality Table for small plans under the minimum funding requirements of IRC Section 430. Retirements were assumed based on each participant's normal retirement date with benefits payable in the form of a lump sum based on applicable lump sum rates. Prior to retirement, turnover was based on the T-1 withdrawal rates which reflects lower turnover.

The long-term expected rate of return on the Pension Plan, based on using best-estimate ranges of expected future real rates of return (expected returns, net of inflation), was developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding future inflation.

12. RETIREMENT PLANS – CONTINUED

Defined Benefit Plan – Continued

Actuarial Assumptions – Continued
The target allocation and best estimates of arithmetic real rates of return for each major asset class for the years ended September 30, 2025 and 2024 are summarized below:

Asset Class	Target Allocation	Expected Long-Term Rate of Return
Equity	50%	5% – 8%
Fixed Income	50%	2% – 5%

The discount rate used to measure the total pension liability at September 30, 2025 and 2024 was 7.00%. The Pension Plan's fiduciary net positions are projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on the pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension (Asset) Liability ($ in thousands)

	Total Pension Liability (A)	Pension Fiduciary Net Position (B)	Net Pension (Asset) Liability (A) - (B)
Balances at October 1, 2024	$ 22,487	$ 30,588	$ (8,101)
Service cost	1,650	-	1,650
Interest cost	1,689	-	1,689
Differences between expected and actual experience	(114)	-	(114)
Changes in assumptions	2	-	2
Contributions – employer	-	2,000	(2,000)
Net investment income	-	3,136	(3,136)
Benefit payments, including refunds of member contributions	(2,014)	(2,014)	-
Net changes	1,213	3,122	(1,909)
Balances at September 30, 2025	$ 23,700	$ 33,710	$ (10,010)

12. RETIREMENT PLANS – CONTINUED

Defined Benefit Plan – Continued

Changes in the Net Pension (Asset) Liability ($ in thousands) – Continued

	Total Pension Liability (A)	Pension Fiduciary Net Position (B)	Net Pension (Asset) Liability (A) - (B)
Balances at October 1, 2023	$ 20,106	$ 24,388	$ (4,282)
Service cost	1,514	-	1,514
Interest cost	1,513	-	1,513
Differences between expected and actual experience	721	-	721
Changes in assumptions	2	-	2
Contributions – employer	-	2,352	(2,352)
Net investment income	-	5,217	(5,217)
Benefit payments, including refunds of member contributions	(1,369)	(1,369)	-
Net changes	2,381	6,200	(3,819)
Balances at September 30, 2024	$ 22,487	$ 30,588	$ (8,101)

The change in assumptions reflected in the changes in net pension (asset) liability for the years ended September 30, 2025 and 2024 was the result of basing the valuation on the 2024 and 2023 Applicable Mortality Tables in lieu of the 2025 and 2024 Applicable Mortality Tables.

Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate
The following information presents the net pension (asset) liability calculated using the discount rate of 7.00% as well as net pension (asset) liability using a discount rate that is 1.00% lower or 1.00% higher than the current rate for the years ended September 30 (in thousands):

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
2025	$ (8,852)	$ (10,010)	$ (11,119)
2024	(7,024)	(8,101)	(9,136)

12. RETIREMENT PLANS – CONTINUED

Defined Benefit Plan – Continued

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended September 30, 2025 and 2024, the Pension Plan recognized pension income (expense) of $693,000 and $227,000, respectively. At September 30, 2025 and 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to the Pension Plan from the following sources ($ in thousands):

	2025	2024
Deferred Outflows:		
Net differences between projected and actual earnings on investments	$ -	$ -
Deferred Inflows:		
Net differences between projected and actual earnings on investments	2,029	942
Differences between expected and actual experience	272	164
Changes in assumptions	43	22
Gross deferred inflows	2,344	1,128
Net deferred (inflows) outflows	$ (2,344)	$ (1,128)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows ($ in thousands):

September 30,	
2026	$ (130)
2027	186
2028	(960)
2029	(884)
2030	(189)
Thereafter	(367)
Net deferred outflows	$ (2,344)

13. RIGHT-TO-USE LEASE LIABILITY

The Authority leases office space under an agreement expiring in December 2029. Under the terms of the lease agreement, the Authority pays a monthly base fee of approximately $90,000, with annual escalations.

The Authority used a discount rate of 5.5% (based on the Authority's incremental borrowing rate).

Right-to-use lease liability activity for the years ended September 30, 2025 and 2024 is as follows ($ in thousands):

	Balance October 1, 2024	Additions	Reductions	Balance September 30, 2025
Right-to-use lease liability	$ 5,537	$ -	$ (961)	$ 4,576

	Balance October 1, 2023	Additions	Reductions	Balance September 30, 2024
Right-to-use lease liability	$ 6,320	$ -	$ (783)	$ 5,537

Future principal and interest payments on right-to-use lease liabilities as of September 30, 2025 are as follows ($ in thousands):

Year Ending September 30	Principal	Interest	Total
2026	$ 850	$ 228	$ 1,078
2027	1,038	173	1,211
2028	1,132	114	1,246
2029	1,237	49	1,286
2030	319	1	320
	4,576	565	5,141
Less current portion	(850)	(228)	(1,078)
Noncurrent right-to-use lease liability	$ 3,726	$ 337	$ 4,063

13. RIGHT-TO-USE LEASE LIABILITY – CONTINUED

As of September 30, 2025 and 2024, total assets related to right-to-use lease liabilities totaled $3,794,000 and $4,686,000, respectively, and are included in noncurrent other assets, net, on the statements of net position. Amortization of assets related to right-to-use lease liabilities for the years ended September 30, 2025 and 2024 was $892,000. Accumulated amortization of assets related to right-to-use lease liabilities as of September 30, 2025 and 2024 was $4,461,000 and $3,569,000, respectively. For the years ended September 30, 2025 and 2024, the Authority recorded $277,000 and $323,000, respectively, in interest expense related to the right-to-use lease liability.

14. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The Authority has entered into SBITAs involving:

- Mortgage and lending software including compliance software and data analytics
- Investment software
- Hosting and cloud services

The Authority used a discount rate of 5.5% - 4.5% (based on the Authority's incremental borrowing rate).

SBITA activity for the years ended September 30, 2025 and 2024 is as follows ($ in thousands):

	Balance October 1, 2024	Additions	Reductions	Balance September 30, 2025
Subscription liability	$ 2,739	$ -	$ (946)	$ 1,793

	Balance October 1, 2023	Additions	Reductions	Balance September 30, 2024
Subscription liability	$ 3,658	$ -	$ (919)	$ 2,739

14. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA) – CONTINUED

Future principal and interest payments on subscription liabilities as of September 30, 2025, are as follows ($ in thousands):

Year Ending September 30	Principal	Interest	Total
2026	$ 1,065	$ 73	$ 1,138
2027	728	20	748
	1,793	93	1,886
Less current portion	(1,065)	(73)	(1,138)
Noncurrent subscription liability	$ 728	$ 20	$ 748

As of September 30, 2025 and 2024, subscription assets recorded under SBITAs totaled $1,804,000 and $2,207,000, respectively, and are presented in noncurrent assets, net, on the statements of net position. Amortization of assets recorded under SBITAs for the years ended September 30, 2025 and 2024 was $843,000 and $844,000, respectively. Accumulated amortization of assets recorded under SBITAs as of September 30, 2025 and 2024 was $3,166,000 and $2,323,000, respectively. For the years ended September 30, 2025 and 2024, the Authority recorded $117,000 and $188,000, respectively, in interest expense related to the SBITAs liability.

15. ACCRUED COMPENSATED ABSENCES

The Authority adopted GASB Statement No. 101, *Compensated Absences* and retroactively implemented the provisions of the standard as of October 1, 2023. The implementation of this standard provides recognition and measurement under a unified model.

Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 101, *Compensated Absences*.

The Authority has compensated absences consisting of the following:

- Accrued sick leave
- Accrued personal leave
- Employer contributions related to the Retirement Plan
- Salary-related tax payments

15. ACCRUED COMPENSATED ABSENCES – CONTINUED

Accrued Compensated Absences liability activity for the years ended September 30, 2025 and 2024 is as follows ($ in thousands):

	Balance October 1, 2024 (as restated)	Net change	Balance September 30, 2025
Compensated absences liability	$ 666	$ 16	$ 682

	Balance October 1, 2023 (as restated)	Net change	Balance September 30, 2024 (as restated)
Compensated absences liability	$ 601	$ 65	$ 666

16. EARLY RETIREMENT OF BONDS

The Authority's mortgage revenue bonds are subject to certain extraordinary redemption provisions. During the years ended September 30, 2025 and 2024, the Authority called approximately $536,000 and $805,000 (net of unamortized discounts), respectively, of Single Family Bonds in advance of their scheduled maturities.

17. SUBSEQUENT EVENTS

The Authority has evaluated events and transactions that occurred after September 30, 2025 through December 10, 2025, the date the financial statements were available to be issued. Based on this evaluation, the following subsequent events have been identified and disclosed:

The Authority awarded Federal funds totaling $17,086,000 under the HOME Program.

The Authority awarded Federal funds totaling $1,572,000 under the Housing Trust Fund.

The Authority awarded Federal funds totaling $1,537,000 under the Emergency Rental Assistance Program.

The Authority issued approximately $21,000,000 of multifamily bonds as conduit debt.

The Authority issued approximately $75,000,000 of Collateralized Single Family Mortgage Revenue Bonds.

REQUIRED SUPPLEMENTARY INFORMATION

ALABAMA HOUSING FINANCE AUTHORITY
SCHEDULES OF CHANGES IN THE AUTHORITY'S NET PENSION LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2025 – 2016
($ in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
TOTAL PENSION LIABILITY										
Service cost	$ 1,650	$ 1,514	$ 1,391	$ 1,340	$ 1,565	$ 1,595	$ 1,422	$ 1,215	$ 1,041	$ 577
Interest	1,689	1,513	1,386	1,622	1,525	1,268	1,008	873	795	768
Differences between expected and actual experience	(114)	721	(790)	(4,174)	(818)	869	1,101	162	2,072	1,736
Changes in assumptions	2	2	66	53	(149)	(2)	74	16	21	16
Benefit payments	(2,014)	(1,369)	(364)	(2,262)	(499)	(39)	(62)	(543)	(2,991)	(3,169)
Net change in total pension liability	1,213	2,381	1,689	(3,421)	1,624	3,691	3,543	1,723	938	(72)
Total pension liability – beginning	22,487	20,106	18,417	21,838	20,214	16,523	12,980	11,257	10,319	10,391
Total pension liability – ending (A)	23,700	22,487	20,106	18,417	21,838	20,214	16,523	12,980	11,257	10,319
PENSION FIDUCIARY NET POSITION										
Contributions – employer	2,000	2,352	1,700	1,740	1,404	1,660	1,356	2,264	2,293	1,497
Net investment income (loss)	3,136	5,217	1,906	(3,953)	3,121	1,209	818	670	1,166	1,333
Benefit payments	(2,014)	(1,369)	(364)	(2,262)	(499)	(39)	(62)	(543)	(2,991)	(3,169)
Net change in pensions fiduciary net position	3,122	6,200	3,242	(4,475)	4,026	2,830	2,112	2,391	468	(339)
Pensions fiduciary net position – beginning	30,588	24,388	21,146	25,621	21,595	18,765	16,653	14,262	13,794	14,133
Pensions fiduciary net position – ending (B)	33,710	30,588	24,388	21,146	25,621	21,595	18,765	16,653	14,262	13,794
NET PENSION ASSET (A) - (B)	$ (10,010)	$ (8,101)	$ (4,282)	$ (2,729)	$ (3,783)	$ (1,381)	$ (2,242)	$ (3,673)	$ (3,005)	$ (3,475)
COVERED PAYROLL	$ 11,743	$ 10,435	$ 9,758	$ 10,327	$ 9,231	$ 9,325	$ 8,957	$ 8,565	$ 8,000	$ 7,415
NET PENSION ASSET AS A PERCENTAGE OF COVERED PAYROLL	85.24%	77.63%	43.88%	26.43%	40.98%	14.81%	25.03%	42.88%	37.56%	46.86%
NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	142.24%	136.03%	121.30%	114.82%	117.32%	106.83%	113.57%	128.30%	126.69%	133.68%

See independent auditors' report.

