

**Housing Opportunities Commission
Special Session - Teleconference**

**May 13, 2016
Hearing Room/Seneca Ridge**

Discussion/Action Items

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APPROVAL TO SELECT MOVING COMPANIES FOR SENIOR PROPERTIES PURSUANT TO IFB #1986

VARIOUS HOC PROPERTIES



STACY L. SPANN, EXECUTIVE DIRECTOR

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ZACHARY MARKS
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MAY 13, 2016

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Executive Summary

- HOC is currently renovating the Arcola Towers and Waverly House senior properties. Due to the extensive renovation scopes, tenant in-place renovation is not feasible. This requires permanent or temporary tenant relocation within the building.
- HOC's current pool of moving companies are primarily used for scattered site and multifamily unit relocation where moves are to units in a different building or geographic area. Those moves are typically more costly as they are larger units and require a moving truck with travel time and additional costs to the moving companies. In addition, these moves rarely require packing assistance.
- In accordance with HOC's current Procurement Policy, on April 1, 2016, Invitation for Bid (IFB) #1986 was issued to solicit moving services at HOC senior properties and eight responses were received and evaluated.
- The lowest bidder was Allen and Son Moving and Storage; therefore, staff recommends that the Commission accept the recommendation of the Development and Finance Committee which met on May 13, 2016 and approve a moving contract with Allen and Son Moving and Storage and authorizes the Executive Director to execute a contract for \$240,000. The contract will be for a one year term with optional one year renewals in accordance with the Commission's Procurement Policy.
- Staff further recommends that the Executive Director is authorized to execute contracts with Swiftway Services and District Moving Companies in accordance with responses to IFB 1986 in the event that Allen and Son Moving and Storage is unable to provide the contracted services. The contract terms would comply with the current Procurement Policy.
- Approval of the contract has no financial impact on the Agency's operating budget as there is sufficient funding for resident relocation in each project's development budget.

Qualification Requirements for Senior Resident Relocation

HOC issued an Invitation for Bid (“IFB”) # 1986 for Resident Relocation at HOC Senior Properties Within Montgomery County. Staff completed its review of the responses on May 3, 2016 based on the following criteria:

- **Experience (30 points)**

Key Factors: Demonstrated experience performing similar work including residential packing and moving;

- Similar work performed by Bidder, particularly work in the last three (3) years
- Bidder’s prior contracting experience with government agencies and similar entities
- Experience with residential moves

- **Price (30 points)**

Key Factors: Prices provided to include all labor, transportation, and packing supplies necessary to complete the work

- Prices for packing materials (per unit)
- Hourly rate for labor for moves per man hour
- Hourly rate for labor for packing per man hour

- **Qualifications (20 points)**

Key Factors: Principal and staff qualification, experience and training

- Size and scope of all operations, including number of Bidder’s employees and years in business

- **References (15 points)**

- Provide three references for projects of similar scope

Scoring Summary

IFB #1986

Scoring Summary

RANK	RESPONDENTS	Experience (30 points)	Price (30 Points)	Qualifications (20 Points)	References (15 Points)	Total Points
1	Swiftway Services LLC	27	27	19	13	86
2	Allen & Sons Moving and Storage	26	28	18	13	85
3	District Moving Companies	25	25	17	12	79
4	Blake & Sons Moving & Storage	25	20	17	10	72
5	Alexander's Mobility Services	25	5	18	Not Checked	---
6	R&A Movers	20	10	10	Not Checked	---
7	Everybody's Mover, LLC	15	10	10	Not Checked	---
8	Valley Logistics, LLC	5	22	5	Not Checked	---

	Allen & Son Moving and Storage	Swiftway Services, LLC	District Moving Companies Inc.	Blake & Sons Moving and Storage
Packing Materials (Per Unit)	\$ 159.40	\$ 160.50	\$ 147.79	\$ 66.50
Labor Rate - Moving @ 5 Hrs	\$ 195.00	\$ 165.00	\$ 190.00	\$ 240.00
Labor Rate - Packing @ 5 Hrs	\$ 130.00	\$ 165.00	\$ 190.00	\$ 275.00
Total Anticipated Cost Per Move*	\$ 484.40	\$ 490.50	\$ 527.79	\$ 581.50

*Prices are representative of typical moves which consist of 5 hours or packing and moving labor and 3 dish boxes, 6 small boxes, 10 medium, large and x-large boxes.

Respondent Analysis

IFB #1986

Respondent	Comments
Allen & Son Moving and Storage	<ul style="list-style-type: none"> * Experience as a moving company with residential relocation * Experience with government contracts * References were very positive and they were highly recommended
Swiftway Services LLC	<ul style="list-style-type: none"> * Experience as a moving company with residential relocation * Experience with large state and county contracts * Good work history with HOC— very responsive and flexible to changes in scheduling
District Moving Companies	<ul style="list-style-type: none"> * Experience as a moving company with residential relocation * Experience with government contracts * References were very positive and they were highly recommended
Blake & Sons Moving & Storage	<ul style="list-style-type: none"> * Experience as a moving company with residential relocation * Experience with government contracts * Hourly rate for packing and moving was highest among all moving companies considered
Alexander's Mobility Services	<ul style="list-style-type: none"> * The bid was more than double the average price of the other moving companies * Removed from consideration
R&A Movers	<ul style="list-style-type: none"> * The bid was extremely low and not realistic or in-line with the other moving companies * Removed from consideration
Everybody's Mover, LLC	<ul style="list-style-type: none"> * The bid was second highest and not in-line with the other moving companies * Removed from consideration
Valley Logistics, LLC	<ul style="list-style-type: none"> * Did not provide references and did not have experience required * Removed from consideration

Selection of Moving Companies

IFB #1986

- Staff evaluated all of the eight respondents based the key criteria and on the cost analysis and the number of anticipated moves.
- Four companies were removed from consideration for pricing and lack of experience.
- Based on the scoring and cost analysis, staff proposes the selection of Allen and Son Moving and Storage for relocation at senior properties.
- The renovations are scheduled to be completed in tiers, and with many residents requiring packing assistance and requesting to return to their original units which may require more than one move, it is estimated that total cost for both properties will be approximately \$240,000.
- In the event that Allen and Son Moving and Storage is unable to provide the contracted services, the next two lowest cost bidders may be engaged to provide moving services. The contract terms would comply with the Commission's Procurement Policy.

Summary and Recommendations

Issues for Consideration

Does the Commission wish to accept the recommendation of the Development and Finance Committee and award a contract to Allen and Son Moving and Storage for relocation at senior properties?

Fiscal / Budget Impact

There is no direct impact on HOC's operating budget. Services will be sought on as needed project specific basis and paid for from respective development budgets that have been approved by the Commission.

Time Frame

Action at the Special Commission meeting on May 13, 2016

Staff Recommendation

Staff recommends that the Commission accept the recommendation of the Development and Finance Committee and approve the selection of Allen and Son Moving and Storage and authorize the Executive Director to execute a contract with Allen and Son Moving and Storage for \$240,000. The contract will be for an initial one year term with optional one year renewals in accordance with the Commission's Procurement Policy.

Staff further recommends that the Executive Director is authorized to execute contracts with Swiftway Services and District Moving Companies in accordance with responses to IFB 1986 in the event that Allen and Son Moving and Storage is unable to provide the contracted services. The contract terms would also comply with the Commission's Procurement Policy.

RESOLUTION #16-32

RE: Approval to Select Moving Companies for Senior Properties Pursuant to IFB #1986 and Authorization for the Executive Director to Execute Contracts Related Thereto

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) continues to review its entire real estate portfolio and anticipates that it will continue to undertake rehabilitation and redevelopment of a significant portion of the properties it owns or will acquire and this will require operational support as well as assistance with resident relocation; and

WHEREAS, two of the properties currently undergoing comprehensive renovations are Arcola Towers and Waverly House (the “Senior Properties”) that are occupied by senior and are former Public Housing developments which recently converted under the Rental Assistance Demonstration program; and

WHEREAS, due to the extensive renovation scopes, tenant in-place renovation is not feasible, requires permanent or temporary tenant relocation within the building, and there is sufficient funding for resident relocation in each project’s development budget; and

WHEREAS, to ensure the availability of adequate moving services to facilitate timely and cost-effective resident relocation within the Senior Properties, staff issued an Invitation for Bid (IFB) #1986 to select moving companies targeted for relocation at Senior Properties; and

WHEREAS, eight companies submitted bids and were evaluated based on the established qualification criteria including experience with similar residential relocation, price (packing materials and hourly rates) , qualification of staff and size and scope operations, and references; and

WHEREAS, applying the criteria described above, Allen and Sons Moving and Storage is the lowest bidder with Swiftway Services and District Moving Companies, the second and third lowest, respectively.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it:

1. Authorizes the selection of Allen and Sons Moving and Storage to provide moving and relocation services at HOC Senior Properties;
2. Authorizes the Executive Director to execute a contract with Allen and Sons Moving and Storage for \$240,000 for an initial one year term with optional renewals in accordance with HOC’s Procurement Policy;

3. Authorizes the Executive Director to enter into separate contract with Swiftway Services and District Moving Companies as applicable and in accordance with the Procurement Policy in the event that Allen and Sons Moving and Storage is unable to provide the contracted services.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a special session meeting conducted on May 13, 2016.

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L

Patrice M. Birdsong
Special Assistant to the Commission

**APPROVAL OF STRUCTURE, COST OF ISSUANCE BUDGET AND ADOPTION OF
SERIES RESOLUTION FOR 2016 SERIES A AND 2016 SERIES B SINGLE FAMILY
MORTGAGE REVENUE BONDS FOR THE PURPOSE OF REFUNDING VARIOUS
SINGLE FAMILY MORTGAGE REVENUE BONDS AND THE ISSUANCE OF NEW DEBT**

SINGLE FAMILY MORTGAGE FINANCE



STACY L. SPANN, EXECUTIVE DIRECTOR

**KAYRINE V. BROWN
JENNIFER HINES ARRINGTON
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May 13, 2016

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EXECUTIVE SUMMARY

Since the creation of the Single Family Mortgage Purchase Program in 1979, the Commission has issued multiple series of bonds under the Single Family Mortgage Revenue Bond Resolution (the “1979 Indenture”). The Commission also may issue bonds under the more recently created 2009 Indenture. When the interest rate environment is favorable, the Commission periodically issues Refunding Bonds to lower the borrowing cost in the program (the program’s last refunding bond issuance was in June, 2013). In addition to lowering borrowing costs, issuing refunding bonds creates proceeds that may be designated at zero percent interest rate bond funds, which constitute new debt and which may be used to reduce mortgage interest rates to first-time homebuyers.



Several series within the 1979 Indenture (2005CD, 2006AB, 2007AB) have been identified for a refunding. As part of the refunding, zero percent interest rate bond funds will be created in order to offset excess yield produced by the refunding bonds. In addition, given that new debt will be issued with the creation of zeros, staff further recommends funding the new loan products, previously approved by the Commission in August 2015, for first-time homebuyers: U.S. Department of Veterans Affairs (VA) Loans and Interest Rate Reduction loans over TBA pricing for both FHA and Fannie Mae HFA Preferred products.

The proposed total issuance is approximately \$55 million, consisting of approximately \$28.5 million refunding bonds and approximately \$26.5 million of new money issuance.

The recommended structure includes the issuance of fixed rate, tax-exempt non-AMT and AMT Serial, and premium bonds with the latest maturity of 2046. Two series of bonds are expected to be issued. The 2016 Series A will include Non-AMT refunding and new debt bonds (approximately \$39.5 million), and the 2016 Series B will include AMT refunding bonds (approximately \$15.5 million), solely. Due to the private activity, tax-exempt nature of the transaction, volume cap will be required for the new debt.

