

PRELIMINARY OFFICIAL STATEMENT DATED MAY 3, 2024

**NEW ISSUE
BOOK-ENTRY ONLY**

**MOODY'S RATINGS: 2024 SERIES A "Aa1"
2024 SERIES B "Aa1/VMIG 1"**

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Offered Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Offered Bonds may affect the federal alternative minimum tax imposed on certain corporations. Interest on the Offered Bonds is exempt from Arizona state income tax. For a more detailed description of such opinions of Bond Counsel, see "TAX MATTERS" herein and the proposed form of opinion of Bond Counsel attached hereto as Appendix C.



**ARIZONA INDUSTRIAL DEVELOPMENT AUTHORITY
SINGLE FAMILY MORTGAGE REVENUE BONDS**

\$49,340,000*
2024 SERIES A (NON-AMT)

\$15,755,000*
2024 SERIES B (NON-AMT)

Dated: Date of Delivery

Due: As Shown on Inside Cover

The Arizona Industrial Development Authority, a nonprofit corporation designated as a political subdivision of the State of Arizona (the "Authority"), is issuing the above-captioned bonds (individually, the "2024 Series A Bonds" and the "2024 Series B Bonds," respectively, and collectively, the "Offered Bonds") pursuant to a General Indenture of Trust, dated as of June 1, 2024 (the "General Indenture"), a 2024 Series A Indenture, dated as of June 1, 2024 (the "2024 Series A Indenture"), and a 2024 Series B Indenture, dated as of June 1, 2024 (the "2024 Series B Indenture"), each between the Authority and Zions Bancorporation, National Association, as trustee (the "Trustee"). The General Indenture, the 2024 Series A Indenture and the 2024 Series B Indenture are referred to herein collectively as the "Indenture."

The Offered Bonds are issuable only as fully registered bonds in denominations of \$5,000 or integral multiples thereof. The Offered Bonds are registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Offered Bonds. Purchasers will not receive certificates representing their interests in the Offered Bonds. Interest on the Offered Bonds is payable by the Trustee to the registered owners thereof on April 1 and October 1 of each year, commencing October 1, 2024, until maturity or earlier redemption, at the rates set forth on the inside front cover hereof. Principal on the Offered Bonds is payable at maturity or earlier redemption upon surrender at the principal corporate trust office of the Trustee. So long as DTC or its nominee is the registered owner of the Offered Bonds, disbursement of payments of principal, redemption price and interest to DTC is the responsibility of the Trustee; disbursement of such payments to DTC Participants (as defined herein) is the responsibility of DTC; and disbursement of such payments to the Beneficial Owners (as defined herein) is the responsibility of DTC Participants. See "Appendix E - Book-Entry System" hereto.

The Offered Bonds are subject to redemption under the circumstances, on the dates, in the amounts and at the prices described herein. It is expected that some portion of the Offered Bonds will be redeemed without premium prior to their respective stated maturities. See "THE OFFERED BONDS-Redemption Provisions" herein.

The 2024 Series B Bonds are subject to mandatory tender for purchase (with no right to retain) under the circumstances and on the Mandatory Tender Date set forth herein. See "THE OFFERED BONDS-Mandatory Tender of the 2024 Series B Bonds" herein. **This Official Statement does not describe any 2024 Series B Bonds following the Mandatory Tender Date.**

The Authority expects to use the proceeds of the Offered Bonds to purchase Guaranteed Mortgage Securities (as defined herein) backed by mortgage loans originated under the Authority's single family mortgage revenue bond program, and to provide down payment and closing cost assistance in connection therewith. The Offered Bonds will be secured on a parity basis with any Bonds (as defined herein) subsequently issued under the General Indenture by a pledge of and security interest in Bond proceeds, Guaranteed Mortgage Securities, Mortgage Loans and Investments purchased therefrom and other revenues and assets and income held in and receivable by certain funds and accounts established under the Indenture. See "SECURITY FOR THE BONDS" herein.

THE OFFERED BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM THE TRUST ESTATE CREATED UNDER THE INDENTURE. THE OFFERED BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION OR A LOAN OF CREDIT OR A PLEDGE OF THE FULL FAITH AND CREDIT OR TAXING POWER OF THE AUTHORITY, THE ARIZONA FINANCE AUTHORITY, THE STATE OF ARIZONA, OR OF ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY STATE OF ARIZONA CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE ARIZONA FINANCE AUTHORITY, THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF. THE AUTHORITY HAS NO TAXING POWER.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THE OFFERED BONDS AGAINST ANY PAST, PRESENT, OR FUTURE OFFICER, DIRECTOR, PROGRAM MANAGER, MEMBER, COUNSEL, ADVISOR, EMPLOYEE, CONTRACTOR, CONSULTANT, EXECUTIVE DIRECTOR OR AGENT OF THE AUTHORITY OR THE ARIZONA FINANCE AUTHORITY, OR OF ANY SUCCESSOR TO THE AUTHORITY OR THE ARIZONA FINANCE AUTHORITY, AS SUCH, EITHER DIRECTLY OR THROUGH THE AUTHORITY OR THE ARIZONA FINANCE AUTHORITY OR ANY SUCCESSOR TO THE AUTHORITY OR THE ARIZONA FINANCE AUTHORITY, UNDER ANY RULE OF LAW OR EQUITY, STATUTE, OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH OFFICERS, DIRECTORS, PROGRAM MANAGERS, MEMBERS, COUNSEL, ADVISORS, EMPLOYEES, CONTRACTORS, CONSULTANTS, EXECUTIVE DIRECTORS OR AGENTS, AS SUCH, IS EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF AND CONSIDERATION FOR THE EXECUTION AND ISSUANCE OF THE OFFERED BONDS.

THIS COVER PAGE CONTAINS INFORMATION FOR QUICK REFERENCE ONLY. INVESTORS MUST READ THIS ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL AND MATERIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Offered Bonds are offered when, as and if issued by the Authority, subject to the approval as to certain matters by Kutak Rock LLP, as Bond Counsel and Counsel to the Authority. Certain legal matters will be passed upon for the Underwriters by Orrick, Herrington & Sutcliffe LLP. It is expected that the Offered Bonds will be delivered to the Trustee on behalf of DTC in New York, New York, on or about June 20, 2024.*

Barclays

Raymond James

_____, 2024

* Preliminary, subject to change.

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.

MATURITY SCHEDULE*

\$49,340,000

**Arizona Industrial Development Authority
Single Family Mortgage Revenue Bonds
2024 Series A (Non-AMT)**

\$10,700,000 Serial Bonds

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP</u>[†]
April 1, 2025	\$260,000	%	%	
October 1, 2025	325,000			
April 1, 2026	335,000			
October 1, 2026	340,000			
April 1, 2027	355,000			
October 1, 2027	365,000			
April 1, 2028	375,000			
October 1, 2028	385,000			
April 1, 2029	395,000			
October 1, 2029	410,000			
April 1, 2030	420,000			
October 1, 2030	435,000			
April 1, 2031	445,000			
October 1, 2031	455,000			
April 1, 2032	475,000			
October 1, 2032	485,000			
April 1, 2033	500,000			
October 1, 2033	515,000			
April 1, 2034	530,000			
October 1, 2034	545,000			
April 1, 2035	565,000			
October 1, 2035	575,000			
April 1, 2036	600,000			
October 1, 2036	610,000			

Term Bonds

\$3,345,000 ___% Term Bonds due April 1, 2039 – Price ___% CUSIP[†] _____

\$8,340,000 ___% Term Bonds due April 1, 2044 – Price ___% CUSIP[†] _____

\$11,135,000 ___% Term Bonds due April 1, 2049 – Price ___% CUSIP[†] _____

\$7,415,000 ___% Term Bonds due October 1, 2051 – Price ___% CUSIP[†] _____

\$8,405,000 ___% Term Bonds (PAC Bonds) due October 1, 2054 – Price ___% CUSIP[†] _____

* Preliminary; subject to change.

† CUSIP data herein is provided by the CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers have been assigned by an organization not affiliated with the Authority and are included for the convenience of the holders of the Offered Bonds. None of the Authority, their Municipal Advisor, the Underwriter or the Trustee is responsible for the selection or use of the CUSIP numbers, nor is any representation made as to their correctness on the Offered Bonds or as indicated above.

MATURITY SCHEDULE*

\$15,755,000

**Arizona Industrial Development Authority
Single Family Mortgage Revenue Bonds
2024 Series B (Non-AMT)**

\$15,755,000 ___% Bonds due October 1, 2054 – Price ___% CUSIP[†] _____

Subject to Mandatory Tender on April 1, 2025 as described herein.

* Preliminary; subject to change.

† CUSIP data herein is provided by the CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers have been assigned by an organization not affiliated with the Authority and are included for the convenience of the holders of the Offered Bonds. None of the Authority, their Municipal Advisor, the Underwriter or the Trustee is responsible for the selection or use of the CUSIP numbers, nor is any representation made as to their correctness on the Offered Bonds or as indicated above.

ARIZONA INDUSTRIAL DEVELOPMENT AUTHORITY

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Daniel A. Dialessi, Chief Financial Officer

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Raymond James & Associates, Inc.

UNDERWRITERS' COUNSEL

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San Francisco, California

The information set forth or included in this Official Statement has been provided by the Authority and from other sources believed by the Authority to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the Authority described herein since the date hereof. 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 responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

This Official Statement contains statements relating to the Authority's acquisition of Guaranteed Mortgage Securities 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.

No dealer, broker, salesperson or other person has been authorized by the Authority or the Underwriters to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall be no sale of the Offered Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The Offered Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the merits of the Offered Bonds or the accuracy or adequacy of the Official Statement. Any representation to the contrary may be a criminal offense.

The prices at which the Offered Bonds are offered to the public by the Underwriters (and the yields resulting therefrom) may vary from the initial public offering prices or yields appearing on the inside front cover hereof. In addition, the Underwriters may allow concessions or discounts from such initial public offering prices to dealers and others. In connection with this offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Offered Bonds offered hereby at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

All information for investors regarding the Authority and the Offered Bonds is contained in this Official Statement. References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

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OFFICIAL STATEMENT

ARIZONA INDUSTRIAL DEVELOPMENT AUTHORITY SINGLE FAMILY MORTGAGE REVENUE BONDS

\$49,340,000*
2024 SERIES A (NON-AMT)

\$15,755,000*
2024 SERIES B (NON-AMT)

INTRODUCTION

This Official Statement (which includes the cover pages and appendices hereto) provides certain information regarding the Arizona Industrial Development Authority (the “**Authority**”) and the Authority’s issuance of its Single Family Mortgage Revenue Bonds, 2024 Series A (Non-AMT), in the aggregate principal amount of \$49,340,000* (the “**2024 Series A Bonds**”), and its Single Family Mortgage Revenue Bonds, 2024 Series B (Non-AMT), in the aggregate principal amount of \$15,755,000* (the “**2024 Series B Bonds**”), and collectively with the 2024 Series A Bonds, the “**Offered Bonds**”). The Authority is a nonprofit corporation designated as a political subdivision of the State of Arizona (the “**State**”) and is incorporated with the approval of the Arizona Finance Authority (the “**Arizona Finance Authority**”) pursuant to the provisions of the Constitution and laws of the State, including the Industrial Development Financing Act, Title 35, Chapter 5, of the Arizona Revised Statutes, Sections 35-701 *et seq.*, as amended (the “**Act**”).

The Authority is issuing the Offered Bonds pursuant to a General Indenture of Trust, dated as of June 1, 2024 (the “**General Indenture**”), a 2024 Series A Indenture, dated as of June 1, 2024 (the “**2024 Series A Indenture**”), and a 2024 Series B Indenture, dated as of June 1, 2024 (the “**2024 Series B Indenture**”), each between the Authority and Zions Bancorporation, National Association, as trustee (the “**Trustee**”). The General Indenture, as amended and supplemented from time to time, the 2024 Series A Indenture and the 2024 Series B Indenture are collectively referred to herein as the “**Indenture**.” See Appendices A and B for a summary of certain definitions and terms and provisions set forth in the Indenture. Terms used in this Official Statement (including the Appendices), unless otherwise defined herein, shall have the meanings ascribed to such terms in Appendix A hereto. Pursuant to the Indenture, the Trustee is designated as the Paying Agent, Registrar and Depository with respect to the Offered Bonds.

The Offered Bonds are the first two Series of Bonds issued under the General Indenture. Upon satisfaction of the conditions set forth in the General Indenture, additional Series of Bonds (“**Additional Bonds**”) may be issued on a parity basis with the Offered Bonds pursuant to the General Indenture. The Offered Bonds and all Additional Bonds are herein referred to as the “**Bonds**.” The Authority expects to issue multiple series of Additional Bonds in the future under the General Indenture and related Series Indentures.

The Indenture authorizes the issuance of Bonds to provide the Authority with funds to finance and refinance single family mortgage loans (“**Mortgage Loans**”), which are secured by first mortgage liens on single family residences located in the Counties of Apache, Cochise, Coconino, Gila, Graham, Greenlee, La Paz, Mohave, Navajo, Pinal, Santa Cruz, Yavapai and Yuma within the State (the “**Eligible Areas**”). Under current State law, the Eligible Areas constitute the entire State of Arizona, except for the Counties of Maricopa (which includes the City of Phoenix) and Pima (which includes the City of Tucson). The Eligible Areas accounted for approximately 24% of the State’s population as of 2020. The Mortgage Loans made or purchased (the “**Qualified Mortgage Loans**”) must meet certain other requirements as set forth in the General Indenture and the related series indentures and in other program documents. The Authority also may issue Bonds to provide funds to purchase mortgage-backed securities guaranteed as to payment of

* Preliminary; subject to change.

principal and interest by the Government National Mortgage Association (“**Ginnie Mae**”), Fannie Mae (formerly known as the Federal National Mortgage Association), the Federal Home Loan Mortgage Corporation (“**Freddie Mac**”), or any other agency or instrumentality of or chartered by the United States to which the powers of any of them have been transferred or which have similar powers to purchase or guarantee timely payment of certificates or securities, which are backed by or representing Qualified Mortgage Loans (collectively, the “**Guaranteed Mortgage Securities**”). See “SUMMARY OF GUARANTEED MORTGAGE SECURITY PROGRAMS, CERTAIN MORTGAGE INSURANCE PROGRAMS AND MORTGAGE PROPERTY INSURANCE REQUIREMENTS” in Appendix F hereto.

Qualified Mortgage Loans financed under the Authority’s Arizona is Home Single Family Mortgage Revenue Bond Program (the “**Program**”) with proceeds of the Bonds will be originated by participating mortgage lenders (the “**Mortgage Lenders**”) and serviced by U.S. Bank National Association, as master servicer (the “**Master Servicer**”). Mortgage Lenders will sell originated Qualified Mortgage Loans to the Master Servicer, which will then pool such Qualified Mortgage Loans and either issue Guaranteed Mortgage Securities backed by such Qualified Mortgage Loans (in the case of Guaranteed Mortgage Securities guaranteed by Ginnie Mae) or cause such Guaranteed Mortgage Securities to be issued (in the case of Guaranteed Mortgage Securities issued by Fannie Mae and/or Freddie Mac). The Master Servicer will then sell the Guaranteed Mortgage Securities to the Trustee. See “THE PROGRAM” herein.

The General Indenture also authorizes the issuance of Bonds to refund Outstanding Bonds and to provide funds for other purposes, including making grants and/or loans for down payment and closing cost assistance, depositing moneys in various Funds and Accounts established under the General Indenture and any related series indenture and paying costs of issuing bonds and other obligations thereunder.

The Authority expects to use the proceeds of the 2024 Series A Bonds to finance Qualified Mortgage Loans (including any participations therein, the “**2024 Series A Mortgage Loans**”) through the purchase of Guaranteed Mortgage Securities (including any participations therein, the “**2024 Series A Guaranteed Mortgage Securities**”) backed by 2024 Series A Mortgage Loans. The Authority also expects to use the proceeds of the 2024 Series A Bonds and other available moneys to finance second mortgage loans (each a “**DPA Second Mortgage Loan**”) to provide down payment and closing cost assistance to borrowers in connection with their 2024 Series A Mortgage Loans. The Authority expects to invest the proceeds of the 2024 Series B Bonds in Investments and does not expect to use such proceeds to purchase Qualified Mortgage Loans, DPA Second Mortgage Loans, or Guaranteed Mortgage Securities prior to the Mandatory Tender or earlier redemption of the 2024 Series B Bonds, although the Authority is not precluded from doing so. See “SOURCES AND USES OF FUNDS” and “CERTAIN ASSUMPTIONS AND RISK FACTORS—Risk Factors—Investment Obligations” herein.

Proceeds of the 2024 Series A Bonds are expected to be used to finance 2024 Series A Mortgage Loans originated pursuant to the Program made to first-time homebuyers and other eligible borrowers (as described herein) with annual incomes not greater than 80% of the applicable Area Median Income (“**AMI**”) throughout the Eligible Areas. Such 2024 Series A Mortgage Loans are expected to have a fixed interest rate, an initial term of 30 years and be made in conjunction with a DPA Second Mortgage Loan equal to 4% of the first mortgage loan. The DPA Second Mortgage Loans will be non-amortizing loans with a fixed interest rate of 0% and are expected to be forgiven after 60 months. To assist the Program, the Arizona Department of Housing (“**ADOH**”) has contributed approximately \$4,500,000 to the Authority.

To facilitate the Program, the Authority maintains a “pipeline” of reservations for Qualified Mortgage Loans and DPA Second Mortgage Loans expected to be financed with the proceeds of the 2024 Series A Bonds. As of April 26, 2024, such pipeline includes reservations for approximately \$7,730,000 in aggregate principal amount of Qualified Mortgage Loans with a weighted average coupon of approximately 5.78% and approximately \$290,000 in aggregate principal amount of DPA Second Mortgage

Loans. All or a portion of such Qualified Mortgage Loans and DPA Second Mortgage Loan reservations may not be made for various reasons. See “CERTAIN ASSUMPTIONS AND RISK FACTORS—Risk Factors” herein.

The Authority may deposit or allocate a portion of the proceeds (“**Participation Funds**”) from the issuance of one or more Series of Bonds (including the Offered Bonds) to finance the purchase of Guaranteed Mortgage Securities and DPA Second Mortgage Loans under the General Indenture. The Authority may use Participation Funds, together with proceeds of the Offered Bonds, to purchase Guaranteed Mortgage Securities and DPA Second Mortgage Loans. Both principal payments and prepayments of Guaranteed Mortgage Securities purchased with proceeds of the Offered Bonds and the Participation Funds, if any, will be allocated pro rata (at such percentages to be determined by the Authority) between the respective accounts of the Revenue Fund related to the Bonds which generated the Participation Funds. Interest payments on Guaranteed Mortgage Securities purchased with proceeds of the Offered Bonds and the Participation Funds will be allocated at such percentages to be determined by the Authority to reduce or increase the effective interest rate on the Mortgage Loans made under the bond issues providing the Participation Funds.

The 2024 Series B Bonds are subject to mandatory tender (with no right to retain) in whole or in part on April 1, 2025* (the “**Mandatory Tender Date**”) as more fully described herein. **THIS OFFICIAL STATEMENT DESCRIBES THE 2024 SERIES B BONDS ONLY PRIOR TO THE MANDATORY TENDER DATE.** See “THE OFFERED BONDS—Mandatory Tender of the 2024 Series B Bonds” herein.

THE BONDS, THE REDEMPTION PREMIUM, IF ANY, AND THE INTEREST THEREON ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE EXCLUSIVELY FROM THE TRUST ESTATE. SEE “THE AUTHORITY” AND “SECURITY FOR THE BONDS” HEREIN.

The information set forth on the cover pages and in the Appendices hereto is part of this Official Statement. Brief descriptions of the Authority, the Offered Bonds, the security for the Bonds, including the Offered Bonds, the Program, the Indenture, the Ginnie Mae Securities, the Fannie Mae Securities, and the Freddie Mac Securities (each as described herein) and the Authority’s continuing disclosure undertaking are included in this Official Statement. The summaries herein do not purport to be complete and are qualified in their entirety by reference to such documents, agreements and programs as may be referred to herein, and the summaries herein describing the Offered Bonds are further qualified in their entirety by reference to the forms of the Offered Bonds included in the Indenture and the provisions with respect thereto included in the aforesaid documents, copies of which are available from the Authority or the Trustee.

THE AUTHORITY

General

The Authority is a nonprofit corporation designated as a political subdivision of the State, incorporated with the approval of the Arizona Finance Authority (the “**AFA**”), pursuant to the provisions of the Constitution and laws of the State, including the Act. The Authority is governed by a Board of Directors (the “**Directors**”), presently consisting of five members, who are appointed by the Governor of the State to concurrently serve as directors of the AFA, an authority established in the Governor’s Office of Economic Opportunity pursuant to Title 41, Chapter 53, Article 2, Arizona Revised Statutes, as amended.

* Preliminary; subject to change.

Pursuant to the Act, the Authority is empowered to issue revenue bonds to finance and refinance, directly or indirectly, the acquisition, construction, improvement or equipping of projects which are owner-occupied single-family dwelling units to be occupied by persons of low and moderate income within its jurisdiction, pledge mortgages thereon as security for the payment of the principal of and interest on any such revenue bonds and enter into any agreements made in connection therewith, and to perform any other duties that the Authority considers necessary in carrying out the purposes of the Act.

The Authority has certain assets and may attain additional assets in the future. However, such assets are not pledged to secure payment of the Bonds, and the Authority has no obligation or expectation of making such assets subject to the lien of the Indenture. The Authority has no taxing power and has committed no source of funds for payment of the Bonds other than the Trust Estate established under the Indenture. The Authority does not have the power to pledge its general credit or to pledge the general credit or taxing power of the State or of any political subdivision thereof, including but not limited to, the AFA.

Regarding the Program (and other single family-related activities undertaken by the Authority as described below), the Authority does not originate, pool, or service mortgage loans of any type, have any expertise in such functions, or employ any staff to carry out those functions. **As described herein, the Authority has contracted with unrelated third parties with respect to the operation of the Program, including but not limited to the administration of the Program, the origination of Mortgage Loans, and the pooling and servicing of the Mortgage Loans.** To assist with the conduct of the Program, among other things: (a) the Mortgage Lenders participating in the Program have each entered into a Mortgage Origination Agreement with the Authority (collectively, and including any addenda thereto, the “**Mortgage Origination Agreements**”), pursuant to which the Mortgage Lenders agree to originate Mortgage Loans and sell such Mortgage Loans to the Master Servicer; (b) the Master Servicer and the Authority have entered into a Servicing Agreement pursuant to which the Master Servicer agrees to purchase the Mortgage Loans from the Mortgage Lenders, service the Mortgage Loans, pool the Mortgage Loans into Guaranteed Mortgage Securities, and sell the Guaranteed Mortgage Securities to the Trustee; (c) Hilltop Securities Inc. (the “**Program Administrator**”) and the Authority have entered into a Program Administration Agreement (the “**Program Administration Agreement**”) pursuant to which the Program Administrator reviews each Mortgage Loan prior to purchase by the Master Servicer for compliance with the requirements of the Program and generally administers the Program on behalf of the Authority; and (d) the Trustee has agreed to purchase the Guaranteed Mortgage Securities from the Master Servicer and to pay debt service on the Bonds on behalf of the Authority, all as described in the Indenture, including but not limited to the collection of Guaranteed Mortgage Securities revenues and Investment revenues and the application thereof to the payment of the Bonds in accordance with the provisions of the Indenture.

THE OFFERED BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE EXCLUSIVELY FROM THE TRUST ESTATE CREATED UNDER THE INDENTURE. THE OFFERED BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION OR A LOAN OF CREDIT OR A PLEDGE OF THE FULL FAITH AND CREDIT OR TAXING POWER OF THE AUTHORITY, THE STATE, OR OF ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE AUTHORITY HAS NO TAXING POWER.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THE OFFERED BONDS AGAINST ANY PAST, PRESENT, OR FUTURE OFFICER, DIRECTOR, PROGRAM MANAGER, MEMBER, COUNSEL, ADVISOR, EMPLOYEE, CONTRACTOR, CONSULTANT, EXECUTIVE DIRECTOR OR AGENT OF THE AUTHORITY OR THE AFA, OR OF ANY SUCCESSOR TO

THE AUTHORITY OR THE AFA, AS SUCH, EITHER DIRECTLY OR THROUGH THE ISSUER OR THE AFA OR ANY SUCCESSOR TO THE AUTHORITY OR THE AFA, UNDER ANY RULE OF LAW OR EQUITY, STATUTE, OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH OFFICERS, DIRECTORS, PROGRAM MANAGERS, MEMBERS, COUNSEL, ADVISORS, EMPLOYEES, CONTRACTORS, CONSULTANTS, EXECUTIVE DIRECTORS OR AGENTS, AS SUCH, IS EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF AND CONSIDERATION FOR THE EXECUTION AND ISSUANCE OF THIS OFFERED BOND.

Board of Directors

In accordance with the Act, the business and affairs of the Authority are directed by the Directors. Directors are appointed by the Governor as board members of the AFA, which by statute, form the Board of Directors of the Authority. The members serve at the pleasure of the Governor. The Directors annually elect from among themselves one of the Directors to serve as President and to fill other offices created under the Authority's Amended and Restated Bylaws, as determined by the Board of Directors. Directors serve terms of three years; however, Directors may continue to serve until their successors are duly appointed. The current Directors of the Authority are:

Robin Romano, President. Robin Romano is CEO of MariSol Federal Credit Union and has served in this position for more than 25 years, driving financial empowerment and community building. A former National Credit Union Administration Examiner, Ms. Romano was recruited to MariSol Federal Credit Union by its board of directors to repair the problems identified during the examination. Ms. Romano has served as Chair of the Consumer Financial Protection Bureau's Credit Union Advisory Committee and is the current Chair for Inclusiv, a Community Development Financial Institution Intermediary.

David Castillo, Vice President. David Castillo serves as CEO of Native Community Capital – a 501(c)(3) tax exempt, non-profit, Department of Treasury-certified, Native Community Development Financial Institution (CDFI) with offices in New Mexico and Arizona. In addition to overseeing day-to-day operations, his primary role is to maintain and develop strategic partnerships with banks, public-sector agencies, as well as CDFI and foundation partners to raise public- and private-sector capital to support housing, community- and economic-development financing on tribal lands.