ALABAMA HOUSING FINANCE AUTHORITY
SCHEDULE OF EMPLOYER CONTRIBUTIONS TO AUTHORITY
EMPLOYEES' PENSION PLAN
($ in thousands)

Year	Actuarially Determined Contribution	Contributions From Authority	Contribution (Deficiency)/ Excess	Covered Payroll	Contribution as a % of Payroll
2016	$ 997	$ 1,497	$ 500	$ 7,415	20.19%
2017	1,293	2,293	1,000	8,000	28.66%
2018	1,464	2,264	800	8,565	26.43%
2019	1,356	1,356	-	8,957	15.14%
2020	1,660	1,660	-	9,325	17.80%
2021	1,404	1,404	-	9,231	15.21%
2022	1,740	1,740	-	10,327	16.85%
2023	1,600	1,700	100	9,758	17.42%
2024	1,952	2,352	400	10,435	22.54%
2025	2,000	2,000	-	11,743	18.36%

Notes to Schedule:

Valuation Date: Actuarially determined contribution rates are determined as of October 1, the beginning of the plan year.

Methods and Assumptions: The actuarial valuation is performed under the requirements of Internal Revenue Code (IRC) Section 430; pursuant to the Pension Protection Act of 2006 (PPA) and subsequent pension laws MAP-21 and HAFTA. The valuation is calculated using PPA actuarial funding methods and prescribed discounts segmented rates. The applicable discount rates for the 2025 actuarial valuation were 4.75% (0-5 years), 4.81% (6-20 years), and 5.50% (for 20+ years). The salary increase assumption was 4.5% per year.

Other assumptions included the Applicable Mortality Table, low turnover table, Table T1, and 100% lump sum elections. The prior years' actuarial reports outline the applicable funding rates for the applicable years.

See independent auditors' report.

OTHER FINANCIAL INFORMATION

ALABAMA HOUSING FINANCE AUTHORITY
STATEMENT OF NET POSITION
SINGLE FAMILY BOND SERIES – ADDITIONAL SEGMENT DATA
SEPTEMBER 30, 2025
($ in thousands)

	2000/2003 Step Up	2003 First Step	2002 D, 2016 A	2024 First Step	Combined Single Family
ASSETS					
CURRENT ASSETS					
Cash on deposit	$ -	$ -	$ -	$ -	$ -
Accounts receivable, net	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-
Mortgage loans receivable, net	-	-	-	-	-
Mortgage loans held for sale	-	-	-	-	-
Investments	-	-	-	-	-
Other assets, net	-	-	-	-	-
Restricted:					
Cash on deposit	-	-	25	-	25
Accrued interest receivable	33		249	2,617	2,899
Investments	771	42	120,190	54,507	175,510
Other assets	-	-	-	-	-
Federal program loans receivable, net	-	-	-	-	-
Total current assets	804	42	120,464	57,124	178,434
NONCURRENT ASSETS					
Mortgage loans receivable, net	-	-	-	-	-
Other assets, net	-	-	-	-	-
Mortgage servicing rights, net	-	-	-	-	-
Restricted:					
Mortgage-backed securities	4,959	78	31,199	409,558	445,794
Other assets, net	-	-	-	-	-
Federal program loans receivable, net	-	-	-	-	-
Total noncurrent assets	4,959	78	31,199	409,558	445,794
TOTAL ASSETS	5,763	120	151,663	466,682	624,228
DEFERRED OUTFLOWS					
Pension-related deferred outflows	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 5,763	$ 120	$ 151,663	$ 466,682	$ 624,228
LIABILITIES					
CURRENT LIABILITIES					
Bonds payable, net	$ 376	$ -	$ 1,000	$ 3,225	$ 4,601
Refundable Federal program grants	-	-	-	-	-
Accrued interest payable	25	-	6	9,097	9,128
Right-to-use lease liability	-	-	-	-	-
Subscription liability	-	-	-	-	-
Accrued compensated absences	-	-	-	-	-
Other liabilities	-	-	-	322	322
Total current liabilities	401	-	1,006	12,644	14,051
NONCURRENT LIABILITIES					
Bonds payable, net	5,047	79	-	443,290	448,416
Refundable Federal program grants, net	-	-	-	-	-
Unearned compliance and commitment fees, net	-	-	-	-	-
Right-to-use lease liability	-	-	-	-	-
Subscription liability	-	-	-	-	-
Total noncurrent liabilities	5,047	79	-	443,290	448,416
TOTAL LIABILITIES	5,448	79	1,006	455,934	462,467
DEFERRED INFLOWS					
Pension-related deferred inflows	-	-	-	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS	5,448	79	1,006	455,934	462,467
NET POSITION					
Investment in capital assets, net	-	-	-		-
Restricted	315	41	150,657	10,748	161,761
Unrestricted	-	-	-	-	-
Total net position	315	41	150,657	10,748	161,761
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 5,763	$ 120	$ 151,663	$ 466,682	$ 624,228

See independent auditors' report.

