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

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 20, 2026

NEW ISSUES – Book-Entry Only

EXPECTED RATINGS: Moody's: "Aa1"
S&P: "AA+"
(See "RATINGS" herein)

This Official Statement has been prepared on behalf of the Tennessee Housing Development Agency ("THDA") to provide information with respect to the initial issuance of its Residential Finance Program Bonds, Issue 2026-1 (the "Issue 2026-1 Bonds" or the "Offered Bonds"). Certain information is presented on this cover page for the convenience of the user. To make an informed decision regarding the purchase of the Offered Bonds, a prospective investor should read this Official Statement in its entirety. Capitalized terms used on this cover page have the meanings given in this Official Statement.

TENNESSEE HOUSING DEVELOPMENT AGENCY

Residential Finance Program Bonds
$104,000,000* Issue 2026-1 (Non-AMT) (Social Bonds)

Dated/Delivery Date:	May 20, 2026*.
Due:	January 1 and July 1, as shown on the inside cover page hereof.
Interest Payment Dates:	January 1 and July 1, commencing January 1, 2027* .
Denominations:	The Offered Bonds will be issued in denominations of $5,000 and integral multiples thereof.
Purpose:	To (i) finance new Program Loans (including Program Securities and DPA Loans), (ii) refund certain prior Bonds of THDA, (iii) make a deposit to the Bond Reserve Fund, if required, and (iv) pay certain costs of issuance.
Tax Exemption:	In the opinion of Bond Counsel, (a) under existing laws, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and continuing compliance by THDA with the Resolution and the covenants contained therein concerning certain conditions imposed by applicable federal tax law as described herein, interest on the Issue 2026-1 Bonds (i) is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals; interest on the Issue 2026-1 Bonds may affect the federal alternative minimum tax imposed on certain corporations In addition, Bond Counsel is of the opinion that, under existing laws of the State of Tennessee, the Issue 2026-1 Bonds, their transfer, and the income therefrom, including any profit made on the sale thereof, shall at all times be free from taxation by the State or any local unit or political subdivision or other instrumentality of the State, excepting inheritance and gift taxes; provided, however, the Issue 2026-1 Bonds and the interest received thereon are included in the measure of privilege taxes imposed by the State of Tennessee. See "TAX MATTERS" herein.
Security:	The Offered Bonds are special limited obligations of the THDA payable only from the revenues and assets of THDA pledged under the Resolution (as defined herein) for the payment of the principal or redemption price of and interest on Offered Bonds. THDA has no taxing power. The Offered Bonds are not a debt, liability or obligation of the State of Tennessee (the "State") or any political subdivision thereof except THDA. Neither the full faith and credit nor the taxing power of the State, or of any other political subdivision thereof, is pledged for the payment of the principal of or interest on the Offered Bonds. See "SECURITY AND SOURCES OF PAYMENT OF BONDS" herein.
Redemption:	The Offered Bonds are subject to redemption prior to their stated maturities at the times, at the redemption prices, and under the conditions set forth under the caption "DESCRIPTION OF THE OFFERED BONDS."
Offered Bonds as Social Bonds:	The Issue 2026-1 Bonds are designated as "Social Bonds." See "DESIGNATION OF THE ISSUE 2026-1 BONDS AS SOCIAL BONDS" and APPENDIX J – "KESTREL SECOND PARTY OPINION" herein.
Book-Entry Only System:	The Depository Trust Company ("DTC"). See APPENDIX F.
Trustee:	U.S. Bank Trust Company, National Association.
Bond Counsel:	Kutak Rock LLP, Atlanta, Georgia.
Underwriters' Counsel:	Hawkins Delafield & Wood LLP, New York, New York.

RBC CAPITAL MARKETS **RAYMOND JAMES**
J.P. MORGAN **WELLS FARGO SECURITIES**
FIDELITY CAPITAL MARKETS

_____, 2026

* Subject to change.

TENNESSEE HOUSING DEVELOPMENT AGENCY
RESIDENTIAL FINANCE PROGRAM BONDS

Maturities*, Amounts*, Interest Rates and Prices

$104,000,000 Issue 2026-1 Bonds (Non-AMT) (Social Bonds)

$18,640,000 Issue 2026-1 Serial Bonds

Year	Principal Amount Due January 1	Interest Rate	Price	CUSIP Number[1]	Principal Amount Due July 1	Interest Rate	Price	CUSIP Number[1]
2027	$ 265,000	%			$ 670,000	%		
2028	680,000				690,000			
2029	700,000				710,000			
2030	720,000				730,000			
2031	740,000				750,000			
2032	765,000				775,000			
2033	790,000				800,000			
2034	815,000				830,000			
2035	845,000				860,000			
2036	875,000				890,000			
2037	910,000				925,000			
2038	945,000				960,000			

$85,360,000 Issue 2026-1 Term Bonds

Maturity Date	Principal Amount Due	Interest Rate	Price	CUSIP Number[1]
July 1, 2041	$ 6,205,000	%		
July 1, 2046	12,390,000			
July 1, 2051	15,705,000			
July 1, 2056	19,980,000			
January 1, 2057 (PAC)	31,080,000			

CSG ADVISORS INCORPORATED, Municipal Advisor

(1)) CUSIP data used in this Official Statement is provided by FactSet Research Systems. CUSIP is a registered trademark of American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2026 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. Neither THDA nor the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers..

*Subject to change.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement (this "Official Statement"), in connection with the offering of the Offered Bonds, and, if given or made, such information or representations must not be relied upon as having been authorized by THDA or the Underwriters. This Official Statement does not constitute an offer to sell or a solicitation of any offer to buy, nor shall there be any sale of the Offered Bonds, in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information set forth herein has been furnished by THDA and obtained from other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and, except for information provided by THDA, is not to be construed as a representation of THDA. The Underwriters have included the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors of the Offered Bonds under the federal securities laws as applied to the facts and circumstances of the offering of the Offered Bonds, but the Underwriters do not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of THDA since the date hereof. The Offered Bonds may be offered and sold by the Underwriters to certain dealers at prices lower than the initial public offering prices set forth on the inside cover page, and such public offering prices may be changed from time to time by the Underwriters.

THE OFFERED BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

THE OFFERED BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT, AND ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT

TENNESSEE HOUSING DEVELOPMENTAGENCY

Residential Finance Program Bonds
$104,000,000* Issue 2026-1 (Non-AMT) (Social Bonds)

INTRODUCTION

This Official Statement (the "Official Statement") provides certain information in connection with the issuance by the Tennessee Housing Development Agency ("THDA") of its Residential Finance Program Bonds, Issue 2026-1 in the aggregate principal amount of $104,000,000* (the "Issue 2026-1 Bonds").

THDA is authorized to issue and sell its bonds and to conduct its other activities by Tennessee Code Annotated Sections 13-23-101 et seq., as amended (the "Act"). The issuance and sale of the Offered Bonds is authorized by the General Residential Finance Program Bond Resolution, adopted by THDA on January 29, 2013, as amended and supplemented (the "General Resolution" or the "2013 General Resolution"), and by a Supplemental Resolution authorizing the sale of the Issue 2026-1 Bonds, adopted by THDA on February 17, 2026, as approved in its amended and supplemented form by the designated Authorized Officer of THDA on _____, 2026 (as so amended and supplemented, the "Issue 2026-1 Supplemental Resolution"). The General Resolution and the Issue 2026-1 Supplemental Resolution are herein collectively referred to as the "Resolution."

The Act requires submission to the Bond Finance Committee of THDA, which consists of the Chairman of THDA, the Comptroller of the Treasury of the State of Tennessee, the Secretary of State of the State of Tennessee, the State Treasurer of the State of Tennessee, and the Commissioner of Finance and Administration of the State of Tennessee, of a plan of financing pertaining to the sale of any bonds or notes by THDA and to request that the Bond Finance Committee sell such bonds or notes on behalf of THDA, under the terms and conditions set forth in the Act. The Bond Finance Committee approved the plan of financing with respect to the Issue 2026-1 Bonds on February 17, 2026.

Under the Act, THDA may have bonds and notes outstanding in an aggregate principal amount not exceeding $5,000,000,000, excluding bonds for which the payment or redemption of which has been or will be set aside and held in trust in amounts sufficient to pay, when due, the principal and interest thereof, and in the case of redemptions, for which redemption notices have been sent. As of February 28, 2026 (unaudited), THDA had bonds and notes outstanding in an aggregate principal amount of $3,701,174,881[1] as calculated in accordance with the Act.

Bonds issued under the General Resolution, including the Offered Bonds, are and will be special limited obligations of THDA, payable solely from the revenues and assets of THDA pledged under the General Resolution for the payment of the principal and redemption price thereof and the interest thereon, including the Bond Reserve Fund established pursuant to the General Resolution, as more fully described herein under the caption "SECURITY AND SOURCES OF PAYMENT OF BONDS." All bonds issued under the General Resolution, including the Offered Bonds, are equally and ratably secured by the pledges and covenants contained therein and all such bonds, including the Offered Bonds, are sometimes referred to herein as the "Bonds." The security interest created by the pledge of the General Resolution is governed by Tennessee Code Annotated Sections 9-22-101 et seq., as amended, relating to the perfection, priority and enforcement of public pledges and liens (the "Public Pledge Act"). Security interests governed under the Public Pledge Act are expressly exempt from Tennessee's codification of Article 9 of the Uniform Commercial Code.

The revenues and assets of THDA pledged under the General Resolution are not pledged as security for bonds under THDA's Housing Finance Program Resolution (the "2009 General Resolution"), THDA's Homeownership Program Resolution (the "1985 General Resolution") or THDA's Housing Bond Resolution (Mortgage Finance Program) (the "1974 General Resolution"). The revenues and assets of THDA pledged under the 1974 General Resolution, the 1985 General Resolution, and the 2009 General Resolution, respectively, are not pledged as security for Bonds issued under the General Resolution, including the Offered Bonds. See Appendix E for descriptions of the 1974 General Resolution, the 1985 General Resolution, and the 2009 General Resolution.

[1] Inclusive of amounts outstanding as of February 28, 2026 under $90,000,000 in revolving credit facilities provided by Royal Bank of Canada and by PNC Bank, N.A., credit facilities that are separate and apart from the General Resolution.

*Subject to change.

THDA may, in the future, elect to issue bonds under the General Resolution or under the 1974 General Resolution, the 1985 General Resolution and/or the 2009 General Resolution. No assurances can be given as to whether THDA may elect to issue bonds under any one of the referenced general resolutions in the future or which of the referenced general resolutions may be selected. Any mortgage loans and investments financed with the proceeds of any new bonds issued under any of the referenced general resolutions, except for the General Resolution, and the revenues therefrom will not be pledged to the payment of Bonds under the General Resolution, including the Offered Bonds.

THDA has no taxing power. The Offered Bonds are not a debt, liability or obligation of the State or of any political subdivision thereof except THDA. Neither the full faith and credit nor the taxing power of the State, or of any other political subdivision thereof, is pledged for the payment of principal of or interest on the Offered Bonds.

THDA expects that the proceeds of the Issue 2026-1 Bonds will be used to: (i) refund certain bonds issued and outstanding under the 2009 General Resolution or the 2013 General Resolution (collectively, the "Prior Bonds"); (ii) finance (1) first lien single-family Program Loans (or participations therein) for single-family, owner-occupied housing (one to four dwelling units), (2) Program Securities (or participations therein), as defined in the General Resolution (see Appendix D), backed by such Program Loans and guaranteed by Federal Mortgage Agencies (collectively, the "Issue 2026-1 Program Securities"), and (3) DPA Loans (as defined below and subject to the limitations described below); (iii) pay capitalized interest, if any; (iv) pay Costs of Issuance, Underwriters' Fees and other related transaction costs; and (v) make a deposit to the Bond Reserve Fund, if required. A "DPA Loan" means a subordinate lien loan made in connection with a first lien loan made by THDA, for purposes of down payment and closing costs assistance; such DPA Loans may be either (i) non-interest bearing loans with 30-year terms, due on sale or refinance, or (ii) fully amortizing 30-year term loans with an interest rate equal to the related first lien loan. The terms and conditions of Program Loans and Program Securities financed with amounts made available by the issuance of the Offered Bonds and the refunding of the Prior Bonds are described below and herein under the caption "RESIDENTIAL FINANCE PROGRAM LOANS – Description of Residential Finance Program Loans," in Appendix B-2, and in Appendix G. Upon the refunding of the Prior Bonds with a portion of the proceeds of the Issue 2026-1 Bonds, amounts related to the Prior Bonds in an amount equal to the principal amount of Issue 2026-1 Bonds used for such refunding will be transferred from the Prior Bonds to the Issue 2026-1 Bonds and used to finance Program Loans and Program Securities. See "APPLICATION OF BOND PROCEEDS."

All Program Loans, or participations therein, to be financed with lendable proceeds of the Issue 2026-1 Bonds, will be made in accordance with the then-existing Program Loan Procedures of THDA to qualifying borrowers meeting certain homebuyer status, income and purchase price requirements applicable to loans made with proceeds of tax-exempt bonds. The current Program Loan Procedures are described or otherwise referred to in Appendix G. Program Securities (as defined in the General Resolution; see Appendix D hereto) purchased with lendable proceeds of the Offered Bonds are anticipated to be guaranteed by the Government National Mortgage Association ("GNMA" or "Ginnie Mae"), Fannie Mae, formerly the Federal National Mortgage Association ("Fannie Mae"), and/or the Federal Home Loan Mortgage Corporation ("Freddie Mac") or other Federal Mortgage Agency (respectively, "GNMA Securities," "Fannie Mae Securities" and "Freddie Mac Securities"); provided, however, that as of the date hereof, THDA does not purchase Fannie Mae Securities. See Appendix B-2- "CERTAIN INFORMATION RELATING TO GNMA, FANNIE MAE, FREDDIE MAC, AND CERTAIN PROGRAM SECURITIES" for additional information regarding GNMA Securities and Fannie Mae Securities. A portion of the Program Loans pooled into Program Securities purchased with the lendable proceeds of the Issue 2026-1 Bonds may be made to non-first time homebuyers or borrowers who do not meet the income limits and/or purchase price limits applicable to the Program Loans purchased with proceeds of the Issue 2026-1 Bonds.

While nothing in the General Resolution requires that Program Loans not pooled into Program Securities be insured or guaranteed or that Program Loans be first lien loans, the General Resolution provides that Program Loans to be financed with moneys made available from the issuance of a series of Bonds shall satisfy any restrictions or covenants applicable to such Program Loans as shall be set forth in the related Supplemental Resolution. The Issue 2026-1 Supplemental Resolution provides that the Program Loans (other than a DPA Loan) to be financed with proceeds of the Offered Bonds shall be secured by a first lien on a fee simple in real property located in the State and (i) insured or guaranteed or have a commitment for insurance or guarantee by (a) the United States or any instrumentality thereof or (b) any agency or instrumentality of the State authorized by law to issue such insurance; or (ii) is the subject of a mortgage insurance policy issued by a private mortgage insurer qualified to issue such insurance or guarantee in the State and approved by THDA (for a description of certain mortgage insurance programs, including certain conditions on recovery and limitations on coverage, see Appendix B) ; or (iii) made to borrowers who have an equity interest of at least 22% in the property based on the lesser of appraised value or the sale price; or (iv) pooled into Program Securities. The Issue 2026-1 Supplemental Resolution provides that DPA Loans may be made on a subordinate lien basis, in a total aggregate principal amount up to 6% of the total principal amount of the Issue 2026-1 Bonds. THDA does not intend to use lendable proceeds of the Offered Bonds to purchase Program Loans insured by private mortgage insurance unless such Program Loans have been pooled into Program Securities. While the Issue 2026-1 Supplemental Resolution provides that all Program Loans other than DPA Loans to be financed with proceeds of the Offered Bonds shall be first lien loans, it is

anticipated that Supplemental Resolutions adopted for future series of Bonds may authorize the financing of other types of Program Loans secured by subordinate liens, including without limitation, home improvement loans.

Currently, THDA's Program Loan portfolio under the General Resolution primarily includes first-lien, fixed interest rate, single-family Program Loans with equal monthly installments of principal and interest, a portion of which has been pooled into Program Securities. As of February 28, 2026 (unaudited), $385,306,223 principal amount of Program Securities ($263,691,452 of which were GNMA Securities and $121,614,771 of which were Freddie Mac Securities) and 26,840 Program Loans having an aggregate outstanding principal balance of approximately $3,137,149,997 were outstanding under the General Resolution. As of February 28, 2026 (unaudited), 19,595 DPA Loans in an aggregate outstanding principal amount of $167,921,734 were outstanding under the General Resolution. 12,294 of such DPA Loans, in an outstanding principal amount of $89,260,059, were 0% interest loans with a 30 year term due on sale or refinance, and 7,301 of such DPA Loans, in an outstanding principal amount of $78,661,675, were interest bearing loans (at same interest rate as the related first lien loan) fully amortizing over 15 years. See "RESIDENTIAL FINANCE PROGRAM LOANS—Description of Residential Finance Program Loans–Great Choice Plus Loans" herein for additional information regarding DPA Loans.

As of February 28, 2026 (unaudited), Program Loans not pooled into Program Securities were comprised of approximately (i) 83.68% FHA insured, (ii) 6.40% VA guaranteed, (iii) 0.55% insured by private mortgage insurance companies, (iv) 6.54% guaranteed by United States Department of Agriculture, Rural Development ("USDA/RD"), and (v) 2.84% uninsured (i.e. Program Loans for which the borrower has at least a 22% equity interest in the residence on the date of closing, or at least a 25% equity interest in the residence on the date of closing for Program Loans closed prior to July 29, 1999, or Program Loans which were privately insured at the time of closing but have since met the requirements of the Homeowner Protection Act of 1998 for termination of private mortgage insurance) (percentages based on the outstanding principal balance of non-pooled Program Loans as of February 28, 2026 (unaudited)). See "RESIDENTIAL FINANCE PROGRAM LOANS – Residential Finance Program Portfolio Data" and Appendix B under the heading "Private Mortgage Insurance Programs."

U.S. Bank Trust Company, National Association (the "Trustee") is trustee and paying agent for all Bonds issued under the General Resolution.

A brief description of the Offered Bonds, THDA and its Program Loans follows, together with summaries of the terms of the Offered Bonds, certain provisions of the Act, the General Resolution, and the Issue 2026-1 Supplemental Resolution, and other activities of THDA. Such summaries do not purport to be complete, and all such summaries and references to the Act and the Issue Supplemental Resolution are qualified in their entirety by reference to each such document, copies of which are available from THDA or the Trustee. The General Resolution is attached hereto as Appendix D – "2013 GENERAL RESOLUTION." Certain capitalized terms utilized herein are defined in Appendix D hereto.

DESIGNATION OF THE ISSUE 2026-1 BONDS AS SOCIAL BONDS

General

THDA has designated the Issue 2026-1 Bonds as "Social Bonds" based solely on the opinion of Kestrel ("Kestrel") that the Issue 2026-1 Bonds conform with the four core components of the International Capital Market Association's Social Bond Principles, and therefore qualify for Social Bonds designation. The information under the subcaptions "Social Bonds Designation" and "Independent Second Party Opinion on Social Bonds Designation and Disclaimer" below has been provided by Kestrel.

None of THDA, the Underwriters (as defined herein), CSG Advisors Incorporated, Kutak Rock LLP or Hawkins Delafield & Wood LLP has independently confirmed or verified the information below or assumed any obligation to ensure that the Issue 2026-1 Bonds comply with any legal or other standards or principles that may be related to Social Bonds. THDA has designated the Issue 2026-1 Bonds as Social Bonds based solely on their designation as Social Bonds by Kestrel. The designation of the Issue 2026-1 Bonds as Social Bonds does not entitle the Owner of any Issue 2026-1 Bond to any benefit under the Internal Revenue Code. Owners of the Issue 2026-1 Bonds do not have any security other than as described under "SECURITY AND SOURCES OF PAYMENT OF BONDS."

Social Bonds Designation

Per the International Capital Market Association ("ICMA"), Social Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Social Projects and which are aligned with the four core components of the Social Bonds Principles. The four core components are: 1. Use of Proceeds; 2. Process for Project Evaluation and Selection; 3. Management of Proceeds; and 4. Reporting.

Kestrel has determined that: (a) the Issue 2026-1 Bonds are in conformance with the four components of the ICMA Social Bond Principles, as described in Kestrel's Second Party Opinion (the "Second Party Opinion") which is attached hereto as Appendix J and (b) the uses of the proceeds of the Issue 2026-1 Bonds align with the Affordable Housing, Access to Essential Services, and Socioeconomic Advancement and Empowerment eligible project categories by financing mortgages for low- and moderate-income families.

Upon the expenditure of the proceeds of the Issue 2026-1 Bonds deposited into the Loan Fund, THDA expects to prepare a report regarding the Program Loans allocable to the Issue 2026-1 Bonds (including Program Loans pooled into any Issue 2026-1 Program Securities) consisting of the information set forth in Appendix K – "USE OF PROCEEDS REPORT."

Independent Second Party Opinion on Social Bonds Designation and Disclaimer

For 23 years, Kestrel has been consulting in sustainable finance. Kestrel is an Approved Verifier accredited by the Climate Bonds Initiative and a market leader for second party opinions in US public finance. Kestrel reviews transactions in all asset classes worldwide for alignment with ICMA Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines and the Climate Bonds Initiative Standards and Criteria. Municipal bonds are benchmarked with Kestrel Sustainability Intelligence™.

The Second Party Opinion issued by Kestrel does not and is not intended to make any representation or give any assurance with respect to any other matter relating to the Issue 2026-1 Bonds. The Second Party Opinion provided by Kestrel is not a recommendation to any person to purchase, hold, or sell the Issue 2026-1 Bonds and the designations do not address the market price or suitability of these bonds for a particular investor and do not and are not in any way intended to address the likelihood of timely payment of interest or principal when due.

In issuing the Second Party Opinion, Kestrel has assumed and relied upon the accuracy and completeness of the information made publicly available by THDA or that was otherwise made available to Kestrel.

Risks Relating to Social Bonds

Despite the Second Party Opinion's being provided by Kestrel, it should be noted that there is currently no clear regulatory definition applicable to the Issue 2026-1 Bonds, nor municipal securities market consensus, as to what constitutes a "social bond" or an equivalently-labeled program, or as to what precise attributes are required for a particular project to be defined as "social" or such other equivalent label. No assurance can be given that such a clear definition will develop over time, or that, if developed, it will include the program to be financed with the proceeds of the Issue 2026-1 Bonds. Accordingly, no assurance is or can be given to investors that any uses of the Issue 2026-1 Bonds will meet investor expectations regarding such social or other equivalently-labeled performance objectives.

DESCRIPTION OF OFFERED BONDS

General

The Offered Bonds will mature on the dates and bear interest from the date of delivery at the rates indicated on the inside front cover page of this Official Statement. Interest on the Offered Bonds accrues from the dated date of Offered Bonds and is payable on January 1, 2027*, and semi-annually on each January 1 and July 1 thereafter, on the basis of a 360-day year of twelve 30-day months. The Record Date for payment of interest on the Offered Bonds shall be the 15th day of the month next preceding an Interest Payment Date.

*Subject to change.

The Offered Bonds will be issued in denominations of $5,000 principal amount and any integral multiple thereof and will be available only in book-entry form. The Depository Trust Company (and any successor in interest thereto) ("DTC"), will act as securities depository for the Offered Bonds. DTC, through its nominee, will hold the entire balance of the offering. The ownership of this offering will be registered in the name of Cede & Co., as nominee for DTC. Beneficial owners of the Offered Bonds will not receive physical delivery of bond certificates. See Appendix F- "BOOK-ENTRY SYSTEM" for a description of the DTC book-entry only system.

Redemption Provisions for Offered Bonds*

Sinking Fund Redemption

The Issue 2026-1 Bonds maturing on July 1, 2041, are subject to redemption in part by lot on each January 1 and July 1 beginning January 1, 2039, at a redemption price equal to 100% of the principal amount thereof from mandatory Sinking Fund Payments in the principal amount for each of the dates set forth below:

Sinking Fund Payments for Issue 2026-1
Term Bonds Due July 1, 2041

Year	Amount Due January 1	Amount Due July 1
2039	$ 980,000	$ 1,000,000
2040	1,025,000	1,045,000
2041	1,065,000	1.090,000 (maturity)

The Issue 2026-1 Bonds maturing on July 1, 2046, are subject to redemption in part by lot on each January 1 and July 1 beginning January 1, 2042, at a redemption price equal to 100% of the principal amount thereof from mandatory Sinking Fund Payments in the principal amount for each of the dates set forth below:

Sinking Fund Payments for Issue 2026-1
Term Bonds Due July 1, 2046

Year	Amount Due January 1	Amount Due July 1
2042	$ 1,115,000	$ 1,140,000
2043	1,165,000	1,195,000
2044	1,220,000	1,250,000
2045	1,280,000	1,310,000
2046	1,340,000	1,375,000 (maturity)

The Issue 2026-1 Bonds maturing on July 1, 2051, are subject to redemption in part by lot on each January 1 and July 1 beginning January 1, 2047, at a redemption price equal to 100% of the principal amount thereof from mandatory Sinking Fund Payments in the principal amount for each of the dates set forth below:

Sinking Fund Payments for Issue 2026-1
Term Bonds Due July 1, 2051

Year	Amount Due January 1	Amount Due July 1
2047	$ 1,405,000	$ 1,440,000
2048	1,475,000	1,510,000
2049	1,550,000	1,585,000
2050	1,625,000	1,665,000
2051	1,705,000	1,745,000 (maturity)

*Subject to change.

The Issue 2026-1 Bonds maturing on July 1, 2056, are subject to redemption in part by lot on each January 1 and July 1 beginning January 1, 2052, at a redemption price equal to 100% of the principal amount thereof from mandatory Sinking Fund Payments in the principal amount for each of the dates set forth below:

Sinking Fund Payments for Issue 2026-1
Term Bonds Due July 1, 2056

Year	Amount Due January 1	Amount Due July 1
2052	$ 1,790,000	$ 1,830,000
2053	1,875,000	1,920,000
2054	1,970,000	2,015,000
2055	2,065,000	2,120,000
2056	2,170,000	2,225,000 (maturity)

The Issue 2026-1 Bonds maturing on January 1, 2057 (the "Issue 2026-1 PAC Bonds"), are subject to redemption in part by lot on each January 1 and July 1 beginning July 1, 2027, at a redemption price equal to 100% of the principal amount thereof from mandatory Sinking Fund Payments in the principal amount for each of the dates set forth below:

Sinking Fund Payments for Issue 2026-1
PAC Term Bonds Due January 1, 2057

Year	Amount Due January 1	Amount Due July 1
2027		$ 180,000
2028	$ 185,000	190,000
2029	195,000	200,000
2030	205,000	210,000
2031	220,000	225,000
2032	230,000	240,000
2033	245,000	255,000
2034	260,000	265,000
2035	275,000	285,000
2036	290,000	300,000
2037	310,000	320,000
2038	325,000	340,000
2039	350,000	360,000
2040	365,000	380,000
2041	395,000	405,000
2042	415,000	425,000
2043	440,000	455,000
2044	470,000	485,000
2045	495,000	515,000
2046	530,000	540,000
2047	560,000	575,000
2048	595,000	610,000
2049	625,000	650,000
2050	665,000	685,000
2051	705,000	730,000
2052	750,000	775,000
2053	800,000	825,000
2054	845,000	875,000
2055	900,000	920,000
2056	950,000	980,000
2057	3,285,000 (maturity)	

The amounts of semi-annual sinking fund installments set forth above are subject to reduction as a result of optional redemption, special mandatory redemption, special optional redemption, or mandatory redemption (each as described in the following subsections herein) of the Issue 2026-1 Bonds. At the time of any optional redemption, special mandatory redemption, special optional redemption, or mandatory redemption of such Issue 2026-1 Bonds, the amount of each future sinking fund installment will be reduced as shall be determined in a certificate of THDA such that the total amount of such reductions equals the amount of such optional redemption, special mandatory redemption, special optional redemption, or mandatory redemption; provided, however, that any such redemption amounts permitted to be applied to the annual sinking fund installments set forth above for the PAC Bonds (as hereinafter defined) shall be made on a pro rata basis between the PAC Bonds.

Optional Redemption. The Issue 2026-1 Bonds maturing on and after January 1, 2035, are subject to redemption at the option of THDA prior to their respective maturities, either as a whole or in part, at any time, on or after July 1, 2034, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the date of redemption.

The PAC Bonds shall be subject to redemption at the option of THDA prior to their respective maturities, either as a whole or in part, at any time, on or after July 1, 2034 at the redemption prices set forth below:

Redemption Date	Issue 2026-1 PAC Bonds Redemption Price†
July 1, 2034	%
January 1, 2035	
July 1, 2035	
January 1, 2036	
July 1, 2036	
January 1, 2037	
July 1, 2037 and thereafter	100.000%

†Any PAC Bonds optionally redeemed on a date other than a redemption date listed above will be redeemed at a redemption price calculated by THDA using straight-line interpolation between the redemption prices for the redemption dates listed above immediately preceding and succeeding such redemption date.

Special Mandatory Redemption of PAC Bonds. The PAC Bonds are subject to redemption prior to their maturity, in whole or in part, at a redemption price of 100% of the principal amount of such PAC Bonds to be redeemed, plus interest accrued to the date of redemption, from amounts transferred to the Redemption Account representing Excess 2026-1 Principal Payments (as defined below). Any Excess 2026-1 Principal Payments so deposited in the Redemption Account shall be applied to the redemption of PAC Bonds on any Interest Payment Date commencing January 1, 2027; provided, however, PAC Bonds may be redeemed between Interest Payment Dates on the first Business Day of any month for which adequate notice of redemption may be given.

While any PAC Bonds remain Outstanding, Excess 2026-1 Principal Payments shall be applied as follows:

FIRST, if principal prepayments on the Program Loans allocable to the Issue 2026-1 Bonds (including DPA Loans and any Program Loans pooled into Issue 2026-1 Program Securities) are equal to or less than 500% PSA (as defined below under "ASSUMPTIONS REGARDING OFFERED BONDS – Average Life of PAC Bonds"), as determined by THDA, then available Excess 2026-1 Principal Payments shall first be applied to redeem PAC Bonds on a pro rata basis up to an amount correlating to the Planned Amortization Amount (as defined below) for the related PAC Bonds and, subject to the application of the 10-year rule as described below under the heading "– *Mandatory Redemption – 10 Year Rule*," the remainder may be applied to any purpose permissible under the Resolution, including to redeem any Bonds issued under the Resolution, other than the PAC Bonds; and

SECOND, if principal prepayments on the Program Loans allocable to the Issue 2026-1 Bonds (including DPA Loans and any Program Loans pooled into Issue 2026-1 Program Securities) are in excess of 500% PSA, as determined by THDA, then available Excess 2026-1 Principal Payments up to an amount correlating to the Planned Amortization Amount (as defined below) for the PAC Bonds shall first be applied to redeem PAC Bonds on a pro rata basis and, subject to the application of the 10-year rule as described below under the heading "– *Mandatory Redemption – 10 Year Rule*," the remainder may be applied to any purpose permissible under the Resolution, including to redeem any Bonds issued under the Resolution, including the PAC Bonds (any such remainder used to redeem PAC Bonds being an "Excess Principal PAC Bond Redemption"); provided, however, that (i) the source of an Excess Principal PAC Bond Redemption is restricted to that portion of the available Excess 2026-1 Principal Payments which is in excess of 500%

PSA, and (ii) the principal amount of an Excess Principal PAC Bond Redemption may not be an amount in excess of the then Outstanding PAC Bonds' proportionate amount of all Issue 2026-1 Bonds then Outstanding.

"Excess 2026-1 Principal Payments" means, as of any date of computation, 100% of all regularly scheduled principal payments and prepayments on Program Loans allocable to the Issue 2026-1 Bonds (including DPA Loans and any Program Loans pooled into Issue 2026-1 Program Securities) to the extent such regularly scheduled principal payments and prepayments are not required to make regularly scheduled principal payments, including Sinking Fund Payments, on the Issue 2026-1 Bonds.

"Planned Amortization Amount" means the dollar amount applicable to the PAC Bonds for each Interest Payment Date set forth in the table below. The Planned Amortization Amount represents the cumulative principal amount of the PAC Bonds assumed to be redeemed from Excess 2026-1 Principal Payments as of a particular Interest Payment Date based on receipt of principal prepayments at a 75% PSA prepayment rate for Program Loans allocable to the Issue 2026-1 Bonds (including DPA Loans and Program Loans pooled into Issue 2026-1 Program Securities). See "ASSUMPTIONS REGARDING OFFERED BONDS – Average Life of PAC Bonds" for a description of PSA prepayment rates.

The Planned Amortization Amounts for the Issue 2026-1 PAC Bonds (which assume (i) the full origination of Program Loans and/or purchase of DPA Loans and Issue 2026-1 Program Securities with proceeds allocable to the Offered Bonds in accordance with the expected schedule for such origination and/or purchase, and (ii) receipt of principal prepayments on the Program Loans allocable to the Offered Bonds (including DPA Loans and Program Loans pooled into Issue 2026-1 Program Securities) at a rate equal to 75% of the PSA prepayment rate), as of each payment date are set forth below:

PAC Bonds Planned Amortization Schedule

Date	PAC Bonds Planned Amortization Amount
January 1, 2027	$ 95,000
July 1, 2027	370,000
January 1, 2028	1,175,000
July 1, 2028	2,435,000
January 1, 2029	4,115,000
July 1, 2029	6,115,000
January 1, 2030	8,160,000
July 1, 2030	10,175,000
January 1, 2031	12,120,000
July 1, 2031	14,000,000
January 1, 2032	15,810,000
July 1, 2032	17,550,000
January 1, 2033	19,225,000
July 1, 2033	20,840,000
January 1, 2034	22,390,000
July 1, 2034	23,875,000
January 1, 2035	25,295,000
July 1, 2035	26,650,000
January 1, 2036	27,950,000
July 1, 2036	29,190,000
January 1, 2037	30,360,000
July 1, 2037	31,080,000

Each Planned Amortization Amount, as set forth in the table above, is subject to proportionate reduction to the extent the PAC Bonds are redeemed from amounts on deposit in the Issue 2026-1 Bonds Subaccount of the Loan Fund not applied to finance Program Loans or Issue 2026-1 Program Securities.

For a description of the impact on the weighted average life of the PAC Bonds of the receipt of prepayments on the Program Loans allocable to the Issue 2026-1 Bonds (including DPA Loans and Program Loans pooled into Issue 2026-1 Program Securities) at various speeds, see "ASSUMPTIONS REGARDING OFFERED BONDS – Average Life of PAC Bonds."

Special Optional Redemption of the Issue 2026-1 Bonds, including Cross Calls. The Issue 2026-1 Bonds are subject to redemption, at the election of THDA, in whole or in part, at any time prior to maturity, in accordance with the provisions of the Resolution, and in an amount equal to amounts available for such purposes from (i) proceeds of the Issue 2026-1 Bonds not expected to be applied to the financing of Program Loans, DPA Loans and Issue 2026-1 Program Securities, as described below under the heading "DESCRIPTION OF OFFERED BONDS – Redemption Provisions for Offered Bonds – Redemption of Issue 2026-1 from Unexpended Proceeds"; (ii) except as otherwise described under the headings "DESCRIPTION OF OFFERED BONDS – Redemption Provisions for Offered Bonds – Special Mandatory Redemption of PAC Bonds" and " – Mandatory Redemption – 10 Year Rule," repayments and prepayments of the Program Loans allocated to the Issue 2026-1 Bonds (including DPA Loans and Program Loans pooled into Issue 2026-1 Program Securities) in excess of regularly scheduled debt service payments on the Issue 2026-1 Bonds; (iii) repayments and prepayments of Program Loans financed with the proceeds of any other Bonds issued under the Resolution, subject to limitations contained in the Internal Revenue Code of 1986, as amended (the, "Code"), (iv) other amounts on deposit in the Revenue Fund of the Resolution in excess of the amounts then required for the payment of Debt Service and Program Expenses, and (v) amounts on deposit in the Bond Reserve Fund in excess of the Bond Reserve Fund Requirement; provided, however, that the PAC Bonds are subject to redemption under clause (i) above, but (1) are only subject to redemption under clause (ii) above as described under the heading "DESCRIPTION OF OFFERED BONDS – Redemption Provisions for Offered Bonds – Special Mandatory Redemption of PAC Bonds," and (2) shall not be subject to redemption as described in clauses (iii), (iv) and (v) above if such redemption would cause amortization of the PAC Bonds to exceed the Planned Amortization Amount shown above in the PAC Bonds Amortization Schedule. The Resolution permits the sale of Program Loans (including DPA Loans) and Program Securities, including those allocated to the Issue 2026-1 Bonds, and application of the sale proceeds to the redemption of Bonds (see Appendix D – "2013 GENERAL RESOLUTION"), subject to limitations contained in the Code; however, THDA has no current plans to sell Program Loans or Program Securities held under the General Resolution.

The date of redemption shall be determined by the Trustee upon the direction of THDA, subject to the provisions of and in accordance with the Resolution. The Issue 2026-1 Bonds to be so redeemed shall be redeemed at a redemption price of 100% of the principal amount thereof, plus interest accrued to the redemption date, if applicable; provided, however, that the redemption price of the PAC Bonds in the event of a redemption described in clause (i) of the preceding paragraph shall be the issue price thereof (par plus initial premium) plus accrued interest to the redemption date. The Issue 2026-1 Bonds to be so redeemed shall be selected by THDA in its sole discretion; provided, however, that the PAC Bonds may not be redeemed in amounts in excess of their proportionate amount of all Offered Bonds then Outstanding in the event of a redemption pursuant to clause (i) of the preceding paragraph. See "ASSUMPTIONS REGARDING OFFERED BONDS – Prepayments" and "ASSUMPTIONS REGARDING OFFERED BONDS – THDA Redemption Practices."

Mandatory Redemption – 10 Year Rule. To the extent required by the Code and not already required to make regularly scheduled principal payments on the Issue 2026-1 Bonds (including Sinking Fund Payments) or otherwise required to be applied to the redemption of the PAC Bonds, repayments and prepayments of principal of the Program Loans or portions thereof (including DPA Loans and Program Loans pooled into Issue 2026-1 Program Securities) financed with proceeds of the Issue 2026-1 Bonds (directly, or through a series of refundings) received more than 10 years after the (i) the date of issuance of the Issue 2026-1 Bonds or (ii) the date of issuance of the Prior Bonds refunded by the Issue 2026-1 Bonds (or the earliest date in a chain of refundings), shall be applied to redeem Issue 2026-1 Bonds. The redemption price of Issue 2026-1 Bonds to be so redeemed shall be 100% of the principal amount thereof plus interest accrued to the date of redemption, if applicable. Subject to the redemption procedures under the heading "DESCRIPTION OF OFFERED BONDS – Redemption Provisions for Offered Bonds – Special Mandatory Redemption of PAC Bonds," the Issue 2026-1 Bonds to be redeemed shall be selected by THDA in its sole discretion; provided, however, that the Issue 2026-1 PAC Bonds may be redeemed in an amount that exceeds the related Planned Amortization Amount shown above in the PAC Bonds Planned Amortization Schedules only if there are no other Issue 2026-1 Bonds Outstanding.

THDA will redeem the Issue 2026-1 Bonds in accordance with the provisions described above to the extent required to comply with the Code. THDA reserves the right to modify the amounts and timing of redemptions at any time to the extent the Code permits or requires such modification.

Redemption of Issue 2026-1 Bonds from Unexpended Proceeds. The Issue 2026-1 Bonds are subject to redemption, at the election of THDA, in whole or in part on any date, from proceeds of the Issue 2026-1 Bonds not expected to be applied to the financing of Program Loans (or participations therein). In addition, the Issue 2026-1 Bonds are subject to mandatory redemption on May 1, 2027, in the event and to the extent that there are unexpended proceeds of the Issue 2026-1 Bonds on deposit in the Issue 2026-1 Bonds Subaccount of the Loan Fund on April 1, 2027 provided that such redemption date may be extended, at the option of THDA, and subject to the satisfaction of the conditions set forth in the Issue 2026-1 Supplemental Resolution, including without limitation, provision of a Projected Cash Flow Statement.

Notwithstanding any extension of the redemption date described above, in order to satisfy requirements of the Code, the Issue 2026-1 Bonds are subject to mandatory redemption on November 1, 2029, to the extent any amounts remain on deposit in the Issue 2026-1 Bonds Subaccount of the Loan Fund on October 1, 2029.

Issue 2026-1 Bonds to be redeemed from the unexpended proceeds shall be redeemed at a redemption price of 100% of the principal amount thereof, plus interest accrued to the date of redemption, if applicable; provided, however, that the redemption price of the PAC Bonds shall be the issue price thereof (par plus initial premium) plus accrued interest to the redemption date.

The Issue 2026-1 Bonds to be redeemed shall be selected by THDA in its sole discretion subject to the above limitations; provided, however, that the PAC Bonds may not be redeemed in amounts in excess of their proportionate amounts of all Issue 2026-1 Bonds then Outstanding.

Selection By Lot

If less than all of the Issue 2026-1 Bonds of like maturity within a Series are to be redeemed, the particular Issue 2026-1 Bonds of such maturity to be redeemed shall be selected by lot in accordance with the General Resolution.

Notice of Redemption

When the Trustee shall receive notice from THDA of its election or direction to redeem Bonds and when redemption of Bonds is required by the Resolution, the Trustee shall give notice, in the name of THDA, of the redemption of such Bonds. Such notice shall specify the complete official name, the series (and subseries, if applicable), the maturities, the interest rate, and the CUSIP number of the Bonds to be redeemed, the Redemption Date and the place or places where amounts due upon such redemption will be payable (including the name, address and telephone number of a contact person at such place(s)) and, if less than all the Bonds of any like maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. In addition, if the notice of redemption is conditional, the notice shall set forth, in summary terms, the conditions precedent to such redemption and that if such conditions shall not have been satisfied on or prior to the redemption date, said notice shall be of no force and effect and such Bonds shall not be redeemed. Such notice shall further state that, assuming the due satisfaction of all conditions precedent to the redemption, if any, on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued to the Redemption Date, and that from and after such date interest thereon shall cease to accrue and be payable. The Trustee shall mail a copy of such notice, postage prepaid, not less than twenty days (or in such manner or such shorter period as required by the operational arrangements of DTC if all Bonds are registered with DTC) and not more than sixty days before the Redemption Date to the registered owners of any Bonds or portions of Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry books, but receipt of such notice shall not be a condition precedent to such redemption and failure of a Bondholder to receive such notice shall not affect the validity of the proceedings for the redemption of other Bonds.

*Subject to change.

APPLICATION OF BOND PROCEEDS

Proceeds from the issuance and sale of the Issue 2026-1 Bonds will be credited or applied as set forth below

SOURCES	
Par Amount of the Issue 2026-1 Bonds	$
Premium on Issue 2026-1 PAC Bonds……..	
TOTAL SOURCES	$
USES	
Deposit to Issue 2026-1 Subaccount of the Loan Fund	$
Deposit to Bond Reserve Fund.....	
Deposit to Debt Service & Expense Account of the Revenue Fund.....	
Costs of Issuance	
Underwriters' Fee	
TOTAL SOURCES	$

SECURITY AND SOURCES OF PAYMENT OF BONDS

Security of Bonds and Sources of Payment

The Bonds are special limited obligations of THDA payable solely from the revenues and assets of THDA pledged under the General Resolution. Subject only to the provisions of the General Resolution permitting the application of certain monies for the purposes and under the terms set forth therein, and to the payment to the Trustee and the Paying Agents and depositories of compensation for their services and expenses, such Bonds are secured equally and ratably by a pledge of the following:

(a) Revenues, which include scheduled, delinquent and advance payments of principal of and interest on Program Loans made pursuant to the General Resolution (less the amount thereof retained by the servicers as compensation for services rendered in connection with the Program Loans and for other payments, including those for guaranty or insurance of Program Loans and for taxes, assessments and insurance premiums) and the net income, if any, derived by THDA from premises owned by THDA as a result of action taken in the event of a default on a Program Loan;

(b) Non-Mortgage Receipts, which includes all interest earned or gain realized in excess of losses from investment of the amount in any Fund or Account established under the General Resolution;

(c) All Funds and Accounts created by the General Resolution, including the Bond Reserve Fund, and monies and securities therein (see Appendix D -"2013 GENERAL RESOLUTION"); and

(d) All right, title and interest of THDA in and to the Program Loans made or purchased pursuant to the General Resolution.

THDA has no taxing power. The Bonds do not constitute a debt, liability or obligation of the State or any other political subdivision thereof (except THDA). Neither the full faith and credit nor taxing power of the State or of any other political subdivision thereof is pledged for the payment of the principal of, redemption price or interest on the Bonds. The Bonds are payable solely from the funds provided therefor pursuant to the General Resolution.

