

ORDINANCE NO. 7980-21

AN ORDINANCE authorizing the issue of \$15,230,000 Residential Mortgage Revenue Bonds, 1979 Series of the City of Urbana, Champaign County, Illinois

WHEREAS, the City of Urbana, Champaign County, Illinois (the "City") has pursuant to its home rule powers granted under the 1970 Constitution of the State of Illinois duly adopted on May 9, 1979, an enabling ordinance (the "Enabling Ordinance") (1) to provide for and promote the public health, safety, morals and welfare; (2) to assist persons in acquiring and owning decent, safe and sanitary housing which they can afford; (3) to promote the integration of families of varying economic means; and (4) to preserve and increase the City's ad valorem tax base; and

WHEREAS, the City has developed a program with Busey First National Bank, Champaign County Bank and Trust Co., Champaign Loan & Building Association, Citizens Building Association, University Federal Savings & Loan Association and Urbana Savings & Loan Association (the "Participants") for the purchase without recourse from the Participants of home mortgages (as defined in the Enabling Ordinance) which will be serviced by the Participants; and

WHEREAS, in furtherance of the purposes set forth in the Enabling Ordinance the City wishes to provide for the financing of the acquisition of the home mortgages by the sale and issuance of its revenue bonds, and authorizing such actions as might be required to implement such stated intention; and

WHEREAS, pursuant to and in accordance with the provisions of the Enabling Ordinance, the City is now prepared to proceed with financing the acquisition of such home mortgages and to issue and sell \$15,230,000 in principal amount of its Residential Mortgage Revenue Bonds, 1979 Series (the "Bonds"), such Bonds to be secured by the Indenture (as hereinafter defined) and, to be payable solely from Bond proceeds, Commitment Fees, proceeds of certain letters of credit, revenues and other amounts derived by the City from Mortgage Loans (including earnings thereon and certain insurance proceeds with respect thereto), and certain reserve funds; and

WHEREAS, Stern Brothers & Co. as representative of a group of underwriters (the "Representative"), has submitted to the City a form of Bond Purchase Agreement (hereinafter defined) setting forth the Representative's proposal to purchase the Bonds; and

WHEREAS, copies of the Sale and Service Agreement, Indenture, Bond Purchase Agreement, and Preliminary Official Statement have been presented to and are before this meeting;

NOW, THEREFORE, Be It Ordained by the City Council of the City of Urbana, Champaign County, Illinois:

Section 1. The following words and terms as used in this ordinance shall have the following meanings unless the context clearly indicates another or different meaning or intent:

"Bonds" shall mean the Residential Mortgage Revenue Bonds, 1979 Series of the City in an aggregate principal amount of \$15,230,000 authorized to be issued pursuant to this ordinance and Article II of the Indenture.

"Bond Purchase Agreement" shall mean the Bond Purchase Agreement heretofore entered into between the City and the Representative relating to the purchase of the Bonds.

"City" shall mean the City of Urbana, Champaign County, Illinois.

"Custodian" shall mean Continental Illinois National Bank and Trust Company of Chicago and any successor acting as such under the Indenture.

"Indenture" shall mean the Trust Indenture dated as of September 1, 1979 among the City, the Trustee, and the Custodian, as approved by this ordinance, as the same may be supplemented from time to time in accordance with its terms.

"Mortgage Loans" shall mean the Mortgage Loans to be acquired pursuant to, and as defined in, the Sale and Service Agreement.

"Official Statement" shall mean the Official Statement as further described in Section 10 hereof.

"Participants" shall mean and include the following home mortgage lending institutions which have agreed to originate and service Mortgage Loans pursuant to the Sale and Service Agreement: Busey First National Bank, Champaign County Bank and Trust Co., Champaign Loan & Building Association, Citizens Building Association, University Federal Savings & Loan Association and Urbana Savings & Loan Association.

"Preliminary Official Statement" shall mean the Preliminary Official Statement as further described in Section 9 hereof.

"Representative" shall mean Stern Brothers & Co., in its capacity as the representative of a group of underwriters.

"Sale and Service Agreement" shall mean the Sale and Service Agreement dated as of September 1, 1979 among the City and the Participants as approved by this ordinance, and as the same may be amended from time to time.

"Trustee" shall mean First Wisconsin Trust Company and any successor acting as such under the Indenture.

Section 2. Pursuant to the Enabling Ordinance, the City does hereby authorize the financing of the acquisition of the Mortgage Loans in accordance with the terms of the Sale and Service Agreement and does hereby find and declare that this ordinance is being enacted pursuant to the powers granted by the Enabling Ordinance and that the issuance of the Bonds is for the public purposes as set forth in the Enabling Ordinance.

Section 3. To provide for the financing of the cost of the acquisition of the Mortgage Loans, the City does hereby authorize the issuance of revenue bonds of the City under the Enabling Ordinance, to be designated "City of Urbana, Champaign County, Illinois, Residential Mortgage Revenue Bonds, 1979 Series" in the aggregate principal amount of \$15,230,000. The Bonds shall be issued in the forms and denominations set forth in the Indenture; shall be dated, except as otherwise provided in the Indenture, September 1, 1979; shall be numbered as provided in the Indenture; shall mature and bear interest payable semi-annually at the rate or rates as set forth in the Bond Purchase Agreement; shall be subject to redemption prior to maturity upon the terms and conditions set forth in the Indenture; and shall be sold to the underwriters at the price in the Bond Purchase Agreement.

Section 4. The Bonds shall be limited obligations of the City payable solely from Bond proceeds, Commitment Fees, proceeds of certain letters of credit, revenues and other amounts derived by the City from Mortgage Loans (including earnings thereon and certain insurance proceeds with respect thereto) and certain reserve funds. The Bonds and interest thereon shall not be deemed to constitute a debt or liability of the City, the State of Illinois or any political subdivision thereof, and their issuance shall not, directly or indirectly or contingently, obligate the City, the State of Illinois

or any political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment, nor shall the Bonds be construed to create any moral obligation on the part of the City, the State of Illinois or any political subdivision thereof with respect to their payment. Nothing in the Bonds or in the Indenture or the proceedings of the City authorizing the issuance of the Bonds or in the Enabling Ordinance shall be construed to authorize the City to create a debt of the City, the State of Illinois or any political subdivision thereof within the meaning of any constitutional or statutory provision of the State of Illinois. The nature of the obligation represented by the Bonds is as more fully set forth in the Indenture.