ALABAMA HOUSING FINANCE AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
SINGLE FAMILY BOND SERIES – ADDITIONAL SEGMENT DATA
FOR THE YEAR ENDED SEPTEMBER 30, 2025
($ in thousands)

	2000/2003 Step Up	2003 First Step	2002 D, 2016 A	2024 First Step	Combined Single Family
OPERATING REVENUES					
Interest on mortgage loans	$ -	$ -	$ -	$ -	$ -
Interest on mortgage-backed securities	293	4	1,748	12,741	14,786
Investment income	22	2	5,656	3,361	9,041
Net realized and unrealized gain on investments	(86)	(2)	(293)	1,743	1,362
Loan servicing fees and other income	5	-	-	-	5
Total operating revenues	234	4	7,111	17,845	25,194
OPERATING EXPENSES					
Interest	315	4	342	14,130	14,791
Amortization of mortgage servicing rights	-	-	-	-	-
Program, general, and administrative	6	-	19	3,114	3,139
Total operating expenses	321	4	361	17,244	17,930
OPERATING INCOME (LOSS)	(87)	-	6,750	601	7,264
NONOPERATING REVENUES (EXPENSES)					
Federal program grants	-	-	-	-	-
Federal program expenditures	-	-	-	-	-
Net nonoperating revenues (expenses)	-	-	-	-	-
INCOME (LOSS) BEFORE TRANSFERS	(87)	-	6,750	601	7,264
Transfers in (out)	-	-	(12,703)	4,703	(8,000)
CHANGES IN NET POSITION	(87)	-	(5,953)	5,304	(736)
NET POSITION					
Beginning of year	402	41	156,610	5,444	162,497
End of year	$ 315	$ 41	$ 150,657	$ 10,748	$ 161,761

See independent auditors' report.

ALABAMA HOUSING FINANCE AUTHORITY
STATEMENT OF NET POSITION
COMBINING ALL FUNDS – ADDITIONAL SEGMENT DATA
SEPTEMBER 30, 2025
($ in thousands)

	Combined Single Family	Federal Programs	Housing Assistance Fund	General Fund	Combined
ASSETS					
CURRENT ASSETS					
Cash on deposit	$ -	$ -	$ 160	$ 15,259	$ 15,419
Accounts receivable, net	-	-	-	283	283
Accrued interest receivable	-	-	169	204	373
Mortgage loans receivable, net	-	-	4,800	48	4,848
Mortgage loans held for sale	-	-	-	77,736	77,736
Investments	-	-	25,027	52,061	77,088
Other assets, net	-	-	-	11,220	11,220
Restricted:					
Cash on deposit	25	45,666	-	-	45,691
Accrued interest receivable	2,899	19,190	-	-	22,089
Investments	175,510	18,828	-	-	194,338
Other assets	-	17	-	-	17
Federal program loans receivable, net	-	62,083	-	-	62,083
Total current assets	178,434	145,784	30,156	156,811	511,185
NONCURRENT ASSETS					
Mortgage loans receivable, net	-	-	37,250	(1,733)	35,517
Other assets, net	-	-	-	15,175	15,175
Mortgage servicing rights, net	-	-	-	73,250	73,250
Restricted:					
Mortgage-backed securities	445,794	-	-	-	445,794
Other assets, net	-	432	-	1,472	1,904
Federal program loans receivable, net	-	282,076	-	-	282,076
Total noncurrent assets	445,794	282,508	37,250	88,164	853,716
TOTAL ASSETS	624,228	428,292	67,406	244,975	1,364,901
DEFERRED OUTFLOWS					
Pension-related deferred outflows	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 624,228	$ 428,292	$ 67,406	$ 244,975	$ 1,364,901
LIABILITIES					
CURRENT LIABILITIES					
Bonds payable, net	$ 4,601	$ -	$ -	$ -	$ 4,601
Refundable Federal program grants	-	62,083	-	-	62,083
Accrued interest payable	9,128	19,190	-	41	28,359
Right-to-use lease liability	-	-	-	850	850
Subscription liability	-	-	-	1,065	1,065
Accrued compensated absences	-	-	-	682	682
Other liabilities	322	1,991	2,150	(884)	3,579
Total current liabilities	14,051	83,264	2,150	1,754	101,219
NONCURRENT LIABILITIES					
Bonds payable, net	448,416	-	-	-	448,416
Refundable Federal program grants, net	-	276,892	-	-	276,892
Unearned compliance and commitment fees, net	-	-	-	15,558	15,558
Right-to-use lease liability	-	-	-	3,726	3,726
Subscription liability	-	-	-	728	728
Total noncurrent liabilities	448,416	276,892	-	20,012	745,320
TOTAL LIABILITIES	462,467	360,156	2,150	21,766	846,539
DEFERRED INFLOWS					
Pension-related deferred inflows	-	-	-	2,344	2,344
TOTAL LIABILITIES AND DEFERRED INFLOWS	462,467	360,156	2,150	24,110	848,883
NET POSITION					
Investment in capital assets, net	-	-	-	1,472	1,472
Restricted	161,761	68,136	-	-	229,897
Unrestricted	-	-	65,256	219,393	284,649
Total net position	161,761	68,136	65,256	220,865	516,018
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 624,228	$ 428,292	$ 67,406	$ 244,975	$ 1,364,901

See independent auditors' report.

ALABAMA HOUSING FINANCE AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
COMBINING ALL FUNDS – ADDITIONAL SEGMENT DATA
FOR THE YEAR ENDED SEPTEMBER 30, 2025
($ in thousands)

	Combined Single Family	Federal Programs	Housing Assistance Fund	General Fund	Combined Totals
OPERATING REVENUES					
Interest on mortgage loans	$ -	$ -	$ 1,678	$ 5,993	$ 7,671
Interest on mortgage-backed securities	14,786	-	-	-	14,786
Investment income	9,041	-	358	1,604	11,003
Net realized and unrealized gain on investments	1,362	-	-	5,259	6,621
Loan servicing fees and other income	5	-	1,257	53,608	54,870
Total operating revenues	25,194	-	3,293	66,464	94,951
OPERATING EXPENSES					
Interest	14,791	-	-	395	15,186
Amortization of mortgage servicing rights	-	-	-	5,944	5,944
Program, general, and administrative	3,139	-	1,024	50,906	55,069
Total operating expenses	17,930	-	1,024	57,245	76,199
OPERATING INCOME	7,264	-	2,269	9,219	18,752
NONOPERATING REVENUES (EXPENSES)					
Federal program grants	-	22,667	-	-	22,667
Federal program expenditures	-	(9,776)	-	-	(9,776)
Net nonoperating revenues (expenses)	-	12,891	-	-	12,891
INCOME BEFORE TRANSFERS	7,264	12,891	2,269	9,219	31,643
Transfers in (out)	(8,000)	-	-	8,000	-
CHANGES IN NET POSITION	(736)	12,891	2,269	17,219	31,643
NET POSITION					
Beginning of year, as restated	162,497	55,245	62,987	203,646	484,375
End of year	$ 161,761	$ 68,136	$ 65,256	$ 220,865	$ 516,018

See independent auditors' report.