Bond Reserve Fund

The Act authorizes THDA to establish one or more reserve funds. THDA has established a Bond Reserve Fund for the Bonds and the General Resolution provides that THDA may not issue any Bond unless the amount in the Bond Reserve Fund is at least equal to the "Bond Reserve Fund Requirement." The Bond Reserve Fund Requirement is the greater of (i) an amount equal to the aggregate of the respective amounts for each series of Bonds established in the Supplemental Resolution authorizing such series or (ii) an amount equal to 3% of the sum of (A) the then current balance

of Program Loans (other than Program Loans underlying Program Securities) and (B) any other amount on deposit in the Loan Fund which has not been designated to provide for the payment of Costs of Issuance, capitalized interest or the purchase of Program Securities. On the date of issuance of the Offered Bonds, the Bond Reserve Fund will contain an amount at least equal to the Bond Reserve Fund Requirement. The Resolution requires that if, on any Interest Payment Date or Redemption Date, there is not a sufficient amount available in the Revenue Fund and the Redemption Fund, if applicable, to provide for interest or principal and sinking fund installments maturing and becoming due on the Bonds, the Trustee must transfer the amount of the deficiency from the Bond Reserve Fund to the extent necessary to make good the deficiency.

Additional Bonds

THDA is authorized to issue additional series of bonds upon the terms and conditions set forth in the General Resolution and such bonds, when issued, shall, with the Offered Bonds and other Outstanding Bonds, be entitled to the equal benefit, protection, and security of the provisions, covenants and agreements of the General Resolution, except as otherwise described herein.

BUSINESS DISRUPTION RISKS; CYBERSECURITY

General

Certain external events, such as pandemics, natural disasters, severe weather, technological emergencies, riots, acts of war or terrorism, or other circumstances or events, could potentially disrupt THDA's ability to conduct its business. A prolonged disruption in THDA's operations could have an adverse effect on THDA's financial condition and results of operations. To plan for and mitigate the impact such an event may have on its operations, THDA has developed a Business Continuity Plan (the "Plan"). The Plan is designed to (i) provide for the continued execution of the mission-essential functions of THDA and minimize disruption if an emergency threatens, interrupts or incapacitates THDA's operations, (ii) provide THDA leadership with timely direction, control and coordination before, during and after an emergency, and (iii) facilitate the return to normal operating conditions as soon as practical based on the circumstances surrounding any given emergency. No assurances can be given that THDA's efforts to mitigate the effects of an emergency or other event will be successful in preventing any and all disruptions to its operations in the event of an emergency.

Cybersecurity

THDA relies on a complex technological environment to conduct its operations. As a recipient and provider of personal, private and sensitive information, THDA 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 agencies and other public finance entities have been targeted by outside third parties, including technically sophisticated and well-resourced actors, attempting to misappropriate assets or information or cause operational disruption and damage. Further, third parties, such as hosted solution providers, that provide services to THDA, could also be a source of security risk in the event of a failure of their own security systems and infrastructure. THDA staff regularly reviews its operations, policies, and programs to assess new and changing cybersecurity risks and compliance requirements, and engages third party vendors to assist in a portion of its cyber management efforts.

THDA maintains multiple information security policies and procedures and integrates its cyber management with its overall risk management plans. THDA uses a layered approach that employs sound operational strategies and security technology solutions to secure against, detect, and mitigate the effects of cyber threats on its infrastructure and information assets. THDA conducts regular information security and privacy awareness training that is mandatory for all THDA staff and regularly conducts risk assessments and tests of its cybersecurity systems and infrastructure. THDA's Chief Information Officer and Director of Information Security lead the efforts of THDA to keep its cyber assets secure, including the maintenance of a robust Cyber Incident Response Plan.

THDA provides annual cybersecurity management updates to its Board of Directors.

Despite its efforts, no assurances can be given that THDA'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 THDA's financial condition, results or business; however, THDA is not able to predict the severity of these attacks. The results of any attack on THDA's computer and information technology systems

could impact its operations for an unknown period of time, damage THDA's digital networks and systems, and damage THDA'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 THDA's reputation and relationships could adversely affect THDA's ability to make loans and issue Bonds in the future.

ASSUMPTIONS REGARDING OFFERED BONDS

General

The General Resolution requires THDA to file Projected Cash Flow Statements with the Trustee periodically in connection with various actions THDA may take pursuant to the General Resolution including, without limitation, the issuance of Bonds. (See Appendix D – "2013 GENERAL RESOLUTION" for a description of Projected Cash Flow Statements and the circumstances under which they are required.) A Projected Cash Flow Statement meets the requirements of the General Resolution if it shows that sufficient amounts will be available under the General Resolution to pay Debt Service on Bonds Outstanding under the General Resolution, including the Offered Bonds, and Program Expenses and that the amount of all assets held under the General Resolution equals or exceeds the total liability of all Bonds Outstanding under the General Resolution. In connection with the preparation of Projected Cash Flow Statements, THDA makes certain assumptions concerning revenues derived from Program Loans, Program Expenses, rate and amount of prepayments, earnings on investments, rate of origination of Program Loans, and Bond redemptions.

It is a condition to the issuance of the Offered Bonds that THDA shall have prepared and filed a Projected Cash Flow Statement (the "Projected Cash Flow Statement"). The Projected Cash Flow Statement will be based, among other assumptions, on the assumptions that (i) THDA originates approximately $83,332,500* of thirty-year Program Loans (or participates therein), including bearing interest at a weighted average interest rate of approximately 5.81*%, (ii) purchases approximately $15,600,000* of thirty-year Issue Program Securities (or participates therein), (iii) finances approximately $5,067,500* principal amount of thirty-year DPA Loans, and (iv) deposits of $ 2,070,043* to the Bond Reserve Fund and $1,000,000* to the Debt Service and Expense Account will be allocated to the Offered Bonds. The Projected Cash Flow Statement shall evidence that, upon the issuance of the Offered Bonds, sufficient amounts will be available under the General Resolution to pay Debt Service for all Bonds Outstanding, including the Offered Bonds. THDA believes the assumptions to be used in connection with the preparation of the Projected Cash Flow Statement are reasonable. THDA cannot, however, guarantee that actual results will not vary materially from such assumptions. If subsequent events do not correspond to such assumptions, the amount of Revenues available to make payments of principal and interest on the Bonds, including the Offered Bonds, when scheduled, may be adversely affected and the expected life of the Offered Bonds may be affected. For descriptions of certain of these measures and THDA's business continuity plan, see "BUSINESS DISRUPTION RISK CYBERSECURITY" herein.

Payments of Principal and Interest on the Bonds

The Projected Cash Flow Statement assumes that payments of principal and interest on all Outstanding Bonds will be made, when scheduled, from scheduled payments and prepayments of principal and interest on the Program Loans and Program Securities (or, in each case, portions thereof) allocable to such Bonds and from other moneys available under the Resolution including, without limitation, income expected to be derived from the investment of monies in the funds and accounts established under the Resolution. For purposes of preparing the Projected Cash Flow Statement, it has been assumed that scheduled payments of principal and interest on the Program Loans and Program Securities will be received 60 days and 29 days respectively from the date on which they are due. Such sources of available monies may be insufficient to make such payments in the event that (i) regularly scheduled payments on Program Loans are not made on a timely basis in accordance with their terms, (ii) THDA incurs uninsured losses in connection with the foreclosure of Program Loans or insured losses which the insurer does not pay, (iii) THDA is not able to finance Program Loans in accordance with its expectations, (iv) actual investment rates on Investment Securities are less than those assumed, or (v) prepayments are not received as anticipated to the extent the Projected Cash Flow Statement was based on an assumed level of prepayments.

*Subject to change.

Program Loans; Program Securities

Certain moneys made available from the issuance of the Issue 2026-1 Bonds will be deposited in the Issue 2026-1 Bond Subaccount of the Loan Fund and will be used to continue THDA's program of financing Program Loans (including DPA Loans and Program Loans pooled into Program Securities) for single-family, owner occupied residential housing for low and moderate income persons and families including its Great Choice Program Loans, New Start Program Loans, and Homeownership for the Brave Program Loans, and New Start Program Loans. In addition, THDA may use amounts made available from the issuance of the Issue 2026-1 Bonds to finance Program Loans on a blended basis with proceeds of other bonds of THDA, including participation interests bearing interest at 0% in order to satisfy mortgage yield limitations of the Code. See "RESIDENTIAL FINANCE PROGRAM LOANS – Description of Residential Finance Program Loans" for descriptions of the various Program Loan products and Appendix G - "RESIDENTIAL FINANCE PROGRAM LOAN ORIGINATING AND SERVICING PROCEDURES" for more information about specific program requirements.

Program Loans are made on a continuing, first-come, first-served basis by Originating Agents approved by THDA. The Projected Cash Flow Statement assumes that (i) Program Loans (or participations therein) other than DPA Loans financed with the proceeds of the Issue 2026-1 Bonds (including Program Loans pooled into Issue 2026-1 Program Securities) will be first-lien, thirty-year, fixed-rate mortgages, with equal monthly installments of principal and interest and that Program Loans purchased by THDA from Originating Agents will be purchased at par, and (ii) thirty-year second-lien DPA Loans may be financed with the proceeds of the Issue 2026-1 Bonds in an aggregate principal amount up to 6% of the total principal amount of the Issue 2026-1 Bonds. Some of the Program Loans may be pooled into Issue 2026-1 Program Securities prior to their purchase with proceeds of the Issue 2026-1 Bonds.

THDA's general policy is to maintain a steadily available supply of funds to finance program loans at competitive interest rates. THDA generally establishes interest rates for its program loans in connection with the sale of bonds by taking into account the maximum permitted interest rate under the Code and the spread between that rate and the then prevailing home mortgage interest rates offered by mortgage lenders in Tennessee. THDA regularly reviews these interest rates in light of market conditions and retains the flexibility to modify its interest rates to meet changing needs and conditions. No assumptions can be made regarding the length of time an interest rate set by THDA will remain available or what effect a particular interest rate will have on the origination of Program Loans.

Nonorigination of Program Loans

While THDA retains the flexibility to modify the interest rates at which Program Loans are offered, there are circumstances under which these interest rates may not be competitive with prevailing home mortgage interest rates offered by mortgage lenders in Tennessee. Under these circumstances, it will be more difficult for THDA to originate Program Loans. The ability of THDA to finance Program Loans on a blended basis with proceeds of other bonds of THDA or otherwise may also be affected by the availability of residences that meet THDA's acquisition cost limits and the willingness of potential borrowers to assume potential federal recapture tax liability. Although THDA expects that all lendable proceeds available from the Issue 2026-1 Bonds will be used to finance Program Loans, no assurance can be given whether this will occur or the speed at which this may occur.

The last transaction that resulted in an unexpended proceeds redemption was THDA's Homeownership Program Bonds, Issue 1996-3 under the 1985 General Resolution. Notwithstanding past performance, no assurances can be given that proceeds from Issue 2026-1 Bonds will be fully expended for Program Loans.

As of the date hereof, THDA has not begun committing Program Loans against the expected proceeds from the Issue 2026-1 Bonds. Assuming successful pricing and closing of the Issue 2026-1 Bonds, THDA expects to reimburse itself on the day of closing for all Program Loans previously purchased with other funds of THDA, if any. In addition to funding its single-family loan production by issuing bonds, THDA has a program to sell mortgage-backed securities in the secondary market. At this time, THDA expects to finance its lending program through a mix of issuing bonds and the sale of mortgage-backed securities in the secondary market. See "THDA - THDA Funds - Secondary Market Sale of Mortgage-Backed Securities" herein for additional information.

*Subject to change

Changes in Federal or State Law

Legislation affecting the Offered Bonds and THDA's single family mortgage loans may be considered and enacted by the United States Congress or the Tennessee General Assembly. No assurance can be given that the consideration or enactment of any such legislation will not have an adverse effect on the value of, the timing or amount of payments of, or the security for the Offered Bonds or other risks.

The United States Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") in 2010, and may pass additional legislation impacting the origination and servicing of mortgage loans. Likewise, the Tennessee General Assembly may enact legislation relating to mortgage loan origination and servicing. The Dodd-Frank Act has not, to date, had a material adverse effect on THDA's single family mortgage program, including its ability to originate new single family mortgage loans, to collect payments under single family mortgage loans and to foreclose on property securing single family mortgage loans; however, additional legislation, if enacted, or regulations, if promulgated to effectuate the purposes of the Dodd-Frank Act or other state or federal regulations, could have an adverse effect on THDA's activities.

A number of state regulatory authorities have taken action in recent years against certain loan originators and servicers for alleged violations of state laws. Certain of those actions prohibit those servicers from pursuing foreclosure actions. In response to alleged abusive lending and servicing practices, the State of Tennessee could enact legislation or implement regulatory requirements that impose limitations on the ability of mortgage loan servicers to take actions (such as pursuing foreclosures) that may be essential to service and preserve the value of the single-family loans. Any such limitations that applied to the THDA's single-family loans could adversely affect the THDA's ability to collect amounts due on such loans and could impair the value of such loans.

Prepayments

THDA, from time to time, receives monies from (i) partial or complete prepayment of Program Loans (which is permitted, without penalty) or (ii) termination of Program Loans prior to their respective final payment date due to default, sale, condemnation or casualty loss. In addition, the Resolution permits the sale of Program Loans, including those allocated to the Offered Bonds, and application of the sale proceeds to the redemption of Bonds (see Appendix D - "2013 GENERAL RESOLUTION"), subject to limitations contained in the Code; however, THDA has no current plans to sell Program Loans. The rate at which such prepayments, if any, of Program Loans (including DPA Loans and Program Loans backing Program Securities) will be received by THDA cannot be predicted. The actual rate of such prepayments may be influenced by a variety of economic, social and other factors, including proposed legislative and regulatory changes and there is no reliable basis for predicting the actual average life of the Program Loans. Consequently, THDA makes no assumptions or representations as to the factors that will affect the rate of prepayments, if any, or the relative importance of such factors and their potential impact on the actual average life of Program Loans and the expected life of the Offered Bonds. To the extent THDA is required or elects to redeem the Offered Bonds, it is probable that the Offered Bonds will have a shorter life than their stated maturity.

Subject to the requirements of the General Resolution, the resolutions to be adopted in connection with other series of Bonds under the General Resolution and the Code, such prepayments may (i) be required to pay regularly scheduled debt service to the extent a series of the Bonds was based upon an assumed prepayment level; (ii) be used to redeem Bonds of the related series; (iii) be used to redeem Bonds of any series; or (iv) be recycled into additional Program Loans. Further, prepayments attributable to the Program Loans financed with the proceeds of the Offered Bonds (including DPA Loans and Program Loans backing Program Securities), or other Bonds, or portions thereof, may or will be applied to redeem Offered Bonds as described herein under "DESCRIPTION OF OFFERED BONDS – Redemption Provisions for Offered Bonds – Special Mandatory Redemption of PAC Bonds," "- Special Optional Redemption of the Issue 2026-1 Bonds, including Cross Calls" and "- Mandatory Redemption – 10-Year Rule."

THDA Redemption Practices

The Resolution specifies, and the resolutions to be adopted in connection with other series of Bonds under the General Resolution will specify, when THDA is required to redeem Bonds and when THDA may elect to redeem Bonds. See "DESCRIPTION OF OFFERED BONDS – Redemption Provisions for Offered Bonds." To the extent THDA has discretion to redeem Bonds and select the maturities and series to be redeemed, THDA's general redemption policy had been to first redeem those Bonds bearing the highest interest rate; however, due to universal cap implications and economic decisions by THDA, THDA's current general redemption policy is to call term bonds on a pro-rata basis within bond issues or to redeem serial bonds where doing so would reduce debt service requirements under the Resolution when possible. Adherence to either policy may be affected by a series of factors including, but not limited to, (i) certain restrictions or limitations imposed by the Code including, but not limited to, 10- year rule requirements and universal cap considerations; (ii) certain limitations or restrictions imposed by the Resolution and/or resolutions adopted in connection with other series of Bonds under the General Resolution including, but not limited to, redemption provisions; (iii) economic considerations; (iv) cash flow requirements; and (v) the amount of prepayments and other monies available to THDA for optional redemption of Bonds.

These factors are regularly considered in determining which Bonds may be selected for redemption. No assumptions or representations can be made as to how or which of these factors or whether any other factors will affect THDA's determination, from time to time, regarding particular Bonds selected for redemption.

Payment of Program Expenses

The General Resolution authorizes payment of all Program Expenses from the Debt Service and Expense Account of the Revenue Fund established under the Resolution, so long as the Debt Service and Expense Account and the Bond Reserve Fund contain amounts sufficient to meet the requirements of the General Resolution. See Appendix D -"2013 GENERAL RESOLUTION" for a description of Program Expenses. THDA expects to use funds on deposit in the Debt Service and Expense Account of the Revenue Fund to pay Costs of Issuance, Underwriters' fees, initial Trustee's fees, and other similar costs associated with the Offered Bonds and may continue to do so in connection with future Bond issues or may pay such costs and fees from Bond proceeds in future transactions. In addition, THDA expects to pay certain Program Expenses, including ongoing Trustee's fees, servicing release premiums, servicing fees, foreclosure fees and expenses and other similar costs, from the Debt Service and Expense Account of the Revenue Fund. THDA expects to pay other Program Expenses and all operating and administrative costs and expenses that are not Program Expenses from THDA bond resolutions and from other resources available to THDA. No assurances can be provided that THDA will not withdraw funds from the General Resolution in the future to pay all Program Expenses or other operating and administrative costs and expenses. For more information about the payment of Program Expenses and other operating and administrative costs of THDA, see "THDA – THDA Funds." THDA does not currently receive funds from the State of Tennessee for operating and administrative costs and expenses.

The General Resolution requires certain conditions to be met prior to any withdrawal of funds from the lien of the General Resolution. See Appendix D, Section 5.3(F) for a description of these conditions.

Investment Assumptions

Estimated available investment income attributable to the Offered Bonds is calculated assuming that (i) existing Investment Securities in the Revenue Fund and the Bond Reserve Fund could have scheduled interest and principal payments until the earlier of their call date or maturity date; (ii) proceeds of Investment Securities and other receipts in the Revenue Fund are invested at 0% per annum; and (iii) funds on deposit in the Issue 2026-1 Bond Subaccount of the Loan Fund prior to origination of Program Loans, are invested at a rate of 0% per annum.

There can be no assurance that the Investment Securities will provide the investment rate assumption. If THDA experiences losses or delays in payments on the Investment Securities, there may be insufficient funds to make payments of principal and interest on the Offered Bonds when scheduled.

Average Life of PAC Bonds

The term "weighted average life" refers to the average amount of time that will elapse from the date of issuance of a security until each dollar of principal of such security will be repaid to the investor. The weighted average life of the PAC Bonds will be influenced by the rate at which principal of the Program Loans allocated to the Issue 2026-1 Bonds

(including DPA Loans and Program Loans backing Issue 2026-1 Program Securities) is repaid. Principal payments of Program Loans may be in the form of scheduled amortization or prepayments (for this purpose, the term "prepayment" includes prepayments and liquidations due to default or other dispositions of the Program Loans, including payments on FHA mortgage insurance, VA guarantees, and private mortgage insurance policies). Prepayments on mortgage loans are commonly measured by a prepayment standard or model.

The model used in the following discussion is the Securities Industry and Financial Markets Association (formerly known as the Public Securities Association ("PSA")) prepayment standard or model (commonly referred to as the "PSA Prepayment Model").

The PSA Prepayment Model is based on an assumed rate of prepayment each month of the then unpaid principal balance of a pool of mortgage loans, beginning at the inception of each mortgage loan. The PSA Prepayment Model starts with 0.2% annualized prepayment rate in the first month, increases the prepayment rate by 0.2% in each succeeding month until the thirtieth month (when a 6.0% annualized prepayment rate is reached) and then assumes a constant prepayment rate of 6.0% per annum of the unpaid principal balance for the remaining life of the mortgage loans.

Prepayment speeds are commonly referred to as a percentage of the PSA Prepayment Model. For instance, "0% PSA" assumes no prepayments of principal on the Program Loans; "25% PSA" assumes the principal of Program Loans will prepay one-quarter as fast as the prepayments rates for 100% of the PSA Prepayment Model; "50% PSA" assumes the principal of Program Loans will prepay one-half as fast as the prepayments rates for 100% of the PSA Prepayment Model; "75% PSA" assumes the principal of Program Loans will prepay three-quarters as fast as the prepayments rates for 100% of the PSA Prepayment Model; "100% PSA" assumes the principal of Program Loans will prepay as fast as the prepayments rates for 100% of the PSA Prepayment Model; "200% PSA" assumes the principal of Program Loans will prepay at a rate twice as fast as the prepayments rates for 100% of the PSA Prepayment Model; "300% PSA" assumes the principal of Program Loans will prepay at a rate three times as fast as the prepayments rates for 100% of the PSA Prepayment Model; "400% PSA" assumes the principal of Program Loans will prepay at a rate four times as fast as the prepayments rates for 100% of the PSA Prepayment Model; "500% PSA" assumes the principal of Program Loans will prepay at a rate five times as fast as the prepayments rates for 100% of the PSA Prepayment Model.

There is no assurance, however, that prepayments of the principal on Program Loans will conform to any particular level of the PSA Prepayment Model. The rate of principal payment on pools of mortgage loans is influenced by a variety of economic, geographic, social and other factors, including the level of mortgage loan interest rates, the rate at which homeowners sell their homes or default on their mortgage loans and changes in mortgagors' housing needs, job transfers, unemployment and mortgagors' net equity in the mortgage properties. In general, if prevailing interest rates fall significantly, the Program Loans are likely to be subject to higher prepayment rates than if prevailing rates remain at or above the interest rates on the Program Loans. As homeowners move or default on their mortgage loans, the houses are generally sold and the mortgage loan prepaid, although under certain circumstances, the mortgage loans may be assumed by a new buyer. Because of the foregoing influences upon prepayments and since the rate of prepayment of principal of Bonds will depend on the rate of repayment (including prepayments) of the Program Loans, the full repayment of any Bonds is likely to occur earlier, and could occur significantly earlier, than its stated maturity.

The Program Loans allocable to the Issue 2026-1 Bonds (including DPA Loans and Program Loans backing Issue 2026-1 Program Securities) may be terminated prior to final maturity as a result of prepayment, default, sale, condemnation, casualty loss or noncompliance. In addition, matters discussed under "Changes in Federal or State Law" above could have an effect on terminations. Consequently, it is impossible to predict the timing of the repayment of principal of the Program Loans allocable to the Offered Bonds (including DPA Loans and Program Loans backing Issue 2026-1 Program Securities) and hence the weighted average life of the PAC Bonds. THDA has provided for the redemption of the PAC Bonds as described under the heading "DESCRIPTION OF OFFERED BONDS - Redemption Provisions for Offered Bonds - Special Mandatory Redemption of PAC Bonds," and the weighted average lives of the PAC Bonds set forth below have been calculated based upon various assumptions, including assumptions that (i) 100% of the money deposited in the Issue 2026-1 Bond Subaccount of the Loan Fund is applied to finance DPA Loans, Program Loans and/or Issue 2026-1 Program Securities, (ii) Excess 2026-1 Principal Payments will be used to redeem PAC Bonds only on Interest Payment Dates, and (iii) the PAC Bonds will be redeemed only in the Planned Amortization Amounts as described under the heading "DESCRIPTION OF OFFERED BONDS – Redemption Provisions for Offered Bonds – Special Mandatory Redemption of PAC Bonds" and will not otherwise be redeemed in whole or in part. There can be no assurance that such assumptions will in fact prove accurate. See "BUSINESS DISRUPTION RISKS; CYBERSECURITY" herein.

Projected Weighted Average Lives for Issue 2026-1 PAC Bonds*

PSA Speed	2026-1 PAC Bond Average Life (in years)
0%	20.6
25	14.9
50	8.4
75	6.0
100	6.0
200	6.0
300	6.0
400	6.0
500	6.0
600	6.2
700	6.1

*Subject to change

RESIDENTIAL FINANCE PROGRAM BONDS

Bonds Outstanding Under the Resolution

As of February 28, 2026, THDA has issued $6,641,800,000 total original principal amount of Bonds under the General Resolution, of which Bonds in the aggregate principal amount of $3,670,990,000 (unaudited) were Outstanding as of February 28, 2026, as shown below:

Issue of Bonds	Dated	Issued	Amount Outstanding As of February 28, 2026 (unaudited)	Original Net Interest Cost[1]
Issue 2013-1	May 30, 2013	$ 215,905,000	$ 15,050,000	3.13%
Issue 2013-2	November 19, 2013	121,300,000	16,255,000	3.59
Issue 2014-1	May 29, 2014	150,000,000	21,250,000	3.23
Issue 2014-2	November 20, 2014	150,000,000	30,505,000	2.91
Issue 2015-1	June 11, 2015	150,000,000	31,990,000	3.31
Issue 2015-2	October 15, 2015	175,000,000	38,090,000	3.25
Issue 2016-1	May 18, 2016	125,000,000	35,975,000	2.68
Issue 2016-2	October 18, 2016	125,000,000	38,225,000	2.68
Issue 2016-3	November 17, 2016	62,000,000	3,315,000	2.97
Issue 2017-1	March 30, 2017	100,000,000	16,630,000	3.15
Issue 2017-2	June 27, 2017	175,000,000	48,820,000	2.94
Issue 2017-3	September 28, 2017	99,900,000	36,630,000	3.03
Issue 2017-4	December 19, 2017	99,900,000	40,795,000	2.90
Issue 2018-1	March 29, 2018	99,900,000	34,630,000	3.33
Issue 2018-2	June 12, 2018	160,000,000	62,125,000	3.37
Issue 2018-3	September 6, 2018	149,900,000	63,890,000	3.47
Issue 2018-4	November 15, 2018	225,000,000	89,055,000	3.58
Issue 2019-1	March 21, 2019	175,000,000	80,200,000	3.34
Issue 2019-2	June 27, 2019	200,000,000	98,245,000	2.58
Issue 2019-3	September 30, 2019	150,000,000	78,715,000	2.38
Issue 2019-4	December 11, 2019	200,000,000	106,485,000	2.51
Issue 2020-1	March 25, 2020	200,000,000	109,580,000	2.22
Issue 2020-2	May 28, 2020	108,500,000	21,810,000	2.49
Issue 2020-3	July 16, 2020	145,000,000	90,845,000	2.42
Issue 2020-4	October 28, 2020	145,000,000	94,985,000	1.92
Issue 2021-1	April 28, 2021	149,990,000	106,100,000	1.95
Issue 2021-2	September 30, 2021	99,990,000	79,185,000	1.95
Issue 2021-3	December 16, 2021	170,000,000	60,910,000	1.74
Issue 2022-1	April 26, 2022	175,000,000	138,625,000	3.18
Issue 2022-2	June 22, 2022	149,990,000	126,880,000	4.03
Issue 2022-3	September 29, 2022	160,000,000	137,375,000	4.77
Issue 2023-1	April 25, 2023	140,000,000	122,310,000	4.49
Issue 2023-2	July 25, 2023	235,000,000	214,235,000	4.73
Issue 2023-3	November 8, 2023	360,000,000	335,160,000	5.26
Issue 2024-1	March 21, 2024	270,000,000	253,635,000	5.25
Issue 2024-2	June 25, 2024	255,000,000	249,050,000	5.32
Issue 2024-3	December 19, 2024	255,525,000	30,835,000	3.50
Issue 2025-1	May 29, 2025	250,000,000	248,595,000	4.91
Issue 2025-2	September 18, 2025	160,000,000	160,000,000	4.94
Issue 2025-3	December 17, 2025	104,000,000	104,000,000	Var.
TOTAL		$ 6,641,800,000	$ 3,670,990,000	

Origination Experience

THDA's experience from May 30, 2013, to February 28, 2026 (unaudited), regarding origination of Program Loans[1] from lendable proceeds of Bonds (including Program Loans that have been pooled into Program Securities) issued under the General Resolution since May 30, 2013, is shown in the following table:

Issue of Bonds	Lendable Proceeds[2]	Program Loans Financed as of February 28, 2026 Amount	%	Weighted Average Interest Rate[4]
Issue 2013-1	$ 136,268,395	$ 136,268,395	100.00%	4.11%
Issue 2013-2	78,421,003	78,421,003	100.00	4.60
Issue 2014-1	119,728,634	119,728,634	100.00	4.08
Issue 2014-2	111,820,000	111,820,000	100.00	3.74
Issue 2015-1	131,880,843	131,880,843	100.00	4.05
Issue 2015-2	133,950,000	133,950,000	100.00	4.09
Issue 2016-1	92,340,000	92,340,000	100.00	3.98
Issue 2016-2	91,685,000	91,685,000	100.00	3.87
Issue 2016-3 [5]	0	N/A	N/A	N/A
Issue 2017-1	102,200,000	102,200,000	100.00	4.15
Issue 2017-2	128,090,000	128,090,000	100.00	4.61
Issue 2017-3	90,500,000	90,500,000	100.00	4.62
Issue 2017-4	75,660,000	75,660,000	100.00	4.40
Issue 2018-1	102,600,000	102,600,000	100.00	4.39
Issue 2018-2	143,525,000	143,525,000	100.00	4.61
Issue 2018-3	151,916,000	151,916,000	100.00	4.61
Issue 2018-4	211,450,000	211,450,000	100.00	4.67
Issue 2019-1	162,700,000	162,700,000	100.00	4.82
Issue 2019-2	170,950,000	170,950,000	100.00	4.19
Issue 2019-3	142,000,000	142,000,000	100.00	3.77
Issue 2019-4	170,870,000	170,870,000	100.00	3.50
Issue 2020-1	200,000,000	200,000,000	100.00	3.75
Issue 2020-2	0	N/A	N/A	N/A
Issue 2020-3	134,500,000	134,500,000	100.00	3.93
Issue 2020-4	158,600,000	158,600,000	100.00	2.90
Issue 2021-1	158,640,000	158,640,000	100.00	2.83
Issue 2021-2	101,770,000	101,770,000	100.00	2.97
Issue 2021-3	31,395,000	31,395,000	100.00	2.82
Issue 2022-1	217,205,000	217,204,554	100.00	3.04
Issue 2022-2	134,500,000	134,500,000	100.00	5.40
Issue 2022-3	131,898,055	131,898,055	100.00	6.22
Issue 2023-1	137,390,000	137,389,512	100.00	5.68
Issue 2023-2	242,234,240	242,234,240	100.00	5.76
Issue 2023-3	362,950,000	362,950,000	100.00	6.28
Issue 2024-1	277,465,000	277,465,000	100.00	6.36
Issue 2024-2	261,368,000	260,097,977	99.51	6.32
Issue 2024-3	31,250,000	31,250,000	100.00	6.44
Issue 2025-1	245,015,000	241,585,831	98.60	6.41
Issue 2025-2	157,455,000	56,107,884	35.63	6.15
TOTAL	$ 5,532,190,170	$ 5,426,142,928		

(1) See "RESIDENTIAL FINANCE PROGRAM LOANS – Description of Residential Finance Program Loans" for more information about Program Loans.
(2) Excludes proceeds that must be lent at 0% interest as participations in other Program Loans.
(3) Only Program Loans that have closed are included. Program Loans for which THDA has issued commitments are not included.
(4) The weighted average interest rate relates only to new loans made from the lendable proceeds of the related bond issue and does not include any transferred loans derived from any refunding component of the related bond issue.
(5) Issue 2016-3 and Issue 2020-2 bond proceeds were used to refund prior bonds of THDA, with no new lendable proceeds.

RESIDENTIAL FINANCE PROGRAM LOANS

Description of Residential Finance Program Loans

General

THDA generally offers a primary loan program and may, from time to time, offer certain special loan programs. THDA Household Income Limits and THDA Acquisition Cost Limits for all loan programs intended to be financed with proceeds of tax-exempt bonds are set in compliance with Code requirements and related IRS regulations and rulings. Household Income Limits and Acquisition Cost Limits may be further restricted for certain special loan programs. The current THDA Acquisition Cost Limit for Program Loans which may be financed with the proceeds of tax-exempt bonds is a maximum of $400,000. THDA Household Income Limits for Program Loans which may be financed with the proceeds of tax-exempt bonds were last established as of June 2, 2025, to range from $92,300 to $160,720 depending on household size and geographic location. See Appendix G for a description of Residential Finance Program Loan Procedures related to Code requirements.

All Program Loans, or participations therein, to be financed with lendable proceeds of the Issue 2026-1 Bonds will be made in accordance with the Program Loan Procedures described in Appendix G. The General Resolution provides that Program Loans to be financed with moneys made available from the issuance of a series of Bonds shall satisfy any restrictions or covenants applicable to such Program Loans as shall be set forth in the related Supplemental Resolution. The Issue 2026-1 Supplemental Resolution provides that the Program Loans (other than a DPA Loan) to be financed with proceeds of the Offered Bonds shall be secured by a first lien on a fee simple in real property located in the State and (i) insured or guaranteed or have a commitment for insurance or guarantee by (a) the United States or any instrumentality thereof or (b) any agency or instrumentality of the State authorized by law to issue such insurance; or (ii) is the subject of a mortgage insurance policy issued by a private mortgage insurer qualified to issue such insurance or guarantee in the State and approved by THDA (for a description of certain mortgage insurance programs, including certain conditions on recovery and limitations on coverage, see Appendix B); or (iii) made to borrowers who have an equity interest of at least 22% in the property based on the lesser of appraised value or the sale price; or (iv) pooled into Program Securities. The Issue 2026-1 Supplemental Resolution provides that DPA Loans may be made on a subordinate lien basis, in a total aggregate principal amount up to 6% of the total principal amount of the Issue 2026-1 Bonds. THDA does not expect to use lendable proceeds of the Issue 2026-1 Bonds to purchase participations in Program Loans insured by private mortgage insurance. While the Issue 2026-1 Supplemental Resolution provides that Program Loans other than DPA Loans to be financed with proceeds of the Offered Bonds shall be first lien loans, it is anticipated that Supplemental Resolutions adopted for future series of Bonds may authorize the financing of other types of Program Loans secured by subordinate liens, including without limitation, home improvement loans.

Prior to calendar year 2024, all DPA Loans made in connection the various loan programs described below were funded with other funds of THDA available outside of the General Resolution. Commencing with Issue 2024-1, bond proceeds have been used to fund DPA Loans. It is expected that a portion of the proceeds of the Issue 2026-1 Bonds, and a portion of the proceeds of future Bond issues, may be used to fund a portion of THDA's DPA Loans.

Since June 15, 2015, THDA has applied underwriting standards for Program Loans made after that date that, among other things, include a minimum credit score of 640 for all borrowers and a required monthly debt to income ratio that does not exceed 45%. Program Loans financed prior to such date were underwritten under different underwriting standards. THDA may, from time to time, initiate certain special limited programs for which some of these requirements may be waived. Additionally, THDA will not purchase a mortgage loan that is in a flood zone and is not insured for flood damage.

On or before September 30, 2013, the THDA primary loan program included Great Rate loans, Great Advantage loans, Great Start loans and Homeownership for the Brave loans, all as described below. On and after October 1, 2013, the THDA primary loan program has included Great Choice Program Loans and Homeownership for Heroes Program

Loans (formerly known as Homeownership for the Brave Program Loans), all as described below. On or before September 30, 2013, THDA provided down payment and closing costs assistance in the form of a grant that was available in connection with Great Start and Great Advantage Program loans. Higher interest rates on these two Program Loan types reimbursed THDA for the grants made. Since October 1, 2013, THDA has provided down payment and closing costs assistance in the form of Great Choice Plus loans as described below. From March 1, 2017 through August 6, 2023, THDA provided additional down payment and closing costs assistance through its Hardest Hit Fund Down Payment Assistance program (such funds are only available currently for down payment assistance, as prior Hardest Hit Fund Down Payment Assistance down payment loans are repaid).

Great Choice Program Loans

Since October 1, 2013, THDA has made Great Choice Program loans available to eligible borrowers. Great Choice Program loans are thirty-year, fixed interest rate loans, fully amortized with full documentation and secured by a first lien on the property purchased. The interest rate for Great Choice Program loans is set at a rate which results in the yield on such Program Loans not in excess of 1.125% above the yield on the related issue of bonds. As of February 28, 2026, the interest rate for Great Choice Program loans was 6.00%.

See Appendix B for a summary of the mortgage insurance or guarantee programs applicable to these Program Loans.

Great Choice Plus Loans

Since October 1, 2013, THDA has made Great Choice Plus loans available to eligible borrowers. Great Choice Plus loans are loans for down payment and closing costs assistance and are available at the election of eligible borrowers only in connection with Great Choice Program Loans.

As of February 1, 2024, and thereafter, Great Choice Plus loans have two down payment and closing costs assistance options, Great Choice Plus – Deferred and Great Choice Plus – Payment. The Great Choice Plus – Deferred loan is a $6,000, 0% interest loan with a 30 year term, due on sale or refinance. The Great Choice Plus – Payment is a loan in an amount equal to the lesser of 5% of the sales price or $15,000, fully amortizing over 30 years with an interest rate the same as the first lien loan. Commencing in 2024, these Great Choice Plus Loans were able to be purchased with bond proceeds; such Great Choice Plus Loans purchased with bond proceeds are DPA Loans.

From September 13, 2021 to January 31, 2024, Great Choice Plus loans had two down payment and closing costs assistance options, Great Choice Plus – Deferred and Great Choice Plus – Payment. The Great Choice Plus – Deferred loan was a $6,000, 0% interest loan with a 30 year term, due on sale or refinance. The Great Choice Plus – Payment was a loan in an amount equal to 6% of the sales price, fully amortizing over 15 years with an interest rate the same as the first lien loan.

From July 1, 2020 to September 12, 2021, Great Choice Plus loans were fifteen-year, fully amortizing second lien loans with an interest rate equal to the interest rate on the first lien loan. Monthly payments are required and each such loan is due on sale or refinance. The amount of assistance provided was $6,000 for loans in an original principal amount less than $150,000 and $7,500 for loans in an original principal amount of $150,000 or higher.

From October 3, 2016 to June 30, 2020, Great Choice Plus loans were thirty-year, 0% interest rate, second lien loans in a principal amount up to 5% of the purchase price of the property purchased. No monthly payments were due, but each Great Choice Plus loan is due on sale or refinance and the amount due will be the full original principal amount of the loan, provided, however, that the full original principal amount will be forgiven at the end of the thirty year term.

Prior to October 3, 2016, Great Choice Plus loans were made with the following terms: From October 1, 2013, to September 30, 2014, they were ten-year, 0% interest rate loans with a principal amount equal to 4% of the purchase price of the property purchased. From October 1, 2014, to September 30, 2016, Great Choice Plus loans were 0% interest, deferred, forgivable second lien loans with a fifteen-year term. During the first ten years of the term, no monthly payments were due, but each Great Choice Plus loan will be due on sale and the amount due will be the full original principal amount of the loan. From years eleven through fifteen, the Great Choice Plus loans with these terms will be forgiven at twenty percent per year and the amount due on sale will be reduced by the forgiven amount. These Great Choice Plus loans are secured by a second lien on the property purchased, are due on sale and are not assumable.

At the election of THDA, Great Choice Plus loans may be financed with proceeds of Bonds issued under the Resolution or from other resources available to THDA, including, without limitation, excess funds under the 1974 General Resolution, the 1985 General Resolution, or the 2009 General Resolution. THDA expects that approximately $5,000,000 of Great Choice Plus loans will be funded with proceeds of the Issue 2026-1 Bonds and expects to (but is not required to) continue to fund Great Choice Plus loans with proceeds of future Bond issues. Great Choice Plus loans funded with Bond proceeds will constitute Program Loans, will be subject to the lien of the General Resolution and will be a portion of the sources of payment of and security for the Bonds.

New Start Program Loans

New Start Loan Program Loans are designed to promote the construction of new homes for very low-income Tennesseans. New Start Loan Program Loans are delivered through non-profit organizations with established programs for the construction of single family housing for low and very low income households. The non-profit organization selects the homebuyer, determines eligibility, constructs the home, provides homebuyer education, originates, processes and closes the New Start Program Loan. New Start Program Loans are serviced by THDA d/b/a Volunteer Mortgage Loan Servicing, New Start Program Loans have loan terms up to thirty years and are secured by a first lien on the property purchased. A 0% interest rate is available to borrowers who have a maximum family income of 60% of the higher of the state or county median income, with a maximum loan amount equal to the lesser of 75% of the value of the property or $140,000. As of August 1, 2021, the maximum loan amount was increased to $200,000 for Maury, Williamson, Davidson, Rutherford, Wilson and Sumner Counties. An interest rate equal to one-half of the current interest rate for Great Choice Program Loans is available to borrowers who have a maximum family income of 70% of the higher of the state or county median income, with a maximum loan amount equal to the lesser of 75% of the value of the property or $140,000. All other THDA Program Loan requirements remain applicable.

As of February 28, 2026 (unaudited), 302 New Start Program Loans, with an aggregate principal balance of approximately $17,996,007 were outstanding under the General Resolution.

Homeownership for Heroes Program Loans (formerly known as Homeownership for the Brave Program Loans)

Homeownership for Heroes Program Loans are available to eligible borrowers at a ½-percentage point reduction on the otherwise applicable loan program (including but not limited to Great Choice Program Loans). Prior to March, 2023, such loans were known as Homeownership for the Brave Loans and were available to active and retired members of the military and reservists (180 days active duty) and spouses, and surviving spouses of qualified veterans. On March 1, 2023, THDA changed that name to Homeownership for Heroes Program Loans and expanded the list of eligible borrowers to include veterans, active duty military, spouses of military, National Guard members, reservists, firefighters, EMTs, paramedics and law enforcement. Eligible borrowers will also be eligible for Great Choice Plus loans.

As of February 28, 2026 (unaudited), 1,630 Homeownership for Heroes Program Loans, with an aggregate principal balance of approximately $272,928,606 were outstanding under the General Resolution. THDA may continue to finance Homeownership for Heroes Loans, from time to time, from the proceeds of the Issue 2026-1 Bonds as well as from the proceeds of other Bonds.

Disaster Relief and Economic Recovery Mortgage Program

THDA made Disaster Relief and Economic Recovery Mortgage Program Loans from funds available under the 1974 General Resolution. In connection with Issue 2013-1 Bonds issued under the General Resolution, certain of these Disaster Relief and Economic Recovery Program Loans became transferred program loans allocable to the Issue 2013-1 Bonds under the General Resolution.

As of February 28, 2026 (unaudited), 82 Disaster Relief Program Loans, with an aggregate principal balance of approximately $2,435,264 were outstanding under the General Resolution. THDA no longer makes loans of this type.

Great Rate/Great Advantage/Great Start Program Loans

Great Rate Program Loans, Great Advantage Program Loans, and Great Start Program Loans were available to qualified borrowers prior to October 1, 2013. Great Rate Program Loans, Great Advantage Program Loans, and Great Start Program Loans were thirty-year, fixed interest rate loans, fully amortized, with full documentation, and secured by a first lien on the property purchased. Interest rates for each type of Program Loan were established at rates which resulted in a blended yield on such Program Loans not in excess of 1.125% above the yield on the related issue of Bonds. THDA also provided down payment and closing costs assistance in the form of a grant in connection with Great Start Program Loans and Great Advantage Program Loans. Higher interest rates on these two Program Loan types reimbursed THDA for the grants made.

As of February 28, 2026 (unaudited), 2,132 Great Rate Program Loans with an aggregate principal balance of approximately $91,650,368, 106 Great Advantage Program Loans with an aggregate principal balance of approximately $6,558,672 and 2,152 Great Start Program Loans with an aggregate principal balance of approximately $128,247,962 were outstanding under the General Resolution. THDA no longer makes loans of this type.

START Program Loans

From September 1993 to December 1998, THDA offered the Special Targeted Affordable Rate for Tennessee Program (the "START Program") using recycled prepayments received under the 1974 General Resolution and certain bond proceeds from bonds issued under the 1974 General Resolution and the 1985 General Resolution; through a series of refundings, certain START Program Loans are allocated to the General Resolution. First lien START Program Loans under the General Resolution had a 5.5% interest rate, were made to borrowers who earned $17,000 or less per year and who purchased their first home for $44,000 or less. After October 1, 1997, borrowers who earned $18,500 or less per year and who purchased their first home for $47,500 or less were eligible for first lien START Program Loans at a 5.5% interest rate. Except for the more restrictive income and acquisition cost limitations, all other requirements of THDA's Homeownership Program applied.

As of February 28, 2026 (unaudited), 79 START Program Loans having an aggregate principal balance of approximately $356,414 were outstanding under the General Resolution. THDA no longer makes loans of this type.