Section 5. The City does hereby covenant and agree not to issue other revenue bonds to purchase or otherwise finance single family residential mortgage loans until substantially all of the moneys in the Acquisition Fund provided in the Indenture have been used, or committed to be used, as provided in the Indenture.

Section 6. The Bonds shall be executed on behalf of the City in the manner provided in the Indenture. If any of the officers who shall have signed or sealed any of the Bonds shall cease to be such officers of the City before the Bonds so signed and sealed shall have been actually authenticated by the Custodian or delivered by the City, such Bonds nevertheless may be authenticated, issued and delivered with the same force and effect as though the person or persons who signed or sealed such Bonds had not ceased to be such officer or officers of the City; and also any such Bonds may be signed and sealed on behalf of the City by those persons who, at the actual date of the execution of such Bonds, shall be the proper officers of the City, although at the nominal date of such Bonds any such person shall not have been such officer of the City.

Section 7. The Indenture is hereby approved in substantially the form attached hereto as Exhibit A, and the Mayor is hereby authorized to execute, acknowledge and deliver the Indenture, attested by the City Clerk, with such changes therein as do not alter the purpose or intent thereof as shall be approved by such persons executing such document, their execution to constitute conclusive evidence of such approval.

Section 8. The Sale and Service Agreement between the City and the Participants is hereby approved in substantially the form attached hereto as Exhibit B, and the Mayor of the City is hereby authorized to execute, acknowledge and deliver the City's acceptance of the Sale and Service Agreement, attested by the City Clerk, with such changes therein as do not alter the purpose or intent thereof as shall be approved by such persons executing

such document, their execution to constitute conclusive evidence of such approval. The Participants shall undertake to accept and process applications for Mortgage Loans on a non-discriminatory, "first-come, first-served" basis, but subject to and pursuant to the provisions of the Sale and Service Agreement.

Section 9. The Preliminary Official Statement is hereby approved in substantially the form attached hereto as Exhibit C, and the Mayor is hereby authorized to deliver the Preliminary Official Statement on behalf of the City with such changes as do not alter the purpose or intent thereof.

Section 10. The Official Statement is hereby approved in substantially the form of the Preliminary Official Statement attached hereto as Exhibit C, and the Mayor is hereby authorized to execute and deliver the Official Statement on behalf of the City with such changes as do not alter the purpose or intent thereof, his execution to constitute conclusive evidence of such approval.

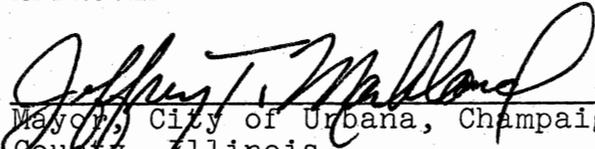
Section 11. The interest rate on the Mortgage Loans shall be as specified and provided in the Sale and Service Agreement, it being understood that the difference between the interest rate on the Mortgage Loans and the interest rates on the Bonds represents the costs of insurance premiums, amortized costs of the expenses of issuing the Bonds, fees of servicing and administering the Mortgage Loans, Trustee and Custodian fees, and amortized amounts to secure the payment of the Bonds.

Section 12. The authorized officials of the City are hereby empowered to execute and deliver the Bonds and all documents and other instruments which may be required under the terms of the Bond Purchase Agreement, the Indenture, the Sale and Service Agreement and this ordinance. For purposes of this section "authorized officials of the City" shall mean the Mayor, City Clerk and Chief Administrative Officer.

Section 13. All ordinances, resolutions or orders, or parts thereof, in conflict with the provisions of this ordinance are to the extent of such conflict hereby repealed.

Section 14. This ordinance shall become effective upon its adoption and approval.

APPROVED

  
 \_\_\_\_\_  
 Mayor, City of Urbana, Champaign  
 County, Illinois

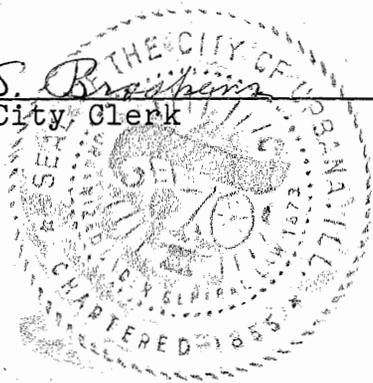
(SEAL)

Adopted: September 4, 1979.

Approved: September 4, 1979.

Attest:

Ruth S. Breakers  
City Clerk

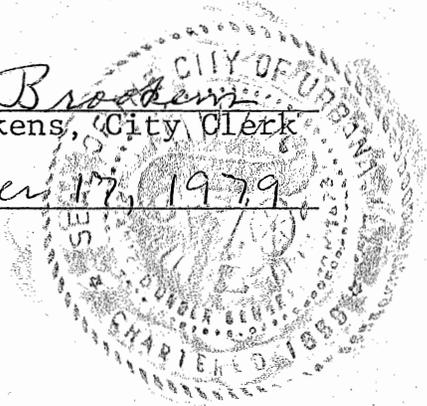


7980-21

THIS IS THE ATTACHMENT WHICH IS REFERRED TO IN  
ORDINANCE NO. 7980-21 AND IS INCORPORATED  
THEREIN BY REFERENCE.

Ruth S. Brookens  
Ruth S. Brookens, City Clerk

September 17, 1979  
Date



---

---

BUSEY FIRST NATIONAL BANK  
CHAMPAIGN COUNTY BANK AND TRUST CO.  
CHAMPAIGN LOAN & BUILDING ASSOCIATION  
CITIZENS BUILDING ASSOCIATION  
UNIVERSITY FEDERAL SAVINGS & LOAN ASSOCIATION

and

URBANA SAVINGS & LOAN ASSOCIATION

and

CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS

---

SALE AND SERVICE AGREEMENT

---

Dated as of September 1, 1979

---

---

SALE AND SERVICE AGREEMENT

TABLE OF CONTENTS

(This Table of Contents is for convenience of reference only and is not a part of the Sale and Service Agreement.)