APPENDIX C

Form of Bond Counsel Opinion

_____, 2026

Alabama Housing Finance Authority
7460 Halcyon Pointe Drive, Suite 200
Montgomery, AL 36117

Barnes & Thornburg LLP
1717 Arch Street, Suite 4900
Philadelphia, PA 19103

U.S. Bank Trust Company, National Association
Atlanta Concourse 2
2 Concourse Parkway NE, Suite 800
Atlanta, GA 30328-5588
MK-GA-ELA

Raymond James & Associates, Inc.
880 Carillon Parkway, Tower III
St. Petersburg, FL 33716

Stifel, Nicolaus & Company, Incorporated
501 N. Broadway
St. Louis, MO 63102

$_____
Alabama Housing Finance Authority
Collateralized Single Family Mortgage Revenue Bonds
2026 Series D

Ladies and Gentlemen:

We have acted as Bond Counsel to Alabama Housing Finance Authority (the "Authority"), a public corporation of the State of Alabama, in connection with the issuance by the Authority of $_____ aggregate principal amount of its Collateralized Single Family Mortgage Revenue Bonds, 2026 Series D (the "2026 Series D Bonds"). In such capacity, we have examined such law and such certified proceedings and other documents as we have deemed necessary to render this opinion.

The 2026 Series D Bonds are being issued to provide funds to finance home mortgage loans made to persons and families of low and moderate income residing in the State of Alabama through the acquisition of Ginnie Mae Certificates, Fannie Mae Certificates and Freddie Mac Certificates backed by the said mortgage loans. The 2026 Series D Bonds are issued pursuant to a Trust Indenture dated as of May 1, 2024 (the "General Indenture"), as previously amended and supplemented and as further supplemented by a Ninth Supplemental Trust Indenture dated as of December 1, 2026, relating to the 2026 Series D Bonds (the "Ninth Supplemental Indenture" and, together with the General Indenture, as previously amended and supplemented, the "Indenture"), between the Authority and U.S. Bank Trust Company, National Association, Atlanta, Georgia, as trustee (the "Trustee"). Capitalized terms used but not defined herein shall have the meanings set forth in the Indenture.

The 2026 Series D Bonds are subject to redemption and are secured upon the terms and conditions set forth in the Indenture. The Indenture permits the issuance of additional series of bonds under certain

conditions. The 2026 Series D Bonds are secured on a parity with all other series of bonds issued and secured under the Indenture, all of which are hereinafter collectively referred to as the "Bonds".

The Bonds are limited and special obligations of the Authority, the principal of and interest on which are payable solely from the sources provided by the Indenture. The Bonds do not constitute a charge against the general credit of the Authority, nor do they constitute in any manner an indebtedness or obligation of the State of Alabama.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met subsequent to the issuance of the 2026 Series D Bonds in order for interest on the 2026 Series D Bonds to be and remain excludable from gross income for purposes of federal income taxation. The Authority has covenanted that it will comply with all of the applicable requirements of the Code and that it will do all things necessary to ensure that interest on the 2026 Series D Bonds will be excludable from gross income for purposes of federal income taxation. We have examined the Indenture and assume for purposes of this opinion that the Indenture, the Origination and Sale Agreements by and between the Authority and the participating lenders (collectively, the "Origination Agreements") and the Program Guidelines of the Authority (the Indenture, Origination Agreements and Program Guidelines being collectively referred to herein as the "Program Documents") will establish procedures under which, if followed, the requirements of the Code applicable to the 2026 Series D Bonds can be satisfied. In rendering the opinion expressed in paragraph 5 below, we have assumed the accuracy of the representations contained and to be contained in the Program Documents and continuing compliance with, and enforcement of, the procedures and covenants contained and to be contained therein. If such representations are determined to be inaccurate or incomplete, or if the Authority, the Trustee or a participating lender fails to comply with the foregoing covenants and procedures, interest on the 2026 Series D Bonds could become includible in the gross income of the recipient thereof from the date of original issuance of the 2026 Series D Bonds.

Our expressions of opinion regarding authority and actions by the Authority are based upon direct inquiries by us, examination of certified copies of the proceedings of the Authority relating to the authorization and issuance of the 2026 Series D Bonds and an opinion of even date herewith rendered by Maynard Nexsen PC, counsel to the Authority, as to the authority, procedures and actions of the Authority in the authorization and issuance of the 2026 Series D Bonds, as to which matters we have also made independent investigation.

As to questions of fact material to our opinion, we have relied upon the representations of the Authority contained in the Indenture and in the certified proceedings and other certifications of officials of the Authority and others furnished to us without undertaking to verify the same by independent investigation.

Based upon and subject to the foregoing, we are of the opinion that, under existing law:

1. The Authority is a public corporation of the State of Alabama, validly incorporated and existing under the provisions of Chapter 1A of Title 24 of the Code of Alabama of 1975, as amended (the "Act"), with full authority to execute and deliver the Indenture and to issue and sell the 2026 Series D Bonds.

2. The 2026 Series D Bonds have been duly authorized, issued and sold by the Authority in accordance with the Act. The 2026 Series D Bonds constitute valid and binding special and limited obligations of the Authority payable as to principal and interest, solely from the revenues pledged to and charged with the payment thereof under the Indenture and are enforceable against the Authority in accordance with their terms, subject to certain limitations described below.

