TCLP EXTENSION TERM SHEET

Overview

Treasury and the GSEs have agreed to permit (i) the extension of the existing expiration date of the Temporary Credit and Liquidity Facilities ("TCLFs") issued under the Temporary Credit and Liquidity Program ("TCLP") to the first to occur of (a) the sixth (6^{th}) anniversary of the Effective Date or (b) December 31, 2015, pursuant to a preliminary plan (a "Preliminary Plan") and a detailed final plan (a "Final Plan") prepared by the Issuers, and (ii) other modifications to the existing TCLP requirements subject to the terms and conditions described herein (collectively, the "Program Modifications"). Issuers that elect to avail themselves of the permitted extension will be required to do so pursuant to amendments to the Related Documents approved or prescribed by Treasury and the GSEs, and implemented within thirty (30) calendar days of approval of the Final Plan by Treasury and the GSEs (see "Plans" below).

Issuers under TCLP that elect to avail themselves of the Program Modifications are required to implement the NIBP program modifications unless no escrowed proceeds are available to the Issuer under NIBP. In addition, upon release of this Term Sheet, and prior to formally documenting the Program Modifications, an Issuer will be subject to, among other things, a freeze on new NIBP releases unless it has affirmatively opted out of the Program Modifications (see "NIBP Extension Term Sheet─Special Rules Applicable to Issuers Participating in the TCLP")

This Term Sheet is intended only to provide a general outline of the contemplated Program Modifications, and is subject to modifications at any time by Treasury and the GSEs. Capitalized terms used but not defined in this Term Sheet shall have the meaning assigned to such terms in the existing TCLP forms of TCLF and Reimbursement Agreement.

General Modifications

Term of Extension

Issuers may, in accordance with the terms and conditions set forth herein, extend the existing expiration date of the TCLFs from the first to occur of the third (3^{rd}) anniversary of the Effective Date or December 31, 2012 to the first to occur of the sixth (6th) anniversary of the Effective Date or December 31, 2015.

Pricing

Pricing for the TCLFs will be based upon the higher of (i) the TCLP-supported VRDO rating or (ii) the Issuer's general obligation bond rating, as set forth below:

Lowest Unenhanced Bond Rating (or equivalent)	**Single Family**		
	Year 4 (2013)	**Year 5 (2014)**	**Year 6 (2015)**
‘Aaa’/‘AAA’	0.90%	0.90%	0.95%
‘Aa’/‘AA’	1.00%	1.00%	1.05%
‘A’	1.15%	1.15%	1.20%
‘Baa’/‘BBB’	1.75%	1.75%	1.85%

Lowest Unenhanced Bond Rating (or equivalent)	**Multifamily**		
	Year 4 (2013)	**Year 5 (2014)**	**Year 6 (2015)**
‘Aaa’/‘AAA’	1.00%	1.00%	1.05%
‘Aa’/‘AA’	1.00%	1.00%	1.05%
‘A’	1.20%	1.20%	1.25%

Pricing for the TCLFs will be determined as of the date of the execution of the Program Modifications.

New Swaps

Any swaps entered into subsequent to the release of this Term Sheet by the Issuers that elect to avail themselves of the Program Modifications (“New Swaps”) must be with a swap counterparty rated at least ‘Baa’ by Moody’s Investors Service or ‘BBB’ by Standard & Poor’s Rating Services. In addition, New Swaps must include par termination provisions approved by Treasury and the GSEs.

Reporting Requirements

Issuers will be required to provide Treasury and the GSEs further information under the Indenture Supplements and the Reimbursement Agreements. Attached as Exhibit A is the proposed additional reporting requirements for the Issuers under TCLP.

Bank Bond Modifications

Bank Bond Maturity

Bank Bonds are required to mature no later than the earliest of (i) the thirteenth (13^{th}) anniversary of the Effective Date, (ii) the tenth (10^{th}) anniversary of the date on which the related Bank Bond becomes subject to a Term Out Period and (iii) December 31, 2022.

New Base Rate

Bank Bonds will accrue interest at a new fluctuating "Base Rate" of prime plus 2.0%.

New Default Rate

Bank Bonds will accrue interest at a new fluctuating "Default Rate" of prime plus 3.0% upon an Event of Default.

Plans

Preliminary Plan

Issuers electing to avail themselves of the permitted extension will be required to develop and submit a Preliminary Plan to Treasury and the GSEs by January 31, 2012. The Preliminary Plan must include a summary of the methods that the Issuers will implement to reduce TCLP exposure by utilizing (i) NIBP bonds to refund TCLP-supported VRDOs, as referenced in the NIBP Extension Term Sheet (see "NIBP Extension Term Sheet−Special Rules Applicable to Issuers Participating in the TCLP−Required Use of NIBP Proceeds to Refund TCLP-Supported Bonds") and/or (ii) non-NIBP mechanisms. Attached as Exhibit B is the proposed informational requirements for Issuer submission of a Preliminary Plan.