Kenneth Burns, Treasurer. Ken Burns serves as Chief Financial Officer and Chief Operating Officer of the Arizona Commerce Authority (ACA), where he oversees teams responsible for financial incentive program administration, accounting, information technology, human resources and overall operations. Prior to joining ACA, Mr. Burns served in a similar capacity for the Greater Phoenix Economic Council for more than seven years, where he was active on Finance, Audit, Resource Development and other strategic planning committees.

Marcel Dabdoub, Director. Marcel Dabdoub is an entrepreneur, investor, and real estate developer in Tucson. He was named 2017 Businessman of the Year by the Tucson Hispanic Chamber of Commerce and currently serves on the boards of the Southern Arizona Community Foundation, the Arizona FORGE Strategic Advisory Council, and the Casa Hogar Madre Conchita Foundation, a girls' orphanage in Nogales, Sonora, Mexico.

Andre Whittington, Director. Andre Whittington serves as the Executive Director of Growth Partners Arizona, a Community Development Financial Institution. Prior to joining Growth Partners Arizona, Mr. Whittington served as the Associate Director for Our Village United, Inc. in Atlanta, Georgia. During his tenure he assisted in building national small business programs that ensured BIPOC business owners received the necessary training to help scale their business and ensure they were capital ready. Mr.

Whittington also spent over 10 years working for a Fortune 50 company where he was responsible for leading national learning and development teams, developing performance management strategies, and implementing organizational development initiatives that directly impacted a workforce of over 30,000 employees.

Management

The Directors appoint an Executive Director to conduct the day-to-day operations of the Authority and to hire additional staff necessary to carry out such operations. The following is a brief summary of the Authority's personnel having management responsibilities for the Program.

Dirk Swift, Executive Director. Dirk Swift is the Executive Director of the Authority. In addition to his current role with the Authority, Mr. Swift has been the Program Manager for the Authority's Home Plus home buyer down payment assistance program since June 2014. Under his leadership, more than 38,000 new homebuyers have used the Home Plus program to achieve homeownership. Before entering public service, Mr. Swift spent over 25 years in the private sector as a mortgage banking professional. He has experience supervising mortgage lending professionals in both centralized and decentralized settings, serving retail, wholesale, and portfolio-acquisition business channels.

Daniel A. Dialessi, Chief Financial Officer. Daniel Dialessi began public service in 2016. Initially with the Governors' Office of Strategic Planning and Budget, Mr. Dialessi was part of the team responsible for launching the AFA and the Authority. In early 2017 Mr. Dialessi joined the AFA full time to serve as the CFO of the Water Infrastructure Finance Authority, ultimately serving as Executive Director from 2019 to 2023. Prior to state service, Mr. Dialessi spent over a decade in financial services, with a focus on fixed income as a bond trader with a national brokerage firm and later portfolio design as a senior investment analyst for a multi-billion-dollar investment advisor.

THE OFFERED BONDS

General

The Offered Bonds are dated their date of delivery and bear interest at the rates and mature in the amounts and on the dates set forth on the inside front cover of this Official Statement. The Authority is issuing the Offered Bonds as fully registered bonds which, when initially issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC is acting as securities depository for the Offered Bonds. Purchases of Bonds are being made in book-entry form only and in denominations of \$5,000 or integral multiples thereof (an "**Authorized Denomination**") through brokers and dealers who are, or who act through, DTC participants. Beneficial owners of the Offered Bonds will not receive physical delivery of bond certificates so long as DTC or a successor acts as the securities depository with respect to the Offered Bonds. See "THE OFFERED BONDS – Book-Entry System" and "Appendix E – Book-Entry System" herein.

THIS OFFICIAL STATEMENT DESCRIBES THE 2024 SERIES B BONDS ONLY PRIOR TO THE MANDATORY TENDER DATE. See "THE OFFERED BONDS – Mandatory Tender of the 2024 Series B Bonds" herein.

Payment Provisions

The Trustee shall pay interest semiannually on April 1 and October 1 of each year (each an “**Interest Payment Date**”), commencing October 1, 2024*, until maturity or earlier redemption. Interest on the Offered Bonds will be computed on the basis of a 360-day year of twelve 30-day months from their original issue date or the most recent Interest Payment Date, whichever is later. The Trustee shall pay interest to the owners of record in the bond registration books maintained by the Trustee at the close of business on the fifteenth (15th) day (whether or not a business day) preceding each Interest Payment Date (the “**Record Date**”). The Trustee shall pay the principal of the Offered Bonds at maturity or earlier date of redemption, together with all interest accrued to such date and any redemption premium, upon presentation and surrender of the Offered Bonds at the Trustee’s designated corporate trust office. If a payment of interest, principal or the Redemption Price of Offered Bonds is to be made on a day that is not a Business Day, it will be made on the next succeeding Business Day with the same force and effect as if made on the date of payment, and no interest shall accrue thereon for the period after such date.

The foregoing procedures and methods for payment will apply if the provisions for global book-entry bonds as described below cease to be in effect and will apply to the holding and transfer of Offered Bonds by DTC subject to certain modifications provided for in a Letter of Representations between the Authority and DTC. **SO LONG AS DTC OR ITS NOMINEE IS THE REGISTERED OWNER OF THE OFFERED BONDS, PAYMENT OF THE PRINCIPAL OR THE REDEMPTION PRICE THEREOF AND THE INTEREST THEREON WILL BE MADE BY WIRE TRANSFER DIRECTLY TO DTC OR ITS NOMINEE.** See “Appendix E” hereto.

Registration and Transfer of the Offered Bonds

The Trustee shall maintain at its designated trust office, books for the registration and transfer of the Offered Bonds. Upon presentation thereof for such purpose, the Trustee shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as they or the Trustee may prescribe, any Offered Bond entitled to registration or transfer. Each Offered Bond will be transferable only upon the books of the Trustee, at the request of the registered owner thereof in person or by his or her attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his or her duly authorized attorney. In the event of a transfer of any such Offered Bond, the Trustee will issue in the name of the transferee a new registered Offered Bond of the same aggregate principal amount and maturity as the surrendered Offered Bond. The Offered Bonds may be exchanged at the principal office of the Trustee for an equal aggregate principal amount of Offered Bonds of the same maturity of other Authorized Denominations.

In each case in which Offered Bonds are transferred or exchanged, the Authority will execute, and the Trustee will authenticate, as required, and deliver Offered Bonds to the transferee or the Offered Bondholder making the exchange. The Authority will not be obligated to make any such exchange or transfer of Offered Bonds, in the case of any proposed redemption of Offered Bonds, during the ten (10) days preceding the date of transmitting notice of such redemption.

The Authority and the Trustee may deem and treat the person in whose name any Outstanding Offered Bond shall be registered upon the books of the Authority to be the absolute owner of such 2024 Series A Bond, whether such 2024 Series A Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or premium, if any, and interest on such Offered Bond and for all other purposes, and all such payments so made to any such registered owner or upon his or her written

* Preliminary, subject to change.

order or to his or her legal representative shall be valid and effectual to satisfy and discharge the liability upon such Offered Bond to the extent of the sum or sums so paid, and none of the Authority or the Trustee shall be affected by any notice to the contrary.

Redemption Provisions*

Sinking Fund Redemption. The 2024 Series A Bonds maturing on April 1, 2039 are subject to mandatory redemption in part, at par without premium, plus accrued interest, from funds required to be deposited in the Revenue Fund, on the dates and in principal amounts as follows:

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
April 1, 2037	\$630,000	October 1, 2038	\$685,000
October 1, 2037	650,000	April 1, 2039 [†]	710,000
April 1, 2038	670,000		

[†] Final Maturity.

The 2024 Series A Bonds maturing on April 1, 2044 are subject to mandatory redemption in part, at par without premium, plus accrued interest, from funds required to be deposited in the Revenue Fund, on the dates and in principal amounts as follows:

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
October 1, 2039	\$730,000	April 1, 2042	\$840,000
April 1, 2040	750,000	October 1, 2042	870,000
October 1, 2040	775,000	April 1, 2043	890,000
April 1, 2041	795,000	October 1, 2043	920,000
October 1, 2041	820,000	April 1, 2044 [†]	950,000

[†] Final Maturity.

The 2024 Series A Bonds maturing on April 1, 2049 are subject to mandatory redemption in part, at par without premium, plus accrued interest, from funds required to be deposited in the Revenue Fund, on the dates and in principal amounts as follows:

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
October 1, 2044	\$ 970,000	April 1, 2047	\$1,125,000
April 1, 2045	1,005,000	October 1, 2047	1,160,000
October 1, 2045	1,030,000	April 1, 2048	1,195,000
April 1, 2046	1,065,000	October 1, 2048	1,225,000
October 1, 2046	1,095,000	April 1, 2049 [†]	1,265,000

[†] Final Maturity.

* Preliminary; subject to change.

The 2024 Series A Bonds maturing on October 1, 2051 are subject to mandatory redemption in part, at par without premium, plus accrued interest, from funds required to be deposited in the Revenue Fund, on the dates and in principal amounts as follows:

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
October 1, 2049	\$1,405,000	April 1, 2051	\$1,525,000
April 1, 2050	1,435,000	October 1, 2051 [†]	1,565,000
October 1, 2050	1,485,000		

[†] Final Maturity.

The 2024 Series A Bonds maturing on October 1, 2054 (the “**PAC Bonds**”) are subject to mandatory redemption in part, at par without premium, plus accrued interest, from funds required to be deposited in the Revenue Fund, on the dates and in principal amounts as follows:

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
April 1, 2052	\$1,000,000	October 1, 2053	\$1,640,000
October 1, 2052	1,550,000	April 1, 2054	1,690,000
April 1, 2053	1,595,000	October 1, 2054 [†]	930,000

[†] Final Maturity.

Redemption from Unexpended Proceeds. The 2024 Series A Bonds are subject to redemption prior to maturity at the option of the Authority, in whole or in part, at any time, from and to the extent that proceeds thereof deposited in the 2024 Series A Mortgage Loan Account are not applied to the purchase of 2024 Series A Mortgage Loans or 2024 Series A Guaranteed Mortgage Securities (“**Unexpended Proceeds**”), at a Redemption Price equal to (1) in the case of the 2024 Series A Bonds other than the PAC Bonds, the principal amount thereof, without premium, plus accrued interest to the redemption date, and (2) in the case of the PAC Bonds, the respective price set forth on the inside cover page hereof, plus accrued interest to the redemption date.

The Code currently requires that Unexpended Proceeds, if any, must be applied to redeem the 2024 Series A Bonds within 42 months of the date of issuance thereof. Unexpended Proceeds are required to be applied to the redemption of the 2024 Series A Bonds no later than December 20, 2027. 2024 Series A Bonds redeemed with Unexpended Proceeds will be redeemed on a pro rata basis, unless otherwise directed by the Authority (provided that such direction shall not impact the weighted average life of the PAC Bonds).

Redemption from Prepayments and Excess Revenues. The 2024 Series A Bonds are subject to special redemption at the option of the Authority, in whole or in part, on any Business Day, at the principal amount so called for redemption plus accrued interest thereon, without premium, from Prepayments under the General Indenture and from Revenues which are not required to make Debt Service Payments under the General Indenture (“**Excess Revenues**”). Prepayments of and Excess Revenues from Mortgage Loans other than the 2024 Series A Mortgage Loans may be applied to the redemption of the PAC Bonds, but only to the extent that such redemptions do not cause the outstanding balance of the PAC Bonds to be less than the PAC Bonds Applicable Amount set forth in the table below under “Certain Information Relating to the PAC Bonds. Except as set forth below, Prepayments of and Excess Revenues from the 2024 Series A Mortgage Loans may be used, at the direction of the Authority, to redeem any Bonds, including Bonds other than the 2024 Series A Bonds.

THE 2024 SERIES B BONDS ARE NOT SUBJECT TO REDEMPTION FROM PREPAYMENTS AND EXCESS REVENUES PRIOR TO THE MANDATORY TENDER DATE.

Redemption of the PAC Bonds. The PAC Bonds are subject to mandatory redemption from, and to the extent received, Directed 2024 Series A Principal Payments. “**Directed 2024 Series A Principal Payments**” means, with respect to any redemption date, repayments and Prepayments from 2024 Series A Mortgage Loans less the sum of the principal amount of any 2024 Series A Bonds scheduled to mature or subject to sinking fund redemption on such redemption date (or, if no such 2024 Series A Bonds are scheduled to mature or are subject to sinking fund redemption on such redemption date, a pro rata portion of the next subsequent scheduled maturity amount or Sinking Fund Payment amount of such 2024 Series A Bonds). The PAC Bonds shall be redeemed on one or more days during each semiannual period ending on April 1 and October 1, commencing with the period ending October 1, 2025, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date to the extent that, after giving effect to such redemption, the aggregate principal amount of the PAC Bonds outstanding on such redemption date is not less than the related Applicable Amount of such PAC Bonds as set forth below (the “**PAC Bonds Applicable Amount**”). If the Directed 2024 Series A Principal Payments are insufficient in any semiannual period to redeem the PAC Bonds in the amount described above, the PAC Bonds will continue to be redeemable in future semiannual periods from Directed 2024 Series A Principal Payments received in such future semiannual period in the same manner as described above. If there are excess Directed 2024 Series A Principal Payments with respect to any semiannual period, such excess may be applied to any authorized purpose under the Indenture, including the redemption of other Bonds as described under “ – *Special Redemption from Prepayments and Excess Revenues*” or the PAC Bonds if necessary under the Code.

The PAC Bonds Applicable Amount as of each Bond Payment Date following redemption of the PAC Bonds is as follows:

<u>Bond Payment Date</u>	<u>PAC Bonds Applicable Amount</u>
June 20, 2024	\$8,405,000
April 1, 2025	8,405,000
October 1, 2025	8,215,000
April 1, 2026	7,875,000
October 1, 2026	7,385,000
April 1, 2027	6,760,000
October 1, 2027	6,045,000
April 1, 2028	5,345,000
October 1, 2028	4,665,000
April 1, 2029	4,010,000
October 1, 2029	3,380,000
April 1, 2030	2,795,000
October 1, 2030	2,240,000
April 1, 2031	1,705,000
October 1, 2031	1,185,000
April 1, 2032	695,000
October 1, 2032	225,000
April 1, 2033 and thereafter	-0-

If the 2024 Series A Bonds are redeemed on a date other than a Bond Payment Date, the PAC Bonds Applicable Amount as of such redemption date will be determined by straight-line interpolation between the PAC Bonds Applicable Amounts for the Bond Payment Dates immediately preceding and succeeding such redemption date.

If the PAC Bonds are redeemed from Unexpended Proceeds, the PAC Bonds Applicable Amounts set forth for each semiannual period will be reduced on a proportionate basis unless otherwise directed by the Authority (provided that such direction shall not impact the weighted average life of the PAC Bonds).

The weighted average life of a security refers to the average 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 PAC Bonds will be influenced by, among other factors, the rate at which all amounts received by the Authority or the Trustee representing the recovery of all or a portion of the principal amount of Mortgage Loans, including regularly scheduled principal payments and Prepayments (“**Principal Receipts**”) are received by the Authority with respect to such 2024 Series A Mortgage Loans. 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 Securities Industry and Financial Markets Association (“**SIFMA**”) (formerly the Public Securities Association (“**PSA**”)) prepayment standard or model (the “**PSA Prepayment Benchmark**”) which is based on an assumed rate of prepayment each month of the then unpaid principal balance of the mortgage loans. The PSA Prepayment Benchmark assumes an increasingly larger percentage of the mortgage loans prepaying each month for the *first* thirty (30) months of the respective lives and then assumes a constant prepayment rate of the unpaid principal balance for the remaining life of the mortgage loans. “**100% PSA**” assumes prepayment rates of 0.2% of mortgage loans and an additional 0.2% per year in each month thereafter (for example, 0.4% per year in the second month) until the thirtieth month. Beginning in the thirtieth month and in each month thereafter during the life of the pool of mortgage loans, 100% PSA assumes a constant prepayment rate of 6% per year. Multiples will be calculated from this prepayment rate standard, e.g. “**200% PSA**” assumes prepayment rates will be 0.4% per year in month one, 0.8% per year in month two, reaching 12% per year in month 30 and remaining constant at 12% per year thereafter. “**0% PSA**” assumes no prepayments of principal of a pool of mortgage loans will occur for the life of the pool of mortgage loans.

The achievement of certain results or other expectations contained in this section involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied in this section. The Authority does not expect or intend to issue any updates or revisions to this section if or when its expectations, or events, conditions or circumstances on which such statements are based, occur or fail to occur.

The following table assumes, among other assumptions (some or all of which are unlikely to reflect actual experience), that:

- (a) the 2024 Series A Guaranteed Mortgage Securities are purchased by October 1, 2024 with a weighted average origination date of approximately October 1, 2024, a weighted average coupon of 5.81% and a weighted average pass-through rate of 5.26%;
- (b) approximately 75.0% of the 2024 Series A Guaranteed Mortgage Securities will be Ginnie Mae Securities, 12.5% will be Freddie Mac Securities, and 12.5% will be Fannie Mae Securities;
- (c) the 2024 Series A Mortgage Loans will have an original term of 30 years and will be payable in approximately equal monthly installments of principal and interest over 360 months;
- (d) all 2024 Series A Mortgage Loans are prepaid at the indicated percentage of the PSA Prepayment Benchmark;

- (e) all Principal Receipts of the 2024 Series A Mortgage Loans are timely received;
- (f) Prepayments on the 2024 Series A Mortgage Loans will be used to redeem 2024 Series A Bonds as described in “THE 2024 SERIES A BONDS — Redemption Provisions — *Redemption of the PAC Bonds*” above, and the Authority does not direct the Trustee to apply such amounts to other purposes as may be permitted by the Indenture;
- (g) moneys on deposit in the Revenue Fund related to any other Series of Bonds will not be applied to redeem 2024 Series A Bonds or purchase Mortgage Loans related to the 2024 Series A Bonds;
- (h) Principal Receipts of and Excess Revenues from the 2024 Series A Mortgage Loans will not be applied to redeem other Series of Bonds or purchase Mortgage Loans related to such other Series; and
- (i) no Investment revenues from any other Series of Bonds will be used to redeem 2024 Series A Bonds.

The computation of the weighted average lives of the PAC Bonds under each of the scenarios presented in the PAC Bonds Average Lives Table is based on one of two sets of indicated assumptions about the exercise of the Optional Redemption provision pursuant the 2024 Series A Indenture:

- (a) In the case of scenarios labeled “Optional Call Not Exercised,” it is assumed that the Authority will not exercise its right to optionally redeem the PAC Bonds.
- (b) In the case of scenarios labeled “Optional Call Exercised,” it is assumed that the Authority will exercise its right optionally to redeem all then-eligible PAC Bonds on April 1, 2033.

Based on such assumptions, the following table indicates the projected weighted average lives of the PAC Bonds.

Projected Weighted Average Lives (in years) of the PAC Bonds

% of PSA Prepayment Benchmark	Optional Call Not Exercised	Optional Call Exercised
0%	28.9	8.8
25	11.2	6.8
50	5.0	5.0
75	5.0	5.0
100	5.0	5.0
200	5.0	5.0
300	5.0	5.0
400	5.0	5.0
500	5.0	5.0

The PSA Prepayment Benchmark does not purport to be a prediction of the anticipated rate of Prepayments of the 2024 Series A Mortgage Loans, and there is no assurance that the Prepayments of the 2024 Series A Mortgage Loans will conform to any of the assumed prepayment rates. See “BONDHOLDERS’ CONSIDERATIONS AND RISK FACTORS” herein for a discussion of certain factors that may affect the rate of Prepayments of the 2024 Series A Mortgage Loans. Bondholders owning

less than all of the PAC Bonds may experience redemptions at a rate that varies from the projected weighted average lives shown in the PAC Bonds Projected Weighted Averages Lives Table. **The Authority makes no representation as to the percentage of the principal balance of the 2024 Series A Mortgage Loans that will be paid as of any date or as to the overall rate of prepayment.**

“Ten-Year Rule” Redemptions. The “10-Year Rule” (Section 143(a)(2)(A)(iv) of the Code), as it is commonly called, generally requires that repayments and Prepayments of principal on Mortgage Loans must be used to redeem the Series of Bonds that financed such Mortgage Loans to the extent such repayments and Prepayments are received more than 10 years after such Series (or, with respect to refunding bonds, the original bonds) was issued as a tax-exempt bond. Such repayments and Prepayments, when received, are referred to herein as **“Restricted Principal Receipts.”** The 10-Year Rule generally limits the Authority’s ability to cross-call Bonds from Restricted Principal Receipts. From time to time, there have been efforts to repeal the 10-Year Rule. Any repeal of the 10-Year Rule during the period the 2024 Series A Bonds remain Outstanding may increase the risk that the 2024 Series A Bonds would be cross-called or that Revenues associated with the 2024 Series A Bonds might be used to cross-call other Bonds.

To comply with the 10-Year Rule, with respect to the Mortgage Loans and the Guaranteed Mortgage Securities expected to be acquired with the proceeds of the 2024 Series A Bonds, the following cumulative percentage of scheduled principal payments and Prepayments on such Mortgage Loans and Guaranteed Mortgage Securities received on or after the following dates is required to be applied no later than the close of the first semiannual period beginning after the date of receipt to the retirement of the 2024 Series A Bonds through payment thereof at maturity or redemption:

Start Date	End Date	Percent
June 20, 2024	June 19, 2034	0.00%
June 20, 2034	Final Maturity	100.00

The Authority may redeem the 2024 Series A Bonds in amounts greater than such percentages from available amounts in the Funds and Accounts of the Indenture under the circumstances more fully described above. All “Ten-Year Rule” redemptions from Restricted Principal Receipts with respect to the Mortgage Loans and Guaranteed Mortgage Securities financed by the 2024 Series A Bonds shall be applied by the Authority to redeem 2024 Series A Bonds as directed by the Authority.

Optional Redemption. The 2024 Series A Bonds are subject to redemption at the option of the Authority on any date on or after April 1, 2033, in whole or in part, at a Redemption Price equal to 100% of their principal amount plus accrued interest to the date of redemption.

The 2024 Series B Bonds are subject to redemption at the option of the Authority on any date on or after October 1, 2024, in whole or in part, at a Redemption Price equal to 100% of their principal amount plus accrued interest to the date of redemption.

Partial Redemptions. If less than all of the Offered Bonds of a particular maturity are to be redeemed at any time, whether by the application of Sinking Fund Installments or otherwise, the Trustee shall select the Offered Bonds of such maturity to be redeemed by lot in Authorized Denominations, or such method of selection as it shall deem proper in its discretion; provided, however, that so long as the Offered Bonds registered in the name of DTC (or other permitted securities depository), the Offered Bonds to be redeemed shall be selected in accordance with the operational arrangements of the securities depository. It is DTC’s current practice that if less than all of the Offered Bonds within a particular maturity are being redeemed, DTC will determine by lot the amount of the interest of each DTC participant in such

maturity to be called for redemption, and each DTC participant is to then select by lot the ownership interest in such maturity to be redeemed.

If Term Bonds of a particular maturity are redeemed in part from sources other than sinking fund redemption payments, the remaining sinking fund payments of such Term Bond maturity shall be reduced on a Proportionate Basis (treating each sinking fund payment as a maturity amount), unless otherwise directed by the Authority.

Purchase in Lieu of Redemption. Offered Bonds may be purchased in lieu of redemption as set forth in the Officer's Certificate delivered to the Trustee, at a purchase price not exceeding the Redemption Price applicable on the next date when Offered Bonds are redeemable (provided that such purchase price may exceed the applicable Redemption Price unless the amount of such excess shall be paid from moneys not pledged under the General Indenture, or moneys which could otherwise be released to the Authority pursuant to the General Indenture).

Notice of Redemption. The Trustee will transmit notice of redemption to the registered owners of the Offered Bonds to be redeemed not less than twenty (20) days prior to the redemption date (or such shorter period as may be acceptable to the securities depository (if applicable) or the then-registered owner). Such notice shall specify the redemption date, the Redemption Price, the place and manner of payment and that from the redemption date interest will cease to accrue on the Offered Bonds which are the subject of such notice and shall include such other information as the Trustee shall deem appropriate or necessary at the time such notice is given to comply with any applicable law, regulation or industry standard.

Mandatory Tender of the 2024 Series B Bonds*

The following information is furnished solely to summarize certain terms of the 2024 Series B Bonds prior to their mandatory tender for purchase. **THIS OFFICIAL STATEMENT DESCRIBES THE 2024 SERIES B BONDS ONLY PRIOR TO THE MANDATORY TENDER DATE.**

Mandatory Tender of 2024 Series B Bonds. The 2024 Series B Bonds are subject to Mandatory Tender (with no right to retain) and are due and payable on the Mandatory Tender Date of April 1, 2025. 2024 Series B Bonds shall be purchased at a purchase price equal to 100% of the principal amount thereof, plus accrued interest, on the Mandatory Tender Date. Payment of such purchase price will be paid to the Owners thereof upon surrender of their 2024 Series B Bonds. Any 2024 Series B Bonds not tendered and delivered to the Trustee on or prior to the Mandatory Tender Date for which there has been irrevocably deposited in trust with the Trustee the purchase price equal to the principal amount of such 2024 Series B Bond shall be deemed to have been tendered and purchased on the Mandatory Tender Date.

No later than the twentieth (20th) day prior to the Mandatory Tender Date (or, if such day is not a business day, the next preceding business day), the Trustee will send written notice, to each Owner of the 2024 Series B Bonds stating (i) the Mandatory Tender Date, (ii) that such 2024 Series B Bond will be deemed to be tendered for purchase on such Mandatory Tender Date at a purchase price equal to 100% of the principal amount thereof, plus accrued interest thereon, (iii) that such 2024 Series B Bond may be purchased or redeemed without further notice on the Mandatory Tender Date, and (iv) that the purchase price of the 2024 Series B Bond will be payable by the Trustee upon delivery to the Trustee of such 2024 Series B Bond. So long as DTC is the Securities Depository for the 2024 Series B Bonds, all such notices will be delivered by the Trustee to DTC or its nominee as Owner of such Bonds. See "THE OFFERED BONDS—Book-Entry System" herein.

* Preliminary; subject to change.

NEITHER THE 2024 SERIES B BONDS NOR THE INDENTURE CONTAINS ANY REQUIREMENT THAT THE 2024 SERIES B BONDS HAVE THE BENEFIT OF A LIQUIDITY OR OTHER CREDIT FACILITY TO PAY THE PURCHASE PRICE THEREOF ON THE MANDATORY TENDER DATE. NONPAYMENT OF PRINCIPAL AND INTEREST DUE TO BONDHOLDERS ON THE MANDATORY TENDER DATE CONSTITUTES AN EVENT OF DEFAULT UNDER THE INDENTURE.