3. The Indenture has been duly authorized, executed and delivered on behalf of the Authority and assuming due authorization, execution and delivery of the Indenture by, and the binding effect of the same upon the Trustee, is a valid and binding obligation of the Authority, subject to certain limitations described below. The Indenture creates, for the benefit of the holders of the 2026 Series D Bonds and any other series of Bonds outstanding under the Indenture, a valid pledge of and lien on the Pledged Revenues, Mortgage Certificates and other property pledged under the Indenture.

4. Each Origination Agreement has been duly authorized, executed and delivered on behalf of the Authority and assuming due authorization, execution and delivery of the Origination Agreement by, and the binding effect of the same upon the Originators, is a valid and binding obligation of the Authority, subject to certain limitations described below.

5. Interest on the 2026 Series D Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, interest on the 2026 Series D Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the federal alternative minimum tax. In rendering the foregoing opinion, we have relied upon the opinion of Barnes & Thornburg LLP, Special Tax Counsel, with respect to matters of arbitrage under Sections 143(g) and 148 of the Code.

6. Interest on the 2026 Series D Bonds is exempt from State of Alabama income taxation.

The rights of the owners of the 2026 Series D Bonds and the enforceability of the 2026 Series D Bonds, the Indenture and the Origination Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

We express no opinion regarding tax consequences arising with respect to the 2026 Series D Bonds other than as expressly set forth herein.

This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

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APPENDIX D

Form of Opinion of Special Tax Counsel

_____, 2026

Alabama Housing Finance Authority
7460 Halcyon Pointe Drive, Suite 200
Montgomery, AL 36117

Raymond James & Associates, Inc.
880 Carillon Parkway, Tower III
St. Petersburg, FL 33716

Balch & Bingham LLP
1901 Sixth Avenue North, Suite 1500
Birmingham, AL 35203

Stifel, Nicolaus & Company, Incorporated
501 N. Broadway
St. Louis, MO 63102

U.S. Bank Trust Company, National Association,
as Trustee
Atlanta Concourse 2
2 Concourse Parkway NE, Suite 800
Atlanta, GA 30328-5588
MK-GA-ELA

Re: $_____ aggregate principal amount of Alabama Housing Finance Authority Collateralized Single Family Mortgage Revenue Bonds, 2026 Series D

We have acted as special tax counsel to Alabama Housing Finance Authority (the "Authority") in connection with the issuance by the Authority of its Collateralized Single Family Mortgage Revenue Bonds, 2026 Series D in the aggregate principal amount of $_____ (the "2026 Series D Bonds").

The 2026 Series D Bonds are being issued pursuant to, and secured by, a Trust Indenture dated as of May 1, 2024 (the "General Indenture"), as previously amended and supplemented and as further supplemented by a Ninth Supplemental Trust Indenture dated as of December 1, 2026, relating to the 2026 Series D Bonds (the "Ninth Supplemental Indenture" and, together with the General Indenture, as previously amended and supplemented, the "Indenture"), between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), for the purpose of making funds available to finance home mortgage loans (the "Mortgage Loans") made to persons and families of low and moderate income residing in the State of Alabama (the "Program") through acquisition of Government National Mortgage Association Certificates, Fannie Mae Certificates and Freddie Mac Certificates, all of which are backed by Mortgage Loans.

The Indenture permits the Authority to issue Additional Bonds thereunder, upon satisfaction of certain conditions. All bonds issued under the Indenture, including the 2026 Series D Bonds, are on a parity with each other and are equally and ratably secured.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met on a continuing basis subsequent to the delivery of the 2026 Series D Bonds for interest on the 2026 Series D Bonds to be excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the 2026 Series D Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance. The Authority has covenanted in the Indenture to take all reasonable steps to comply with all of the requirements of the Code so that interest on

the 2026 Series D Bonds will be excluded from gross income for federal income tax purposes. We have assumed continuing compliance by the Authority with the above covenants and procedures in rendering our opinion with respect to the interest on the 2026 Series D Bonds being excluded from gross income for federal income tax purposes.

In rendering the opinion set forth below, we have relied upon the opinions of Balch & Bingham LLP, Bond Counsel to the Authority, and Maynard Nexsen PC, legal counsel to the Authority, each of even date herewith, as to the matters set forth in each such opinion without independent verification of the same.

Based upon and subject to the foregoing and as of the date hereof, we are of the opinion that under existing law, interest on the 2026 Series D Bonds is excludable from gross income for federal income tax purposes. Interest on the 2026 Series D Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. However, such interest is taken into account in determining the adjusted financial statement income of applicable corporations for purposes of computing the alternative minimum tax imposed on such corporations, as provided in the Code. We express no opinion regarding other federal income tax consequences with respect to the 2026 Series D Bonds.

This opinion is limited to the matters expressly stated herein. No implied opinion may be inferred to extend this opinion beyond the matters expressly stated herein. We do not undertake to advise you or anyone else of any changes in the opinions expressed herein resulting from changes in law, changes in facts or any other matters that hereafter might occur or be brought to our attention.

Very truly yours,

APPENDIX E

Form of Continuing Disclosure Agreement

This Continuing Disclosure Agreement dated as of December 1, 2026 (this "**Disclosure Agreement**") is executed and delivered by the Alabama Housing Finance Authority (the "**Issuer**") and U.S. Bank Trust Company, National Association (the "**Trustee**"), with respect to the Issuer's Collateralized Single Family Mortgage Revenue Bonds, 2026 Series D (the "**Bonds**"). The Issuer and the Trustee covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer and the Trustee for the benefit of the Owners and beneficial owners of the Bonds and in order to assist the Participating Underwriter for the Bonds in complying with Rule 15c2-12(b)(5) of the United States Securities and Exchange Commission (the "**Securities and Exchange Commission**").