	<u>Page</u>
ARTICLE I	
Definitions .....	1
ARTICLE II <u>REPRESENTATIONS</u>	
Section 2.01. Representations, Warranties and Covenants by Issuer .....	7
Section 2.02. Representations, Warranties and Covenants of Lending Institutions .....	8
ARTICLE III <u>ISSUANCE OF BONDS; APPLICATION OF BOND PROCEEDS</u>	
Section 3.01. Agreement to Issue Bonds; Application of Bond Proceeds .....	9
Section 3.02. Payment of Cost of Issuance of Bonds .....	10
Section 3.03. Investment of Receipts Accounts .....	10
Section 3.04. Special Arbitrage Certifications .....	10
Section 3.05. Limited Liability .....	11
ARTICLE IV <u>COMMITMENTS TO PURCHASE MORTGAGE LOANS</u>	
Section 4.01. Commitment to Buy and Sell .....	11
Section 4.02. Mortgage Loan Amount .....	12
Section 4.03. Mortgage Loan Submission .....	13
Section 4.04. Closings .....	14
Section 4.05. Closing Documents .....	14
Section 4.06. Mortgage File .....	15
Section 4.07. Defective Documents .....	15
Section 4.08. Representations, Warranties and Covenants of Lending Institutions Concerning Mortgage Loans .....	15
ARTICLE V <u>ADMINISTRATION AND SERVICING OF MORTGAGE LOANS</u>	
Section 5.01. Lending Institutions to Act as Servicers..	19
Section 5.02. Collection of Certain Mortgage Loan Payments; Receipts Accounts .....	20
Section 5.03. Collection of Taxes, Assessments and Similar Items; Mortgage Service Accounts.	21

	<u>Page</u>
Section 5.04. Permitted Withdrawals from Issuer's Receipts Accounts; Requisitions for Reimbursements .....	22
Section 5.05. Claims Against Insurers of Mortgage Loans..	23
Section 5.06. Maintenance of Standard Hazard Insurance and Flood Insurance .....	24
Section 5.07. Maintenance of Special Hazard Insurance Policy .....	24
Section 5.08. Maintenance of Mortgage Trust Insurance Policy .....	25
Section 5.09. Maintenance of Lending Institution Insurance Policy and Fidelity Bond .....	25
Section 5.10. Maintenance of Mortgage Guaranty Insurance Policy .....	26
Section 5.11. Assumption Agreements .....	26
Section 5.12. Realization Upon Defaulted Mortgage Loans .....	27
Section 5.13. Issuer to Cooperate; Release of Mortgage Files .....	27
Section 5.14. Reports to Trustee, Issuer and Custodian and Receipts Accounts Statements .....	28
Section 5.15. Annual Independent Public Accountant's Servicing Report .....	29
Section 5.16. Prohibition of Discrimination; Report to Issuer .....	29
Section 5.17. Certain Verifications .....	30

#### ARTICLE VI

Advances .....	30
----------------	----

#### ARTICLE VII LENDING INSTITUTIONS

Section 7.01. Liability of Lending Institutions .....	30
Section 7.02. Merger or Consolidation of a Lending Institution .....	30
Section 7.03. Limitation on Liability of Lending Institutions and Others .....	31
Section 7.04. Lending Institutions Not to Resign .....	31

#### ARTICLE VIII CAUSES PERMITTING TERMINATION

Section 8.01. Causes of Termination Defined .....	31
Section 8.02. Remedies .....	33
Section 8.03. Custodian to Act; Appointment of Successor.	34
Section 8.04. Notification of Bondholders .....	34
Section 8.05. No Remedy Exclusive .....	34
Section 8.06. Agreement to Pay Attorneys' Fees and Expenses .....	35

ARTICLE IX  
PURCHASE BY LENDING INSTITUTIONS

Section 9.01.	Agreement to Purchase .....	35
Section 9.02.	Notice of Agreement to Purchase .....	35
Section 9.03.	Release of Mortgage Notes .....	35

ARTICLE X  
MISCELLANEOUS PROVISIONS

Section 10.01.	Amendments, Changes and Modifications....	35
Section 10.02.	Recordation of Agreement .....	36
Section 10.03.	Limitation on Rights of Bondholders .....	36
Section 10.04.	Purchase of Bonds .....	36
Section 10.05.	Governing Law .....	36
Section 10.06.	Counterparts .....	36
Section 10.07.	Notices .....	36
Section 10.08.	Severability .....	36
Section 10.09.	Further Assurances and Corrective Instruments .....	37
Section 10.10.	Term of Agreement .....	37
Testimonium .....		37
Signatures and Seals .....		37

EXHIBIT A - List of Documents Constituting Mortgage File

EXHIBIT B - Form of Mortgage Submission Voucher

EXHIBIT C - List of Information to be Provided to Issuer by  
Lending Institutions pursuant to Section 5.16  
of the Agreement

## SALE AND SERVICE AGREEMENT

THIS SALE AND SERVICE AGREEMENT (the "Agreement"), dated as of September 1, 1979, is among Busey First National Bank, Champaign County Bank and Trust Co., Champaign Loan & Building Association, Citizens Building Association, University Federal Savings & Loan Association and Urbana Savings and Loan Association (the "Lending Institutions"), and the City of Urbana, Champaign County, Illinois ("Issuer").

WITNESSETH THAT:

In consideration of the premises and of the mutual agreements herein contained, Lending Institutions, severally and not jointly, and Issuer agree as follows:

### ARTICLE I

#### DEFINITIONS

All words and phrases defined in Article I of the Indenture shall have the same meaning in this Agreement. In addition, the following words and phrases shall have the following meanings:

"Accumulation Reserve Subaccount" means the subaccount by that name created pursuant to Section 5.02 of the Indenture and maintained in the General Account.

"Acquisition Fund" means the fund by that name created pursuant to Section 5.02 of the Indenture and into which certain Bond proceeds and the commitment Fees will be deposited and used to purchase Mortgage Loans.

"Act" means the enabling ordinance duly adopted by Issuer on \_\_\_\_\_, 1979 and the transactional ordinance duly adopted by Issuer on \_\_\_\_\_, 1979.

"Bond Fund" means the fund by that name created pursuant to Section 5.02 of the Indenture and from which principal of and interest on the Bonds will be paid.

"Bonds" means the bonds of Issuer issued pursuant to Section 2.02 of the Indenture.

"Capital Reserve Fund" means the fund by that name created pursuant to Section 5.02 of the Indenture.

"Capital Reserve Fund Requirement" means the sum of \$150,000.

"Closing" means the closing held pursuant to Section 4.04 of this Agreement at which a Mortgage Loan is sold without recourse by a Lending Institution to Issuer.