Establishment of the Bond Purchase Account. The 2024 Series B Indenture establishes the 2024 Series B Bond Purchase Account (the “**Purchase Account**”). Proceeds received by the Trustee from the remarketing of 2024 Series B Bonds shall be deposited in the Purchase Account to pay the purchase price of the 2024 Series B Bonds subject to Mandatory Tender. Amounts held in the Purchase Account shall be held uninvested and separate and apart from all other funds and accounts established by the Indenture.

Book-Entry System

General. The Offered Bonds will be issued in book-entry form in Authorized Denominations. DTC will act as securities depository for the Offered Bonds. The ownership of one fully registered Offered Bond for each maturity, as set forth on the inside cover of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as the nominee for DTC. So long as Cede & Co. is the registered owner of the Offered Bonds, reference herein to the registered owners of the Offered Bonds shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Offered Bonds. All rights of ownership must be exercised through DTC, and all notices that are to be given to registered owners by the Authority or the Trustee will be given only to DTC. Ownership interests in the Offered Bonds will be available to purchasers only through the book-entry system maintained by DTC (the “**Book-Entry System**”). A description of DTC, the Book-Entry System and definitions of initially capitalized terms used under this heading are found in “Appendix E – Book-Entry System.”

Beneficial Owner Receipt of Payments from DTC. Beneficial Owners of the Offered Bonds may experience some delay in their receipt of distributions of the principal or Redemption Price of and interest on the Offered Bonds because such distributions will be transmitted by the Trustee to DTC, credited by DTC to the accounts of its Direct Participants, which will thereafter credit them to the accounts of the Beneficial Owners either directly or indirectly through Indirect Participants. No assurance can be given by the Authority or the Trustee that DTC will distribute to the Participants, or that the Participants will distribute to the Beneficial Owners, (1) payment of debt service on the Offered Bonds paid to DTC, or its nominee, as the registered owner, or (2) any redemption or other notices, or that DTC or the Participants will serve and act on a timely basis or in the manner described in this Official Statement.

Because transactions in the Offered Bonds can be effected only through DTC, DTC Participants and certain banks, the ability of a Beneficial Owner to pledge a Offered Bond to persons or entities that do not participate in the Book-Entry System, or otherwise to take actions in respect of such Offered Bonds may be limited due to the lack of physical certificates. Beneficial Owners will not be recognized by the Trustee as registered owners for purposes of the Indenture, and Beneficial Owners will be permitted to exercise the rights of registered owners only indirectly through DTC and its DTC Participants. For the rights of Beneficial Owners with respect to the Authority’s continuing disclosure obligation, see “Continuing Disclosure” and Appendix G.

Notice of any proposed modification or amendment of the Indenture by means of a supplemental indenture or indentures that are to be effective with the consent of the registered owners of the Offered Bonds as well as all notices of redemption will be transmitted to DTC, as the registered owner of the Offered Bonds then outstanding.

CUSIP Numbers. It is anticipated that CUSIP identification numbers will be printed on the Offered Bonds, but neither the failure to print such numbers on any Offered Bonds, nor any error in the printing of such numbers shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and payment for any Offered Bonds.

PLAN OF FINANCE AND SOURCES AND USES OF FUNDS*

The following table shows the estimated sources and uses of funds at delivery of the Offered Bonds.

<u>Sources of Funds</u>	<u>Amount</u>
2024 Series A Bond Principal Amount	\$
2024 Series A Bond Premium	
2024 Series B Bond Principal Amount	
Authority Contribution	
Total	<u>\$</u>
<u>Uses of Funds</u>	
2024 Series A Mortgage Loan Account	\$
2024 Series B Mortgage Loan Account	
2024 Series A Revenue Account	
2024 Series B Revenue Account	
Underwriters' Fees and Expenses	
Costs of Issuance (other than Underwriters' Fees and Expenses)	
Total	<u>\$</u>

The Authority expects to use moneys deposited into the 2024 Series A Mortgage Loan Account to purchase approximately \$0- of 2024 Series A Guaranteed Mortgage Securities on or about the date of delivery of the 2024 Series A Bonds and to purchase approximately \$50,490,000 of 2024 Series A Guaranteed Mortgage Securities on or before October 1, 2024. Such 2024 Series A Guaranteed Mortgage Securities are expected to have a weighted average term of 360 months, a weighted average coupon of 5.81% and a weighted average pass-through rate of 5.26%. The Authority also expects to use amounts in the 2024 Series A Mortgage Loan Account to provide approximately \$2,020,000 of down payment and closing cost assistance in the form of the DPA Second Mortgage Loans in connection with the 2024 Series A Mortgage Loans.

The Authority expects that proceeds of the 2024 Series B Bonds deposited into the 2024 Series B Mortgage Loan Account will be used to purchase Investments and will remain so invested until the Mandatory Tender Date or earlier date of redemption. See “CERTAIN ASSUMPTIONS AND RISK FACTORS—Risk Factors—Investment Obligations” herein.

The Authority expects to use moneys deposited into the respective Revenue Accounts to assist the Program.

* Preliminary; subject to change.

SECURITY FOR THE BONDS

Limited Obligations

THE OFFERED BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM THE REVENUES AND ASSETS PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE OFFERED BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION OR A LOAN OF CREDIT OR A PLEDGE OF THE FULL FAITH AND CREDIT OR TAXING POWER OF THE AUTHORITY, THE AFA, THE STATE, OR OF ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE AFA, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE AUTHORITY HAS NO TAXING POWER.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THE OFFERED BONDS AGAINST ANY PAST, PRESENT, OR FUTURE OFFICER, DIRECTOR, MEMBER, EMPLOYEE, COUNSEL, ADVISOR, CONTRACTOR, CONSULTANT, PROGRAM MANAGER, EXECUTIVE DIRECTOR OR AGENT OF THE ISSUER, OR THE AFA, OR OF ANY SUCCESSOR TO THE AUTHORITY OR THE AFA, AS SUCH, EITHER DIRECTLY OR THROUGH THE ISSUER OR THE AFA OR ANY SUCCESSOR TO THE AUTHORITY OR THE AFA, AS APPLICABLE, UNDER ANY RULE OF LAW OR EQUITY, STATUTE, OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES, COUNSEL, ADVISORS, CONTRACTORS, CONSULTANTS, PROGRAM MANAGERS, EXECUTIVE DIRECTORS OR AGENTS, IF ANY, AS SUCH IS EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF AND CONSIDERATION FOR THE EXECUTION AND ISSUANCE OF THE OFFERED BONDS.

General

The Bonds, including the Offered Bonds, are secured by a pledge of and security interest in (1) all proceeds from the sale of any Bonds (other than proceeds pledged to the redemption of any prior series of Bonds), (2) all Guaranteed Mortgage Securities, Mortgage Loans and Investments financed or refinanced with such proceeds, (3) all Revenues and (4) all other assets and income held in and receivable by Funds and Accounts established by or pursuant to the General Indenture and the related Series Indentures (except the Purchase Account, any special escrow account and amounts in the Special Program Fund which are otherwise pledged), including the 2024 Series A Indenture and the 2024 Series B Indenture (collectively, the “**Trust Estate**”). The pledge and security interest are subject to the power of the Authority to direct the release of amounts free and clear of such pledge and security interest after satisfying the then current requirements for all Funds and Accounts and certain other conditions set forth in the General Indenture and the related Series Indentures.

The ability of the Authority to pay debt service on the Bonds depends upon the receipt of sufficient Revenues under the Program, primarily principal and interest on Guaranteed Mortgage Securities and Mortgage Loans, and the earnings from the investment or reinvestment of moneys held in Funds and Accounts under the General Indenture and the related Series Indentures.

No Reserve Fund Deposit

The General Indenture establishes a Reserve Fund and authorizes a deposit thereto if required in connection with the issuance of any series of Bonds. No deposit to the Reserve Fund is required in

connection with the issuance of the Offered Bonds and, as such, no deposit will be made to the Reserve Fund in connection with the issuance of the Offered Bonds.

Guaranteed Mortgage Securities and Qualified Mortgage Loans

General. The Authority expects to use amounts deposited in the 2024 Series A Mortgage Loan Account exclusively to purchase Guaranteed Mortgage Securities which are backed by Qualified Mortgage Loans. The Authority does not expect to directly purchase any Mortgage Loans, but all Mortgage Loans backing Guaranteed Mortgage Securities so purchased must meet the requirements for Qualified Mortgage Loans.

Security Requirements for Qualified Mortgage Loans. Each Qualified Mortgage Loan must be secured by a first mortgage lien (subject to certain permitted encumbrances) on single family, owner-occupied residential housing which consists of not more than four dwelling units, one of which must be occupied by the mortgagor (including condominium housing) in the Eligible Areas, and must be covered by a title insurance policy insuring that the Qualified Mortgage Loan is a valid first lien on the residential property, subject to certain permitted encumbrances. Each residential property on which a Qualified Mortgage Loan is made must be covered by a fire and an extended coverage insurance policy meeting the coverage requirements of the Federal Housing Administration (“**FHA**”), the Veterans Administration (“**VA**”), the Rural Housing and Community Development Service (“**RD**”), Fannie Mae or Freddie Mac, as applicable.

Mortgage Insurance Requirements. At the time of acquisition, each Qualified Mortgage Loan purchased with amounts deposited in the related Mortgage Loan Account must (1) have an unpaid principal balance not exceeding 80% of the Fair Market Value of the mortgaged Home, (2) be insured or guaranteed by (a) FHA, VA, RD or any other agency of the United States having similar powers to insure or guarantee mortgage loans, or (b) a Private Mortgage Insurer (“**PMI**”) approved by Fannie Mae or Freddie Mac, (3) have an unpaid principal balance not exceeding the applicable limits imposed by FHA, VA, RD, the PMI Insurer, Fannie Mae or Freddie Mac, as applicable, or (4) have an equivalent insurance policy, guaranty, letter of credit or other security. The Authority may vary from certain requirements otherwise set forth in the General Indenture relating to Qualified Mortgage Loans to the extent required by the United States or any agency or instrumentality thereof guaranteeing or insuring the Mortgage Loans, including guaranteeing Guaranteed Mortgage Securities. Subject to the limitations set forth in the General Indenture, the Authority may modify the Program determinations to finance Mortgage Loans not meeting such initial determinations so long as financing such loans does not adversely affect the then current rating on the Bonds by each Rating Agency then rating the Bonds at the request of the Authority.

Guaranteed Mortgage Securities. The Authority anticipates that proceeds of the 2024 Series A Bonds, together with other amounts, if any, initially deposited in the 2024 Series A Mortgage Loan Account, will be made available to hold and carry, acquire, purchase and finance Guaranteed Mortgage Securities issued by Fannie Mae (“**Fannie Mae Securities**”), Guaranteed Mortgage Securities guaranteed by Ginnie Mae (“**Ginnie Mae Securities**”) and Guaranteed Mortgage Securities issued by Freddie Mac (“**Freddie Mac Securities**”). At the time of acquisition by the Authority (or the Trustee), the Guaranteed Mortgage Securities backed by Qualified Mortgage Loans must have been issued by or guaranteed as to payment of principal and interest by Ginnie Mae, Fannie Mae, Freddie Mac or other agency or instrumentality of or chartered by the United States which has similar powers (or such other entity designated and approved by the Authority as will not adversely affect the then current rating on the Bonds by each Rating Agency then rating the Bonds at the request of the Authority). Information concerning mortgage insurance and guaranty programs, the Fannie Mae Securities, the Ginnie Mae Securities and the Freddie Mac Securities, and federal legislation terminating mortgage insurance coverage in certain cases, is contained in [Appendix F](#) hereto. Subject to the limitations set forth in the General Indenture, the

Authority may modify the Program determinations to finance Guaranteed Mortgage Securities not meeting such initial determinations so long as financing such securities does not adversely affect the then current rating on the Bonds by each Rating Agency then rating the Bonds at the request of the Authority.

On June 3, 2019, Fannie Mae and Freddie Mac (each, an “**Enterprise**” and, together, the “**Enterprises**”) began issuing new, common, single mortgage-backed securities, formally known as Uniform Mortgage-Backed Securities (“**UMBS**”). The UMBS issued by the Enterprises finance the same types of fixed-rate mortgages that back Fannie Mae Securities and Freddie Mac Securities and are guaranteed by either Fannie Mae or Freddie Mac depending upon which Enterprise issues the UMBS. Each UMBS is backed by fixed-rate mortgage loans purchased entirely by one of the Enterprises; thus, there is no comingling of collateral. The UMBS have characteristics similar to Fannie Mae Securities, and Freddie Mac has modified its security structure to more closely align with Fannie Mae Securities. The Enterprises may be required to consult with each other to ensure specific Enterprise programs or policies do not cause or have potential to cause cash flows to investors of mortgage-backed securities to misalign. Proceeds of the Bonds are expected to be used to purchase 2024 Series A Guaranteed Mortgage Securities which may include UMBS issued by Fannie Mae or Freddie Mac. For purposes of this Official Statement and the 2024 Series A Indenture, the term “Guaranteed Mortgage Securities” includes UMBS.

Valuation of Assets

As of each Interest Payment Date and as of the date of issuance of any Series of Bonds, the Authority is required to compute the value of certain assets in accordance with the terms of the General Indenture. The computation of asset value is for certain purposes under the General Indenture, including issuance of Series of Bonds and the release of amounts free and clear of the pledge of the General Indenture, and is not indicative of the market value of such assets. Asset value is subject to fluctuation as a result of prepayments, foreclosures, purchases of additional Mortgage Loans and Guaranteed Mortgage Securities, issuance of additional Series of Bonds and the release and expenditure of funds. On the delivery date of the Offered Bonds, the asset value is expected to be approximately \$69,955,000* and the aggregate principal amount of the Outstanding Bonds is expected to be \$65,095,000.* The amount of asset value in excess of 100% of the Outstanding Bonds (the “**Parity Test**”) is available to the Authority, subject to certain other conditions (including satisfaction of the Cash Flow Test hereinafter described), for any purpose under the Act, including other Programs of the Authority. The Authority has no present intention to release any assets from the lien of the Indenture.

The value of the assets pledged under the General Indenture is computed as follows:

- (1) For a Mortgage Loan (including any Guaranteed Mortgage Security), the unpaid principal amount thereof;
- (2) Cash and Investments held in a Mortgage Loan Account for the first two years after the issuance of the Bonds funding that Account, at the par amount thereof; and
- (3) For other Investments and deposits: (a) the principal amount or amortized cost of an Investment, whichever is lower, if it matures more than twenty-four (24) months after the date of computation or is held subject to a repurchase agreement, and (b) the principal amount of a deposit or of an Investment that matures within twenty-four (24) months after the date of computation and is not held subject to a repurchase agreement, provided further that (c) accrued interest shall be excluded from each such computation.

* Preliminary; subject to change.

Investments

The Authority is permitted to invest funds on deposit in the Indenture in Investments as described in Appendix A hereto. Investments may include other investments with different characteristics which an Authorized Representative deems to be in the interest of the Authority, as reflected in an Officer's Certificate or in a Supplemental Indenture or a Series 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 then rating the Bonds at the request of the Authority.

Moneys deposited in the Accounts established with respect to the Offered Bonds will be invested in Investments. An investment agreement qualifying as an Investment may be delivered, from time to time, in connection with the Offered Bonds or any other Series of Bonds. Such investment agreements and any related guarantees are herein referred to as the "**Investment Agreements**." In each case, the Investment Agreements must be consistent with, and permit a continuation of, the then current rating on the Bonds by each Rating Agency then rating the Bonds at the request of the Authority.

In the event of a failure to receive timely payment on any Investment, including any Investment Agreement, the ability of the Authority to pay principal of and interest on the Bonds could be adversely affected.

Additional Bonds

The General Indenture permits the issuance of Additional Bonds without limitation as to amount (except as may be limited by law) to provide funds for the purposes of making or purchasing Qualified Mortgage Loans and Guaranteed Mortgage Securities and refunding Outstanding Bonds issued under the General Indenture, but only upon satisfying certain conditions set forth in the General Indenture, including the Parity Test and the Cash Flow Test. The Offered Bonds, any Outstanding Bonds and any Additional Bonds issued under the General Indenture on parity will be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the General Indenture.

The Authority has also reserved the right to issue other obligations not secured by the pledge and lien of the General Indenture.

The Authority is permitted under the General Indenture to issue bonds that are secured on a subordinate basis to the Bonds ("**Subordinated Bonds**"). No Subordinated Bonds will be issued in connection with the Offered Bonds.

THE PROGRAM

General

The Authority has established the Program pursuant to the Act to finance the purchase of Guaranteed Mortgage Securities backed by Qualified Mortgage Loans made to eligible persons and families with low and moderate incomes who purchase eligible owner-occupied single family residential properties located within the Eligible Areas. The Program is designed for eligible borrowers whose Mortgage Loans comply with the various requirements of Section 143 of the Code, some of which are described under "TAX MATTERS" below; however, not all Mortgage Loans must be financed with tax-exempt bonds. Proceeds from each Series of Bonds will be deposited to a related Mortgage Loan Account established under the Indenture and used to purchase Guaranteed Mortgage Securities backed by Qualified Mortgage Loans from the Master Servicer. Certain proceeds will be available to finance Qualified Mortgage Loans subject to certain federal- and state-mandated set-asides. Moneys in the Mortgage Loan Account also may be used to

reimburse the Mortgage Lenders for any DPA Second Mortgage Loans provided in connection with the Qualified Mortgage Loans.

Participation in the Program is available to qualified Mortgage Lenders on a first-come, first-served basis. Mortgage Lenders have agreed to originate and sell Mortgage Loans to the Master Servicer pursuant to the terms and conditions of the Mortgage Origination Agreements. The Master Servicer will service all the Qualified Mortgage Loans under the terms of the Servicing Agreement.

The Master Servicer will deliver the documents evidencing the Qualified Mortgage Loans to a custodian for Ginnie Mae and will issue Ginnie Mae Securities guaranteed by Ginnie Mae which are backed by such Qualified Mortgage Loans. The Master Servicer will sell Qualified Mortgage Loans to Fannie Mae in accordance with the Fannie Mae purchase agreement, and Fannie Mae will issue Fannie Mae Securities backed by such Qualified Mortgage Loans. The Master Servicer will sell Qualified Mortgage Loans to Freddie Mac in accordance with the Freddie Mac purchase agreement, and Freddie Mac will issue Freddie Mac Securities backed by such Qualified Mortgage Loans. See [Appendix F](#) hereto.

The Authority may modify the Program, including the manner of providing down payment assistance, and may develop new first mortgage loan and down payment assistance programs as part of its homeownership lending programs.

2024 Series A Mortgage Loan Determinations

The Authority has made the following initial determinations, subject to change, with respect to the 2024 Series A Mortgage Loans to be originated under the Program:

(1) The Authority reasonably expects to apply the amount deposited into the 2024 Series A Mortgage Loan Account to purchase 2024 Series A Guaranteed Mortgage Securities backed by 2024 Series A Qualified Mortgage Loans under the Program. Such 2024 Series A Guaranteed Mortgage Securities will be issued by or guaranteed by (a) Ginnie Mae which represent undivided beneficial ownership interests in 2024 Series A Mortgage Loans having FHA Insurance, a VA Guaranty or a RD Guaranty, (b) Fannie Mae with respect to conventional 2024 Series A Mortgage Loans or (c) Freddie Mac with respect to conventional Mortgage Loans, and which are consistent with the requirements of (i) the Authority as set forth in certain Program Documents of the Authority, (ii) the Act, and (iii) the Code relating to the tax-exempt status for federal income tax purposes of interest on the 2024 Series A Bonds.

(2) Amounts deposited in the 2024 Series A Mortgage Loan Account are expected to be made available on a “first come, first served” reservation basis for qualifying borrowers applying through Mortgage Lenders participating in the Program. Certain amounts will be set aside and reserved for various periods for financing Mortgage Loans in certain federal designated targeted areas (provided, however, that no such set asides or reserves are expected so long as the Authority covenants to continuously purchase or finance all Qualified Mortgage Loans in such targeted areas).

(3) In accordance with the Program Documents and subject to the provisions of the 2024 Series A Indenture, 2024 Series A Guaranteed Mortgage Securities shall be purchased by the Trustee with amounts on deposit in the 2024 Series A Mortgage Loan Account not later than January 1, 2025*, and to the extent that funds remain in the 2024 Series A Mortgage Loan Account after such date, such amounts shall be applied to redeem 2024 Series A Bonds as set forth in “THE

* Preliminary, subject to change.

2024 SERIES A BONDS – Redemption Provisions – Special Redemption – Unexpended Proceeds” above. Such dates may be extended as set forth in the 2024 Series A Indenture.

(4) The Authority reserves the right, subject to the requirements of the General Indenture and the 2024 Series A Indenture, in connection with attempting to achieve full utilization of 2024 Series A Bond proceeds on deposit in the 2024 Series A Mortgage Loan Account to purchase other Guaranteed Mortgage Securities backed by Qualified Mortgage Loans, to make any adjustments to interest rates thereon as may be necessary to meet yield compliance requirements of the Code and/or to maintain the competitiveness of the interest rates on the Mortgage Loans with interest rates generally available in the mortgage market.

Mortgage Origination Agreement

General. Each Mortgage Lender participating in the Program is required to enter into a Mortgage Origination Agreement between the Authority and the Mortgage Lender. Mortgage Loans are originated by the Mortgage Lenders under the Mortgage Origination Agreement.

Covenants of Mortgage Lender. Pursuant to the Mortgage Origination Agreement, each Mortgage Lender makes various covenants, including the following:

(1) if a Mortgage Lender originates Conventional Mortgage Loans, the Mortgage Lender shall be a Fannie Mae or Freddie Mac approved seller/servicer and agrees to comply with all rules, regulations and requirements applicable to it by reason thereof;

(2) if a Mortgage Lender originates FHA Mortgage Loans, the Mortgage Lender shall be an FHA-approved Direct Endorsement Mortgagee and agrees to comply with all rules, regulations and requirements applicable to it by reason thereof;

(3) if a Mortgage Lender originates VA Mortgage Loans, the Mortgage Lender shall be a “Supervised Mortgage Lender” as classified by the VA under the Serviceman’s Readjustment Act, is authorized to provide “Automatic” endorsement for VA guaranty and agrees to comply with all rules, regulations and requirements applicable to it by reason thereof; and

(4) if a Mortgage Lender originates RD Mortgage Loans, the Mortgage Lender shall be an Eligible Lender under the RD Section 502 Single Family Rural Housing Loan Program and agrees to comply with all rules, regulations and requirements applicable to it by reason thereof.

Provisions Relating to Origination of Mortgage Loans. In connection with the origination of Mortgage Loans, pursuant to the Mortgage Origination Agreement each Mortgage Lender makes certain representations, warranties and covenants concerning the Mortgage Loans and the process of originating the Mortgage Loans. Such covenants include, among others, covenants relating to requirements regarding: (1) Mortgage Loan eligibility; (2) Mortgage Loan underwriting; (3) prior ownership interests of the borrower in a principal Residence (except in the case of certain veterans or persons applying to finance a Residence in a federally-designated targeted areas, has not had an ownership interest in a principal residence at any time within the 3 years immediately preceding the date on which the Mortgage Loan is originated; (4) occupancy of the Residence as the borrower’s primary Residence; and (5) borrower income limitations, acquisition cost limitations and related representations, which are intended to be applicable to requirements for maintaining the tax-exempt status of interest on the 2024 Series A Bonds. Pursuant to the Mortgage Origination Agreement, the Mortgage Lender further agrees to make certain compliance reviews and verifications to ensure that eligibility requirements are met. The Authority and the Mortgage Lender agree to act in accordance with the Mortgage Origination Agreement for the purpose of reviewing and examining

all affidavits, certificates, tax returns and other information submitted pursuant to and in accordance with the Mortgage Origination Agreement in order to determine compliance of the Mortgage Loan, the Mortgagor and the Residence with all requirements of the Act and Section 143 of the Code; and the Authority and the Mortgage Lender covenant to take all steps necessary or appropriate to ensure that the Mortgage Loans, the Residences financed thereby and the Mortgagors meet all of the requirements of the Mortgage Origination Agreement before the Mortgage Loans are executed or assumed and to correct as provided therein any failure to meet such requirements as soon as possible after discovery of such failure. The Mortgage Lender is required to deliver to the Authority the documents required by the Mortgage Origination Agreement with respect to each Mortgage Loan originated by the Mortgage Lender. Based on such documents, the Authority is required to verify that the Mortgage Loans, the Mortgagor and the Residences meet the requirements of the Mortgage Origination Agreement.

Program Administration

Under the Program Administration Agreement, Hilltop Securities Inc. (“HTS”), as Program Administrator, is required to monitor and review the origination of Mortgage Loans by the Mortgage Lenders, subject to certain limitations of liability in the event of nonperformance of such responsibility by the Program Administrator. The principal responsibility of the Program Administrator in this regard is to review Mortgage Loan documents for compliance with the terms and conditions of the Program, the Program Guidelines and the other Program documents prior to purchase of the Mortgage Loans by the Master Servicer. The Program Administrator is not liable for the payment of the Bonds or the interest or redemption premium, if any, thereon.

Since 2007, HTS has provided single family program administrative and compliance services to 28 state and local housing finance agencies, authorities and corporations. HTS currently serves as program administrator for 9 single family programs and has provided compliance services on over \$5.8 billion principal amount of mortgage loans since 2020.

THE INFORMATION IN THE PRECEDING PARAGRAPH ABOUT THE PROGRAM ADMINISTRATOR RELATES TO AND WAS SUPPLIED BY HILLTOP SECURITIES INC. SUCH INFORMATION HAS NOT BEEN VERIFIED BY THE AUTHORITY, THE UNDERWRITERS, THEIR COUNSEL OR BOND COUNSEL AND IS NOT GUARANTEED AS TO COMPLETENESS OR ACCURACY BY AND IS NOT TO BE CONSTRUED AS A REPRESENTATION OF, THE AUTHORITY, THE UNDERWRITERS, THEIR COUNSEL OR BOND COUNSEL.