EXECUTIVE SUMMARY

To execute this transaction a cost of issuance budget has been developed by Caine Mitter & Associates, HOC's Financial Advisor. It is estimated that the cost of issuance is approximately \$737,000, is commensurate with the size of the overall issuance, and will be funded from revenue in the 1979 Indenture.

In addition, a Series Resolution has been prepared setting forth, among other things, authorization to issue the bonds, the purpose of the bonds and the application of proceeds, redemption provisions, types of accounts to be created, and authority to execute necessary documents. While two series of bonds are being issued, Kutak Rock, LLP, HOC Bond Counsel, has prepared a single Series Resolution to incorporate both series in one document, which will be presented to the full Commission for approval.

Staff recommends that the Commission accept the recommendation of the Development & Finance Committee to approve the following actions at a Special Commission meeting to be held on Friday May 13, 2016:

1. Approval of the structure and cost of issuance budget for the bond issuance for the issuance of the 2016 Series A and Series B bonds under the 1979 Mortgage Revenue Bond Resolution.
 - The Series A bonds will be approximately \$39.5 million of non-AMT refunding and new money bonds.
 - The Series B bonds will be approximately \$15.5 million of AMT refunding bonds.
 - The Cost of Issuance budget is approximately \$737,000.
2. The allocation of approximately \$29 million of private activity volume cap to complete the transaction herein proposed.
3. Adoption of the Series Resolution to issue 2016 Series A and 2016 Series B Single Family Mortgage Revenue Bonds.

TRANSACTION STRUCTURE

The overall financing plan is comprised of a refunding of approximately \$28.5 million and the issuance of new debt of approximately \$26.5 million, producing a total issuance of approximately \$55 million. Those series of bonds which will be refunded are 2005 Series C and D; 2006 Series A and B; and, 2007 Series A and B. The new issuance will include two series of bonds. The following is a discussion on the transaction’s structure. Amounts are approximate.

	2016 Series A (Non-AMT)	2016 Series B (AMT)
Refunding Bonds	\$13,000,000	\$15,500,000
New Money		
Zeros	\$9,500,000	\$0
New Products	\$17,000,000	\$0
TOTAL	\$39,500,000	\$15,500,000

Structure of Issuance

- Fixed rate, tax-exempt non-AMT and AMT Serial, Term and Premium bonds
- Latest Maturity – year 2046 (30 years)
- Two series of bonds: 1) 2016 Series A will include Non-AMT refunding (est. \$13 million) and new debt bonds (est. \$26.5 million); and 2) 2016 Series B will include AMT refunding bonds, only (est. \$15.5 million).

TRANSACTION STRUCTURE

Zero Percent Funds	<ul style="list-style-type: none"> • The issuance of the Refunding Bonds will produce excess yield. As a result, zero percent funds (zeros) are needed for the structure’s optimization. • Zero percent refers to the mortgage rate offered to a borrower on the portion of the loan funded by zero percent funds; it does not refer to the rate paid to the bondholder. • The designation of funds at zero percent interest rate offsets the positive arbitrage (excess yield) to bring the mortgage spread within the permitted range, precluding the requirement to rebate or return excess yield to the IRS. • The net effect of the refunding and new money bonds creates the need for approximately \$9.5 million in zeros.
New Debt	<ul style="list-style-type: none"> • The new debt under this issuance is estimated at \$26.5 million, and includes the creation of zeros, which constitute new debt. • Additional funds (\$17 million) will be issued to support the new first-time homebuyer loan products, approved by the Commission in August 2015: VA loans and interest rate reduction loans for both FHA and Fannie Mae HFA Preferred products. • Benefit to the first-time homebuyer will be a reduction of 25-50 bps over TBA pricing.
Volume Cap / TEFRA	<ul style="list-style-type: none"> • New debt will require the use of Bond Cap and satisfaction of Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) requirements. • The Single Family Program will utilize the balance of HOC’s carryover authority of \$29 million in Bond Cap for this transaction (see Bond Cap chart attached). • The TEFRA Notice was published and the Hearing is scheduled for May 24, 2016.

TRANSACTION BENEFITS

The structure of the proposed issuance provides benefits to the Single Family Program in the form of reduced debt service but also creates additional funds to produce low mortgage rate, mortgage loans for Montgomery County first time homebuyers. The table that follows identifies the bonds and amounts that will be refunded, the total Refunding Bonds to be issued, the maximum estimated net present value savings over the life of the bonds, and the savings that can be retained by the program in compliance with tax law requirements.

2005 Series C, D	\$5,050,000
2006 Series A, B	\$9,155,000
2007 Series A, B	\$14,295,000
Refunding Amount	\$28,500,000
Net PV Savings	\$1,950,136
Retained Savings/Income	\$428,393

The cash savings from the refunding is estimated to be \$1,950,136 based on a prepayment speed assumption of 200% PSA but could be lower or higher depending on the prepayment activity over the projected remaining average life of the Refunded Bonds. This number could also increase or decrease due to the premium generated from the AMT premium bonds.

COST OF ISSUANCE BUDGET

The cost of the issuance is estimated to be \$736,800. As with other transaction costs for the Single Family Program, the cost of issuance is paid from revenue in the indenture.

The cost of issuance will be an upfront transaction expense, which will be withdrawn from the indenture prior to closing, while the cash savings will inure to the benefit of the indenture over the remaining life of the bonds. The amount of the cost of issuance is commensurate with the size of the overall issue.

	\$55,000,000 2016 AB	
	\$ Amount	\$/1000
Estimated Underwriters' Spread		
Expenses		
Underwriters' Counsel	45,000.00	
CUSIP	1,500.00	
DTC	800.00	
Bookrunning (Dalcomp/EEO)	5,250.00	
Travel and Miscellaneous	3,000.00	
Total Expenses	55,550.00	1.01
Management Fee	41,250.00	0.75
Takedown	330,000.00	6.00
TOTAL ESTIMATED UW SPREAD	426,800.00	7.76
Estimated Costs Of Issuance		
Bond Counsel	55,000.00	
Financial Advisor	50,000.00	
Computer	46,000.00	
Universal Cap	33,000.00	
OS Printing	16,000.00	
Rating	45,000.00	
Auditor	6,500.00	
Trustee	6,000.00	
Trustee Counsel	4,000.00	
Redemption Notice	10,000.00	
DAC	1,500.00	
Transcripts	2,000.00	
Program Marketing	30,000.00	
Miscellaneous	5,000.00	
TOTAL ESTIMATED EXPENSES	310,000.00	5.64
TOTAL ESTIMATED COSTS	736,800.00	13.40

SERIES RESOLUTION FOR 2016 SERIES A, B

For each bond issue, the Commission is asked to approve one or more Series Resolutions which contain specific information about the series of bonds being issued. A Series Resolution authorizes the issuance of a particular series of bonds stating, among other things, the bonds' purpose, redemption provisions, creation of certain accounts, and use of the bond proceeds.

Bond Counsel to the Commission, Kutak Rock, LLP, will prepare a single Series Resolution for the two series, Series A and B.

The size of the full bond issue is currently expected to be approximately \$55 million and will be composed of a refunding of approximately \$28.5 million of various single family mortgage revenue bonds and approximately \$26.5 million of new debt for the creation of zeros and the funding of new first-time homebuyer products: VA loans and interest rate reduction loans for both FHA and Fannie Mae HFA Preferred products.

Interest rate information will be provided when the bonds are priced in June.

SCHEDULE

May, 2016

- Approval of the Structure, Cost of Issuance Budget and Adoption of Series Resolution for 2016 Series A, B (Development & Finance Committee)
- Approval of the Structure, Cost of Issuance Budget and Adoption of Series Resolution for 2016 Series A, B (Commission)
- Receive Rating
- Receive Auditor's Consent Letter and Verbal Assurances
- Written Notice to Trustee to Redeem Bonds
- Clear POS

June, 2016

- Post POS
- Retail & Institutional Bond Sale
- Clear OS
- Closing (est. 6/23/16)

July, 2016

- Redemption of Refunded Bonds

ISSUES FOR CONSIDERATION

Does the Development and Finance Committee wish to recommend to the Commission:

1. Approval of the structure and cost of issuance budget for the bond issuance for the issuance of the 2016 Series A and Series B bonds under the 1979 Mortgage Revenue Bond Resolution?
 - The Series A bonds will be approximately \$39.5 million of non-AMT refunding and new money bonds.
 - The Series B bonds will be approximately \$15.5 million of AMT refunding bonds.
 - The Cost of Issuance budget is approximately \$737,000.
2. The allocation of approximately \$29 million of private activity volume cap to complete the transaction herein proposed?
3. Adoption of the Series Resolution to issue 2016 Series A and 2016 Series B Single Family Mortgage Revenue Bonds?

PRINCIPALS

- Housing Opportunities Commission
- Caine Mitter & Associates – Financial Advisor
- Kutak Rock, LLP – Bond Counsel
- BofA Merrill Lynch – Underwriting Team
- Chapman and Cutler LLP – Underwriter’s Counsel
- Bank of New York Mellon – Trustee

FISCAL/ BUDGET IMPACT

Expenses of the Single Family Program are borne from excess revenue in the program. Savings from reduced bond cost remain with the indenture.

TIME FRAME

Action at the Special Commission meeting on May 13, 2016.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

Staff recommends that the Commission accept the recommendation of the Development & Finance Committee and approve the following:

1. Approve of the structure and cost of issuance budget for the bond issuance for the issuance of the 2016 Series A and Series B bonds under the 1979 Mortgage Revenue Bond Resolution.
 - The Series A bonds will be approximately \$39.5 million of non-AMT refunding and new money bonds.
 - The Series B bonds will be approximately \$15.5 million of AMT refunding bonds.
 - The Cost of Issuance budget is approximately \$737,000.
2. The allocation of approximately \$29 million of private activity volume cap to complete the transaction herein proposed.
3. Adoption of the Series Resolution to issue 2016 Series A and 2016 Series B Single Family Mortgage Revenue Bonds.