SECTION 2. Definitions. In addition to the definitions set forth in the Trust Indenture dated as of May 1, 2024 (the "**General Indenture**"), as previously amended and supplemented and as further supplemented by a Ninth Supplemental Trust Indenture dated as of December 1, 2026, relating to the Bonds (the "**Ninth Supplemental Indenture**" and, together with the General Indenture, as previously amended and supplemented, the "**Indenture**"), each between the Issuer and the Trustee, which apply to any capitalized term used in this Disclosure Agreement that is not defined in this Disclosure Agreement, the following capitalized terms shall have the following meanings:

"**Annual Bond Disclosure Report**" shall mean any Annual Bond Disclosure Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"**Disclosure Representative**" shall mean the Executive Director of the Issuer or his or her designee, or such other officer or employee as the Issuer may designate in writing to the Trustee from time to time.

"**Dissemination Agent**" shall mean the Trustee, or any successor Dissemination Agent designated in writing by the Issuer and which successor Dissemination Agent has filed with the Trustee a written acceptance of such designation.

"**Financial Obligation**" means a (a) debt obligation; (b) 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) guarantee of (a) or (b) in this definition; provided, however, the term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"**Fiscal Year**" means the fiscal year from October 1 through September 30.

"**Listed Event**" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"**MSRB**" means the Municipal Securities Rulemaking Board.

"**Owner**" means the registered owner of any Bond.

"**Participating Underwriter**" shall mean any person required to comply with the Rule in connection with the offering of the Bonds.

"**Responsible Officer**" shall mean, in the case of the Trustee, the officer or officers specifically administering the Indenture.

"**Rule**" shall mean Rule 15c2-12(b) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"**Trustee**" shall mean U.S. Bank Trust Company, National Association, or any successor trustee pursuant to the Indenture.

SECTION 3. Provision of Annual Bond Disclosure Reports.

The Issuer shall provide or cause to provide or shall cause the Dissemination Agent to provide or cause to provide, not later than March 31 after the end of the Issuer's Fiscal Year, commencing with the Fiscal Year ending September 30, 2026, to the MSRB, in the electronic or other form required by the MSRB, an Annual Bond Disclosure Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. In each case, the Annual Bond Disclosure Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Agreement; *provided* that the audited financial statements of the Issuer, if prepared and when available, may be submitted separately from the balance of the Annual Bond Disclosure Report, and later than the date required in this paragraph for the filing of the Annual Bond Disclosure Report if they are not available by that date. If the Issuer's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Not later than ten (10) Business Days prior to the date specified in subsection (a) for providing the Annual Bond Disclosure Report to the MSRB, the Issuer shall provide the Annual Bond Disclosure Report to the Dissemination Agent and the Trustee (if the Dissemination Agent is not the Trustee). If by the date specified in this subsection 3(b), the Trustee has not received a copy of the Annual Bond Disclosure Report, the Trustee shall contact the Issuer and the Dissemination Agent (if the Dissemination Agent is not the Trustee) to determine if the Issuer is intending to comply with subsection (a).

If the Trustee is able to verify that an Annual Bond Disclosure Report has not been provided to the MSRB by the date required in subsection (a), the Trustee shall send a notice to the MSRB in substantially the form attached as Exhibit A.

The party filing the Annual Bond Disclosure Report with the MSRB pursuant to subsection (a) shall file a report with the Issuer, the Dissemination Agent and the Trustee (if the Dissemination Agent is not the Trustee) certifying that the Annual Bond Disclosure Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB.

SECTION 4. Content of Annual Bond Disclosure Reports. The Annual Bond Disclosure Report for the Bonds shall contain or incorporate by reference the following:

(a) If prepared and when available, the audited financial statements of the Issuer for the most recently ended Fiscal Year, prepared in accordance with generally accepted accounting principles applicable from time to time to the Issuer.

(b) Tables setting forth the following information, as of the end of such Fiscal Year:

(i) For each maturity of the Bonds, the maturity date, the interest rate, the original aggregate principal amount and the principal amount remaining Outstanding.

(ii) During the origination period for the Bonds, the total principal amount of Mortgage Certificates to be purchased and the total principal amount of Mortgage Certificates purchased by the Trustee. This information will not be provided after the origination period for the Bonds is completed.

(iii) The amounts in the funds and accounts securing the Bonds and a description of the related investments.

(iv) The aggregate principal amount of Mortgage Certificates purchased, the aggregate principal balance of Mortgage Certificates remaining Outstanding, and the aggregate principal balance of Mortgage Certificates at each pass-through rate remaining Outstanding.

See Exhibit B hereto for a form for submitting the information set forth in the preceding subparagraph (b).

Any or all of the items listed above may be included by specific reference to other documents, including disclosure documents of debt issues of the Issuer, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final offering document, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, each of the following is a Listed Event with respect to the Bonds:

(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 IRS 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, and tender offers;

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the Bonds, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the Issuer;

(For the purposes of the event identified in this paragraph 12, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer 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 Issuer, 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, arrangements or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.)

(xiii) The consummation of a merger, consolidation, or acquisition of the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such 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 under the Indenture or the change of name of a trustee, if material;

(xv) Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, 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 Issuer, any of which reflect financial difficulties.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event under number 1, 3, 4, 5, 6, 8 (if the event is a tender offer), 9, 11, 12 or 16 above (unless a judgment as to materiality is required to be made), it shall promptly notify the Trustee in writing and shall direct the Dissemination Agent to immediately file a notice of such occurrence with the MSRB. Such notice is required to be filed within ten (10) Business Days of the occurrence of such Listed Event.

(c) Whenever the Issuer obtains knowledge of any Listed Event under number 2, 6 (if a judgment as to materiality is required), 7, 8 (if the event is a bond call), 10, 13, 14 or 15 above, it shall promptly determine if such event is material. If the Issuer determines that such event is material, it shall immediately notify the Trustee and the Dissemination Agent in writing and shall direct the Dissemination Agent to immediately file a notice of such occurrence with the MSRB. Such notice is required to be filed within ten (10) Business Days of the occurrence of such Listed Event.

(d) Any notice under the two (2) preceding subsections shall be accompanied with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Dissemination Agent to disseminate such information as provided herein, and the date the Issuer desires for the Dissemination Agent to disseminate the information.

(e) In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures.