Treasury and the GSEs will endeavor to provide all of its feedback on the Preliminary Plan by April 30, 2011.

Final Plan

Each Issuer will prepare and submit a Final Plan to Treasury and the GSEs within thirty (30) calendar days after Treasury and the GSEs have notified the Issuer that it has received final feedback on the Preliminary Plan. The Final Plan must include, among other things, (i) the timing of all par swap termination options and Issuer intent to exercise such options, (ii) plans to convert TCLP-supported VRDOs to fixed rate bonds using NIBP or other means, (iii) any recommended covenants by Treasury and the GSEs to be added to the Related Documents and (iv) any additional reporting requirements recommended by Treasury and the GSEs to be added to the Related Documents. The Final Plan will be approved or disapproved by Treasury and the GSEs, in their sole discretion, within thirty (30) calendar days after Treasury and the GSEs have notified the Issuer that it has received final feedback on the Final Plan.

Implementation

Upon approval of the Final Plan by Treasury and the GSEs, the provisions of the Final Plan must be incorporated into the Related Documents within thirty (30) calendar days. If the Final Plan is disapproved by Treasury and the GSEs, the TCLFs will expire on the existing unextended expiration date.

In all events, Issuers will be responsible for all legal expenses incurred by Treasury and the GSEs as necessary to execute the Program Modifications.

EXHIBIT A

ADDITIONAL REPORTING REQUIREMENTS

In addition to the reporting requirements set forth in the form Indenture Supplements and Reimbursement Agreement, as amended, each Issuer electing to avail themselves of the Program Modifications must provide to Treasury and the GSEs the following:

(1) not later than 15 days after the end of each calendar month, the relevant portfolio performance data specified in Exhibit E to the form Indenture Appendices under the heading "Monthly Single Family Indenture Reporting Requirements" for all single family loans held within the trust estate of the underlying indentures;

(2) not later than 15 days after the end of each calendar month, the relevant portfolio performance data specified in Exhibit E-1 to the form Indenture Appendices, as amended, under the heading "Multifamily Indenture Reporting Requirements–Multi Loan Pools" or in Exhibit E-1 to the form Indenture Appendices under the heading "Multifamily Indenture Report Requirements–Single Loan" (as applicable) for all multifamily loans held within the trust estate of the underlying indentures;

(3) in addition to preparation by the Issuer of a Preliminary Plan and a Final Plan, not later than 15 days after the end of each calendar quarter (unless already supplied by the Issuer in connection with the Preliminary Plan and the Final Plan), a data template as provided by Treasury and GSEs to be completed by the Issuer for such quarter that will enumerate the following bond attributes including, but not limited to:

   (a) details on all outstanding VRDOs and auction rate debt (even if held by Issuer), other than unhedged bonds described in clauses (b) and (c) below, including:

      (i) outstanding principal balances,

      (ii) maturities,

      (iii) amortization schedules,

      (iv) reset rate type (e.g. daily or weekly; 7-day, 28-day or 35-day) and

      (v) rate formula (e.g. LIBOR + 2.00%);

   (b) details on each unhedged TCLP-supported bond including:

      (i) outstanding principal balance,

      (ii) maturity,

      (iii) amortization schedule,

      (iv) reset rate type and

(v) rate formula;

(c) details on each unhedged non-TCLP-supported VRDOs and auction rate debt (even if held by Issuer) including:

(i) outstanding principal balance,

(ii) maturity,

(iii) amortization schedule,

(iv) reset rate type and

(v) rate formula;

(d) details on each liquidity facility including:

(i) liquidity provider,

(ii) liquidity provider rating,

(iii) amount,

(iv) expiration date,

(v) liquidity fee,

(vi) material bank bond terms (e.g., term, price and amortization) and

(vii) bank bond payment priorities;

(e) details on each swap or cap, specifying the related bond in clause (a) above, including:

(i) counterparty,

(ii) expiration date,

(iii) fixed-pay swap rate or cap rate,

(iv) collateralization thresholds,

(v) par termination amounts and exercise dates, if applicable, and

(vi) mark-to-market valuation; and

(f) plans for reducing outstanding VRDO balances of the Issuer.

The foregoing data template is to be provided in connection with required updated meetings or calls to be held with Treasury and the GSEs (i) quarterly for calendar year 2012 and (ii) as required by Treasury and the GSEs for calendar years subsequent to 2012.

(4) such other information as may be reasonably requested from time to time by Treasury or the GSEs, whether such information is published or unpublished, respecting the affairs, condition and/or operations, financial or otherwise, of the Issuer, the underlying indenture or the TCLP-supported bonds (including, without limitation, loan level data, required by the GSEs with respect to any asset management surveillance and/or disclosure requirement).