VOLUME CAP NEED/USE FOR HOC AND PRIVATELY OWNED PROPERTIES IN MONTGOMERY COUNTY (05/01/2016)

(\$'000)

	2011	2012	2013	2014	2015	Projecting 2016	Projecting 2017	Projecting 2018	Comments / Notes
Balance Carried Forward	\$15,241	\$28,567	\$43,184	\$69,813	\$88,742	\$29,012	(\$5,417)	(\$6,183)	
Special Allocation	\$20,000								See Notes at the bottom.
Annual Bond Cap Allocation	\$32,726	\$32,618	\$33,228	\$35,429	\$35,869	\$36,246	\$36,608	\$36,975	
	8%	-0.33%	2%	7%	1%	1%	1%	1%	
TOTAL BOND CAP AVAILABLE	\$47,967	\$61,184	\$76,413	\$105,242	\$124,611	\$65,258	\$31,192	\$30,791	

HOC PROGRAMS

Single Family	\$19,400	\$18,000	\$6,600	\$0	\$0	\$30,000	\$0		Due to increased activity, \$27M of volume cap was approved for use in the Single Family Program in 2007 to meet the demands of first time home buyers. A second special \$30 million allocation of bond cap was awarded by DBED in 2007 and used in the second bond issuance of 2007. The bonus cap allocated to Montgomery County pursuant to HR3221 was used in the program in 2008. Two bond issues, 2009A under the 1979 indenture and 2009ABC under the new 2009 indenture, closed in 2009. The volume cap of \$6.6 million in 2013 represents the remainder of the 2010 TEFRA (public approval).
Wheaton - Ambassador Apartments									Refunding of prior bonds for a 100% LIHTC property. Compliance period expired in December 2008. Resyndication of LIHTC and substantial renovation of the property. The debt on the property was paid off in October 2014 with the RELOC. Bond issue is not expected to close until 2017. Will be 9% LIHTC deal so no volume can will be used.
Silver Spring - Paddington Square		\$0							Acquisition in 2004 by HOC of a 166-unit property assuming existing REMIC note. Project may be refinanced after 2008 as a LIHTC development. In January 2012, the REMIC loan must be repaid. The property was refinanced with a short-term note December 2014.
Arcola Tower					\$13,249				The renovation plan will be funded from the proceeds of LIHTC. Arcola Tower is a senior housing apartment community, originally constructed in 1971 in silver Spring. The 12-story building contains 141-units on 3.25 acres. The planned improvements will provide a standard of high quality, well designed, amenity rich, energy efficient affordable housing and strong supportive services.
Waverly House					\$22,600				The renovation plan will be funded from the proceeds of LIHTC. Waverly House is a senior housing apartment community, placed into service in 1978 in Bethesda MD. The 0.74-acre property is improved with a 15-story building of 158 units.
Alexander House						\$18,675			Alexander House is the integral part of a 3-property re-development plan. It is a 312 unit, mixed income (60%/40%) property.
Elizabeth House III							\$16,775		
Greenhills						\$10,000			Greenhills is a 78-unit apartment & townhouse community in Damascus. Debt from the property was paid off in October 2014 with the RELOC. It is workforce housing which will be renovated using LIHTC, at approximately year end 2016.
Town Center Apartments							\$9,400		
TP (Timberlawn & Pomander)							\$0		
900 Thayer						\$12,000			
Bauer Park							\$11,200		
TOTAL HOC PROGRAMS	\$19,400	\$18,000	\$6,600	\$0	\$35,849	\$70,675	\$37,375	\$0	

PRIVATE DEVELOPERS

Wheaton/Silver Spring - Oakfield Apartments									Preservation of 371 units as rental in Wheaton/Silver Spring. Substantial rehabilitation and 97.5% LIHTC. The project is currently under construction.
Silver Spring - The Galaxy									New construction of 195 units in Southern Silver Spring; LIHTC; RST Development LLC. 42% affordable, 58% market.
Silver Spring - The Argent									Financing of a 96-unit failed condominium development in Southern Silver Spring; LIHTC; Blair Mill Associates, LLC. 100% affordable.
Gaithersburg - Olde Towne					\$25,525				New construction of 199 units in Olde Towne Gaithersburg. The proposed financing plan will include multiple sources: tax-exempt note, LIHTC, and developer fee.
Germantown - Churchill				\$16,500					New construction of 133 units in Germantown. The proposed financing plan will include multiple sources: tax-exempt bonds, GNMA investment sale proceeds, LIHTC, and developer fee.
Bethesda - Lakeview House					\$34,225				
TOTAL PRIVATE ACTIVITY	\$0	\$0	\$0	\$16,500	\$59,750	\$0	\$0	\$0	
TOTAL BOND CAP REMAINING	\$28,567	\$43,184	\$69,813	\$88,742	\$29,012	(\$5,417)	(\$6,183)	\$30,791	

¹In 2005 and 2007, the Maryland Department of Business and Economic Development (DBED) allocated \$30 million of additional bond cap in each of the two years that were used in the Single Family Mortgage Purchase Program. In 2008, pursuant to HR3221, Montgomery County received \$14.573 million of new volume cap for housing.

²\$20 million of bond cap owed to HOC by CDA. This will be returned to HOC upon request, as needed.

RESOLUTION: 16-33

**Re: Approval of Structure, Cost of Issuance
Budget and Adoption of Series
Resolution for 2016 Series A and 2016
Series B Mortgage Revenue Bonds for the
Purpose of Refunding Various Single
Family Mortgage Revenue Bonds**

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") is a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law (the "Act"), and authorized thereby to issue its notes and bonds from time to time to fulfill its corporate purposes; and

WHEREAS, the Housing Opportunities Commission of Montgomery County has issued various series of Single Family Mortgage Revenue Bonds under the Single Family Bond Resolution originally adopted on March 28, 1979, as amended (the "Bond Resolution"), a portion of which are currently outstanding; and

WHEREAS, the Bond Resolution authorizes the Commission to issue its bonds from time to time pursuant to one or more series resolutions in order to obtain funds to carry out its Single Family Mortgage Purchase Program (the "Single Family Program"); and

WHEREAS, the Commission desires to reduce its debt service expense in the Single Family Program and to produce low mortgage rates and new mortgage loans for Montgomery County, MD first time homebuyers; and

WHEREAS, financial market conditions are favorable for refinancing outstanding bond debt and for making mortgage loans to first time homebuyers; and

WHEREAS, the Commission has determined to carry out the Single Family Program by issuing its 2016 Single Family Mortgage Revenue Bonds in one or more series beginning with 2016 Series A and 2016 Series B, with each subsequent series, if any, to follow in alphabetical order (collectively, the "2016 Bonds") in a total aggregate principal amount not to exceed \$60,000,000; and

WHEREAS, the use of Private Activity Volume Cap for new debt and satisfaction of Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) will be required; and

WHEREAS, in connection with the proposed issuance of the 2016 Bonds, the Commission has reviewed the recommended structure and the cost of issuance budget and has been provided with initial drafts of the series resolution to be adopted prior to the issuance of the 2016 Bonds (the "Series Resolution").

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that:

1. ***The 2016 Bonds.*** The 2016 Bonds are authorized to be issued in a principal amount not to exceed \$60,000,000 (i) to refund and redeem certain bonds outstanding under the Single Family Program, (ii) to make, purchase or finance newly originated Mortgage Loans (as defined in the Bond Resolution), and (iii) if necessary, to fund certain required reserves.

2. ***Approval of the Series Resolution and the Structure of the 2016 Bonds.*** The 2016 Bonds are to be issued pursuant to the terms of the Bond Resolution and pursuant to the terms of the Series Resolution which has been provided to the Commission. The Commission hereby approves the structure of the 2016 Bonds and authorizes the Executive Director to approve the final form of the Series Resolution.

3. ***Commission Documents.*** The Chair, the Vice-Chair, the Chair Pro Tem and the Executive Director of the Commission are hereby authorized and directed to execute and deliver the Series Resolution, the Official Statement and any such other documents and agreements to be prepared in connection with the issuance of the 2016 Bonds (the "Commission Documents") in such forms as shall be prepared and approved by the Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director, their execution and delivery of the Commission Documents being conclusive evidence of such approval and of the approval of the Commission, and the Secretary of the Commission, or any other Authorized Representative (defined below), is hereby authorized and directed to affix the seal of the Commission to the Commission Documents and to attest the same

4. ***Authorizing Ongoing Determinations under Commission Documents.*** The Executive Director is hereby authorized, without further authority from the Board of Commissioners, to perform any act, to execute any documents, and to make any ongoing determinations as may be required to be made on behalf of the Commission from time to time, including, but not limited to, the determination of other terms to be in effect with respect to the 2016 Bonds as shall be set forth in the Commission Documents.

5. ***Other Action.*** The Chair or Vice Chair or Chair Pro Tem and the Executive Director of the Commission or a person designated by the Executive Director to act on his behalf (the "Authorized Representative") are hereby authorized and directed to undertake any other actions necessary (i) for the issuance and sale of the 2016 Bonds, (ii) for the refunding and redemption or repayment of prior bonds (the "Prior Bonds"), (iii) for the financing of new Mortgage Loans under the Single Family Program, (iv) for the performance of any and all actions required or contemplated under the Bond Resolution, the Series Resolution, the POS, the Official Statement and any other financing documents relating to the issuance of the 2016 Bonds, and (v) for the entire period during which the 2016 Bonds are outstanding following the issuance thereof.

6. ***Approval of Allocation of Volume Cap.*** The Commission approves the allocation of approximately \$29,000,000 of Private Activity Volume Cap to complete the transaction.

7. **Approval of Cost of Issuance.** The Commission approves the cost of issuance budget in an amount up to \$737,000 to be incurred by the Commission in connection with the issuance of the 2016 Bonds to be funded from revenue in the Bond Resolution.

8. **Severability.** If any provision of this resolution shall be held or deemed to be illegal, inoperative or unenforceable, the same shall not affect any other provision or cause any other provision to be invalid, inoperative or unenforceable to any extent whatsoever.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a Special Meeting of the Commission on May 13, 2016.

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Patrice M. Birdsong
Special Assistant to the Commission

HOUSING OPPORTUNITIES COMMISSION
OF MONTGOMERY COUNTY

Resolution No. 16-34

SERIES RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE
OF

\$_____ PRINCIPAL AMOUNT OF SINGLE FAMILY
MORTGAGE REVENUE BONDS, 2016 SERIES A OF THE HOUSING
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

and

\$_____ PRINCIPAL AMOUNT OF SINGLE FAMILY
MORTGAGE REVENUE BONDS, 2016 SERIES B OF THE HOUSING
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

Adopted as of June 1, 2016

Resolution No. 2016-__

SERIES RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE

OF

\$_____ PRINCIPAL AMOUNT OF SINGLE FAMILY
MORTGAGE REVENUE BONDS, 2016 SERIES A OF THE HOUSING
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

AND

\$_____ PRINCIPAL AMOUNT OF SINGLE FAMILY
MORTGAGE REVENUE BONDS, 2016 SERIES B OF THE HOUSING
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

Adopted as of June 1, 2016

WHEREAS, the Housing Opportunities Commission of Montgomery County (the “Commission”) has previously issued certain Bonds to purchase Mortgage Loans from Mortgage Lenders pursuant to its single family mortgage program under the provisions of Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and Chapter 41 of the Laws of Montgomery County, 1974, as amended, known as the Housing Opportunity Act, and the Agreement by and between the Commission and Montgomery County, Maryland, effective July 1, 2015, as amended (the “Acts”); and

WHEREAS, the Commission adopted a Single Family Mortgage Revenue Bond Resolution on March 28, 1979, and adopted resolutions amending said Bond Resolution on December 15, 1982, as of August 1, 1983, as of June 1, 1986, as of June 26, 1991, on May 17, 1995, on June 9, 1999, on May 3, 2000, on September 18, 2002, as of December 1, 2005, on April 2, 2008, on December 7, 2011 and on June 5, 2013 (the “Bond Resolution”); and

WHEREAS, in order to obtain funds with which to refund and redeem certain prior outstanding bonds of the Commission and to make certain moneys available to finance additional Mortgage Loans it is deemed necessary and advisable to issue two series of Single Family Mortgage Revenue Bonds of the Commission as hereinafter provided;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. (a) Except as provided in subsection (b) hereof, all defined terms contained in the Bond Resolution when used in this 2016 Series A/B Resolution shall have the same meanings as set forth in the Bond Resolution.

(b) As used in this 2016 Series A/B Resolution, unless the context shall otherwise require, the following terms shall have the following respective meanings:

“*Bond Counsel*” means one or more attorneys or firms of attorneys with a nationally recognized standing in the field of municipal bond financings selected by the Commission.

“*Business Day*” means any day other than a Saturday, Sunday, legal holiday or a day on which banking institutions in the City of New York or in which the designated corporate trust office of the Trustee is located, are authorized by law to close, or a day on which the New York Stock Exchange is closed.

“*Electronic Means*” means a facsimile transmission or any other electronic means of communication approved in writing by the Commission.

“*Interest Payment Date*” means each January 1 and July 1, commencing January 1, 2017.