"Closing Date" means the date of a Closing.

"Code" means the Internal Revenue Code of 1954, as amended, and all regulations promulgated thereunder.

"Commitment Fee" means a nonrefundable commitment fee payable by each Lending Institution into the Acquisition Fund and shall be in an amount equal to 1% of the principal amount of the Bond proceeds allocated to such Lending Institution for the purchase of Mortgage Loans.

"Cost of Issuance Account" means the account by that name created pursuant to Section 5.02 of the Indenture.

"Custodian" means the custodian appointed under the Indenture, or any successor thereto.

"Errors and Omissions Insurance Policy" means a standard form insurance policy, in form and substance required by the Federal Home Loan Mortgage Corporation or Federal National Mortgage Association insuring against losses from errors or omissions in the conduct of a business.

"Fidelity Bond" means a standard form fidelity bond, in form and substance required by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation.

"Force Majeure" means any cause or event, including, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides, adverse weather conditions; earthquakes; fires; storms; droughts; floods; explosions; and breakage or accident to transmission wires, machinery, transmission pipes or canals.

"General Account" means the account by that name held by Custodian created pursuant to Section 5.02 of the Indenture.

"Governmental Obligations" means any of the following which at the time of investment are legal investments under the laws of the State of Illinois for the moneys proposed to be invested therein: (i) direct general obligations of, or obligations the payment of the principal and interest of which are unconditionally guaranteed by, the United States of America or (ii) bonds, debentures or notes issued by any of the following Federal agencies: Bank for Cooperatives, Federal Financing Bank, Federal Land Banks, Federal Home Loan Banks, Federal Home Loan Mortgage Corporation.

"Indenture" means the Trust Indenture dated the date hereof among Issuer, Trustee and Custodian, and all amendments or supplements thereto.

"Insurance Expenses" means expenses incurred by a Lending Institution which are recoverable under any of the insurance policies

required to be maintained hereunder, exclusive of amounts representing recoveries of principal of and interest on any Mortgage Loan.

"Insurance Proceeds" means payments received by a Lending Institution under any insurance policy with respect to the Mortgage Loans.

"Lending Institution" means one of the Lending Institutions.

"Lending Institutions" means the banks and savings and loan associations which are parties to this Agreement and their respective successors and assigns pursuant to Section 2.02(b) or Section 8.03 hereof.

"Lending Institution Insurance Policy" means the lending institution insurance policy or policies, or any replacement policy or policies, to be maintained pursuant to Section 5.09 of this Agreement.

"Letters of Credit" means the letters of credit to be delivered by each Lending Institution at the time of delivery of the Bonds pursuant to Section 4.01 of this Agreement.

"Liquidation Expenses" means expenses incurred by a Lending Institution in connection with the liquidation of any defaulted Mortgage Loan and not recovered under the Mortgage Trust Insurance Policy, and the Mortgage Guaranty Insurance Policy (if required), exclusive of amounts representing recoveries of principal of and interest on any Mortgage Loan.

"Liquidation Proceeds" means amounts (other than Insurance Proceeds) received by a Lending Institution in connection with the liquidation of any defaulted Mortgage Loan, whether through trustee's sale, foreclosure sale or otherwise.

"Loan-to-Value Ratio" means the ratio (expressed as a percentage) of the original principal amount of any Mortgage Loan to the lesser of the initial appraised value or the purchase price of the property subject to the Mortgage.

"Maximum Income" means the adjusted gross income of a potential mortgagor, together with the adjusted gross income of all persons who reside or intend to reside with such mortgagor in the same dwelling unit, for the immediately preceding taxable year as evidenced by Line 3 in 1978 (or comparable line in 1979 and thereafter) of the most recent Individual Income Tax Return--Illinois Form IL-1040 required to be filed by such person or otherwise evidenced to the satisfaction of the Lending Institution making the related Mortgage Loan.

"Mortgage" means the instrument securing a Mortgage Loan.

"Mortgage File" means the documents listed in Exhibit A to this Agreement as required to be delivered by a Lending Institution for each Closing pertaining to a particular Mortgage Loan it originates.

"Mortgage Guaranty Insurance Policy" means the mortgage guaranty insurance policy or policies, or any replacement policy or policies, to be maintained pursuant to Section 5.10 of this Agreement.

"Mortgage Loans" means mortgage loans evidenced by Mortgage Notes secured by Mortgages which meet the requirements of Section 4.08 hereof and which Issuer has purchased or intends to purchase from a Lending Institution pursuant to this Agreement.

"Mortgage Note" means the promissory note executed by a mortgagor to evidence such mortgagor's obligation to repay a Mortgage Loan.

"Mortgage Reserve Fund" means the fund by that name created pursuant to Section 5.02 of the Indenture.

"Mortgage Reserve Fund Requirement" means an amount at least equal to 1% of the unpaid principal amount of all Mortgage Loans outstanding as of the date of calculation, the amount of such requirement for the period of time between the date of this Agreement and until March 1, 1981 to be calculated as though \$13,000,000 aggregate principal amount of Mortgage Loans had been purchased on the date of this Agreement, and the amount of such requirement for any period of time thereafter to be calculated on the basis of the unpaid principal amount of Mortgage Loans outstanding as of the last day of the month preceding the day as of which such requirement shall be determined.

"Mortgage Service Account" means an account by that name created and maintained by each Lending Institution pursuant to Section 5.03 hereof and into which such Lending Institution will deposit all collections for taxes, assessments, insurance premiums or comparable items for the account of the mortgagors, such funds to be withdrawn only to effect timely payment of or to reimburse such Lending Institution for payment of such items.

"Mortgage Submission Voucher" means the voucher substantially in the form of Exhibit B to this Agreement which is submitted to Custodian pursuant to Section 4.03 of this Agreement.

"Mortgage Trust Insurance Policy" means a mortgage trust insurance policy or policies, or any replacement policy or policies obtained by Custodian pursuant to Section 5.08 of this Agreement.