Conventional Mortgage Program Loans

Since January 1, 2020, THDA has made Conventional Mortgage Program Loans, otherwise known as "HFA Preferred loans" and referred to herein as "Conventional Mortgage Program Loans," available to eligible borrowers. Conventional Mortgage Program Loans are thirty-year, fixed interest rate loans, fully amortized with full documentation and secured by a first lien on the property purchased. The current interest rate for HFA Preferred loans is 6.5%. Prior to April 2, 2023, all conventional mortgage loans were securitized and sold in the mortgage backed security market and not included in THDA bond programs. Conventional Mortgage Program Loans may be funded with a portion of the proceeds of the Issue 2025-2B Bonds upon the pooling of such Conventional Mortgage Program Loans into Program Securities (as of now, Conventional Mortgage Program Loans not pooled into Program Securities are not eligible for purchase under the Resolution). Such Program Securities purchased with proceeds of the Issue 2025-2B Bonds will be subject to the lien of the General Resolution and will be a portion of the sources of payment of and security for the Bonds.

As of February 1, 2024, and thereafter, Conventional Mortgage Program Loans have two down payment and closing costs assistance options, HFA Advantage Plus – Deferred and HFA Advantage Plus – Payment. The HFA Advantage Plus – Deferred loan is a $6,000, 0% interest loan with a 30 year term, due on sale or refinance. The HFA Advantage Plus – Payment is a loan in an amount equal to the lesser of 5% of the sales price or $15,000, fully amortizing over 30 years with an interest rate the same as the first lien loan.

As of September 13, 2021, and thereafter, Conventional Mortgage Program Loans have two down payment and closing costs assistance options, HFA Preferred Plus – Deferred, and HFA Preferred Plus – Payment. The HFA Preferred Plus – Deferred loan is a $6,000, 0% interest loan with a 30 year term, due on sale or refinance. The HFA

Preferred Plus – Payment loan is a loan in an amount equal to 6% of the sales price, fully amortizing over 30 years with an interest rate the same as the first lien loan.

From July 1, 2020 to September 12, 2021, Conventional Mortgage Program Loans were fifteen-year, fully amortizing second lien loans with an interest rate equal to the interest rate on the first lien loan. Monthly payments are required and each such loan is due on sale or refinance. The amount of assistance provided was $6,000 for loans in an original principal amount less than $150,000 and $7,500 for loans in an original principal amount of $150,000 or higher. From January 1, 2020 to June 30, 2020, Conventional Mortgage Program Loans were thirty-year, 0% interest rate, second lien loans in a principal amount up to 5% of the purchase price of the property purchased. No monthly payments were due, but each Conventional Mortgage Program Loan is due on sale or refinance and the amount due will be the full original principal amount of the loan, provided, however, that the full original principal amount will be forgiven at the end of the thirty-year term.

Residential Finance Program Portfolio Data

General

As of February 28, 2026 (unaudited), $385,306,223 principal amount of Program Securities ($263,691,452 principal amount of which were GNMA Securities and $121,614,771 of which were Freddie Mac Securities) were outstanding under the General Resolution.

As of February 28, 2026 (unaudited), 26,840 Program Loans (other than DPA Loans) for single family owner-occupied housing not pooled into Program Securities in an aggregate outstanding principal amount of $3,137,149,997 were outstanding under the General Resolution. These Program Loans had an approximate remaining weighted average maturity of 303 months and an approximate weighted average interest rate of 4.86%.

As of February 28, 2026 (unaudited), 19,595 DPA Loans in an aggregate outstanding principal amount of $167,921,734 were outstanding under the General Resolution. 12,294 of such DPA Loans, in an outstanding principal amount of $89,260,059, were 0% interest loans with a 30 year term due on sale or refinance, and 7,301 of such DPA Loans, in an outstanding principal amount of $78,661,675, were interest bearing loans (at same interest rate as the related first lien loan) fully amortizing over 15 years. See "RESIDENTIAL FINANCE PROGRAM LOANS—Description of Residential Finance Program Loans–*Great Choice Plus Loans*" herein for additional information regarding DPA Loans.

Program Loans By Type of Insurance or Guarantee

The following table summarizes, as of February 28, 2026 (unaudited), the types of insurance or guarantee for the outstanding Program Loans (other than DPA Loans) not pooled into Program Securities:

Type of Program Loan Made by THDA[1]	Number of Program Loans	Outstanding Balance[3]	Percent of Total Number of Program Loans[3]	Outstanding Balance of Program Loans[3]
FHA Insured……	19,948	$ 2,625,020,514	74.32%	83.68%
VA Guaranteed……..	993	200,818,077	3.70	6.40
Privately Insured[2]……	287	17,131,473	1.07	0.55
USDA/RD Guaranteed…….	1,648	205,063,587	6.14	6.54
Uninsured……..	3,964	89,116,346	14.77	2.84
TOTAL	26,840	$3,137,149,997 [4]	100.00%[4]	100.00%[4]

(1) See Appendix B for more information about FHA insurance, VA and USDA/RD guarantees and private insurance for Program Loans. See "RESIDENTIAL FINANCE PROGRAM LOANS - Description of Residential Finance Program Loans" for a description of types of Program Loans.

(2) 22% minimum equity interest by borrower at time of closing if closed on or after July 29, 1999, or 25% minimum equity if closed prior to July 29, 1999. Also includes Program Loans which were privately insured at the time of closing but have since met the requirements of the Homeowner Protection Act of 1998 for termination of private mortgage insurance.

(3) Rounded figures.

(4) Rounded total.

Privately Insured Program Loans

Beginning in June 1994, THDA has required that any Program Loans not pooled into Program Securities which are insured with private mortgage insurance have such insurance provided by private mortgage providers rated at least 'AA' by Standard & Poor's Rating Services ("S&P"); Program Loans pooled into Program Securities do not have this requirement under the General Resolution and related Supplemental Resolutions. Since January 2, 2009, THDA has not purchased conventional, privately insured loans that have not been pooled into Program Securities because no private mortgage insurers, since January 2, 2009, have or have had ratings of at least 'AA' by S&P. Should any private mortgage insurers regain a rating of at least 'AA' from S&P, THDA will reconsider whether to resume purchasing conventional loans that have not been pooled into Program Securities. Notwithstanding the foregoing, certain Program Loans allocated to Bonds under the General Resolution, either upon their direct transfer to the General Resolution or upon the refunding of other THDA obligations, are privately insured and are shown under the heading "Privately Insured" in the chart below; such conventional, privately insured Program Loans that were made prior to January 2, 2009, and outstanding under the Resolution that were insured by private mortgage insurers who are not currently rated at least 'AA' by S&P.

Each private mortgage insurer insuring conventional, privately insured Program Loans is authorized by the Tennessee Commissioner of Commerce and Insurance to do business in the State of Tennessee and was approved by THDA.

THDA makes no representation regarding the financial condition of any of the private mortgage insurance companies or their ability to make full and timely payment to THDA of claims on Program Loans on which losses are incurred. Recent rating agency reviews of private mortgage insurers may be indicative of some future inability of private mortgage insurers generally to fulfill in full their obligations, if and when required upon a mortgage default, to make timely payments on policies. Any failure to make timely payments on the private mortgage insurance policies may disrupt the flow of revenues available for the payment of principal and interest on the Bonds.

As of February 28, 2026 (unaudited), 284 privately insured Program Loans not pooled into Program Securities having an aggregate balance of $16,767,117 were outstanding under the General Resolution. As of February 28, 2026 (unaudited), THDA had the following information regarding the private mortgage insurers for of these privately insured Program Loans:

Name of Private Mortgage Insurer	Number of Program Loans	Outstanding Balance[3]	Percent of Total Number of Program Loans[3]	Outstanding Balance of Program Loans[3]
Arch MI[1]	49	$ 2,788,724	0.18%	0.09%
Enact Mortgage Insurance Corp.[2]	127	7,748,050	0.47	0.25
Essent	1	148,331	0.00	0.00
Mortgage Guaranty Insurance Corp.	95	5,390,280	0.35	0.17
Radian Guaranty, Inc.	1	3,664	0.00	0.00
Republic Mortgage Insurance	11	688,068	0.04	0.02
TOTAL	284	$ 16,767,117[4]	1.06%[4]	0.53%

(1) Purchased United Guaranty Residential Insurance Co.
(2) Formerly known as Genworth Mortgage Insurance Corp.
(3) Rounded figures.
(4) Rounded total

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Program Loan Interest Rates

The following table summarizes, as of February 28, 2026 (unaudited), the interest rates of the outstanding Program Loans:

Mortgage Rates (%)	Number of Program Loans[1]	Outstanding Balance [2]	Percent of Total Number of Program Loans[2]	Percent of Total Outstanding Balance [2]
0.00-1.99	1,600	$ 25,812,728	5.96%	0.82%
2.00-2.99	1,273	205,460,497	4.74	6.55
3.00-3.49	1,647	248,995,729	6.14	7.94
3.50-3.99	3,998	471,178,154	14.90	15.02
4.00-4.49	2,402	250,436,292	8.95	7.98
4.50-4.99	5,021	493,608,887	18.71	15.73
5.00-5.49	1,274	139,622,385	4.75	4.45
5.50-5.99	2,762	430,613,913	10.29	13.73
6.00-6.49	3,221	437,951,980	12.00	13.96
6.50-6.99	3,102	381,259,953	11.56	12.15
7.00-7.49	489	51,810,578	1.82	1.65
7.50-7.99	40	220,778	0.15	0.01
8.00-8.49	11	178,123	0.04	0.00
8.50-8.99	0	0.00	0.00	0.00
9.00-9.49	0	0.00	0.00	0.00
TOTAL	26,840	$3,137,149,997[3]	100.00 %[3]	100.00%[3]

(1) See "RESIDENTIAL FINANCE PROGRAM LOANS — Description of Residential Finance Program Loans" for a description of types of Program Loans.
(2) Rounded figures.
(3) Rounded total.

Delinquency and Foreclosure Process; Loan Modifications; Real Estate Owned by THDA

For all Program Loans, THDA tracks (i) exceptions to normal, expected monthly payments; (ii) individual Program Loan balances; and (iii) remittances based on automated data received directly from its Servicers. THDA uses this data to calculate delinquency rates and foreclosures. Those Program Loans for which two payment dates have passed with no payment received by the last business day of the month in which the second payment was due are considered 60 to 89 days past due. Those Program Loans for which three or more payment dates have passed with no payments received by the last business day of the month in which the third payment was due are considered 90 or more days past due. The delinquency rates include loans in forbearance and loans in bankruptcy. The definitions used by THDA to calculate delinquency rates and foreclosure rates are consistent with those used by the Mortgage Bankers Association of America ("MBA").

THDA, through Volunteer Mortgage Loan Servicing, manages delinquencies by working with borrowers in an attempt to avoid defaults and by communicating directly with borrowers who are delinquent. THDA supports counseling programs for delinquent as well as prospective borrowers. These counseling services are provided by lenders, non-profit organizations and HUD housing counseling agencies located throughout the State. THDA provides resources for housing counseling services, reviews counseling curriculums, and encourages grant recipients to provide counseling. THDA is participating in the new FHA Waterfall that replaced the Covid-19 Waterfall options as of October 1, 2025. In order to obtain a permanent home retention option, include a Partial Claim or Modification, the borrower must successfully complete a trial payment plan. Once completing a Partial Claim or Modification, the borrower will not be eligible to participate in another Partial Claim or Modification for 24 months. FHA and VA Loss Mitigation options including Partial Claims and Modifications up to 480 months do not require financial back-up from the borrower to prove ability to pay. The FHA modified interest rate is to be the PMMS rate without the previously allowed addition of 25 basis points. THDA follows modification options in accordance with insurer guidelines with the exception of exceeding the original principal balance..

Upon completion of the foreclosure process, THDA may hold title to properties previously financed by Program Loans ("Real Estate Owned"). THDA expects to convey Real Estate Owned to the relevant insurer or guarantor of the underlying Program Loans or to otherwise sell Real Estate Owned. Sale proceeds or claims paid by the insurer or guarantor are deposited in the Debt Service and Expense account of the bond issue from which the foreclosed loan was originally funded. As of February 28, 2026, THDA held title to 36 Real Estate Owned properties with a related

Program Loan balance of approximately $5,285,498 under the General Resolution.

Delinquencies and Foreclosures as of February 28, 2026, for Program Loans not pooled into Program Securities

The overall delinquency rate for Program Loans not pooled into Program Securities that were sixty (60) to eighty-nine (89) days past due was 1.80%, based on a total of 26,840 Program Loans not pooled into Program Securities as of February 28, 2026 (unaudited).

Delinquency rates by loan type for Program Loans not pooled into Program Securities that were sixty (60) to eighty-nine (89) days past due as of February 28, 2026 (unaudited), compared with the delinquency rates reported for Tennessee by MBA in its National Delinquency Survey, by loan type, for fixed rate mortgages for the quarter ending February 28, 2026, are shown in the following table:

60 TO 89 DAYS PAST DUE AS OF FEBRUARY 28, 2026

	Program Loans			MBA[3]
Type of Mortgage	**Number**	**Outstanding Balance[1]**	**% of Total Number by Type of Program Loan**	**% of Total Number by Loan Type**
FHA Insured…….	421	$53,889,071	2.11%	1.81%[4]
VA Guaranteed……	10	2,364,178	1.01	0.89
Privately Insured…….	5	344,225	1.74	0.95[5]
USDA/RD Guaranteed……..	28	3,639,779	1.70	[6]
Uninsured……	20	610,967	0.50	[6]
TOTAL	484	$60,848,221 [2]		

(1) Rounded figures.
(2) Rounded total.
(3) MBA data for Tennessee for the quarter ending December 31, 2025.
(4) FHA fixed rate mortgage loans
(5) Prime fixed rate mortgage loans.
(6) MBA does not report data in these categories.

The overall delinquency rate for Program Loans not pooled into Program Securities that were ninety (90) days past due was 5.60%, based on a total of 26,840 Program Loans as of February 28, 2026 (unaudited).

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Delinquency rates by loan type for Program Loans not pooled into Program Securities that were ninety (90) days past due as of February 28, 2026 (unaudited), compared with the delinquency rates reported for Tennessee by MBA in its National Delinquency Survey, by loan type, for fixed rate mortgages for the quarter ending December 31, 2025, are shown in the following table:

90 DAYS OR MORE PAST DUE AS OF FEBRUARY 28, 2026

	Program Loans			MBA[3]
Type of Mortgage	**Number**	**Outstanding Balance[1]**	**% of Total Number by Type of Program Loan**	**% of Total Number by Loan Type**
FHA Insured…….	1,354	$186,399,156	6.79%	3.34%[4]
VA Guaranteed……	27	5,533,903	2.72	1.73
Privately Insured…….	9	555,391	3.14	0.79[5]
USDA/RD Guaranteed……..	63	8,242,830	3.82	[6]
Uninsured……	51	1,904,072	1.29	[6]
TOTAL	1,504	$202,635,351 [2]		

(1) Rounded figures.
(2) Rounded total.
(3) MBA data for Tennessee for the quarter ending December 31, 2025.
(4) FHA fixed rate mortgage loans.
(5) Prime fixed rate mortgage loans.
(6) MBA does not report data in these categories.

The overall rate of Program Loans not pooled into Program Securities in foreclosure was 0.42%, based on a total of 112 out of 26,840 Program Loans not pooled into Program Securities in foreclosure as of February 28, 2026 (unaudited).

The foreclosure rate by loan type for Program Loans not pooled into Program Securities in foreclosure as of February 28, 2026 (unaudited), compared to the percent of principal amount of loans in foreclosure reported for Tennessee by MBA in its National Delinquency Survey, by loan type, for the quarter ending December 31, 2025, are as follows:

IN FORECLOSURE AS OF FEBRUARY 28, 2026

	Program Loans			MBA[3]
Type of Mortgage	**Number**	**Outstanding Balance[1]**	**% of Total Number by Type of Program Loan**	**% of Total Number by Loan Type**
FHA Insured…….	98	$12,667,579	0.49%	4.12%[4]
VA Guaranteed……	3	519,072	0.30	2.35
Privately Insured…….	3	205,456	1.05	0.97 [5]
USDA/RD Guaranteed……..	8	1,212,827	0.49	[6]
Uninsured……	0	0.00	0.00	[6]
TOTAL	112	$14,604,934[2]		

(1) Rounded figures.
(2) Rounded total.
(3) MBA data for Tennessee for the quarter ending December 31, 2025.
(4) FHA fixed rate mortgage loans.
(5) Prime fixed rate mortgage loans.
(6) MBA does not report data in these categories.
(7) Does not include Real Estate Owned property (See"-Delinquency and Foreclosure Process; Real Estate Owned by THDA") above

For additional historic data regarding delinquencies and foreclosures, see Appendix I.

FINANCIAL SUMMARY OF RESIDENTIAL FINANCE PROGRAM

Consolidated Revenues and Net Position

The following table summarizes consolidated revenues and net position for the Residential Finance Program for the five most recent years and for the six months ended December 31, 2025, and December 31, 2024. Data in the table is expressed in thousands and is taken from THDA's audited financial statements as of and for the years ended June 30, 2025, 2024, 2023, 2022, and 2021, and from unaudited financial information of THDA for the six months ended December 31, 2025, and December 31, 2024.

	Six Months Ended December 31 (Unaudited)		Year Ended June 30 (Audited)				
Residential Finance Bond Group	**2025**	**2024**	**2025**	**2024**	**2023**	**2022**	**2021**
REVENUES:							
Interest on Mortgages	$ 76,210	$ 73,018	$ 147,112	$ 134,964	$ 110,650	$ 104,196	$ 113,504
Investment Income:							
Interest	19,007	14,087	35,491	17,692	5,409	1,403	745
Net Increase (decrease) in the Fair Value of Investments	10,812	14,574	27,776	16,667	4,130	(8,710)	(657)
Fees and Other Income	-	2	643	6	6	-	-
Changes due to uncollectible debt allowance	-	-	-	37,043	-	-	-
	106,029	101,681	211,022	206,372	120,195	96,889	113,592
EXPENSES:							
Interest	69,336	67,572	136,949	107,409	73,078	68,018	76,185
Issuance Cost	1,393	762	2,648	7,820	2,495	4,203	3,348
Other	1,488	980	2,710	1	7,011	1,137	1,246
	72,217	69,314	142,307	115,230	82,584	73,358	80,779
Excess of Revenues over Expenses	33,812	32,367	68,715	91,142	37,611	23,531	32,813
Net Position at beginning of period	553,254	526,526	526,526	436,939	413,186	357,833	355,512
Other Transfers	6,119	(14,769)	(41,987)	(1,555)	(13,858)	31,822	(30,492)
Net Position at end of period	$ 593,185	$ 544,124	$ 553,254	$ 526,526	$ 436,939	$ 413,186	$ 357,833

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Investments

THDA's non-mortgage investments of funds held under the General Resolution consist of Investment Securities as authorized in the Resolution. THDA solicits bids in an effort to obtain the highest available yield with consideration given to maintaining a balanced portfolio in accordance with the THDA Investment Policy Revised and Restated (Rev. 07/2023). As of February 28, 2026 (unaudited), the General Resolution investment portfolio was placed as follows:

Types of Investments	Short Term[1] Amount	Long Term[2] Amount
Federal Home Loan Bank Notes	$ 187,928,490	$ 70,592,049
Federal Home Loan Mortgage Corporation Notes	0	136,256,355
Federal National Mortgage Association Notes	74,539,748	11,183,195
Ginnie Mae MBS	0	271,888,994
United States Treasury Bonds	103,707,182	0
TOTAL	$ 366,175,420	$ 489,920,593

As of February 28, 2025 (unaudited), amounts in the Bond Reserve Fund, a portion of the General Resolution investment portfolio described above, were invested as follows:

Types of Investments	Short Term[1] Amount	Long Term[2] Amount
Federal Home Loan Bank Notes	$ 13,280,739	$ 70,592,049
Federal Home Loan Mortgage Corporation Notes	0	9,536,886
Federal National Mortgage Association Notes	3,893,989	11,183,195
United States Treasury Bonds	0	0
TOTAL	$ 17,174,728	$ 91,312,130

(1) Short term investments include cash equivalents and investments that mature in one year or less
(2) Long term investments include investments that mature in more than one year regardless of call features.

THDA

Purpose and Organization

THDA is a body, politic and corporate, and a political subdivision and instrumentality of the State. THDA was established in 1973 by the Act for the purpose, among other things, of raising funds through the issuance of its bonds and notes to assure a steady flow of production of new housing units for lower and moderate income persons and families. To carry out its public purposes, THDA has various powers under the Act including, without limitation, powers relating to the issuance of bonds or notes and the financing of residential housing in the State.

In accordance with Tennessee law, state entities, including THDA, are subject to periodic review by the General Assembly to evaluate the necessity for their continued existence. On March 24, 2022, THDA's existence was continued until June 30, 2027.

Under the Act, THDA may have bonds and notes outstanding in an aggregate principal amount not exceeding $5,000,000,000. As of February 28, 2026 (unaudited), THDA has bonds and notes outstanding in an aggregate principal amount of $3,701,174,881[1] as calculated in accordance with the Act.

Board of Directors

THDA is governed by a board of directors. The Comptroller of the Treasury, the Secretary of State, the State Treasurer, the Commissioner of the Department of Finance and Administration, and a Staff Assistant to the Governor serve as *ex officio* board members of THDA. The Act provides that six board members be appointed by the Governor from among the following groups: retail building material supply, manufactured housing, home building, mortgage banking, licensed real estate brokers, local public housing authority, local government and qualifying non-profits. The Act also provides for a board member to be appointed by the Speaker of the State Senate, a board member to be appointed by the Speaker of the State House of Representatives, one at-large board member appointed by the Governor who is knowledgeable about the problems of inadequate housing conditions in Tennessee and any board members as may be required by applicable federal law or regulation.

[1] Inclusive of amounts outstanding as of February 28, 2026 under $90,000,000 in revolving credit facilities provided by Royal Bank of Canada and PNC Bank, N.A., credit facilities that are separate and apart from the General Resolution.

Any change in the status or profession of an appointed board member does not affect the position or term of that board member. The Executive Director of THDA serves as Secretary to the board.

Board members (other than *ex officio* members and the federally required resident member) are appointed for four year terms, serve until their successors are duly appointed and qualified, and receive no compensation except for reimbursement of expenses. Certain board members may be affiliated with institutions which may originate or service Program Loans on behalf of THDA. One of the appointed board members is designated by the Governor to serve as Chairman. The Chairman's term extends until the date of expiration of his or her term or a date six months after expiration of the term of the Governor designating such Chairman.

Name	Term Expires	Principal Occupation
Rick Neal, Chair	June 30, 2027	Senior Vice President, Pinnacle Financial Partners Memphis, TN
Stephen Dixon, Vice Chair	June 30, 2027	Senior Vice President, Bank of Tennessee Johnson City, TN
Jim Bryson[2]	[3]	Commissioner, Department of Finance and Administration
Corey Divel	June 30, 2028	Development Director City of Sevierville, TN
Tre Hargett[2]	January, 2029	Secretary of State
Maeghan Jones	June 30, 2028	President and CEO, Community Foundation of Greater Chattanooga, TN
David Lillard[2]	January, 2027	State Treasurer
Michael Miller	June 30, 2027	Executive Director, Bolivar Housing Authority Bolivar, TN
Rob Mitchell[2]	[3]	Counsel to the Governor
Jason Mumpower[2]	January, 2027	Comptroller of the Treasury
Eva Romero	June 30, 2028	Associate Broker, Century 21 Capital Properties Nashville, TN
Hancen Sale	[4]	Director of Federal Government Relations, Reworld Knoxville, TN
Dan Springer	June 30, 2028[1]	Chief Operating Officer, MFA Program Management Memphis, TN

(1) Board members serve until their successors are duly appointed and qualified.
(2) Ex officio member.
(3) Serves at the pleasure of the Governor.
(4) Serves at the pleasure of the Speaker of the Senate

Executive Staff Members

THDA employs a staff of approximately 302 persons, which includes professionals in various fields relating to housing and mortgage lending. Executive staff members involved with Program Loans include:

Ralph M. Perrey – Executive Director since 2012.

Mr. Perrey is the Chief Executive Officer of THDA and responsible for all aspects of the agency's business and program activity. Prior to being named Executive Director, Mr. Perrey served on THDA's Board of Directors for nine years and has over 25 years' experience in housing and housing finance. Mr. Perrey worked for Fannie Mae from 2000-2012 in a number of capacities, including Director of the Tennessee Partnership Office, National Co-Lead for the Public Entities team, and Co-Lead of Fannie Mae's community development work in Central Appalachia. He spent 5 years on the senior staff of former Tennessee Governor Don Sundquist. He is a Summa Cum Laude graduate of Frostburg State University (MD).

Michell Bosch CTP, CFA – Chief Financial Officer since 2024.

Ms. Bosch oversees the agency's financial operations. She has over 20 years of experience in financial strategy, capital structure management and capital markets within complex industries. Prior to joining THDA, Ms. Bosch served as Treasurer for the Metropolitan Government of Nashville and Davidson County, where she managed the capital assets, including $10 billion debt portfolio, $4 billion investment portfolio (pension fund) and over $3 billion in annual budgeted expenditures. She previously managed the endowment for Vanderbilt University Medical Center and traded an MBS portfolio at the Federal Home Loan Bank of Boston. Ms. Bosch earned a BSBA in Finance and Economics from the University of Massachusetts and an MBA from DeVry University.

Lindsay Hall – Chief Operations Officer of Single-Family Programs since 2010.

Ms. Hall currently serves as the Chief Operations Officer of Single-Family Programs which includes Single Family Loan Operations, Single Family Loan Servicing (VMLS), Capital Markets and Single-Family Mortgage Assistance and Compliance divisions. She has been working in the real estate and lending industry since 1986. Prior to working for the State of Tennessee, Ms. Hall worked in the private sector. For over a decade she managed mortgage origination teams and branches for one of the nation's largest lenders. In earlier years, Ms. Hall worked for several national builders in sales and marketing. She has held licensure as a real estate salesperson, residential real estate appraiser, and mortgage loan originator. She holds a Bachelor of Science from MTSU. Ms. Hall has won numerous awards for sales, marketing, customer service and recruiting from national organizations and from her previous employers. Her mixture of real estate and lending experience assists her in her daily work at THDA and delivers on her passion to help first time homebuyers become prepared and successful homeowners.

Damon R. Pallay, CPA – Assistant CFO/Controller since 2024.

Mr. Pallay oversees the Accounting and Budgeting functions for THDA. Mr. Pallay has over 25 years of experience in Accounting and Finance in various publicly traded companies. Mr. Pallay earned a Bachelor's Degree in Accounting from Kent State University.

Wayne Beard, CPA – Director of Finance since 2002.

Mr. Beard oversees the THDA bond program debt and investment portfolios. He has over 39 years of experience in accounting and finance. Mr. Beard earned a B.S. in Business Administration with a major in Accounting from Tennessee Technological University.

Bruce Balcom, Esquire – Chief Legal Counsel since 2021.

Mr. Balcom oversees all aspects of THDA's in house legal team. He has over 25 years of experience in housing, over 22 of which has been with THDA. Previously he was in private practice where his practice included providing legal counsel for title matters in single family residential purchases. Mr. Balcom earned a BA and MA from Trevecca Nazarene University, and a Juris Doctor from Vanderbilt University School of Law.

Charity Miles Williams, Esquire – Assistant Chief Legal Counsel since 2021.

Ms. Williams specializes in administrative law and serves as a regulatory compliance attorney overseeing the Housing Choice Voucher Program, agency Civil Rights compliance, secondary advisor on employee relations and bond-related matters. She serves as THDA's 504 Coordinator and Public Request Coordinator. Previously Ms. Williams served as Assistant Legal Counsel at THDA. She has also worked with Tennessee Fair Housing Council, Legal Aid of Middle Tennessee and the Cumberlands, and Legal Aid of East Tennessee. Ms. Williams earned a Juris Doctorate and a Masters in Public Administration from the University of Tennessee and her Bachelor of Arts from Tennessee State University.

THDA's principal office is located at 502 Deaderick Street, 3rd Floor, Nashville, Tennessee 37243-0200, and its telephone number is (615) 815-2200. THDA has a regional office in one (1) location elsewhere in the State for the purpose of administering the Housing Choice Voucher rental assistance program.

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THDA Funds

Statutorily Created Funds

In 1988, the General Assembly of the State of Tennessee (the "State") amended the Act to provide, among other things, for the creation of the Housing Program Fund and the Assets Fund, which funds are financially separate from the General Resolution and all of the other general bond resolutions and mortgage loan programs of THDA.

The Housing Program Fund is the vehicle used by THDA to fund non-mortgage programs not otherwise funded through federal programs. Essentially, all revenues of THDA derived from sources other than the General Resolution or other bond resolutions are deposited into the Housing Program Fund. Amounts in the Housing Program Fund currently include investment income from the Housing Program Fund, federal funds received by THDA for the administration of federal programs, and fees charged by THDA in connection with its non-mortgage programs. Amounts in the Housing Program Fund are not pledged as security for the Offered Bonds.

The Assets Fund is a segregated fund of THDA that originally contained assets transferred in 1989 from the 1974 General Resolution in accordance with its terms, together with related investment earnings, but which presently has a balance of $0. Amounts in the Assets Fund, if any, are not pledged as security for the Offered Bonds.

Prior Transfers from THDA

The Constitution of the State requires, for current operations, that expenditures for any fiscal year not exceed the State's revenues and reserves, including the proceeds of any debt obligations, for that year. When faced with budget deficits in the past, the State has called upon THDA and its resources, together with resources of other departments, agencies and organizations in state government, to provide funds to the State General Fund to balance the State budget. The following is a description of these occurrences in relationship to THDA.

As of June 30, 1995, $15,000,000 in THDA's Housing Program Reserve Fund was transferred to the State General Fund to assist in balancing the State budget for fiscal year 1994-1995.

As of June 30, 1998, $43,000,000 was transferred from THDA to the State General Fund to assist in balancing the State budget for fiscal year 1997-1998. The $43,000,000 transferred from THDA to the State General Fund came from the following resources of THDA: (i) $15,459,157 from state tax revenues previously directed to the Housing Program Fund; (ii) $5,028,761 from the Housing Program Reserve Fund; and (iii) $22,512,082 from the Assets Fund. In addition, in conjunction with the transfer from the Housing Program Reserve Fund described in clause (ii), the Housing Program Reserve Fund was statutorily abolished.

Amendments to the Act in 1999 and in 2000, temporarily, then permanently, redirected to the State General Fund, all tax revenue previously directed by the Act to THDA for the HOUSE Program, a grant program no longer administered by THDA. As a result of the permanent redirection of these state tax revenues, no state tax revenues currently are appropriated to THDA.

Additionally, as of June 30, 2002, $35,367,449.26 was transferred from THDA's Assets Fund to the State General Fund to assist in balancing the State budget for fiscal year 2001-2002. The remaining balance of the Assets Fund, approximately $1,387,000 of mortgage loans, was not required to be liquidated and the proceeds transferred. THDA subsequently transferred these mortgage loans to the General Fund of the 1974 General Resolution, which reduced the balance in the Assets Fund to $0.

No additional resources of THDA have been redirected or transferred to the State General Fund to close out any fiscal year since the fiscal year ended June 30, 2002.

Notwithstanding the foregoing, if projected State budget needs outstrip actual or projected revenues, the State may seek additional sources of funds or seek to realize program savings through reductions or more efficient delivery of services; however, THDA cannot predict whether or not this will occur or, if it does, what actions may be proposed or eventually taken and what effect, if any, such actions may have on THDA. If action is taken to redirect or transfer THDA resources to the State General Fund, such amounts could include THDA resources that are not pledged to any bonds of THDA, as well as any available excess revenues eligible for withdrawal under THDA bond resolutions, including the General Resolution. No assurance can be made that the current ratings on the Bonds or other bonds of THDA can be maintained in the event funds are withdrawn from THDA bond resolutions, including the General Resolution.

Payment of THDA Operating Expenses, Including Program Expenses

THDA currently receives no funds from the State of Tennessee for operating and administrative expenses. THDA is authorized to pay all operating and administrative expenses, including certain Program Expenses of the General Housing Finance Program, with funds available therefor from THDA bond resolutions, including the General Resolution, and from other resources available to THDA. THDA may pay certain expenses, such as Costs of Issuance, Underwriter's fees, initial Trustee's fees, and other similar costs from amounts on deposit in the Debt Service and Expense Account of the Revenue Fund. THDA currently expects to continue to pay certain Program Expenses, including ongoing Trustee's fees, servicing fees, foreclosure fees, and other similar costs from the Debt Service and Expense Account of the Revenue Fund. THDA expects to pay other Program Expenses and all operating and administrative costs and expenses that are not Program Expenses from THDA bond resolutions, including the General Resolution, and from other resources available to THDA. From this combination of resources, THDA believes it will have sufficient resources to pay Program Expenses and other THDA operating and administrative costs and expenses. Certain actions by the General Assembly of the State of Tennessee may affect future payment of operating and administrative expenses. Regardless of THDA's best efforts and in the event of additional transfers to the State, however, THDA could become reliant on State appropriations for the funding of THDA operations. No assurances can be given as to the amount of appropriation that may be available at any time.

Tennessee Consolidated Retirement System

General Information

THDA employees are authorized to participate in the Tennessee Consolidated Retirement System ("TCRS"), a defined benefit pension plan, pursuant to Tennessee Code Annotated Section 13-23-115(21). The general administration and responsibility for the proper operation of TCRS are vested in a twenty-member Board of Trustees. The Treasury Department, a constitutional office in the legislative branch of state government, is responsible for the administration of TCRS, including the investment of assets in the plan, in accordance with state statute and in accordance with the policies, rules, and regulations established by the Board of Trustees. Information about TCRS is available on the Tennessee Department of Treasury website at https://treasury.tn.gov/Retirement/Information-and-Resources/TCRS-Overview-and-Self-Service.

The TCRS covers three (3) large groups of public employees; (1) state employees (including THDA employees) and higher education employees; (2) teachers; and (3) employees of certain local governments. There are 62,697 active members in TCRS in the state and higher education employee group at June 30, 2025. This total includes 302 employees of THDA who are members of TCRS.

The State of Tennessee is ultimately responsible for the financial obligation of the benefits provided by TCRS to state employees (including THDA employees) and higher education employees participating in the Legacy Pension Plan to the extent such obligations are not covered by employee contributions and investment earnings. The Hybrid Retirement Plan provided to state employees (including THDA employees) and higher education employees hired after June 30, 2014 includes provisions to control employer contributions and unfunded liabilities. As such, plan provisions of the Hybrid Retirement Plan are automatically adjusted when employer contributions and/or unfunded liabilities exceed statutory limits. The obligation is funded by employer contributions as determined by an actuarial valuation for the defined benefit plan or contributions to a defined contribution plan.

By statute, an actuarial valuation of TCRS is to be conducted at least once in each two-year period. The purpose of the actuarial valuation is to determine the financial position of the plan and to determine the appropriate employer contribution rate called "actuarially determined contributions (ADC)." The funding policy adopted by the TCRS Board of Trustees provides for an actuarial valuation to be conducted as of June 30 of each year.

Retirement Plan for Employees Hired Prior to July 1, 2014
("Closed State and Higher Education Employee Pension Plan")

Employees hired prior to July 1, 2014, participate in a defined benefit plan as a condition of employment. The benefit accrual formula is 1.575% under the Closed State and Higher Education Employee Pension Plan. Eligibility to retire is age sixty (60) or thirty (30) years of service. Vesting is 5 years. Employees do not contribute to the plan. Retirees are entitled to cost of living adjustments after retirement. The actual amount of the increase is based on the consumer price index, up to a maximum of 3%.

Retirement Plan for Employees Hired on or after July 1, 2014
("State and Higher Education Employee Retirement Plan")

As authorized by Public Chapter 259, Acts of 2013, employees first hired on or after July 1, 2014, participate in a retirement plan consisting of a defined benefit plan and a defined contribution plan. Employees contribute 5% of salary to the defined benefit plan. Employees also contribute 2% of salary to the defined contribution plan unless the employee opts out of making such contribution. The total employer cost for the two plans will be limited to 9% of salary with an overall 4% targeted to the defined benefit plan (minimum set by statute) and 5% to the defined contribution plan.

The defined benefit accrual formula under the State and Higher Education Employee Retirement Plan will be 1%. Eligibility to retire is age sixty-five (65) or the rule of ninety (90) (where age and service equals 90) under the plan. Vesting is 5 years. Retirees are entitled to cost of living adjustments after retirement. The actual amount of the increase is based on the consumer price index, up to a maximum of 3%.

The defined benefit component of the State and Higher Education Employee Retirement Plan has automatic cost controls and automatic controls over unfunded accrued liability. Within the retirement plan, there is a stabilization reserve created for any employer contributions that exceed the ADC that will be utilized to control cost and unfunded liabilities. Effective July 1, 2018, all future stabilization reserve contributions are held in a separate trust outside of TCRS for the benefit of each employer that participates in the stabilization reserve trust. The automatic controls are based on the results of the actuarial valuation. Control features include utilizing funds in the stabilization reserve (if any), limiting retiree cost of living adjustments, shifting future employer contributions from the defined contribution plan to the defined benefit plan, requiring additional employee contributions, and adjusting benefit accruals. The control features only apply to the State and Higher Education Employee Retirement Plan and do not apply to the Closed State and Higher Education Employee Pension Plan.

Actuarial Data for the Defined Benefit Retirement Plan for Employees Hired Prior to July 1, 2014

For employees hired prior to July 1, 2014, state agencies contribute to TCRS at the rates shown below based on salary. General state employees do not contribute to this plan.

Legacy Retirement Plan		
Actuary Study performed as of date	6/30/2023	6/30/2024
Contribution Period	7/1/24-6/30/25	7/1/25-6/30/26
General State Employee	22.22%	22.04%
Public Safety Officer	25.72%	25.85%
Judicial Employee	27.65%	27.83%
Consolidated State Employee Rate	22.36%	22.23%

Additionally, an actuarial valuation is performed to determine the TCRS financial position in order to provide information related to Governmental Accounting Standards Board (GASB) pronouncements. At June 30, 2025 (measurement date of June 30, 2024), the net pension liability for the state and higher education employee group based on the market value of assets was $498.7 million, resulting in a plan fiduciary net position as a percentage of total pension liability of 97.61%.

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Actuarial Data for the Defined Benefit Retirement Plan for Employees Hired on or after July 1, 2014

For employees hired on or after July 1, 2014, an actuarial valuation is performed to determine the total employer contribution rate as well as the actuarially determined contribution (ADC) and the stabilization reserve rate shown below. General state employees contribute 5% to this plan.

Hybrid Retirement Plan

Actuary Study performed as of date	6/30/2023	6/30/2024
Contribution Period	7/1/24-6/30/25	7/1/25-6/30/26
General State Employee		
Actuarially Determined Contribution Rate (ADC)	2.73%	2.84%
Stabilization Reserve Trust Rate (SRT)	1.20%	1.09%
Total General State Employee Rate	3.93%	3.93%
Public Safety Officer	4.83%	4.82%
Judicial Employee	7.90%	8.24%
Consolidated State Employee Rate	4.00%	4.00%

Additionally, an actuarial valuation is performed to determine the TCRS financial position in order to provide information related to Governmental Accounting Standards Board (GASB) pronouncements. At June 30, 2025 (measurement date of June 30, 2024), the net pension liability for the state and higher education employee group based on the market value of assets was $8.9 million, resulting in a plan fiduciary net position as a percentage of total pension liability of 99.07%.

THDA Employer Contributions for Pensions (Defined Benefit and Defined Contribution Plan)

For THDA, the employer contribution rate for employees hired before July 1, 2014, stated as a percentage of salary, is as follows: 22.22% and 22.04% for the period July 1, 2024 through June 30, 2025, and for the period July 1, 2025 through June 30, 2026 respectively. For employees first hired after June 30, 2014, the employer rate is 8.93% for the period July 1, 2024 through June 30, 2025 and 8.93% for the period July 1, 2025 through June 30, 2026 (combined rate for defined benefit plan and defined contribution plan).

THDA's actual and estimated contributions for the pension plans are reflected in the following table:

Fiscal Year ended June 30	Employer Contribution Rate	Total Salary of THDA Employees	THDA Employer Contributions to TCRS	THDA Employer Contributions to DC (Open Plan)	Percentage of THDA Budget
2026	22.04/9.00%(1)	$ 29,002,000(1)	$ 2,659,144(1)	$ 1,062,126	2.07%(1)
2025	22.22/9.00%(2)	25,900,202	2,374,746(1)	948,530	1.57% (1)
2024	21.95/9.00%(2)	24,046,692	2,337,686	929,712	2.15%
2023	21.88/9.00%(2)	20,252,497	2,183,666	750,060	1.66%
2022	20.50/9.00%(2)	20,075,558	1,991,180	562,969	1.65%
2021	20.23/9.00%(2)	17,437,441	1,943,295	499,939	1.58%
2020	19.66/9.00%(2)	17,270,089	2,022,003	439,355	1.99%
2019	19.23/9.00%(2)	16,031,733	2,026,516	347,409	2.14%
2018	18.87/9.00%(2)	14,498,364	1,945,832	262,903	1.97%
2017	15.02/9.00%(2)	13,396,776	1,577,092	183,030	1.53%

(1) Estimated; final amount anticipated to be lower due to unfilled positions, staff turnover and salaries at less than the maximum permitted.
(2) Varies depending on plan the employee is enrolled in.

For the fiscal year ended June 30, 2025, the salary of THDA employees totaled $25,900,202, which represents 0.59% of the $4.4 billion of salary for all state and higher education employees in TCRS.

Defined Contribution Program

Defined Contribution Plan for employees hired prior to July 1, 2014.

A voluntary defined contribution plan is provided to state employees and higher education employees giving them the opportunity to accumulate supplemental retirement income on a tax advantaged basis. The program offers employees two plans, a 457 plan and a 401(k) plan. The contributions to the 401(k) plan can be made to both traditional and/or Roth plans.

Defined Contribution Plan for employees hired on or after July 1, 2014

A defined contribution plan for state employees and higher education employees entering service on or after July 1, 2014, is a component of the State and Higher Education Employee Retirement Plan. By statute, employer contributions are made at the rate of 5% of salary to the 401(k) plan. However, employer contributions may be reduced as part of the cost controls and unfunded liability controls as previously described in the defined benefit plan component of the State and Higher Education Employee Retirement Plan. Upon employment, employees are automatically enrolled to contribute 2% of salary to the defined contribution plan but employees may elect to increase or decrease the employee contributions at any time.

General Information about the 401(k) and 457 Defined Contribution Plans

The state provides additional voluntary defined contribution plans to give state employees and higher education employees the opportunity to accumulate supplemental retirement income on a tax advantaged basis. The program offers employees two plans, a 457 plan and a 401(k) plan. The contributions to the 401(k) plan can be made to both traditional and/or Roth plans.

Employee contribution limits to the 401(k) and 457 plans are established by federal statute. In the 401(k) plan, available to state and higher education employees in both the Closed State and Higher Education Employee Pension Plan and the State and Higher Education Employee Retirement Plan, voluntary employee contributions are matched by employer contributions up to a maximum of $100 per month for fiscal year ended June 30, 2023, and fiscal year ended June 30, 2024. The maximum employer contribution match decreased to $50 per month for the fiscal year ending June 30, 2025. Employer contributions are subject to the funding being appropriated in the budget each fiscal year; otherwise, no match will be made by THDA. The THDA contribution for the fiscal year ended June 30, 2025, was $993,470

Employees are immediately vested in employee and employer contributions. Employees can choose to invest employer and employee contributions among a variety of investment products.

Other Post-Employment Benefits

Certain other GASB Statements (nos. 74 and 75) provide accounting and financial reporting requirements for retiree healthcare plans and employer participants, commonly known as Other Post-Employment Benefits ("OPEB"). The State received an actuarial study as of June 30, 2024, that includes OPEB costs attributable to the State and, separately, for certain of its component units (including THDA) that are required to participate in the State's retirement and benefit plans. The study, which used an entry age normal actuarial cost method, indicates that for the fiscal year ended June 30, 2025, the net OPEB asset of THDA is $128,204. Assets used to pay retiree benefits are being accumulated in a qualifying trust being administered by the State of Tennessee. The OPEB trust that services the Employee Group OPEB Plan (EGOP) prepares a standalone financial report. The OPEB valuations for the EGOP and the standalone report for the OPEB Trust will be made available for review, following the current year audit, at //www.tn.gov/finance/rd-doa/opeb22121.html.THDA contributes to the OPEB trust according to an actuarially determined contribution (ADC) rate that is calculated for all participating employers in the EGOP. The state has the flexibility to adjust the various plan options on an annual basis, and will continue to analyze the cost of the choices available to current employees and retirees and the cost of the choices on the employees, retirees and the State's cash flow to manage these expenditures going forward.