SECTION 6. Termination of Reporting Obligations. The Issuer's obligations under this Disclosure Agreement with respect to the Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be U.S. Bank Trust Company, National Association.

SECTION 8. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Issuer and the Trustee may amend this Disclosure Agreement with consent of the Dissemination Agent (and the Trustee shall not unreasonably withhold its consent to any amendment so requested by the Issuer), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the delivery of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next related Annual Bond Disclosure Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Bond Disclosure Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. No amendment which adversely affects the Trustee may be made without its consent (which consent will not be unreasonably withheld or delayed).

The Issuer may also amend or repeal the provisions of this Disclosure Agreement if the Securities and Exchange Commission amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that

the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

SECTION 9. Additional Information; Miscellaneous. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer 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 Bond Disclosure Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Bond Disclosure Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Bond Disclosure Report or notice of occurrence of a Listed Event.

Any submission to the MSRB (or other applicable repository) shall be in an electronic format and accompanied by identifying information, all as prescribed by the MSRB.

SECTION 10. Default. In the event of a failure of the Issuer or the Trustee to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, shall, upon the Dissemination Agent being indemnified to its satisfaction), or any Owner or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate to cause the Issuer or the Trustee, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer or the Trustee to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. The Trustee and the Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, all of which duties shall be deemed ministerial in nature and shall not carry or imply any fiduciary, trust, or other duty, and no implied covenants shall be read into this Disclosure Agreement with respect to the Trustee or the Dissemination Agent. The Dissemination Agent's obligation to deliver the information at the time and with the content described herein shall be limited to the extent the Issuer has provided such information to the Dissemination Agent as required by this Disclosure Agreement. Neither the Trustee nor the Dissemination Agent shall have any duty with respect to the content of any disclosures made pursuant to the terms hereof. Neither the Trustee nor the Dissemination Agent shall have any duty or obligation to review or verify any Annual Bond Disclosure Report, the Issuer's audited financial statements, Listed Events or any other information, disclosures or notices provided to the Trustee or the Dissemination Agent by the Issuer and neither the Trustee nor the Dissemination Agent shall be deemed to be acting in any fiduciary capacity for the Issuer, the Bondholders or any other party. The Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with its obligations under this Disclosure Agreement. The Dissemination Agent may conclusively rely upon certification of the Issuer at all times. To the extent permitted by law, the Issuer agrees to hold harmless the Dissemination Agent, its officers, directors, employees and agents, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct.

The obligations of the Issuer under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that either the Trustee or the Dissemination Agent is an "obligated person" under the Rule. The fact that the Trustee may have a banking relationship with the Issuer or any person

with whom the Issuer contracts in connection with the transaction described in the Indenture, apart from the relationship created by the Indenture or this Disclosure Agreement, shall not be construed to mean that the Trustee or a Responsible Officer thereof has actual knowledge of any event described in Section 5 above, except as may be provided by written notice to the Trustee pursuant to this Disclosure Agreement or the Indenture. Neither the Trustee nor the Dissemination Agent shall in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Trustee hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to them and believed to be genuine and to have been signed or presented by the proper party or parties.

The Trustee and the Dissemination Agent may, from time to time, consult with legal counsel of their own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and neither of them shall incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE TRUSTEE OR THE ISSUER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, THE DISSEMINATION AGENT OR THE TRUSTEE, RESPECTIVELY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE TRUSTEE IS UNDER NO OBLIGATION NOR IS IT REQUIRED TO BRING SUCH AN ACTION.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee, the Dissemination Agent, the Participating Underwriter and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 13. 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.

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ALABAMA HOUSING FINANCE AUTHORITY

By: _____
Robert L. Smith
Chairman of the Board of Directors

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION (as Trustee and Dissemination Agent)

By: _____
Authorized Officer

EXHIBIT A

NOTICE OF FAILURE TO FILE
ANNUAL BOND DISCLOSURE REPORT

Name of Issuer:	Alabama Housing Finance Authority
Name of Bond Issue:	Collateralized Single Family Mortgage Revenue Bonds, 2026 Series D (Non-AMT)
Date of Delivery:	_____, 2026

NOTICE IS HEREBY GIVEN that the Alabama Housing Finance Authority has not provided an Annual Bond Disclosure Report with respect to the above-named bonds as required by the Continuing Disclosure Agreement dated as of December 1, 2026, between the Issuer and U.S. Bank Trust Company, National Association, as trustee.

Dated: _____

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, on behalf of the Alabama Housing Finance Authority

By: _____

Title: _____

cc: Alabama Housing Finance Authority

EXHIBIT B

ALABAMA HOUSING FINANCE AUTHORITY
Collateralized Single Family Mortgage Revenue Bonds
2026 Series D (Non-AMT)

ANNUAL BOND DISCLOSURE REPORT[†]

Delivery Date: December __, 2026

TRUSTEE

Name: _____
Address: _____
City: _____
Telephone: _____
Contact Person: _____

BONDS OUTSTANDING

CUSIP Number	Maturity Date	Interest Rate	Original Principal Amount	Outstanding Principal Amount	Accrued Interest

CERTIFICATES

Type	Original Principal Amount	Outstanding Principal Amount	Interest Rate

INVESTMENTS

Fund/ Account Name	Investment Type	Principal Balance	Accrued Interest	Investment Rate	Maturity Date

[*] Excluding Audited Financial Statements of the Issuer.

ASSETS & LIABILITIES OF PLEDGED TRUST ESTATE

Certificates (Principal Balance)	_____
Funds and Accounts [list]	_____
Accrued Interest (if any)	_____
TOTAL ASSETS	_____

LIABILITIES

Outstanding Bond Principal	_____
Accrued Interest (if any)	_____
Outstanding Program Expenses (if any)	_____
TOTAL LIABILITIES	_____

EQUITY

Assets Less Liabilities	_____
Parity Ratio	_____

Form of Accounting ☐ Cash ☐ Accrual ☐ Modified Accrual



ALABAMA HOUSING FINANCE AUTHORITY

Mixed Sources
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