"Notice Address" means:

(a) As to Issuer:

City of Urbana, Illinois  
City Hall  
Urbana, Illinois 61801

Attention: Chief Administrative Officer

(b) As to Trustee:

First Wisconsin Trust Company  
777 East Wisconsin Avenue  
Milwaukee, Wisconsin 53202

Attention: Corporate Trust Department

(c) As to Lending Institutions:

Busey First National Bank  
P.O. Box 429  
Urbana, Illinois 61801

Attention: Mr. Edwin A. Scharlau, President

Champaign County Bank & Trust Co.  
P.O. Box 368  
Urbana, Illinois 61801

Attention: Mr. Arlan McPherson, President

Champaign Loan & Building Association  
1405 E. Florida  
Urbana, Illinois 61801

Attention: Ms. Betty R. Bundy, Assistant Vice President

Citizens Building Association  
507 South Broadway  
Urbana, Illinois 61801

Attention: Ms. Ruth B. Jones, President

University Federal Savings & Loan Association  
111 East Green  
Champaign, Illinois 61820

Attention: Mr. Ralph Sackett, President

Urbana Savings & Loan Association  
601 South Vine  
Urbana, Illinois 61801

Attention: Mr. Phillip Hoggatt, President

(d) As to Custodian:

Continental Illinois National Bank and  
Trust Company of Chicago  
30 North LaSalle Street  
Chicago, Illinois 60693

Attention: Corporate Trust Department

"Principal Account" means the account by that name created pursuant to Section 5.02 of the Indenture.

"Principal Prepayment" means any mortgagor payment or other recovery of principal on a Mortgage Loan which is received in advance of its scheduled due date and is not accompanied by an amount as to interest representing scheduled interest for any month subsequent to the month of prepayment, and the portion of any insurance, liquidation or other payments representing such amounts and including, without limitation, payments with respect to principal received by the Issuer from a Lending Institution which purchases a Mortgage Loan pursuant to Section 4.07 or 4.08 of this Agreement.

"Principal Prepayment Subaccount" means the subaccount by that name created pursuant to Section 5.02 of the Indenture and maintained in the Principal Account.

"Qualified Insurer" means any insurance company qualified to do business in the State and, with respect to hazard insurance, rated B or better by Best's Insurance Reports (Property-Casualty) or, with respect to other kinds of insurance, qualified to provide insurance on mortgages purchased by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation.

"Receipts Account" means the account by that name created and maintained for the Issuer by each Lending Institution pursuant to Section 5.02 of this Agreement and into which shall be deposited all payments and collections received with respect to Mortgage Loans serviced by such Lending Institution, except the Service Fee and amounts payable into the Mortgage Service Account.

"Service Fee" means a fee for servicing and administration and shall be in an amount equal to a monthly fee of 1/12 of 1/2 of 1% of the unpaid amount of each Mortgage Loan.

"Servicing Officer" means any officer of a Lending Institution involved in, or responsible for, the administration and servicing of the Mortgage Loans, whose name appears on a list of servicing officers furnished to Issuer, Trustee and Custodian by such Lending Institutions, as such list may from time to time be amended.

"Single Family Residence" means a single family residence and shall include existing and newly constructed condominium units but not condominium conversions.

"Special Hazard Insurance Policy" means a special hazard insurance policy or any replacement policy obtained by Custodian pursuant to Section 5.06 of this Agreement.

"State" means the State of Illinois.

"Substantial Rehabilitation" means an improvement to be made to an existing residence, (i) the value of which improvement is equal to at least 25% of the appraised value of the related residence prior to improvement and at least 40% of the mortgage on such residence, if any, prior to improvement and (ii) in the case of an improvement to a Single Family Residence, such improvement may not be for the purposes of the mortgagor's trade or business.

"Trustee" means the Trustee appointed under the Indenture, or any successor thereto.

"Uninsured Cause" means any cause of damage to property subject to a Mortgage Loan, the complete restoration of which is not fully reimbursable by the insurance policies required to be maintained pursuant to Section 5.06 or 5.07 of this Agreement.

"Voluntary Advances" means the aggregate of the advances made by any Lending Institution pursuant to Article VI hereof for which it has not been reimbursed.

## ARTICLE II

### REPRESENTATIONS

Section 2.01. Representations, Warranties and Covenants by Issuer. Issuer represents and warrants to, and covenants with, each Lending Institution that:

(a) Issuer is a political subdivision and a home rule municipality of the State, duly organized and existing under the Constitution and laws of the State. Pursuant to the Act duly adopted by its City Council, Issuer has authorized the execution and delivery of this Agreement and the Indenture.

(b) Issuer has found and determined that the purchase of the Mortgage Loans under the terms of this Agreement will both further the purposes of the Act and be in the public interest by increasing the supply of money available for mortgage loans, by (i) providing for and promoting the public health, safety, morals and welfare; (ii) assisting persons in acquiring and owning decent, safe and sanitary housing which they can afford; (iii) promoting the integration of families of varying economic means; and (iv) preserving and increasing the ad valorem tax base in the area of the Issuer.

(c) Issuer has complied with all of the provisions of the Constitution and laws of the State, including the Act, and has

full power and authority to consummate all transactions contemplated by this Agreement, the Bonds and the Indenture and any and all other agreements relating thereto.

(d) To accomplish the foregoing, Issuer proposes to issue the Bonds following the execution of this Agreement on the terms and bases set forth in the Indenture and to use the proceeds thereof as specified in the Indenture and in this Agreement.

(e) Issuer will not participate in any other residential mortgage loan program financed by bonds, interest on which is exempt from federal income taxation, applicable to real property situated in the City of Urbana until substantially all of the moneys the Acquisition Fund shall have been used, or committed to be used, to purchase Mortgage Loans, specified investments or Bonds, or to redeem Bonds, as provided in Section 5.06 of the Indenture.

(f) No officer or official of the Issuer has any prohibited interest as defined by the applicable laws of the State in any of the Lending Institutions or the transactions contemplated by this Agreement.

Section 2.02. Representations, Warranties and Covenants of Lending Institutions. Each Lending Institution, severally with respect to itself alone and not jointly, represents and warrants to, and covenants with, Issuer that:

(a) It is (i) a duly organized and existing corporation authorized to do business in the State, (ii) a duly organized and existing federal or state savings and loan association authorized to do business in the State or (iii) a duly organized and existing national or state banking association.