General Resolution Requirements

The General Resolution requires certain conditions to be met prior to any withdrawal of funds from the lien of the General Resolution. See Appendix D, Section 5.3(F) for a description of these conditions. In addition, certain tests

must also be met prior to any withdrawal of funds under the lien of the 1974 General Resolution, the 1985 General Resolution, and the 2009 General Resolution. THDA funds which are not pledged under the referenced Resolutions can be removed without meeting such tests.

Absence of Interest Rate Swap Transactions

THDA has never entered into an interest rate swap transaction, and no such transaction is currently anticipated by THDA.

Secondary Market Sale of Mortgage-Backed Securities

From April 15, 2020 through June 30, 2025, THDA purchased 563 loans all of which have been or will be pooled into mortgage-backed securities in the approximate principal amount of $115,505,671, and all of which were or will be sold in the open market. Such loan purchases were funded from lending facilities and other sources apart from, are not secured by, and do not generate revenues under, the General Resolution or the 2009 General Resolution.

TAX MATTERS

Tax-Exempt Bonds (Issue 2026-1 Bonds)

THDA has included provisions in the Resolution, the Guide for Originating Agents issued by THDA and other relevant documents and has established procedures, including receipt of certain affidavits and warranties from Originating Agents and borrowers (the "Program Documents") in order to assure compliance with the Program Loan eligibility requirements and other requirements which must be met subsequent to the issuance of the Issue 2026-1 Bonds (the "Tax-Exempt Bonds"). Covenants in the Resolution obligate THDA to do and perform all acts and things permitted by law and necessary or desirable to comply with applicable federal tax law and, for such purpose, to adopt and maintain appropriate procedures. THDA believes that the procedures and documentation requirements established for the purpose of fulfilling this covenant are sufficient to assure that the proceeds of the Tax-Exempt Bonds will be applied in accordance with the requirements of applicable federal tax law so as to assure that interest on the Tax- Exempt Bonds will not be included in the gross income of the owners thereof for federal income tax purposes.

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, (a) interest on the Tax-Exempt Bonds (including any original issue discount properly allocable to the owner of a Tax-Exempt Bond) is excludable from gross income for federal income tax purposes, and (b) interest on the Tax-Exempt Bonds is a specific preference item for purposes of the federal alternative minimum tax imposed on individuals; interest on the Tax-Exempt Bonds may affect the federal alternative minimum tax imposed on certain corporations. The opinion described above assumes the accuracy of certain representations and compliance by THDA with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Tax-Exempt Bonds. Failure to comply with such requirements could cause interest on the Tax- Exempt Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Tax-Exempt Bonds. THDA has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Tax-Exempt Bonds.

The accrual or receipt of interest on the Tax-Exempt Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences.

Purchasers of the Tax-Exempt 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 imposed on corporations), 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 carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Tax-Exempt Bonds.

Original Issue Premium. The Tax-Exempt Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (the "Premium Bonds"), are being sold at a premium. 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 such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally 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 the 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 the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Original Issue Discount. The Tax-Exempt Bonds that have an original yield above their respective interest rates, as shown on the inside cover of this Official Statement (the "Discount Bonds"), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity (excluding "qualified stated interest" within the meaning of Section 1.1273-1 of the Regulations) constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the "adjusted issue price" of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Related Tax Matters

Backup Withholding. As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Tax-Exempt Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Tax-Exempt Bonds that fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax- exempt obligations.

Certain recipients of interest on the Tax-Exempt Bonds may be subject to backup withholding under Section 3406

of the Code, unless the recipient of interest furnishes its taxpayer identification number with the payor of the interest or is otherwise exempt from backup withholding tax.

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 under this heading "TAX MATTERS" or adversely affect the market value of the Issue 2026-1 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 Issue 2026-1 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 Issue 2026-1 Bonds or the market value thereof would be impacted thereby. Purchasers of the Issue 2026-1 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Issue 2026-1 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

PROSPECTIVE PURCHASERS OF THE ISSUE 2026-1 BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE ISSUE 2026-1 BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE ISSUE 2026-1 BONDS.

Tennessee Tax Matters

In the opinion of Bond Counsel, under existing laws of the State of Tennessee, the Issue 2026-1 Bonds, their transfer, and the income therefrom, including any profit made on the sale thereof, shall at all times be free from taxation by the State or any local unit or political subdivision or other instrumentality of the State, excepting inheritance and gift taxes; provided, however, the Issue 2026-1 Bonds and the interest received thereon are included in the measure of privilege taxes imposed by the State of Tennessee.

Opinion of Bond Counsel

A copy of the form of opinion of Bond Counsel is attached hereto as Appendix H.

LEGAL INVESTMENT

The Act provides that the bonds of THDA are securities in which all public officers and bodies of the State and all municipal subdivisions, all insurance companies and associations and other persons carrying on insurance business, all banks, bankers, trust companies, including savings and loan associations, building and loan associations, investment banking companies and other persons carrying on an investment banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons who are now or may hereafter be authorized to invest in bonds or other obligations of the State, may properly and legally invest in the bonds of THDA with funds, including capital, in their own control or belonging to them.

RATINGS

THDA expects that Moody's Ratings ("Moody's") will assign the Offered Bonds a rating of "Aa1" and that S&P Global Ratings ("S&P") will assign the Offered Bonds a rating of "AA+". Such ratings reflect only the views of the respective rating agency and an explanation of the criteria for and the significance of such ratings may be obtained from Moody's and S&P. THDA has furnished to Moody's and S&P certain information and materials with respect to the Offered Bonds. Generally, rating agencies base their ratings on such information and materials, and on investigations, studies and assumptions made by the rating agencies. There is no assurance that the ratings will continue for any given period of time or that the ratings will not be revised or withdrawn entirely by these rating agencies, if in the judgment of the rating agency, circumstances so warrant. A downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Offered Bonds.

Due to uncertainties from time to time regarding the economy of the United States of America (including, without limitation, matters such as recessions resulting in financial difficulties for borrowers and/or periodic political uncertainty regarding the United States debt limit), obligations, such as the Offered Bonds, issued by state and local governments, and instrumentalities thereof, could be subject to a rating downgrade. Additionally, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event

could also adversely affect the market for and ratings, liquidity, and market value of outstanding debt obligations, including the Offered Bonds. When certain automatic spending cuts are imposed on the federal government as a result of actions taken or not taken by the federal government (commonly referred to as a sequester) or when the federal government fails to pass certain spending authorizations prior to certain deadlines, resulting in a cessation of various governmental functions and operations (commonly referred to as a government shutdown), there may not be any immediate direct adverse impact on FHA, VA, RD or THDA. No assurance can be given, however, that a sequester or a government shutdown that lasts an extended period of time would continue to have no direct adverse impact upon the United States housing industry in general or THDA in particular.

CONTINUING DISCLOSURE

Secondary Market Disclosure

THDA is currently disseminating and presently intends to continue to disseminate information relating to its various single-family mortgage revenue bonds in accordance with the quarterly secondary market disclosure project sponsored by the National Council of State Housing Agencies. THDA has filed quarterly reports, beginning with the quarter ending June 30, 1994, with each then nationally recognized municipal securities information repository. THDA also expects that its official statements, which contain audited financial information about THDA, with respect to bonds issued under the General Resolution, the 1985 General Resolution, and the 2009 General Resolution will be filed with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access (EMMA) system if and when bonds are so issued. It is the present intent of THDA to continue making voluntary secondary market disclosure as described above.

Continuing Disclosure Undertaking

In order to comply with the requirements of Rule 15c2-12 as promulgated on the issue date of the Offered Bonds by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), THDA, in the Issue 2026-1 Supplemental Resolution for the benefit of the Beneficial Owners of the Offered Bonds, agrees to file:

(a) With the MSRB, within 210 days after the end of each THDA fiscal year, a copy of its annual financial statements, prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standard Board, as described in "FINANCIAL STATEMENTS" below, and an annual update of the type of information in this Official Statement (i) of the nature disclosed under "RESIDENTIAL FINANCE PROGRAM BONDS," and "RESIDENTIAL FINANCE PROGRAM LOANS" including, without limitation, information with respect to the outstanding balances of Program Loans, by mortgage type, and delinquency information, (ii) contained in Appendix E hereto and (iii) regarding annual required contributions for employee pension plan and other post- employment benefits to the extent not included in annual financial statements (collectively, "Annual Financial Information"). If unaudited financial statements are provided as part of the Annual Financial Information by the above date, then THDA shall provide, when and if available, a copy of THDA's audited financial statements to the MSRB.

In a timely manner, not in excess of 10 business days after the occurrence of the event, with the MRSB and the Trustee, notice of the occurrence of any of the following events (if applicable) with respect to the Offered Bonds: (i)principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii)unscheduled draws on debt service reserve funds reflecting financial difficulties; (iv) unscheduled draws on any credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service (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; (vii) modifications to rights of holders of the Offered Bonds, if material; (viii) bond calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Offered Bonds, if material; (xi) rating changes; bankruptcy, insolvency, receivership or similar event of THDA (which event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for THDA 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 THDA, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of THDA); (xiii) the consummation of a merger, consolidation, or acquisition involving THDA or the sale of all or substantially all of the assets of THDA, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if

material; (xv) incurrence of a financial obligation of THDA, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of THDA, any of which affect bondholders, if material; and (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of THDA, any of which reflect financial difficulties.

For the purposes of the events identified in clauses (xv) and (xvi) above, the term "financial obligation" means: (A) a debt obligation; (B) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of (A) or (B). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(b) In a timely manner, to (i) the MRSB and (ii) the Trustee, notice of a failure by THDA to provide the Annual Financial Information set forth in (a) above within the time limit specified above.

THDA may amend the Issue 2026-1 Supplemental Resolution, with respect to the above agreements, without the consent of the Beneficial Owners of the applicable Issue of Offered Bonds (except to the extent required under clause (4)(ii) below), if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of THDA or the type of business conducted thereby; (2) these agreements as so amended would have complied with the requirements of the Rule as of the date of the Issue 2026-1 Supplemental Resolution, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; (3) THDA shall have delivered to the Trustee an opinion of counsel, addressed to THDA and the Trustee, to the same effect as set forth in clause (2) above; (4) either (i) THDA shall deliver to the Trustee an opinion of or determination by a person unaffiliated with THDA (which may include the Trustee or bond counsel), acceptable to THDA and the Trustee, addressed to THDA and the Trustee, to the effect that the amendment does not materially impair the interests of the holders of the Offered Bonds, or (ii) the holders of the Offered Bonds consent to the amendment pursuant to the same procedures as are required for amendments to the General Resolution with consent of the holders of Offered Bonds pursuant to the General Resolution as in effect on the date of the Issue 2026-1 Supplemental Resolution, and (5) THDA shall have delivered copies of such opinion(s) and the amendment to the MRSB.

THDA's obligations under these agreements as set forth in the Issue 2026-1 Supplemental Resolution terminate upon a legal defeasance pursuant to the General Resolution, prior redemption or payment in full of all of the Offered Bonds. THDA shall give notice of any such termination to the MSRB.

THDA acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit for the Beneficial Owners of the Offered Bonds whether or not the Rule applies to such Bonds. Breach of this undertaking will not be a default under the Resolution but this undertaking may be enforced by any Beneficial Owner of the Offered Bonds exclusively by an action for specific performance. This undertaking shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this undertaking shall be instituted in a court of competent jurisdiction in the State.

During the past five years, there has been one instance where THDA has not complied in all respects with the annual financial information requirements of its undertaking pursuant to the Rule as described under this heading. On December 23, 2025, THDA timely filed with the MSRB a draft of its financial statements for the year-ended June 30, 2025. The final audited financial statements and the State audit report for such yearend were made available to THDA on February 3, 2026, but not filed with the MSRB until April 17, 2026; a notice of late filing in connection with the April 17, 2026 filing was also submitted to the MSRB on April 17, 2026.

ABSENCE OF MATERIAL LITIGATION

At the time of delivery of and payment for the Offered Bonds, a certificate of THDA and an opinion of counsel will be furnished, dated the date of delivery, to the effect that there is no controversy or litigation of any nature at such time pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Offered Bonds, or in any way contesting or affecting the validity of the Offered Bonds or any proceedings of THDA taken with respect to the issuance or sale thereof or the pledge or application of any moneys or security provided for the payment of the Offered Bonds or the existence or powers of THDA.

CERTAIN LEGAL MATTERS

The issuance of the Offered Bonds is subject to the delivery of the legal opinion of Kutak Rock LLP, Atlanta, Georgia, Bond Counsel with respect to legal matters incident to the authorization, issuance, sale, and delivery of the Offered Bonds in substantially the form attached hereto as Appendix H. Certain legal matters will be passed upon for THDA by its Chief Legal Counsel, Bruce Balcom, and for the Underwriters by Hawkins Delafield & Wood LLP, New York, New York.

FINANCIAL STATEMENTS

The financial statements of THDA as of and for the year ended June 30, 2025, linked in Appendix A have been audited by the Division of State Audit in the Office of the Comptroller of the Treasury of the State of Tennessee, independent auditors, as stated in their report herein.

Appendix A also contains unaudited financial information as of and for the six months ended December 31, 2025. This financial information has been derived from the unaudited internal records of THDA. THDA's independent auditors have not reviewed, examined, or performed any procedures with respect to the unaudited financial information, nor have they expressed an opinion or any other form of assurance on such information, and assume no responsibility for, and disclaim any association with the unaudited information.

The unaudited information is preliminary and is subject to change as a result of the audit and may materially differ from the audited financial statements when they are released. No prediction can be made at this time as to when the audited financial statements will be released, but when they are released they will be filed with the MSRB through its Electronic Municipal Market Access (EMMA) system.

See also, the last paragraph under "CONTINUING DISCLOSURE – Continuing Disclosure Undertaking."

UNDERWRITING

RBC Capital Markets, LLC, Raymond James & Associates, Inc., J.P. Morgan Securities LLC, Wells Fargo Bank, National Association, and Fidelity Capital Markets, a division of National Financial Services LLC (collectively, the "Underwriters") have agreed, subject to certain conditions, to purchase the Offered Bonds from THDA at the prices indicated on the inside cover of this Official Statement. The Underwriters will be paid a fee in connection with the purchase of the Offered Bonds in an amount equal to $_____. The obligations of the Underwriters to purchase the Offered Bonds are subject to certain conditions precedent. The Underwriters will be obligated to purchase all such Offered Bonds if any such Offered Bonds are purchased.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates may have, from time to time, performed and may in the future perform, various investment banking services for THDA, for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of THDA.

RBC Capital Markets, LLC ("RBCCM"), an underwriter of the Bonds, has entered into a distribution arrangement with its affiliate RBC Securities, Inc. ("RBC Securities") (formerly known as City National Securities, Inc.). As part of this arrangement, RBCCM may distribute municipal securities to investors through the financial advisor network of RBC Securities. As part of this arrangement, RBCCM may compensate RBC Securities for its selling efforts with respect to the Bonds. RBCCM is a subsidiary of Royal Bank of Canada, which has provided a revolving credit agreement to THDA. As lender, the Royal Bank of Canada is separately compensated for serving that capacity. Moreover, certain affiliates of RBCCM currently hold bonds of THDA in its tender option bond program in a common law trust and provides credit protection to investors of said trust. As part of the plan of finance, the bonds held in the trust will be refinanced, and the ownership interest and credit position of RBCCM and any related affiliates will be eliminated.

J.P. Morgan Securities LLC (“JPMS”), one of the underwriters of the Offered Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Offered Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Offered Bonds that such firm sells.

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

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

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representatives of fact. No representation is made that such statements will be realized. All financial and other information presented in this Official Statement has been provided by THDA from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information, and it is not intended to indicate future or continuing trends in the financial position or other affairs of THDA. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future. References to and summaries of provisions of the laws of the State or of any other documents referred to in this Official Statement are qualified in their entirety by reference to the complete provisions thereof. This Official Statement is not to be construed as a contract or agreement between THDA and the purchasers or holders of any of the Offered Bonds.

The information contained herein is subject to change without notice and no implication should be derived therefrom or from the issuance, as applicable, of the Offered Bonds that there has been no change in the affairs of THDA from the date hereof. Pursuant to the General Resolution, THDA has covenanted to keep proper books of record and account in which full, true and correct entries will be made of all its dealings and transactions under the General Resolution and to cause such books to be audited for each fiscal year. The General Resolution requires that such books be open to inspection by the holder of any Bond during regular business hours of THDA and that THDA furnish a copy of the auditor’s report, when available, upon request of the holder of any Outstanding Bond. This Official Statement is submitted in connection with the sale of the securities referred to herein which are proposed to be issued by THDA. It may not be reproduced or used in part, or, as a whole or in part, for any other purpose.

TENNESSEE HOUSING DEVELOPMENT AGENCY

_____
Chair

_____
Executive Director

FINANCIAL STATEMENTS

Audited Financial Statements as of June 30, 2025

https://emma.msrb.org/P22033352-P11457098-P22006068.pdf

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Tennessee Housing Development Agency

UNAUDITED FINANCIAL INFORMATION

December 31, 2025

I, Michell Bosch, hereby certify that the information contained herein is true and accurate to the best of my knowledge and belief. The enclosed unaudited financial statements were prepared in accordance with GAAP.

Michell Bosch
Signature

February 27, 2025
Date

If you are a person with a disability and need an accessible version of this document, please contact THDA's 504 Coordinator at RARequest@thda.org

TENNESSEE HOUSING DEVELOPMENT AGENCY
SCHEDULES OF NET POSITION
(Expressed in Thousands)
(Unaudited)

	December 31, 2025				
	Operating Group	Mortgage Finance Program	Housing Finance Program Bonds	Residential Finance Program Bonds	Total 12/31/2025
ASSETS					
Current assets:					
Cash and cash equivalents	$ 112,923	$ 23,523	$ 119	$ 627,492	$ 764,057
Investments	-	-	1,250	45,577	46,827
Investment in Real Estate Owned (REO) properties	-	-	-	5,497	5,497
Receivables:					-
Accounts	10,613	70	27	2,913	13,623
Interest	20	-	198	19,904	20,122
Loans held for resale	5,821	-	-	-	5,821
First and second mortgage loans	-	2,619	1,657	80,285	84,561
Due from federal government	34,223	-	-	-	34,223
Due from other state funds	46	-	-	-	46
Due from other funds	-	-	-	30,463	30,463
Total current assets	163,646	26,212	3,251	812,131	1,005,240
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	14,075	-	3,768	5,919	23,762
Investments	-	-	2,140	105,263	107,403
Investment interest receivable	-	-	14	659	673
Investments	-	-	2,074	403,906	405,980
First mortgage loans receivable	8	48,095	33,918	3,022,303	3,104,324
Allowance for non-performing first mortgage loans	-	(4)	(1)	(620)	(625)
Second mortgage loans receivable	-		-	137,252	137,252
Allowance for uncollectable second mortgages	-	-	-	(5,214)	(5,214)
Unamortized service release premium of					-
in-house mortgages	2,209	-	-	25,530	27,739
Unearned service release premium	3,634	-	-	-	3,634
Advance to local government	3,146	-	-	-	3,146
Allowance for doubtful accounts	(3,146)	-	-	-	(3,146)
Net pension asset	-	-	-	-	-
Net OPEB asset	128	-	-	-	128
Capital assets:					-
Furniture and equipment	16,058	-	-	-	16,058
Less accumulated depreciation	(12,864)	-	-	-	(12,864)
Total noncurrent assets	23,248	48,091	41,913	3,694,998	3,808,250
Total assets	186,894	74,303	45,164	4,507,129	4,813,490
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount on refundings	-	-	-	21	21
Deferred outflows related to pensions	3,902	-	-	-	3,902
Deferred outflows related to OPEB	228	-	-	-	228
Deferred outflows related to defeased bonds	-	-	-	802	802
Total deferred outflows of resources	4,130	-	-	823	4,953

TENNESSEE HOUSING DEVELOPMENT AGENCY
SCHEDULES OF NET POSITION
(Expressed in Thousands)
(Unaudited)

	December 31, 2025				
	Operating Group	Mortgage Finance Program	Housing Finance Program Bonds	Residential Finance Program Bonds	Total 12/31/2025
LIABILITIES					
Current liabilities:					
Accounts payable	2,138	11	-	142	2,291
Accrued payroll and related liabilities	1,129	-	-	-	1,129
Compensated absences	1,583	-	-	-	1,583
Interest payable	16	-	476	77,372	77,864
Prepayments on mortgage loans	-	-	20	2,038	2,058
Line of credit payable	9,605	-	-	-	9,605
Due to other funds	30,463	-	-	-	30,463
Bonds payable	-	-	2,575	143,525	146,100
Total current liabilities	44,934	11	3,071	223,077	271,093
Noncurrent liabilities:					
Bonds payable	-	-	24,897	3,673,783	3,698,680
Compensated absences	4,016	-	-	-	4,016
Net pension liability	2,107	-	-	-	2,107
Escrow deposits	21,404	72	-	5	21,481
Arbitrage rebate payable	-	-	-	1,944	1,944
Unearned revenue	106,437	883	-	15,958	123,278
Total noncurrent liabilities	133,964	955	24,897	3,691,690	3,851,506
Total liabilities	178,898	966	27,968	3,914,767	4,122,599
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	1,100	-	-	-	1,100
Deferred inflows related to OPEB	1,461	-	-	-	1,461
Total deferred inflows of resources	2,561	-	-	-	2,561
NET POSITION					
Investment in capital assets	3,193	-	-	-	3,193
Restricted for single family bond programs	-	12,269	17,196	593,185	622,650
Restricted for grant programs	-	25,665	-	-	25,665
Restricted for Homebuyers Revolving Loan Program	3,154	-	-	-	3,154
Restricted for net OPEB asset	128	-	-	-	128
Unrestricted	3,090	35,403	-	-	38,493
Total net position	$ 9,565	$ 73,337	$ 17,196	$ 593,185	$ 693,283

TENNESSEE HOUSING DEVELOPMENT AGENCY
SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(Expressed in Thousands)
(Unaudited)

	For the Six Months Ended December 31, 2025				
	Operating Group	Mortgage Finance Program	Housing Finance Program Bonds	Residential Finance Program Bonds	Total 12/31/2025
OPERATING REVENUES					
Mortgage interest income	$ 283	$ 45	$ 851	$ 76,210	$ 77,389
Investment income:					
Interest	1,034	191	131	19,007	20,363
Net increase in the fair value of investments	-	93	43	10,812	10,948
Federal grant administration fees	12,208	-	-	-	12,208
Fees and other income	15,962	207	12	-	16,181
Total operating revenues	29,487	536	1,037	106,029	137,089
OPERATING EXPENSES					
Salaries and benefits	18,131	-	-	-	18,131
Contractual services	9,012	-	-	-	9,012
Materials and supplies	1,426	-	-	-	1,426
Rentals and insurance	19	-	-	-	19
Other administrative expenses	271	-	-		271
Other program expenses	3,335	3	-	1,488	4,826
Interest expense	88	-	415	69,336	69,839
Issuance costs	-	-	-	1,393	1,393
Amortization: service release premium	38	-	-	-	38
Total operating expenses	32,320	3	415	72,217	104,955
Operating income (loss)	(2,833)	533	622	33,812	32,134
NONOPERATING REVENUES (EXPENSES)					
Federal grants revenue	247,467	-	-	-	247,467
Federal grants expenses	(247,281)	-	-	-	(247,281)
Local grants expenses	(3,997)	-	-	-	(3,997)
Total nonoperating revenues (expenses)	(3,811)	-	-	-	(3,811)
Income (loss) before transfers	(6,644)	533	622	33,812	28,323
Transfers to other funds	-	(6,250)	(152)	-	(6,402)
Transfers from other funds	283	-	-	6,119	6,402
Change in net position	(6,361)	(5,717)	470	39,931	28,323
Total net position, July 1	15,926	79,054	16,726	553,254	664,960
Total net position, End of Period	$ 9,565	$ 73,337	$ 17,196	$ 593,185	$ 693,283

TENNESSEE HOUSING DEVELOPMENT AGENCY
SCHEDULES OF CASH FLOWS
(Expressed in Thousands)
(Unaudited)

For the Six Months Ended December 31, 2025

	Operating Group	Mortgage Finance Program	Housing Finance Program Bonds	Residential Finance Program Bonds	Total 12/31/2025
Cash flows from operating activities:					
Receipts from customers	$ -	$ 2,274	$ 3,233	$ 217,647	$ 223,154
Receipts from federal government	11,260	-	-	-	11,260
Receipts from other funds	2	-	-	-	2
Other miscellaneous receipts	15,962	207	12	-	16,181
Acquisition of mortgage loans	-	-	-	(185,203)	(185,203)
Payments to suppliers	(62,763)	(1)	-	(2,195)	(64,959)
Payments to primary government	(100)	-	-	-	(100)
Payments to other funds	-	-	-	(2)	(2)
Payments to or for employees	(18,369)	-	-	-	(18,369)
Net cash provided (used) by operating activities	(54,008)	2,480	3,245	30,247	(18,036)
Cash flows from non-capital financing activities:					
Operating grants received	270,192	-	-	-	270,192
Transfers in (out)	283	(6,250)	(152)	6,119	-
Proceeds from sale of bonds	-	-	-	268,820	268,820
Operating grants paid	(266,793)	-	-	-	(266,793)
Cost of issuance paid	-	-	-	(1,393)	(1,393)
Principal payments	-	-	(3,745)	(331,075)	(334,820)
Interest paid	(91)	-	(544)	(74,490)	(75,125)
Net cash provided (used) by non-capital financing activities	3,591	(6,250)	(4,441)	(132,019)	(139,119)
Cash flows from investing activities:					
Proceeds from sales and maturities of investments	-	1,225	6,683	351,086	358,994
Purchases of investments	-	-	(5,465)	(120,675)	(126,140)
Investment interest received	1,034	191	124	19,794	21,143
Increase in fair value of investments subject to fair value reporting and classified as cash equivalents	-	90	22	6,001	6,113
Net cash provided by investing activities	1,034	1,506	1,364	256,206	260,110
Net increase (decrease) in cash and cash equivalents	(49,383)	(2,264)	168	154,434	102,955
Cash and cash equivalents, July 1	176,381	25,787	3,719	478,977	684,864
Cash and cash equivalents, Dcember 31	$ 126,998	$ 23,523	$ 3,887	$ 633,411	$ 787,819

TENNESSEE HOUSING DEVELOPMENT AGENCY
SCHEDULES OF CASH FLOWS (cont.)
(Expressed in Thousands)
(Unaudited)

	For the Six Months Ended December 31, 2025				
	Operating Group	Mortgage Finance Program	Housing Finance Program Bonds	Residential Finance Program Bonds	Total 12/31/2025
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	$ (2,833)	$ 533	$ 622	$ 33,812	$ 32,134
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Changes in assets and liabilities:					
Accounts receivable	(1,020)	618	90	651	339
Mortgage interest receivable	6	28	20	(1,026)	(972)
Unamortized service release premium of in-house mortgages	(176)	-	-	(850)	(1,026)
Unearned service release premium	(215)	-	-	-	(215)
Loans held for resale	(1,339)	-	-	-	(1,339)
Mortgage loans receivable	-	1,701	2,273	(44,485)	(40,511)
Due from federal government	(948)	-	-	-	(948)
Interfund receivables	2	-	-	-	2
Interfund payables	-	-	-	(2)	(2)
Accounts payable	(45,353)	2	(1)	84	(45,268)
Accrued payroll / compensated absences	(34)	-	-	-	(34)
Due to primary government	(100)	-	-	-	(100)
Unearned revenue	(6,424)	(118)	-	1,152	(5,390)
Line of credit payable	5,372	-	-	-	5,372
Arbitrage rebate liability	-	-	-	1	1
Investment income included as operating revenue	(1,034)	(284)	(174)	(29,819)	(31,311)
Interest expense included as operating expense	88	-	415	69,336	69,839
Issuance cost included as operating expense	-	-	-	1,393	1,393
Total adjustments	(51,175)	1,947	2,623	(3,565)	(50,170)
Net cash provided (used) by operating activities	$ (54,008)	$ 2,480	$ 3,245	$ 30,247	$ (18,036)
Noncash investing, capital, and financing activities:					
Increase in fair value of investments	$ -	$ -	$ 9	$ 6,411	$ 6,420
Total noncash investing, capital, and financing activities	$ -	$ -	$ 9	$ 6,411	$ 6,420

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SUMMARY OF MORTGAGE INSURANCE AND GUARANTEE PROGRAMS

Introduction

All first lien Program Loans made or purchased by THDA with proceeds of Bonds issued under the General Resolution are expected to be (i) insured or guaranteed or have a commitment for insurance or guarantee by (a) the United States or any instrumentality thereof, or (b) any agency or instrumentality of the State authorized by law to issue such insurance; or (ii) made to borrowers who, at the time of closing, have an acceptable equity interest in the property based on the lesser of appraised value or the sale price. However, under the General Resolution, some or all of these requirements may be modified by a Supplemental Resolution with respect to Program Loans financed with the proceeds of Bonds subsequently issued pursuant to such Supplemental Resolution.

Originating Agents are responsible for obtaining Veteran's Administration ("VA") or U.S. Department of Agriculture, Rural Development ("USDA/RD") guarantees, Federal Housing Administration ("FHA") insurance certificates or private mortgage insurance certificates as part of the process of originating and closing THDA Program Loans. Borrowers pay the costs associated with such insurance certificates or guarantees.

The following descriptions of certain mortgage insurance programs and loan guarantee programs are all only brief outlines and do not purport to summarize or describe all provisions of each respective program. For a more complete description of these programs, refer to the contract provisions embodied in FHA, USDA/RD (formerly FmHA) and VA regulations, respectively, and to the regulations, master insurance contracts and other such information from the private mortgage insurance providers.

FHA Insurance Programs

The National Housing Act of 1934, as amended, authorizes various FHA mortgage insurance programs, which differ primarily upon whether the property contains five or more dwelling units or less than five such units and whether the property is designed for occupancy by low and moderate income families.

The National Housing Act of 1934, as amended, imposes a minimum cash requirement for purchase money mortgages of 3.5% of the lesser of appraised value or sales price, resulting in a maximum loan to value percentage of 96.5%.

Under the FHA programs which insure THDA's Program Loans, insurance benefits generally are payable only upon foreclosure (or other acquisition of possession) and conveyance of the property to the United States Department of Housing and Urban Development ("HUD"). The FHA insurance proceeds available under these programs upon conveyance of the property to HUD is equal to 100% of the outstanding principal balance of the Program Loan, plus interest and certain additional costs and expenses.

Under some FHA insurance programs, HUD pays insurance claims in cash unless the mortgage lender specifically requests payment in debentures issued by HUD. Under other programs, HUD, at its option, may pay insurance claims in cash or in such debentures. Currently, HUD makes insurance payments on mortgages covering less than five dwelling units in cash when it has discretion to determine the form of insurance payment. HUD debentures issued in satisfaction of FHA insurance claims bear interest at the HUD debentures interest rate in effect under HUD regulations on the date of the mortgage insurance commitment or of the initial insurance endorsement of the mortgage, whichever rate is higher.

When FHA insurance benefits are paid after foreclosure (or other acquisition of possession) and conveyance, the amount paid is computed as of the date of default by the borrower, as defined in HUD regulations, and the mortgage lender generally is not compensated for mortgage interest accrued and unpaid prior to that date. When FHA insurance benefits are paid under such circumstances, the insurance payment made is generally equal to the unpaid principal amount of the Program Loan, adjusted to reimburse the mortgage lender for certain tax, insurance and similar payments made by it and to deduct certain amounts received or retained by the mortgage lender after default, plus reimbursement not to exceed a specified percentage of the mortgage lender's foreclosure costs as determined by HUD based on certain criteria. The regulations under the FHA insurance programs which insure THDA's Program Loans provide that the insurance payment itself shall bear interest from the date of default to the date of payment of the claim at an interest rate equal to the monthly average yield, for the month in which the default occurred, on United States Treasury securities adjusted to a constant maturity of 10 years.

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

To obtain title to and possession of the property upon foreclosure, the Trustee and the Servicer act under the power of sale provisions in the deed of trust, subject to constraints imposed by applicable state law and by HUD. HUD currently requires that, absent the consent of the borrower, at least three full monthly installments be due and unpaid under the deed of trust before the mortgage lender may initiate any action leading to foreclosure under the deed of trust. HUD also requires a face-to-face conference between the mortgage lender and the borrower in an effort to cure the delinquency without foreclosure. In any case, these requirements do not apply where the borrower has voluntarily abandoned the property, in which case, the mortgage lender may immediately initiate foreclosure proceedings (subject to applicable state law notice provisions).

Veterans Administration Guaranty Program

The Servicemen's Readjustment Act of 1944, as amended, permits a veteran (or in certain instances, the veteran's spouse or certain qualified reservists) to obtain a Program Loan guaranty from the VA covering the purchase of a one-to-four family dwelling unit at interest rates permitted by the VA. The program has no loan limits, requires no down payment from the purchaser and permits the guaranty of Program Loans of up to thirty years duration. The maximum guaranty that may be issued by the VA under this program is the lesser of the veteran's available entitlement or the statutory maximum guaranty based on date of origination, type of housing unit and loan amount. Notwithstanding the dollar and percentage limitations of the guaranty, a mortgage lender will ordinarily suffer a monetary loss only when the difference between the unsatisfied indebtedness and the proceeds of a foreclosure sale of a property is greater than the original guaranty, as adjusted. The VA may, at its option, and without regard to the guaranty, make full payment to a mortgage lender of unsatisfied indebtedness on a mortgage upon its assignment to the VA.

United States Department of Agriculture, Rural Development (formerly Farmers Home Administration)

Guaranteed Rural Housing Program

The Cranston-Gonzalez National Affordable Housing Act of 1990 revised and expanded the interest assistance program for guaranteed loans under Section 502 of Title V of the Housing Act of 1949, as amended, by creating the Guaranteed Rural Housing Loan Program. The guaranty covers the lesser of (a) any loss equal to 90% of the original principal amount of the loan or (b) any loss in full up to 35% of the original principal amount of the loan plus any additional loss on the remaining 65% to be shared approximately 85% by USDA/RD and approximately 15% by THDA.

Private Mortgage Insurance Programs

General

Program Loans are permitted under the General Resolution when insured under private mortgage insurance programs as described below.

Private mortgage insurance policies insure against certain losses sustained by reason of default in payments by borrowers. Under most policies, delinquencies must be reported to the insurer within two (2) months of default, and proceedings to recover title must, generally, be commenced within nine (9) months of default. It is standard practice for private mortgage insurers to require that the mortgage lender, prior to presenting a claim under the mortgage insurance policy, 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 borrower. When such a 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 to 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, 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.

Notwithstanding the foregoing, THDA does not expect to use lendable proceeds of the Issue 2026-1 Bonds to purchase Program Loans insured by private mortgage insurance.

CERTAIN INFORMATION RELATING TO GNMA, FANNIE MAE, FREDDIE MAC AND CERTAIN PROGRAM SECURITIES

GNMA and the GNMA Mortgage-Backed Securities

General. The summary of the Government National Mortgage Association ("GNMA") program, GNMA guaranteed mortgage-backed securities ("GNMA Securities") and other documents referred to herein does not purport to be comprehensive and is qualified in its entirety by reference to the GNMA Servicer's Guide (the "GNMA Guide," copies of which may be obtained from GNMA at the Office of Mortgage Backed Securities, 451 Seventh Street, S.W., Washington, D.C. 20410) and to the GNMA Securities and other documents for full and complete statements of their provisions.

GNMA 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.

GNMA 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 USDA/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 GNMA."

There are two GNMA Securities programs, GNMA I and GNMA II. Any GNMA Security acquired pursuant to THDA's Residential Finance Program will be a "fully modified pass through" security (guaranteed by GNMA pursuant to its GNMA I or GNMA II Security 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, GNMA, 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 GNMA, 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 GNMA Security. The Treasury Department is authorized to purchase any obligations so issued by GNMA 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 GNMA, if needed, to implement the aforementioned guaranty.

Under the terms of its guaranty, GNMA also warrants to the holder of the GNMA Security that, in the event GNMA is called upon at any time to make payment on its guaranty of the principal of and interest on the GNMA 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.

GNMA shall have no responsibility to determine whether or not THDA's Residential Finance 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 GNMA 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 GNMA, the servicer is responsible for servicing and otherwise administering the mortgage loans underlying the GNMA Securities in accordance with generally accepted practices of the mortgage banking industry and the GNMA Guide .

The monthly remuneration of the servicer, for its servicing and administrative functions, and the guaranty fee charged by GNMA are based on the unpaid principal amount of the GNMA Securities outstanding. The GNMA 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 GNMA Security).

It is expected that interest and principal payments on the mortgage loans underlying the GNMA Securities received by the servicer will be the source of payments on the GNMA 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 GNMA Securities. GNMA 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 GNMA in advance of any impending or actual default on scheduled payments so that GNMA, 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 GNMA.

Default by Servicer. In the event of a default by the servicer, GNMA 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 GNMA Securities, and such mortgage loans shall thereupon become the absolute property of GNMA, subject only to the unsatisfied rights of the owner of the GNMA Security. In such event, GNMA 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 GNMA Guide.

Payment of Principal and Interest on the GNMA Securities. Under the GNMA I program, the servicer makes separate payments, by the fifteenth day of each month, directly to each owner of GNMA Securities for each of the GNMA Securities held.

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

Each installment on a GNMA Security is required to be applied first to interest and then in reduction of the principal balance then outstanding on the GNMA Security. Interest is to be paid at the specified rate on the unpaid portion of the principal of the GNMA Security. The amount of principal due on the GNMA 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 GNMA 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 GNMA Security monthly installments of not less than the interest due on the GNMA Security at the rate specified in the GNMA 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 GNMA Security.

Fannie Mae and the Fannie Mae Mortgage-Backed Securities

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 Mortgage-Backed Securities Program. 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 Agency ("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 ("Fannie Mae 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 Single Family Selling and Servicing Guides, as modified by a pool purchase contract, and, in the case of mortgage loans such as the Program 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 Securities 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 THDA's Residential Finance 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. As of June 3, 2019, each Fannie Mae Security will be a Uniform Mortgage-Backed Security ("UMBS"). Any Fannie Mae Security acquired pursuant to THDA's Residential Finance 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 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.

Freddie Mac and Freddie Mac Mortgage-Backed Securities

General. The summary of the Federal Home Loan Mortgage Corporation ("Freddie Mac"), the Freddie Mac Guarantor Program, Freddie Mac Securities 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 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, THDA makes no representation regarding the content, accuracy or availability of any such document or any information provided at such web site. Such web site is not part of this Official Statement.

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 Agency ("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 Program Securities (the "Freddie Mac Securities"). Freddie Mac generally matches its purchases of mortgages with sales of Freddie Mac Securities. Mortgages retained by Freddie Mac are financed with short and long term debt and equity capital.

Freddie Mac Securities. As of June 3, 2019, each Freddie Mac Security will be a Uniform Mortgage-Backed Security ("UMBS"). Each Freddie Mac Security which qualifies as a Program Security under the General 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 a Freddie Mac Security 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 Security (less servicing and guarantee fees aggregating the excess of the interest on such mortgage loans over the Freddie Mac Securities' pass through rate), whether or not such amount is actually received. With respect to certain Freddie Mac Securities, 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 Securities, 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 Securities may also include those Freddie Mac Securities (the "Fully Guaranteed Freddie Mac Securities") 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 SECURITIES WOULD CONSIST SOLELY OF PAYMENTS AND OTHER RECOVERIES ON THE UNDERLYING MORTGAGE LOANS AND, ACCORDINGLY, MONTHLY DISTRIBUTIONS TO THE HOLDERS OF FREDDIE MAC SECURITIES 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 2022, Freddie Mac's conforming loan limit for a first lien conventional single family mortgage is $766,550 for a one family dwelling in Tennessee. 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 Security.

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DESCRIPTION OF AGREEMENTS WITH ORIGINATING AGENTS

Working Agreements

THDA has working agreements with each of its Originating Agents (the "Working Agreements"). Under the Working Agreements, THDA reviews and makes or purchases approved Program Loans which have been originated and processed by an Originating Agent.

Each Working Agreement also contains certain representations and warranties by the Originating Agent regarding the Program Loan applications submitted to THDA to the effect that the Originating Agent has no adverse information regarding the credit or reputation of the applicant nor adverse information concerning the real property to be mortgaged that would materially lessen THDA's security or detract from the subsequent marketability of the Program Loan. Each Originating Agent further represents and warrants that it will receive and process for THDA all applications by applicants for Program Loans who qualify as lower and moderate income persons.

The Working Agreement requires that Program Loans meet all requirements contained in THDA's rules and regulations and the O. A. Guide (as defined below). These requirements include, among other things:

(1) a deed of trust securing the Program Loan in a form approved by THDA which creates a valid first lien or other approved lien on the property;

(2) for FHA insured or VA or USDA/RD guaranteed Program Loans, all FHA, VA or USDA/RD rules, regulations and requirements must be met;

(3) evidence of title satisfactory to THDA;

(4) an original hazard insurance policy, delivered at closing, which covers the property subject to the Program Loan, names THDA as first mortgagee, and is in an amount not less than the greater of 90% of the insurable value of the improvements on the property or the full amount of the Program Loan; and

(5) such other documents as are necessary to comply with the federal tax code.

Penalties may be imposed on Originating Agents for violating the Working Agreements. At the option of THDA, Originating Agents may also be required to purchase a Program Loan from THDA when there is a violation under the Working Agreement with respect to the Program Loan. THDA may terminate Working Agreements upon notice, with or without cause or, at its election, temporarily suspend Originating Agent's privilege to originate Program Loans as a result of inadequate performance.

Guide for Originating Agents

THDA provides each Originating Agent with a Guide for Originating Agents (the "O.A. Guide"), which is amended from time to time by THDA to reflect changes in THDA policy, statutory requirements or federal tax code requirements. The O. A. Guide sets forth requirements and procedures for originating, processing and closing Program Loans. The Guide includes a procedural checklist to be followed by the Originating Agent and copies of all THDA forms required in originating, processing and closing Program Loans.

Servicing Agreements

THDA no longer has servicing agreements with outside entities. As of August 1, 2018, all servicing of THDA Program Loans is handled by Volunteer Mortgage Loan Servicing, a division of THDA. See Appendix G under the heading "Loan Servicing" for more information.

Special Programs

For certain special programs, THDA may elect to enter into joint agreements for originating and servicing Program Loans made under such special programs. Any such joint agreements are substantially similar to the Working Agreements and Servicing Agreements described hereinabove and in Appendix G.

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2013 GENERAL RESOLUTION

This Appendix D includes the General Residential Finance Program Bond Resolution (the "2013 General Resolution") adopted by the THDA Board of Directors on January 29, 2013, as amended and supplemented by the Bond Finance Committee of the THDA Board of Directors on April 18, 2013.

TENNESSEE HOUSING DEVELOPMENT AGENCY

General Residential Finance Program Bond Resolution

Adopted January 29, 2013
as amended and supplemented
by the Bond Finance Committee of
THDA on April 18, 2013

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General Residential Finance Program Bond Resolution

***BE IT RESOLVED** by the Board of Directors of THDA as follows:*

ARTICLE I

SHORT TITLE, DEFINITIONS AND INTERPRETATION

Section 1.1. Short Title. This resolution may hereafter be cited by THDA and is hereinafter sometimes referred to as the "General Residential Finance Program Bond Resolution."

Section 1.2. Definitions. In this Resolution, the following words and terms shall, unless the context otherwise requires, have the following meanings:

"Account" means one or more, as the case may be, of the Accounts established pursuant to this Resolution.

"*Accountant*" means the department of audit, division of state audit, in the office of the Comptroller of the Treasury of the State or an independent certified public accountant or firm of independent certified public accountants as may be selected in accordance with applicable laws and may be the accountant or firm of accountants who regularly audit the books and accounts of THDA.

"*Act*" means the Tennessee Housing Development Agency Act, constituting Chapter 23 of Title 13 of the Tennessee Code Annotated, Sections 13-23-01 et seq., as amended.

"*Aggregate Debt Service*" means, with respect to any particular Fiscal Year and as of any particular date of computation, the sum of the individual amounts of Debt Service for such Fiscal Year with respect to all Series.

"*Appreciation Bond*" means any Bond whose Issue Amount is less than 97.5% of the Maturity Amount.

"*Authorized Officer*" means the Chairman and Executive Director of THDA and, in the case of any act to be performed or duty to be discharged, any other member, officer or employee of THDA then authorized to perform such act or discharge such duty.