“*1954 Code*” means the Internal Revenue Code of 1954, as amended, and the regulations of the United States Department of Treasury thereunder.

“*1986 Code*” means the Internal Revenue Code of 1986, as amended, and the regulations of the United States Department of Treasury thereunder.

“*Record Date*” means the 15th day of the calendar month next preceding each Interest Payment Date.

“*Refunded Bonds*” means the Series A Refunded Bonds and the Series B Refunded Bonds.

“*Series A Refunded Bonds*” means the Commission’s Single Family Mortgage Revenue Bonds, in the aggregate principal amount of \$_____, of the series and in the specific amounts set forth in Section 3.04 hereof.

“*Series B Refunded Bonds*” means the Commission’s Single Family Mortgage Revenue Bonds, in the aggregate principal amount of \$_____, of the series and in the specific amounts set forth in Section 3.04 hereof.

“*Single Family Residence*” has the meaning ascribed to such term in the Financing Agreement.

“*Transferred Mortgage Loans*” means the Mortgage Loans previously financed in connection with the Refunded Bonds and, following the refunding and redemption of the Refunded Bonds, financed in connection with the 2016 Series Bonds.

“*2016 Series A Bonds*” means the Commission’s Single Family Mortgage Revenue Bonds, 2016 Series A, in the aggregate principal amount of \$_____.

“*2016 Series A/B Resolution*” means this 2016 Series A/B Resolution of the Commission authorizing the issuance of the 2016 Series Bonds.

“*2016 Series A/B Mortgage Loan Account*” means the Account created pursuant to Section 3.01 hereof.

“*2016 Series A/B Rebate Account*” means the Account created pursuant to Section 3.02 hereof.

“*2016 Series A/B Refunding Account*” means the Account created pursuant to Section 3.02 hereof.

“*2016 Series B Bonds*” means the Commission’s Single Family Mortgage Revenue Bonds, 2016 Series B, in the aggregate principal amount of \$_____.

“*2016 Series Bonds*” means, collectively, the 2016 Series A Bonds and the 2016 Series B Bonds.

The terms “hereby,” hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this 2016 Series A/B Resolution, refer to this 2016 Series A/B Resolution.

Section 1.02. Authority for This 2016 Series A/B Resolution. This 2016 Series A/B Resolution is adopted pursuant to the provisions of the Acts and the Bond Resolution.

ARTICLE II

AUTHORIZATION, TERMS AND ISSUANCE OF 2016 SERIES BONDS

Section 2.01. Authorization of Bonds, Principal Amount, Designation and Series. In order to provide sufficient funds necessary for the refunding and redemption of the Series A Refunded Bonds and the Series B Refunded Bonds (collectively, the “Refunded Bonds”) and to finance Mortgage Loans pursuant to the Acts and in accordance with and subject to the terms, conditions and limitations established in the Bond Resolution and this 2016 Series A/B Resolution, the 2016 Series Bonds are hereby authorized to be issued. The 2016 Series A Bonds in the aggregate principal amount of \$_____ will be entitled “Single Family Mortgage Revenue Bonds,” and such Series of Bonds shall bear the additional designation “2016 Series A” and each Bond as so designated shall be entitled “Single Family Mortgage Revenue Bond, 2016 Series A.” The 2016 Series B Bonds in the aggregate principal amount of \$_____ will be entitled “Single Family Mortgage Revenue Bonds,” and such Series of Bonds shall bear the additional designation “2016 Series B” and each Bond as so designated shall be entitled “Single

Family Mortgage Revenue Bond, 2016 Series B.” The 2016 Series Bonds may be issued only in fully registered form without coupons.

Section 2.02. Purposes. The purposes for which the 2016 Series Bonds are being issued are (i) to refund and redeem \$_____ aggregate principal amount of the Series A Refunded Bonds and \$_____ aggregate principal amount of the Series B Refunded Bonds, and in connection with such refunding and redemption, finance \$_____ of Transferred Mortgage Loans and (ii) to apply the remaining proceeds of the 2016 Series A Bonds to make \$_____ available for the purchase of newly originated Mortgage Loans and Guaranteed Mortgage Securities (or participations therein) to finance single family owner-occupied housing, subject to the limitations and provisions provided in Article V of the Bond Resolution.

Section 2.03. Issue Date and Payment. The 2016 Series Bonds shall be dated the date of delivery thereof. The 2016 Series Bonds will bear interest from the date of delivery thereof, payable semiannually on January 1 and July 1 of each year commencing January 1, 2017. Interest on the 2016 Series Bonds shall be paid by check to the registered owners at their addresses as they appear as of the close of business on the Record Date on the registration books of the Commission maintained by The Bank of New York Mellon Trust Company, N.A., as trustee and registrar (the “Trustee”) or a successor thereto, or at such other addresses as are furnished to the Trustee in writing by such registered owners on or prior to the Record Date or, upon timely written request of a registered owner of 2016 Series Bonds and payment of any applicable transfer fee, by wire transfer from the Trustee to the registered owner thereof. Principal of, redemption premium, if any, and interest due at maturity or upon redemption or purchase of the 2016 Series Bonds will be payable at the designated corporate trust office of the Trustee at maturity or earlier redemption or purchase.

Section 2.04. The 2016 Series Bonds. (a) The 2016 Series A Bonds shall mature on the dates and in the principal amounts and shall bear interest at the rates per annum as follows:

2016 Series A Bonds

\$ _____ Serial Bonds

<u>Year</u>	<u>Amount</u> \$	<u>Interest Rate</u> %
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\$ _____ Term Bonds

<u>Year</u>	<u>Amount</u> \$	<u>Interest Rate</u> %
[_____ 1, 20__]		
[_____ 1, 20__]		
[_____ 1, 20__]		
[_____ 1, 20__]		

(b) The 2016 Series B Bonds shall mature on the dates and in the principal amounts and shall bear interest at the rates per annum as follows:

2016 Series B Bonds

\$ _____ Serial Bonds

<u>Year</u>	<u>Amount</u> \$	<u>Interest Rate</u> %
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\$ _____ **Term Bonds**

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>
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Section 2.05. Original Reoffering Price. The Original Reoffering Price of the 2016 Series A Bonds shall be \$ _____, and the Original Reoffering Price of the 2016 Series B Bonds shall be \$ _____.

Section 2.06. Denominations, Numbers and Letters. The 2016 Series Bonds shall be issued as fully registered Bonds without coupons. The 2016 Series Bonds shall be issued in the denominations of \$5,000 each or any integral multiple thereof. The 2016 Series A Bonds shall be numbered consecutively from one upwards with the prefix RA preceding each number, and the 2016 Series B Bonds shall be numbered consecutively from one upwards with the prefix RB preceding each number.

Section 2.07. Exchange of 2016 Series Bonds. Subject to the limitations and upon payment of the charges provided in the Bond Resolution, the 2016 Series Bonds, upon surrender thereof at the designated corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner thereof or by his or her attorney duly authorized in writing, may be exchanged, at the option of the registered owner thereof, for a like aggregate principal amount of registered 2016 Series Bonds without coupons of other authorized denominations of the same series and the same maturity. None of the 2016 Series Bonds may be exchanged for coupon Bonds.

Section 2.08. Trustee, Registrar and Paying Agent. The Bank of New York Mellon Trust Company, N.A., is hereby appointed the Trustee, Registrar and Paying Agent of the 2016 Series Bonds.

Section 2.09. Redemption from Special Redemption Account. (a) The 2016 Series Bonds are subject to redemption at the option of the Commission, in whole or in part, at any time, from moneys deposited in the 2016 Series A/B Mortgage Loan Account and not used to make or purchase Mortgage Loans or purchase Guaranteed Mortgage Securities, at a price equal to, (i) for the 2016 Series A PAC Bonds (hereinafter defined) and the 2016 Series B PAC Bonds (hereinafter defined, and collectively with the 2016 Series A PAC Bonds, the "PAC Bonds"), at the respective redemption prices (expressed as percentages of the respective principal amounts thereof) set forth in Exhibit A attached hereto, in each case, plus accrued interest thereon, if any, to the date fixed for redemption, or (ii) for all other 2016 Series Bonds, at the principal amount thereof plus accrued interest, if any, to the redemption date without premium, calculated as of the redemption date.

The 2016 Series Bonds are subject to redemption at the option of the Commission, in whole or in part, at any time, at a price equal to the principal amount thereof plus accrued interest thereon, if any, to the date fixed for redemption, from Revenues relating to any Series of Bonds (primarily payments of principal and interest and Prepayments of principal on Mortgage Loans and Guaranteed Mortgage Securities and earnings on Permitted Investments) and any amounts

available as a result of a reduction in the reserve requirements established pursuant to the Resolutions, which are in excess of the amount required to pay principal of and interest on the Bonds in the then current year.

The 2016 Series Bonds are subject to redemption in part from moneys on deposit in the 2016 Series A/B Mortgage Loan Account if such moneys are not applied to the purchase of Mortgage Loans or Guaranteed Mortgage Securities by the date set forth in the final cash flows prepared for the issuance of the 2016 Series Bonds, unless the Commission prepares cash flows reflecting a later acquisition period and receives confirmation from any rating agency that has an outstanding rating on the 2016 Series Bonds, at the Commission's request, that the rating on the Bonds will not be lowered or withdrawn.

To comply with certain provisions of federal tax law, any funds deposited in the 2016 Series A/B Mortgage Loan Account are required to be applied to the redemption of the 2016 Series Bonds no later than [_____, 20__] to the extent that, on or before such date, such amount has not been applied to the purchase of Mortgage Loans and Guaranteed Mortgage Securities or to the earlier redemption of the 2016 Series Bonds. In addition, the following percentages of scheduled payments and Prepayments of principal of Mortgage Loans (including the Transferred Mortgage Loans) and Guaranteed Mortgage Securities financed with the proceeds of the 2016 Series Bonds received on or after the following dates, are required to be applied no later than the close of the first semi-annual period beginning after the date of receipt to the retirement of the 2016 Series Bonds through the payment thereof at maturity or upon redemption.

<u>Date</u>	<u>Percent</u>	<u>Date</u>	<u>Percent</u>
_____, 20__	[]%	_____, ____	____%

The Commission may redeem the 2016 Series Bonds, including the PAC Bonds (but only to the extent as described herein) in amounts greater than such percentages from available amounts in the Revenue Fund.

(b) An amount equal to ____% of Prepayments of the portion of Mortgage Loans (including the Transferred Mortgage Loans) and Guaranteed Mortgage Securities financed from proceeds of the 2016 Series Bonds (as calculated by the Commission) will be applied at least once during each semi-annual period to the redemption of the 2016 Series A Bonds maturing on [_____, 20__] at par in an amount up to the cumulative amounts set forth in the following table, prior to the redemption of other 2016 Series Bonds.