(b) It will, during the term of this Agreement, remain a financial institution subject to supervision and examination by state or federal authorities, as applicable, will remain in good standing and qualified to do business under the laws of the United States of America or the state of its then state of organization and of the State, will not dissolve or otherwise dispose of all or substantially all of its assets and will not voluntarily consolidate with or merge into any other entity or permit one or more other entities to consolidate with or merge into it; provided, that it may, without violating the agreement contained in this subsection, consolidate with or merge into another financial institution, or permit one or more financial institutions to consolidate with or merge into it, or sell or otherwise transfer to another such financial institution all or substantially all of its assets as an entirety and thereafter dissolve, provided the surviving, resulting or transferee financial institution, as the case may be, shall be subject to the supervision and examination of state or federal authorities, as applicable, and will be in good standing and qualified to do

business under the laws of the United States of America or the state of its then incorporation and of the State and after giving effect to such transaction, have a net worth substantially equal to or greater than that of such Lending Institution immediately prior to such acquisition, consolidation or merger, and shall assume in writing all of the obligations of such Lending Institution under this Agreement (in the case of a sale of all or substantially all of such Lending Institution's assets, Trustee, on behalf of Issuer, shall release such Lending Institution in writing, concurrently with and contingent upon such assumption, from all liability hereunder).

(c) It has the power to execute, deliver and perform, and to enter into the transactions contemplated by, this Agreement, and has duly authorized the execution, delivery and performance of this Agreement.

(d) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement, conflict with or result in a breach of any of the terms, conditions or provisions of any legal restriction or any agreement or instrument to which it is now a party or by which it is bound, or constitute a default under any of the foregoing.

(e) It will not knowingly take any action or permit any action which is within its control to be taken which would to its knowledge impair the exemption from federal income taxation of interest on the Bonds.

(f) It will not participate in any other residential mortgage loan program financed by bonds, interest on which is exempt from federal income taxation, applicable to real property situated within the boundaries of the City of Urbana until substantially all of the moneys in the Acquisition Fund shall have been used, or committed to be used, to purchase Mortgage Loans, specified investments or Bonds or to redeem Bonds, as provided in Section 5.06 of the Indenture.

### ARTICLE III

#### ISSUANCE OF BONDS; APPLICATION OF BOND PROCEEDS

Section 3.01. Agreement to Issue Bonds; Application of Bond Proceeds. Issuer agrees to issue, sell and deliver to the initial purchaser or purchasers thereof the Bonds on the terms and bases set forth in the Indenture. The proceeds of the Bonds will be deposited with Custodian as follows:

(a) In the Bond Fund, a sum equal to the accrued interest, if any, to be paid by the purchaser or purchasers of the Bonds;

(b) In the Cost of Issuance Account, the sum of \$ \_\_\_\_\_;

(c) In the Capital Reserve Fund, the sum of \$1,905,000, at least equal to the Capital Reserve Fund Requirement;

(d) In the Mortgage Reserve Fund, the sum of \$130,000, at least equal to the Mortgage Reserve Fund Requirement; and

(e) In the Acquisition Fund, the balance of the proceeds to be received from the sale of the Bonds.

Such proceeds will be disbursed as provided in the Indenture and this Agreement.

Section 3.02. Payment of Cost of Issuance of Bonds. Issuer and the Lending Institutions acknowledge that Issuer shall direct the payment of all costs not otherwise paid in connection with the issuance of the Bonds, including without limitation, costs of printing, legal and accounting fees and all other costs as specified in Section 5.07 of the Indenture, solely from moneys in the Cost of Issuance Account and upon the submission of appropriate requisitions as specified in the Indenture.

Section 3.03. Investment of Receipts Accounts. Each Lending Institution shall hold any moneys in its Receipts Account either in a separate savings passbook account or invest in such moneys in certificates of deposit of any federally insured bank or savings and loan association, provided, however, that the moneys in such Receipts Accounts shall either be (i) fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or (ii) secured by a pledge of Governmental Obligations maturing within five years equal to 100% of the amounts in such Receipts Account. If, for any reason, adequate insurance or security for such Receipts Account is not in effect for such Lending Institution, such Lending Institution will be required to transfer such funds to the Custodian on a daily basis. In no event shall the amount in any Lending Institution's Receipts Account exceed \$100,000, in accordance with the requirements of Section 5.04 hereof. Any earnings on investments will be periodically transferred with other moneys in the Receipts Accounts to the Custodian.

Section 3.04. Special Arbitrage Certifications. Issuer and each Lending Institution severally, and not jointly, certify to the purchasers and holders of the Bonds from time to time outstanding that, based solely on present expectations as set forth in an arbitrage certificate delivered at the closing for the sale of the Bonds, moneys on deposit in any fund or account in connection with the Bonds, whether or not such moneys were derived from the proceeds of the sale of the Bonds or from any other sources, are not intended to be used in a manner which will cause the interest on the Bonds to become subject to federal income taxation. Issuer and each Lending Institution severally, and not jointly, covenant with the purchasers and holders of the Bonds from time to time outstanding, that so long as any of the Bonds remain outstanding, moneys on deposit in any fund or account in connection with the Bonds, whether or not such moneys were derived from the proceeds of the sale

of the Bonds or from any other sources, will not knowingly be used in a manner which will, to the knowledge of Issuer or such Lending Institution, respectively, cause the interest on the Bonds to become subject to federal income taxation. Issuer and each Lending Institution reserve the right however, to make any investment of such moneys permitted by the laws of the State if, when and to the extent that the Code or regulations promulgated thereunder shall be repealed or interpreted to permit such investment or shall be held void by final judgment of a court of competent jurisdiction, but only if such investment made by virtue of such repeal, interpretation or decision would not, in the opinion of counsel of recognized competence in such matters, result in making the interest on the Bonds subject to federal income taxation.

Section 3.05. Limited Liability. All obligations of the Issuer incurred hereunder shall be limited obligations of the Issuer, payable solely out of Bond proceeds, Commitment Fees, under certain circumstances the proceeds of letters of credit provided by the Lending Institutions, revenues and other amounts derived by Issuer from the Mortgage Loans (including earnings thereon and certain insurance proceeds with respect thereto) and certain reserve funds established in connection therewith and nothing contained hereunder shall create any indebtedness or be construed to create any moral obligation on the part of Issuer or permit any person to compel the exercise of the taxing power of the Issuer.