Reservations and Limitations

In compliance with the Code, until at least one year after the issuance of the Offered Bonds, an amount equal to at least 20% of the lendable proceeds of the Offered Bonds must be made available to originate Mortgage Loans for residences in federally-designated Targeted Areas within the Eligible Area. In addition, under State law, (i) for the 90-day period commencing on the issuance date of the Offered Bonds, an amount equal to 10% of the aggregate amount available to all Mortgage Lenders collectively to finance Mortgage Loans must be reserved for the financing of manufactured housing within the Eligible Area, and (ii) for the 60-day period commencing on the issuance date of the Offered Bonds, an amount equal to 30% of the aggregate amount available to all Mortgage Lenders shall be reserved for the financing of Mortgage Loans for low income families (as defined under the Act) within the Eligible Area.

The Master Servicer

General. The Authority has engaged U.S. Bank National Association, as Master Servicer, to purchase, pool, securitize and service Qualified Mortgage Loans originated by each Mortgage Lender

participating in the Program pursuant to the applicable Mortgage Origination Agreement and to securitize such Mortgage Loans into Guaranteed Mortgage Securities. The Master Servicer has entered into a Servicing Agreement (as amended, the “**Servicing Agreement**”) with the Authority to perform these functions. The Master Servicer is required, among other things, to be an approved seller and servicer of Fannie Mae Securities and Freddie Mac Securities and an approved issuer of Ginnie Mae Securities.

Servicing Agreement Covenants. Pursuant to the Servicing Agreement, the Master Servicer makes various covenants paralleling those required of a Mortgage Lender as heretofore described and also makes the following covenants:

(1) the Master Servicer meets and will continue to meet the requirements of all applicable laws and regulations so as to be able to service FHA/VA/RD Mortgage Loans and Conventional Mortgage Loans under the Servicing Agreement;

(2) the Master Servicer will use its best efforts to remain, throughout the term of the Servicing Agreement, a Ginnie Mae-approved issuer-servicer if servicing Ginnie Mae Securities and a Fannie Mae-approved seller-servicer if servicing Fannie Mae Securities;

(3) the Master Servicer will comply with certain servicing standards as set forth in the Servicing Agreement;

(4) the Master Servicer will maintain a policy covering errors and omissions of its employees and a fidelity bond covering its participation in the Program and shall keep its books, records and accounts relating to the Program;

(5) with respect to all Mortgage Loans covered by the Servicing Agreement, the Master Servicer agrees to service such Mortgage Loans in accordance with the Servicing Agreement and the Certificate Provider Guide, if applicable, and will cause monthly principal and interest payments under the Guaranteed Mortgage Securities to be paid to the Trustee and the Trustee in accordance with such Certificate Provider Guide; and

(6) the Master Servicer warrants that it will at all times during the Delivery Term obtain and reserve for the benefit of the Trustee and the Trustee issuance authority for Guaranteed Mortgage Securities in an amount at least equal to the aggregate principal amount of Mortgage Loans purchased from Lenders originating such Mortgage Loans.

Compensation and Other Matters. The Master Servicer’s compensation for servicing under the Servicing Agreement with respect to each Mortgage Loan consists of that amount set forth in the Program Notice, which amount is initially 0.50% per annum (representing the sum of the Master Servicer’s servicing fee and the applicable guaranty fee) with respect to all FHA/VA/RD Mortgage Loans securitized in Ginnie Mae Securities and 0.72% per annum (representing the sum of the Master Servicer’s servicing fee and the applicable guaranty fee) with respect to all Conventional Mortgage Loans securitized in Fannie Mae Securities and Freddie Mac Securities.

The Master Servicer is responsible for paying the Guaranteed Mortgage Securities provider a guaranty fee (Ginnie Mae, Fannie Mae and Freddie Mac guaranty fees), and is required to keep in force the insurance required under the Mortgage Origination Agreement and to maintain certain other insurance (including standard hazard insurance and flood insurance), and maintenance of an errors and omissions insurance policy and fidelity bonds in the manner set forth under the Servicing Agreement.

Involuntary Termination of Master Servicer. The Servicing Agreement provides various circumstances which permit the Authority or the Trustee to terminate the Servicing Agreement with respect to the Master Servicer and sets forth various other remedies to the extent specified therein, provided that, prior to such termination, the Authority and the Trustee shall have received the written approval of the Guaranteed Mortgage Securities providers (to the extent required by the providers' guides) to terminate the rights and obligations of the Master Servicer under the Servicing Agreement. The Servicing Agreement provides that, as soon as practicable, but in no event later than 90 days after the time the Master Servicer receives notice of termination pursuant to the Servicing Agreement, the Trustee or other successor Servicer shall succeed to all rights, duties and obligations of the Master Servicer under the Servicing Agreement, including the servicing of the Mortgage Loans.

Origination and Sales of Guaranteed Mortgage Securities. The Servicing Agreement contains various provisions relating to the origination and sale of Guaranteed Mortgage Securities to the Trustee. Subject to the terms and conditions of the Servicing Agreement, the Master Servicer agrees to use its best efforts during the origination period to purchase Mortgage Loans originated by Lenders in accordance with the terms of the Servicing Agreement, to submit appropriate applications to the applicable Guaranteed Mortgage Securities provider and to pay all fees required by the provider in connection with the issuance of Guaranteed Mortgage Securities. The Master Servicer agrees to issue or cause the provider to issue Guaranteed Mortgage Securities backed by a mortgage pool in a minimum outstanding principal amount of \$500,000, or such lesser amount as may be permitted or approved by the provider and to the extent permitted by the Program. Subject to the terms and conditions contained in the applicable Program Documents, the Master Servicer may, in its discretion, make the determination to provide for the issuance of Guaranteed Mortgage Securities at such time, in the judgment of the Master Servicer, as the amount of Mortgage Loans originated by the Lenders is sufficient for the issuance of Guaranteed Mortgage Securities. The Servicing Agreement contains various other provisions relating to the purchase by the Master Servicer of Mortgage Loans from the Lenders, provisions relating to the warehousing of such mortgage loans and otherwise relating to the issuance of Guaranteed Mortgage Securities by a provider.

Financial Information. THE FOLLOWING INFORMATION ABOUT THE MASTER SERVICER RELATES TO AND WAS SUPPLIED BY U.S. BANK NATIONAL ASSOCIATION. SUCH INFORMATION HAS NOT BEEN VERIFIED BY THE AUTHORITY, THE UNDERWRITERS, THEIR COUNSEL OR BOND COUNSEL AND IS NOT GUARANTEED AS TO COMPLETENESS OR ACCURACY BY AND IS NOT TO BE CONSTRUED AS A REPRESENTATION OF, THE AUTHORITY, THE UNDERWRITERS, THEIR COUNSEL OR BOND COUNSEL.

The Master Servicer is U.S. Bank National Association. As of March 31, 2024, the Master Servicer serviced 1,340,871 single-family mortgage loans purchased through its U.S. Bank Home Mortgage Division, with an aggregate principal balance of approximately \$225.5 billion. The Master Servicer currently services single-family mortgage loans for State and local housing finance authorities, mutual savings banks, life insurance companies, savings and loan associations, commercial banks, as well as Fannie Mae, Ginnie Mae and Freddie Mac.

As of March 31, 2024, according to its unaudited quarterly financial statements, U.S. Bancorp had total assets of approximately \$683.6 billion and a net worth of \$55.6 billion. For the three months ending March 31, 2024, the Master Servicer, through its U.S. Bank Home Mortgage Division, originated and purchased single-family mortgage loans in the total principal amount of approximately \$7.1 billion.

The Master Servicer is (i) an FHA-, RD- and VA-approved lender in good standing, (ii) a Ginnie Mae-approved seller and servicer of mortgage loans and an issuer of mortgage-backed securities guaranteed by Ginnie Mae, (iii) a Fannie Mae approved seller and servicer of Fannie Mae Securities and (iv) a Freddie Mac approved seller and servicer of Freddie Mac securities.

The Master Servicer is not liable for the payment of the principal of the Bonds or the interest or redemption premium, if any thereon.

The holding company for U.S. Bank National Association is U.S. Bancorp, the 5th largest financial services holding company in the United States.

Other Single Family Programs

The Authority and its predecessor, the Arizona Housing Finance Authority (“AHFA”), have previously conducted a “to-be-announced” single family mortgage program and a single family mortgage revenue bond program. Set forth below is a brief description of those programs.

HOME Plus. In 2016, as successor to AHFA, the Authority became the sponsor of a single family loan program financed through the “to-be-announced” mortgage-backed security market under the name “HOME Plus” home buyer down payment assistance program (the “**HOME Plus Program**”). The HOME Plus Program offers first mortgage loans and down payment assistance to qualified homebuyers in every county within the State. The HOME Plus Program continues to operate and is expected to run concurrently with the Program. The principal amount of mortgage loans financed under the HOME Plus Program since 2016 is approximately \$7.78 billion. The Home Plus Program also provides down payment assistance to certain eligible borrowers. The loans financed each calendar year are set forth below:

<u>Year</u>	<u>Loan Volume (\$)</u>	<u>Loan Count</u>
2016 [†]	\$ 857,231,885	4,815
2017	1,380,542,990	7,230
2018	1,124,936,583	5,729
2019	1,047,660,042	5,138
2020	1,631,408,740	7,091
2021	1,163,077,202	4,363
2022	474,252,001	1,558
2023	85,600,702	280
2024 [‡]	20,352,244	60
Total	\$7,785,062,389	36,264

[†] The Authority began its administration of the Home Plus Program in August 2016.

[‡] As of March 31, 2024.

AHFA Single Family Mortgage Revenue Bonds (2004 to 2009). AHFA previously issued multiple series of single family mortgage revenue bonds, beginning in 2004 with the last series issuance occurring in 2009. Due to the financial crisis of 2008, historically low interest rates and a lack of liquidity in the municipal bond market, the AHFA shifted its financing program to the HOME Plus Program described above.

The single family mortgage revenue bonds previously issued by the AHFA are set forth below. **None of these bonds were issued under or secured by the General Indenture, and none of these bonds remain outstanding.**

<u>Issue Date</u>	<u>Bond Series</u>	<u>Original Aggregate Principal Amount</u>
June 2004	Series 2004B	\$10,000,000
August 2005	Series 2005	15,000,000
May 2006	Series 2006	30,000,000
February 2007	Series 2007A	25,000,000
July 2007	Series 2007B	36,620,000
June 2008	Series 2008A	10,000,000
December 2009	Series 2009	25,000,000
Total		\$151,620,000

CERTAIN ASSUMPTIONS AND RISK FACTORS

Assumptions*

The ability of the Authority to pay principal of and interest on the Offered Bonds depends upon receipt of sufficient and timely payments of principal of and interest on the 2024 Series A Guaranteed Mortgage Securities, and the investment or reinvestment of money held under the Indenture. While no assurance can be given that actual events will correspond to the assumptions described herein, it is anticipated, based upon the following assumptions, the assumptions set forth above under “THE OFFERED BONDS – Estimated Weighted Average Lives of the PAC Bonds”, and certain other assumptions and the availability of amounts expected to be available pursuant to the Indenture, among others, that such sources will be sufficient to pay on a timely basis the principal and interest on the Offered Bonds, as well as any related fees and expenses:

(a) The Master Servicer shall receive a monthly Servicing Fee (to be deducted from payments on the Mortgage Loans) equal to one-twelfth of not more than (i) 0.50% in the case of Ginnie Mae Securities and (ii) 0.72% in the case of Fannie Mae Securities and Freddie Mac Securities, in each case as a percentage of the principal amount of 2024 Series A Mortgage Loans supporting and represented by the 2024 Series A Guaranteed Mortgage Securities (or such other percentage as agreed to by the Authority).

(b) The Trustee shall purchase with proceeds of the 2024 Series A Bonds, and available funds of the Authority’s, approximately \$38,580,000 in principal amount of Ginnie Mae Securities bearing interest at the stated coupon of 5.25% per annum at a weighted average purchase price equal to approximately 100.32% of the principal amount thereof and approximately \$11,910,000 in principal amount of Fannie Mae Securities and/or Freddie Mac Securities bearing interest at the stated coupon of 5.28% per annum at a weighted average purchase price equal to approximately 100.97% of the principal amount thereof

(c) DPA Second Mortgage Loans will be made in conjunction with 100% of the 2024 Series A Mortgage Loans originated under the Program, and such DPA Second Mortgage Loans will be non-amortizing loans with a stated rate of interest of 0% that are expected to be forgiven after 60 months. Such DPA Second Mortgage Loans will be financed with proceeds of the 2024 Series A Bonds and other available moneys of the Authority.

(d) The proceeds of the 2024 Series B Bonds will be deposited to the 2024 Series B Mortgage Loan Account and initially invested through the business day preceding April 1, 2025 in Investments. No amounts are expected to be released from the 2024 Series B Mortgage Loan Account prior to the Mandatory Tender Date except to redeem 2024 Series B Bonds or except as otherwise required to purchase Guaranteed Mortgage Securities. Following the Mandatory Tender Date and the conversion of the interest rate on the 2024 Series B Bonds, amounts on deposit in the 2024 Series B Mortgage Loan Account will be made available to purchase Guaranteed Mortgage Securities and DPA Second Mortgage Loans. At the option of the Authority, amounts in the 2024 Series B Mortgage Loan Account may be used to redeem the 2024 Series B Bonds on or before Mandatory Tender Date. See “THE OFFERED BONDS – Redemption Provisions” herein.

* Preliminary; subject to change.

(e) With respect to the Offered Bonds, (i) the Authority's semiannual fee and (ii) the Trustee's semiannual fee shall not exceed:

(i) 1/2 (or such fraction as applicable to the initial amount prorated for the period ending October 1, 2024) of 0.25% of the outstanding principal amount of 2024 Series A Guaranteed Mortgage Securities; and

(ii) 1/2 (or such fraction as applicable to the initial amount prorated for the period ending October 1, 2024) of 0.03% of the outstanding principal amount of the Offered Bonds.

(f) The amounts held in the Funds and Accounts with respect to the Offered Bonds are assumed to be invested in Investments. See "BONDHOLDERS' CONSIDERATIONS AND RISK FACTORS — Investment Obligations" herein.

The final maturity date of the 2024 Series A Bonds is based upon the assumption that none of the 2024 Series A Mortgage Loans will be prepaid. In the event of such prepayment of the 2024 Series A Mortgage Loans, an appropriate portion of the 2024 Series A Bonds will be specially redeemed as provided for in the Indenture and as described above under the caption "THE OFFERED BONDS — Redemption Provisions — *Redemption of the PAC Bonds*" above. No reliable prediction may be made with regard to the level of Prepayments in full or other early terminations of 2024 Series A Mortgage Loans and the resulting special mandatory redemption of the 2024 Series A Bonds. This is particularly true in the case of the 2024 Series A Mortgage Loans which are expected to be originated at a rate below current market rates for comparable mortgage loans, which must comply with the requirement that persons assuming a Mortgage Loan must meet the requirements of the Code, if applicable, and the Act and which may have an associated DPA Second Mortgage Loan. The Authority expects prepayment of a number of 2024 Series A Mortgage Loans, and it is therefore probable that the 2024 Series A Bonds will be redeemed prior to their stated maturities.

No assurance can be given that actual events will correspond to the assumptions.

Risk Factors

General. The purchase of the Offered Bonds involves certain investment considerations and risks discussed throughout this Official Statement. Prospective purchasers of the Offered Bonds should make a decision to purchase the Offered Bonds only after reviewing the entire Official Statement and making an independent evaluation of the information contained and cited herein. Certain of those investment considerations and risks are summarized below. This summary is not intended to be definitive or exhaustive, and the order in which the following investment considerations and risks are presented is not intended to reflect their relative significance. Also see "TAX MATTERS" herein for a discussion of the conditions under which interest on the Offered Bonds may not be exempt from federal income taxation.

Special Considerations Relative to the Origination of Mortgage Loans. The dollar amount that FHA, VA and RD can insure or guarantee in any federal fiscal year is limited by statute and administrative procedures. If an appropriation act is not passed in any federal fiscal year or if FHA, VA or RD reach the limits of their authority, or change their respective programs, the Lenders might not be able to originate Mortgage Loans in the anticipated principal amount or with funds available in any Mortgage Loan Account. Through legislative action by the United States Congress, changes in regulations by HUD or executive action, the fees and standards for participation in FHA insurance programs may change. Pursuant to legislative or executive action, current federal housing programs, including home mortgage insurance and/or guarantees, may be substantially modified or eliminated. If such changes occur, the ability of the

Authority to apply amounts on deposit in the Series 2024 Series A Mortgage Loan Account to the purchase of 2024 Series A Guaranteed Mortgage Securities or 2024 Series A Mortgage Loans may be affected.

It is not possible to predict the effect of legislative, regulatory or executive action, if any, on the ability of the Authority to purchase Mortgage Loans or Guaranteed Mortgage Securities or to predict the determinations to be made by the Authority, in its discretion (consistent with maintaining the then current rating on the Bonds by each Rating Agency then rating the Bonds at the request of the Authority), with respect to purchasing Mortgage Loans and Guaranteed Mortgage Securities.

To facilitate the operation of the Program, from time to time, the Authority may use certain of its general operating funds to purchase Guaranteed Mortgage Securities in anticipation of the issuance of Bonds. The Authority is not obligated to use the proceeds of the Offered Bonds or other Bonds in any particular order and, depending upon the respective mortgage loan interest rates, the Authority may elect, from time to time, to use proceeds of particular Series of Bonds to the exclusion of other Series of Bonds, including the Offered Bonds. Additionally, the Authority may finance Mortgage Loans originated by Lenders pursuant to the Program through sources of funding other than the issuance of Bonds. Failure to originate Mortgage Loans in amounts contemplated in connection with the issuance of each Series of Bonds may result in redemption of such Series of Bonds, in whole or in part. See “THE OFFERED BONDS – Redemption Provisions – *Redemption from Unexpended Proceeds*” herein.

It is anticipated that a portion of the Mortgage Loans will be partially or completely prepaid or terminated prior to their respective final maturities as a result of events such as sale of the related residence, default, condemnation or casualty loss or noncompliance with the Program Guidelines. Because of the inherent uncertainty of historical basis with respect to prepayments of mortgage loans of a type similar to the Mortgage Loans described herein, including such Mortgage Loans with a related DPA Second Mortgage Loan, and the requirements under both the Act and the Code, if applicable, that, in the event of an assignment, the Mortgage Loan is to be accelerated when an assignee does not qualify under their respective provisions, there is no reliable basis for predicting the actual average life of the Mortgage Loans. Prepayment of a number of Mortgage Loans, however, is anticipated.

The rate of prepayment on the Mortgage Loans also may be affected by whether, upon a sale of the mortgaged property, the purchaser may assume the Mortgage Loan. Subject to satisfaction of certain terms set forth in the Program Guidelines, the Mortgage Loans are assumable by qualified purchasers. Assumption of Mortgage Loans, rather than payoff upon a sale or transfer of the related mortgaged property, will reduce the level of prepayments. There is no way to determine the effect that such assumptions or non-assumptions of Mortgage Loans will have on principal payments on the Bonds.

Principal Receipts received by the Trustee with respect to the 2024 Series A Guaranteed Mortgage Securities and the 2024 Series A Mortgage Loans and from Excess Revenues to the extent not used to recycle or cross-call other Series of Bonds (as described under “— Redemption and Prepayment Considerations” below), shall be applied to the payment or redemption of the 2024 Series A Bonds as described under “THE OFFERED BONDS—Redemption Provisions” herein. It is therefore expected that some portion of the 2024 Series A Bonds will be redeemed prior to their respective stated maturities.

Each Mortgage Lender’s competition in making real estate loans in the State normally comes primarily from other savings banks, commercial banks and other mortgage bankers in the area. One of the principal factors in competing for real estate loans is the interest rate charged. Prevailing interest rates for residential mortgages in the State can increase or decrease at any time.

So long as any PAC Bonds are outstanding, the 2024 Series A Indenture limits the recycling of Prepayments to finance additional Guaranteed Mortgage Securities and Mortgage Loans to amounts in

excess of such Prepayments needed to redeem the PAC Bonds up to the Applicable Amount for the applicable Bond Payment Date. The Authority may (and currently intends to if permitted by law) issue additional bonds (which may or may not be issued pursuant to the General Indenture), which may finance mortgages at interest rates below the rates provided for the 2024 Series A Mortgage Loans. Any 2024 Series A Bond proceeds initially deposited in the 2024 Series A Mortgage Loan Account which are not used to purchase Guaranteed Mortgage Securities (or otherwise finance 2024 Series A Mortgage Loans) may be used to redeem an appropriate portion of the 2024 Series A Bonds. See “THE OFFERED BONDS—Redemption Provisions” herein.

In addition, the Authority may provide funds through other programs for the refinancing of Mortgage Loans purchased, acquired or financed with proceeds of the Bonds. If Mortgage Loans are so refinanced and paid in full, such payments would be treated as Prepayments on the Mortgage Loans, resulting in an early redemption of the Bonds. See “THE OFFERED BONDS—Redemption Provisions” herein.

Prepayment and Redemption Considerations – 2024 Series A Bonds. The Trustee will receive scheduled payments and prepayments of the principal of each of the 2024 Series A Guaranteed Mortgage Securities. Prepayments consist of all principal payments in excess of the regularly scheduled principal payments on the 2024 Series A Guaranteed Mortgage Securities, including, but not limited to, payments representing: (i) optional prepayments of 2024 Series A Mortgage Loans, (ii) casualty insurance proceeds or condemnation awards applied to the prepayment of 2024 Series A 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 2024 Series A Mortgage Loans following acceleration thereof upon the occurrence of an event of default thereunder, (iv) prepayments of the 2024 Series A Mortgage Loans required pursuant to applicable rules, regulations, policies and procedures of FHA, RD, VA, Ginnie Mae or Fannie Mae, (v) prepayments of the 2024 Series A Mortgage Loans without notice while under supervision of a trustee in bankruptcy, and (vi) prepayments of the 2024 Series A Mortgage Loans in connection with the modification of such loans that results in the removal of 2024 Series A Mortgage Loans from the pool of loans backing the related 2024 Series A Guaranteed Mortgage Securities (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 2024 Series A Mortgage Loan or the refinancing of a 2024 Series A Mortgage Loan due to changes in mortgage interest rates. Therefore, economic and financial market conditions may have a significant 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 2024 Series A Guaranteed Mortgage Securities. Prepayments with respect to the 2024 Series A Guaranteed Mortgage Securities allocated to the 2024 Series A Bonds will be applied to the special redemption from revenues of the 2024 Series A Bonds at the price and in accordance with the procedures described under the heading “THE OFFERED BONDS – Redemption Provisions” herein.

In accordance with the terms of the Indenture and pursuant to an Officer’s Certificate, the Authority may elect to transfer moneys on deposit in the Revenue Fund to one or more Mortgage Loan Accounts to purchase, finance or acquire additional Mortgage Loans or Guaranteed Mortgage Securities, after the payment of (a) debt service on the Bonds (including Sinking Fund Installments and any payments to a Hedge Provider), (b) the Redemption Price of any Bonds called for redemption, (c) the purchase price of Bonds designated to be purchased by an Officer’s Certificate, and (d) to the Reserve Fund, of the amount, if any, needed to increase the amount therein to the Reserve Requirement. The use of moneys in the Revenue Fund to purchase, finance or acquire additional Mortgage Loans or Guaranteed Mortgage Securities is known as “recycling.” See “THE OFFERED BONDS – Redemption Provisions” above.

No representation is made as to the actual timing of the origination of the 2024 Series A Mortgage Loans, the yield to redemption of any 2024 Series A Bonds, the redemption of any of the 2024 Series A Bonds or the rate of prepayment on the 2024 Series A Mortgage Loans. Investors seeking to maximize yield are urged to make an investment decision with respect to the 2024 Series A Bonds based upon the investor's desired yield to redemption or maturity, the anticipated yield to redemption or maturity of the 2024 Series A Bonds resulting from the price thereof and the investor's own determination as to (a) the anticipated rate of prepayments with respect to the Mortgage Loans (including the 2024 Series A Mortgage Loans) and (b) the Authority's ability and willingness to redeem Bonds and recycle.

The 2024 Series B Bonds are not subject to special redemption, but are subject to optional redemption, prior to the Mandatory Tender Date.

Developments in the Residential Mortgage Market May Adversely Affect Bond Yield – 2024 Series A Bonds. The residential mortgage market in the United States has experienced a variety of difficulties and changed economic conditions that may adversely affect the performance and market value of mortgage revenue bonds. In response to increased delinquencies and losses with respect to residential mortgage loans, the federal government, state governments, consumer advocacy groups and others have 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, have been enacted by federal, state and local governmental authorities and it is likely that additional laws, regulations and rules will be proposed and/or enacted. These laws, regulations, and rules, together with judicial decisions, may result in delays in the foreclosure process, reduced payments by borrowers, modification of the original terms of the 2024 Series A 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. Several courts have also taken unprecedented steps to slow the foreclosure process or prevent foreclosure altogether.

Any modification of a 2024 Series A Mortgage Loan may result in the removal of such 2024 Series A Mortgage Loan from the pool of loans backing the related 2024 Series A Guaranteed Mortgage Securities. The principal balance of the removed 2024 Series A Mortgage Loan will be distributed on the related 2024 Series A Guaranteed Mortgage Securities and will affect expected timing of distributions of principal on the 2024 Series A Guaranteed Mortgage Securities, and, therefore, the 2024 Series A Bonds. Bondholders bear the risk that modifications of the 2024 Series A Mortgage Loans may reduce the yield on any 2024 Series A Bonds purchased at a premium.

The 2024 Series B Bonds are not subject to special redemption, but are subject to optional redemption, prior to the Mandatory Tender Date.

Yield and Prepayment Considerations – 2024 Series A Bonds. The 2024 Series A Bonds will be sensitive to the rate and the timing of principal payments and prepayments on the respective 2024 Series A Mortgage Loans. As a result, actual weighted average lives of the 2024 Series A Bonds may vary substantially over the lives of such 2024 Series A Bonds. The yield to the holders of 2024 Series A Bonds purchased at a discount or premium will be affected by the actual rate of principal prepayments on the 2024 Series A Mortgage Loans to the extent such prepayments affect principal payments on the 2024 Series A Guaranteed Mortgage Securities. A lower rate of principal prepayments than expected on the 2024 Series A Guaranteed Mortgage Securities would negatively affect the yield on the 2024 Series A Bonds sold at a discount, and a higher rate of prepayments than expected would negatively affect the yield on the 2024 Series A Bonds sold at a premium. Because it is impossible to predict with any accuracy the timing and dollar amount of principal prepayments that will be made on the 2024 Series A Guaranteed Mortgage

Securities, investors may find it difficult to analyze the effect of prepayments on the yield on the 2024 Series A Bonds.