"*Bond" or "Bonds"* means any Residential Finance Program Bond authenticated and delivered under this Resolution and issued under a Supplemental Resolution.

"*Bond Counsel's Opinion*" means an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal, state and public agency financing, selected by THDA.

"*Bondholder*" or "*holder*" or words of similar import, when used with reference to a Bond means the registered owner of any Outstanding Bond.

"*Bond Reserve Fund*" means the Bond Reserve Fund established pursuant to Section 5.1.

"*Bond Reserve Fund Requirement*" means, as of any date of calculation, the greater of (i) an amount equal to the aggregate of the respective amounts for each Series of Bonds, if any, established in the Supplemental Resolution authorizing such Series or (ii) an amount equal to 3% of the sum of (A) the then current balance of Program Loans (other than Program Loans underlying Program Securities) and (B) any amount on deposit in the Loan Fund which has not been designated to provide for the payment of Costs of Issuance, capitalized interest or the purchase of Program Securities.

"*Certificate*" means (i) a signed document either attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or setting forth matters to be determined pursuant to this Resolution or (ii) the report of an accountant as to audit or other procedures called for by this Resolution.

"*Code*" means applicable provisions of the Internal Revenue Code of 1954, as amended, and the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

"*Compounded Amount*" means, as of any particular date of calculation with reference to any Appreciation Bond, either (i) the applicable Compounded Amount for such date established by THDA in a written schedule of specific Compounded Amounts delivered to the Trustee upon delivery of such Bond pursuant to Section 2.6, or (ii) in the event such schedule is not delivered, the Issuance Amount, plus the amount which would have been produced as of such calculation date if the Issue Amount had been invested at the Internal Rate of Return for such Bond on the date of delivery of such Bond pursuant to Section 2.6. Any determination of Compounded Amount shall assume semi-annual compounding on each January 1 and July 1, straight line amortization during interim periods and be otherwise made in accordance with standard securities calculation methods.

"*Costs of Issuance*" means all items of expense, directly or indirectly payable or reimbursable by or to THDA and related to the authorization, sale and issuance of Bonds, including but not limited to discount to be paid to the underwriters upon the initial delivery of Bonds, printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of any Fiduciary, legal fees and charges, fees and disbursements of consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of Bonds, costs and expenses of refunding, premiums for the insurance of the payment of Bonds, initial premiums to obtain mortgage pool insurance, accrued interest in connection with the financing of Program Loans and any other cost, charge or fee in connection with the original issuance of Bonds.

"*Debt Service*" means, with respect to any particular Fiscal Year and any particular Series of Bonds, an amount equal to the sum of (i) all interest payable on such Bonds during such Fiscal Year, plus (ii) any Principal Installment of such Bonds during such Fiscal Year.

"*Event of Default*" means any of the events specified in Section 10.1.

"*Federal Mortgage Agency*" means the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and such other public or private agencies or corporations as the United States Congress may create for the purpose of housing finance and which are an agency or instrumentality of the United States or sponsored thereby.

"*Fiduciary*" means the Trustee and any Paying Agent, or any or all of them as may be appropriate.

"*Final Compounding Date*" means either the maturity date of an Appreciation Bond or such earlier Interest Payment Date, if any, as may be specified in an Appreciation Bond upon which the Compounded Amount shall be equal to the amount payable on such Bond at maturity, exclusive of interest on such Bond which is payable on a semi-annual basis.

"*Fiscal Year*" means a twelve-month period commencing on the first day of July of any year.

"*Fund*" means one or more, as the case may be, of the special Funds created and established pursuant to this Resolution.

"*Interest Payment Date*" means any date upon which interest on the Bonds is due and payable in accordance with their terms.

"*Internal Rate of Return*" when used with respect to an Appreciation Bond, means the yield which, when applied to Issuance Amount as of the date of delivery of a Bond pursuant to Section 2.6 and compounded semi-annually, results in an amount, as of the Final Compounding Date, equal to the amount payable on such Bond at maturity exclusive of interest on such Bond which is payable on a semi-annual basis.

"*Investment Securities*" means and includes any of the following obligations, to the extent the same are consistent with the then existing investment policy of THDA and at the time legal for investment of funds of THDA under the Act, including the amendments thereto hereafter made, or under other applicable law:

(1) bonds, notes and treasury bills of the United States of America or other obligations guaranteed as to principal and interest by the United States of America or any of its agencies;

(2) obligations guaranteed as to principal and interest by the Federal Home Loan Mortgage Corporation or Federal National Mortgage Association;

(3) repurchase agreements for obligations of the United States of America or its agencies with any financial institution with long-term unsecured debt rated at least "AA" by S&P and "Aa3" by Moody's;

(4) certificates of deposit in banks and savings and loan associations recognized as "State Depositories" pursuant to Section 9-4-107 of the Tennessee Code Annotated; provided, that certificates of deposit are collateralized in accordance with Section 9-4-403 of the Tennessee Code Annotated, and provided, further, that the provider of such certificate of deposit shall have a long-term unsecured debt rating of at least "AA-" by S&P and "Aa3" by Moody's;

(5) prime commercial paper which shall be rated in the highest category by S&P and Moody's;

(6) prime banker's acceptances (having maturities of not more than 365 days) that are eligible for purchase by the federal reserve system, provided by any bank, the short-term obligations of which are rated at least "A-1+" by S&P and "P-1" by Moody's;

(7) guaranteed investment contracts with any financial institution with a long-term unsecured debt rating of at least "AA" by S&P and "Aa3" by Moody's; provided that such guaranteed investment contract shall have a termination date no later than five and one half years from the date of issuance of the related series of Bonds, except that the termination date with respect to a guaranteed investment contract for any funds on deposit in the Bond Reserve Fund shall be no later than the maturity date of the related series of Bonds; and

(8) any other investments which, at the time of such investment, are authorized for investment of funds of THDA under the Act and would not adversely affect the then current rating assigned to the Bonds.

"*Issuance Amount*" means the price, exclusive of accrued interest (if any), at which a Bond was offered for sale to the public (or the price of such Bond to the initial purchaser if not publicly sold) at the time of issuance thereof by THDA pursuant to Section 2.6, irrespective of underwriter's compensation, commissions, placement agent's fees, concessions, Costs of Issuance, or similar costs.

"*Loan Fund*" means the Loan Fund established in Section 5.1.

"*Maturity Amount*" means the amount payable on an Appreciation Bond at maturity of such Bond, exclusive of interest, if any, on such Bond which is payable on a semi-annual basis.

"*Moody's*" means Moody's Investors Service, Inc., and any successor.

"*Non-Mortgage Receipts*" means all interest earned or gain realized in excess of losses as a result of the investment of the amount in any Fund, but shall not include Revenues.

"*Non-Mortgage Receipts Account*" means the Non-Mortgage Receipts Account established in the Revenue Fund pursuant to this Resolution.

"*Outstanding*," when used with reference to Bonds, means, as of any date, all Bonds theretofore or thereupon being authenticated and delivered under this Resolution except:

(1) any Bond cancelled by the Trustee or delivered to the Trustee for cancellation at or prior to such date;

(2) any Bond (or portion of a Bond) for the payment or redemption of which there have been separately set aside and held in the Redemption Fund hereunder either:

(a) moneys in an amount sufficient to effect payment of the principal or applicable Redemption Price thereof, together with accrued interest on such Bond to the Redemption Date;

(b) Investment Securities, as described in Section 12.1(B), in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications as shall be necessary to provide moneys in an amount sufficient to effect payment of the principal or applicable Redemption Price of such Bond, together with accrued interest on such Bond to the Redemption Date; or

(c) any combination of (a) and (b) above;

(3) any Bond in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to Section 3.6, Section 6.6 or Section 9.6; and

(4) any Bond deemed to have been paid as provided in subsection (B) of Section 12.1.

"*Paying Agent*" means any bank or trust company designated as paying agent for the Bonds, and its successor or successors hereafter appointed in the manner herein provided.

"*Permitted Encumbrances*" means (i) intervening liens of contractors, subcontractors, suppliers of materials and equipment and laborers as to which, by a bond or letter of credit or other lawful means acceptable to THDA, indemnity has been provided or similar steps to secure the interest of THDA have been taken, (ii) ad valorem property taxes ratably accrued but not yet due and payable, (iii) severed mineral estates or interests, owned by others, which are of a kind customary with respect to residential housing in the area in which the premises are located and (iv) such other liens, encumbrances, reservations and other clouds on title as THDA shall determine do not impair the use or value of the premises.

"*Principal Installment*" means, as of any date of calculation, (i) the aggregate principal amount of Outstanding Bonds due on a certain future date, reduced by the aggregate principal amount of such Bonds which would be retired by reason of the payment when due and application in accordance with this Resolution of Sinking Fund Payments payable before such future date plus (ii) the unsatisfied balance, determined as provided in subsection 5.3(D), of any Sinking Fund Payments due on such certain future date, together with the aggregate amount of the premiums, if any, applicable on such future date upon the redemption of such Bonds by application of such Sinking Fund Payments in a principal amount equal to said unsatisfied balance.

"*Program*" means the various programs for the financing of loans for residential housing established by THDA pursuant to the Act and Program Guidelines, as the same may be amended from time to time consistent with this Resolution, but only to the extent that such programs are financed through the issuance of Bonds or from amounts otherwise available out of the moneys and assets held or pledged pursuant to this Resolution.

"*Program Expenses*" means all of THDA's expenses in carrying out and administering its duties and corporate purposes under the Act and shall include, without limiting the generality of the foregoing, salaries, supplies, utilities, mailing, labor, materials, office rent, maintenance, furnishings, equipment, machinery and apparatus, telephone, insurance premiums, legal, accounting, management, consulting and banking services and expenses, fees and expenses of the Fiduciaries, Costs of Issuance not paid from the proceeds of Bonds, travel, payments for pension, retirement, health and hospitalization and life and disability insurance benefits, payments for insurance against losses on the pool of Program Loans and payments to maintain letters of credit obtained to secure the ability of THDA to pay, redeem or purchase Bonds. Program Expenses may also include amounts for establishing and maintaining a two-month reserve to pay operating costs and a reasonable reserve for losses and expenses estimated to be incurred by THDA and amounts appropriate to reimburse THDA for Program Expenses paid from other sources. Program Expenses shall include the amount of any rebate required to be calculated and set aside by THDA pursuant to applicable federal tax law. THDA in its discretion may calculate the rebate amount annually or at the end of such other periods that it may choose as long as the first rebate calculation and all succeeding rebate calculations are performed no later than required by applicable federal tax law.

"*Program Guidelines*" means the Program Guidelines adopted by THDA for the Program as in effect on the date of adoption of this Resolution and as revised, amended, altered or supplemented from time to time in accordance with the Act.

"*Program Loan*" means any obligation, including a participation interest therein, acquired by THDA by the expenditure of amounts in the Loan Fund. Such Program Loan shall be made to finance the acquisition of residential housing, or if authorized by a Supplemental Resolution, to finance costs of improvements to or rehabilitation of residential housing or to provide downpayment and closing cost assistance. If authorized by a Supplemental Resolution, the term "Program Loan" shall also include a Program Security backed by a pool of Program Loans satisfying any conditions as may be set forth in such Supplemental Resolution.

"*Program Loan Loss Coverage*" means that portion of the principal amount of Program Loans outstanding which must be treated as a loss for purposes of maintaining the current ratings on the Bonds.

"*Program Security*" means an obligation representing an undivided interest in a pool of Program Loans issued and acquired pursuant to the Program, to the extent the payments to be made on such obligation are guaranteed or insured by a Federal Mortgage Agency.

"*Projected Cash Flow Statement*" means a Certificate delivered pursuant to the provisions of Section 7.11.

"*Rating Agency*" means any nationally recognized credit rating agency then maintaining a rating on the Bonds at the request of THDA; initially, Moody's and S&P.

"*Redemption Account*" means the Redemption Account which is established and created in the Revenue Fund pursuant to this Resolution.

"*Redemption Date*" means the date upon which Bonds are to be called for redemption pursuant to this Resolution.

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

"*Refunding Bond*" means any Bond authenticated and delivered on original issuance pursuant to Section 2.7 or thereafter authenticated and delivered in lieu of or in substitution for any such Bond pursuant to this Resolution.

"*Resolution*" means this Resolution and any amendments or supplements made in accordance with its terms.

"*Revenue Fund*" means the Revenue Fund established pursuant to Section 5.1.

"*Revenues*" means, upon receipt thereof by THDA, all payments proceeds, rents, charges and other cash income received by THDA from or on account of any Program Loan (including scheduled, delinquent and advance payments of, and any insurance proceeds with respect to, principal and interest on any Program Loan) or Program Security, but excludes (i) any amount retained by a servicer of any Program Loan as compensation for services rendered in connection with such Program Loan, (ii) any payments for the guaranty or insurance of any Program Loan or Program Security, (iii) any payments of taxes, assessments or similar charges or premiums or other charges for fire or other hazard insurance (and any escrow payments in connection therewith) called for by any Program Loan and (iv) payments or charges constituting construction performance or completion reserves required pursuant to a Program Loan.

"*S&P*" means Standard & Poor's Rating Services, a Standard & Poor's Financial Services LLC business, and any successor.

"*Series*" means all of the Bonds authenticated and delivered on original issuance in a simultaneous transaction, regardless of variations in maturity, interest rate, Sinking Fund Payments or other provisions, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for (but not to refund) such Bonds as herein provided.

"*Sinking Fund Payment*" means, as of any particular date of calculation, the amount required to be paid at all events by THDA on a certain future date for the retirement of Outstanding Bonds which mature after said future date, but does not include any amount payable by THDA by reason of the maturity of a Bond or by call for redemption at the election of THDA.

"*State*" means the State of Tennessee.

"*Supplemental Resolution*" means any resolution supplemental to or amendatory of this Resolution, adopted by THDA and effective in accordance with Article VIII.

"*THDA"* means the Tennessee Housing Development Agency, or any body, agency or instrumentality of the State which shall hereafter succeed to the powers, duties and functions of THDA.

"*Trustee*" means U.S. Bank National Association, the Trustee appointed as provided in Section 11.1 and its successor or successors and any other person at any time substituted in its place pursuant to this Resolution.

Section 1.3. Interpretation. In this Resolution, unless the context otherwise requires:

(1) the terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Resolution, refer to this Resolution, and the term "heretofore" means before, and the term "hereafter" means after, the date of adoption of this Resolution;

(2) words of the masculine gender mean and include correlative words of the feminine and neuter genders and words importing the singular number mean and include the plural number and vice versa;

(3) words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(4) any headings preceding the texts of the several Articles and Sections of this Resolution, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Resolution, nor shall they affect its meaning, construction or effect;

(5) if at any time there shall be one person who shall be the holder of all of the Outstanding Bonds and the consent of the Trustee shall be required, the consent of such person shall be required in lieu of the consent of the Trustee, unless such person shall have been notified and shall not have consented within a reasonable period of time;

(6) this Resolution shall be governed by and construed in accordance with the applicable laws of the State;

(7) words importing the redemption or redeeming of a Bond or the calling of a Bond for redemption do not include or connote the payment of such Bond at its stated maturity or the purchase of said Bond;

(8) the date upon which any Sinking Fund Payment is required to be paid pursuant to this Resolution and the provisions of the Bonds of each Series shall be deemed to be the date upon which such Sinking Fund Payment is payable and the Outstanding Bonds to be retired by application of such Sinking Fund Payment shall be deemed to be the Bonds entitled to such Sinking Fund Payment;

(9) the verb "finance", when used with reference to a Program Loan, shall be construed to include (i) the making or purchase of such Program Loan (ii) the participation by THDA, either with itself or with others, in the making or purchase thereof or (iii) the permanent financing of a Program Loan which has been temporarily financed by THDA through the issuance of notes or other obligations or otherwise;

(10) references to the payment of the Bonds shall be deemed to include references to the payment of interest thereon;

(11) any moneys, documents, securities, obligations or other items received by the Trustee pursuant to the terms of this Resolution shall be deemed to have been received by THDA;

(12) any reference in this Resolution to principal or interest on bonds which is payable on a certain date or during a certain period of time is a reference to an amount payable on such date or during such period and does not include the obligation to pay any principal or interest after such date or period;

(13) any reference to the principal amount of Bonds shall be a reference to the Maturity Amount or the Compounded Amount thereof as of any particular date of computation in the case of Appreciation Bonds and shall mean the amount, irrespective of interest, payable upon the maturity of any Bond which is not an Appreciation Bond;

(14) references to "semi-annual" payments of interest or compounding of yield refer to payment or compounding on January 1 and July 1 of each year; and

(15) the "Compounded Amount" of an Appreciation Bond represents an accrual of the principal amount thereof payable at maturity and does not represent interest thereon, except that, for purposes of determining the Redemption Price of a Bond, the priority of payments under Section 10.3 and the required principal amount in connection with approvals and consents of Bondholders pursuant to this resolution, any

increase in the Compounded Amount occurring since the most recent Interest Payment Date shall be treated as if it were interest.

(B) Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person, other than THDA, the Fiduciaries and the holders of the Bonds, any right, remedy or claim under or by reason of this Resolution or any covenant, condition or stipulation thereof. All the covenants, stipulations, promises and agreements herein contained by and on behalf of THDA, shall be for the sole and exclusive benefit of THDA, the Fiduciaries and the holders of the Bonds.

(C) If any one or more of the covenants or agreements provided herein on the part of THDA or any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed separable from the remaining covenants and agreements hereof and shall in no way affect the validity of the other provisions of this Resolution or of the Bonds.

ARTICLE II

TERMS OF BONDS

Section 2.1. Authorization for Resolution and Bonds. This Resolution and the issuance of Bonds hereunder have been duly authorized by THDA and the principal amount of Bonds that may be issued hereunder is not limited except as provided herein or by law. THDA has ascertained and it is hereby determined and declared that the adoption of this Resolution is necessary to carry out the powers and duties expressly provided by the Act, that each and every act, matter, thing or course of conduct as to which provision is made herein is necessary or convenient in order to carry out and effectuate the purposes of THDA in accordance with the Act and to carry out powers expressly given in the Act, and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Bonds and are contracts or agreements necessary, useful and convenient to carry out and effectuate the purposes of THDA under the Act.

Section 2.2. Resolution to Constitute Contract. The provisions of this Resolution shall be deemed to be and shall constitute a contract among THDA, the Trustee and the holders from time to time of the Bonds. The pledges and assignments made hereby and the provisions, covenants and agreements herein set forth to be performed by or on behalf of THDA shall be for the equal benefit, protection and security of the holders of any and all of such Bonds, each of which, regardless of the time or times of its issue or maturity, shall be of equal rank without preference, priorit y or distinction over any other thereof except as expressly provided in this Resolution.

Section 2.3. Obligation of Bonds.

(A) This Resolution creates an issue of Bonds of THDA and creates a continuing pledge and lien to secure the full and final payment of the principal and Redemption Price of and interest on such Bonds, including any Sinking Fund Payments for the retirement thereof. The Bonds shall be special, limited obligations of THDA payable solely from the revenues and assets pledged therefor pursuant to this Resolution. The Bonds shall not be deemed to constitute a debt, liability, or obligation of the State or of any other political subdivision thereof, and neither the full faith and credit, nor the taxing power of the State or any political subdivision thereof, is pledged to the payment of the principal of or the interest on the Bonds. The Bonds shall contain on their face a statement that THDA shall not be obligated to pay the Bonds, nor the interest thereon, except from the revenues or assets pledged by THDA therefor and that neither the full faith and credit, nor the taxing power of the State or of any political subdivision thereof, is pledged to the payment of the principal of or the interest on the Bonds.

(B) The Revenues and Non-Mortgage Receipts and all amounts held in any Fund or Account, including investments thereof, are hereby pledged to secure the payment of the Bonds (including the Sinking Fund Payments for the retirement thereof) in accordance with their terms and the provisions of this Resolution, subject only to the provisions of this Resolution permitting the application or exercise thereof for or to the purposes and on the terms and conditions herein set forth. In addition, subject to the provisions of subsection 10.2(D), THDA hereby pledges and assigns, to secure the payment of the Bonds, all right, title and interest of THDA in and to the Program Loans, including any extensions and renewals thereof. To the fullest extent provided by the Act and other applicable laws, the money and property hereby pledged shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act and such lien shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise, irrespective of whether such parties have notice hereof.

Section 2.4. Authorization of Bonds. In order to provide sufficient funds for the operation of the Program or for the refunding of Bonds, bonds of THDA are hereby authorized to be issued from time to time hereunder in one or more Series without limitation as to amount except as may be provided by law. No Bonds shall be issued unless they are part of an issue described in a Supplemental Resolution and until the conditions contained in Section 2.6 or, in the case of Refunding Bonds, Section 2.7 are satisfied.

Section 2.5. Issuance and Delivery of Bonds. After their authorization by THDA, Bonds of a Series may be executed by or on behalf of THDA and delivered to the Trustee for authentication and, upon compliance by THDA with the requirements of Section 2.6 and, in the case of Refunding Bonds, Section 2.7, the Trustee shall thereupon authenticate and deliver such Bonds to or upon the order of THDA.

Section 2.6. Conditions Precedent to Delivery of Bonds. The Bonds of each Series shall be executed by THDA for issuance and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to THDA or upon its order, but only upon the receipt by the Trustee of:

(1) a copy of the Supplemental Resolution authorizing such Series, certified by an Authorized Officer, which shall specify:

(a) the authorized principal amount (by reference to the amount payable at maturity thereof) and designation of such Bonds;

(b) the purposes for which such Bonds are being issued, which shall be one or more of the following: (i) the making of deposits into the Loan Fund, (ii) the making of deposits in at least the amounts, if any, required by this Resolution into the Revenue Fund and Bond Reserve Fund, (iii) the refunding of any Bonds, or (iv) any combination of the foregoing;

(c) the dated dates and maturity dates of such Series of Bonds (or the manner of determining such dates);

(d) the interest rates of such Bonds (or the manner of determining such rate or rates) and the Interest Payment Dates therefor;

(e) the denominations of, and the manner of dating, numbering and lettering, such Bonds;

(f) the Paying Agents and the places of payment of such Bonds or, subject to Article XI, the manner of appointing and designating the same;

(g) the Redemption Prices, if any, of and, subject to the provisions of Article VI, the redemption terms for such Bonds or the manner of determining such Redemption Prices or terms of redemption;

(h) the amounts and due dates of the Sinking Fund Payments, if any, for any of such Bonds of like maturity or the manner of determining such amounts and dates;

(i) provisions for the time, place and manner of such sale of such Bonds, as provided in the Act;

(j) provisions concerning the forms of such Bonds and of the Trustee's certificate of authentication; and

(k) any other provisions deemed advisable by THDA as shall not conflict with the provisions hereof;

(2) a Bond Counsel's Opinion to the effect that (i) such Supplemental Resolution and any other authorization or determination necessary as a condition precedent to the delivery of such Bonds has been duly and lawfully adopted or made and is in full force and effect; (ii) this Resolution has been duly and lawfully authorized, executed and delivered by THDA and is valid and binding upon, and enforceable against, THDA (except to the extent that the enforceability thereof may be limited by the operation of bankruptcy, insolvency and similar laws affecting rights and remedies of creditors); (iii) this Resolution creates the valid pledge which

it purports to create of the Revenues and of moneys and securities or deposit in any of the Funds established hereunder, including the investments, if any, thereof, subject to the application thereof to the purposes and on the conditions permitted by this Resolution; and (iv) upon the execution, authentication and delivery thereof, such Bonds will have been duly and validly authorized and issued in accordance with the constitution and statutes of the State, including the Act as amended to the date of such Opinion, and in accordance with this Resolution;

(3) a written order as to the delivery of such Bonds, signed by an Authorized Officer and attaching a schedule of Compounded Amounts in the event THDA wishes to specify such amounts with respect to any Appreciation Bonds which constitute a portion of such issue;

(4) the amount of the proceeds of such Bonds to be deposited with the Trustee pursuant to Section 4.1;

(5) except in the case of the initial Series of Bonds hereunder, a Certificate of an Authorized Officer stating that the conditions of Section 7.14 for the issuance of additional Bonds have been met;

(6) a Projected Cash Flow Statement, as of the date of such delivery, complying with the conditions of subsection 7.11(C); and

(7) such further documents and moneys as are required by the provisions of Article VIII or any Supplemental Resolution entered into pursuant to Article VIII.

Section 2.7. Conditions Precedent to Delivery of Refunding Bonds.

(A) In addition to the requirements of Section 2.6, Refunding Bonds of any Series shall be authenticated by the Trustee only upon the receipt by the Trustee of:

(1) irrevocable instructions to the Trustee to give due notice of the payment or redemption of all the obligations to be refunded (which may include Bonds, or bonds or other obligations of THDA issued pursuant to THDA resolutions other than the Resolution) and the payment or redemption dates, if any, upon which such obligations are to be paid or redeemed;

(2) if the obligations to be refunded are to be redeemed subsequent to the next succeeding ninety days, irrevocable instructions to the Trustee to give, in accordance with the appropriate resolution of THDA which authorized the issuance of such obligations, notice of the redemption of such obligations on a specified date prior to their redemption date; and

(3) either (i) moneys (which may include all or a portion of the proceeds of the Refunding Bonds to be issued) in an amount sufficient to effect payment or redemption at the applicable redemption price of the obligations to be refunded, together with accrued interest on such obligations to the due date or redemption date, or (ii) Investment Securities as described in subsection (B) of Section 12.1 (or, as applicable, such other investments as required by the appropriate resolution of THDA which authorized the issuance of such obligations to cause such obligations to be similarly defeased), the principal of and interest on which when due (without reinvestment thereof), together with the moneys (which may include all or a portion of the proceeds of the Refunding Bonds to be issued), if any, contemporaneously deposited with the Trustee, will be sufficient to pay when due the applicable principal or redemption price of the obligations to be refunded, together with accrued interest on such obligations to the redemption dates or dates of maturity thereof, which moneys or appropriate investments shall be held by the Trustee or any one or more of the Paying Agents in the Redemption Fund, or, as applicable, by the Trustee under the resolution of THDA which authorized the issuance of such obligations.

(B) To the extent the obligations being refunded are Bonds issued hereunder, except as provided in Section 12.1 or paragraph 10.2(A)(6), neither Investment Securities nor moneys deposited with the Trustee pursuant to paragraph (A)(3) of this Section or principal or interest payments on any such Investment Securities shall be withdrawn or used for any purpose other than the payment of the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the Redemption Date, and any cash received from such principal or interest payments, if not then needed for such purpose, shall, to the extent practicable, be reinvested in such Investment Securities as are described in subsection 12.1(B) maturing at times and in amounts sufficient to pay when due the

principal or applicable Redemption Price of such Bonds, together with such accrued interest. Nothing in this Section, however, is intended to restrict the use of amounts received on account of any portion of the principal or interest on any Investment Securities deposited pursuant to subsection (A) above which are in excess of the amounts required to be so deposited in order to provide moneys sufficient to pay when due the applicable principal or Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds and, to the extent such Bonds have been deemed to have been paid within the meaning of Section 12.01, such amounts may be pledged by THDA and withdrawn by THDA as received and applied to any purpose of THDA, free and clear of the lien of this Resolution.

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

Section 3.1. Medium of Payment, Denomination, Maturities, Form and Date.

(A) The Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

(B) Except as may otherwise be provided in a Supplemental Resolution, all Bonds shall be in the denomination of $5,000 each or in denominations of any whole multiple thereof.

(C) Except as may otherwise be provided in a Supplemental Resolution, the date upon which any Principal Installment with respect to a Series of Bonds is payable shall be the first day of any January or July. Except as may otherwise be provided in a Supplemental Resolution, interest on each Bond shall be payable semiannually on the first day of any January or July commencing, with respect to any Series of Bonds, on the January 1 or July 1 set forth in the Supplemental Resolution adopted in connection with the issuance of such Series.

(D) Bonds shall be issued in fully registered form, without coupons.

(E) All Bonds shall bear interest from their date unless another date for the accrual of interest thereon is specified in such Bond. Interest may be made payable at a final or variable rate, based on the principal amount of the Bond (including the Compounded Amount from time to time), or upon any other amount specified in the Bond or incorporated therein by reference. Upon the original delivery of the Bonds or an exchange or transfer of Bonds pursuant to Section 3.5 or Section 3.6 hereof, the Trustee shall note the date of authentication on each Bond to be delivered. Each Bond delivered upon transfer or in exchange for or in lieu of any other Bond shall carry all the right to interest accrued and unpaid, and to accrue, which were carried by such other Bond.

Section 3.2. Legends. The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Resolution as may be necessary or desirable to comply with custom, or otherwise.

Section 3.3. Interchangeability of Bonds. Upon surrender thereof at the principal or corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his duly authorized attorney, Bonds may at the option of the registered owner thereof, and upon payment by such registered owner of any charges which the Trustee may make as provided in Section 3.6, be exchanged for an equal aggregate principal amount of Bonds of the same Series, maturity and interest rate of any of the authorized denominations.

Section 3.4. Negotiability and Registry. All the Bonds issued under this Resolution shall be negotiable, subject to the provisions for registration, transfer and exchange contained in this Resolution and in the Bonds. So long as any of the Bonds shall remain Outstanding, THDA shall maintain and keep, at the principal or corporate trust office of the Trustee, books for the registration, transfer and exchange of Bonds. So long as any of the Bonds remain Outstanding, THDA shall make all necessary provisions to permit the exchange of Bonds at the corporate trust office of the Trustee.

Section 3.5. Transfer of Bonds.

(A) Except as provided for in Section 3.7 herein, each fully registered Bond shall be transferable only upon the books of THDA, which shall be kept for such purpose at the corporate trust office of the Trustee, by the registered owner thereof in person or by his 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 duly authorized attorney. Upon the transfer of any such fully registered Bond, THDA shall issue in the name of the transferee a new fully registered Bond or Bonds of the same aggregate principal amount, Series and maturity as the surrendered Bond.

(B) THDA and any Fiduciary may deem and treat the person in whose name any Bond shall be registered upon the books of THDA as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of and interest on such Bond and for all other purposes and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither THDA nor any Fiduciary shall be affected by any notice to the contrary.

Section 3.6. Regulations With Respect to Exchanges and Transfers. Except as provided for in Section 3.6 herein, in all cases in which the privilege of exchanging or transferring Bonds is exercised, THDA shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Resolution. For every such exchange or transfer of Bonds, whether temporary or definitive, THDA or the Trustee may make a charge sufficient to reimburse it for any expenses of THDA or the Trustee in connection therewith and for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, and, except with respect to the delivery of definitive Bonds in exchange for temporary Bonds or as otherwise provided herein, may charge a sum sufficient to pay the cost of preparing each new Bond issued upon such exchange or transfer, which sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. If the Bonds are not registered with a central depository system as provided in Section 3.7, THDA shall not be obliged to make any such exchange or transfer of Bonds (i) during the ten days preceding an Interest Payment Date on such Bonds, (ii) during the ten days preceding the date of the mailing of notice of any proposed redemption of Bonds, or (iii) with respect to any particular Bond, after such Bond has been called for redemption. THDA may, by written notice to the Trustee, establish a record date for the payment of interest or for the giving of notice of any proposed redemption of Bonds, but such record date shall be not more than ten days preceding an Interest Payment Date on such Bonds or, in the case of any proposed redemption of Bonds next preceding the date of the first redemption of Bonds.

Section 3.7. Central Depository System.

(A) Notwithstanding the other provisions of this Resolution regarding registration, ownership, transfer, Bondholder consent, payment and exchange of Bonds, and the giving of notices of Bondholders as required by the provisions of this Resolution, a Supplemental Resolution may provide that all or a portion of Bonds shall be issued as book-entry only Bonds and registered in the name of a central securities depository or its nominee (the "Central Securities Depository"), in which case matters relating to registration, ownership, transfer, consent, payment and exchange of Bonds, and relating to the giving of notices to Bondholders as required by the provisions of this Resolution, shall be governed by the operational arrangements of such Central Securities Depository.

(B) With respect to Bonds registered in the registry books kept by the Trustee in the name of a Central Securities Depository, THDA and the Trustee shall have no responsibility or obligation to any participant or to any beneficial owner. Without limiting the immediately preceding sentence, THDA and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Central Securities Depository or any participant with respect to any ownership interest in the Bonds, (ii) the delivery to any participant, any beneficial owner or any other person other than the Central Securities Depository, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any participant, any beneficial owner or any other person, other than the Central Securities Depository, of any amount with respect to the principal of or premium, if any or interest on the Bonds. THDA and the Trustee may treat as and deem the Central Securities Depository to be the absolute owner of each Bond, for the purpose of payment of the principal of and premium and interest on such Bond for the purpose of giving notices of redemption and other matters with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of and premium, if any, and interest on the Bonds only to or upon the order of the Central Securities Depository, and all such payments shall be valid and effective to fully satisfy and discharge THDA's obligations with respect to the principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than the Central Securities Depository shall receive an authenticated Bond evidencing the obligation of THDA to make payments of principal of and premium, if any, and interest pursuant to this Resolution. Upon delivery by the Central Securities Depository to the Trustee of written notice to the effect that the Central Securities Depository has determined to substitute a new nominee, and subject to the provisions herein with respect to consents, the words "Central Securities Depository" in this Resolution shall refer to such new nominee of the Central Securities Depository.

(C) Upon receipt by THDA and the Trustee of written notice from the Central Securities Depository to the effect that the Central Securities Depository is unable or unwilling to discharge its responsibilities and no substitute the Central Securities Depository can be found which is willing and able to undertake such functions upon reasonable and customary terms, then the Bonds shall no longer be restricted to being registered in the registry books of THDA kept by the Trustee in the name of the Central Securities Depository, but may be registered in whatever name or names the beneficial owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Resolution.

(D) In the event THDA determines that it is in the best interests of the beneficial owners that they be able to obtain Bond certificates and subject to the operational arrangements of such Central Securities Depository, THDA may notify the Central Securities Depository and the Trustee, whereupon the Central Securities Depository will notify the participants, of the availability through the Central Securities Depository of Bond certificates. In such event, the Trustee shall issue, transfer and exchange Bond certificates as requested by the Central Securities Depository and any other Bondowners in appropriate amounts, and whenever the Central Securities Depository requests THDA and the Trustee to do so, the Trustee and THDA will cooperate with the Central Securities Depository in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Bond to any Central Securities Depository participant having Bonds credited to its Central Securities Depository account or (ii) to arrange for another Central Securities Depository to maintain custody of certificates evidencing the Bonds.

(E) In connection with any notice of other communication to be provided to Bondholders pursuant to this Resolution by THDA or the Trustee with respect to any consent or other action to be taken by Bondholders, THDA or the Trustee, as the case may be, shall establish a record date for such consent or other action and give the Central Securities Depository notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

(F) Any transfer of a Bond affected in accordance with this Section 3.7 shall be subject to applicable laws of the State.

Section 3.8. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, THDA shall execute and the Trustee shall authenticate a new Bond of like interest rate, maturity, principal amount and other terms as the Bond so mutilated, destroyed, stolen or lost. In the case of a mutilated Bond, such new Bond shall be delivered only upon surrender and cancellation of such mutilated Bond. In the case of Bonds issued in lieu of and substitution for a Bond which have been destroyed, stolen or lost, such new Bond shall be delivered only upon filing with the Trustee of evidence satisfactory to establish to THDA and the Trustee that such Bond have been destroyed, stolen or lost and to prove the ownership thereof and upon furnishing THDA and the Trustee with indemnity satisfactory to them. The person requesting the authentication and delivery of a new Bond pursuant to this Section shall comply with such other reasonable regulations as THDA and the Trustee may prescribe and pay such expenses as THDA and the Trustee may incur in connection therewith. All Bonds so surrendered to the Trustee shall be cancelled by it and evidence of such cancellation shall be given to THDA.

Section 3.9. Preparation of Definitive Bonds; Temporary Bonds.

(A) Definitive Bonds shall be typed, lithographed or printed on steel engraved borders; provided, that Bonds which are held by a Central Securities Depository shall be in form acceptable to such Central Securities Depository. Until definitive Bonds are prepared THDA may execute and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, except as to the denominations thereof and as to exchangeability, one or more temporary Bonds, substantially of the tenor of the definitive Bonds in lieu of which such temporary Bonds are issued, in denominations of $5,000 or such other denomination as may be authorized for such Bonds or any multiple thereof, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. Upon surrender of such temporary Bonds for exchange and cancellation, THDA at its own expense shall prepare and execute and, without charge to the holder thereof, deliver in exchange therefor, at the corporate trust office of the Trustee, definitive Bonds of the same aggregate principal amount, Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds issued pursuant to this Resolution.

(B) All temporary Bonds surrendered in exchange for definitive Bonds shall be forthwith cancelled by the Trustee.

Section 3.10. Cancellation and Destruction of Bonds. All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment or redemption is made, and such Bonds, together with

all Bonds purchased by the Trustee, shall thereupon be promptly cancelled. Bonds so cancelled may at any time be cremated or otherwise destroyed by the Trustee, who shall execute a Certificate of cremation or destruction in duplicate by the signature of one of its authorized officers describing the Bonds so cremated or otherwise destroyed, and one executed Certificate shall be filed with THDA and the other executed Certificate shall be retained by the Trustee. Notwithstanding the foregoing, Bonds purchased by THDA shall not be cancelled to the extent that upon such purchase THDA shall have delivered to the Trustee (i) a Certificate of an Authorized Officer to the effect that such Bond shall be purchased but not cancelled and (ii) in the event the interest on such Bonds is excludable from gross income for purposes of federal income taxation, a Bond Counsel's Opinion to the affect that the failure to cancel such Bond will not, in and of itself, adversely affect such excludability.

Section 3.11. Execution and Authentication.

(A) After their authorization by a Supplemental Resolution, Bonds of a Series may be executed by or on behalf of THDA and delivered to the Trustee for authentication. The Bonds shall be executed in the name and on behalf of THDA by the manual or facsimile signature of the Chairman, Vice Chairman or Executive Director of THDA and the corporate seal of THDA (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced thereon, and attested by the manual or facsimile signature of any other Authorized Officer, or in such other manner as may be required by law. In case any one or more of the officers or employees who shall have signed or sealed any of the Bonds shall cease to be such officer or employee before the Bonds so signed and sealed shall have been actually delivered, such Bonds may, nevertheless, be delivered as herein provided, and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office or be so employed. Any Bonds of a Series may be signed and sealed on behalf of THDA by such persons as at the actual time of the execution of such Bond shall be duly authorized or hold the proper office in or employment by THDA, although the date of the Bonds of such Series such persons may not have been so authorized or have held such office or employment.

(B) The Bonds of each Series shall bear thereon a certificate of authentication, in the form set forth in the Supplemental Resolution authorizing such Bonds, executed manually by the Trustee. No Bond shall be entitled to any right or benefit under this Resolution or shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any Bond executed on behalf of THDA shall be conclusive evidence that the Bond so authenticated and delivered under this Resolution and that the holder thereof is entitled to the benefits hereof.

ARTICLE IV

APPLICATION OF BOND PROCEEDS AND OTHER AMOUNTS

Section 4.1. Application of Bond Proceeds, Accrued Interest and Premium. The proceeds of sale of any Series of Bonds, other than the proceeds of Refunding Bonds, shall, as soon as practicable upon the delivery thereof by the Trustee pursuant to Section 2.6 be applied as follows:

(1) the amount, if any, necessary to cause the amount on deposit in the Bond Reserve Fund to at least equal the Bond Reserve Fund Requirement immediately following the time of such delivery shall be deposited in the Bond Reserve Fund, together with such additional amount, if any, as may be specified in the Supplemental Resolution authorizing such Series; and

(2) the balance remaining after such deposit has been made shall be applied as specified in the Supplemental Resolution or as provided in a Certificate of an Authorized Officer.

Section 4.2. Application of Amounts in the Loan Fund. No amount in the Loan Fund shall be expended or applied for the purpose of financing Program Loans except upon compliance with the provisions of subsection 5.2(C). In addition, no Program Loan shall be financed unless such Program Loan (i) complies in all respects with the Act in effect on the date of financing and (ii) complies with any additional program covenants or requirements contained in the related Supplemental Resolution.

Section 4.3. Application of Proceeds of Refunding Bonds. The proceeds of the Refunding Bonds of a Series shall be deposited in the Redemption Account or the Debt Service and Expense Account as provided in the Supplemental Resolution authorizing such Bonds.

Section 4.4. Deposits. Except as provided in Sections 2.7 and 12.1 and subject to the right of THDA to direct the deposit of funds, whenever such amounts are not invested in Investment Securities, the Trustee shall, if permitted by law, deposit amounts or cause amounts to be deposited from any Fund held by the Trustee or under its control pursuant to the terms of this Resolution in interest-bearing time deposits or certificates of deposit, or may enter into repurchase agreements or make other similar banking arrangements with itself or a member bank or banks of the Federal Reserve System or a bank, the deposits of which are insured by the Federal Deposit Insurance Corporation or its successor. Each such interest-bearing time deposit, repurchase agreement or certificate of deposit or other similar banking arrangement shall permit the moneys so placed to be available at the times at which moneys are needed by THDA to be expended and, except to the extent that any such deposits shall be insured by the United States of America or the Federal Deposit Insurance Corporation, or its successor, on terms which in the judgment of THDA (as expressed in written instructions to the Trustee) provide reasonable liquidity, all moneys in each such interest-bearing time deposit, certificate of deposit, repurchase agreement or other similar banking arrangement shall be either continuously and fully secured under the laws of the State as determined by Board of Directors of THDA by Investment Securities (or other obligations rated in either of the two highest rating categories by a nationally recognized rating service) having a market value equal at all times to the amount of the interest-bearing time deposit, repurchase agreement, certificate of deposit or other similar banking arrangement. Notwithstanding the foregoing, repurchase agreements and other similar arrangements may also be entered into with government bond dealers reporting to, trading with and recognized as primary dealers by a Federal Reserve Bank and may be entered into with any other person if (i) all amounts payable thereunder, are fully and continuously secured by Investment Securities of the type described in clauses (1) through (6) of the definition thereof in Section 1.2, (ii) the Trustee shall receive confirmation that such securities are being held for the benefit (and subject to the direction) of the Trustee by a national bank or member bank of the Federal Reserve System other than the obligor under such arrangement and (iii) the market value of the Investment Securities being held shall be maintained at a level sufficient to maintain the then current rating on the Bonds by each Rating Agency.

Section 4.5. Investment of Certain Funds.

(A) Subject to the right of THDA to direct the investment or deposit of funds hereunder in accordance with this Section, moneys in any Fund shall be continuously invested and reinvested or deposited and redeposited in the highest yield Investment Securities that may be reasonably known to the Trustee, with a view toward maximizing current return (with proper preservation of principal) and minimizing the instances of uninvested funds. THDA shall consult with the Trustee from time to time as to the investment of amounts in the Funds established or confirmed by this Resolution. THDA may direct the Trustee to, or in the absence of direction, the Trustee shall, invest and reinvest the moneys in any Fund in Investment Securities in accordance with this Section and toward the objective that the maturity date or date of redemption at the option of the holder thereof shall coincide as nearly as practicable with the times at which moneys are needed to be so expended.

(B) Investment Securities purchased as an investment of moneys in any Fund held by the Trustee under the provisions of this Resolution shall be deemed at all times to be a part of such Fund but, except as may be otherwise provided for amounts deposited in the Redemption Fund in connection with the issuance of Refunding Bonds, the income or interest earned and gains realized in excess of losses suffered by a Fund due to the investment thereof shall be deposited as Non-Mortgage Receipts in the Non-Mortgage Receipts Account or shall be credited as Non-Mortgage Receipts to the Non-Mortgage Receipts Account from time to time and reinvested.

(C) The Trustee shall sell at the best price obtainable, or present for redemption or exchange, any Investment Security purchased by it pursuant to this Resolution whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the Fund for which such investment was made or whenever, in the discretion of THDA, any such sale or presentment is necessary in compliance with Section 7.9. The Trustee shall advise THDA in writing, on or before the twentieth day of each calendar month, of all investments held for the credit of each Fund in its custody under the provisions of this Resolution as of the end of the preceding month.

Section 4.6. Valuation and Sale of Investments.

(A) In computing the amount in any Fund, obligations purchased as an investment of moneys therein shall be valued at market, except that for purposes of determining the Bond Reserve Fund Requirement, Investment Securities shall be valued at amortized value. Amortized value means par, if the obligation was purchased at par, or, when used with respect to an obligation purchased at a premium above or a discount below par, means the value as of any given time obtained by dividing the total premium or discount at which such obligation was purchased by the number of interest payments remaining on such obligation after such purchase and deducting the amount thus calculated for each interest payment date after such purchase from the purchase price in the case of an obligation purchased at a

premium or adding the amount thus calculated for each interest payment date after such purchase to the purchase price in the case of an obligation purchased at a discount. Valuation shall be made as soon as practicable prior to each Interest Payment Date and at any other time required hereunder, and on any particular date shall not include the amount of interest then earned or accrued to such date on any investment.