#### ARTICLE IV

#### COMMITMENTS TO PURCHASE MORTGAGE LOANS

Section 4.01. Commitment to Buy and Sell. Using the moneys in the Acquisition Fund, the Issuer hereby agrees to purchase from the Lending Institutions Mortgage Loans in an aggregate principal amount approximately equal to \$12,877,500, in the manner and amounts set forth below. Initially, the Issuer will purchase from each Lending Institution Mortgage Loans in an aggregate principal amount equal, as nearly as practicable, to the following:

Busey First National Bank	\$3,393,600
Champaign County Bank and Trust Co.	\$1,010,000
Champaign Loan & Building Association	\$3,055,250
Citizens Building Association	\$2,373,500
University Federal Savings & Loan Association	\$2,035,150
Urbana Savings & Loan Association	\$1,010,000

Each Lending Institution, severally and not jointly, and subject to and in accordance with the provisions of this Agreement, agrees to use its best efforts to originate and sell without recourse to Issuer by March 1, 1981, Mortgage Loans in an aggregate

principal amount equal, as nearly as practicable to the nearest \$1,000, to the amount set forth above after its name. At the time of the delivery of and payment for the Bonds each Lending Institution shall provide to the Custodian a cashiers check on a solvent bank a non-refundable Commitment Fee in an amount equal to 1% of the principal of the Bond proceeds allocated to such Lending Institution.

Such Commitment Fees will be deposited in the Acquisition Fund and disbursed as provided in the Indenture and this Agreement. Each Lending Institution shall also at the time of the delivery of the Bonds deliver a Letter of Credit equal to 2% of the principal amount set forth above after its name. As Mortgage Loans are sold to the Issuer by a Lending Institution the amount of the letter of credit pertaining to such Lending Institution will be reduced by the amount of such Mortgage Loans sold. If by the 365th day after the date of delivery of the Bonds, any Lending Institutions have not originated and sold to the Issuer Mortgage Loans in the amount hereinabove specified, the Custodian may call on and reduce to cash the remaining portion of the Letter of Credit and apply the proceeds thereof to the Principal Prepayment Subaccount for the redemption of Bonds as provided in the Indenture.

From time to time after the 365th day after the date of delivery of the Bonds, all the then unused and uncommitted funds will be reallocated for any purpose under the Mortgage Loan program among the Lending Institutions who agree to accept such additional allocation, such reallocation to be made in the discretion of the Issuer made and to be based on, among other things, past performance of the Lending Institutions under the Mortgage Loan program.

In addition, in the event that on and after the 365th day after the date of delivery of the Bonds, unused and uncommitted Mortgage Loan funds are reallocated to a Lending Institution agreeing to such allocation, such Lending Institution will pay a Commitment Fee on such additional allocation.

The Issuer reserves the right, at any time prior to March 1, 1981, temporarily or permanently to cease purchasing Mortgage Loans which any Lending Institution has neither made nor committed itself to make, and instead to invest the moneys in the Acquisition Fund, upon the occurrence of the events described in Sections 3.01 and 5.06 of the Indenture. Upon a request from the Custodian, each Lending Institution shall immediately notify the Custodian of all Mortgage Loans which it has either made or committed itself to make.

Section 4.02. Mortgage Loan Amount. The purchase price of each Mortgage Loan purchased hereunder by Issuer shall be the then principal amount thereof plus unpaid accrued interest thereon to the Closing Date therefor as set forth in Section 5.04 hereof. Each Lending Institution shall charge each mortgagor of a Mortgage Loan which it originates an origination fee of 2% of the original

principal amount of the Mortgage Loan, which will be paid to the Lending Institution originating the Mortgage Loan for its sole account. Each Lending Institution shall also charge each mortgagor of a Mortgage Loan which it originates a program participation fee of 1% of the original principal amount of the Mortgage Loan, which will be paid to the Lending Institution originating the Mortgage Loan for its sole account as reimbursement of its Commitment Fee.

Each mortgagor will also be charged a nonrefundable fee of \$150 payable to the Lending Institution upon submission of the application for a Mortgage Loan. If the Mortgage Loan is made by the Lending Institution, such \$150 fee will be credited against the origination fee. A Lending Institution may also collect from a mortgagor charges for and costs of the following items paid or incurred by the Lending Institution in connection with the making of a Mortgage Loan: hazard, mortgage or life insurance premiums, survey, credit report, title insurance, abstract and attorneys' fees, customary fees in connection with the refinancing of any mortgage on the property to be financed by the Mortgage Loan, recording charges, escrow and appraisal fees, and similar charges. In addition, in connection with the making of a Mortgage Loan for a Substantial Rehabilitation, the Lending Institution may collect from the mortgagor charges for and costs of the following items: the actual costs paid or incurred by the Lending Institution for services for making physical inspections, processing payouts, examining and reviewing contractors' and subcontractors' sworn statements and waivers of lien and the like. Mortgage Loans for a Substantial Rehabilitation will be made by each Lending Institution in accordance with similar loans for similar improvements made by such Lending Institution for its own portfolio. Each Mortgage Note shall bear an interest rate of \_\_\_\_\_% per annum. Custodian shall pay to each Lending Institution from the Acquisition Fund on each Closing Date a sum equal to the aggregate principal amount of Mortgage Loans it originated which are purchased on such Closing Date.

Section 4.03. Mortgage Loan Submission. A Mortgage Submission Voucher for each Mortgage Loan sold by a Lending Institution to Issuer shall be delivered to Custodian a reasonable time, but not less than five days, prior to the proposed date that Custodian will make a disbursement from the Acquisition Fund for the purchase of such Mortgage Loan. Each Mortgage Loan to be purchased shall provide for payments of principal and interest on the first day of each month and each such payment shall be substantially equal. The sale of each Mortgage Note and related Mortgage shall be evidenced by the originating Lending Institution (i) placing the following endorsement on the back of such Mortgage Note: "Pay, without recourse, to the City of Urbana," and (ii) as soon as practicable thereafter, executing and delivering to Custodian, on behalf of Issuer, and recording or filing in the offices necessary to evidence Issuer's ownership thereof an assignment to Issuer of the Mortgage, unless such Mortgage is by deed of trust, securing such Mortgage Note. In order to perfect Trustee's security interest in each such Mortgage Note and Mortgage, as contemplated by the Indenture, the originating Lending Institution, as agent

for Issuer (and each Lending Institution is hereby irrevocably appointed as Issuer's agent and attorney-in-fact for such purpose), shall (i) place the following endorsement on the back of such Mortgage Note: "Pay, without recourse, to First Wisconsin Trust Company, as Trustee, under that Trust Indenture dated as of September 1, 1979 among the City of Urbana, First Wisconsin Trust Company, and Continental Illinois National Bank and Trust Company of Chicago," and (ii) execute and deliver to Custodian, for the benefit of Trustee, (a) an assignment to Custodian and Trustee, of the Mortgage securing such Mortgage Note in form sufficient to be recorded or filed in the offices necessary to perfect Trustee's interest in each such Mortgage Note and Mortgage or (b) if the Mortgage Loan is secured by a deed of trust without any assignment thereof to Issuer, and perform any other act or deed as Trustee may direct to perfect such interest, all in a manner, form and condition satisfactory to Trustee.