The 2024 Series B Bonds are not subject to special redemption, but are subject to optional redemption, on or prior to the Mandatory Tender Date.

Recapture of Federal Subsidy. Federal law requires recapture by the federal government of the federal subsidy provided by certain Mortgage Loans originated under the Program, if a qualified residence financed with such mortgages is sold or otherwise disposed of within nine years of such financing, and the seller exceeds certain income limits. Mortgage Loans financed with proceeds of the 2024 Series A Bonds will be subject to such recapture provisions. The maximum recapture amount is approximately 6.25% of the original principal amount of such Mortgage Loan. The portion of this amount that a mortgagor will be required to pay to the federal government depends upon the length of time the residence is held prior to disposition. The recapture amount is limited to 50% of the gain derived on disposition of the residence and is reduced if the mortgagor does not exceed certain income limitations. Such recapture provisions may result in reduced demand for 2024 Series A Mortgage Loans.

Rating Downgrade. Because the 2024 Series A Guaranteed Mortgage Securities are guaranteed by Ginnie Mae, Fannie Mae and/or Freddie Mac or any other agency or instrumentality of or chartered by the United States, as applicable, and the 2024 Series A Bonds are secured on parity with the 2024 Series B Bonds, any downgrade in the sovereign credit rating of the United States of America to a rating below “Aa1” by Moody’s likely would result in a downgrade of the Offered Bonds by Moody’s. Any reduction of the then current rating on the Bonds by each Rating Agency then rating the Bonds at the request of the Authority may adversely affect their market price. See “RATING” herein.

Substitution of Rating Agencies. The Offered Bonds have been assigned a long-term credit rating as more fully described under “RATING” herein. Pursuant to the 2024 Series A Indenture, the Authority may substitute such long-term rating with a substantially equivalent rating provided by another nationally recognized statistical rating organization providing long-term ratings with respect to obligations similar to the Offered Bonds. No consent of the holders of any Bonds shall be required in connection with such substitution.

Nature of Guaranties of Fannie Mae and Freddie Mac. The obligations of Fannie Mae under its guarantees of the Fannie Mae Securities, and the obligations of Freddie Mac under its guarantees of the Freddie Mac Securities, are the respective obligations of Fannie Mae and Freddie Mac only. Neither the Fannie Mae Securities nor the Freddie Mac Securities (collectively, the “**Enterprise Securities**”), including the interest thereon, are guaranteed by the United States, nor do they constitute debts or obligations of the United States or any agency or instrumentality of the United States other than Fannie Mae or Freddie Mac, respectively, nor are they entitled to the full faith and credit of the United States. If either Fannie Mae or Freddie Mac is unable to satisfy its obligations under its guarantees, distributions on its Enterprise Securities would consist solely of payments and other recoveries on the related mortgage loans. Accordingly, prepayments, delinquencies and defaults on the mortgages would affect distributions on the Enterprise Securities and could adversely affect payments on the Offered Bonds.

Events of Default; Remedies. The remedies available to the owners of the Offered 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, the remedies available under the documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Offered 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 “Events of Default” and “Remedies” in Appendix B hereto.

Investment Obligations. The Indenture provides that amounts on deposit in any Funds and Accounts under the Indenture may be from time to time invested or reinvested in Investments. The failure to receive timely payment on Investments could adversely affect the Authority’s ability to pay principal of and interest on the Bonds.

Business Disruption Risk. 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. 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, including the Program Administrator, the Mortgage Lenders and the Master Servicer, which 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. 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. 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 finance Mortgage Loans and issue Bonds in the future.

TAX MATTERS

Federal Tax Matters

General. In the opinion of Kutak Rock LLP, Omaha, Nebraska, Bond Counsel, which is anticipated to be delivered on the date of issuance and delivery of the Offered Bonds, under existing laws, regulations, rulings and judicial decisions, interest on the Offered Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. The opinions described above assume the accuracy of certain representations and compliance by the Authority with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended (the “Code”) which must be met subsequent to the issuance of the Offered Bonds. Failure to comply with such requirements could cause interest on the Offered Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance thereof. The Authority has covenanted to comply with such requirements. Bond Counsel has expressed no opinion

regarding other federal tax consequences arising with respect to the Offered Bonds. Interest on the Offered Bonds may affect the federal alternative minimum tax imposed on certain corporations. The opinion of Bond Counsel to be delivered in connection with the issuance and delivery of the Offered Bonds is expected to be substantially in the form appearing in Appendix C hereto.

Section 103(a) and Section 141(e)(1)(B) of the Code provide that gross income for federal income tax purposes does not include interest on a “qualified mortgage bond.” Under Section 143 of the Code, a qualified mortgage bond is a bond which is issued as part of an issue the proceeds of which are used to finance owner-occupied residences meeting certain requirements relating to loan eligibility, targeted areas, yield restrictions and other matters.

The Mortgage Loan eligibility requirements of Section 143 of the Code generally applicable to the Offered Bonds are that (a) the residence with respect to which the Mortgage Loan is made is a single-family residence which is located in Eligible Areas and can reasonably be expected to become the principal residence of the mortgagor within a reasonable time after the Mortgage Loan is made; (b) except in certain limited circumstances, no part of the proceeds are to be used to acquire or replace any existing mortgage; (c) the acquisition cost of the completed residence meets certain limits; (d) with certain exceptions, most notably targeted areas and for certain mortgagors who are qualified veterans, the mortgagor will not have had a present ownership interest in its principal residence during the preceding three years; (e) with certain exceptions, the family income of the mortgagor will not exceed 100%, in the case of a household of less than three persons, and 115%, in the case of a household of three or more persons, of median gross income for the area in which the residence is located, whichever is greater; and (f) the loan will not be assumable unless the requirements of (a), (c), (d) and (e) above are met at the time of the assumption. An issue is treated as meeting the loan eligibility requirements of Section 143 if (a) the issuer in good faith attempted to meet all of the requirements before the loans were executed; (b) 95% or more of the proceeds of the issue used to finance loans was devoted to residences which met all such requirements at the time the loans were executed; and (c) any failure to comply with the loan eligibility requirements is corrected within a reasonable period after such failure is first discovered.

The Code imposes additional non-mortgage loan eligibility requirements relating to the Offered Bonds to maintain the exclusion from gross income for federal income tax purposes of interest on the Offered Bonds. For example, the Code limits the amount of the costs of issuance which may be paid from the proceeds of the Offered Bonds, limits the size of reserve funds established with the proceeds of the Offered Bonds and can require earnings on nonmortgage investments in excess of the yield on the Offered Bonds to be rebated to the United States. Of the Mortgage Loans originally funded with proceeds of the Offered Bonds, such Mortgage Loan principal prepayments and repayments that are received more than 10 years after the date of issuance of the Offered Bonds or more than 10 years after the issuance of any prior bonds that are refunded from proceeds of the Offered Bonds (or the earliest date in a series of refundings) must be used to redeem or retire the Offered Bonds, and such amounts may not be recycled into new Mortgage Loan originations. Any original proceeds of the Offered Bonds that are deposited in the 2024 Series A Mortgage Loan Account or 2024 Series B Mortgage Loan Account must either be used to: (a) acquire Guaranteed Mortgage Securities (backed by Mortgage Loans) within 42 months of the date of issuance of the Offered Bonds; or (b) be used to redeem the Offered Bonds by such applicable date. The Code also imposes limitations on the yield of the Mortgage Loans allocable to the Offered Bonds. The Authority will covenant to take such actions as are necessary to comply with such requirements unless, in the opinion of nationally recognized bond counsel, it is not necessary to comply with such requirements in order to assure the exclusion from gross income for federal income tax purposes of interest on the Offered Bonds.

Premium Bonds. Any Offered Bonds sold at initial public offering prices which are greater than the stated amounts to be paid at maturity constitute “**Premium Bonds.**” An amount equal to the excess of

the issue price of a Premium Bond over its stated Redemption Price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over the term of such Premium Bond using constant yield principles, based on the purchaser's yield to maturity (or, in the case of a Premium Bond callable prior to its maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of amortization offsets a corresponding amount of interest for the period, and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of a Premium Bond should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Backup Withholding. An owner of an 2024 Series A Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Offered Bonds if such owner fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner's taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

Other Tax Consequences. The accrual or receipt of interest on the Offered Bonds may otherwise affect a Bondholder's federal income tax liability. The extent of these other tax consequences will depend upon the Bondholder's particular tax status and other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences.

Purchasers of the Offered Bonds, particularly purchasers that are corporations (including S corporations, foreign corporations operating branches in the United States of America, and certain corporations subject to the alternative minimum tax), property and casualty insurance companies, banks, thrifts or other financial institutions or recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise entitled to the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations, are advised to consult their tax advisors as to the tax consequences of purchasing or holding the Offered Bonds.

State Tax Matters

In the opinion of Bond Counsel under existing State statutes, interest on the Offered Bonds is exempt from State income taxation. The opinion of Bond Counsel to be delivered in connection with the issuance and delivery of the Offered Bonds is expected to be substantially in the form appearing in [Appendix C](#) hereto.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Offered Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted, it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Offered 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 Offered Bonds or the market value thereof would be impacted thereby. Purchasers of the Offered Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinion expressed by Bond Counsel is based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Offered Bonds, and Bond Counsel has not expressed any opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

PROSPECTIVE PURCHASERS OF THE OFFERED BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE OFFERED BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE OFFERED BONDS.

CONTINUING DISCLOSURE

Pursuant to the terms of a Continuing Disclosure Agreement between the Authority and the Trustee (the “**Continuing Disclosure Agreement**”), the Authority will send or cause the Trustee to send to the Municipal Securities Rulemaking Board (the “**MSRB**”), through its Electronic Municipal Market Access (“**EMMA**”) system, certain financial information and operating data and notices of certain events with respect to the Offered Bonds, pursuant to the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, by the Securities and Exchange Commission (“**Rule 15c2-12**”). The Continuing Disclosure Agreement will be in substantially the form attached to this Official Statement as Appendix D hereto.

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 their obligations under the Continuing Disclosure Agreement. Any such failure must be reported in accordance with Rule 15c2-12 and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Offered Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Offered Bonds and their market price.

RATING

Moody’s Investors Service, Inc. (“**Moody’s**”), has assigned the Offered Bonds a long-term rating of “Aa1”. Moody’s has also assigned the 2024 Series B Bonds a short-term rating of VMIG 1. An explanation of the significance of such ratings may be obtained from Moody’s at 7 World Trade Center, 250 Greenwich Street, New York, NY 10007. Such ratings reflect only the view of Moody’s. The ratings are not a recommendation to buy, sell or hold the Offered Bonds and there is no assurance that such ratings will continue for any given period of time or that such ratings will not be suspended, revised downward or withdrawn entirely by Moody’s, if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of the ratings given to the Offered Bonds may have an adverse effect on the marketability or market price of the Offered Bonds. The Authority has not undertaken any responsibility to bring to the attention of the owners of the Offered Bonds any proposed suspension, revision or withdrawal of the ratings on the Offered Bonds, except in connection with the reporting of certain events as provided in the Continuing Disclosure Agreement, or to oppose any such proposed suspension, revision or withdrawal.

UNDERWRITING

Pursuant to a bond purchase agreement (the “**Purchase Agreement**”), the Offered Bonds are being purchased by Barclays Capital Inc. and Raymond James & Associates, Inc. (the “**Underwriters**”) at a price equal to \$ _____ (par amount of the Offered Bonds, plus original issue premium of \$ _____, plus accrued interest, if any). In connection with the sale of the Offered Bonds, the Underwriters will receive underwriting compensation in the amount of \$ _____. The obligations of the Underwriters to accept delivery of the Offered Bonds are subject to various conditions contained in the Purchase Agreement. The initial public offering prices of the Offered Bonds stated on the inside front cover of this Official Statement may be changed from time to time by the Underwriters. The Purchase Agreement provides that the Offered Bonds may be offered and sold to certain dealers, banks and others at prices lower than the initial offering prices, and such initial offering prices may be changed from time to time by the Underwriters.

Neither Underwriter is acting as financial advisor to the Authority in connection with the offer and sale of the Offered Bonds.

MUNICIPAL ADVISOR

cfX Incorporated (the “**Municipal Advisor**”) is serving as municipal advisor to the Authority with respect to their role as issuer of the Offered Bonds. The Municipal Advisor does not underwrite or trade bonds and will not engage in any underwriting, trading or distributing activities with regard to the issuance and sale of the Offered 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 and is not obligated to review or ensure compliance with continuing disclosure undertakings. The Municipal Advisor has registered with the Securities and Exchange Commission and the Municipal Securities Rule Making Board as a Municipal Advisor.

APPROVAL OF LEGAL MATTERS

Certain legal matters incident to the authorization, issuance, sale and delivery of the Offered Bonds by the Authority are subject to the approving opinion of Kutak Rock LLP, Bond Counsel and Counsel to the Authority. Certain legal matters will be passed upon for the Underwriters by Orrick, Herrington & Sutcliffe LLP, San Francisco, California. On the date of the issuance of the Offered Bonds, the approving opinion of Bond Counsel will be delivered in substantially the form set forth in Appendix C attached hereto.

LITIGATION

As of the date hereof, there is no litigation pending (as to which the Authority has received service of process) or, to the actual knowledge of the Authority, overtly threatened in writing directly against the Authority affecting the existence of the Authority or the title of any officers of the Authority to their respective offices, or seeking to restrain or enjoin the issuance, sale, execution or delivery of the Offered Bonds or any proceedings of the Authority with respect to the issuance or sale thereof, or the pledge or application of any monies or security for the Offered Bonds.

MISCELLANEOUS

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

The Trustee did not participate in the preparation of this Official Statement and makes no representations concerning the Offered Bonds, the collateral or any other matter stated in this Official Statement. The Trustee has no duty or obligation to pay the Offered Bonds from its own funds, assets or corporate capital or to make inquiry regarding, or investigate the use of, amounts disbursed from the accounts held under the Indenture.

Copies in reasonable quantity of the Indenture and other additional documents and information may be obtained from the Underwriters.

The Appendices attached to this Official Statement are integral parts of this Official Statement and must be read together with all of the foregoing statements.

The delivery, use and distribution of this Official Statement have been duly approved by the Authority.

APPENDIX A

DEFINITIONS OF CERTAIN TERMS

The following are certain definitions contained in the General Indenture and are not to be considered as a full statement thereof. Copies of the General Indenture are available from the Underwriters or the Authority.

Act: Title 35, Chapter 5, Arizona Revised Statutes, Sections 35-701 et seq., as amended.

Auditor's Opinion: unless otherwise prescribed by State law, an opinion signed by any certified public accountant or firm of certified public accountants (who may be the accountant or firm that regularly audits the books and accounts of the Authority) from time to time selected by the Authority.

Authority: the Arizona Industrial Development Authority.

Authorized Newspapers: one or more newspapers printed in the English language, one of which is generally circulated in the State.

Authorized Representative: the President or Executive Director of the Issuer, or any other legally authorized signatory of the Authority.

Bond: any Bond previously or subsequently authorized under the General Indenture and issued pursuant to a Series Indenture.

Bond Counsel: any nationally recognized bond counsel who is either currently under contract to provide such services to the Authority or is acceptable to the Authority and the Trustee.

Bondholder or Holder: the bearer of any Outstanding Bond or Bonds.

Cash Flow Certificate: an Officer's Certificate meeting the requirements of the General Indenture.

Cash Flow Test: projected annual Revenues sufficient to pay projected Program Expenses and scheduled Interest Requirements and Principal Requirements, all as set forth in a Cash Flow Certificate pursuant to the General Indenture.

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

Cost of Issuance: all items of expense payable or reimbursable directly or indirectly by the Authority and related to the authorization, sale and issuance of Bonds and the making and purchase of Mortgage Loans.

Counsel's Opinion: an opinion signed by any attorney or firm of attorneys (who may be employed by or of counsel to the Authority or an attorney or firm of attorneys retained by it in other connections) licensed to practice in the state in which he or it maintains an office, selected or employed by the Authority and satisfactory to the Trustee.

Credit Facility: a letter of credit, standby bond purchase agreement, bond insurance policy, credit commitment, line of credit, guaranty, surety bond or other credit facility, issued with respect to any Bonds by a state chartered banking corporation, national banking association or other financial institution or any insurance company with an investment grade rating on its outstanding long-term senior unsecured and uninsured obligations from any Rating Agency.

Depository: each financial institution appointed pursuant to the General Indenture to act as depository, and any successor thereof designated by or pursuant to the General Indenture.

Eligible Areas: Apache County, Cochise County, Coconino County, Gila County, Graham County, Greenlee County, La Paz County, Mohave County, Navajo County, Pinal County, Santa Cruz County, Yavapai County and Yuma County, all within the State.

Escrow Payment: all payments made by or on behalf of an eligible borrower of a Mortgage Loan in order to obtain or maintain mortgage insurance or guaranty coverage of, and fire and other hazard insurance with respect to, a Mortgage Loan, and any payments required to be made with respect to such Mortgage Loan for taxes, other governmental charges and other similar charges required to be escrowed under the Mortgage.

Fiduciary: the Trustee, a Depository or a Paying Agent.

Fiscal Year: the period of twelve (12) calendar months commencing on July 1 in any calendar year and ending on June 30 in the following year.

Funds and Accounts: Funds and Accounts, including any subaccounts, established pursuant to the General Indenture, any Supplemental Indenture or any Series Indenture.

General Indenture: the General Indenture of Trust, dated as of June 1, 2024, as it may from time to time be amended, modified or supplemented as provided.

Governmental Obligations: (a) direct obligations of the United States of America, and (b) obligations the timely payment of the principal of, and interest on, which is fully and unconditionally guaranteed by the United States of America, and (c) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of obligations described in (a) or (b).

Hedge Agreement: a payment exchange agreement, swap agreement, forward purchase agreement or any other hedge agreement entered into by the Authority providing for payments between the parties based on levels of, or changes in, interest rates or other indices or contracts to exchange cash flows or a series of payments or contracts, including, without limitation, interest rate floors, or caps, options, puts or calls, which allows the Authority to manage or hedge payment, rate, spread or similar risk with respect to all or a portion of any Series of Bonds or any assets pledged under this General Indenture.

Hedge Provider: any person or entity providing a Hedge Agreement pursuant to an agreement with or upon the request of the Authority.

Home: real property and improvements thereon, including but not limited to a condominium unit, which consists of not more than four dwelling units owned by one Mortgagor.

Interest Payment Date: each date on which interest on any Series of Bonds is required to be paid under the applicable Series Indenture.

Interest Requirement: as of any particular date of computation, the sum of the unpaid interest then due plus the interest to accrue on all Outstanding Current Interest Bonds to the first day of the following month, plus the additional amount of such interest to accrue to their next respective Interest Payment Dates. Interest Requirement shall also include any regular payments under a Qualified Hedge Agreement if so specified by a Series Indenture or Officer's Certificate, but shall not include any fees, expenses or termination payments.

Investment: any of the following which at the time are certified to the Trustee in an Officer's Certificate as (a) legal investments for Fiduciaries under the laws of the State for moneys held hereunder which are then proposed to be invested therein and (b) permitted by the then effective investment policy of the Authority:

- (i) Governmental Obligations;
- (ii) Direct and general obligations of any state within the United States of America or of any political subdivision of such a state, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by each Rating Agency then rating the Bonds at the request of the Authority;
- (iii) Bonds, debentures, participation certificates, notes or other obligations issued or unconditionally guaranteed by any of the following: Federal Home Loan Banks, Farm Credit System (including the Bank for Cooperatives, Federal Land Banks, Federal Farm Credit Banks and Federal Intermediate Credit Banks), Fannie Mae, Farmer's Home Administration (or its successor, the Rural Housing and Community Development Service), Federal Home Loan Mortgage Corporation, Government National Mortgage Association, Small Business Administration, Resolution Funding Corporation, or any other agency or corporation which has been or may hereafter be created by or pursuant to an Act of the Congress of the United States as an agency or instrumentality thereof;
- (iv) Repurchase agreements, provided that such obligation is (1) rated in one of the three highest rating categories by any Rating Agency then rating the Bonds or (2) continuously and fully collateralized by such securities as are described above in clauses (i) through (iii), inclusive, which shall have a market value at all times equal to at least the principal amount of such obligation;
- (v) Certificates of deposit, time deposits, demand deposits, and other deposit products, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of the United States or any state, provided that such certificates of deposit, time deposits, demand deposits, and other deposit products shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully collateralized by an irrevocable letter of credit issued by the United States of America or such securities as are described above in clauses (i) through (iii), inclusive, which shall have a market value at all times at least equal to the principal amount of such certificates of deposit, time deposits or demand deposits;
- (vi) Money market funds registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, and having a rating by S&P of AAAM-G; AAA-m; or AA-m and if rated by Moody's rated Aaa, Aa1 or Aa2;
- (vii) Stripped securities: principal-only strips and interest-only strips of noncallable obligations issued by the U.S. Treasury, and REFCORP securities stripped by the Federal Reserve Bank of New York; and

(viii) Guaranteed investment contracts or similar deposit agreements with insurance companies, banks or other financial institutions, unless such contract or agreement would adversely affect the then current rating on the Bonds by each Rating Agency then rating the Bonds at the request of the Authority.

Notwithstanding the foregoing, and subject to State law, it is expressly understood that the definition of 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 Representative 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, unless at the time of inclusion such inclusion would adversely affect the then current rating on the Bonds by each Rating Agency then rating the Bonds at the request of the Authority, as certified in such Officer's Certificate or Supplemental Indenture.

Issue Date: the date as of which any Series of Bonds is issued and from which interest thereon accrues, as specified by the applicable Series Indenture in accordance with the General Indenture.

Mortgage: a mortgage deed, deed of trust or other instrument securing a Mortgage Loan and constituting a first lien on a Home, subject only to encumbrances as are approved by the Authority.

Mortgage Lender: any bank, trust company, savings bank, national banking association, savings and loan association, building and loan association, life insurance company, mortgage banker or other financial institution authorized to transact business within the State which is, as and to the extent necessary for performance of its obligations, an FHA-RD-VA-approved Mortgagee, or qualified to sell mortgages to Fannie Mae or to the Freddie Mac, or any agency or instrumentality of the United States or the State, making or holding a Mortgage Loan, whether for its own account or as agent of the Authority, and approved by the Authority.

Mortgage Loan: a loan to a Mortgagor, secured by a Mortgage on a Home and evidenced by a promissory note. The definition of "Mortgage Loan" shall not include, unless otherwise provided in a Series Indenture, any Mortgage Loan which is not credited to the Mortgage Loan Account or the Revenue Fund.

Mortgage Loan Accounts: the Accounts so designated which may be established pursuant to Section 303 of the General Indenture.

Mortgagor: the obligor or joint obligors on a Mortgage Loan.

Note: any obligation not designated as a bond, issued by the Authority pursuant to the Act to make or purchase an obligation which is then, or thereafter becomes, a Mortgage Loan.

Officer's Certificate: a certificate signed by an Authorized Representative, or a representative of the Authority designated as such in a Series Indenture.

Outstanding: a reference as of any particular time to all Bonds theretofore delivered except (i) any Bond cancelled by the Trustee, or proven to the satisfaction of the Trustee to have been cancelled by the Authority or by any other Fiduciary, at or before that time, (ii) any Bond for the payment or redemption of which either Investments or money in the amounts, of the maturities and otherwise described and required under the provisions of paragraph (B) or (D) of the General Indenture has been deposited with one or more Fiduciaries in trust (whether upon or prior to the maturity or redemption date of the Bond) and except in the case of a Bond to be paid at maturity, of which notice of redemption has been given or provided for in accordance with the General Indenture, and (iii) any Bond in lieu of or in substitution for which another

Bond has been delivered pursuant to of the General Indenture and (iv) with respect to the General Indenture, any Bond owned by the Authority.

Parity Test: the Value of the Principal Assets equals or exceeds one hundred percent (100%) of the par amount of all Outstanding Bonds.

Paying Agent: any bank, financial institution or other organization appointed by or pursuant to the General Indenture, its successor or successors and any other corporation or association which may at any time be substituted in its place pursuant to the General Indenture.

Prepayment: any money received from a payment of principal on a Mortgage Loan in excess of the scheduled payments of principal then due.

Principal Assets: as of any date of computation of Value, all, Qualified Mortgage Loans (which include Guaranteed Mortgage Securities), Mortgage Loans, deposited cash and Investments in all Mortgage Loan Accounts, in the Reserve Fund, and in the Revenue Fund, including amounts in the Special Program Fund held for the credit of the Revenue Fund, other than Investments and cash held pursuant to Section 1201 of the General Indenture or to pay accrued interest on Outstanding Bonds.

Principal Installment: as of any particular date of computation, an amount equal to the principal amount of Outstanding Bonds which mature on a single future date, reduced by the aggregate amount of any Sinking Fund Installments payable before that date toward the retirement of such Outstanding Bonds, but including the remaining amount as a Sinking Fund Installment payable on said future date.

Principal Installment Date: the date on which a Principal Installment is payable.

Principal Office: with respect to a Fiduciary, its principal or head office or corporate trust or principal trust office in the city in which the Fiduciary is described as being located.

Principal Requirement: as of any particular date of computation, for all Bonds then Outstanding, the sum of (i) all unpaid Principal Installments then due, plus (ii) all Principal Installments to become due within twelve (12) months thereafter.

Program: the Authority's programs of making, purchasing or financing Qualified Mortgage Loans, including the payment, when due, of principal and redemption premium, if any, and interest on Notes and Bonds.

Program Expenses: all the Authority's expenses of administering the Program under the General Indenture and the Act and shall include without limiting the generality of the foregoing: salaries, supplies, utilities, labor, materials, office rent, maintenance, furnishings, equipment, machinery and apparatus, insurance premiums, legal, accounting, management, consulting and banking services and expenses, the fees and expenses of the Trustee, any Depositary and Paying Agent, Costs of Issuance not paid from proceeds of Bonds, payments to pension, retirement, health and hospitalization funds, Hedge Agreement payments so designated by an Authorized Representative including, without limitation, payments due upon the early termination of a Hedge Agreement, Credit Facility fees, bond insurer fees, remarketing agent fees, and any other expenses required or permitted to be paid by the Authority under the provisions of the General Indenture, any Supplemental Indenture and any Series Indenture, all to the extent properly allocable to the Program.