Semi-Annual Period Ending	<u>Cumulative Amount</u>	Semi-Annual Period Ending	<u>Cumulative Amount</u>
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Such cumulative amounts are derived from certain assumptions related to the Mortgage Loans [(including the Transferred Mortgage Loans)] and Guaranteed Mortgage Securities financed with the proceeds of the 2016 Series Bonds, including the assumptions that all such newly purchased Mortgage Loans and Guaranteed Mortgage Securities are purchased on [_____ 1, 20__] and Prepayments on all such Mortgage Loans (including the Transferred Mortgage Loans) and Guaranteed Mortgage Securities are received at a rate equal to 100% of the Securities Industry and Financial Markets Association Standard Prepayment Model (the “SIFMA Model,” as described below) and that [_____%] of such Prepayments will be used to redeem the 2016 Series A PAC Bonds. Prepayments of Mortgage Loans and Guaranteed Mortgage Securities will be applied to the redemption of the 2016 Series A PAC Bonds, but only to the extent that such redemptions do not exceed the cumulative amounts set forth in the above table (provided that such prepayments may be applied to the redemption of 2016 Series A PAC Bonds in excess of such cumulative amounts if such redemption is necessary to preserve the tax-exempt status of the 2016 Series Bonds). If the 2016 Series Bonds are redeemed from moneys deposited in the 2016 Series A/B Mortgage Loan Account and not used to make or purchase Mortgage Loans or purchase Guaranteed Mortgage Securities, then the amount of the 2016 Series A PAC Bonds redeemed will be proportional to the total amount of 2016 Series Bonds being redeemed, and each cumulative amount set forth in the table above will be recalculated to be equal to the product of (1) such amount and (2) the fraction whose numerator is equal to the remainder of (a) the total amount originally deposited in the 2016 Series A/B Mortgage Loan Account less (b) the cumulative amount of the proceeds of the 2016 Series Bonds that have been used to so redeem the 2016 Series Bonds, and whose denominator is equal to the total amount originally deposited in the 2016 Series A/B Mortgage Loan Account. If the amount available for such redemption is less than \$100,000, the Commission may delay redemption of the 2016 Series A PAC Bonds until the amount of Prepayments available totals \$100,000 or more.

An amount equal to []% of Prepayments of Mortgage Loans (including the Transferred Mortgage Loans) and Guaranteed Mortgage Securities financed with the proceeds of the 2016 Series Bonds will be applied at least once during each semi-annual period to the redemption fo the 2016 Series B PAC Bonds at par in an amount up to the cumulative amounts set forth in the following table, prior to the redemption of other 2016 Series Bonds.

Semi-Annual Period Ending	<u>Cumulative Amount</u>	Semi-Annual Period Ending	<u>Cumulative Amount</u>
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Such cumulative amounts are derived from certain assumptions related to such Mortgage Loans [(including the Transferred Mortgage Loans)] and Guaranteed Mortgage Securities including the assumptions that all such newly purchased Mortgage Loans and Guaranteed Mortgage Securities are purchased on [____ 1, 20__] and Prepayments on all such Mortgage Loans (including the Transferred Mortgage Loans) and Guaranteed Mortgage Securities are received at a rate equal to 100% of the SIFMA Model and that [____%] of such Prepayments will be used to redeem the 2016 Series B PAC Bonds. Prepayments of Mortgage Loans and Guaranteed Mortgage Securities will be applied to the redemption of the 2016 Series B PAC Bonds, but only to the extent that such redemptions do not exceed the cumulative amounts set forth in the above table (provided that such prepayments may be applied to the redemption of 2016 Series B PAC Bonds in excess of such cumulative amounts if such redemption is necessary to preserve the tax-exempt status of the 2016 Series Bonds). If the 2016 Series Bonds are redeemed from moneys deposited in the 2016 Series A/B Mortgage Loan Account and not used to make or purchase Mortgage Loans or purchase Guaranteed Mortgage Securities, then the amount of the 2016 Series B PAC Bonds redeemed will be proportional to the total amount of 2016 Series Bonds being redeemed, and each cumulative amount set forth in the table above will be recalculated to be equal to the product of (1) such amount and (2) the fraction whose numerator is equal to the remainder of (a) the total amount originally deposited in the 2016 Series A/B Mortgage loan Account less (b) the cumulative amount of the proceeds of the 2016 Series Bonds that have been used to so redeem the 2016 Series Bonds, and whose denominator is equal to the total amount originally deposited in the 2016 Series A/B Mortgage Loan Account. If the amount available for such redemption is less than \$100,000, the Commission may delay redemption of the 2016 Series B PAC Bonds until the amount of Prepayments available totals \$100,000 or more.

Section 2.10. Redemption from Optional Redemption Account. (a) The 2016 Series Bonds maturing on or after [____ 1, 20__], other than the PAC Bonds, are subject to redemption or purchase in lieu of redemption, at the option of the Commission, from moneys in the Optional Redemption Account in the Redemption Fund, in whole or in part, at any time on or after [____ 1, 20__] at (1) with respect to the 2016 Series Bonds other than the PAC Bonds, one hundred percent (100%) of the principal amount thereof, plus accrued interest thereon, if any, to the redemption or purchase date and (2) with respect to the PAC Bonds, at the respective redemption prices (expressed as percentages of the respective principal amounts thereof) as set forth in Exhibit A hereto, in each case, plus accrued interest, if any to the redemption date.

To exercise the option to purchase the 2016 Series Bonds in lieu of redemption pursuant to this section, the Commission shall deliver written notice thereof to the Trustee no later than 12:00 Noon, New York City Time, on the date the 2016 Series Bonds would otherwise have been redeemed (the "Purchase-in-Lieu Date"), and the Commission shall transfer or cause to be transferred to the Trustee the moneys required to purchase the 2016 Series Bonds no later than 12:00 Noon, New York City Time, on such Purchase-in-Lieu Date. If notice of redemption has been given as required under the Bond Resolution, no additional notice to the Bondholders shall be required to be given of the exercise by the Commission of the option to purchase 2016 Series Bonds pursuant to this Section. All 2016 Series Bonds shall be deemed to have been purchased on the Purchase-in-Lieu Date provided funds sufficient to purchase the 2016 Series Bonds on the Purchase-in-Lieu Date have been deposited with the Trustee, and from and after such Purchase-in-Lieu Date, interest shall cease to accrue on the 2016 Series Bonds to the prior Bondholders, and the prior owners thereof shall have no rights with respect to such 2016 Series Bonds except to receive payment of the purchase price thereof and accrued interest to the Purchase-in-Lieu Date. Notwithstanding such purchase, the 2016 Series Bonds shall remain Outstanding for all purposes under this 2016 Series A/B Resolution and the Bond Resolution. Failure to mail the related notice of redemption or any defect therein shall not affect the validity of the purchase of the 2016 Series Bonds. The Commission's notice of purchase in lieu of redemption may be conditioned upon receipt of funds by the Trustee or may be withdrawn at any time as specified therein. The Commission's notice of purchase in lieu of redemption may be given in conjunction with a notice of redemption given pursuant to the Bond Resolution, in which case it shall so state and shall provide that a withdrawal of the purchase notice will not constitute a withdrawal of the redemption notice unless otherwise specified therein.

Section 2.11. Redemption from Sinking Fund Installments. (a) The 2016 Series A Bonds maturing on [____ 1, 20__] are subject to mandatory redemption in part by lot on [____ 1, 20__] and on each July 1 and January 1 thereafter, to and including [____ 1, 20__], at the principal amount thereof, plus accrued interest thereon to the redemption date, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount (January)</u>	<u>Principal Amount (July)</u>	<u>Year</u>	<u>Principal Amount (January)</u>	<u>Principal Amount (July)</u>
20__	\$	\$			

(maturity)

(b) The 2016 Series A Bonds maturing on [____ 1, 20__] are subject to mandatory redemption in part by lot on [____ 1, 20__] and on each July 1 and January 1 thereafter, to and including [____ 1, 20__], at the principal amount thereof, plus accrued interest thereon to the redemption date, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount (January)</u>	<u>Principal Amount (July)</u>	<u>Year</u>	<u>Principal Amount (January)</u>	<u>Principal Amount (July)</u>
20__	\$	\$			

(maturity)

(c) The 2016 Series A Bonds maturing on [____ 1, 20__] (the “2016 Series A PAC Bonds”) are subject to mandatory redemption in part by lot on [____ 1, 20__] and on each July 1 and January 1 thereafter, to and including [____ 1, 20__], at the principal amount thereof, plus accrued interest thereon to the redemption date, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount (January)</u>	<u>Principal Amount (July)</u>	<u>Year</u>	<u>Principal Amount (January)</u>	<u>Principal Amount (July)</u>
20__	\$	\$			

(maturity)

(d) The 2016 Series B Bonds maturing on [____ 1, 20__] (the “2016 Series B PAC Bonds”) are subject to mandatory redemption in part by lot on [____ 1, 20__] and on each July 1 and January 1 thereafter, to and including [____ 1, 20__], at the principal amount thereof, plus accrued interest thereon to the redemption date, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount (January)</u>	<u>Principal Amount (July)</u>	<u>Year</u>	<u>Principal Amount (January)</u>	<u>Principal Amount (July)</u>
20__	\$	\$			

(maturity)

Section 2.12. *Reserved.*

Section 2.13. *Issue and Sale of 2016 Series Bonds.* The 2016 Series Bonds authorized to be issued herein shall be sold to Merrill Lynch, Pierce, Fenner & Smith Incorporated, PNC Capital Markets LLC, J.P. Morgan Securities LLC, M&T Securities Inc., Morgan Stanley and RBC Capital Markets, LLC (the “Underwriters”) at the aggregate price of \$_____ on the terms and conditions set forth in the Contract of Purchase dated [_____, 2016], by and between the Underwriters and the Commission (the “Contract of Purchase”). The Underwriters will receive an underwriting fee of \$_____ relating to the sale of the 2016 Series Bonds. Kutak Rock LLP, Washington, D.C., is hereby appointed as Bond Counsel in connection with the issuance of the 2016 Series Bonds.

Section 2.14. *Delivery of 2016 Series Bonds.* (a) The 2016 Series Bonds shall be delivered, upon compliance with the provisions of the Bond Resolution to the order of the Underwriters named in Section 2.13 hereof, at such time and place as provided in, and subject to, the provisions of the Contract of Purchase.

(b) The Commission adopts the expectations, beliefs, assumptions and representations expressed and made on behalf of the Commission in the Preliminary Official Statement relating to the 2016 Series Bonds dated [_____, 2016] and in the Official Statement relating to the 2016 Series Bonds, dated [_____, 2016] (the “Official Statement”) and hereby ratifies the Underwriters’ use and distribution of the Preliminary Official Statement in selling the 2016 Series Bonds.

(c) The execution and distribution of the Official Statement and the execution of the Contract of Purchase are hereby approved and ratified.

(d) The Executive Director and Chair, Vice-Chair or Chair pro tem are authorized to make such changes, deletions and additions to the provisions of this 2016 Series A/B Resolution, consistent with the purposes of this 2016 Series A/B Resolution, as they deem necessary or advisable to issue the 2016 Series Bonds.

Section 2.15. *Further Authority.* The Chair, Vice-Chair, Chair pro tem and Executive Director of the Commission are, and each of them is, hereby authorized to do or perform all such acts and to execute all such certificates, documents and other instruments as they or either of

them deem necessary or advisable to provide for the issuance, sale and delivery of the 2016 Series Bonds.

Section 2.16. *Trustee Authority to Facilitate Use of Securities Depository.* The authorized officers of the Trustee are, and each of them is, hereby authorized to do or perform such acts and to execute all such certificates, documents and other instruments as they or any of them deem necessary or advisable to facilitate the efficient use of a securities depository for all or any portion of the 2016 Series Bonds; provided that neither the Trustee nor the Commission may assume: (i) any obligations to such securities depository or beneficial owners of Bonds that are inconsistent with their obligations to any registered bondholder under this 2016 Series A/B Resolution or the Bond Resolution or (ii) any obligation which would directly or indirectly create obligations on the part of the Trustee or the Commission to persons who own 2016 Series Bonds or interests therein but who are not registered owners of 2016 Series Bonds, unless the Commission shall have consented in writing to such obligations.