EXHIBIT B

PRELIMINARY PLAN FOR REDUCING TCLP EXPOSURE

Overview

The TCLP Extension Term Sheet requires each HFA, which is seeking to execute the Program Modifications to develop and submit a Preliminary Plan. Specifically, it states that the Plan must include a summary of all of the strategies the HFA expects to employ in the pursuit of the following goals:

- Maximize swap terminations in support of VRDO refunding
- Maximize reduction in VRDO balances
- Maximize refunding of VRDOs to a fixed rate
- Maximize equity in the indenture
- Maximize replacement of TCLP by private sector liquidity providers

Treasury and the GSEs intend to use these plans along with data that has been collected for the following purposes:

- Gather baseline information on each HFA's current situation and general operating strategy.
- Assist in discussions regarding each HFA's development of a detailed Final Plan.
- Develop a clearer understanding of any economic, legal or policy obstacles affecting each HFA's ability to reduce their TCLP exposure.
- Identify new strategies that may be beneficial in achieving the objectives of the Program Modifications.
- Develop an implementable strategy to maximize replacement of TCLP by private sector liquidity providers, maximize reduction in VRDO balances or maximize refunding of VRDOs to a fixed rate.

Response Format

Below is a suggested structure for the submission of the Preliminary Plan. It is divided into three sections: Overview of the Current Situation, Use of the Primary Strategies, and Use of Other Strategies:

I. Overview of the Current Situation

- This should be a brief description of the HFA's current conditions and general strategies to manage the finances of the HFA and its indentures. This should include any major financial strains and what strategies are currently in place to address them. The overview should also discuss the impact of the extension and any obstacles to meeting its objectives.

- Provide a data template as provided by Treasury and the GSEs and detailed in paragraph 3 of "Exhibit A–Additional Reporting Requirements" as it relates to the Preliminary Plan proposed by the HFA.

II. Use of the Primary Strategies

Using the sub-questions as a guide where applicable, please provide details (including timing and principal amounts where possible), on the HFA's abilities and plans to utilize the specific tools below. If the HFA is unable to utilize specific strategies, please provide a brief explanation of the reasons it is not possible.

- Exercising Par Termination Options:
  - What quantity of par terminations do you expect to have the option of exercising over the life of the extension?
  - What strategies have you been employing in deciding whether to exercise par termination options?
  - What additional steps have you taken with swap providers to structure par termination options or collateral requirement reductions?
  - How will those strategies change in light of the extension and Program Modifications?
- VRDO Redemptions:
  - How much of your TCLP VRDO balance do you expect to be able to redeem through expected collateral amortization?
  - What are the key drivers of the speed at which VRDOs are redeemed? Include:
    - Drivers that may be controllable such as cross-calling
    - Drivers that cannot easily be changed such as other bonds in the indenture with payment priority
  - Do you expect to use all excess revenues to redeem VRDOs and, if not, please explain your intended uses of excess funds?
  - Do you plan to originate any new loans under you TCLP indenture and, if so, what will be the impact on the speed of redemption on your VRDOs?
- VRDO Refunding into fixed rate instruments through NIBP Refundings:
  - How much of your NIBP balance do you expect to be able to use to refund VRDOs?
  - To what extent do you believe outstanding swaps will be an impediment?
  - How will you determine the collateral to be used for NIBP Refundings?
  - What if anything could make such transactions financially detrimental?

    - Does the mortgage collateral backing your VRDOs have a sufficiently high yield to pay NIBP refunding bonds at the contemplated NIBP rates?
    - Do you plan to refund MF VRDOs with SF NIBP funds and vice versa? Do you think you can or will amend your indenture(s) to facilitate such transactions?
- VRDO Refunding into fixed rate instruments through market transactions:
    - What is your view of the market's appetite for such bonds?
    - What steps can you take to facilitate fixed rate refundings in the market?
    - What are the obstacles to such transactions?
- Obtaining replacement liquidity providers in the market:
    - What has been your experience over the two past years in securing replacement liquidity facilities?
    - What, if anything, could change (in the market or in your portfolio), which would enable you to secure a replacement liquidity facility?
    - What steps will you take to find new liquidity providers?
    - Are there small, incremental steps you could take over the course of the extension to introduce private sector liquidity providers?
- Converting to floating rate notes without tender options:
    - Would such a structure be helpful in meeting the objectives of the program? If so, how would you benefit?
    - In what quantity and when would you have the ability to execute such conversions?

III. Use of Other Strategies

Treasury and the GSEs are open to exploring any other strategies that are consistent with the goals above. Examples of such strategies include:

- Use of premium NIBP bonds to refund VRDOs with outstanding swaps and using the premium to finance swap tear-up costs.
- Innovative market transactions that will reduce TCLP exposure.

Please identify any other strategies that you might employ, describing impact and any critical issues that must be addressed including:

- Treasury and GSE related strategies
- Private market strategies