Proportionate Basis: the principal amount of Offered Bonds of a particular maturity to be redeemed shall be determined by multiplying the total amount of funds available for redemption (after taking into

account any redemption premium to be paid from such moneys) by the ratio which the principal amount (or such other specified principal amount) of Offered Bonds of such maturity then Outstanding bears to the aggregate principal amount of Offered Bonds then Outstanding and subject to redemption. If, after applying funds to the redemption of Offered Bonds in Authorized Denominations, funds remain available for redemption of Offered Bonds, such remaining funds shall be applied to redeem Offered Bonds in Authorized Denominations so that over time the 2024 Series A Bond maturities are reduced proportionally.

Qualified Hedge Agreement: a Hedge Agreement which meets the tests of Section 407 of the General Indenture.

Qualified Hedge Institution: (A) a bank, a trust company, a national banking association, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any state of the United States of America, a corporation, a trust, a partnership, an unincorporated organization, or a government or an agency, instrumentality, program, account, fund, political subdivision or corporation thereof, in each case the unsecured or uncollateralized long-term debt obligations of which, or obligations secured or supported by a letter of credit, contract, agreement or surety bond issued by any such organization, at the time a Qualified Hedge Agreement is entered into by the Authority are rated in either of the three highest rating categories by each Rating Agency then rating the Bonds at the request of the Authority or (B) the Government National Mortgage Association or any successor thereto, Fannie Mae or any successor thereto, Freddie Mac or any successor thereto, or any other federal agency or instrumentality the obligations of which are backed by the full faith and credit of the United States of America, and further provided that it is expressly understood that the definition of the Qualified Hedge Institution shall be, and be deemed to be, expanded, or new definitions and related provisions shall be added to the General Indenture, thus permitting a Qualified Hedge Agreement with a different entity from those permitted which an Authorized Representative 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 then rating the Bonds at the request of the Authority.

Qualified Mortgage Loan: a Mortgage Loan satisfying the conditions set forth in Section 304 of the General Indenture or a security based on and backed by a pool of Mortgage Loans (including a Guaranteed Mortgage Security), each satisfying said conditions.

Rating Agency: a nationally recognized statistical rating organization which is registered with the United States Securities and Exchange Commission in accordance with the Credit Rating Agency Reform Act of 2006.

Redemption Price: as of any date of redemption before maturity, the principal amount of a Bond, or any portion thereof, plus the applicable premium, if any, payable upon redemption thereof in accordance with its terms.

Reserve Fund: the Fund so designated which is established and created by Section 401 of the General Indenture.

Reserve Requirement: as of any particular date of computation, an amount of money equal to the sum of the amounts required by each Series Indenture to be maintained in the Reserve Fund with respect to the Series of Bonds authorized thereby, if any.

Revenue Fund: the Fund so designated which is established by Section 401 of the General Indenture.

Revenues: (i) all amounts received as repayment of principal, interest and all other charges received for, and all other income and receipts derived by the Authority from, Mortgage Loans or any way in connection therewith, including Prepayments, (ii) moneys deposited in a sinking, redemption or reserve fund or other Fund or Account to secure Bonds or to provide for the payment of the principal of, premium or interest on Bonds, (iii) all payments and receipts received by the Authority under a Qualified Hedge Agreement and (iv) to the extent hereinafter provided, interest earnings or income received on moneys so deposited in any Fund or Account pursuant to this Indenture and all other payments and receipts received with respect to Mortgage Loan, including the proceeds of any Mortgage insurance claims (but excluding Service Charges, Escrow Payments, or other financing, commitment or similar fees or charges of the Authority or a Mortgage Lender at or prior to the time of making or purchasing a Mortgage Loan).

Serial Bonds: Bonds so designated in a Series Indenture.

Series: all Bonds delivered on original issuance in a simultaneous transaction, regardless of variations in maturity, interest rate or other provisions, and any Bond thereafter delivered in lieu of or substitution for any of such Bonds pursuant to the General Indenture.

Series Indenture: an indenture of the Authority authorizing the issuance of Bonds pursuant to Article II of the General Indenture.

2024 Series A Mortgage Loan Account: the Mortgage Loan Account established with respect to the 2024 Series A Bonds.

2024 Series B Mortgage Loan Account: the Mortgage Loan Account established with respect to the 2024 Series B Bonds.

2024 Series A Revenue Account: the Revenue Account established within the Revenue Fund with respect to the 2024 Series A Bonds.

2024 Series B Revenue Account: the Revenue Account established within the Revenue Fund with respect to the 2024 Series B Bonds.

Service Charge: any charge authorized to be deducted by the Master Servicer from payments on a Mortgage Loan and any reimbursement of the cost of servicing by the Authority, before deposit of the payments with the Trustee.

Servicer: any public or private institution (including the Trustee or a Depository) with which the Authority shall execute a Servicing Agreement.

Servicing Agreement: a contractual agreement of the Authority with a Servicer for the Servicing of Qualified Mortgage Loans.

Sinking Fund Installment: any amount of money required by or pursuant to a Series Indenture to be paid on a specified date by the Authority toward the retirement of any particular Term Bonds before maturity.

Sinking Fund Installment Date: the date on which a Sinking Fund Installment is payable.

Special Program Fund: the Fund so designated which may be established pursuant to Section 307 of the General Indenture, including a general account and restricted account.

State: the State of Arizona.

Subordinated Bonds: Bonds authorized by the General Indenture and issued pursuant to a Series Indenture which by their terms are junior in right of payment to the Bonds.

Supplemental Indenture: any indenture of the Authority amending or supplementing the General Indenture, adopted and becoming effective in accordance with the terms of Articles VIII or IX of the General Indenture.

Term Bonds: Bonds so designated in a Series Indenture.

Trust Estate: all Revenues, proceeds, Funds, Accounts, Mortgage Loans, rights, interests, collections, and other property pledged to the payment of any Bonds pursuant to Sections 201 and 504 of the General Indenture or any Series Indenture.

Trustee: the trustee appointed by or pursuant to Section 1101 of the General Indenture, its successor or successors and any other corporation or association which may at any time be substituted in its place pursuant to the General Indenture.

Value: a periodic valuation of Principal Assets to be made by Officer's Certificate, which may rely on the most recent Cash Flow Certificate, at the times required by the General Indenture, at amounts computed for the several categories of Principal Assets, respectively as follows:

- (1) for a Qualified Mortgage Loan (including a Guaranteed Mortgage Security), the unpaid principal amount thereof;
- (2) for any amount of cash and Investments held in a Mortgage Loan Account and the Revenue Fund, (i) the par amount thereof if purchased at par; (ii) the amortized cost thereof if not purchased at par; provided that accrued interest shall be excluded from each such computation.

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL INDENTURE

The following summarizes certain provisions of the General Indenture and is not to be considered as a full statement thereof. Reference is made to the General Indenture for full details of all of the terms thereof. Copies of the General Indenture are available from the Authority or the Trustee.

Mortgage Loan Accounts

Each Series Indenture shall establish a separate Mortgage Loan Account to be held by the Trustee, to record the receipt and disbursement of any proceeds of the Series of Bonds therein authorized for the making, purchase or financing of Qualified Mortgage Loans (including Guaranteed Mortgage Securities) or Mortgage Loans or for the financing of Qualified Mortgage Loans previously made or purchased. Upon the acquisition of Qualified Mortgage Loans with proceeds of a particular Series of Bonds, the Trustee shall credit such Qualified Mortgage Loans to the applicable Account under the Revenue Fund.

The Trustee shall, from time to time, apply moneys held in each Mortgage Loan Account for the purpose of making or purchasing Qualified Mortgage Loans or Mortgage Loans or of reimbursing the Authority for payments made by it from other funds for that purpose, upon receipt by the Trustee of an Officer's Certificate stating:

- (1) The Mortgage Loan Account from which the payment is to be made, and the amount, manner and recipient of the payment, which may be made to the Authority or to a Mortgage Lender; and
- (2) That each Qualified Mortgage Loan fully satisfied the provisions set forth below under the caption "Qualification of Mortgage Loans."

All interest and other income received from the deposit and investment of money in Mortgage Loan Accounts shall be transferred by the Trustee, as received, to the Revenue Fund.

The Authority may, by Officer's Certificate, direct the Trustee to transfer amounts in any Mortgage Loan Account to the Revenue Fund. Any Bond proceeds remaining in any Mortgage Loan Account forty (40) months after the Issue Date of the Bonds of the Series for which the Account was established, or at such other time as may be provided in the applicable Series Indenture or an Officer's Certificate, shall be so transferred by the Trustee to the Revenue Fund. Amounts transferred to the Revenue Fund may, by Officer's Certificate, be retransferred to the Mortgage Loan Account subject to limitations set forth in the General Indenture.

Qualification of Mortgage Loans

Each Mortgage Loan made, purchased or financed from Bond proceeds shall conform to the terms, conditions, provisions and limitations stated in the General Indenture and any applicable Series Indenture except to the extent, if any, that a variance therefrom is required by any agency or instrumentality of the United States guaranteeing or insuring or otherwise assisting in the payment of the Mortgage Loan.

Each Mortgage Loan made by the Authority shall be made for the purpose of financing residential housing for a person or family of low or moderate income as defined in the Act and rules adopted by the Authority pursuant thereto.

The Authority may participate in a Mortgage Loan with another party or parties, so long as the interest of each shall have equal priority as to lien in proportion to the amount of the Mortgage Loan secured, but such interests need not be equal as to interest rate, time or rate of amortization or otherwise.

The Authority shall enter into a Servicing Agreement with respect to each Mortgage Loan, unless they determine to service the Mortgage Loan themselves.

Deposits of Mortgage Loan Revenues

The Authority will collect and deposit, or will cause Servicers to collect and deposit, with the Trustee, or with depositories in the name of the Trustee, as soon after receipt as practicable, all Revenues derived from Mortgage Loans, including Defaulted Mortgage Loans, and the Trustee shall credit all such receipts to the Revenue Fund.

Revenue Fund

Subject to the terms of the related Series Indenture, on or before each Interest Payment Date, and at other times as directed by an Officer's Certificate, the Trustee shall withdraw from any money in the Revenue Fund and make the following payments, or credit to each of the following Funds and Accounts the amount indicated in the following tabulation, or so much thereof as remains after first making such payment or paying into each Fund or Account preceding it in the following tabulation the amount indicated:

- (1) to pay debt service on the Bonds (including Sinking Fund Installments) and any payments to a Hedge Provider;
- (2) to pay the Redemption Price of any Bonds called for redemption in accordance with Article VII of the General Indenture and any Series Indenture;
- (3) to the purchase of Bonds designated in the Officer's Certificate in accordance with Section 403(C) of the General Indenture;
- (4) to the Reserve Fund, the amount, if any, needed to increase the amount therein to the Reserve Requirement;
- (5) to one or more Mortgage Loan Accounts or to pay Program Expenses or payments to a Hedge Provider, as directed by Officer's Certificates furnished to the Trustee;
- (6) to one or more other Funds or Accounts as may be established by and as may be directed in any Series Indenture or Officer's Certificate; and
- (7) the remainder shall be held in the Revenue Fund until and unless directed by Officer's Certificate to be transferred (i) to the Special Program Fund, (ii) to make payments to a Hedge Provider or (iii) such remainder or any part thereof may be directed by an Officer's Certificate to be withdrawn for use for any purpose authorized by the Act, free and clear of any lien or pledge created by this General Indenture, but only upon the filing of an Officer's Certificate demonstrating that the Parity Test and the Cash Flow Test will still be satisfied after giving effect to such withdrawal or transfer.

The Trustee shall withdraw moneys from the Revenue Fund for application by the Trustee or the Paying Agents to the payment of unpaid interest on and principal of the Bonds when due. Moneys held in the Revenue Fund for the payment of Sinking Fund Installments shall be applied to the purchase or

redemption of Bonds to which such Sinking Fund Installments relate. No such money may be used to purchase Bonds less than twenty-five days prior to the Sinking Fund Installment Date, or at a price higher than the then applicable Redemption Price.

Money in the Revenue Fund may be used to purchase Bonds designated in the Officer's Certificate, at a purchase price not exceeding the Redemption Price applicable on the next date when such Bonds are redeemable from said Fund, respectively, under the provisions of the applicable Series Indentures (provided that such purchase price may exceed the applicable Redemption Price if and to the extent the amount of such excess shall be paid from moneys not pledged under the General Indenture, or moneys which could otherwise be released to the Authority pursuant to the General Indenture). The Authority will not at any time cause Bonds to be purchased or redeemed, if this would have any material adverse effect on its ability to pay, when due, the Principal Installments of and interest on the Bonds Outstanding after such purchase or redemption.

Interest and other income derived from the investment or deposit of money in the Revenue Fund shall be transferred to the Revenue Fund as received.

Special Program Fund

The General Indenture establishes a Special Program Fund, to be held and applied by the Trustee, in which the Authority may deposit, at any time, any available funds not pledged under the General Indenture, including, but not limited to, proceeds of a Series of Bonds, or other funds previously pledged under an indenture securing obligations satisfied and discharged by the issuance of a Series of refunding Bonds, if such proceeds or other funds are not needed to accomplish such satisfaction and discharge. Money so deposited shall be held in a general account in the Special Program Fund and, until disbursed or committed to be disbursed as provided below, shall be available to restore deficiencies in other Funds and Accounts, as provided in the General Indenture.

Subject to the foregoing, amounts in the general account in the Special Program Fund shall be disbursed or transferred, as directed by Officer's Certificates, to effectuate (a) loans by the Authority to provide special assistance to eligible sponsors, mortgagors or occupants of housing for persons and families of low and moderate income in paying the cost of development, rental or ownership of such housing or (b) reappropriations to any fund or account pertaining to any other program for any purpose authorized by the Act.

The full amount committed at any time by the Authority for a special assistance loan shall be transferred by the Trustee to a separate restricted account in the Special Program Fund. Such loans shall be disbursed from the restricted account at times and in amounts directed by Officer's Certificates, and repayments thereof shall be credited upon receipt to the general account. The Authority also may direct the Trustee to establish one or more separate restricted accounts for any lawful purpose of the Authority, including security for any obligation of the Authority. Funds held in a restricted account or disbursed pursuant to reappropriation shall no longer be available for transfer to any other Fund or Account, except as provided in the directions to the Trustee relating to the establishment of such restricted account.

Income from the investment of the Special Program Fund shall be credited to the general account therein.

Unless otherwise set forth in a Series Indenture or an Officer's Certificate, at such time as any Series of Bonds is no longer outstanding and the related Series Indenture has been discharged, all moneys, assets and investments allocated to such Series (other than any cash and investments held by the Trustee in connection with a defeasance of such Series) shall be credited to the Special Program Fund.

Reserve Fund

The Authority shall at all times maintain the Reserve Fund at its requirement and do and perform or cause to be done and performed each and every act and thing with respect to the Reserve Fund provided to be done or performed by or on behalf of the Authority or the Trustee. The amount of the deposit to the Reserve Fund, if any, in connection with the issuance of any Series of Bonds shall be set forth in the related Series Indenture.

If the Revenue Fund lacks sufficient and available amounts to provide for the payment when due of Principal Installments of and interest on the Bonds, the Trustee shall withdraw from the Reserve Fund, if required and if containing any funds, and pay into the Revenue Fund the amount of the deficiency. The Trustee shall notify the Authority in writing prior to any such withdrawal from the Reserve Fund. If, on the Principal Installment Date, all withdrawals from the Reserve Fund have been made as required on the same or any prior date by any other provision of General Indenture, within five (5) days thereafter the Trustee shall withdraw any amount therein in excess of the Reserve Requirement and credit it to the Revenue Fund unless otherwise directed in an Officer's Certificate.

The Authority may satisfy the Reserve Requirement by the deposit of a surety bond, insurance policy or letter of credit as shall be specified in the Series Indenture establishing such Reserve Requirement. All matters relating to the procedures for making a claim or draw under such credit instruments and the obligation of the Authority to reimburse the issuer of any such credit instruments for any such claims or draws shall be set forth in the Series Indenture establishing such Reserve Requirement; provided, however, that the obligation of the Authority to reimburse such issuer shall be subordinate to the payment of the principal of and interest on the Bonds.

Hedging Transaction

A Hedge Agreement is a Qualified Hedge Agreement if, at the time of execution of such Hedge Agreement, (1) the provider of the Hedge Agreement is a Qualified Hedge Institution or the provider's obligations under the Hedge Agreement are unconditionally guaranteed by a Qualified Hedge Institution and (2) the Authority designate the Hedge Agreement as a Qualified Hedge Agreement by an Officer's Certificate.

If the Authority shall enter into any Qualified Hedge Agreement with respect to any Bonds and the Authority has made a determination that the Qualified Hedge Agreement was entered into for the purpose of hedging or managing the interest due with respect to specified Bonds, then during the term of the Qualified Hedge Agreement and so long as the Hedge Provider of the Qualified Hedge Agreement is not in default:

- (1) for purposes of any calculation of debt service, the interest rate on the Bonds with respect to which the Qualified Hedge Agreement applies shall be determined as if such Bonds had interest payments equal to the interest payable on those Bonds less any payments reasonably expected to be made to the Authority by the Hedge Provider and plus any payments reasonably expected to be made by the Authority to the Hedge Provider in accordance with the terms of the Qualified Hedge Agreement (other than fees, expenses or termination payments payable to such Hedge Provider for providing the Qualified Hedge Agreement);
- (2) any such payments (other than fees, expenses and termination payments) required to be made by the Authority to the Hedge Provider pursuant to such Qualified Hedge Agreement shall be made from amounts on deposit in the Revenue Fund pursuant to the General Indenture, unless otherwise specified by the Authority to be paid from other moneys;

(3) any such payments received by or for the account of the Authority from the Hedge Provider pursuant to such Qualified Hedge Agreement shall constitute Revenues and be deposited in the Revenue Fund; and

(4) fees not equivalent to regular Bond debt service payments, as well as expenses and termination payments, if any, payable to the Hedge Provider may be paid from amounts on deposit in the Revenue Fund pursuant to the General Indenture, or such other funds as are specifically designated by the Authority, in each case if and to the extent expressly provided in the Qualified Hedge Agreement or applicable Series Indenture.

Pledge of Trust Estate

The Trust Estate has been pledged to the payment of the principal and Redemption Price of, Sinking Fund Installments with respect to and interest on the Bonds in accordance with the terms and provisions of the General Indenture, and the Trustee has been granted a security interest therein. The Trustee shall file or cause to be filed or recorded all such financing statements, continuation statements and other instruments as may be necessary to perfect, and maintain perfected, such security interests to the extent that such perfection can be accomplished by such filing. The Authority may pledge additional assets and revenues to the Bonds or any Series of Bonds pursuant to a Supplemental Indenture or a Series Indenture.

Payment of Bonds

The Authority shall duly and punctually pay or cause to be paid, solely from amounts available in the Trust Estate, the principal of and interest on the Bonds, at the dates and places and in the manner mentioned in such Bonds, according to the true intent and meaning thereof, and shall pay or cause to be paid to the Trustee any part of any Sinking Fund Installments pursuant to any provision of General Indenture and any related Series Indenture, all from the Trust Estate pledged under the General Indenture and any other assets pledged pursuant to a Series Indenture; provided, that the Bonds shall be special, limited obligations of the Authority.

Accounts and Reports

The Authority shall keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of their transactions relating to the Program and all Funds and Accounts established by or pursuant to the General Indenture.

Cash Flow Certificates

The Authority shall file a Cash Flow Certificate with the Trustee (i) whenever a Series of Bonds are issued pursuant to the General Indenture and a related Series Indenture, (ii) prior to or concurrent with the conversion (i.e., in conjunction with the resetting of the interest rate determination method thereon) of any Series of Bonds, (iii) no later than six (6) months following the end of each Fiscal Year and (iv) at such other times as required by the General Indenture or as may be required by a Supplemental Indenture, and may file a Cash Flow Certificate at any time in its discretion, provided that the Authority is not required to file a Cash Flow Certificate as aforesaid if the Authority certifies to the Trustee that the assumptions for the most recently filed Cash Flow Certificate still reflect the Authority's reasonable expectations, and provided further that the Authority is not required to file a Cash Flow Certificate as required by (iii) above unless required by a Rating Agency then rating the Offered Bonds.

A Cash Flow Certificate shall set forth projected Revenues, Program Expenses and the interest payments and Principal Installments for each Bond Year during which Bonds will be Outstanding based

upon the reasonable expectations of the Authority at the time such Certificate is filed. The Cash Flow Certificate shall also 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.

Amendments to the General Indenture

The General Indenture may be amended or supplemented at any time without the consent of any of the Bondholders or of the Trustee for the following purposes:

- (1) To close the General Indenture against, or provide limitations and restrictions in addition to, the limitations and restrictions contained in the General Indenture on the issuance in future of Bonds or of other notes, bonds, obligations or evidences of indebtedness;
- (2) To add to the covenants or agreements of the Authority in the General Indenture other covenants or agreements to be observed by the Authority which are not contrary to or inconsistent with the General Indenture as theretofore in effect;
- (3) To add to the limitations or restrictions in the General Indenture other limitations or restrictions to be observed by the Authority which are not contrary to or inconsistent with the General Indenture as theretofore in effect;
- (4) To surrender any right, power or privilege reserved to or conferred upon the Authority by the General Indenture;
- (5) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the General Indenture, of the Revenues or any other money, securities, Funds or Accounts; or
- (6) To specify, determine or authorize by Series Indenture any and all matters and things relative to the Bonds of a Series or the proceeds thereof which are not contrary to or inconsistent with the General Indenture as theretofore in effect.

Supplemental Indentures Not Affecting Bondholders

The General Indenture may be amended or supplemented at any time without the consent of any of the Bondholders or of the Trustee to modify any of the provisions of the General Indenture or to release the Authority from any of the obligations, covenants, agreements, limitations, conditions or restrictions contained in the General Indenture, provided that:

- (1) No Bonds are Outstanding at the time the resolution becomes effective; or
- (2) Such resolution, by its terms, is applicable only to the obligations, covenants, agreements, limitations, conditions and restrictions of and upon the Authority in relation to the Holders of Bonds issued after it becomes effective.

Supplemental Indentures Effective Upon Consent of Trustee

The General Indenture may be amended or supplemented at any time with the consent of the Trustee, but without the consent of any of the Bondholders, for any of the following purposes:

(1) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the General Indenture;

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

(3) To make any other change as shall not be, in the opinion of the Trustee, materially adverse to the security or other interests of the Bondholders (and the Trustee may rely upon the respective opinions of the nationally recognized Rating Agencies then rating the Bonds at the request of the Authority as to whether the then current rating of the Bonds will be adversely affected as conclusively establishing whether the change is materially adverse to the security of the Bondholders).

The General Indenture may be amended or supplemented at any time for any purpose with the written consent of the Holders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given; provided that if such modification or amendment, by its terms, will not take effect so long as any Bonds of any specified Series, maturity and interest rate remain outstanding or will not affect the obligations, covenants, agreements, limitations, conditions and restrictions of and upon the Authority in relation to the Holders of such Bonds, the consent of the Holders of such Bonds shall not be required, and such Bonds shall not be deemed to be outstanding for the purpose of any such calculation of Outstanding Bonds; and provided further that no such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bonds or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the description of Bonds, the consent of the Holders of which is required to effect any such modification or amendment. No such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the Fiduciary's written consent.

The General Indenture may be amended or supplemented at any time for any purpose with the consent of all the Bondholders, except that none of the rights or obligations of a Fiduciary may be changed or modified without its written consent.

Defeasance

The pledge of Revenues and other moneys, securities and funds in the General Indenture, and the covenants, agreements and other obligations of the Authority to the Bondholders therein, will be discharged and satisfied, if the Authority shall pay or cause to be paid to the Holders of the Bonds and coupons the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the General Indenture.

Any Bond or coupon or interest installment will be deemed paid, if moneys for the payment or redemption thereof shall have been deposited with the Trustee by or on behalf of the Authority, whether at or prior to the maturity or the redemption date of such Bond; provided that if any Bond is to be redeemed prior to its maturity, all action necessary to call such Bond for redemption shall have been taken, notice of such redemption shall have been duly given, or provision satisfactory to the Trustee shall have been made for the giving of such notice. Any moneys so held by the Trustee shall be invested, at the direction of an Authorized Representative of the Authority, in Investments maturing on or before the date when payment to the Holder of the Bond or interest coupon is due, and all interest and earnings on such Investments shall be deposited in the Revenue Fund.

Any Bond and any coupon or interest installment thereon, whether at or prior to the maturity or the redemption date or Interest Payment Date, shall be deemed paid if:

(1) In case such Bond is to be redeemed prior to its maturity, there shall have been taken all action necessary to call such Bond for redemption, and notice of such redemption shall have been duly given or provision satisfactory to the Trustee shall have been made for the giving of such notice;

(2) There shall have been deposited with the Trustee by or on behalf of the Authority either (i) moneys in an amount which shall be sufficient, or (ii) Investments (not redeemable at the option of the issuer thereof) of the type described in (i) or (ii) of the definition thereof, or in (iv) of the definition thereof if at that time accepted as a permitted defeasance investment by each Rating Agency then rating the Bonds at the request of the Authority, the principal of and the interest on which when due (or redeemable at the option of the holder), will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient to pay, when due, the principal or Redemption Price, if applicable, to become due on said Bond on the redemption date or maturity date thereof, as the case may be, and to pay each such coupon or interest installment at the proper Interest Payment Date; and

(3) Neither such Investments, nor any money so deposited with the Trustee, nor any money received by the Trustee on account of principal or interest on said Investments may be withdrawn or used for any purpose other than, and all such money shall be held in trust for and be applied to the payment, when due, of the principal, redemption premiums or interest for the payment or redemption of which they were deposited.

Refunding Bonds

Upon compliance with certain provisions of the General Indenture, Bonds may be issued thereunder to refund Bonds previously issued under the General Indenture or other obligations issued under the provisions of any prior indentures of the Authority.

Events of Default

Each of the following shall constitute an event of default under the General Indenture:

(1) Interest on any of the Bonds shall become due on any date and shall not be paid on said date, or the principal or Redemption Price of any of the Bonds shall become due on any date, whether at maturity or upon call for redemption, and shall not be paid on said date;

(2) Bonds subject to redemption by operation of Sinking Fund Installments shall not have been redeemed and paid in the amount required in the Indentures on any date;

(3) A default shall be made in observance or performance of any covenant, contract or other provision in the Bonds or Indentures contained, and such default shall continue for a period of ninety (90) days after written notice of the Authority from a Bondholder or from the Trustee specifying such default and requiring the same to be remedied; or

(4) There shall be filed a petition seeking a composition of indebtedness of the Authority under any applicable law or statute of the United States or of the State.