Section 2.17. *Special Procedures Relating to Partial Redemptions.* Notwithstanding the provisions of Section 4.05 of the Bond Resolution, the Commission, with the prior written consent of the Trustee, may enter into an agreement with an owner of any 2016 Series Bond having a denomination greater than \$5,000 providing that such registered owner is authorized to effect a reduction in the face amount of such 2016 Series Bond by making a notation indicating the principal amount of such redemption and the date thereof on the payment grid attached to such 2016 Series Bond in lieu of surrendering such 2016 Series Bond to the Trustee for cancellation and the issuance of a new bond or bonds in the amount of the unredeemed portion thereof in accordance with Section 4.05 of the Bond Resolution. If the Commission and an owner enter into such an agreement, the records of the Trustee shall be conclusive in determining the outstanding principal amount of any 2016 Series Bond affected by the agreement, notwithstanding the failure of the owner to make any notation on the payment grid attached to such 2016 Series Bond of the redemption of a portion thereof, and shall be binding upon the owner, any heirs, personal representatives, successors or assigns, or any transferee or purchaser of such 2016 Series Bond. If the Commission enters into such an agreement with such an owner of any 2016 Series Bond, a notation of the effect of such agreement may be inserted in the form of any 2016 Series Bond to be delivered to such owner.

ARTICLE III

2016 SERIES BONDS

Section 3.01. *Establishment of 2016 Series A/B Mortgage Loan Account.* There is hereby established an account designated as the 2016 Series A/B Mortgage Loan Account, moneys in which shall be used for the purposes and as authorized by Section 5.03 of the Bond Resolution and this 2016 Series A/B Resolution. In addition, the Commission acknowledges that the 2016 Series Bonds have been structured to have certain redemption priorities and protections, and the Commission covenants to apply moneys in the 2016 Series A/B Mortgage Loan Account to effect such priorities and protections.

Section 3.02. Establishment of 2016 Series A/B Refunding Account and 2016 Series A/B Rebate Account. (a) There is hereby established a special account separate from all other funds and accounts, irrevocably in trust for, and assigned to, the Holders of the Refunded Bonds, designated as the 2016 Series A/B Refunding Account, moneys in which shall be used to pay the principal of the Refunded Bonds upon redemption as provided in Section 3.04 hereof and for such other purposes as authorized by the Bond Resolution and this 2016 Series A/B Resolution.

(b) There is hereby established a special account separate from all other funds and accounts, designated as the 2016 Series A/B Rebate Account, as authorized by Section 5.01 of the Bond Resolution, moneys in which shall be used to pay rebate to the United States as provided in Section 3.05 hereof.

Section 3.03. Application of Proceeds of the 2016 Series Bonds. The Trustee shall apply the proceeds of the 2016 Series Bonds as follows:

(a) \$_____, representing a portion of the proceeds of the 2016 Series A Bonds shall be deposited into the 2016 Series A/B Refunding Account and shall be used to refund and redeem the Series A Refunded Bonds in accordance with Section 3.04 hereof.

(b) On [_____, 2016], the Trustee is hereby directed to transfer for deposit to the Special Redemption Account established pursuant to Section 6.01 of the Bond Resolution, \$_____, being a portion of the proceeds of the 2016 Series A Bonds deposited in the 2016 Series A/B Refunding Account, to the trustee for the Series A Refunded Bonds for application to the refunding and redemption of the Series A Refunded Bonds in accordance with Section 3.04(a) hereof on [_____, 2016]. Simultaneously with such transfer by the Trustee, the Trustee will deposit to the 2016 Series A/B Mortgage Loan Account on [_____, 2016], Transferred Mortgage Loans in the aggregate principal amount of \$_____ relating to the Series A Refunded Bonds.

(c) \$_____ representing the remaining proceeds of the 2016 Series A Bonds shall be deposited into the 2016 Series A/B Mortgage Loan Account.

(d) \$_____ representing the proceeds of the 2016 Series B Bonds shall be deposited into the 2016 Series A/B Refunding Account and shall be used to refund and redeem the Series B Refunded Bonds in accordance with Section 3.04 below.

(e) On [_____, 2016], the Trustee is hereby directed to transfer for deposit to the Special Redemption Account established pursuant to Section 6.01 of the Bond Resolution, \$_____, the proceeds of the 2016 Series B Bonds deposited in the 2016 Series A/B Refunding Account to the trustee for the Series B Refunded Bonds for application to the refunding and redemption of the Series B Refunded Bonds in accordance with Section 3.04(b) hereof on [_____, 2016]. Simultaneously with such transfer by the Trustee, the Trustee will deposit to the 2016 A/B Mortgage Loan Account on [_____, 20__], Transferred Mortgage Loans in the aggregate principal amount of \$_____, relating to the Series B Refunded Bonds.

(f) No amount of the proceeds of the 2016 Series Bonds shall be deposited in the Debt Service Reserve Fund.

(g) No amount of the proceeds of the 2016 Series Bonds shall be deposited in the Mortgage and Special Hazard Reserve Fund.

(h) The Commission covenants to use its best efforts to apply the proceeds relating to the 2016 Series Bonds in the 2016 Series A/B Mortgage Loan Account to make or purchase Mortgage Loans or Guaranteed Mortgage Securities, provided, however, that nothing herein shall prohibit the Commission's use of moneys in any Mortgage Loan Account if necessary to maintain the tax-exempt status of the 2016 Series Bonds or to best achieve the objectives of the Program. In addition, the Commission acknowledges that the 2016 Series Bonds have been structured to have certain redemption priorities and protections, and the Commission covenants to apply moneys in the 2016 Series A/B Mortgage Loan Account to effect such priorities and protections.

(i) No amount of the proceeds of the 2016 Series Bonds shall be used to pay the costs of issuing the 2016 Series Bonds.

Section 3.04. Refunding and Redemption. (a) The Commission hereby authorizes the Trustee, in its capacity as trustee for the Series A Refunded Bonds, to apply \$_____, being a portion of moneys delivered to it pursuant to Section 3.03(b) hereof to the payment of the redemption price of an equal principal amount of the following Series A Refunded Bonds on [_____, 2016]:

<u>Series of Bonds</u>	<u>Amounts</u>
	\$
Total	\$

(b) The Commission hereby authorizes the Trustee, in its capacity as trustee for the Series B Refunded Bonds, to apply \$_____, being the moneys delivered to it pursuant to Section 3.03(e) hereof to the payment of the redemption price of an equal principal amount of the following Series B Refunded Bonds on [_____, 2016]:

<u>Series of Bonds</u>	<u>Amounts</u>
	\$
Total	\$
Total	\$

(c) The Commission hereby notifies the Trustee that sufficient moneys are being deposited on the date of issuance of the 2016 Series Bonds into the 2016 Series A/B Refunding Account so that such moneys will be sufficient to pay the principal of the Refunded Bonds being redeemed on [_____, 2016].

(d) The Commission hereby authorizes and directs the Trustee in its capacity as trustee for the Refunded Bonds to pay the principal of the Refunded Bonds being redeemed on [____], 2016 from the proceeds of the 2016 Series Bonds transferred to the Trustee pursuant to Sections 3.03(b) and 3.03(e) hereof.

Section 3.05. Restriction as to “Arbitrage Bonds”. The Commission shall not use or direct or permit the use of the proceeds of the 2016 Series Bonds or any other moneys held under the Bond Resolution or this 2016 Series A/B Resolution in any manner that would cause the 2016 Series Bonds to be “arbitrage bonds” within the meaning ascribed to such quoted term in the 1986 Code. The Commission covenants that there shall be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the 1986 Code. This covenant shall survive payment in full or defeasance of the 2016 Series Bonds. Money shall be deposited to the 2016 Series A/B Rebate Account by the Commission or by the Trustee at the written direction of the Commission and shall be held by the Trustee to the extent required to make the necessary payments to the United States pursuant to Section 148(f) of the 1986 Code. Upon receipt of the Commission’s written directions, the Trustee shall remit part or all of the balances in the 2016 Series A/B Rebate Account to the United States as so directed. Any funds remaining in the 2016 Series A/B Rebate Account after redemption and payment of all of the 2016 Series Bonds and payment and satisfaction of any requirement to make payment to the United States pursuant to Section 148(f) of the 1986 Code, or provision for payment made satisfactory to the Trustee, shall be withdrawn and remitted to the Commission.

Section 3.06. Special Tax Covenants. (a) The Commission hereby covenants: (i) to take all steps and actions necessary to assure the successful operation of the Program in a manner consistent with the preservation of the exclusion of the interest payable on the 2016 Series Bonds from gross income under Sections 103 and 143(e) and (f) of the 1986 Code and 103A of the 1954 Code, (ii) to take all steps and actions necessary to preserve the exclusion of the interest payable on the 2016 Series Bonds from gross income under Sections 103 and 143(e) and (f) of the 1986 Code and 103A of the 1954 Code and (iii) to refrain from taking any steps or actions that would impair or call into question the exclusion of the interest payable on the 2016 Series Bonds from gross income under Sections 103 or 143(e) and (f) of the 1986 Code or 103A of the 1954 Code.

(b) The Commission covenants not to use the proceeds of the 2016 Series Bonds to finance a Single Family Residence unless:

(1) The acquisition cost (within the meaning of Section 143(e) of the 1986 Code) of such Single Family Residence does not exceed 90% of the average area purchase price applicable to such Single Family Residence at the time of the financing of the Mortgage Loan, which average area purchase prices are set forth in Revenue Procedure 88-48 for the current period, unless such Single Family Residence is located in a Targeted Area, in which case the acquisition cost (within the meaning of Section 143 of the 1986 Code) may not exceed 110% of the average area purchase price applicable to such Single Family Residence; and

(2) The current annual income of the family using or intending to use the Single Family Residence as its principal residence does not exceed 115% (100% for families of

less than three individuals) of the median gross income for the area in which such Single Family Residence is located, in accordance with regulations issued pursuant to Section 8 of the United States Housing Act of 1937.

These covenants may be modified from time to time pursuant to written instructions as delivered to the Trustee by the Commission, accompanied by an opinion of Bond Counsel permitting such modifications.

Section 3.07. *Covenant for Use of Prepayments.* Subject to the provisions of Section 2.09 hereof, the Commission will apply repayments and prepayments of principal of Mortgage Loans or Guaranteed Mortgage Securities financed from the issuance of the 2016 Series Bonds that, under the Code, are not permitted to be used to finance additional Mortgage Loans or Guaranteed Mortgage Securities to the redemption of the 2016 Series Bonds.

ARTICLE IV

DETERMINATIONS REQUIRED BY THE BOND RESOLUTION

Section 4.01. *Determination Concerning the Debt Service Reserve Fund.* In compliance with Section 2.02 of the Bond Resolution, the Commission determines that the amount in the Debt Service Reserve Fund is sufficient to maintain a balance therein equal to the Debt Service Reserve Requirement, computed with reference to all Outstanding Bonds and to the 2016 Series Bonds authorized hereunder.

Section 4.02. *Determination Concerning the Issuance of the 2016 Series Bonds.* In compliance with Section 2.02 of the Bond Resolution, the Commission determines that the 2016 Series Bonds will not adversely affect the ability of the Commission to purchase Mortgage Loans or Guaranteed Mortgage Securities with the proceeds of Outstanding Bonds previously issued.