(B) Except as otherwise provided herein, the Trustee shall sell at the best price obtainable, or present for redemption, any Investment Security whenever it shall be requested in writing by an Authorized Officer to do so or whenever it shall be necessary in order to provide moneys to meet any payment or transfer from any Fund held by it. An Investment Security may be credited on a pro-rata basis to more than one Fund and need not be sold in order to provide for the transfer of amounts from one Fund to another.

ARTICLE V

FUNDS

Section 5.1. Establishment of Funds.

(A) THDA hereby establishes and creates the following special trust funds:

(1) Loan Fund;

(2) Revenue Fund; and

(3) Bond Reserve Fund.

(B) All such Funds shall be held and maintained by the Trustee and shall be identified by THDA and the Trustee according to the designations herein provided in such manner as to distinguish such Funds from the Funds established by THDA for any other of its obligations. All moneys or securities held by the Trustee pursuant to this Resolution shall be held in trust and applied only in accordance with the provisions of this Resolution and the Act.

(C) This Resolution contemplates the establishment of Subaccounts within the Funds created pursuant to this Resolution. In addition to the Subaccounts established hereunder, the Trustee may from time to time, establish, close and reestablish such additional Funds, Accounts or Subaccounts as may be requested by THDA for convenience of administration of the Program and as shall not be inconsistent with the provisions of this Resolution. Notwithstanding anything in this Resolution to the contrary, including Section 2.2 hereof, to the extent provided in a Supplemental Resolution authorizing a Series of Bonds, THDA may cause the Trustee to establish a Subaccount into which the net proceeds of such Series of Bonds shall be deposited, held, applied and invested separate and apart from all other funds on deposit hereunder and such Supplemental Resolution may provide that initial proceeds of such Bonds on deposit therein are pledged solely to certain of the Bonds of such Series.

Section 5.2. Loan Fund.

(A) There shall be deposited from time to time in the Loan Fund any amount required to be deposited therein pursuant to this Resolution and any other amounts determined to be deposited therein from time to time.

(B) Amounts in the Loan Fund shall be expended only (i) to finance Program Loans, in accordance with Section 4.2; (ii) to pay Costs of Issuance; (iii) to make deposits in the Debt Service and Expense Account, representative of capitalized interest, in the manner provided in subsection (D) of this Section; (iv) to redeem Bonds in accordance with subsection (E) of this Section; and (v) to provide amounts for deposit in the Debt Service and Expense Account in accordance with subsection (F) of this Section. All Program Loans financed by application of amounts in the Loan Fund shall be credited to the Loan Fund.

(C) THDA shall maintain accurate records in the office of THDA describing for each Program Loan the amounts applied to the financing of such Program Loan and the persons and dates related to such payments. Upon the direction by THDA to apply amounts on deposit to the financing of Program Loans an Authorized Officer shall certify that, as to the Program Loans expected to be financed (i) the terms of such Program Loans will conform to the description of the Program Loans to be financed from such amount as set forth in the most recent Projected Cash Flow Statement delivered to the Trustee and (ii) such Program Loans will comply with the provisions of Section 4.2. The

Trustee shall pay out and permit the withdrawal of amounts on deposit in the Loan Fund at any time for the purpose of making payments pursuant to this Section only upon receipt of:

(1) a written requisition setting forth the amount to be paid, the person or persons to whom such payment is to be made (which may be or include THDA) and, in reasonable detail, the purpose or purposes of such withdrawal; and

(2) a Certificate of an Authorized Officer identifying such requisition and stating that the amount to be withdrawn from the Loan Fund pursuant to such requisition is a proper charge thereon.

(D) At least one day prior to each Interest Payment Date THDA shall deliver to the Trustee a Certificate of an Authorized Officer setting forth the amount necessary, in the opinion of such Authorized Officer, to pay interest on the Bonds of each Series from the amount on deposit in the Loan Fund, after giving effect to the actual and expected application of amounts therein to the financing of Program Loans as of the date of such Certificate. Upon receipt of such Certificate the Trustee shall transfer the amount so stated for each Series to the Debt Service and Expense Account, but only to the extent that the cumulative amount of such transfers does not exceed for each Series the amount stated as necessary to be reserved in the Loan Fund for the purpose of paying capitalized interest pursuant to the Projected Cash Flow Statement delivered in connection with the delivery of such Series pursuant to subsection 7.11 plus the amount, if any, certified by an Authorized Officer as available for such purpose from amounts originally reserved in the Loan Fund for the payment of capitalized interest and Costs of Issuance with respect to other Series in excess of the amounts actually required therefor.

(E) At any time THDA may direct the Trustee in writing to transfer amounts in the Loan Fund to the Redemption Account or to apply such amounts directly to the redemption, purchase or retirement of Bonds in accordance with their terms and the provisions of Article VI.

(F) THDA may at any time direct the Trustee to transfer amounts in the Loan Fund to the Revenue Fund, but only if there is delivered to the Trustee a Projected Cash Flow Statement showing the amount to be so transferred and that, after giving effect to such transfer, such Statement complies with subsection 7.11(C).

Section 5.3. Revenue Fund.

(A) The Trustee shall establish and create within the Revenue Fund three Accounts into which amounts shall be deposited and from which amounts shall be transferred as provided in this Section. These Accounts shall be designated as the Debt Service and Expense Account, the Redemption Account and the Non-Mortgage Receipts Account. THDA shall cause all Revenues to be deposited promptly with the Trustee (at least monthly) and such amounts shall be deposited in the Debt Service and Expense Account. There shall also be deposited in the Debt Service and Expense Account any other amounts required to be deposited therein pursuant to this Resolution.

(B) The Trustee shall pay out of the Debt Service and Expense Account to the respective Paying Agents for any of the Bonds (i) on or before each Interest Payment Date, the amounts required for the payment of the Principal Installments, if any, and interest due on the Outstanding Bonds on such date and (ii) on or before the Redemption Date or date of purchase, the amounts required for the payment of accrued interest on Outstanding Bonds redeemed or purchased for retirement, unless the payment of such accrued interest shall be otherwise provided for, and in each such case, such amounts shall be applied by such Paying Agents to such payments. Upon receipt of appropriate requisitions and certificates reflecting such payment in the form prescribed by subsection 5.2(C), amounts on deposit in the Debt Service and Expense Account may be applied to the payment of accrued interest in connection with the financing of any Program Loan.

(C) Prior to the forty-fifth day preceding the due date of each Sinking Fund Payment, any amount accumulated in the Debt Service and Expense Account up to the unsatisfied balance of such Sinking Fund Payment may, and if so directed in writing by an Authorized Officer of THDA shall, be applied (together with amounts accumulated in the Revenue Fund with respect to interest on the Bonds for which such Sinking Fund Payment was established) by the Trustee as follows:

(1) to the purchase of Bonds of the Series and maturity for which such Sinking Fund Payment was established, at prices (including any brokerage and other charges) not exceeding the Redemption Price for such Bonds when such Bonds are redeemable by application of said Sinking Fund Payment plus unpaid interest

accrued to the date of purchase, such purchases to be made in such manner as the Trustee shall determine; or

(2) to the redemption, pursuant to Article VI, of such Bonds if then redeemable by their terms at the Redemption Price referred to in clause (1) hereof.

(D) Upon the purchase or redemption of any Bond pursuant to subsection (C) of this Section, an amount equal to the principal amount of the Bond so purchased or redeemed shall be credited toward the next Sinking Fund Payment thereafter to become due and the amount of any excess of the amounts so credited over the amount of such Sinking Fund Payment shall be credited by the Trustee against future Sinking Fund Payments in direct chronological order, unless otherwise instructed in writing by an Authorized Officer at the time of such purchase or redemption. The portion of any Sinking Fund Payment remaining after the crediting thereto of any such amounts and of any amounts to be credited thereto as provided in subsection (K) of this Section (or the original amount of any such Sinking Fund Payment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Payment for the purpose of calculating Sinking Fund Payments due on a future date.

(E) As soon as practicable after the forty-fifth day preceding the due date of any such Sinking Fund Payment, the Trustee shall proceed to call for redemption pursuant to Section 6.3, on such due date, Bonds of the Series and maturity for which such Sinking Fund Payment was established in such amount as shall be necessary to complete the retirement of a principal amount of the Bonds of such maturity equal to the unsatisfied balance of such Sinking Fund Payment. The Trustee shall so call such Bonds for redemption whether or not it then has moneys in the Debt Service and Expense Account sufficient to pay the applicable Redemption Price thereof on the Redemption Date. The Trustee shall pay out of the Debt Service and Expense Account to the appropriate Paying Agents on the date preceding each such Redemption Date the amount required for the redemption of the Bonds so called for redemption, and such amount shall be applied by such Paying Agents to such redemption.

(F) Upon delivery by THDA to the Trustee of a Certificate of an Authorized Officer which states the amount then on deposit in the Debt Service and Expense Account, the Trustee shall promptly transfer from the Debt Service and Expense Account an amount equal to the amount stated in such Certificate as follows:

FIRST: From amounts representing principal payments on Program Loans, the amount, if any, as shall be required by the Code to be applied to the redemption of Bonds shall be transferred to the Redemption Account.

SECOND: From the amount, if any, so available after the transfer provided above has been made, the amount, if any, as shall be required to make any arbitrage rebate payment to the United States of America as required by the Code shall be transferred to THDA to be applied to such payment.

THIRD: From the amount, if any, so available after the transfers provided above have been made, the amount, if any, by which the amount on deposit in the Bond Reserve Fund is less than the Bond Reserve Fund Requirement shall be transferred to the Bond Reserve Fund.

FOURTH: From the amount, if any, so available after the transfers provided above have been made, the amount needed to pay reasonable and necessary Program Expenses which are due and owing shall be transferred to THDA, provided that such transfer is in an amount less than or equal to the amount of such transfer as set forth in the most recent Projected Cash Flow Statement. The Trustee may transfer an amount greater than the amount as set forth in the most recent Projected Cash Flow Statement upon receipt of a Certificate of an Authorized Officer containing an amended Projected Cash Flow Statement that reflects such greater amount and complies with subsection 7.11(C).

FIFTH: From the amount, if any, so available after the transfers provided above have been made, the amount, if any, to be transferred to the Loan Fund shall be so transferred, provided that such transfer is in an amount less than or equal to the amount of such transfer as set forth in the most recent Projected Cash Flow Statement. The Trustee may transfer an amount greater than the amount as set forth in the most recent Projected Cash Flow Statement upon receipt of a Certificate of an Authorized Officer containing an amended Projected Cash Flow Statement that reflects such greater amount and complies with subsection 7.11(C).

SIXTH: From the amount, if any, so available after any transfers provided for above have been made, the remaining amount may be transferred to the Redemption Account upon the direction of THDA and thereafter applied in accordance with subsection (I) of this Section. If the amount of Program Loans (valued at par) and

Investment Securities held by the Trustee hereunder (other than Investment Securities in the Redemption Account) valued in accordance with this Resolution, is greater than 102% of the principal amount of all Bonds Outstanding plus the Program Loan Loss Coverage, then the amount remaining, up to such excess above the 102% of the principal amount of all Bonds Outstanding plus the Program Loan Loss Coverage, may be withdrawn from the Debt Service and Expense Account at any time during the then current Fiscal Year, upon receipt by the Trustee of a Certificate to such effect from an Authorized Officer of THDA, to be applied to any purpose of THDA consistent with Section 7.9, free and clear of the lien of any pledge of this Resolution, provided that such transfer is in an amount less than or equal to the amount of such transfer as set forth in the most recent Projected Cash Flow Statement. The Trustee may transfer an amount greater than the amount as set forth in the most recent Projected Cash Flow Statement upon receipt of a Certificate of an Authorized Officer containing an amended Projected Cash Flow Statement that reflects such greater amount and complies with subsection 7.11(C).

(G) Notwithstanding any other provision of this Section, the Trustee may at any time, upon the written direction of an Authorized Officer, (i) make transfers from the Debt Service and Expense Account to the Bond Reserve Fund, or the Redemption Account or (ii) make payments to THDA for the purpose of paying reasonable and necessary Program Expenses for the then current Fiscal Year. No such transfer or payment shall be made, however, unless such withdrawal is in an amount less than or equal to the amount of such withdrawal as set forth in the most recent Projected Cash Flow Statement.

(H) Notwithstanding the provisions of subsection (A) of this Section, no payments shall be required to be made into the Debt Service and Expense Account so long as the amount on deposit therein shall be sufficient to pay all Outstanding Bonds (including the Sinking Fund Payments for the retirement thereof) in accordance with their terms and the Bonds have been defeased in accordance with Section 12.1 hereof; any Revenues thereafter received by THDA may be applied to any corporate purpose of THDA free and clear of the lien of the pledge of this Resolution.

(I) There shall be deposited in the Redemption Account any amounts which are required to be deposited therein pursuant to this Resolution and any other amounts available therefor and determined by THDA to be deposited therein. Subject to the provisions of the respective Series of Bonds and to the provisions of the respective Supplemental Resolutions authorizing the issuance thereof and authorizing the issuance of Refunding Bonds, all amounts deposited in the Redemption Account shall be applied to the payment, purchase or redemption of Bonds, at the earliest practicable Redemption Date. Subject to the provisions of this Resolution or of any Supplemental Resolution authorizing the issuance of Bonds, requiring the application thereof to the payment, purchase or redemption of any particular Bonds, the Trustee shall apply any amounts deposited in the Redemption Account to the purchase or redemption of Bonds at the times and in the manner provided in this Section and Article VI. Any earnings derived from the investment of amounts deposited in the Redemption Account pursuant to Section 2.7 shall, to the extent required to provide amounts sufficient for the payment or redemption of Bonds in accordance with the conditions for issuance of Refunding Bonds set forth in said Section, be deposited in the Redemption Account. Amounts on deposit in the Redemption Account for the payment, purchase or redemption of any particular Bonds in accordance with the provisions of any Supplemental Resolution authorizing the issuance of Refunding Bonds, including amounts derived from the investment thereof as provided in this subsection, shall be segregated and shall be identified as such on the records of the Trustee.

(J) Except as may be otherwise provided in connection with the issuance of Refunding Bonds, at any time prior to the forty-fifth day upon which Bonds are to be paid or redeemed from such amounts, the Trustee may apply amounts in the Redemption Account to the purchase of any of the Bonds which may be paid or redeemed by application of amounts on deposit therein. THDA may, however, by delivery to the Trustee of written instructions to such effect signed by an Authorized Officer, require or prohibit such purchases in the discretion of THDA. The Trustee shall purchase Bonds at such times, for such prices, in such amounts and in such manner as THDA shall from time to time direct or, in the absence of such direction, as the Trustee may determine in its sole discretion and as may be possible with the amounts then available therefor. The purchase price paid by the Trustee (excluding accrued interest but including any brokerage and other charges) for any Bond purchased shall not exceed the principal amount of such Bond unless such Bond may be redeemed in accordance with this Resolution on any date or dates within thirteen months after such purchase, in which event such purchase price shall not exceed the highest Redemption Price payable on any such date upon the redemption of such Bond. In the event the Trustee is able to purchase Bonds at a price less than the Redemption Price at which such Bonds were to be redeemed, then, upon the payment by the Trustee of the purchase price of such Bonds, the Trustee shall transfer the difference between the amount of such purchase price and the amount of such Redemption Price, and deposit the same in the Debt Service and Expense Account within the Revenue Fund.

(K) Upon the purchase or redemption of Bonds for which Sinking Fund Payments have been established from amounts in the Redemption Account, there shall be credited toward each such Sinking Fund Payment thereafter to become due an amount as nearly as may be practicable in multiples of $5,000 (or such other denomination as shall be authorized for the related Series of Bonds) bearing the same ratio to such Sinking Fund Payment, as the total principal amount of such Bond so purchased or redeemed bears to the total amount of all such Sinking Fund Payments to be credited. If, however, there shall be filed with the Trustee written instructions of an Authorized Officer specifying a different method for crediting Sinking Fund Payments upon any such purchase or redemption of Bonds, then such Sinking Fund Payments shall be credited as shall be provided in such instructions.

(L) Except as otherwise specifically provided herein, the Trustee shall have no obligation to purchase or attempt to purchase Bonds at a price below the Redemption Price or at any other price and any arm's length purchase by the Trustee shall conclusively be deemed fair and reasonable.

(M) All Non-Mortgage Receipts shall be deposited, promptly upon receipt by the Trustee, in the Non-Mortgage Receipts Account. The Trustee shall maintain records sufficient to determine the average daily balance of the amounts on deposit in the Loan Fund and the Bond Reserve Fund and the Debt Service and Expense Account and Redemption Account in the Revenue Fund (referred to in this Section as the "average daily balance"). If so directed by THDA, the Trustee shall maintain such for each Series of Bonds separately.

(N) Not later than each Interest Payment Date, the Trustee shall transfer from the Non-Mortgage Receipts Account to the Debt Service and Expense Account an amount equal to the lesser of (i) the amount needed to enable the Trustee to pay Debt Service on the Bonds on such Interest Payment Date and (ii) the balance then on deposit in the Non-Mortgage Receipts Account. If at any time the amount available prior to any Interest Payment Date shall be insufficient for the making of the transfers provided by this Subsection, then the Trustee shall make transfers to the Debt Service and Expense Account from the Non-Mortgage Receipts Account from the first available Non-Mortgage Receipts received subsequent to such Interest Payment Date and the amount so transferred shall not reduce the amount required to be transferred prior to the next Interest Payment Date.

(O) Any amount remaining in the Non-Mortgage Receipts Account after the transfer to the Debt Service and Expense Account described in paragraph (N) above shall be transferred, at the direction of an Authorized Officer, to the Loan Fund or the Redemption Account.

Section 5.4. Bond Reserve Fund.

(A) If on any Interest Payment Date or Redemption Date for the Bonds the amount in the Revenue Fund and the Redemption Fund, if applicable, shall be less than the amount required for the payment of the Principal Installments and interest due on the Outstanding Bonds on such date, the Trustee shall apply amounts from the Bond Reserve Fund to the extent necessary to make good the deficiency.

(B) If, concurrently with any allocation from the Revenue Fund pursuant to subsection (B) or (F) or (G) of Section 5.3, the amount on deposit in the Bond Reserve Fund, shall be in excess of the Bond Reserve Fund Requirement, the Trustee may, if so directed in writing by an Authorized Officer of THDA, transfer the amount of such excess to the Redemption Account.

(C) Whenever the amount in the Bond Reserve Fund, together with the amount in the Revenue Fund, is sufficient to fully pay all Outstanding Bonds in accordance with their terms (including the Sinking Fund Payments for the retirement thereof), amounts on deposit in the Revenue Fund shall be transferred to the Bond Reserve Fund. Prior to said transfer all investments held in the Revenue Fund shall be liquidated and any Bonds constituting a part of such Fund shall be deemed paid and cancelled.

(D) It is hereby expressly provided that the Bond Reserve Fund shall not constitute a "debt service reserve fund" within the meaning of Section 13-23-122(a) of the Act or any similar successor provision and there shall be no obligation, moral or otherwise, on the part of the State to apportion any funds to maintain the Bond Reserve Fund.

ARTICLE VI

REDEMPTION OF BONDS

Section 6.1. Privilege of Redemption and Redemption Price. Bonds subject to redemption prior to maturity shall be redeemable, upon notice as provided in this Article, at such times, at such Redemption Prices and upon such other terms as may be specified in this Resolution, in the Bonds and in the respective Supplemental Resolutions authorizing the issuance of such Bonds and authorizing the issuance of Refunding Bonds.

Section 6.2. Redemption at the Election or Direction of THDA; Conditional Notice. In the case of any redemption of Bonds otherwise than as provided in Section 6.3, THDA shall give written notice to the Trustee of its election or direction so to redeem, on the Redemption Date, the principal amounts of the Bonds of such Series and maturities to be redeemed (which Redemption Date, Series, maturities and principal amounts thereof to be redeemed shall be determined by THDA in its sole discretion, subject to any limitations with respect thereto as may be provided in a Supplemental Resolution or otherwise contained in or permitted by this Resolution) and of any moneys to be applied to the payment of the Redemption Price. Such notice shall be given at least forty-five days prior to the Redemption Date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as provided in Section 6.5, the Trustee, if it holds the moneys to be applied to the payment of the Redemption Price, or otherwise THDA shall, prior to the Redemption Date, pay to the appropriate Paying Agent or Paying Agents an amount in cash which, in addition to other moneys, if any, available therefor held by such Paying Agent or Paying Agents, will be sufficient to redeem on the Redemption Date at the Redemption Price thereof all the Bonds to be redeemed; provided, however, that any election or direction to redeem Bonds may be conditional, and THDA may elect or direct that any notice of redemption given pursuant to Section 6.5 shall be made conditional, upon the deposit with the Paying Agent of such sufficient moneys or other conditions. THDA shall promptly notify the Trustee in writing of all such payments made by THDA to a Paying Agent.

Section 6.3. Redemption Otherwise Than at THDA's Election or Direction. Whenever by the terms of this Resolution, the Trustee is required to redeem Bonds otherwise than at the election or direction of THDA, and subject to and in accordance with the terms of this Article and, to the extent applicable, Article V, the Trustee shall select the Redemption Date of the Bonds to be redeemed, give the notice of redemption and pay the Redemption Price to the appropriate Paying Agents.

Section 6.4. Selection of Bonds to be Redeemed. In the event of redemption of less than all the Outstanding Bonds of like Series, interest rate and maturity, the Trustee shall assign to each such Outstanding fully registered Bond a distinctive number for each $5,000 of the principal amount thereof so as to distinguish each such $5,000 from each other portion of the Bonds subject to such redemption. The Trustee shall select by lot, using such method of selection as it shall deem proper in its sole discretion, from the numbers assigned to such Bonds, as many numbers as, at $5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds bearing the numbers so selected; but only so much of the principal amount of each such fully registered Bond of a denomination or more than $5,000 shall be redeemed as shall equal $5,000 for each number assigned to it and so selected. For the purposes of this Section, Bonds which have theretofore been selected by lot for redemption shall not be deemed Outstanding. In the case of Appreciation Bonds, in the event that the Compounded Amount of any such Bond shall be less than $5,000, the Trustee shall assign a number to such Bond as if the Bond had a principal amount equal to $5,000 for purposes of this Section. If a Supplemental Resolution provides for a minimum denomination larger (or smaller) than $5,000, all references in this Section to $5,000 shall be deemed to refer to such larger (or smaller) minimum denomination. Notwithstanding the foregoing, Bonds that are held by a Central Securities Depository (or beneficial ownership interests in Bonds registered in the name of a Central Securities Depository or its nominee) shall be selected for redemption in accordance with the operational arrangements of such Central Securities Depository.

Section 6.5. Notice of Redemption. When the Trustee shall receive notice from THDA of its election or direction to redeem Bonds pursuant to Section 6.2 and when redemption of Bonds is required by this Resolution pursuant to Section 6.3, the Trustee shall give notice, in the name of THDA, of the redemption of such Bonds. Such notice shall specify the complete official name, the Series (and subseries, if applicable), the maturities, the interest rate, and the CUSIP number of the Bonds to be redeemed, the Redemption Date and the place or places where amounts due upon such redemption will be payable (including the name, address and telephone number of a contact person at such place(s)) and, if less than all the Bonds of any like maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. In addition, if the notice of redemption is conditional, the notice shall set forth in summary terms, the conditions precedent to such redemption and

that if such conditions shall not have been satisfied on or prior to the redemption date, said notice shall be of no force and effect and such Bonds shall not be redeemed. Such notice shall further state that, assuming the due satisfaction of all conditions precedent to the redemption, if any, on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of registered Bonds to be redeemed in part only, together with interest accrued to the Redemption Date, and that from and after such date interest thereon shall cease to accrue and be payable. The Trustee shall mail such notice, postage prepaid, not less than twenty days (or in such manner or such shorter period as required by the operational arrangements of the Central Securities Depository if all Bonds are registered with a single Central Securities Depository as provided in Section 3.7 hereof) and not more than sixty days before the Redemption Date to the registered owners of any Bonds or portions of Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry books, but receipt of such notice shall not be a condition precedent to such redemption and failure of a Bondholder to receive such notice shall not affect the validity of the proceedings for the redemption of other Bonds.

Section 6.6. Payment of Redeemed Bonds. Notice having been given in the manner provided in Section 6.5 and assuming that all conditions precedent have been satisfied, the Bonds or portions thereof so called for redemption shall become due and payable on the Redemption Date so designated at the Redemption Price, plus interest accrued and unpaid to the Redemption Date, and, upon presentation and surrender thereof at the office specified in such notice, together with, in the case of portions of Bonds, a written instrument of exchange duly executed by the registered owner or his duly authorized attorney. If there shall be drawn for redemption less than the entire principal amount of a Bond, THDA shall execute and the Trustee shall authenticate and the Paying Agent shall deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered at the option of the holder, Bonds of like Series and maturity in any of the authorized denominations. If, on the Redemption Date, moneys for the redemption of all the Bonds or portions thereof of any like Series and maturity to be redeemed, together with interest to the Redemption Date, shall be held by the Paying Agent so as to be available therefor on said date and if notice of redemption shall have been mailed as aforesaid, then, from and after the Redemption Date interest on the Bonds or portions thereof of such Series and maturities so called for redemption shall cease to accrue and become payable.

If any notice of redemption pursuant to Section 6.5 is given specifying that the redemption of the Bonds so called for redemption is made conditional upon the deposit of sufficient moneys to pay the Redemption Price therefor on the Redemption Date and if such moneys sufficient to pay the Redemption Price and accrued interest have not been made available by THDA to the Trustee or the appropriate Paying Agent or Paying Agents on the Redemption Date, such notice of redemption shall be cancelled and be without effect and the Bonds so called for redemption and subject to such conditional redemption notice shall continue to remain Outstanding. The Trustee shall, within two business days after the proposed Redemption Date, give notice, in the manner in which the notice of redemption was given, that such conditions were not satisfied.

ARTICLE VII

PARTICULAR COVENANTS

THDA covenants and agrees with the Trustee and the holders of the Bonds as follows:

Section 7.1. Performance. THDA shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of THDA under the provisions of the Act and this Resolution in accordance with the terms of such provisions.

Section 7.2. Compliance With Conditions Precedent. Upon the date of issuance of any of the Bonds, all conditions, acts and things required by law or by this Resolution to exist, to have happened or to have been performed precedent to or in the issuance of such Bonds shall exist, have happened and have been performed, or will have happened or been performed, and such Bonds, together with all other indebtedness of THDA, shall be within every debt and other limit prescribed by law.

Section 7.3. Power to Issue Bonds and Pledge Revenues, Funds and Other Property. THDA is duly authorized under all applicable laws to authorize and issue the Bonds and to enter into, execute and deliver this Resolution and to pledge the assets and revenues purported to be pledged hereby in the manner and to the extent herein provided. The assets and revenues so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon, or with respect thereto prior to, or of equal rank with, the pledge created hereby, and all corporate or other action on the part of THDA to that end has been and will be duly and validly taken. The Bonds and the provisions

of this Resolution are and will be the valid and legally enforceable obligations of THDA in accordance with their terms and the terms of this Resolution. THDA shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues and other assets and revenues, including rights therein pledged under this Resolution, and all the rights of the Bondholders under this Resolution against all claims and demands of all persons whomsoever.

Section 7.4. Payment of Bonds. THDA shall duly and punctually pay or cause to be paid, as herein provided, the principal or Redemption Price of every Bond and the interest thereon, at the dates and places and in the manner stated in the Bonds, according to the true intent and meaning thereof and shall duly and punctually pay or cause to be paid all Sinking Fund Payments, if any, becoming payable with respect to any of the Bonds.

Section 7.5. Extension of Payment of Bonds. THDA shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any interest thereon and in the event that the maturity of any of the Bonds or the time for payment of interest thereon shall be extended, such Bonds, shall not be entitled to the benefit of this Resolution or to any payment out of the Funds established pursuant to this Resolution, including the investments, if any, thereof, or out of any assets or revenues pledged hereunder prior to benefits accorded to or the payment of the principal of all Bonds the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extension. Nothing herein shall be deemed to limit the right of THDA to issue Refunding Bonds and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

Section 7.6. Offices for Servicing Bonds. THDA shall at all times maintain an office or agency where Bonds may be presented for registration, transfer or exchange, and where notices, presentations and demands upon THDA in respect of the Bonds or of this Resolution may be served. The Trustee shall maintain such office or agency for the registration, transfer or exchange of Bonds and for the service of such notices, presentations and demands upon THDA. THDA may appoint one or more additional or other Paying Agents as its respective agents to maintain such offices or agencies for the payment of the Bonds of any particular Series and maturity.

Section 7.7. Further Assurance. At any and all times THDA shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming all and singular the rights, Revenues and assets hereby pledged or assigned, or intended so to be, or which THDA may become bound to pledge or assign.

Section 7.8. Waiver of Laws. THDA shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of any stay or extension of law not or at any time hereafter in force which may affect the covenants and agreements contained in this Resolution or in the Bonds and all benefit or advantage of any such law or laws is hereby expressly waived by THDA.

Section 7.9. Tax Covenants.

(A) Subject to subsection (C) of this Section, THDA shall at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on the Bonds shall, for the purposes of federal income taxation, be excludable from the gross income of the recipients thereof and exempt from such taxation.

(B) THDA shall not permit at any time or times any of the proceeds of the Bonds or any other funds of THDA to be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause any Bond to be an “arbitrage bond” as defined in Section 148(a) of the Code.

(C) Notwithstanding the foregoing, THDA hereby reserves right to elect to issue Bonds the interest on which is not exempt from federal income taxation, if such election is made prior to the issuance of such Bonds, and the covenants contained in this Section shall not apply to such Bonds.

Section 7.10. Accounts and Reports.

(A) THDA shall keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all of its transactions relating to the Program Loans and all Funds established by this Resolution which shall at all reasonable times be subject to the inspection of the Trustee and the holders of an aggregate of not less than 5% in principal amount of Bonds then Outstanding or their representatives duly authorized in writing.

(B) THDA shall annually, within 210 days after the close of each Fiscal Year, file with the Trustee a copy of the financial statements of THDA for such Fiscal Year, setting forth in reasonable detail:

(1) the balance sheet for THDA and its programs, showing the assets and liabilities of the Program at the end of such Fiscal Year;

(2) a statement of THDA's revenues and expenses in accordance with the categories or classifications established by THDA for its operating and program purposes and showing the revenues and expenses of the Program during such Fiscal Year; and

(3) a statement of changes in financial position, including changes in financial position of the Program, as of the end of such Fiscal Year.

The financial statements shall be accompanied by the Certificate of an Accountant stating that the financial statements examined present fairly the financial position of THDA at the end of the Fiscal Year, the results of its operations and the changes in financial position for the period examined, in conformity with generally accepted accounting principles.

(C) If at any time during any Fiscal Year there shall have occurred an Event of Default, then THDA shall file with the Trustee, within forty-five days after the close of such Fiscal Year, a special report accompanied by an Accountant's Certificate as to the fair presentation of the financial statements contained therein, setting forth in reasonable detail the individual balances and receipts and disbursements for each Fund hereunder.

(D) Any such financial statements may be presented on a consolidated or combined basis with other reports of THDA, but only to the extent that such basis of reporting shall be consistent with that required under subsection (B) of this Section.

(E) A copy of each annual Projected Cash Flow Statement prepared in accordance with Section 7.11 hereof and any special report filed pursuant to subsection (C) of this Section and any Accountant's Certificate relating thereto shall be mailed promptly thereafter by THDA to each Bondholder who shall have filed his name and address with THDA for such purposes.

Section 7.11. Periodic Delivery of Projected Cash Flow Statement.

(A) THDA shall file a Projected Cash Flow Statement with the Trustee (i) whenever Bonds are issued pursuant to Section 2.6, (ii) on or within thirty (30) days after THDA's filing of its financial statements as provided in Section 7.10(B), if a Projected Cash Flow Statement has not been filed within the prior year and (iii) at such other times as required by this Resolution or as may be required by a Supplemental Resolution.

(B) A Projected Cash Flow Statement shall set forth projected Revenues, Program Expenses and interest payments and Principal Installments for each year during which Bonds will be Outstanding based upon the reasonable expectations of THDA at the time such Certificate is filed. A Projected Cash Flow Statement shall set forth the assumptions upon which the estimates therein are based, which assumptions shall be based upon THDA's reasonable expectations at the time such Projected Cash Flow Statement is filed. The listing of Revenues from Program Loans and Investment Securities shall be supported by a schedule identifying the Program Loans and Investment Securities by maturity and interest rate, including Program Loans expected to be financed with amounts in the Loan Fund.

(C) A Projected Cash Flow Statement shall be considered to comply with this subsection if such Statement shows that (i) the estimated Revenues for each annual period in which Bonds will be Outstanding, together with any amount scheduled to be withdrawn from the Bond Reserve Fund (and permitted to be so withdrawn pursuant to this Resolution), will be sufficient for the payment of the estimated Debt Service and Program Expenses for such annual period, and (ii) the total assets (consisting of cash and investments, valued as provided herein, and the principal balance of Program Loans) held hereunder equal to or exceed the total liabilities of all Bonds Outstanding hereunder for each such annual period.

Section 7.12. The Program.

(A) THDA shall from time to time with all practical dispatch and in a sound and economical manner consistent in all respects with the Act, the provisions of this Resolution and sound banking practices and principles, (i) use and apply the proceeds of the Bonds, to the extent not reasonably or otherwise required for other purposes of the Program,

to finance Program Loans pursuant to the Act and this Resolution, (ii) do all such acts and things as shall be necessary to receive and collect Revenues (including diligent enforcement of the prompt collection of all arrears on Program Loans and, if not inconsistent with sound banking practices and principles, consent to modification of repayment terms of the Program Loans), sufficient to pay the expenses of the Program and (iii) diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of THDA to protect its rights with respect to or to maintain any insurance on Program Loans and to enforce all terms, covenants and conditions of Program Loans including the collection, custody and prompt application of all escrow payments required by the terms of a Program Loan for the purposes for which they were made.

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

(C) THDA may at any time sell, assign or otherwise dispose of a Program Loan (or the premises to which such Program Loan related) or a Program Security:

(1) in the case of a Program Loan, in the event that payment under such Program Loan is delinquent more than ninety days or, at any time, in order to realize the benefits of insurance with respect to such Program Loan or premises;

(2) in order to obtain funds to provide for the redemption or purchase of an amount of Bonds the debt service on which is equivalent to the payments on the Program Loan; or

(3) a Projected Cash Flow Statement shall be filed with the Trustee which gives effect to the proposed sale thereof and complies with the conditions set forth in subsection 7.11(C).

Section 7.13. Personnel and Servicing of Programs.

(A) THDA shall at all times appoint, retain and employ competent personnel for the purpose of carrying out its respective programs under the Act and shall establish and enforce reasonable rules, regulations, tests and standards governing the employment of such personnel at reasonable compensation, salaries, fees and charges and all persons employed by THDA shall be qualified for their respective positions.

(B) THDA may pay to any agency, municipality, political subdivision or governmental instrumentality of the State such amounts as are necessary to reimburse such agency, municipality, political subdivision or governmental instrumentality of the State for the reasonable costs of any services performed for THDA.

(C) THDA shall duly and properly service all Program Loans and enforce the payment and collection of all payments of principal and interest and all Escrow Payments or shall cause such servicing and/or enforcing to be done by a servicer evidencing, in the judgment of THDA, the capability and experience necessary to adequately service Program Loans. Each such servicer shall enter into a servicing agreement providing that:

(1) all amounts received by such servicer, except as compensation for its services, shall be promptly transferred to the Trustee subject to and in accordance with the provisions of this Resolution;

(2) such servicer shall at all times remain qualified to act as such pursuant to such standards as THDA shall prescribe from time to time and shall determine to be reasonable to maintain the security for the Bonds;

(3) such servicer shall agree to maintain servicing facilities that are staffed with trained personnel to adequately service Program Loans in accordance with standards normally employed by private institutional mortgage investors, as determined in THDA's sole discretion, and shall maintain individual files for each Program Loan serviced pursuant to the servicing agreement and provide regular reports to THDA as to collections and delinquencies with respect to all Program Loans serviced by such servicer.

Section 7.14. Issuance of Additional Obligations.

(A) THDA shall not hereafter create or permit the creation of or issue any obligations or create any additional indebtedness which, except as provided in Section 5.1(C) hereof, will be secured by a superior or equal charge and lien on the revenues and assets pledged hereunder, except that additional Series of Bonds may be issued from time to time subsequent to the issuance of the initial Series of Bonds under this Resolution on a parity with the Bonds of such initial Series of Bonds and secured, except as provided in Section 5.1(C) hereof, by an equal charge and lien on the revenues and assets pledged hereunder and payable equally therefrom for one or more of the purposes set forth in Section 2.4.

(B) No additional Series of Bonds shall be issued subsequent to the issuance of the initial Series of Bonds under this Resolution unless an Authorized Officer shall have certified that:

(1) the principal amount of the additional Bonds then to be issued, together with the principal amount of the Bonds, notes and other obligations theretofore issued pursuant to the Act, will not exceed in aggregate principal amount any limitation thereon imposed by law;

(2) upon the issuance and delivery of such additional Bonds, the amount credited to the Bond Reserve Fund is at least equal to the Bond Reserve Fund Requirement, as valued not more than five (5) Business Days prior to the date of issuance of such additional Bonds;

(3) the provisions of Section 2.6 or, in the case of Refunding Bonds, Section 2.7 shall have been complied with as of the date of delivery of such Series;

(4) except in the case of Refunding Bonds, at the time of issuance of such additional Bonds, THDA shall not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in this Resolution; and

(5) upon the issuance of such Series and application of the proceeds thereof in accordance with Article IV hereof, the amount of Program Loans and Investment Securities credited to all Funds and Accounts hereunder, other than the Redemption Account, when valued in accordance with this Resolution, will be equal to the principal amount of Outstanding Bonds, including the Bonds thereupon being issued.

(C) THDA hereby expressly reserves the right to enter into or adopt one or more additional indentures or resolutions for its purposes, including the purposes of the Program, and reserves the right to issue other obligations for such purposes.

Section 7.15. Bond Reserve Fund.

(A) THDA shall at all times maintain the Bond Reserve Fund created and established by Section 5.1 and do and perform or cause to be done and performed each and every act and thing with respect to the Bond Reserve Fund provided to be done or performed by or on behalf of THDA or the Trustee or the Paying Agents under the terms and provisions of Article V hereof. It is hereby expressly provided that the Bond Reserve Fund shall not constitute a “debt service reserve fund” within the meaning of Section 13-23-122(a) of the Act or any similar successor provision and there shall be no obligation, moral or otherwise, on the part of the State to apportion any funds to maintain the Bond Reserve Fund.

(B) Notwithstanding any other provisions of this Resolution the Trustee shall not permit amounts to be withdrawn from the Bond Reserve Fund other than pursuant to subsection 5.4(A) unless there shall have been filed with the Trustee a Certificate of an Authorized Officer stating that such amounts are not required to be retained therein to provide funds for the payment of Principal Installments or interest on Outstanding Bonds when due.

Section 7.16. Assignment of Program Loans Upon Default. Upon the happening of an Event of Default specified in Section 10.2 and at the written request of the Trustee or of the holders of not less than 25% in principal amount of the Outstanding Bonds, THDA shall deliver the Program Loans to the Trustee and take any other steps requested by the Trustee or such Bondholders in order to further effectuate the assignment of all of the Program Loans to the Trustee. If, however, the Trustee and the Bondholders are restored to their positions in accordance with Section 10.4, the Trustee shall assign such Program Loans back to THDA.

ARTICLE VIII

SUPPLEMENTAL RESOLUTIONS

Section 8.1. Supplemental Resolutions Effective Upon Filing With the Trustee. For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of THDA may be adopted, which, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer, shall be fully effective in accordance with its terms:

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

(2) to add to the covenants and agreements of THDA in this Resolution other covenants and agreements to be observed by THDA which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(3) to add to the limitations and restrictions in this Resolution other limitations and restrictions to be observed by THDA which are not contrary to or inconsistent with this Resolution as thereupon in effect;

(4) to surrender any right, power or privilege reserved to or conferred upon THDA by the terms of this Resolution, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of THDA contained in this Resolution;

(5) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Resolution, of the Revenues and Non-Mortgage Receipts or of any other revenues or assets;

(6) to accommodate the conversion of the Program to the purchase of Program Securities in addition to or in lieu of Program Loans;

(7) to modify any of the provisions of this Resolution in any respect whatever, but only if either (i) such modification shall not materially adversely affect the interest of the Bondholders (as to any change relating to security for the Bonds, evidence that such change, at the time of such change, will not, in and of itself, impair, or cause the Bonds to fail to retain, the then-existing rating(s) assigned to them by the Rating Agencies, shall constitute sufficient evidence that such change does not materially adversely affect the interest of the Bondholders) or (ii) such modification shall be, and be expressed to be, effective only after all Bonds Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding; or and, with respect to (ii) above, such modification is disclosed in any offering documents of THDA for Bonds issued subsequent to the date of adoption of the Supplemental Resolution; or

(8) to authorize the issuance of additional Series of Bonds and to prescribe the terms and conditions thereof and any additional terms and conditions upon which such Bonds may be issued.

Section 8.2. Supplemental Resolutions Effective Upon Consent of Trustee.

(A) For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted, which, upon (i) the filing with the Trustee of a copy thereof certified by an Authorized Officer, and (ii) the filing with the Trustee and THDA of an instrument in writing made by the Trustee consenting thereto, shall be fully effective in accordance with its terms:

(1) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Resolution; or

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

(3) to provide for additional duties of the Trustee in connection with the Program Loans.

(B) Any such Supplemental Resolution may also contain one or more of the purposes specified in Section 8.1, and in that event, the consent of the Trustee required by this Section shall be applicable only to those provisions of such Supplemental Resolution as shall contain one or more of the purposes set forth in subsection (A) of this Section.

Section 8.3. Supplemental Resolutions Effective Upon Consent of Bondholders. At any time or from time to time, a Supplemental Resolution may be adopted subject to consent by Bondholders in accordance with and subject to the provisions of Article IX. Any such Supplemental Resolution shall become fully effective in accordance with its terms upon the filing with the Trustee a copy thereof certified by an Authorized Officer and upon compliance with the provisions of Article IX.

Section 8.4. General Provisions.

(A) This Resolution shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article and Article IX. Nothing in this Article or Article IX contained shall affect or limit the right or obligation of THDA to adopt, make, do, execute, acknowledge or deliver any resolution, act or other instrument pursuant to the provisions of Section 7.7 or the right or obligation of THDA to execute and deliver to any Fiduciary any instrument which is to be delivered to said Fiduciary pursuant to this Resolution.

(B) Any Supplemental Resolution permitted or authorized by Section 8.1 or 8.2 may be adopted by THDA without the consent of any of the Bondholders, but shall become effective only on the conditions, to the extent and at the time provided in said Sections, respectively. The copy of every Supplemental Resolution filed with the Trustee shall be accompanied by a Bond Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of this Resolution, is authorized or permitted by this Resolution, and is valid and binding upon THDA.

(C) The Trustee is hereby authorized to accept the delivery of a certified copy of any Supplemental Resolution referred to and permitted or authorized by Section 8.1, 8.2 or 8.3 and to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action, shall be fully protected in relying on an opinion of counsel (which may be a Bond Counsel's Opinion) that such Supplemental Resolution is authorized or permitted by the provisions of this Resolution.

(D) No Supplemental Resolution shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

ARTICLE IX

AMENDMENTS

Section 9.1. Mailing and Publication of Notice of Amendment. Any provision in this Article for the mailing of a notice to Bondholders shall be fully complied with if it is mailed postage prepaid (i) to each registered owner of Bonds then Outstanding at his address, if any, appearing upon the registry books of THDA and (ii) to the Trustee.

Section 9.2. Powers of Amendment. Any modification of or amendment to this Resolution and of the rights and obligations of THDA and of the holders of the Bonds hereunder, in any particular, may be made by a Supplemental Resolution, but only, in the event such Supplemental Resolution shall be adopted pursuant to Section 8.3, with the written consent given as provided in Section 9.3, (i) of the holders of at least two-thirds in principal amount of the Bonds Outstanding at the time such consent is given, (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the holders of at least two-thirds in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given, and (iii) in case the modification or amendment changes the terms of any Sinking Fund Payment, of the holders of at least two-thirds in principal amount of the Bonds of the particular Series and maturity entitled to such Sinking Fund Payment and Outstanding at the time such consent is given. If any such modification or amendment will not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, however, 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 calculation of Outstanding Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds, the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its

written assent thereto. For the purposes of this Section, a Series shall be deemed to be affected by a modification or amendment of this Resolution if the same adversely affects or diminishes the rights of the holders of Bonds of such Series. The Trustee may in its sole discretion determine whether or not, in accordance with the foregoing powers of amendment, Bonds of any particular Series or maturity would be affected by any modification or amendment hereof and any such determination shall be binding and conclusive on THDA and all holders of Bonds.