Remedies

Upon the happening and continuance of an event of default, the Trustee may, and shall upon the written request of the Holders of not less than a majority in principal amount of the Bonds affected by an event of default described in clause (1) or (2) of “Events of Default” above, or not less than a majority in principal amount of all Bonds if the event of default is one described in clause (3) or (4) of “Events of Default” above, proceed to protect the rights of the Bondholders under the laws of the State or under the General Indenture. No Bondholder shall have the right to institute any proceedings for any remedy under the Indentures unless the Trustee, after being so requested to institute such proceedings and offered satisfactory indemnity, shall have refused or neglected to comply with such request within a reasonable time and unless the proceeding is brought for the ratable benefit of all Holders of all Bonds. However, nothing in the Indenture shall affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on his or her Bonds.

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APPENDIX C

FORM OF OPINION OF BOND COUNSEL

_____, 2024

Arizona Industrial Development Authority
Phoenix, Arizona

U.S. Bank Trust Company, National Association
Phoenix, Arizona

ARIZONA INDUSTRIAL DEVELOPMENT AUTHORITY SINGLE FAMILY MORTGAGE REVENUE BONDS

\$49,340,000*
2024 SERIES A (NON-AMT)

\$15,755,000*
2024 SERIES B (NON-AMT)

Ladies and Gentlemen:

We have acted as bond counsel to Arizona Industrial Development Authority (the “Authority”) and in connection with the issuance by the Authority of its Single Family Mortgage Revenue Bonds, 2024 Series A (Non-AMT) in the aggregate principal amount of \$ _____ and its Single Family Mortgage Revenue Bonds, 2024 Series B (Non AMT) in the aggregate principal amount of \$ _____ (collectively, the “Bonds”). The Authority is a nonprofit corporation designated as a political subdivision of the State of Arizona (the “State”) created and established under Title 35, Chapter 5, of the Arizona Revised Statutes, Section 35-701 et seq. (the “Act”). The Bonds are authorized to be issued under and secured by a General Indenture of Trust dated as of June 1, 2024, a 2024 Series A Indenture, dated as of June 1, 2024, and a 2024 Series B Indenture, dated as of June 1, 2024 (collectively, the “Indenture”) among the Authority and Zions Bancorporation, National Association, as trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

The Bonds are dated, mature in the years and in the principal amounts, bear interest at the rates, are subject to redemption prior to maturity and are otherwise in the form described in the Indenture.

It is our opinion as bond counsel that:

1. The Authority is a duly created, validly existing nonprofit corporation designated a political subdivision of the State and has lawful authority to issue the Bonds.
2. The Indenture has been duly authorized by the Authority, duly executed and delivered by authorized officials of the Authority, and, assuming due authorization, execution and delivery by the Trustee, constitutes the valid and binding obligation of the Authority enforceable in accordance with its terms.
3. To secure the payment of the principal of and interest on the Bonds, the Indenture creates a valid pledge of the rights, title and interest of the Authority in and to (a) the proceeds of the sale of the Bonds and all Funds and Accounts established under the Indenture (except any bond purchase fund, any special escrow account and amounts in the Special Program Fund which are

* Preliminary, subject to change.

otherwise pledged) and moneys and securities therein, and (b) the Mortgage Loans (or Guaranteed Mortgage Securities representing pools of Mortgage Loans), Revenues, moneys, securities and assets held and to be set aside under the Indenture.

4. Under existing laws, regulations, rulings and judicial decisions, interest on the 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 imposed on individuals. Interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations.

5. Under State statutes existing on the date hereof, interest on the Bonds is exempt from State income taxation.

The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements which must be met subsequent to the issuance of the Bonds in order that interest thereon be and remain excludable from gross income for federal income tax purposes. The requirements include provisions that restrict the yield and set forth limitations within which the proceeds of the Bonds are to be invested, including eligibility requirements for mortgages, and require that certain investment earnings be rebated on a periodic basis to the United States Treasury. The Authority has covenanted to comply with such requirements. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance thereof. The opinions described in paragraph (4) above assume the accuracy of certain representations of and compliance by the Authority with its covenants to satisfy the requirements of the Code. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners thereof. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. We express no opinion regarding any such consequences.

Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations, foreign corporations operating branches in the United States of America, and certain corporations subject to the alternative minimum tax), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

The obligations of the parties, and the enforceability thereof, with respect to the documents described above are subject to the provisions of the bankruptcy laws of the United States of America and other applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect. Certain of the obligations, and the enforcement thereof, contained in the documents described above are also subject to general principles of equity, which may limit the specific enforcement of certain remedies but which do not affect the validity of such documents.

Certain requirements and procedures contained or referred to in the Indenture and other relevant documents may be changed, and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally recognized bond counsel. No opinion is expressed as to the Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The scope of our engagement has not extended beyond the examinations and the rendering of the opinions expressed herein. The opinions expressed herein are based upon existing law as of the date hereof, and we express no opinion herein as of any subsequent date or with respect to any pending legislation. Each purchaser of the Bonds should consult his or her own tax advisor as regards any pending or proposed federal tax legislation.

Respectfully submitted,

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APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

ARIZONA INDUSTRIAL DEVELOPMENT AUTHORITY SINGLE FAMILY MORTGAGE REVENUE BONDS

\$49,340,000*
2024 SERIES A (NON-AMT)

\$15,755,000*
2024 SERIES B (NON-AMT)

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “**Disclosure Agreement**”), dated as of _____, 2024, is executed and delivered by Arizona Industrial Development Authority (the “**Authority**”) and Zions Bancorporation, National Association, as dissemination agent (the “**Dissemination Agent**”), in connection with the issuance and sale of \$ _____ in aggregate principal amount of the Authority’s Single Family Mortgage Revenue Bonds, 2024 Series A (Non-AMT) (the “**2024 Series A Bonds**”) and \$ _____ in aggregate principal amount of the Authority’s Single Family Mortgage Revenue Bonds, 2024 Series B (Non-AMT) (the “**2024 Series B Bonds**” and, together with the 2024 Series A Bonds, the “**Offered Bonds**”). The Offered Bonds are issued under and secured by a General Indenture of Trust, dated as of June 1, 2024, a 2024 Series A Indenture, dated as of June 1, 2024, and a 2024 Series B Indenture, dated as of June 1, 2024 (collectively, the “**Indenture**”), each by and between the Authority and Zions Bancorporation, National Association, in its capacity as trustee (the “**Trustee**”). The Authority and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Authority and the Dissemination Agent for the benefit of the Bondholders and in order to assist the Participating Underwriters in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement that is not otherwise 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 Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Bonds” shall mean all bonds issued under the Indenture.

“Disclosure Representative” shall mean the Executive Director of the Authority or his or her designee, or such other officer or employee as the Authority shall designate in writing to the Dissemination Agent from time to time.

“EMMA” means Electronic Municipal Market Access, an electronic service of the Municipal Securities Rulemaking Board.

“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

* Preliminary, subject to change.

include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Participating Underwriter” shall mean any of the original underwriters of the Offered Bonds required to comply with the Rule in connection with offering of the Offered Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Bond Disclosure Reports.

(a) The Dissemination Agent, on behalf of the Authority, shall, not later than six (6) months after the end of the Authority’s fiscal year (currently ending June 30), commencing with the fiscal year ending June 30, 2024, provide to the MSRB (in the electronic 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 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 Authority may be submitted separately from the Annual Bond Disclosure Report, and later than the date required above for the filing of the Annual Bond Disclosure Report, if the related audited financial statements are not available by that date; and provided further that audited financial statements of the Authority shall be provided to the MSRB commencing with the fiscal year ending June 30, 2024. The Authority shall provide its audited financial statements promptly to the Dissemination Agent. If the Authority’s fiscal year changes, the Authority shall notify the Dissemination Agent and cause the Dissemination Agent to give notice of such change in the same manner as for a Listed Event under Section 5(d) hereof.

(b) The Dissemination Agent shall provide notice to the MSRB, in the form attached as Exhibit A, of any failure by it to provide the Annual Bond Disclosure Report to the MSRB on or before the required date set forth in Section 5(a) above.

(c) The Dissemination Agent shall certify to the Authority and the Trustee (if the Dissemination Agent is not the Trustee) that an Annual Bond Disclosure Report for each year has been timely filed pursuant to this Disclosure Agreement, stating the date it was provided to the MSRB. Such report shall contain a copy of the materials filed with the MSRB or a link to the location of the materials filed on EMMA.

SECTION 4. Content of Annual Bond Disclosure Reports. The Annual Bond Disclosure Report shall be prepared by the Trustee and shall contain or incorporate by reference the following:

(a) The audited financial statements for the Authority for the most recently ended fiscal year, prepared in accordance with generally accepted accounting principles applicable from time to time to the Authority.

(b) Updates, for the most recently ended fiscal year, of the financial information and operating data of the type contained in the following sections of the Official Statement:

“SECURITY FOR THE BONDS – Valuation of Assets” and “THE PROGRAM – Other Single-Family Programs – HOME Plus”.

(c) Tables setting forth the following information, as of the end of the most recently ended fiscal year (if not otherwise set forth in the audited financial statements):

(i) For each maturity of the Offered Bonds, the interest rate, the original aggregate principal amount and the outstanding principal amount for the Offered Bonds.

(ii) The outstanding principal amount, interest rate and type (i.e., Ginnie Mae, Fannie Mae or Freddie Mac) of the 2024 Series A Guaranteed Mortgage Securities and 2024 Series B Guaranteed Mortgage Securities.

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

SECTION 5. Reporting of Significant Events.

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

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. modifications to rights of any Bondholder, if material;
4. Offered Bond calls, if material, and tender offers to any Bondholders;
5. defeasances;
6. rating changes;
7. unscheduled draws on debt service reserves reflecting financial difficulties;
8. unscheduled draws on credit enhancements reflecting financial difficulties;
9. substitution of credit or liquidity providers, or their failure to perform;
10. release, substitution, or sale of property securing repayment of any Offered Bond, if material;
11. 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 Offered Bonds, or other material events affecting the tax status of the Offered Bonds;

12. bankruptcy, insolvency, receivership or similar event of the Authority;

For the purposes of the event identified in number 12 above, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Authority, as applicable, in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, as applicable, 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 Authority, as applicable.

13. the consummation of a merger, consolidation, or acquisition of the Authority, or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business or entry into or termination of a definitive agreement relating to the foregoing, if material;

14. appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. incurrence of a Financial Obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Authority, any of which affect security holders, if material; and

16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties.

Whenever the Authority obtains knowledge of the occurrence of a Listed Event under number 1, 4 (if related to a tender offer), 5, 6, 7, 8, 9, 11 (unless subject to a “material” standard), 12 or 16 above, the Authority shall promptly notify the Trustee in writing and shall direct the Dissemination Agent to immediately file a notice of the occurrence of such Listed Event with the MSRB. Such notice is required to be filed within ten (10) Business Days of the occurrence of such Listed Event.

Whenever the Authority obtains knowledge of a Listed Event under number 2, 3, 4 (if related to an Offered Bond call), 10, 11 (if subject to a “material” standard), 13, 14 or 15 above, the Authority shall promptly determine if such event would constitute material information to the Owners of the Offered Bonds. If the Authority determines that knowledge of the event would be material, the Authority 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.

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

Authority desires for the Dissemination Agent to disseminate the information (which date shall not be more than ten (10) Business Days after the occurrence of the Listed Event).

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

(b) If in response to a request under subsection (b), the Authority determines that the Listed Event under number 2, 3, 4, 10, 11 (if subject to a “material” standard), 13, 14 or 15 of subparagraph (a) above is not material under applicable federal securities laws, the Authority shall promptly notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence to the MSRB.

(c) If the Dissemination Agent has been instructed by the Authority to report the occurrence of a Listed Event, the Dissemination Agent shall immediately file a notice of such occurrence with the MSRB.

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

SECTION 7. Dissemination Agent. The Dissemination Agent is the initial dissemination agent. The Authority may, from time to time, appoint or engage a person or entity to act as Dissemination Agent under this Disclosure Agreement. The Authority may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is no other designated Dissemination Agent, the Authority shall be the Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Authority and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested by the Authority), 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) hereof, 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 Offered 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 original issuance of the Offered 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 in writing by the Bondholders owning a majority in principal amount of the Offered Bonds Outstanding, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the 2024 Series A Bondholders.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Authority shall describe such amendment in the next 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 Authority. 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(c) hereof, 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.

SECTION 9. Additional Information; Miscellaneous. Nothing in this Disclosure Agreement shall be deemed to prevent the Authority 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 Authority 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 Authority 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. If the Authority or the Dissemination Agent fail to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Offered Bonds, shall), or any Bondholder may, take such actions as may be necessary and appropriate to cause the Authority or the Dissemination Agent 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, and the sole remedy under this Disclosure Agreement in the event of any failure of the Authority or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Authority hereby agrees to pay the reasonable fees and expenses of the Dissemination Agent incurred in connection with this Disclosure Agreement.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Authority:	Arizona Industrial Development Authority 1802 West Jackson Street #66 Phoenix, AZ 85007 admin@arizonaida.com
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With a copy to:	Kutak Rock LLP 8601 North Scottsdale Road, Suite 300 Scottsdale, Arizona 85253 Attention: Kelly A. McGuire, Esq. Telephone: (480) 429-5000 kelly.mcguire@kutakrock.com
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To the Dissemination Agent: Zions Bancorporation, National Association
800 West Main Street, Suite 700
Boise, Idaho 83702
Attention: Corporate Trust

Any person may, by written notice to the other persons listed above, designate a different address to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority, the Dissemination Agent, the Participating Underwriters and the Bondholders and shall create no rights in any other person or entity.

SECTION 14. Governing Law and Venue. This Disclosure Agreement shall be governed by and construed in accordance with the laws and judicial decisions of the State, without reference to any choice of law principles except as such laws may be preempted by any federal rules, regulations and laws applicable to the Authority. The parties hereto expressly acknowledge and agree that any judicial action to interpret or enforce the terms of this Disclosure Agreement against the Authority shall be brought and maintained in the Superior Court of the State of Arizona, in and for the County of Maricopa, the United States District Court in and for the District of Arizona.

SECTION 15. Notice of A.R.S. Section 38-511 - Cancellation. Notice is hereby given of the provisions of Arizona Revised Statutes Section 38-511, as amended. By this reference, the provisions of said statute are incorporated herein to the extent of their applicability to contracts of the nature of this Disclosure Agreement under the laws of the State of Arizona.

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SECTION 16. 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.

**ARIZONA INDUSTRIAL DEVELOPMENT
AUTHORITY**

By _____
Dirk Swift, Executive Director

**ZIONS BANCORPORATION, NATIONAL
ASSOCIATION, as Dissemination Agent**

By _____
Its: Authorized Signatory

**EXHIBIT A
NOTICE OF FAILURE TO FILE
ANNUAL BOND DISCLOSURE REPORT**

Name of Issuer: Arizona Industrial Development Authority

Name of Bond Issue: Single Family Mortgage Revenue Bonds, 2024 Series A (Non-AMT)
Single Family Mortgage Revenue Bonds, 2024 Series B (Non-AMT)

Date of Issuance: _____, 2024

NOTICE IS HEREBY GIVEN that Arizona Industrial Development Authority have not provided an Annual Bond Disclosure Report with respect to the above-named bonds as required by the Continuing Disclosure Agreement dated as of _____, 2024, between the Authority and Zions Bancorporation, National Association, as dissemination agent. The Authority anticipates that the Annual Bond Disclosure Report will be filed by _____.

Dated: _____

**ZIONS BANCORPORATION, NATIONAL
ASSOCIATION**, as Dissemination Agent, on
behalf of Arizona Industrial Development Authority

By _____
Its: Authorized Signatory

cc: Arizona Industrial Development Authority
Kutak Rock LLP

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APPENDIX E

BOOK-ENTRY SYSTEM

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

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. 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 a Standard & Poor’s rating of “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com (information on the DTC website is not a part of this Official Statement).

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

To facilitate subsequent transfers, all Offered Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Offered 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 Offered Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Offered Bonds are credited, which may or

may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

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

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

The Authority, Bond Counsel, the Trustee, the Underwriters and the Municipal Advisor cannot and do not give any assurances that the DTC Participants will distribute to the Beneficial Owners of the Offered Bonds: (i) payments of principal of or interest on the Offered Bonds; (ii) certificates representing an ownership interest or other confirmation of Beneficial Ownership interests in the Offered Bonds; or (iii) redemption or other notices sent to DTC or its nominee, as the Registered Owners of the Offered Bonds; or that they will do so on a timely basis or that DTC or its participants will serve and act in the manner described in this Official Statement. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

None of the Authority, Bond Counsel, the Trustee, the Underwriters or the Municipal Advisor will have any responsibility or obligation to such DTC Participants (Direct or Indirect) or the persons for whom they act as nominees with respect to: (i) the Offered Bonds; (ii) the accuracy of any records maintained by DTC or any DTC Participant; (iii) the payment by any DTC Participant of any amount due to any Beneficial Owner in respect of the principal amount of or interest on the Offered Bonds; (iv) the delivery by any DTC Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Indenture to be given to Registered Owners; (v) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Offered Bonds; or (vi) any consent given or other action taken by DTC as Registered Owner.

In reading this Official Statement, it should be understood that while the Offered Bonds are in the Book Entry system, references in other sections of this Official Statement to Registered Owner should be read to include the Beneficial Owners of the Offered Bonds, but: (i) all rights of ownership must be exercised through DTC and the Book Entry system; and (ii) notices that are to be given to Registered Owners by the Authority or the Trustee will be given only to DTC.

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APPENDIX F

SUMMARY OF GUARANTEED MORTGAGE SECURITY PROGRAMS, CERTAIN MORTGAGE INSURANCE PROGRAMS AND MORTGAGE PROPERTY INSURANCE REQUIREMENTS

I. GUARANTEED MORTGAGE SECURITY PROGRAMS

Ginnie Mae PROGRAM

General. The summary of the Ginnie Mae Program, Ginnie Mae Securities and other documents referred to herein does not purport to be comprehensive and is qualified in its entirety by reference to the Ginnie Mae Guide (copies of which may be obtained from Ginnie Mae at the Office of Mortgage-Backed Securities, 451 Seventh Street, S.W., Washington, D.C. 20410) and to the Ginnie Mae Securities and other documents for full and complete statements of their provisions.

Ginnie Mae is a wholly owned corporate instrumentality of the United States of America within the Department of Housing and Urban Development (“HUD”) whose principal office is located in Washington, D.C.

Ginnie Mae is authorized by Section 306(g) of Title III of the National Housing Act to guarantee the timely payment of the principal of, and interest on, securities that are based on and backed by trusts or pools composed of mortgage loans insured or guaranteed under the National Housing Act, Title V of the Housing Act of 1949, the Servicemen’s Readjustment Act, Chapter 37 of Title 38 of the United States Code or Section 184 of the Housing and Community Development Act of 1992 or guaranteed by the RD under its guaranteed Single Family Rural Housing Program. 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 by Ginnie Mae.”

There are two Ginnie Mae MBS programs, Ginnie Mae I and Ginnie Mae II. Any Ginnie Mae Security acquired pursuant to the Program will be a “fully modified pass-through” security (guaranteed by Ginnie Mae pursuant to its Ginnie Mae I or Ginnie Mae II MBS program) which will require the servicer to pass through to the holder thereof the regular monthly payments on the underlying mortgage loans (less the service fees), whether or not the servicer receives such payments from the mortgagors on the underlying mortgage loans, plus any unscheduled recoveries of principal of the mortgage loans received by the servicer during the previous month. 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 Security. The Treasury Department 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 Department will make loans to Ginnie Mae, if needed, to implement the aforementioned guaranty.

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

Ginnie Mae shall have no responsibility to determine whether or not the Program complies with the requirements of the Code or whether or not interest on the Bonds may be exempt from federal income taxation. The payments due to the Trustee, as holder, pursuant to the terms of the Ginnie Mae Securities,

will not change if the interest on the Bonds for any reason is determined to be subject to federal income taxation.

Servicing of the Mortgages. Under contractual agreements entered into by and between the Servicer and Ginnie Mae, the Servicer is responsible for servicing and otherwise administering the mortgage loans underlying the Ginnie Mae Securities in accordance with generally accepted practices of the mortgage banking industry and the Ginnie Mae Servicer's 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 unpaid principal amount of the Ginnie Mae Securities outstanding. The Ginnie Mae Securities carry an interest rate that is below the interest rate on the underlying mortgage loans (after taking into account the servicing and guaranty fees which are deducted from payments on the mortgage loans before payments are passed through to the holder of the Ginnie Mae Security).

It is expected that interest and principal payments on the mortgage loans underlying the Ginnie Mae Securities received by the Servicer will be the source of payments on the Ginnie Mae Securities. 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 Securities. Ginnie Mae guarantees such timely payment in the event of the failure of the Servicer to pay an amount equal to the scheduled payments (whether or not made by the mortgagors on the underlying mortgages).

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

Default by Servicer. In the event of a default by the Servicer, Ginnie Mae shall have the right, by letter to the Servicer, to effect and complete the extinguishment of the Servicer's interest in the mortgage loans underlying the Ginnie Mae Securities, and such mortgage loans shall thereupon become the absolute property of Ginnie Mae, subject only to the unsatisfied rights of the owner of the Ginnie Mae Security. In such event, Ginnie Mae will be the successor in all respects to the Servicer with respect to the transaction and the agreements set forth or arranged for in the Ginnie Mae Guide.

Payment of Principal and Interest on the Ginnie Mae Securities. Under the Ginnie Mae I Program, the Servicer makes separate payments, by the fifteenth day of each month, directly to each owner of Ginnie Mae Securities for each of the Ginnie Mae Securities held. Under the Ginnie Mae II Program, the Servicer makes aggregate funds for payments for Ginnie Mae Securities held by withdrawal by the Central Payment and Transfer Agent by the twentieth day of each month (or, if the twentieth day is not a business day, then the next business day).

Payment of principal of each Ginnie Mae I Security and Ginnie Mae II Security is expected to commence on the fifteenth and twentieth day of the month, respectively, following issuance of such Ginnie Mae Security.

Each installment on a Ginnie Mae Security is required to be applied first to interest and then in reduction of the principal balance then outstanding on the Ginnie Mae Security. Interest is to be paid at the specified rate on the unpaid portion of the principal of the Ginnie Mae Security. The amount of principal due on the Ginnie Mae Security 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 Security is subject to adjustment by reason of any prepayments or other unscheduled recoveries of principal on the underlying mortgage loans. In any event,

the Servicer will pay to the holder of the Ginnie Mae Security monthly installments of not less than the interest due on the Ginnie Mae Security at the rate specified in the Ginnie Mae Security, together with any scheduled installments of principal, whether or not such interest or principal is collected from the mortgagors, and any prepayments or unscheduled recovery of principal. Final payment shall be made upon surrender of the outstanding Ginnie Mae Security.

FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM

The summary of the Fannie Mae MBS Program (as defined below), the Fannie Mae Securities and other documents referred to herein does not purport to be comprehensive and is qualified in its entirety by reference to the Fannie Mae Guides and the Fannie Mae Securities and other documents for full and complete statements of their provisions.

Fannie Mae (formerly the Federal National Mortgage Association) is a federally government-sponsored enterprise 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. Fannie Mae is subject to the supervision and regulation of the Federal Housing Finance Corporation (“FHFA”) to the extent provided in the Housing and Economic Recovery Act of 2008 (“HERA”). The FHFA has placed Fannie Mae into conservatorship.

THE SECURITIES OF FANNIE MAE ARE NOT GUARANTEED BY THE UNITED STATES GOVERNMENT (INCLUDING THE DEPARTMENT OF THE TREASURY) AND DO NOT CONSTITUTE A DEBT OR AN OBLIGATION OF THE UNITED STATES OR ANY AGENCY OR INSTRUMENTALITY THEREOF, INCLUDING THE DEPARTMENT OF THE TREASURY AND FHFA, OTHER THAN FANNIE MAE.

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

Fannie Mae has implemented a mortgage-backed securities program pursuant to which Fannie Mae issues securities backed by pools of mortgage loans (the “Fannie Mae MBS Program”). The obligations of Fannie Mae, including its obligations under the Fannie Mae Securities, 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 Fannie Mae MBS Program are governed by the Fannie Mae Guides, as modified by a Pool Contract, 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 Trust Indenture”), and a supplement thereto to be issued by Fannie Mae in connection with each pool. The Fannie Mae MBS Program is further described in a prospectus issued by Fannie Mae (the “Fannie Mae Prospectus”). The Fannie Mae Prospectus is updated from time to time. No Fannie Mae Prospectus Supplement will be available as to any Fannie Mae Securities acquired pursuant to the Program.

Copies of the Fannie Mae Prospectus and Fannie Mae’s most recent annual and quarterly reports and proxy statement are available from Fannie Mae, Office of Investor Relations, 3900 Wisconsin Avenue, N.W., Washington, D.C. 20016.

Fannie Mae Securities. Any Fannie Mae Security acquired pursuant to the Program will represent the entire interest in a specified pool of conventional mortgage loans purchased by Fannie Mae from the servicer and identified in records maintained by Fannie Mae. The pool contract will require that each Fannie Mae Security be in a minimum amount of \$250,000. The conventional mortgage loans backing each Fannie

Mae Security will bear interest at a specified rate per annum, and each Fannie Mae Security will bear interest at a lower rate per annum (the “pass-through rate”). The difference between the interest rate on the conventional mortgage loans and the pass-through rate on the Fannie Mae Security will be collected by the servicer and used to pay the servicer’s servicing fee and Fannie Mae’s guaranty fee. Fannie Mae may change such fee and impose other charges from time to time.

Fannie Mae will guarantee to the registered holder of the Fannie Mae Securities that it will distribute amounts representing scheduled principal and interest at the applicable pass-through rate on the conventional mortgage loans in the pools represented by such Fannie Mae Securities, 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, NOR ENTITLED TO, THE FAITH AND CREDIT OF THE UNITED STATES OF AMERICA. IF FANNIE MAE WERE UNABLE TO SATISFY SUCH OBLIGATIONS, DISTRIBUTIONS TO THE REGISTERED HOLDER OF FANNIE MAE SECURITIES WOULD CONSIST SOLELY OF PAYMENTS AND OTHER RECOVERIES ON THE UNDERLYING MORTGAGE LOANS AND, ACCORDINGLY, MONTHLY DISTRIBUTIONS TO THE HOLDER OF FANNIE MAE SECURITIES WOULD BE AFFECTED BY DELINQUENT PAYMENTS AND DEFAULTS ON SUCH MORTGAGE LOANS.