ARTICLE V

FORMS OF 2016 SERIES BONDS

The fully registered 2016 Series Bonds are to be in substantially the following forms with appropriate variations, omissions and insertions as permitted or required by the Bond Resolution, to wit:

[FORM OF 2016 SERIES A BOND]

UNITED STATES OF AMERICA
STATE OF MARYLAND
HOUSING OPPORTUNITIES COMMISSION
OF MONTGOMERY COUNTY

Single Family Mortgage Revenue Bond
2016 Series A

NO. RA- _____ \$

INTEREST RATE: _____ %
MATURITY DATE: _____
DATED DATE: _____, 2016
CUSIP: _____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

KNOW ALL PERSONS BY THESE PRESENTS that the Housing Opportunities Commission of Montgomery County, a public body corporate and politic of the State of Maryland (the "Commission"), for value received, promises to pay from the sources and as hereinafter provided, to the Registered Owner identified above or registered assigns, on the Maturity Date identified above, the Principal Amount identified above, and in like manner to pay interest on said sum from the Dated Date identified above, at the Interest Rate per annum identified above, semiannually on January 1 and July 1 of each year commencing January 1, 2017 (the "Interest Payment Date"), until said Principal Amount is paid, except as the provisions hereinafter set forth with respect to redemption of this Bond before maturity may become applicable hereto. Interest on this Bond is payable by check mailed to the Registered Owner hereof as his or her name and address appear, as of the close of business on the 15th day of the month next preceding each Interest Payment Date (the "Record Date"), on the registration books of the Commission maintained by The Bank of New York Mellon Trust Company, N.A., as trustee and registrar (the "Trustee"), or a successor thereto, or at such other addresses as are furnished to the Trustee in writing by such Registered Owner on or prior to the Record Date or, upon timely written request of a Registered Owner and payment of wire transfer fee, by wire transfer from the Trustee to the Registered Owner. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The principal and redemption premium, if any, and interest due at maturity or upon redemption or purchase of this Bond will be payable at the designated corporate trust office of the Trustee 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.

In the event of a partial redemption of this Bond, the Registered Owner hereof is authorized to effect a reduction in the face amount of this Bond by making a notation indicating

the principal amount of such redemption and the date thereon on the Payment Grid attached hereto, in lieu of surrendering this Bond to the Trustee for cancellation and the issuance of a new Bond or Bonds in the amount of the unredeemed portion hereof. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS BOND MAY BE LESS THAN THE STATED FACE AMOUNT HEREOF AND THE RECORDS OF THE TRUSTEE SHALL BE CONCLUSIVE AS TO THE OUTSTANDING PRINCIPAL AMOUNT HEREOF, NOTWITHSTANDING THE FAILURE OF THE REGISTERED OWNER TO MAKE ANY NOTATION ON SUCH PAYMENT GRID OF THE REDEMPTION OF A PORTION THEREOF, AND SHALL BE BINDING UPON THE REGISTERED OWNER, ANY HEIRS, SUCCESSORS OR ASSIGNS, OR ANY TRANSFEREE OR PURCHASER OF THIS BOND. ANY PURCHASER OR TRANSFEREE OF THIS BOND SHOULD CONTACT THE TRUSTEE TO ASCERTAIN THE OUTSTANDING PRINCIPAL AMOUNT HEREOF.

This Bond is one of an authorized issue of 2016 Series A Bonds in the aggregate principal amount of \$_____ (the "2016 Series A Bonds") issued for the purpose of (i) providing funds for the Commission to refund and redeem certain of its prior outstanding bonds (the "Series A Refunded Bonds"), thereby providing financing for Mortgage Loans (as hereinafter defined) previously purchased in connection with the Series A Refunded Bonds and and (ii) making funds available to finance new qualified Mortgage Loans. The Series A Refunded Bonds were issued for the purpose of providing funds for the Commission to carry out its program of making or purchasing qualified mortgage loans (the "Mortgage Loans") for the acquisition, construction, and rehabilitation of dwelling accommodations for persons of eligible income to facilitate the development of a sufficient supply of single family residential housing in Montgomery County, Maryland for such persons, including providing funds for various reserve funds. Simultaneously with the issuance of the 2016 Series A Bonds, the Commission has issued its Single Family Mortgage Revenue Bonds 2016 Series B in the aggregate principal amount of \$_____ (the "2016 Series B Bonds," and together with the 2016 Series A Bonds, the "2016 Series Bonds").

The 2016 Series Bonds are all issued under and are equally and ratably secured by and entitled to the protection of the Commission's Single Family Mortgage Revenue Bond Resolution No. 79-26, adopted March 28, 1979, as amended, and the 2016 Series A/B Resolution adopted by the Commission as of [____ 1, 20__] (collectively, the "Bond Resolution"). The Bond Resolution provides that the Commission may hereafter issue additional Bonds from time to time under certain terms and conditions contained in the Bond Resolution and, if issued, such additional Bonds will rank pari passu with this issue of 2016 Series A Bonds and be equally and ratably secured by and entitled to the protection of the Bond Resolution. Reference is hereby made to the Bond Resolution for a description of the property pledged and assigned, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Commission, the Trustee and the owners of the 2016 Series A Bonds and the terms upon which the 2016 Series A Bonds are issued and secured.

The Commission and the Trustee may deem and treat the Registered Owner hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and premium, if any, and interest due hereon and for all other purposes and neither the Commission nor the Trustee shall be affected by any notice to the contrary.

The 2016 Series A Bonds are issuable as registered 2016 Series A Bonds without coupons in the denomination of \$5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the charges provided in the Bond Resolution, registered 2016 Series A Bonds, upon surrender thereof at the designated corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee duly executed by the Registered Owner thereof or by his or her attorney duly authorized in writing, may be exchanged, at the option of the Registered Owner thereof, for a like aggregate principal amount of registered 2016 Series A Bonds without coupons of other authorized denominations of the same Series and the same maturity. This Bond is transferable by the Registered Owner hereof in person or by his or her attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Bond Resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond or Bonds of the same Series and the same maturity and interest rate and of authorized denomination or denominations for the same aggregate principal amount will be issued to the transferee in exchange therefor. The Trustee is not required to make any exchange or transfer in the case of any proposed redemption of Bonds of such Series, after the first publication or the mailing of notice calling such Bonds or portions thereof for redemption has been given as herein provided, or during the fifteen days next preceding the date of the first publication of notice of such redemption.

The 2016 Series A Bonds shall be subject to optional, special and mandatory sinking fund redemption and purchase in lieu of redemption as provided in the Bond Resolution.

If any of the 2016 Series A Bonds or portions thereof are called for redemption as aforesaid, notice thereof identifying the 2016 Series A Bonds or portions thereof to be redeemed will be given by the Trustee by mailing a copy of the redemption notice at least twenty (20) days before the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books. All 2016 Series A Bonds so called for redemption will cease to bear interest after the specified redemption date, provided that funds for their redemption are on deposit at the place of payment at that time.

The 2016 Series A Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Maryland, particularly Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and Chapter 41 of the Laws of Montgomery County 1974, as amended, known as the Housing Opportunities Act, and a certain Agreement By and Between the Commission and Montgomery County, Maryland.

This Bond and the issue of which it forms a part and the interest thereon are limited obligations of the Commission and are payable solely out of the Revenues and other assets of the Commission pledged therefor pursuant to the Bond Resolution. The Commission has no taxing power. The 2016 Series A Bonds do not constitute a debt of Montgomery County, the State of Maryland or any political subdivision thereof and neither Montgomery County, the State of Maryland nor any political subdivision thereof shall be liable thereon, nor in any event shall the 2016 Series A Bonds be payable out of any funds or properties of the Commission other than those pledged therefor. The 2016 Series A Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the

commissioners of the Commission nor any persons executing the 2016 Series A Bonds shall be liable personally on the 2016 Series A Bonds by reason of the issuance thereof. Payments sufficient for the prompt payment, when due, of the principal of, premium, if any, and interest on the 2016 Series A Bonds are to be paid to the Trustee for the account of the Commission, which payments have been duly pledged and assigned for that purpose.

The Registered Owner of this Bond shall have no right to enforce the provisions of the Bond Resolution or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Bond Resolution, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Bond Resolution. In certain events, on the conditions, in the manner and with the effect set forth in the Bond Resolution, the principal of all the 2016 Series A Bonds issued under the Bond Resolution and then outstanding may become or may be declared due and payable before the stated maturities thereof, at the principal amount thereof, together with interest accrued thereon to the date of acceleration.

The Bond Resolution permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Commission and the rights of the owners of the 2016 Series A Bonds at any time by the Commission with the consent of the owners of two-thirds in Aggregate Principal Amount of the 2016 Series A Bonds at the time outstanding, as defined in the Bond Resolution. Any such consent or waiver by the Registered Owner of this Bond shall be conclusive and binding upon such owner and upon all future owners of this Bond and of any 2016 Series A Bond issued in replacement thereof whether or not notation of such consent or waiver is made upon this Bond. The Bond Resolution also contains provisions permitting the Trustee to waive certain defaults under the Bond Resolution and their consequences.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Bond Resolution and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; that the issuance of this Bond and the issue of which it forms a part, together with all other obligations of the Commission, does not exceed or violate any constitutional or statutory limitation; and that the amounts pledged to the payment of the principal of and premium, if any, and interest on this Bond and the issue of which it forms a part, as the same become due, are expected to be sufficient in amount for that purpose.

This Bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Trustee or an authorized signatory thereof.

IN WITNESS WHEREOF, the Housing Opportunities Commission of Montgomery County has caused this Bond to be executed in its name by the facsimile signature of its Chair and its corporate seal to be hereunto impressed or imprinted hereon and attested to by the facsimile signature of its Secretary-Treasurer.

HOUSING OPPORTUNITIES COMMISSION
OF MONTGOMERY COUNTY

[SEAL]

By: _____
Sarah V. Roman
Chair

Attest:

By: _____
Stacy L. Spann
Secretary-Treasurer

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This Bond is one of the Bonds described in the within-mentioned Bond Resolution and is one of the Single Family Mortgage Revenue Bonds, 2016 Series A of the Housing Opportunities Commission of Montgomery County.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., TRUSTEE

By: _____
Authorized Signatory

Date of Authentication: _____

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____ the within Bond and all rights thereunder and hereby irrevocably constitutes and appoints _____ to transfer the within-mentioned Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature: _____ (Signature(s) must be guaranteed by a broker or other financial institution which is a participant in the Securities Transfer Agent's Medallion Program or similar program (STAMP, SEMP, MSP).)

Please insert social security or other identifying number of assignee: _____

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

* * * * *

[End of Form of 2016 Series A Bond]

[FORM OF 2016 SERIES B BOND]

UNITED STATES OF AMERICA
STATE OF MARYLAND
HOUSING OPPORTUNITIES COMMISSION
OF MONTGOMERY COUNTY

Single Family Mortgage Revenue Bond
2016 Series B

NO. RB- _____ \$ _____

INTEREST RATE: _____ %
MATURITY DATE: _____
DATED DATE: _____, 2016
CUSIP: _____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

KNOW ALL PERSONS BY THESE PRESENTS that the Housing Opportunities Commission of Montgomery County, a public body corporate and politic of the State of Maryland (the "Commission"), for value received, promises to pay from the sources and as hereinafter provided, to the Registered Owner identified above or registered assigns, on the Maturity Date identified above, the Principal Amount identified above, and in like manner to pay interest on said sum from the Dated Date identified above, at the Interest Rate per annum identified above, semiannually on January 1 and July 1 of each year commencing January 1, 2017 (the "Interest Payment Date"), until said Principal Amount is paid, except as the provisions hereinafter set forth with respect to redemption of this Bond before maturity may become applicable hereto. Interest on this Bond is payable by check mailed to the Registered Owner hereof as his or her name and address appear, as of the close of business on the 15th day of the month next preceding each Interest Payment Date (the "Record Date"), on the registration books of the Commission maintained by The Bank of New York Mellon Trust Company, N.A., as trustee and registrar (the "Trustee"), or a successor thereto, or at such other addresses as are furnished to the Trustee in writing by such Registered Owner on or prior to the Record Date or, upon timely written request of a Registered Owner and payment of wire transfer fee, by wire transfer from the Trustee to the Registered Owner. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The principal and redemption premium, if any, and interest due at maturity or upon redemption or purchase of this Bond will be payable at the designated corporate trust office of the Trustee 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.