Section 9.3. Consent of Bondholders.

(A) A copy of any Supplemental Resolution making a modification or amendment which is not permitted by the provisions of Section 8.1 or 8.2 (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall be mailed, by first class mail postage prepaid, by THDA to the holders of any registered Bond. Such Supplemental Resolution shall not be effective unless and until there shall have been filed with the Trustee (a) the written consents of holders of the percentages of Outstanding Bonds specified in Section 9.2 and (b) a Bond Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted by THDA in accordance with the provisions of this Resolution, is authorized or permitted hereby and is valid and binding upon THDA and enforceable in accordance with its terms.

(B) The consent of a Bondholder to any modification or amendment shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 11.14. A Certificate by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with such Section 11.14 shall be conclusive that the consents have been given by the holders of the Bonds described in such Certificate of the Trustee. Any such consent shall be binding upon the holder of the Bonds giving such consent and upon any subsequent holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent holder thereof has notice thereof) unless such consent is revoked in writing by the holder of such Bonds giving such consent or a subsequent holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee hereinafter provided for in this Section is filed, such revocation and, if such Bonds are transferable by delivery, proof that such Bonds are held by the signer of such revocation in the manner permitted by Section 11.14. The fact that a consent has not been revoked may likewise be proved by a Certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee.

(C) At any time after the holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with THDA and the Trustee a written statement that the holders of such required percentages of Bonds have filed such consents. Such written statements shall be conclusive that such consents have been so filed. At any time thereafter, notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by THDA on a stated date, a copy of which is on file with the Trustee) has been consented to by the holders of the required percentages of Bonds and will be effective as provided in this Section shall be given to Bondholders by THDA by mailing such notice to the Bondholders, first class mail, postage prepaid, (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as provided in this Section). THDA shall file with the Trustee proof of the mailing of such notice. A record, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon THDA, the Fiduciaries and the holders of all Bonds at the expiration of forty days after the filing with the Trustee of the proof of the first mailing of the notice of such consent, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such forty day period, except that any Fiduciary and THDA during such forty day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

Section 9.4. Modifications by Unanimous Consent. The terms and provisions of this Resolution and the rights and obligations of THDA and of the holders of the Bonds hereunder may be modified or amended in any respect upon the adoption and filing by THDA of a Supplemental Resolution and the consent of the holders of all the Bonds then Outstanding, such consent to be given as provided in Section 9.3, but 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 written assent thereto of such Fiduciary in addition to the consent of the Bondholders. No notice of any such modification or amendment to Bondholders either by mailing or publication shall be required.

Section 9.5. Exclusion of Bonds. Bonds owned or held by or for the account of THDA shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article, and THDA shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, THDA shall furnish the Trustee a Certificate of an Authorized Officer, upon which the Trustee may rely, describing all Bonds so to be excluded.

Section 9.6. Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as provided in Article VIII or this Article may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by THDA and the Trustee as to such action, and in that case upon demand of the holder of any Outstanding Bond at such effective date and presentation of his Bond for the purpose at the principal office of the Trustee or upon any transfer or exchange of any Bond Outstanding at such effective date, suitable notation shall be made on such Bond or upon any Bond issued upon any such transfer or exchange by the Trustee as to any such action. If THDA or the Trustee shall so determine, new Bonds modified to conform to such action in the opinion of the Trustee and THDA shall be prepared, executed, authenticated and delivered, and upon demand of the holder of any Bond then Outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same maturity, then Outstanding, upon surrender of such Bonds. All Bonds surrendered in such an exchange shall be cancelled by the Trustee.

ARTICLE X

DEFAULTS AND REMEDIES

Section 10.1. Events of Default. Each of the following events is hereby declared an "Event of Default":

(1) payment of the principal of or Redemption Price, if any, on any Bond when and as the same shall become due, whether at maturity or upon call for redemption or otherwise shall not be made when and as the same shall become due; or

(2) payment of any installment of interest on any of the Bonds shall not be made within thirty days after the same shall become due; or

(3) THDA shall fail or refuse to comply with the provisions of this Resolution, or shall default in the performance or observance of any of the covenants, agreements or conditions on its part contained herein or in any Supplemental Resolution or the Bonds, and such failure, refusal or default shall continue for a period of forty-five days after written notice thereof by the Trustee or the holders of not less than 5% in principal amount of the Outstanding Bonds.

Section 10.2. Remedies.

(A) Upon the happening and continuance of any Event of Default specified in paragraphs (1) and (2) of Section 10.1 the Trustee shall proceed, or upon the happening and continuance of any Event of Default specified in paragraph (3) of Section 10.1 the Trustee may proceed, and upon the written request of the holders of not less than 25% in principal amount of the Outstanding Bonds (75% with respect to acceleration of the Bonds pursuant to clause (5) below) shall proceed, in its own name, subject to the provisions of Section 11.3, to protect and enforce the rights of the Bondholders by such of the following remedies as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(1) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondholders, including the right to require THDA to receive and collect Revenues and Non-Mortgage Receipts adequate to carry out the covenants and agreements as to, and the assignment of, the Program Loans and to require THDA to carry out any other covenants or agreements with Bondholders and to perform its duties under the Act;

(2) by bringing suit upon the Bonds;

(3) by action or suit in equity, to require THDA to account as if it were the trustee of an express trust for holders of the Bonds;

(4) by action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the holders of the Bonds;

(5) by declaring all Bonds due and payable, and if all defaults shall be cured, then, with the written consent of the holders of not less than 25% in principal amount of the Outstanding Bonds, by annulling such declaration and its consequences; or

(6) in the event that all Bonds are declared due and payable, by selling Program Loans and Investment Securities.

(B) In the enforcement of any rights and remedies under this Resolution, the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due and unpaid from THDA for principal, Redemption Price, interest or otherwise, under any provisions of this Resolution or a Supplemental Resolution or of the Bonds, with interest on overdue payments at the rate of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings thereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against THDA for any portion of such amounts remaining unpaid, with interest, costs and expenses (including without limitation pre-trial, trial and appellate attorney fees), and to collect from any moneys available for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable.

(C) Upon the occurrence of any Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Bondholders under this Resolution, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Revenues and Non-Mortgage Receipts and of the assets of THDA relating to the Program, pending such proceedings, with such powers as the court making such appointment shall confer.

(D) Except upon the occurrence and during the continuance of an Event of Default hereunder, THDA hereby expressly reserves and retains the privilege to receive and, subject to the terms and provisions of this Resolution, to keep or dispose of, claim, bring suit upon or otherwise exercise, enforce or realize upon its rights and interest in and to the Program Loans and the proceeds and collections therefrom, and neither the Trustee nor any Bondholder shall in any manner be or be deemed to be an indispensable party to the exercise of any such privilege, claim or suit.

Section 10.3. Priority of Payments After Default.

(A) In the event that upon the happening and continuance of any Event of Default the funds held by the Trustee and Paying Agents shall be insufficient for the payment of principal or Redemption Price, if any, and interest then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption) and any other amounts received or collected by the Trustee acting pursuant to the Act and this Article, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interest of the holders of the Bonds and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their respective duties under this Resolution, shall be applied, subject to Section 10.11, hereof as follows:

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

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

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

(2) If the principal of all of the Bonds shall become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal

and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

(B) Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional money becoming available for such application in the future. The deposit of such moneys with the Paying Agents, or otherwise setting aside such moneys in trust for the proper purpose, shall constitute proper application by the Trustee and the Trustee shall incur no liability whatsoever to THDA, to any Bondholder or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of this Resolution as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate for the fixing of any such date. The Trustee shall not be required to make payment to the holder of any Bond unless such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 10.4. Termination of Proceedings. In case any proceedings taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, then in every such case THDA, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

Section 10.5. Bondholders' Direction of Proceedings. Anything in this Resolution to the contrary notwithstanding, the holders of the majority in principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this Resolution, and that the Trustee shall have the right to decline to follow such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction

Section 10.6. Limitation on Rights of Bondholders.

(A) No holder of any Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law hereunder, or for the protection or enforcement of any right under this Resolution unless such holder shall have given to the Trustee written notice of the Event of Default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the holders of not less than 25% in principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have occurred, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers herein granted or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under this Resolution or for any other remedy hereunder or by law. It is understood and intended that no one or more holders of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Resolution, or to enforce any right hereunder or under law with respect to the Bonds or this Resolution, except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all holders of the Outstanding Bonds. Nothing contained in this Article shall affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on his Bonds, or the obligation of THDA to pay the principal of and interest on each Bond issued hereunder to the holder thereof at the time and place in said Bond expressed.

(B) Anything to the contrary notwithstanding contained in this Section, or any other provision of this Resolution, each holder of any Bond by his acceptance thereof shall be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under this Resolution or any Supplemental Resolution, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the reasonable costs of such suit, and that such court may in its discretion assess reasonable costs including reasonable pre-trial, trial and appellate attorneys' fees, against any party litigant in

any such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this paragraph shall not apply to any suit instituted by the Trustee, to any suit instituted by any Bondholder, or group of Bondholders, holding at least 25% in principal amount of the Bonds Outstanding, or to any suit instituted by any Bondholder for the enforcement of the payment of any Bond on or after the respective due date thereof expressed in such Bond.

Section 10.7. Possession of Bonds by Trustee Not Required. All rights of action under this Resolution or under any of the Bonds, enforceable by the Trustee, may be enforced by it without the possession of any of the Bonds or the production thereof on the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the holders of such Bonds, subject to the provisions of this Resolution.

Section 10.8. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 10.9. No Waiver of Default. No delay or omission of the Trustee or of any holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein and every power and remedy given by this Resolution to the Trustee and the holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 10.10. Notice of Event of Default. The Trustee shall give to the Bondholders notice of each Event of Default hereunder known to the Trustee within ninety days after actual knowledge of the occurrence thereof, unless such Event of Default shall have been remedied or cured before the giving of such notice; provided, that, except in the case of default in the payment of the principal of or Redemption Price, if any, or interest on any of the Bonds, or in the making of any payment required to be made into the Loan Fund, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors or responsible officers of the Trustee in good faith determines that the withholding of such notice is in the interest of the Bondholders. Each such notice of Event of Default shall be given by the Trustee by mailing written notice thereof: (i) to all registered holders of Bonds, as the names and addresses of such holders appear upon the books for registration and transfer of Bonds as kept by the Trustee and, (ii) to such other persons as is required by law.

ARTICLE XI

CONCERNING THE FIDUCIARIES

Section 11.1. Appointment and Acceptance of Duties of Trustee.

(A) The Bond Finance Committee of THDA has been delegated the responsibility for choosing the initial Trustee pursuant to this Resolution. The Trustee shall signify its acceptance of the duties and obligations of the Trustee by executing a written acceptance of its obligations under this Resolution.

(B) The Trustee is hereby vested with all of the rights, powers and duties of a Trustee permitted to be appointed by Bondholders pursuant to the Act and the right of Bondholders to appoint a trustee pursuant to the Act is hereby abrogated as permitted by the Act.

Section 11.2. Appointment and Acceptance of Duties of Paying Agents.

(A) THDA shall appoint one or more Paying Agents for the Bonds of each Series, and may at any time or from time to time appoint one or more other Paying Agents having the qualifications set forth in Section 11.13 for a successor Paying Agent. The Trustee is hereby appointed as a Paying Agent.

(B) Each Paying Agent (other than the Trustee) shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by a written instrument of acceptance executed and delivered to THDA and the Trustee.

(C) The principal or corporate trust offices of the Paying Agents are hereby designated as the respective agencies of THDA for the payment of the Bonds.

Section 11.3. Responsibility of Fiduciaries. The recitals of fact herein and in the Bonds contained shall be taken as the statements of THDA and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of this Resolution or of any Bonds issued hereunder or in respect of the security afforded by this Resolution, and no Fiduciary shall incur any responsibility in respect thereof. The Trustee shall, however, be responsible for its representations contained in its certificate on the Bonds. No Fiduciary shall be under any responsibility or duty with respect to the issuance of the Bonds for value or the application of the proceeds thereof or the application of any moneys paid to THDA. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own moneys, unless properly indemnified. No Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence or default. Neither the Trustee nor any Paying Agent shall be under any responsibility or duty with respect to the application of any moneys paid to any one of the others.

Section 11.4. Evidence on Which Fiduciaries May Act. Each Fiduciary shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may be of counsel to THDA, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith. Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, including payment of moneys out of any Fund, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate signed by an Authorized Officer, and such Certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Resolution upon the faith thereof, but in its sole discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable. Neither the Trustee nor any successor Trustee shall be liable to THDA, the holders of any of the Bonds or any other person for any act or omission done or omitted to be done by such Trustee in reliance upon any instruction, direction or certification received by the Trustee pursuant to this Resolution or for any act or omission done or omitted in good faith and without willful or reckless misconduct. Except as otherwise expressly provided herein, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by THDA to any Fiduciary shall be sufficiently executed if executed in the name of THDA by an Authorized Officer.

Section 11.5. Compensation. THDA shall pay to each Fiduciary from time to time reasonable compensation for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees (whether or not litigation ensued and, if so, fees on trial and any appeal therefrom) and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Resolution and each Fiduciary shall have a lien therefor on any and all funds at any time held by it under this Resolution. THDA further agrees to indemnify and save each Fiduciary harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence or default.

Section 11.6. Permitted Acts and Functions. Any Fiduciary may become the owner of any Bonds issued hereunder with the same rights it would have if it were not a Fiduciary. Any Fiduciary may permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Resolution, whether or not any such committee shall represent the holders of a majority in principal amount of the Bonds then Outstanding. Any Fiduciary may participate as a lender under the Program and may sell Program Loans to THDA. Except as otherwise provided by THDA, no Fiduciary may act as an underwriter with respect to the issuance of any Bonds.

Section 11.7. Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations created by this Resolution by giving not less than sixty days' written notice to THDA, and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed, as provided in Section 11.9, in which event such resignation shall take effect immediately on the appointment of such successor.

Section 11.8. Removal of Trustee. The Trustee shall be removed by THDA if at any time so requested by an instrument or concurrent instruments in writing, filed with the Trustee and THDA and signed by the holders of a majority

in principal amount of the Bonds then Outstanding or their attorney-in-fact duly authorized, excluding any Bonds held by or for the account of THDA. THDA may remove the Trustee at any time, except during the existence of an Event of Default, for such cause as shall be determined in the sole discretion of THDA by filing with the Trustee an instrument signed by an Authorized Officer.

Section 11.9. Appointment of Successor Trustee.

(A) In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged as bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, THDA covenants and agrees that it will thereupon appoint a successor Trustee.

(B) If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within forty-five days after the Trustee shall have given to THDA written notice, as provided in Section 11.7, or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

(C) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a trust company or bank having the powers of a trust company within or outside the State, having a capital, surplus and undivided profits aggregating at least $100,000,000 if there be such a trust company or bank willing and able to accept the office on reasonable and customary terms acceptable to THDA and authorized by law to perform all the duties imposed upon it by this Resolution.

Section 11.10. Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under this Resolution shall execute, acknowledge and deliver to its predecessor Trustee, and also to THDA, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee, but the Trustee ceasing to act shall nevertheless, on the request of THDA, or of its successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under this Resolution, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from THDA be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by THDA. Any such successor Trustee shall promptly notify the Paying Agents of its appointment as Trustee. Upon the effectiveness of the resignation or removal of the Trustee, such Trustee's authority to act pursuant to this Resolution shall terminate and such Trustee shall have no further responsibility or liability whatsoever for performance of this Resolution as Trustee.

Section 11.11. Merger, Consolidation or Sale. Any company into which any Fiduciary or its trust department may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a trust company or bank which is qualified to be a successor to such Fiduciary under Section 11.9 or Section 11.13 and shall be authorized by law to perform all the duties imposed upon it by this Resolution, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act, anything herein to the contrary notwithstanding.

Section 11.12. Adoption of Authentication. In case any of the Bonds contemplated to be issued under this Resolution shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Bonds and deliver such Bonds so authenticated, and in case any of the said Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of the predecessor Trustee or in the name of the successor Trustee, and in all such cases such certificate shall have the full force which it is anywhere in said Bonds or in this Resolution provided that the certificate of authentication of the Trustee shall have.

Section 11.13. Resignation or Removal of the Paying Agent and Appointment of Successor.

(A) Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Resolution by giving at least sixty days' written notice to THDA and Trustee. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent, and the Trustee and signed by an Authorized Officer. Any successor Paying Agent shall be appointed by THDA and (subject to the requirements of Section 7.6) shall be a trust company or bank having the powers of a trust company, having a capital and surplus aggregating at least $25,000,000, and willing and able to accept the office of Paying Agent, on reasonable and customary terms acceptable to THDA and authorized by law to perform all the duties imposed upon it by this Resolution.

(B) In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it to its successor, or if there be no successor then appointed, to the Trustee until such successor be appointed.

Section 11.14. Evidence of Signatures of Bondholders and Ownership of Bonds.

(A) Any request, consent or other instrument which this Resolution may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the holding by any person of the Bonds shall be sufficient for any purpose of this Resolution (except as otherwise herein expressly provided) if made in the following manner, but the Trustee may nevertheless in its sole discretion require further or other proof in cases where it deems the same desirable:

(1) the fact and date of the execution by any Bondholder or his attorney of such instrument may be proved by the Certificate, which need not be acknowledged or verified, of an officer of a bank or trust company, financial institution or other member of the National Association of Securities Dealers, Inc. satisfactory to the Trustee, or of any notary public or other officer authorized to take acknowledgements of deeds to be recorded in the state in which he purports to act, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The authority of the person or persons executing any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or vice president of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary; and

(2) the amount of Bonds transferable by delivery held by any person executing such request or other instrument as a Bondholder, and the numbers and other identification thereof, and the date of his holding such Bonds, may be proved by a Certificate, which need not be acknowledged or verified, satisfactory to the Trustee, executed by an officer of a trust company, bank, financial institution or other depositary or member of the National Association of Securities Dealers, Inc. wherever situated, showing that at the date therein mentioned such person exhibited to such officer or had on deposit with such depositary the Bonds described in such Certificate. Continued ownership after the date stated in such Certificate may be proved by the presentation of such Certificate if the Certificate contains a statement by such officer that the depositary held the Bonds therein referred to on the date of the Certificate and that they will not be surrendered without the surrender of the Certificate to the depositary, except with the consent of the Trustee, and a Certificate of the Trustee, which need not be acknowledged or verified, that such consent has not been given.

(B) The ownership of Bonds and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books.

(C) Any request, consent or vote of the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by THDA or any Fiduciary in accordance therewith.

Section 11.15. Preservation and Inspection of Documents. All documents received by a Fiduciary under the provisions of this Resolution or any Supplemental Resolution (or microfilm, microcard or similar photographic or scanned reproduction thereof) shall be retained in its possession and shall be subject at all reasonable times to the inspection of THDA, any other Fiduciary and any Bondholder and their agents and their representatives, any of whom may make copies thereof.

ARTICLE XII

DEFEASANCE

MISCELLANEOUS PROVISIONS

Section 12.1. Defeasance.

(A) If THDA shall pay or cause to be paid to the holders of the Bonds, the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then the pledge of any Revenues and other moneys, securities, funds and property hereby pledged and all other rights granted hereby shall be discharged and satisfied. In such event, the Trustee shall, upon the request of THDA, execute and deliver to THDA all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to THDA all moneys or securities held by them pursuant to this Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption. If THDA shall pay or cause to be paid, or there shall otherwise be paid, to the holders of any Outstanding Bonds of a particular Series the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, such Bonds shall cease to be entitled to any lien, benefit or security hereunder and all covenants, agreements and obligations of THDA to the holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

(B) Bonds and interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Fiduciaries (through deposit by THDA of funds for such payment or redemption or otherwise) shall, at the maturity or upon the date upon which such Bonds have been duly called for redemption thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (A) of this Section. Outstanding Bonds of any Series shall, prior to the maturity or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (A) of this Section if (i) in case any of such Bonds are to be redeemed on any date prior to their maturity, THDA shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail as provided in Article VI notice of redemption on said date of such Bonds, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Investment Securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price, if any, of and interest due and to become due on such Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be, and (iii) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty days, THDA shall have given the Trustee in form satisfactory to it irrevocable instructions to mail a notice to the holders of such Bonds that the deposit required by (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section and stating such maturity or Redemption Date upon which moneys are to be available for the payment of the principal or Redemption Price, if any, on such Bonds. Neither Investment Securities or moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Investment Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if any, of and interest on such Bonds; but any cash received from such principal or interest payments on such Investment Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Investment Securities maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if any, and interest to become due on such Bonds on and prior to such Redemption Date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to THDA, as received by the Trustee, free and clear of any trust, lien or pledge. For the purposes of this Section, Investment Securities mean and include only direct and general obligations of the State or obligations guaranteed by the State or such obligations as are described in clause (1) of the definition of Investment Securities herein.

(C) If, through the deposit of moneys by THDA or otherwise, the Fiduciaries shall hold, pursuant to this Resolution, moneys sufficient to pay the principal and interest to maturity on all Outstanding Bonds, or in the case of Bonds in respect of which THDA shall have taken all action necessary to redeem prior to maturity, sufficient to pay the Redemption Price and interest to such Redemption Date, then at the request of THDA all moneys held by any Paying Agent shall be paid over to the Trustee and, together with other moneys held by it hereunder, shall be held by the Trustee for the payment or the redemption of such Outstanding Bonds. If all or a portion of the moneys made available to pay the principal of and interest on Outstanding Bonds at maturity or prior redemption shall have been derived from the issuance of refunding obligations of THDA, upon the written direction of THDA, the Fiduciaries shall reallocate or transfer all moneys, securities, Program Loans or Program Securities as shall be required by operation of the transferred proceeds provisions of the Code.

(D) Anything in this Resolution to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of the principal of or interest on any Bonds which remain unclaimed for five years (or such other period of time required by abandoned property laws of the State) after the date when all of such principal or interest, as the case may be, have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for five years (or such other period of time required by abandoned property laws of the State) after the date of deposit of such moneys if deposited with the Fiduciary after the said date when all of the Bonds became due and payable, shall, to the extent required by State law, be paid by the Fiduciary to the State Treasurer or other appropriate official free from trust, and otherwise at the written request of THDA, be repaid by the Fiduciary to THDA, as its absolute property and free from trust, and, in either such case, the Fiduciary shall thereupon be released and discharged.

Section 12.2. Notice by Electronic Means. Any notice, direction or other communication given hereunder from THDA to the Rating Agencies or any Fiduciary or from any Fiduciary to THDA or the Rating Agencies, may be given by sending it via e-mail or other electronic means in lieu of regular mail. In the case of e-mail or other electronic means, valid notice shall only have been deemed to have been given when an electronic confirmation or delivery has been obtained by the sender at the e-mail or other electronic address provided by each party, as updated from time to time. Any e-mail communication shall be deemed to have been validly and effectively given on the date of such communication, if such date is a business day and such delivery was made prior to 4:00 p.m., Central Time, and otherwise on the next business day.

Section 12.3. Notices to Rating Agencies. To the extent not otherwise provided herein, the Trustee shall provide written notice to the Rating Agencies of any of the following occurrences: (i) the defeasance or discharge of this Resolution within the meaning of Section 12.1 hereof, (ii) the downgrade of the provider of any Investment Security described in paragraph (3) or (7) of the definition thereof below the rating requirement included in such paragraphs and the substitution of any provider thereof; (iii) the resignation or removal of the Trustee, (iv) the appointment of a successor Trustee, and (v) any amendment of this Resolution or any Supplemental Resolution.

Section 12.4. No Recourse Under Resolution or on Bonds. All covenants, stipulations, promises, agreements and obligations of THDA contained in this Resolution shall be deemed to be the covenants, stipulations, promises, agreements and obligations of THDA and not of any officer or employee of THDA in his individual capacity, and no recourse shall be had for the payment of the principal or Redemption Price of or interest on the Bonds or for any claim based thereon or on this Resolution against any member, officer or employee of THDA or any natural person executing the Bonds.

Section 12.5. Security Instrument. A certified copy of this Resolution, delivered to and accepted by the Trustee, shall constitute a security agreement pursuant to and for all purposes of the Uniform Commercial Code of the State of Tennessee.

Section 12.6. Effective Date. This Resolution shall take effect immediately.

OTHER THDA FINANCINGS, THDA FUNDS AND THDA ACTIVITIES

Other Financings

General Housing Finance Resolution (the "2009 General Resolution")

THDA has issued bonds in the initial aggregate principal amount of $163,850,000 under the 2009 General Resolution which were outstanding as shown on the table below after giving effect to redemptions and regularly scheduled payments of principal and accretion of interest:

Issue of Bonds	Issue/Release Date	Issued	Amount Outstanding as of February 28, 2026 (unaudited)	Original Net Interest Cost[1]
2015-A	May 28, 2015	$163,850,000	$25,805,000	2.78 %
TOTAL		$163,850,000	$25,805,000	

(1) Bond yield.

As of February 28, 2026 (unaudited), 546 mortgage loans in the approximate aggregate principal amount of $31,616,673 were outstanding under the 2009 General Resolution.

THDA may, in the future, elect to issue new bonds under the 2009 General Resolution. The mortgage loans and investments financed with the proceeds of any new bonds issued under the 2009 General Resolution and the revenues therefrom will be pledged to the payment of such bonds (and will not be pledged to the payment of the Bonds, including the Offered Bonds) and will be available for the general purposes of THDA only as provided in the 2009 General Resolution.

General Homeownership Program Bond Resolution (the "1985 General Resolution")

Bonds were issued under the 1985 General Resolution in the total principal amount of $492,690,000. The Issue 2021-3A Bonds issued under the 2013 General Resolution refunded all bonds then outstanding under the 1985 General Resolution. All assets relating to such refunded bonds, including mortgage loans, cash, and investments, were transferred to the 2013 General Resolution. Certain assets and investments not related to bond proceeds remain in the General Fund of the 1985 General Resolution.

THDA may, in the future, elect to issue new bonds under the 1985 General Resolution. The mortgage loans and investments financed with the proceeds of any new bonds issued under the 1985 General Resolution and the revenues therefrom will be pledged to the payment of such bonds (and will not be pledged to the payment of the Bonds, including the Offered Bonds) and will be available for general purposes of THDA only as provided in the 1985 General Resolution.

Housing Bond Resolution (Mortgage Finance Program) (the "1974 General Resolution")

All bonds then outstanding under the 1974 General Resolution were refunded by the Issue 2013-1 Bonds issued under the General Resolution. All assets relating to bond proceeds, including mortgage loans, cash, and investments valued as of June 30, 2014, then remaining under the 1974 General Resolution were transferred to the General Resolution. Certain assets and investments not related to bond proceeds remain in the General Fund of the 1974 General Resolution.

THDA may, in the future, elect to issue new bonds under the 1974 General Resolution. The mortgage loans and investments financed with the proceeds of any new bonds issued under the 1974 General Resolution and the revenues therefrom will be pledged to the payment of such bonds (and will not be pledged to the payment of the Bonds, including the Offered Bonds) and will be available for general purposes of THDA only as provided in the 1974 General Resolution.

Mortgage Credit Certificates

THDA administered a mortgage credit certificate program from June 1, 2016 to December 31, 2019. During that time, THDA issued 147 mortgage credit certificates for loans with an aggregate initial principal balance of $22,419,476. THDA no longer offers this program.

Other Information

The State Treasurer is the treasurer of THDA and is the custodian of the assets of THDA, except for those assets required to be in the custody of the Trustee pursuant to the provisions of the General Resolution, the 2009 General Resolution, the 1985 General Resolution, the 1974 General Resolution or any other resolution THDA may adopt. The Board of Directors of THDA has adopted an investment policy for THDA assets. These assets are invested only in investments authorized by the Act, THDA's investment policy, the General Resolution, the 2009 General Resolution, the 1985 General Resolution, the 1974 General Resolution or any other resolution THDA may adopt, and by the Treasurer. The Treasurer has delegated all duties and responsibilities in connection with THDA's investment of THDA assets to the Executive Director of THDA. For information related to THDA's investment of assets held under the General Resolution, see FINANCIAL SUMMARY OF RESIDENTAL FINANCE PROGRAM—Investments.

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BOOK-ENTRY-ONLY SYSTEM

THE FOLLOWING INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THDA BELIEVES TO BE RELIABLE, BUT THDA TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF. NEITHER THDA NOR THE TRUSTEE, REGISTRAR OR PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC DIRECT OR INDIRECT PARTICIPANTS, BENEFICIAL OWNERS OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR (1) SENDING TRANSACTION STATEMENTS; (2) MAINTAINING, SUPERVISING OR REVIEWING, OR THE ACCURACY OF, ANY RECORDS MAINTAINED BY DTC OR ANY DTC DIRECT OR INDIRECT PARTICIPANT OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS; (3) PAYMENT OR THE TIMELINESS OF PAYMENT BY DTC TO ANY DTC DIRECT OR INDIRECT PARTICIPANT, OR BY ANY DTC DIRECT OR INDIRECT PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNER, OF ANY AMOUNT DUE IN RESPECT OF THE PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON BONDS; (4) DELIVERY OR TIMELY DELIVERY BY DTC TO ANY DTC DIRECT OR INDIRECT PARTICIPANT, OR BY ANY DTC DIRECT OR INDIRECT PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNERS, OF ANY NOTICE (INCLUDING NOTICE OF REDEMPTION) OR OTHER COMMUNICATIONWHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO HOLDERS OR OWNERS OF BONDS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF BONDS; OR (6) ANY ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF BONDS.

NEITHER THDA, NOR THE TRUSTEE, REGISTRAR OR PAYING AGENT, NOR ANY UNDERWRITER (OTHER THAN IN ITS CAPACITY, IF ANY, AS DIRECT DTC PARTICIPANTS OR INDIRECT DTC PARTICIPANTS), WILL HAVE ANY OBLIGATION TO THE DIRECT DTC PARTICIPANTS OR THE INDIRECT DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO DTC'S PROCEDURES OR ANY PROCEDURES OR ARRANGEMENTS BETWEEN DIRECT DTC PARTICIPANTS, INDIRECT DTC PARTICIPANTS AND THE PERSONS FOR WHOM THEY ACT RELATING TO THE MAKING OF ANY DEMAND BY CEDE & CO. AS THE REGISTERED OWNER OF BONDS, THE ADHERENCE TO SUCH PROCEDURES OR ARRANGEMENTS OR THE EFFECTIVENESS OF ANY ACTION TAKEN PURSUANT TO SUCH PROCEDURES OR ARRANGEMENTS.

1. The Depository Trust Company ("DTC"), will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC.

2. DTC 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 securities that its 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"). 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.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants

acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

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

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

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

RESIDENTIAL FINANCE PROGRAM LOAN ORIGINATING AND SERVICING PROCEDURES

General

The General Resolution provides that Program Loans to be financed with moneys made available from the issuance of a series of Bonds shall satisfy any restrictions or covenants applicable to such Program Loans as shall be set forth in the related Supplemental Resolution. Nothing in the General Resolution requires that Program Loans be insured or guaranteed or that Program Loans be first lien loans; the Issue 2026-1 Supplemental Resolution permits second lien DPA Loans for down payment and closing costs assistance. No assurance can be provided that Supplemental Resolutions adopted for future series of Bonds will not authorize the finance of Program Loans secured by subordinate liens, including without limitation, home improvement loans.

All Program Loans, or participations therein, to be financed with lendable proceeds of the Issue 2026-1 Bonds (the "Tax-Exempt Bonds") will be made in accordance with the Program Loan Procedures described below; the loans funded with proceeds of the Issue 2026-1 Bonds will also meet the requirements set forth below other than the requirement for first-time homebuyer status. The Issue 2026-1 Supplemental Resolution provides that the Program Loans other than DPA Loans to be financed with proceeds of Bonds shall be first lien loans (i) insured or guaranteed or have a commitment for insurance or guarantee by (a) the United States or any instrumentality thereof,(b) a private mortgage insurer qualified to issue such insurance or guarantee in the State and approved by THDA (for a description of certain mortgage insurance programs, including certain conditions on recovery and limitations on coverage, see Appendix B) or (c) any agency or instrumentality of the State authorized by law to issue such insurance; or (ii) made to borrowers who have an equity interest of at least 22% in the property based on the lesser of appraised value or the sale price and will be secured by a first lien on a fee simple or leasehold estate in real property located in the State. The Issue 2026-1 Supplemental Resolution provides that DPA Loans may be made on a subordinate lien basis, in a total aggregate principal amount up to 6% of the total principal amount of the Issue 2026-1 Bonds

Income and Acquisition Cost Limits Applicable to Program Loans Funded with Proceeds of Tax-Exempt Bonds

THDA limits the maximum gross annual household income for eligible borrowers and the maximum acquisition cost for homes financed by Program Loans funded with proceeds of tax-exempt bonds in accordance with Section 143 of the Internal Revenue Code of 1986, as amended, and applicable regulations and rulings promulgated thereunder (the "Code"). The limits vary from county to county and are periodically adjusted.

As of June 2, 2025, THDA income limits will range from $92,300 to $160,720 depending on household size and geographic location. THDA's income limits are equal to or less than the safe-harbor income limits established under the Code.

THDA's acquisition cost limits are either within the safe-harbor limitations established under the Code or are established, based on procedures in the Code, using THDA's actual data which justifies a higher limit. THDA's current maximum acquisition cost limit is up to $400,000, depending on geographic location. THDA acquisition cost limits are equal to or less than the safe-harbor acquisition cost limits established under the Code.

THDA has in the past and may, at any time, further restrict or otherwise modify income and acquisition cost limits for certain specialized Program Loans THDA may elect to finance.

Loan Origination

THDA's Program Loans are originated by certain financial institutions located throughout the State who are approved by THDA to originate Program Loans in its behalf ("Originating Agents"). THDA may purchase Program Loans once they are closed by the Originating Agent or THDA may offer funds to Originating Agents on a "first-come, first-serve" basis prior to the closings of Program Loans. Originating Agents may charge borrowers a fee, up to 2% of the Program Loan amount, for originating Program Loans. The Originating Agents who may originate Program Loans from Bond proceeds include mortgage banking firms, commercial banks, and credit unions. The lendable proceeds of the Bonds are made available throughout the State. See Appendix C for a description of THDA's Working Agreement with Originating Agents and Guide for Originating Agents.

THDA will set aside a portion of the lendable proceeds of an issue of Bonds to make Targeted Area loans for one year as necessary to comply with Section 143(j) of the Code. In the event any of the amounts so reserved by THDA for Targeted Areas remain at the end of the time period specified by the Code, THDA will offer such funds to its Originating Agents on a "first-come, first-serve" basis.

Requirements Imposed by the Code

Interest on the Tax-Exempt Bonds is not included in gross income of the owners thereof for federal tax purposes only if certain requirements are met, including (i) eligibility requirements for Program Loans and borrowers (see "Mortgage Eligibility Requirements" below), (ii) yield and investment requirements (see "Requirements Related to Arbitrage" below), and (iii) certain other requirements related to the Tax-Exempt Bonds and the use of proceeds of the Tax-Exempt Bonds, that are also imposed by the Code.

Covenants in the Resolution obligate THDA to do and perform all acts and things permitted by law and necessary or desirable to assure that the interest on the Tax-Exempt Bonds is not included in the gross income of the owners thereof for federal income tax purposes. In addition, covenants in the Resolution obligate THDA to do and perform all acts and things permitted by law and necessary or desirable to comply with federal tax law and for such purpose, to adopt and maintain appropriate procedures. To comply with these covenants, THDA periodically reviews and modifies its procedures for Originating Agents and Servicers to the extent necessary to operate its single-family mortgage programs in compliance with federal tax law and has established procedures under which such requirements can be met. Such procedures include monitoring the Program Loan applications to be financed with Tax-Exempt Bond proceeds to ensure compliance with applicable acquisition cost and income limitations. THDA believes that the procedures established are sufficient to ensure that the Tax-Exempt Bonds will satisfy the requirements of the Code. In the opinion of Bond Counsel, the Guide for Originating Agents, the Guide for Servicers and the Resolution establish procedures under which, if followed, the requirements of applicable federal tax law can be met.

Mortgage Eligibility Requirements -- The Code requires that Program Loans financed with the proceeds of the Tax-Exempt Bonds meet certain mortgage eligibility requirements. THDA must, among other things, reasonably expect at the time each Program Loan is made that the borrower will make the residence financed by the Program Loan the borrower's principal residence within a reasonable time after the financing is provided. Under the procedures which THDA has established, the borrower must certify, at the closing of the Program Loan that the borrower intends to make the financed residence the borrower's principal residence within sixty days, which is within the period considered reasonable under the Code.

In general, except with respect to Program Loans made in Targeted Areas and Program Loans made to qualified veterans, borrowers are not permitted to have had a present ownership interest in their principal residence during the three-year period prior to the date on which the Program Loan is closed. THDA will, in cases where the prior ownership limitation applies, require the borrower (i) to provide the most recent federal income tax return and (ii) to certify at the closing of the Program Loan that the borrower has not had a present ownership interest in a principal residence within the preceding three years. In addition, THDA will obtain credit reports for each borrower to determine prior ownership of a principal residence by the borrower.

THDA has established maximum acquisition costs for residences financed with proceeds of Tax-Exempt Bonds and maximum household income limits, all as permitted by the Code. From time to time, THDA may revise the maximum acquisition cost and the income limits, but in no event will THDA's acquisition cost limits or income limits exceed limits established as permitted under the Code. THDA requires the borrower to certify household income in connection with applying the income limits and requires the borrower and the seller to certify the acquisition cost of the financed residence. In addition, the Originating Agent is required to review the affidavits of the borrower and the seller and to determine that the Code requirements with respect to acquisition cost limits and income limits are met.

An existing Program Loan or any other existing loan may not be acquired or replaced with proceeds of a Program Loan except for certain initial temporary financing not exceeding a term of 24 months. THDA requires a borrower to certify, at the closing of a Program Loan, that the proceeds of the Program Loan will not be used to acquire or replace an existing loan. In addition, the Originating Agent is required to review the borrower's federal income tax returns for the preceding year (unless the borrower is not required to file such returns) and a credit report prior to closing to determine if the borrower has any outstanding loans which may have been acquired or replaced with proceeds of the Program Loan.

Program Loans cannot be assumed unless the principal residence, prior home ownership, income and acquisition cost requirements are met at the time of assumption. THDA requires that each of its Program Loans have a "due on sale" clause so that THDA may accelerate the Program Loan if it is assumed and all such requirements are not met. The FHA and VA allow a "due on sale" clause in their respective guaranteed Program Loan programs, provided

that the borrower is fully informed and consents in writing to such requirements.

Under the Code, an issue of Tax-Exempt Bonds is treated as meeting the mortgage eligibility requirements if (i) the issuer in good faith attempted to meet all of the mortgage eligibility requirements before the mortgages were executed, (ii) any failure to comply with the mortgage eligibility requirements is corrected within a reasonable period after such failure is first discovered, and (iii) 95% or more of the lendable proceeds of the issue used to make Program Loans was devoted to finance residences which met all such mortgage eligibility requirements at the time the loans were executed or assumed. In determining whether 95% of the proceeds have been so used, THDA relies on an affidavit of the borrower (the "Borrower Affidavit") and of the seller (the "Seller Affidavit") and on examination of copies of the borrower's most recent federal income tax return, together with credit reports and other relevant documentation.

Requirements Related to Arbitrage -- The Code imposes certain arbitrage requirements in connection with Program Loans financed with the proceeds of Tax-Exempt Bonds. Generally, the yield on Program Loans financed with lendable proceeds of an issue of Tax-Exempt Bonds may not exceed the yield on such Tax-Exempt Bonds by more than 11/8% and the amount of funds held in certain accounts for such Tax-Exempt Bonds invested at a yield greater than the yield on such Tax-Exempt Bonds may not exceed 150% of the current year's debt service on such Tax-Exempt Bonds.

The Code also requires THDA to periodically rebate to the United States Treasury certain investment earnings on non-mortgage investments to the extent such investment earnings exceed the amount that would have been earned on such investments if those investments were earning a return equal to the yield on the Tax-Exempt Bonds. THDA has established accounting procedures to determine the amount of such excess investment earnings.

Public Hearing and Approval Requirement -- The Code requires that qualified mortgage bonds be approved prior to issuance by the applicable elected official of the appropriate governmental unit, as specified by statute, after a public hearing held following reasonable public notice or by a voter referendum. THDA has adopted procedures to give public notice, to conduct public hearings, and to obtain approval from the Governor of the State to ensure compliance with the Code.

Reporting Requirement -- The Code requires the issuer of tax-exempt qualified mortgage bonds to submit to the IRS certain information with respect to the issuer and the particular issue, based on information and reasonable expectations determined as of the date of issue. In addition, each issuer must submit to the IRS a yearly report containing information with regard to the beneficiaries of the proceeds of Program Loans. THDA intends to file for each issue of tax-exempt mortgage bonds it issues, and for each year in which proceeds of any issue of tax-exempt qualified mortgage bonds are used to provide Program Loans, the information and reports required.

Certification Requirement -- The Code requires that the aggregate amount of all private activity bonds issued each year in Tennessee be within the volume limitation imposed on the principal amount of tax-exempt mortgage bonds which may be issued in Tennessee for that year. To meet this requirement, THDA requests a certification from an appropriate State official that an issue of tax-exempt qualified mortgage bonds is within the volume limitation and files such certification with the IRS or takes alternative action to satisfy this certification requirement.

Targeted Area Requirements -- THDA makes lendable proceeds of Tax-Exempt Bonds in amounts and for time periods as specified in the Code, available for financing qualified Program Loans for residences in Targeted Areas. Targeted Areas are those census tracts in the State in which seventy percent or more of the families have an income which is eighty percent or less of the statewide median family income or those areas of economic distress designated by the State and approved by the Secretaries of Housing and Urban Development and the Treasury under criteria specified in the Code. THDA has designated certain areas of the State as being in economic distress and such designation has been approved by HUD and the Treasury.

Monitoring for Compliance with the Mortgage Eligibility and Arbitrage Requirements -- Under the procedures which THDA has established to comply with the Code, Originating Agents are responsible for reviewing each Program Loan application and the accompanying documentation, including the Application Affidavit and the Seller Affidavit, for compliance with the Code. Originating Agents are required to take normal and appropriate measures to verify the information given, either independently or concurrently with credit review, when applicable. Originating Agents must cross-check all documentation to ensure that the information presented is complete and consistent. Originating Agents give warranties as to each Program Loan delivered to THDA that, among other things, each Program Loan is in compliance with the Code.

Prior to issuing a commitment to finance a Program Loan and again prior to financing a Program Loan, THDA reviews the Program Loan application submitted by the Originating Agent, which includes the borrower's application, the Application Affidavit, the Seller Affidavit, and the borrower's federal income tax returns, for compliance with the

Code. To the extent that these provisions are not complied with, the Originating Agent is contacted to provide additional explanation or documentation to enable THDA to make a determination regarding the status of the Program Loan application. If the Originating Agent does not comply with requests from THDA to correct or complete documentation for any Program Loan or if the Originating Agent fails to comply with the Guide for Originating Agents (which failure is determined in the sole discretion of THDA without regard as to whether the Originating Agent may be at fault), or if the Originating Agent violates any other agreement with THDA, the Originating Agent is required to repurchase the Program Loan.

Loan Modifications

For a description of THDA loan modification activities, see "RESIDENTIAL FINANCE PROGRAM LOANS - Description of Residential Finance Program Loans - *Delinquency and Foreclosure Process; Loan Modifications; Real Estate Owned by THDA*" herein.

Loan Servicing

THDA is self-servicing its entire mortgage loan portfolio through Volunteer Mortgage Loan Servicing ("VMLS"), a division of THDA. VMLS began servicing operations as of November 1, 2016, with the servicing of a small THDA mortgage loan portfolio previously serviced by Pinnacle Bank. Since June 1, 2018, all THDA Originating Agents have been transferring all servicing for new THDA Program Loans directly to VMLS. The remaining servicing portfolio, previously serviced by U.S. Bank, was transferred to THDA on August 1, 2018; in conjunction with such transfer THDA paid $23,376,000 to U.S. Bank with funds withdrawn from the lien of the 1985 General Resolution in accordance with its terms as a one-time servicing release and transfer fee.