Payments on Mortgage Loans; Distributions on Fannie Mae Securities. Payments on a Fannie Mae Security are made to the owner thereof on the twenty-fifth day of each month (beginning with the month following the month such Fannie Mae Security is issued) or, if such twenty-fifth day is not a business day, on the first business day next succeeding such twenty-fifth day. With respect to each Fannie Mae Security, Fannie Mae will distribute to the beneficial owner an amount equal to the total of (i) the principal due on the mortgage loans in the related pool underlying such Fannie Mae Security during the period beginning on the second day of the month prior to the month of such distribution and ending on the first day of such month of distribution, (ii) the stated principal balance of any mortgage loan that was prepaid in full during the second month next preceding the month of such distribution (including as prepaid for this purpose any mortgage loan repurchased by Fannie Mae because of Fannie Mae’s election to repurchase the mortgage loan after it is delinquent, in whole or in part with respect to four consecutive installments of principal and interest, or because of Fannie Mae’s election to repurchase such mortgage loan under certain other circumstances as permitted by the Fannie Mae Trust Indenture), (iii) the amount of any partial prepayment of a mortgage loan received in the second month next preceding the month of distribution and (iv) one month’s interest at the pass-through rate on the principal balance of the Fannie Mae Security as reported to the holder thereof in connection with the previous distribution (or, with respect to the first distribution, the principal balance of the Fannie Mae Security 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.

Note Relating to “Uniform Mortgage-Backed Securities.” On June 3, 2019, Fannie Mae and Freddie Mac (each, an “Enterprise” and, together, the “Enterprises”) began issuing new, common, single mortgage-backed securities, formally known as Uniform Mortgage-Backed Securities (“UMBS”). The UMBS issued by the Enterprises finance the same types of fixed-rate mortgages that back Fannie Mae Securities and Freddie Mac Securities and are guaranteed by either Fannie Mae or Freddie Mac depending upon which Enterprise issues the UMBS. Each UMBS is backed by fixed-rate mortgage loans purchased entirely by one of the Enterprises; thus, there is no comingling of collateral. The UMBS have characteristics similar to Fannie Mae Securities, and Freddie Mac has modified its security structure to more closely align with Fannie Mae Securities. The Enterprises may be required to consult with each other to ensure specific

Enterprise programs or policies do not cause or have potential to cause cash flows to investors of mortgage-backed securities to misalign. For purposes of this Official Statement and the Indenture, the term “Guaranteed Mortgage Securities” includes UMBS.

FREDDIE MAC MORTGAGE-BACKED SECURITIES PROGRAM

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

Freddie Mac is a shareholder-owned government-sponsored enterprise created on July 24, 1970 pursuant to the Federal Home Loan Mortgage Corporation Act and Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. Sections 1451-1459 (the “Freddie Mac Act”). Freddie Mac is subject to the supervision and regulation of the Federal Housing Finance Corporation (“FHFA”) to the extent provided in HERA. The FHFA has placed Freddie Mac into conservatorship.

The securities of Freddie Mac are not guaranteed by the United States government (including the Department of the Treasury) and do not constitute a debt or an obligation of the United States or any agency or instrumentality thereof, including the Department of the Treasury and FHFA, other than Freddie Mac.

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

Freddie Mac’s statutory mission is to provide stability in the secondary market for home mortgages, to respond appropriately to the private capital market and to provide ongoing assistance to the home mortgage secondary market by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for home mortgage financing. The principal activity of Freddie Mac consists of the purchase of first lien, conventional, residential mortgages and participation interests in such mortgages from mortgage lending institutions and the resale of the whole loans and participations so purchased in the form of guaranteed mortgage securities (the “Freddie Mac Certificates”). Freddie Mac generally matches its purchases of mortgages with sales of Freddie Mac Certificates. Mortgages retained by Freddie Mac are financed with short- and long-term debt and equity capital.

Freddie Mac Certificates. Each Freddie Mac Certificate (which is a Guaranteed Mortgage Security under the Indenture) will represent an undivided interest in a pool of fixed-rate, first-lien conventional mortgage loans or FHA- and VA-guaranteed mortgage loans, or participation interests therein. Freddie Mac guarantees to each registered holder of an Freddie Mac Certificate that it will distribute amounts representing such holder’s proportionate interest in interest payments on the mortgage loans in the pool represented by such Freddie Mac Certificates (less servicing and guarantee fees aggregating the excess of the interest on such mortgage loans over the Freddie Mac Certificates’ pass-through rate), whether or not such amount is actually received. With respect to certain Freddie Mac Certificates, Freddie Mac guarantees the holder’s proportionate interest in scheduled principal payments on such mortgage loans, if timely received, and also guarantees ultimate collection of scheduled principal payments, prepayments of principal

and the remaining principal balance in the event of a foreclosure or other disposition of a mortgage loan. With respect to such Freddie Mac Certificates, Freddie Mac may remit the amount due on account of its guarantee of collection of principal at any time after default on an underlying mortgage, but not later than (i) 30 days following foreclosure sale, (ii) 30 days following payment of the claim by any mortgage insurer or (iii) 30 days following the expiration of any right of redemption, whichever occurs later, but in any event no later than one year after demand has been made upon the mortgagor for accelerated payment of principal. Freddie Mac Certificates may also include those Freddie Mac Certificates (the “Fully Guaranteed Freddie Mac Certificates”) as to which Freddie Mac has guaranteed the timely payment of the holder’s proportionate interest in scheduled principal payments on the underlying mortgage loans, as calculated by Freddie Mac.

THE OBLIGATIONS OF FREDDIE MAC UNDER ITS GUARANTEES ARE OBLIGATIONS SOLELY OF FREDDIE MAC AND ARE NOT BACKED BY, OR ENTITLED TO, THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA. IF FREDDIE MAC WERE UNABLE TO SATISFY SUCH OBLIGATIONS, DISTRIBUTIONS TO THE REGISTERED HOLDERS OF FREDDIE MAC CERTIFICATES WOULD CONSIST SOLELY OF PAYMENTS AND OTHER RECOVERIES ON THE UNDERLYING MORTGAGE LOANS AND, ACCORDINGLY, MONTHLY DISTRIBUTIONS TO THE HOLDERS OF FREDDIE MAC CERTIFICATES WOULD BE AFFECTED BY DELINQUENT PAYMENTS AND DEFAULTS ON SUCH MORTGAGE LOANS.

Conforming Loan Limits. The Freddie Mac Act limits the maximum original principal amount of single-family mortgages that Freddie Mac may purchase. These limits are referred to as “conforming loan limits.” For loans delivered during 2023, Freddie Mac’s conforming loan limit for a first lien conventional single-family mortgage is \$726,200 for a one-family dwelling in the Commonwealth. The conforming loan limit for second-lien mortgages is 50 percent of the limit for first-lien mortgages on one-family dwellings. When Freddie Mac purchases both the first-lien and second-lien mortgage on the same property, the Freddie Mac Act provides that the total amount Freddie Mac may purchase may not exceed the applicable conforming loan limit.

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

The single-family mortgages purchased and guaranteed by Freddie Mac generally are subject to the credit, appraisal, underwriting and other purchase policies and guidelines set forth in Freddie Mac’s Single-Family Seller/Servicer Guide. Freddie Mac may modify these guidelines or grant waivers for certain mortgages that it purchases.

Servicing of the Mortgages. Freddie Mac services or supervises the servicing of the mortgages it purchases. In performing its servicing responsibilities, Freddie Mac may employ servicing agents or independent contractors. Each such servicer generally is required to perform all activities concerning the calculation, collection and processing of mortgage payments and related borrower inquiries, as well as all mortgage administrative responsibilities, including claims collection, workouts, foreclosures and reports. Servicers service mortgages, either directly or through approved sub servicers, and receive fees for their services. Freddie Mac monitors a servicer’s performance through periodic and special reports and inspections to ensure it complies with its obligations. Freddie Mac will retain from monthly interest payments on each mortgage a management and guarantee fee, which equals any interest received by Freddie Mac from the servicer over the amount of interest payable to holders of the Freddie Mac Certificate.

Note Relating to “Uniform Mortgage-Backed Securities.” On June 3, 2019, Fannie Mae and Freddie Mac (each, an “Enterprise” and, together, the “Enterprises”) began issuing new, common, single

mortgage-backed securities, formally known as Uniform Mortgage-Backed Securities (“UMBS”). The UMBS issued by the Enterprises finance the same types of fixed-rate mortgages that back Fannie Mae Securities and Freddie Mac Securities and are guaranteed by either Fannie Mae or Freddie Mac depending upon which Enterprise issues the UMBS. Each UMBS is backed by fixed-rate mortgage loans purchased entirely by one of the Enterprises; thus, there is no comingling of collateral. The UMBS have characteristics similar to Fannie Mae Securities, and Freddie Mac has modified its security structure to more closely align with Fannie Mae Securities. The Enterprises may be required to consult with each other to ensure specific Enterprise programs or policies do not cause or have potential to cause cash flows to investors of mortgage-backed securities to misalign. For purposes of this Official Statement and the Indenture, the term “Guaranteed Mortgage Securities” includes UMBS.

II. MORTGAGE LOAN PROGRAM

Introduction

The United States Department of Housing and Urban Development (“HUD”), created by the Housing and Urban Development Act of 1965, is responsible for the administration of various federal programs authorized under the National Housing Act of 1934, as amended (the “National Housing Act”), and the United States Housing Act of 1937, as amended. The Department of Veterans Affairs (“VA”) administers the mortgage guarantee program authorized under the Servicemen’s Readjustment Act of 1944, as amended (the “Servicemen’s Readjustment Act”). The Cranston-Gonzalez National Affordable Housing Act of 1990 authorized the establishment of FmHA Guaranteed Rural Housing Loan Program. These programs may be financed by annual appropriations from Congress, as well as by mortgage insurance premiums and fees; subsidies and insurance payments are in some cases made from trust funds established under the various programs.

Following is a summary of programs relating to mortgages which the Authority may finance under the Program and is only a brief outline and does not purport to summarize or describe all of the provisions of such programs. For a more complete description of the terms of such programs, reference is made to the provisions of the contracts embodied in the regulations of the FHA, the VA and the RD, respectively, and of the regulations, master insurance contracts and other such information of the various private mortgage insurers and federal government guarantors.

Federal Authorization and Funding

The continued availability of certain governmental mortgage insurance and guarantee programs depends on periodic action by the United States Congress and the President, which action may be influenced by federal fiscal and budgetary considerations and controversies. In addition, other funding made available to, or administered by, the Authority may be curtailed or provided in a different manner. It is not possible to predict what effect, if any, future governmental action may have on the ability of the Authority to purchase insured or guaranteed mortgage loans or on its other operations.

Federal Housing Administration Mortgage Insurance Programs

The National Housing Act authorizes various Federal Housing Administration (“FHA”) mortgage insurance programs, which differ in some respects depending primarily upon whether the premises contain five or more dwelling units or less than five such units. FHA imposes loan-to-value ratio limitations and other requirements on all single family mortgage loans it insures. Under the Section 203(b) program, which is the most widely used FHA insurance program, FHA insures mortgage loans of up to 30 years’ duration for the purchase of one-to-four family dwelling units. The maximum loan-to-value factor for one-family residences may generally not exceed an amount equal to 96.50% of the appraised value of the property, plus the initial FHA insurance premium. In addition, loans under the Section 203(b) program, together with any subordinate loans, may not exceed 100% of the appraised value of the property and the mortgagor must pay, at a minimum, 3.50% of the lesser of the appraised value or the sales price of the property.

Insurance benefits are payable only upon foreclosure (or other acquisition of possession) and conveyance of the premises to FHA or if the servicer elects to use FHA’s Claim Without Conveyance of Title (CWCOT) program upon completion of the foreclosure action. Assignment of a defaulted loan to FHA is not permitted. Insurance claims are paid by FHA in cash unless the insured specifically requests payment in debentures issued by FHA. FHA has the option at its discretion to pay insurance claims in cash or in such debentures. FHA debentures issued in satisfaction of FHA insurance claims bear interest payable semiannually on January 1 and July 1 of each year at the FHA debenture interest rate (which may be lower than the rate on the insured mortgage), which is the monthly average yield for the month in which the

default on the mortgage occurred, on United States Treasury Securities adjusted to a constant maturity of 10 years.

When entitlement to insurance benefits results from foreclosure (or other acquisition of possession) and conveyance, the insurance payment is computed as of the date of the institution of foreclosure or the date of acquisition of the property, whichever is earlier, and the insured generally is not compensated for interest accrued and unpaid prior to that date. Under such circumstances, the amount of insurance benefits generally paid by FHA is equal to the unpaid principal amount of the mortgage loan adjusted to reimburse the mortgagee for certain tax, insurance and similar payments made by it and to deduct certain amounts received or retained by the mortgagee after default, plus reimbursement not to exceed two-thirds of the mortgagee's foreclosure costs. The regulations under all insurance programs described above provide that the insurance payment itself bears interest from the date of default by the mortgagor, which under HUD regulations will occur no less than 30 days after the due date of a mortgage payment to the date of payment of the claim at the same interest rate as the applicable HUD debenture interest rate determined in the manner set forth above.

When any property conveyed to FHA has been damaged by fire, earthquake, flood or tornado or the property has suffered damage due to failure of the mortgagee to make required inspections, it is required, as a condition to payment of an insurance claim, that such property be repaired by the mortgage lender prior to such conveyance. In some instances, when damage has resulted from failure of the mortgagee to inspect and preserve the property, FHA may deduct the amount of such damages from the insurance payment made by FHA.

The availability of FHA mortgage insurance depends on congressional action to increase the limitation on the aggregate amount of loan guarantees. The fees and standards for participation in FHA insurance programs may change as a result of congressional action or changes in regulations by HUD. It is not possible to predict the effect of legislative or regulatory action, if any, on the ability of the Authority to purchase Mortgage Loans or Guaranteed Mortgage Securities.

Department of Veterans Affairs Mortgage Guaranty Program

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

Under the VA's three tier guaranty system, the maximum guaranty allowed is based on the size of the mortgage loan. The Blue Water Navy Vietnam Veterans Act of 2019, effective January 1, 2020, eliminated county loan limits for certain veterans on loans greater than \$144,000. The current maximum guaranty is as follows: (i) for mortgage loans of \$45,000 or less, 50% of the loan; (ii) for mortgage loans greater than \$45,000 to \$56,250, an amount of \$22,500; (iii) for mortgage loans greater than \$56,250 to \$144,000, the lesser of 40% of the loan or \$36,000; and (iv) for loans greater than \$144,000, (x) 25% of the loan amount for veterans with full VA home loan guaranty entitlement and (y) 25% of the Freddie Mac conforming loan limits for veterans who have previously used and not restored the guaranty entitlement. The actual guaranty may be less than the maximum guaranty as described above in the event a veteran's guaranty entitlement previously used for a guaranteed loan has not been restored by the VA.

The liability on the guaranty is reduced or increased pro rata with any reduction or increase in the amount of the guaranteed indebtedness, but in no event will the amount payable on the guaranty exceed the amount of the original guaranty. Notwithstanding the dollar and percentage limitations of the guaranty, a mortgage holder will ordinarily suffer a monetary loss only where the difference between the unsatisfied indebtedness and the proceeds of a foreclosure sale of the mortgaged premises is greater than the original

guaranty, as adjusted. The VA may, at its option and without regard to the guaranty, make full payment to a mortgagee of unsatisfied indebtedness on a mortgage upon its assignment to the VA. Under certain circumstances, a mortgagee is required to accept partial payments on a loan that is more than 60 days overdue.

When a VA loan is foreclosed, the VA must decide whether to (i) acquire the property and pay off the debt or (ii) not acquire the property through the “no bid” process. Under option (ii), the VA gives instructions to the mortgagee to make “no bid” at the foreclosure sale and pays the guaranty amount to the mortgagee, leaving the mortgagee responsible for the disposition of the property. Mortgagees may also “buy down” the veteran’s indebtedness at the time of the foreclosure sale to convert a no bid into a VA acquisition. “No bids” are more likely if the property has significantly declined in value, because the cost to the VA may be less than their expected cost to acquire, manage and dispose of the property.

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

The Cranston-Gonzalez National Affordable Housing Act of 1990 revised and expanded the interest assistance program for guaranteed loans pursuant to Section 502 of Title V of the Housing Act of 1949, as amended, by creating the Rural Development (formerly the FmHA) Guaranteed Rural Housing Loan Program, acting through the United States Department of Agriculture, (“RD”). A RD guaranty is supported by the full faith and credit of the United States and is available with mortgage loans for the acquisition of existing or newly constructed single family, nonfarm principal residences occupied by the borrower. Such mortgage loans are limited to properties in certain rural areas with populations not greater than 20,000 and to borrowers whose adjusted annual income does not exceed 115% of median area income.

The interest assistance paid monthly by RD to the loan servicer reduces the borrower’s effective interest rate. The amount of interest rate reduction is dependent upon the household’s annual income, which is recertified by the loan servicer annually. Legislation is annually introduced as part of the federal appropriation process which would provide additional funding; however there is no assurance that such legislation will be adopted.

The maximum loss payment pursuant to the RD guaranty is the lesser of (i) any loss of an amount equal to 90% of the principal amount actually advanced to the borrower or (ii) any loss sustained by the lender of an amount up to 35% of the principal amount actually advanced to the borrower, plus any additional loss sustained by the lender of an amount up to 85% of the remaining 65% of the principal amount actually advanced to the borrower. Under this program, “lender” includes a purchaser of a guaranteed loan, such as the Authority. “Loss” includes only (i) principal and interest on the loan, (ii) if applicable, any loan subsidy due and owing, and (iii) any principal and interest indebtedness on RD-approved protective advances made for protection and preservation of the property, and (iv) certain foreclosure costs. Interest is covered to the date of final loss settlement upon lender’s liquidation of the property in an expeditious manner. If the property is sold in liquidation to a bona fide third-party purchaser, the net proceeds of such sale is the basis for calculating the loss to the lender. If the lender acquires the property in the liquidation process, the lender is allowed up to six months from the date the property is acquired to sell the property. The net payment will be based on the net proceeds received for the property. If no sale offer is accepted within six months, the basis for determining the loss to the lender is the current appraised market value of the property as of the date of acquisition by the lender, less the estimated liquidation costs, including an allowance for the estimated time the property will be held by the lender. RD does not accept conveyance of the property, but rather pays the lender’s claim upon foreclosure. The claim payment includes actual costs incurred by the lender, including interest expense, and an allowance for the costs associated with liquidating the property.

Private Mortgage Insurance

In general, private mortgage insurance (“PMI”) contracts provide for payment of insurance benefits to a mortgage lender upon the failure of a mortgagor to make any payment or to perform any obligation under the insured mortgage loan and the continuance of such failure for a stated period. Under most PMI policies, the maximum insurable amounts range from 90% to 97% of the appraised value or selling price for owner-occupied dwellings, whichever is lower. Requirements of borrower equity vary according to the percentage of the mortgage to be insured. Certain insurers will credit toward the value of the land to be improved, trade-in property or work equity, a specified percentage of this amount, if at least a minimum cash equity is met and the home is to be owner-occupied. Although there may be variations among insurers, available coverage by private mortgage insurers is generally limited to first mortgage loans or contracts on improved real estate, with amortization over the term of the loan or contract in substantially equal monthly payments, including accruals for taxes and insurance.

The Homeowners Protection Act of 1998 (the “HPA”) provides for cancellation of PMI upon the following: (i) at the homeowners request upon the date on which the principal balance of the mortgage loan is scheduled to reach 80% of the original value of the residence or the principal balance reaches 80% of the original value of the residence, (ii) automatically on the date on which the principal balance of the mortgage loan is scheduled to reach 78% of the original value of the residence, or if the borrower is not then current on his or her mortgage loan payments, on the date on which the mortgagor subsequently becomes current on such payments, or (iii) in any event, on the first day of the month immediately following the date that is the midpoint of the amortization period of the mortgage loan if the mortgagor is then current on his mortgage loan payments. The HPA also requires that mortgagors be provided with certain disclosures and notices regarding termination and cancellation of private mortgage insurance.

Under the various policies, delinquencies must be reported to the insurer within a specified period of time after default, and proceedings to recover title are required to be commenced within a specified period of time after default. It is standard practice for private mortgage insurers to require that lending institutions, prior to presenting a claim under the mortgage insurance, acquire and tender to the private mortgage insurer title to the property, free and clear of all liens and encumbrances, including any right of redemption by the mortgagor. When such claim is presented, the private mortgage insurer will normally retain the option to pay the claim in full and take title to the property and arrange for its sale or pay the insured percentage of the claim and allow the insured mortgage lender to retain title to the property.

The amount of loss payable generally includes the principal balance due under the mortgage loan, plus accumulated interest, real estate taxes and hazard insurance premiums which have been advanced, expenses incurred in the preservation of the insured property, and other expenses necessarily incurred in the recovery proceedings, although in no event will the insurer be required to pay an amount which exceeds the coverage under a policy.

Prior to insuring loans for any mortgage lender, the insurer investigates and evaluates such mortgage lender in the areas of (a) quality of appraisal ability, (b) quality of underwriting ability, (c) net worth and quality of assets and (d) ability and past performance of servicing staff and adequacy of servicing procedures.

III. PROPERTY INSURANCE REQUIREMENTS FOR MORTGAGE LOANS

Primary Hazard Insurance. Each Mortgage Loan must contain covenants relating to insurance of the residence. The coverage must include all fire and extended coverage risks customarily insured against in the geographical area in which the residence is located. The insurance policy must provide, as a minimum, fire and extended coverage insurance in an amount at least equal to the lesser of the unpaid principal amount of the Mortgage Loan from time to time outstanding or the full replacement cost of the residence and other improvements on said property (but in no event shall the amount required be greater than the maximum insurable value of such residence and other improvements). Such insurance must be in effect (or there must be a binder for the issuance of the same) on the date of delivery of the Mortgage Loan to the Servicer; the coverage provided thereby must meet the requirements, if applicable, of FHA, VA, RD or the private mortgage insurer. Each hazard insurance policy must be written by an insurance carrier licensed or authorized by law to transact business in Arizona and the policy must meet the requirements of FHA, VA, RD, Ginnie Mae, Fannie Mae, Freddie Mac or the private mortgage insurer, as applicable.

Unless the Servicer maintains a mortgagee single-interest hazard insurance policy (with the Authority named as additional insured in the case of Mortgage Loans that are not represented by, or supporting, a mortgage-backed security) insuring the servicer against loss from a mortgagor's failure to maintain a hazard insurance policy, or otherwise permitted by FHA, VA, RD, Ginnie Mae, Fannie Mae or Freddie Mac, as applicable, the mortgagor will be required to escrow hazard insurance premiums on a monthly basis with the servicer, and the servicer will be responsible for assuring that such insurance is in force and effect in accordance with the requirements of FHA, VA, RD, Ginnie Mae, Fannie Mae or Freddie Mac, as applicable.

In general, a standard form of fire and extended coverage policy covers physical damage to, or destruction of, the improvements on the property by fire, lightning, explosion, smoke, windstorm, hail, riot, vandalism, aircraft, vehicles, theft and civil commotion, subject to the conditions and exclusions particularized in each policy. Although policies relating to different Mortgage Loans may be issued by different insurance companies and, therefore, may have minor differences in coverage, the basic terms are dictated by Arizona law. Policies typically exclude physical damage resulting from the following: enemy attack by armed forces, invasion, insurrection, rebellion, revolution, civil war, usurped power, floods and water damage, power interruption, earth movement, nuclear reaction and neglect. In addition, such policies typically exclude losses which occur while the hazard is increased by any means within the control or knowledge of the insured or while the premises are vacant or unoccupied beyond a period of 30 consecutive days.

Special Hazard Insurance. To the extent required by the Authority, a separate special hazard insurance policy may be obtained to provide protection with respect to direct physical loss arising from perils not insured under the primary hazard insurance as described above and losses that may result from the application of a coinsurance clause with respect to a defaulted mortgage loan secured by damaged property. However, certain perils are not insured under special hazard insurance such as loss resulting from fraudulently created loans, war, certain governmental actions, nuclear reaction or radiation and damage by flood to the extent covered by required flood insurance as described below.

Uninsured Casualties. Certain risks, including, but not limited to, losses attributable to nuclear reaction or radiation or losses caused by hostile or warlike action, or attributable to insurrection, revolution or civil war, are normally not covered by the insurance policies described above. To the extent any of such uninsured risks occur or claims do not result in full recoveries or the required insurance is not purchased or maintained with respect to a significant number of mortgage loans, the security for the Bonds may be impaired.

Flood Insurance. Each residence which is in a “designated flood hazard area,” as that term is defined under the National Flood Insurance Program, must be insured from loss by floods in an amount equal to the maximum insurance available under the National Flood Insurance Program.

Servicer’s Obligations Regarding Insurance. The Servicer is required to maintain in effect, or require the mortgagor to maintain in effect, the primary hazard and flood insurance on all residences, in accordance with the requirements of FHA, VA, RD, Ginnie Mae, Fannie Mae or Freddie Mac, as applicable.

Errors and Omissions Insurance; Fidelity Insurance; Theft and Forgery Insurance. The Servicer is required to maintain in full force and effect, at its own expense, errors and omissions insurance, fidelity insurance (or a direct surety bond) and theft and forgery insurance on those of its officers and employees having access to any amounts paid by mortgagors under the Program. The Servicer may provide such insurance under any blanket policy or policies which it customarily carries.

Servicemembers Civil Relief Act of 2003. The Servicemembers Civil Relief Act of 2003 (the “SCRA”) protects service men and women called to active military duty by suspending enforcement of civil liabilities through foreclosure and providing relief from current obligations. The SCRA revises and replaces the Soldiers’ and Sailors’ Civil Relief Act of 1940. Except in certain limited circumstances, the SCRA provides that no obligation or liability incurred by a person on active military duty before the member entered active military duty shall bear interest at a rate in excess of 6% per annum during the period of active duty (and in the case of a mortgage obligation, one year thereafter). The benefits of such act constitute a forgiveness of the obligation in excess of 6% per annum, rather than a forbearance of collection. The Authority is unable to predict whether the SCRA will have any adverse effect on the Authority’s ability to pay debt service on the Offered Bonds or whether the provisions of the SCRA may be modified in the future.

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