In the event of a partial redemption of this Bond, the Registered Owner hereof is authorized to effect a reduction in the face amount of this Bond by making a notation indicating the principal amount of such redemption and the date thereon on the Payment Grid attached

hereto, in lieu of surrendering this Bond to the Trustee for cancellation and the issuance of a new Bond or Bonds in the amount of the unredeemed portion hereof. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS BOND MAY BE LESS THAN THE STATED FACE AMOUNT HEREOF AND THE RECORDS OF THE TRUSTEE SHALL BE CONCLUSIVE AS TO THE OUTSTANDING PRINCIPAL AMOUNT HEREOF, NOTWITHSTANDING THE FAILURE OF THE REGISTERED OWNER TO MAKE ANY NOTATION ON SUCH PAYMENT GRID OF THE REDEMPTION OF A PORTION THEREOF, AND SHALL BE BINDING UPON THE REGISTERED OWNER, ANY HEIRS, SUCCESSORS OR ASSIGNS, OR ANY TRANSFEREE OR PURCHASER OF THIS BOND. ANY PURCHASER OR TRANSFEREE OF THIS BOND SHOULD CONTACT THE TRUSTEE TO ASCERTAIN THE OUTSTANDING PRINCIPAL AMOUNT HEREOF.

This Bond is one of an authorized issue of 2016 Series B Bonds in the aggregate principal amount of \$_____ (the "2016 Series B Bonds") issued for the purpose of providing funds for the Commission to refund and redeem certain of its prior outstanding bonds (the "Series B Refunded Bonds"), thereby providing financing for Mortgage Loans (as hereinafter defined) previously purchased in connection with the Series B Refunded Bonds. The Series B Refunded Bonds were issued for the purpose of providing funds for the Commission to carry out its program of making or purchasing qualified mortgage loans (the "Mortgage Loans") for the acquisition, construction, and rehabilitation of dwelling accommodations for persons of eligible income to facilitate the development of a sufficient supply of single family residential housing in Montgomery County, Maryland for such persons, including providing funds for various reserve funds. Simultaneously with the issuance of the 2016 Series B Bonds, the Commission has issued its Single Family Mortgage Revenue Bonds 2016 Series A in the aggregate principal amount of \$_____ (the "2016 Series A Bonds," and together with the 2016 Series B Bonds, the "2016 Series Bonds").

The 2016 Series Bonds are all issued under and are equally and ratably secured by and entitled to the protection of the Commission's Single Family Mortgage Revenue Bond Resolution No. 79-26, adopted March 28, 1979, as amended, and the 2016 Series A/B Resolution adopted by the Commission as of [____ 1, 2016] (collectively, the "Bond Resolution"). The Bond Resolution provides that the Commission may hereafter issue additional Bonds from time to time under certain terms and conditions contained in the Bond Resolution and, if issued, such additional Bonds will rank pari passu with this issue of 2016 Series B Bonds and be equally and ratably secured by and entitled to the protection of the Bond Resolution. Reference is hereby made to the Bond Resolution for a description of the property pledged and assigned, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Commission, the Trustee and the owners of the 2016 Series B Bonds and the terms upon which the 2016 Series B Bonds are issued and secured.

The Commission and the Trustee may deem and treat the Registered Owner hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and premium, if any, and interest due hereon and for all other purposes and neither the Commission nor the Trustee shall be affected by any notice to the contrary.

The 2016 Series B Bonds are issuable as registered 2016 Series B Bonds without coupons in the denomination of \$5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the charges provided in the Bond Resolution, registered 2016 Series B Bonds, upon surrender thereof at the designated corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee duly executed by the Registered Owner thereof or by his or her attorney duly authorized in writing, may be exchanged, at the option of the Registered Owner thereof, for a like aggregate principal amount of registered 2016 Series B Bonds without coupons of other authorized denominations of the same Series and the same maturity. This Bond is transferable by the Registered Owner hereof in person or by his or her attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Bond Resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond or Bonds of the same Series and the same maturity and interest rate and of authorized denomination or denominations for the same aggregate principal amount will be issued to the transferee in exchange therefor. The Trustee is not required to make any exchange or transfer in the case of any proposed redemption of Bonds of such Series, after the first publication or the mailing of notice calling such Bonds or portions thereof for redemption has been given as herein provided, or during the fifteen days next preceding the date of the first publication of notice of such redemption.

The 2016 Series B Bonds shall be subject to optional, special and mandatory sinking fund redemption and purchase in lieu of redemption as provided in the Bond Resolution.

If any of the 2016 Series B Bonds or portions thereof are called for redemption as aforesaid, notice thereof identifying the 2016 Series B Bonds or portions thereof to be redeemed will be given by the Trustee by mailing a copy of the redemption notice at least twenty (20) days before the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books. All 2016 Series B Bonds so called for redemption will cease to bear interest after the specified redemption date, provided that funds for their redemption are on deposit at the place of payment at that time.

The 2016 Series B Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Maryland, particularly Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and Chapter 41 of the Laws of Montgomery County 1974, as amended, known as the Housing Opportunities Act, and a certain Agreement By and Between the Commission and Montgomery County, Maryland.

This Bond and the issue of which it forms a part and the interest thereon are limited obligations of the Commission and are payable solely out of the Revenues and other assets of the Commission pledged therefor pursuant to the Bond Resolution. The Commission has no taxing power. The 2016 Series B Bonds do not constitute a debt of Montgomery County, the State of Maryland or any political subdivision thereof and neither Montgomery County, the State of Maryland nor any political subdivision thereof shall be liable thereon, nor in any event shall the 2016 Series B Bonds be payable out of any funds or properties of the Commission other than those pledged therefor. The 2016 Series B Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the

commissioners of the Commission nor any persons executing the 2016 Series B Bonds shall be liable personally on the 2016 Series B Bonds by reason of the issuance thereof. Payments sufficient for the prompt payment, when due, of the principal of, premium, if any, and interest on the 2016 Series B Bonds are to be paid to the Trustee for the account of the Commission, which payments have been duly pledged and assigned for that purpose.

The Registered Owner of this Bond shall have no right to enforce the provisions of the Bond Resolution or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Bond Resolution, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Bond Resolution. In certain events, on the conditions, in the manner and with the effect set forth in the Bond Resolution, the principal of all the 2016 Series B Bonds issued under the Bond Resolution and then outstanding may become or may be declared due and payable before the stated maturities thereof, at the principal amount thereof, together with interest accrued thereon to the date of acceleration.

The Bond Resolution permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Commission and the rights of the owners of the 2016 Series B Bonds at any time by the Commission with the consent of the owners of two-thirds in Aggregate Principal Amount of the 2016 Series B Bonds at the time outstanding, as defined in the Bond Resolution. Any such consent or waiver by the Registered Owner of this Bond shall be conclusive and binding upon such owner and upon all future owners of this Bond and of any 2016 Series B Bond issued in replacement thereof whether or not notation of such consent or waiver is made upon this Bond. The Bond Resolution also contains provisions permitting the Trustee to waive certain defaults under the Bond Resolution and their consequences.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Bond Resolution and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; that the issuance of this Bond and the issue of which it forms a part, together with all other obligations of the Commission, does not exceed or violate any constitutional or statutory limitation; and that the amounts pledged to the payment of the principal of and premium, if any, and interest on this Bond and the issue of which it forms a part, as the same become due, are expected to be sufficient in amount for that purpose.

This Bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Trustee or an authorized signatory thereof.

IN WITNESS WHEREOF, the Housing Opportunities Commission of Montgomery County has caused this Bond to be executed in its name by the facsimile signature of its Chair and its corporate seal to be hereunto impressed or imprinted hereon and attested to by the facsimile signature of its Secretary-Treasurer.

HOUSING OPPORTUNITIES COMMISSION OF
MONTGOMERY COUNTY

[SEAL]

By: _____
Sarah V. Roman
Chair

Attest:

By: _____
Stacy L. Spann
Secretary-Treasurer

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This Bond is one of the Bonds described in the within-mentioned Bond Resolution and is one of the Single Family Mortgage Revenue Bonds, 2016 Series B of the Housing Opportunities Commission of Montgomery County.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., TRUSTEE

By: _____
Authorized Signatory

Date of Authentication: _____

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____ the within Bond and all rights thereunder and hereby irrevocably constitutes and appoints _____ to transfer the within-mentioned Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature: _____ (Signature(s) must be guaranteed by a broker or other financial institution which is a participant in the Securities Transfer Agent's Medallion Program or similar program (STAMP, SEMP, MSP).)

Please insert social security or other identifying number of assignee: _____

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

* * * * *

[End of Form of 2016 Series B Bond]

ARTICLE VI

MISCELLANEOUS

Section 6.01. *Continuing Disclosure.* The Commission agrees to comply with and carry out the provisions of the Continuing Disclosure Agreement dated as of [____ __, 2016] by and between the Commission and the Trustee.

Section 6.02. *Unclaimed Moneys.* In the event any 2016 Series Bond is not presented for payment when the principal of any such Bond becomes due, either at maturity or at the date fixed for redemption of such Bond or otherwise, if amounts sufficient to pay such Series 2016 Series Bond have been deposited with the Trustee for the benefit of the owners of such Bond and have remained unclaimed for five years after such principal has become due and payable, either at the stated maturity date thereof or by call for earlier redemption, then such amounts shall, at the request of the Commission, be repaid by the Trustee to the Commission, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Commission for the payment of such 2016 Series Bonds, as the case may be; provided, however, that the Trustee, before being required to make any such payment to the Commission shall, at the expense of the Commission, cause to be published, at least twice, at an interval of not less than seven days between publications, in Authorized Newspapers, notice that such moneys remain unclaimed and that, after a date specified in such notice, which will not be less than 30 days from the date of such publication, any unclaimed balance of such moneys then remaining will be paid to the Commission. The obligation of the Trustee under this Section to pay any such amounts to the Commission will be subject to any provisions of law applicable to the Trustee or to such amounts providing other requirements for disposition of unclaimed property.

Section 6.03. *Electronic Means.* The Trustee shall be protected in acting upon any notice, resolution, request, consent, order or certificate of an Authorized Officer which is transmitted to the Trustee by Electronic Means.

Section 6.04. *Severability.* If any provision of this 2016 Series A/B Resolution shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 6.05. *Applicable Provisions of Law.* This 2016 Series A/B Resolution shall be governed by and construed in accordance with the laws of the State of Maryland.

HOUSING OPPORTUNITIES COMMISSION
OF MONTGOMERY COUNTY

[SEAL]

By: _____
Sarah V. Roman
Chair

ATTEST:

By: _____
Stacy L. Spann
Secretary-Treasurer

[SIGNATURE PAGE TO 2016 SERIES A/B RESOLUTION]

EXHIBIT A

REDEMPTION PRICE TABLE FOR CERTAIN REDEMPTIONS

The 2016 Series Bonds that are redeemed from unexpended proceeds as set forth in Section 2.09 of the foregoing Series Resolution will be redeemed at the respective redemption prices (expressed as percentages of the principal amounts) set forth below.

Redemption Dates

2016 Series A Bonds maturing on [_____]

Redemption Dates

2016 Series B Bonds maturing on [_____]

The applicable redemption price for any date other than those above will be determined by the Commission using straight-line interpolation between the respective redemption prices for the immediately preceding and succeeding dates, based on the number of days between such dates.

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