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PROPOSED FORM OF LEGAL OPINION FOR ISSUE 2026-1 BONDS

, 2026

Tennessee Housing Development Agency
Andrew Jackson Building, 3rd Floor
502 Deaderick Street
Nashville, TN 37243-0200

$ _____
Tennessee Housing Development Agency
Residential Finance Program Bonds
Issue 2026-1 (Non-AMT)

Ladies and Gentlemen:

We have examined a record of proceedings related to the issuance and sale of $____ in aggregate principal amount of Residential Finance Program Bonds, Issue 2026-1 (Non-AMT) (the "Issue 2026-1 Bonds") of the Tennessee Housing Development Agency ("THDA"), a body politic and corporate, constituting a political subdivision and instrumentality of the State of Tennessee (the "State"), organized and existing under the Tennessee Housing Development Agency Act, constituting Chapter 23 of Title 13 of the Tennessee Code Annotated, as amended (the "Act"),and other laws of the State. Capitalized terms used herein and not defined shall have the meanings set forth in the General Resolution (as hereinafter defined).

The Issue 2026-1 Bonds were authorized to be issued pursuant to the Act, the General Residential Finance Program Bond Resolution of THDA, adopted January 29, 2013, as amended and supplemented (the "General Resolution") and by a Supplemental Resolution Authorizing the Sale of Residential Finance Program Bonds adopted by THDA on February 17, 2026, and approved in its amended and supplemented form by the designated Authorized Officer of THDA on _____, 2026 (as so amended and supplemented, the "Supplemental Resolution" and, together with the General Resolution, the "Resolution").

THDA is authorized to issue additional series of bonds upon the terms and conditions set forth in the General Resolution and such bonds are and, when issued, shall, with the Issue 2026-1 Bonds (collectively, the "Residential Finance Program Bonds") be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the General Resolution.

The Issue 2026-1 Bonds mature in the years and in the respective principal amounts, bear interest at the respective rates and are otherwise as described in the Supplemental Resolution. The Issue 2026-1 Bonds are being issued to refund certain outstanding obligations of THDA and to make funds available to make or purchase Program Loans, as defined in the General Resolution, in accordance with the program of THDA permitted under the Resolution (the "Program").

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met subsequent to the delivery of the Issue 2026-1 Bonds in order that interest on the Issue 2026-1 Bonds be excluded from gross income for purposes of federal income taxation. We have examined the Resolution and other relevant single family housing program documents which set forth such various federal tax law requirements which must be met by THDA. THDA has covenanted in the Resolution to comply with such requirements of federal tax law and for such purpose, to adopt and maintain appropriate procedures.

Based upon the foregoing we are of the opinion that:

1. Under the Constitution and laws of the State, THDA has lawful power and authority, among other things, to carry out the Program, to provide funds therefor by the adoption of the Resolution and the issuance and sale of the Issue 2026-1 Bonds and to perform its obligations under the terms and conditions of the Resolution, including the

financing of single family mortgage loans and collecting and enforcing the collection of revenues and prepayments as covenanted in the Resolution.

2. The Resolution has been duly adopted by THDA and is valid and binding upon THDA.

3. The Issue 2026-1 Bonds are valid and legally binding special, limited obligations of THDA and are entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Resolution.

4. The Resolution creates, for the benefit of the holders of the Residential Finance Program Bonds, including the Issue 2026-1 Bonds, the valid pledge of and lien on revenues, as defined in the Resolution, and moneys and securities held or set aside or to be held or set aside in the Funds and Accounts established thereunder, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

5. Pursuant to the Resolution, THDA has validly covenanted in the manner and to the extent provided in the Resolution, among other things, to make or purchase mortgage loans under the Program with the proceeds of the Issue 2026-1 Bonds, to do all acts and things necessary to receive and collect revenues and, when applicable, prepayments.

6. The Issue 2026-1 Bonds do not constitute a debt or liability or obligation of the State or a pledge of its full faith and credit or of its taxing power and are payable solely from the funds provided therefor pursuant to the Resolution and the Act.

7. Under existing laws, regulations, rulings and judicial decisions, interest on the Issue 2026-1 Bonds (i) is excludable from gross income for federal income tax purposes and (ii) is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals; interest on the Issue 2026-1 Bonds may affect the federal alternative minimum tax imposed on certain corporations. The opinion described above assumes the accuracy of certain representations and compliance by THDA with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Issue 2026-1 Bonds. THDA has covenanted to comply with such requirements. Failure to comply with such requirements could cause interest on the Issue 2026-1 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Issue 2026-1 Bonds.

8. Under the existing laws of the State as enacted and construed on the date hereof, the interest on the Issue 2026-1 Bonds, their transfer, and the income therefrom, including any profit made on the sale thereof, shall at all times be free from taxation by the State or any local unit or political subdivision or other instrumentality of the State, excepting inheritance and gift taxes; provided however, the Issue 2026-1 Bonds and the interest received thereon are included in the measure of privilege taxes imposed by the State.

In addition to the opinions set forth in paragraph (7) above, certain individual owners of the Issue 2026-1 Bonds may have to take interest on such Issue 2026-1 Bonds into account for the purpose of calculating the amount of social security or railroad retirement benefits includible in gross income of such owners for federal income tax purposes. All owners of the Issue 2026-1 Bonds (including, but not limited to, insurance companies, financial institutions, S corporations and United States branches of foreign corporations) should consult their tax advisors concerning the effects of these and other applicable provisions of the Code on their individual tax liabilities. The extent of certain indirect tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

In rendering this opinion, we are advising you that the enforceability of rights and remedies with respect to the Resolution and the Issue 2026-1 Bonds may be limited by bankruptcy, insolvency and other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

We express no opinion herein as to the adequacy or accuracy of the Official Statement pertaining to the issuance of the Issue 2026-1 Bonds.

Very truly yours,

HISTORIC DELINQUENCIES AND FORECLOSURES

Delinquency and foreclosure data includes Program Loans transferred to the General Resolution in connection with prior Bond issuances and Program Loans financed with the proceeds of prior Bond issuances under the General Resolution (not inclusive of Program Loans pooled into Program Securities). The delinquency and foreclosure data also includes data regarding loans financed pursuant to the 1974 General Resolution that were transferred to the General Resolution as of June 30, 2014.

Delinquencies and Foreclosures as of December 31, 2025

The following information regarding delinquencies includes Program Loans in forbearance, and the following information regarding foreclosures does not include Program Loans for which foreclosure actions were paused in accordance with federal program requirements during the recent pandemic.

The overall delinquency rate for Program Loans not pooled into Program Securities and that were sixty (60) to eighty-nine (89) days past due was 2.29%, based on a total of 26,727 Program Loans as of December 31, 2025 (unaudited).

Delinquency rates by loan type for Program Loans not pooled into Program Securities and that were sixty (60) to eighty-nine (89) days past due as of December 31, 2025 (unaudited), compared with the delinquency rates reported for Tennessee by MBA in its National Delinquency Survey, by loan type, for fixed rate mortgages for the quarter ending December 31, 2025, are shown in the following table:

60 TO 89 DAYS PAST DUE AS OF DECEMBER 31, 2025

	Program Loans				MBA[3]
Type of Mortgage	**Number**		**Outstanding Balance[1]**	**% of Total Number by Type of Program Loan**	**% of Total Number by Loan Type**
FHA Insured……	539	$	67,874,967	2.70%	1.81%[4]
VA Guaranteed……	16		3,162,152	1.60	0.89
Privately Insured…….	3		188,620	1.04	0.95
USDA/RD Guaranteed……..	34		4,111,499	2.04	[5]
Uninsured……	20		921,023	0.52	[5]
TOTAL	612	$	76,258,261[2]		

(1) Rounded figures.
(2) Rounded total.
(3) MBA data for Tennessee for the quarter ending December 31, 2025.
(4) FHA fixed rate mortgage loans
(5) Mba does not report data in these categories.

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The overall delinquency rate for Program Loans not pooled into Program Securities and that were ninety (90) days past due was 4.72%, based on a total of 26,727 Program Loans as of December 31, 2025 (unaudited).

Delinquency rates by loan type for Program Loans not pooled into Program Securities that and were ninety (90) days past due as of December 31, 2025 (unaudited), compared with the delinquency rates reported for Tennessee by MBA in its National Delinquency Survey, by loan type, for fixed rate mortgages for the quarter ending December 31, 2025, are shown in the following table:

90 DAYS OR MORE PAST DUE AS OF DECEMBER 31, 2025

	Program Loans				MBA[3]
Type of Mortgage	Number		Outstanding Balance[1]	% of Total Number by Type of Program Loan	% of Total Number by Loan Type
FHA Insured…….	1,118	$	153,784,975	5.60%	3.34%[4]
VA Guaranteed……	21		4,685,632	2.11	1.73
Privately Insured…….	12		566,901	4.15	0.79
USDA/RD Guaranteed……..	70		9,217,410	4.19	[5]
Uninsured……	40		984,630	1.05	[5]
TOTAL	1,261	$	169,239,547[2]		

(1) Rounded figures.
(2) Rounded total.
(3) MBA data for Tennessee for the quarter ending December 31, 2025.
(4) FHA fixed rate mortgage loans.
(5) MBA does not report data in these categories.

The overall rate of Program Loans not pooled into Program Securities and in foreclosure was 0.41%, based on a total of 26,727 Program Loans as of December 31, 2025 (unaudited).

The foreclosure rate by loan type for Program Loans not pooled into Program Securities and in foreclosure as of December 31, 2025 (unaudited), compared to the percent of principal amount of loans in foreclosure reported for Tennessee by MBA in its National Delinquency Survey, by loan type, for the quarter ending December 31, 2025, are as follows:

IN FORECLOSURE AS OF DECEMBER 31, 2025

	Program Loans				MBA[3]
Type of Mortgage	Number		Outstanding Balance[1]	% of Total Number by Type of Program Loan	% of Total Number by Loan Type
FHA Insured…….	93	$	11,223,020	0.47%	4.12%[4]
VA Guaranteed……	6		1,153,654	0.60	2.35
Privately Insured…….	1		91,024	0.35	0.97
USDA/RD Guaranteed……..	9		1,419,320	0.54	[5]
Uninsured……	1		196,615	0.03	[5]
TOTAL	110	$	14,083,632[2]		

(1) Rounded figures.
(2) Rounded total.
(3) MBA data for Tennessee for the quarter ending December 31, 2025.
(4) FHA fixed rate mortgage loans.
(5) MBA does not report data in these categories.

Delinquencies and Foreclosures as of September 30, 2025

The following information regarding delinquencies includes Program Loans in forbearance, and the following information regarding foreclosures does not include Program Loans for which foreclosure actions were paused in accordance with federal program requirements during the recent pandemic.

The overall delinquency rate for Program Loans not pooled into Program Securities and that were sixty (60) to eighty-nine (89) days past due was 216%, based on a total of 26,455 Program Loans as of September 30, 2025 (unaudited).

Delinquency rates by loan type for Program Loans not pooled into Program Securities and that were sixty (60) to eighty-nine (89) days past due as of September 30, 2025 (unaudited), compared with the delinquency rates reported for Tennessee by MBA in its National Delinquency Survey, by loan type, for fixed rate mortgages for the quarter ending September 30, 2025, are shown in the following table:

60 TO 89 DAYS PAST DUE AS OF SEPTEMBER 30, 2025

	Program Loans			MBA[3]
Type of Mortgage	**Number**	**Outstanding Balance[1]**	**% of Total Number by Type of Program Loan**	**% of Total Number by Loan Type**
FHA Insured…….	498	$ 60,491,630	2.50%	1.83%[4]
VA Guaranteed……	11	1,816,948	1.09	0.82
Privately Insured…….	7	343,565	2.37	0.55
USDA/RD Guaranteed……..	38	4,090,296	2.26	[5]
Uninsured……	17	271,935	0.48	[5]
TOTAL	571	$ 67,014,375[2]		

(1) Rounded figures.
(2) Rounded total.
(3) MBA data for Tennessee for the quarter ending September 30, 2025.
(4) FHA fixed rate mortgage loans
(5) Mba does not report data in these categories.

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The overall delinquency rate for Program Loans not pooled into Program Securities that and were ninety (90) days past due was 4.10%, based on a total of 26,445 Program Loans as September 30, 2025 (unaudited).

Delinquency rates by loan type for Program Loans not pooled into Program Securities and that were ninety (90) days past due as of September 30, 2025 (unaudited), compared with the delinquency rates reported for Tennessee by MBA in its National Delinquency Survey, by loan type, for fixed rate mortgages for the quarter ending September 30, 2025, are shown in the following table:

90 DAYS OR MORE PAST DUE AS OF SEPTEMBER 30, 2025

	Program Loans			MBA[3]
Type of Mortgage	Number	Outstanding Balance[1]	% of Total Number by Type of Program Loan	% of Total Number by Loan Type
FHA Insured…….	966	$ 130,567,828	4.85%	2.69%[4]
VA Guaranteed……	23	5,249,980	2.29	1.53
Privately Insured…….	6	430,120	2.03	0.65
USDA/RD Guaranteed……..	53	7,295,635	3.15	[5]
Uninsured……	36	1,550,130	1.02	[5]
TOTAL	1,084	$ 145,093,694[2]		

(1) Rounded figures.
(2) Rounded total.
(3) MBA data for Tennessee for the quarter ending September 30, 2025.
(4) FHA fixed rate mortgage loans.
(5) MBA does not report data in these categories.

The overall rate of Program Loans not pooled into Program Securities and in foreclosure was 0.30%, based on a total of 26,445 Program Loans as of September 30, 2025 (unaudited).

The foreclosure rate by loan type for Program Loans not pooled into Program Securities and in foreclosure as of September 30, 2025 (unaudited), compared to the percent of principal amount of loans in foreclosure reported for Tennessee by MBA in its National Delinquency Survey, by loan type, for the quarter ending September 30, 2025, are as follows:

IN FORECLOSURE AS OF SEPTEMBER 30, 2025

	Program Loans			MBA[3]
Type of Mortgage	Number	Outstanding Balance[1]	% of Total Number by Type of Program Loan	% of Total Number by Loan Type
FHA Insured…….	60	$ 6,994,150	0.31%	3.33%[4]
VA Guaranteed……	6	1,122,203	0.60	2.08
Privately Insured…….	2	167,800	0.68	0.82
USDA/RD Guaranteed……..	7	1,087,074	0.42	[5]
Uninsured……	2	273,004	0.06	[5]
TOTAL	79	$ 9,644,232[2]		

(1) Rounded figures.
(2) Rounded total.
(3) MBA data for Tennessee for the quarter ending September 30, 2025.
(4) FHA fixed rate mortgage loans.
(5) MBA does not report data in these categories.

Delinquencies and Foreclosures as of June 30, 2025

The following information regarding delinquencies includes Program Loans in forbearance, and the following information regarding foreclosures does not include Program Loans for which foreclosure actions were paused in accordance with federal program requirements during the recent pandemic.

The overall delinquency rate for Program Loans not pooled into Program Securities and that were sixty (60) to eighty-nine (89) days past due was 2.12%, based on a total of 26,071 Program Loans as of June 30, 2025 (unaudited).

Delinquency rates by loan type for Program Loans not pooled into Program Securities and that were sixty (60) to eighty-nine (89) days past due as of June 30, 2025 (unaudited), compared with the delinquency rates reported for Tennessee by MBA in its National Delinquency Survey, by loan type, for fixed rate mortgages for the quarter ending June 30, 2025, are shown in the following table:

60 TO 89 DAYS PAST DUE AS OF JUNE 30, 2025

	Program Loans			MBA[3]
Type of Mortgage	**Number**	**Outstanding Balance[1]**	**% of Total Number by Type of Program Loan**	**% of Total Number by Loan Type**
FHA Insured……..	481	$ 59,573,764	2.41%	1.71%[4]
VA Guaranteed……	6	1,534,830	0.61	0.70
Privately Insured…….	6	316,244	1.99	0.47
USDA/RD Guaranteed……..	37	4,689,715	2.19	[5]
Uninsured……	24	849,801	0.76	[5]
TOTAL	554	$ 66,964,354[2]		

(1) Rounded figures.
(2) Rounded total.
(3) MBA data for Tennessee for the quarter ending June 30, 2025.
(4) FHA fixed rate mortgage loans
(5) Mba does not report data in these categories.

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The overall delinquency rate for Program Loans not pooled into Program Securities that and were ninety (90) days past due was 3.79%, based on a total of 26.071 Program Loans as June 30, 2025 (unaudited).

Delinquency rates by loan type for Program Loans not pooled into Program Securities and that were ninety (90) days past due as of June 30, 2025 (unaudited), compared with the delinquency rates reported for Tennessee by MBA in its National Delinquency Survey, by loan type, for fixed rate mortgages for the quarter ending June 30, 2025, are shown in the following table:

90 DAYS OR MORE PAST DUE AS OF JUNE 30, 2025

	Program Loans			MBA[3]
Type of Mortgage	**Number**	**Outstanding Balance[1]**	**% of Total Number by Type of Program Loan**	**% of Total Number by Loan Type**
FHA Insured…….	858	$ 110,906,956	4.30%	2.41%[4]
VA Guaranteed……	39	8,848,015	3.94	1.50
Privately Insured…….	9	676,816	2.99	0.62
USDA/RD Guaranteed……..	53	6,950,357	3.13	(5)
Uninsured……	30	1,175,983	0.95	(5)
TOTAL	989	$ 128,558,127[2]		

(1) Rounded figures.
(2) Rounded total.
(3) MBA data for Tennessee for the quarter ending June 30, 2025.
(4) FHA fixed rate mortgage loans.
(5) MBA does not report data in these categories.

The overall rate of Program Loans not pooled into Program Securities and in foreclosure was 0.15%, based on a total of 26,071 Program Loans as of June 30, 2025 (unaudited).

The foreclosure rate by loan type for Program Loans not pooled into Program Securities and in foreclosure as of June 30, 2025 (unaudited), compared to the percent of principal amount of loans in foreclosure reported for Tennessee by MBA in its National Delinquency Survey, by loan type, for the quarter ending June 30, 2025, are as follows:

IN FORECLOSURE AS OF JUNE 30, 2025

	Program Loans			MBA[3]
Type of Mortgage	**Number**	**Outstanding Balance[1]**	**% of Total Number by Type of Program Loan**	**% of Total Number by Loan Type**
FHA Insured…….	32	$ 4,137,846	0.16%	3.01%[4]
VA Guaranteed……	1	188,947	0.10	2.06
Privately Insured…….	0	0.00	0.00	0.79
USDA/RD Guaranteed……..	5	666,815	0.30	(5)
Uninsured……	0	0.00	0.00	(5)
TOTAL	38	$ 4,993,609[2]		

(1) Rounded figures.
(2) Rounded total.
(3) MBA data for Tennessee for the quarter ending June 30, 2025.
(4) FHA fixed rate mortgage loans.
(5) MBA does not report data in these categories.

Delinquencies and Foreclosures as of March 31, 2025

The following information regarding delinquencies includes Program Loans in forbearance, and the following information regarding foreclosures does not include Program Loans for which foreclosure actions were paused in accordance with federal program requirements during the recent pandemic.

The overall delinquency rate for Program Loans not pooled into Program Securities and that were sixty (60) to eighty-nine (89) days past due was 1.65%, based on a total of 25,726 Program Loans as of March 31, 2025 (unaudited).

Delinquency rates by loan type for Program Loans not pooled into Program Securities and that were sixty (60) to eighty-nine (89) days past due as of March 31, 2025 (unaudited), compared with the delinquency rates reported for Tennessee by MBA in its National Delinquency Survey, by loan type, for fixed rate mortgages for the quarter ending March 31, 2025, are shown in the following table:

60 TO 89 DAYS PAST DUE AS OF MARCH 31, 2025

	Program Loans			MBA[3]
Type of Mortgage	**Number**	**Outstanding Balance[1]**	**% of Total Number by Type of Program Loan**	**% of Total Number by Loan Type**
FHA Insured…….	379	$ 47,509,432	1.89%	1.52%[4]
VA Guaranteed……	7	1,803,600	0.71	0.67
Privately Insured…….	8	290,336	2.61	0.50
USDA/RD Guaranteed……..	22	2,606,285	1.30	[5]
Uninsured……	9	234,016	0.33	[5]
TOTAL	425	$ 52,443,670[2]		

(1) Rounded figures.
(2) Rounded total.
(3) MBA data for Tennessee for the quarter ending March 31, 2025.
(4) FHA fixed rate mortgage loans
(5) Mba does not report data in these categories.

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The overall delinquency rate for Program Loans not pooled into Program Securities that and were ninety (90) days past due was 4.44%, based on a total of 25,726 Program Loans as March 31, 2025 (unaudited).

Delinquency rates by loan type for Program Loans not pooled into Program Securities and that were ninety (90) days past due as of March 31, 2025 (unaudited), compared with the delinquency rates reported for Tennessee by MBA in its National Delinquency Survey, by loan type, for fixed rate mortgages for the quarter ending March 31, 2025, are shown in the following table:

90 DAYS OR MORE PAST DUE AS OF MARCH 31, 2025

	Program Loans			MBA[3]
Type of Mortgage	Number	Outstanding Balance[1]	% of Total Number by Type of Program Loan	% of Total Number by Loan Type
FHA Insured…….	1,026	$ 134,884,871	5.13%	2.50%[4]
VA Guaranteed……	35	8,072,472	3.56	1.53
Privately Insured…….	7	548,561	2.28	0.63
USDA/RD Guaranteed……..	48	5,797,646	2.84	(5)
Uninsured……	27	1,231,991	0.99	(5)
TOTAL	1,143	$ 150,535,540[2]		

(1) Rounded figures.
(2) Rounded total.
(3) MBA data for Tennessee for the quarter ending March 31, 2025.
(4) FHA fixed rate mortgage loans.
(5) MBA does not report data in these categories.

The overall rate of Program Loans not pooled into Program Securities and in foreclosure was 0.24%, based on a total of 25,726 Program Loans as of March 31, 2025 (unaudited).

The foreclosure rate by loan type for Program Loans not pooled into Program Securities and in foreclosure as of March 31, 2025 (unaudited), compared to the percent of principal amount of loans in foreclosure reported for Tennessee by MBA in its National Delinquency Survey, by loan type, for the quarter ending March 31, 2025, are as follows:

IN FORECLOSURE AS OF MARCH 31, 2025

	Program Loans			MBA[3]
Type of Mortgage	Number	Outstanding Balance[1]	% of Total Number by Type of Program Loan	% of Total Number by Loan Type
FHA Insured…….	54	$ 6,673,242	0.27%	3.07%[4]
VA Guaranteed……	1	188,948	0.10	2.19
Privately Insured…….	0	0.00	0.00	0.81
USDA/RD Guaranteed……..	6	1,017,639	0.35	(5)
Uninsured……	0	0.00	0.00	(5)
TOTAL	61	$ 7,879,829[2]		

(1) Rounded figures.
(2) Rounded total.
(3) MBA data for Tennessee for the quarter ending March 31, 2025.
(4) FHA fixed rate mortgage loans.
(5) MBA does not report data in these categories.

KESTREL SECOND PARTY OPINION

Second Party Opinion

Issuer:	**Tennessee Housing Development Agency**
Issue Description:	Residential Finance Program Bonds Issue 2026-1 (Non-AMT) (Social Bonds)
Project:	Great Choice Loan Program
Social Standard:	ICMA Social Bond Principles
Social Categories:	Affordable Housing Access to Essential Services Socioeconomic Advancement and Empowerment
Target Populations:	Very low-, low-, and moderate-income households
Keywords:	Tennessee; single-family homeownership; equitable access to affordable housing; racial homeownership gaps; Appalachia
Par:	$104,000,000*
Evaluation Date:	March 26, 2026

*Preliminary, subject to change

SOCIAL BONDS DESIGNATION

Kestrel, an Approved Verifier accredited by the Climate Bonds Initiative, conducted an independent external review of the Residential Finance Program Bonds Issue 2026-1 (Non-AMT) ("Offered Bonds") to evaluate conformance with the Social Bond Principles (June 2025) established by the International Capital Market Association. In addition, the Offered Bonds were benchmarked using Kestrel Sustainability Intelligence™. Our team for this engagement included analysts with experience in sustainability.

This Second Party Opinion reflects our review of the uses and allocation of proceeds, oversight, and conformance of the Offered Bonds with the Social Bond Principles. In our opinion, the Offered Bonds are impactful, conform with the four core components of the Social Bond Principles, and qualify for Social Bonds designation. Based on benchmarking with Kestrel Sustainability Intelligence™, the Offered Bonds are in the top 10% of assets in the single-family housing sector, reflecting leading practices for sustainability and equitable access relative to other entities in the single-family housing sector. The analysis is derived from Kestrel Sustainability Intelligence, which benchmarks more than 16,000 municipal bond series representing $3.2 trillion of infrastructure investment.

ABOUT THE ISSUER

The Tennessee Housing Development Agency ("THDA") is an instrumentality and political subdivision of the State of Tennessee and serves as the primary housing finance agency in Tennessee. THDA was established in 1973 to raise funds for new housing units that serve low- and moderate-income persons and families in every county of the state. THDA activities including, but not limited to, single-family and multi-family housing programs, home repair initiatives, and grant programs, contributed an estimated $2 billion to the Tennessee economy in 2024.[1]

THDA has established several grantmaking programs which are managed internally or in partnership with local nonprofit and government organizations. Annually, THDA administers approximately $10 million to $12 million in grants through programs which include, but are not limited to:

- **Transitional Housing Program:** In partnership with the Tennessee Department of Correction, THDA offers a payment program to support transitional housing for ex-offenders.
- **Emergency Solutions Grants:** Administration of federal grants for organizations that provide housing assistance to those who are homeless or at-risk of homelessness.
- **Tennessee Housing Trust Fund:** A program that provides grants to rehabilitate and rebuild housing for very low- and low-income, elderly, and special needs households. This fund finances the following activities:
  - **Competitive Grants and Challenge Grants:** Initiatives that provide seed funding and grants up to $600,000 to nonprofits and municipal agencies to address critical housing needs.
  - **Support to Habitat for Humanity:** Annual grants to local affiliates for home construction projects.
  - **Rebuild and Recover:** Grants to local governments to help homeowners recover and rebuild after natural disasters not formally recognized as disasters by federal or state agencies.
  - **Emergency Repair Program:** Grants to various organizations that repair and replace essential infrastructure for low-income, elderly or disabled homeowners.

Across Tennessee, many urban and rural communities have struggled with distressed neighborhoods and low rates of homeownership, and have a substantial number of older single-family homes that require rehabilitation, repair, or replacement.[2] THDA offers programs to support repairs for older housing stock, including:

- **Low Income Home Energy Assistance Program:** Provides federal funding through regional agencies receive federal funds to assist income-qualified households with utility costs, bill payment assistance, energy crisis assistance, and energy-related home repairs.
- **Weatherization Assistance Program:** Provides federal funding through regional agencies to improve energy efficiency in income-qualified households.

[1] "THDA Investments and Impacts: 2024," Tennessee Housing Development Agency, accessed March 18, 2026, https://dogvxws799i6n.cloudfront.net/wp-content/uploads/2024-Investments-and-Impacts.pdf.

[2] "2026 Tennessee Housing Market at a Glance," Tennessee Housing Development Agency, accessed March 18, 2026, https://thda.org/research-and-reports/tennessee-housing-market-at-a-glance/.

ALIGNMENT TO SOCIAL STANDARDS[3]

Use of Proceeds

Proceeds of the Offered Bonds will be used to (i) acquire new first-lien Great Choice Program Loans (including Program Loans pooled into Program Securities); (ii) pay capitalized interest, if any; (iii) make a deposit to the Bond Reserve Fund, if required; and (iv) pay costs of issuance. Revenues generated through Program Loans support downpayment assistance ("DPA") and THDA grant programs, thus indirectly financing DPA and many of the programs that are unique to THDA. The Offered Bonds align with three Social Project categories identified in the Social Bond Principles: *Affordable Housing*, *Access to Essential Services*, and *Socioeconomic Advancement and Empowerment*.

THDA Great Choice Loan Program ("Great Choice")

While THDA has several homebuying programs, all mortgage loans allocated to the Offered Bonds will be Great Choice Program Loans ("Program Loans"). Program Loans are 30-year, fixed-interest-rate home mortgage loans offered, made or originated by private banks and lenders for first-time homebuyers, veterans, and homebuyers in targeted areas of the state. The Homeownership for Heroes Program,[4] a sub-program of Great Choice, offers reduced interest rates for qualifying veterans, active-duty military, firefighters, law enforcement officers, EMTs and paramedics. Program Loans are made on a continuing basis through THDA-approved originating agents or lenders.[5] Homebuyers work directly with lenders to receive loans through Great Choice.

Improved access to financing for eligible borrowers promotes a more equitable society. In 2025, THDA found that high interest rates, insurance costs, and property taxes created affordability challenges for homebuyers.[6] THDA single-family programs for low to moderate-income individuals and households, such as Great Choice, are an important tool for closing the housing affordability gap.

Additionally, many families and individuals in Tennessee are unable to purchase a home due to the major expense of downpayment and closing costs. To alleviate this barrier, THDA offers downpayment assistance ("DPA") and includes this with a majority of loans in the Great Choice Loan Program (Table 1). The Offered Bonds may directly finance DPA, however, DPA associated with the Program Loans is typically financed through revenue generated through Program Loans. The distribution of income bands for borrowers of the Program Loans is expected to be similar to previously financed groups of Program Loans, as illustrated in Table 2.

[3] Social Bonds are any type of debt instrument where the proceeds will be exclusively applied to finance or refinance eligible Social Projects which are aligned with the four core components of ICMA Social Bond Principles.

[4] "Homeownership for Heroes," Tennessee Housing Development Agency, 2025, https://thda.org/wp-content/uploads/2025/08/Co-Branded-Homeownership-for-Heroes-Flyer.pdf.

[5] Lenders are required to meet US Federal Housing Administration eligibility.

[6] "THDA Mortgage Report: Calendar Year 2025," Tennessee Housing Development Agency, March 2026, http://dogvxws799i6n.cloudfront.net/wp-content/uploads/RR-2026-THDA-2025-Calendar-Year-Report_Final.pdf.

Table 1. Downpayment Assistance (DPA) provided in conjunction with THDA's previously issued bonds for single-family homeownership (1/1/2021-2/28/2026)

Total DPA Provided ($)	$97,519,685
Total DPA Provided (#)	9,743
Percent of Borrowers Receiving DPA	95.9%
Average DPA Provided per Borrower	$10,012
Average DPA Provided (% of Purchase Price)	4.6%

Table 2. Income bands of loans in THDA's single-family programs (1/1/2024-2/28/2026)

	2024		2025		2026	
AMI Band	**$ of Loans ($MM)**	**% of Proceeds**	**$ of Loans ($MM)**	**% of Proceeds**	**$ of Loans ($MM)**	**% of Proceeds**
<50%	$23	5%	$15	6%	$7	18%
50% - 59%	$38	8%	$23	9%	$4	11%
60% - 69%	$59	12%	$33	12%	$6	14%
70% - 79%	$77	16%	$45	17%	$6	15%
80% - 89%	$78	17%	$57	22%	$7	17%
90% - 99%	$89	19%	$38	14%	$5	12%
100%+	$107	23%	$53	20%	$5	13%
Total	**$470**	**100%**	**$263**	**100%**	**$39**	**100%**

THDA supports fair lending and is committed to helping Tennesseans achieve and sustain homeownership. THDA requires all participating lenders to comply with nondiscrimination and fair housing laws, as documented in THDA Program Guidelines. THDA directly serves Target Populations in Target Areas, as defined below:

- **Target Population:** Program Loans financed through the Offered Bonds will help low- and moderate-income individuals and families in Tennessee achieve homeownership. The maximum eligible income is (i) between 100% and 115% of the Area Median Income ("AMI") for borrowers purchasing homes outside of Targeted Areas (as defined below) and (ii) 140% or less of the AMI for borrowers purchasing homes in Targeted Areas. The distribution of income bands for the borrowers of the Program Loans is expected to be similar to previously financed groups of loans in the Great Choice Loan Program (Table 2). The Program Loans are also expected to benefit minority populations who have been historically under-represented as homeowners, borrowers with disabilities, borrowers who care for individuals with disabilities, as well as households in lower income areas and areas of chronic economic distress.

- **Targeted Area:** A portion of Program Loans will be made to households in Targeted Areas. THDA defines a Targeted Area as (i) a census tract in which 70% of families have incomes less than 80% of the statewide median family income or (ii) an area of chronic economic distress. The designation of an area of chronic economic distress may change over time and is based on several factors including housing demand, demand for financing, area income levels, and/or unemployment rates. An entire county or a smaller area within a county may be designated as a Targeted Area.

The Need for Equitable & Affordable Homeownership in Tennessee

Homeownership is a vehicle for building wealth, financial stability, and economic opportunity that can transcend generations. Instead of paying rent to a third party, homeowners build equity. Owning a home results in more predictable housing costs over time and can increase financial stability. Homeownership can also reduce disruptions associated with rent instability and changes to a rental property that are out of a family's control. Housing wealth (equity) is also a key component of retirement resources for many families because lower housing costs after the mortgage is paid off makes it possible to subsist on the reduced income associated with retirement.

Expanded access to affordable housing is especially critical in Tennessee, where racial homeownership gaps endure.[7] By financing Program Loans for low- and moderate-income first-time homebuyers and addressing homeownership gaps in the state, THDA is improving access and supporting housing stability for underserved populations.[8] In addition, in coordination with the Mortgage Bankers Association, THDA co-leads CONVERGENCE Memphis—an initiative intended to increase Black and African American homeownership in Memphis, Tennessee. These efforts have made progress toward closing the homeownership gap. In 2025, the percentage of Black THDA borrowers was greater than the percentage of Black borrowers in the overall mortgage market.[9]

Certain Program Loans will directly benefit communities in the Appalachian Region of West Tennessee, a region that is mostly rural and has generally experienced slower growth than the rest of the state.[10] In Kestrel's view, the potential benefit to Appalachia from the Program Loans is one of the multiple social benefits of the Offered Bonds.

The affordable housing market in Tennessee continues to operate in a high interest rate and low inventory environment, which has negatively impacted many potential borrowers.[11] Access to these Program Loans, which provide equitable opportunities to invest in housing, is essential for economically disadvantaged homebuyers in this difficult housing market.

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[7] "Forecasting State and National Trends in Household Formation and Homeownership: Tennessee," Urban Institute, accessed March 18, 2026, https://www.urban.org/policy-centers/housing-finance-policy-center/projects/forecasting-state-and-national-trends-household-formation-and-homeownership.

[8] "Tennessee Housing Development Agency Issue Brief: Racial and Ethnic Disparities in Home Mortgage Originations in Tennessee (Part Two of a Six Part Series Examining Issues of Fair Housing in Tennessee)," Tennessee Housing Development Agency, January 2021, https://dogvxws799i6n.cloudfront.net/wp-content/uploads/RP_MortgageDisparitiesBrief.pdf.

[9] "THDA Mortgage Report: Calendar Year 2024," Tennessee Housing Development Agency; and "2023 Home Loan Trends in Tennessee: Analysis from Home Mortgage Disclosure Act (HMDA) Data," Tennessee Housing Development Agency, November 2024, https://thda.org/images/2023-HMDA-Report.pdf.

[10] "State of Tennessee Four-Year Appalachian Development Plan," TN Department of Economic & Community Development, 2019, https://www.tn.gov/content/dam/tn/ecd/documents/arc/TN_ARC_4-_Year_Plan.pdf.

[11] "THDA Mortgage Report: Calendar Year 2025," Tennessee Housing Development Agency.

Resilience through Homeownership

In general, housing stability contributes to the resilience of communities. When more households have stable housing, communities rebound faster from natural disasters. THDA offers several programs to increase resilience of the housing sector. For example, the Rebuild and Recover program provides grants up to $500,000 to communities affected by extreme weather events. These grants finance rehabilitation of homes and relocation of homes out of floodplains. In the event of a disaster, the Agency may establish a moratorium on foreclosures and delay reporting of delinquencies in accordance with consumer protection regulations. THDA also recognizes rising insurance costs as a potential barrier to sustainable homeownership in Tennessee. By acting as a buffer to absorb shocks to the system, THDA helps more households achieve and maintain sustainable homeownership, which reduces long-term vulnerability of Tennessee to extreme events.

Process for Project Evaluation and Selection

THDA follows fair housing compliance procedures to ensure Program Loans benefit eligible borrowers. Under the Great Choice Program, borrowers must meet eligibility criteria established by THDA and the Internal Revenue Code including:

- First-time homebuyer status, qualified veteran status, or purchase in a Targeted Area;
- Income limits (very low-, low-, or moderate-income); and
- Purchase price limits for the home.

The Single-Family Operations Team reviews lender applications and provides regular reports to the Board of Directors confirming that Program Loans meet the required criteria. The Board includes the Comptroller of the Treasury, the Secretary of State, the State Treasurer, the Commissioner of the Department of Finance and Administration, staff to the Governor, and members representing the real estate, homebuilding and financial services industries, as well as local public housing authorities, local governments and certain nonprofits. The THDA Internal Audit Unit also periodically reviews single-family Program Loans and reports its findings to the Board.

Management of Proceeds

Proceeds from the Offered Bonds will finance new single-family Program Loans, including Program Loans pooled into Program Securities, make a deposit to the Bond Reserve Fund (if required), and pay costs of issuance. Lendable proceeds will be deposited into a separately managed subaccount of the Loan Fund and the THDA Director of Finance is responsible for tracking and managing disbursements. Bond proceeds are expected to be expended within a few months of issuance.

Purchased Program Loans and Program Securities become part of THDA's investment portfolio. Prior to allocation to Program Loans and Program Securities, proceeds may be temporarily held in investments that comply with THDA guidelines and the Constitution and statutes of the State of Tennessee. Allowable investments include but are not limited to: direct obligations of the US Treasury and US Agencies, obligations guaranteed by the US Federal Government, and direct and general obligations of the State of Tennessee.

Reporting

THDA intends to voluntarily provide an updated Program Loan AMI distribution table once the proceeds of the Offered Bonds have been expended. The form of reporting (the "Use of Proceeds Report") is shown in Appendix K of the Official Statement. THDA will submit this report to the Municipal Securities Rulemaking Board ("MSRB") once all proceeds in the Loan Fund have been spent, and the report will be posted on the Electronic Municipal Market Access ("EMMA") system operated by the MSRB.

THDA reports on its activities through multiple channels, including regular reports and presentations to the Tennessee General Assembly on bond-financed Program Loans. THDA also publishes annual Program Reports that include borrower demographics and analyses of the economic impact of the single-family loan programs. These reports are made available on the THDA website: thda.org/research-and-reports/single-family-reports.

ALIGNMENT WITH UN SDGs

The Offered Bonds support and advance the vision of the United Nations Sustainable Development Goals ("UN SDGs"), including:

No Poverty (Target 1.4)
Increased access to affordable mortgage financing which supports interruption of the poverty cycle

Decent Work and Economic Growth (Target 8.10)
Increased access to financial services that enable low- and moderate-income populations to own property

Reduced Inequalities (Target 10.2)
Increased social equity through downpayment assistance and homebuyer education programs that lower barriers to homeownership for disadvantaged groups

Sustainable Cities and Communities (Target 11.1)
Improved access to affordable housing opportunities

Full text of the Targets for these Goals is on the United Nations website: un.org/sustainabledevelopment

BENCHMARKING: KESTREL SUSTAINABILITY INTELLIGENCE™

Project Information	
Subsector	Single-Family Housing
Project Status	N/A

Sustainability Benchmarks	
Composite Score	4.25 out of 5.00
Rank*	Top 10%

***Compared to all bonds evaluated in the single-family housing sector (n = 959). within a broader universe of more than 16,000 municipal bond series representing $3.2 trillion of infrastructure investment. To learn more about benchmarking with Kestrel Sustainability Intelligence, including additional data fields not shown here, visit kestrelesg.com.**

Sustainability Scores (out of 5)		Weight in Composite Score Calculation
Environmental	2.00	35%
Social	5.00	45%
Transparency	5.00	20%

Score Rationale		
Environmental	Conventional Buildings – Business as Usual	20%
Social	Equitable Access to Essential Services	40%
	Affordable Housing	20%
Transparency	Disclose Activities, Impacts & Risks	20%

Climate Risk Strategies	
Resilience Programs	Programs to support borrowers in disaster areas and mitigate losses

This bond was evaluated on 3/18/2026 and reference data for benchmarking was accessed on 3/13/2026. Kestrel Sustainability Scores are fixed for a minimum period of one year from the date of our Opinion. During this period, scores will not be changed.

CONCLUSION

Based on our independent external review, the Offered Bonds are impactful, conform, in all material respects, with the Social Bond Principles (2025) and are in complete alignment with three eligible project categories: *Affordable Housing*, *Access to Essential Services*, and *Socioeconomic Advancement and Empowerment*. In issuing the Offered Bonds, THDA demonstrates continued leadership and a commitment to improving affordability and access to single-family housing for minority and at-risk populations.

Based on benchmarking with Kestrel Sustainability Intelligence, the Offered Bonds are in the top 10% of assets in the single-family housing sector, reflecting leading practices for sustainability and equitable access. With its original grant programs, commendable community outreach and Great Choice Loan Program, Kestrel views THDA as exemplary among state housing finance agencies in advancing equitable access to affordable housing.

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About

Kestrel Sustainability Intelligence™ for municipal markets helps set the market standard for sustainable finance. We do this through verification and our comprehensive Sustainability Analysis and Scores.

Kestrel is a leading provider of external reviews for green, social and sustainability bond transactions. We evaluate transactions in public and private markets for conformance with international green, blue and social bond standards.

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- Monica Reid - CEO

Disclaimer

This Opinion aims to explain how and why the discussed financing meets the ICMA Social Bond Principles based on the information that was provided by THDA or made publicly available by THDA and relied upon by Kestrel only during the time of this engagement (March – April 2026), and only for purposes of providing this Opinion.

We have relied on information obtained from sources believed to be reliable, and assumed the information to be accurate and complete. However, Kestrel can make no warranty, express or implied, nor can we guarantee the accuracy, comprehensive nature, merchantability, or fitness for a particular purpose of the information we were provided or obtained.

By providing this Opinion, Kestrel is neither addressing nor certifying the credit risk, liquidity risk, market value risk or price volatility of the projects financed by the Social Bonds. It was beyond Kestrel's scope of work to review for regulatory compliance, and no surveys or site visits were conducted by us. Furthermore, we are not responsible for surveillance, monitoring, or implementation of the project, or use of proceeds.

The Opinion delivered by Kestrel is for informational purposes only, is current as of the Evaluation Date, and does not address financial performance of the Social Bonds or the effectiveness of allocation of its proceeds. This Opinion does not make any assessment of the creditworthiness of THDA, nor its ability to pay principal and interest when due. This Opinion does not address the suitability of a Bond as an investment, and contains no offer, solicitation, endorsement of the Bonds nor any recommendation to buy, sell or hold the Bonds. Kestrel accepts no liability for direct, indirect, special, punitive, consequential or any other damages (including lost profits), for any consequences when third parties use this Opinion either to make investment decisions or to undertake any other business transactions.

This Opinion may not be altered without the written consent of Kestrel. Kestrel reserves the right to revoke or withdraw this Opinion at any time. Kestrel certifies that there is no affiliation, involvement, financial or non-financial interest in THDA or the projects discussed. We are 100% independent. Language in the offering disclosure supersedes any language included in this Second Party Opinion.

Use of the United Nations Sustainable Development Goal (SDG) logo and icons does not imply United Nations endorsement of the products, services, or bond-financed activities. The logo and icons are not being used for promotion or financial gain. Rather, use of the logo and icons is primarily illustrative, to communicate SDG-related activities.

USE OF PROCEEDS REPORT*

Issue 2026-1 Bond Proceeds Summary		
Total Proceeds Deposited In Loan Fund	Proceeds Spent to Acquire Program Loans	Proceeds Remaining
$_____	$_____	$_____

ISSUE 2026-1 Program Loans Originated By Borrower Income as a % of Area Median Income ("AMI")†			
% of AMI:	**$ of Loans**	**# of Loans**	**% of Proceeds**
<50%			
50% - 59%			
60% - 69%			
70% - 79%			
80% - 89%			
90% - 99%			
100%+			

*As described in the Official Statement under the heading "DESIGNATION OF THE ISSUE 2026-1 BONDS AS SOCIAL BONDS – Social Bond Designation," once all of the Issue 2026-1 Bond proceeds have been spent from the Loan Fund, THDA will provide this information on EMMA with respect to all of the Program Loans financed with proceeds of the Issue 2026-1 Bonds.

† Reported income is based on borrower income at time of loan origination.

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Tennessee Housing
Development Agency