Section 4.04. Closings. The Closing for the purchase of each Mortgage Loan shall take place at the office of Custodian or at such other place as may be mutually agreeable to Custodian and the originating Lending Institution. Closings for the Lending Institutions shall be in such numbers or for such principal amounts of Mortgage Loans as shall be agreeable to such Lending Institutions and Custodian. Unless otherwise agreed between a Lending Institution and the Custodian, Closings shall be on the twenty-fifth day of each month; provided, however, that no Closing shall take place prior to October 1, 1979.

All mortgagor payments on account of principal, interest, taxes or insurance collected by a Lending Institution with respect to a Mortgage Loan prior to the Closing for such Mortgage Loan shall be held by such Lending Institution until the Closing. On such Closing, such amounts shall be deposited by such Lending Institution in the appropriate fund or account created hereunder or under the Indenture as if such amount had been received subsequent to the Closing.

Section 4.05. Closing Documents. A Lending Institution shall deliver to Custodian, on behalf of Trustee, the following documents in connection with the Closing for each Mortgage Loan:

(a) At the Closing, such Lending Institution shall deliver to Custodian documents comprising Part I of the Mortgage File, including, without limitation, the Mortgage Note, related Mortgage and assignments, if any, required by Section 4.03 hereof, all of which shall be held in the possession of Custodian in accordance with the Indenture.

(b) At such time as is specified pursuant to Section 4.04 hereof, such Lending Institution shall deliver for each Mortgage Loan to be purchased a Mortgage Submission Voucher for examination by Custodian. At the Closing, the Mortgage Submission Voucher shall be updated, if deemed necessary by Custodian.

(c) The documents comprising Part II of the Mortgage File for the Mortgage Loan shall be available for inspection by Custodian at the Lending Institution servicing such Mortgage Loan.

Section 4.06. Mortgage File. Each Lending Institution shall, at its own expense, maintain part II of the Mortgage File with respect to each Mortgage it originates.

Part II of each such Mortgage File shall be maintained by the Lending Institution for a minimum of three years from the date the Mortgage Loan is fully paid or otherwise terminated. The documents comprising Part I of each Mortgage File shall be held by the Custodian and the documents comprising Part II of each Mortgage File shall be kept at the Lending Institution's regular place of business and shall be available for inspection by Custodian at such reasonable times and in such reasonable manner as Custodian shall determine.

Section 4.07. Defective Documents. If any document or documents constituting a part of a Mortgage File are, in the opinion of the Custodian, defective in any material respect, the originating Lending Institution shall cure the defect within a period of 60 days from the time Custodian notifies it of the existence of the defect. Each Lending Institution, severally and not jointly, hereby covenants and agrees as to all Mortgage Loans originated by it that, if any such material defect cannot be cured within such 60 day period, it will, not later than 90 days after Custodian's notice to it respecting such defect, purchase the related Mortgage Loan from Issuer at a price equal to (i) 100% of the principal remaining unpaid on such Mortgage Loan plus (ii) interest thereon to the date of the repurchase. It is understood and agreed that the obligation of each Lending Institution to purchase the Mortgage Loan (with accrued interest thereon) as to which a breach has occurred and is continuing shall constitute the sole remedy respecting such breach available to the Issuer, Trustee or Custodian. The purchase price for the repurchased Mortgage Loan shall be deposited by such Lending Institution in its Receipts Account and, upon receipt by Custodian of written notification of such deposit signed by a Servicing Officer of such Lending Institution, Custodian shall release such Mortgage Note and Mortgage to such Lending Institution. Custodian, as agent for Issuer (and Custodian is hereby irrevocably appointed as Issuer's agent and attorney-in-fact for such purpose), shall execute and deliver such instruments of transfer or assignment, in each case without recourse, as shall be necessary to vest in such Lending Institution the Mortgage Note and Mortgage released pursuant thereto.

Section 4.08. Representations, Warranties and Covenants of Lending Institutions Concerning Mortgage Loans. Each Lending Institution, severally and not jointly, hereby represents and warrants to, and covenants with, Issuer that with respect to the Mortgage Loans it shall originate:

(i) The information set forth in each Mortgage Submission Voucher will be true and correct at the Closing Date thereof and each Mortgage Loan shall have been consummated after the delivery of this Agreement;

(ii) Each Mortgage Loan will be secured by a Single-Family Residence or a two-family residence to be occupied by the mortgagor as such mortgagor's principal place of residence and located within the boundaries of Issuer, will be made substantially in accordance with such Lending Institution's then current standard underwriting policies (which will meet the then currently applicable guidelines of either the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation) and considered a sound investment and must be accepted (subject to then current standard underwriting policies of such insurers) for insurance under the Mortgage Trust Insurance Policy and the Special Hazard Insurance Policy, and where applicable, a Mortgage Guaranty Insurance Policy and/or a flood insurance policy, will be made for the purpose of purchasing and/or improving the property subject to the related Mortgage Loan and not primarily for the purpose of refinancing any existing loan on any such property, will be a permanent mortgage and not a construction loan, will have a term of 25 years, will not exceed \$100,000 in original principal amount, and to the best knowledge of such Lending Institution upon due investigation the mortgagor's Maximum Income will not have exceeded \$40,000; provided, however, that until 180 days after the date of delivery of the Bonds, at least 50% of such Mortgage Loan funds will be reserved by it for mortgagors with Maximum Income of less than \$25,000. No more than 15% of the Mortgage Loan funds allocated to each Lending Institution may be used or committed by it for Mortgage Loans on two-family residences. Mortgage Loans not exceeding 15% of the Mortgage Loan funds may be used for the purpose of Substantial Rehabilitation. On the 365th day after the date of delivery of the Bonds, and from time to time thereafter all the then unused or uncommitted funds will be reallocated among the Lending Institutions as provided in Section 4.01 hereof provided, however, that if such 365th day is a Saturday, Sunday or legal holiday such reallocation will occur on the next business day;

(iii) At least 85% of the aggregate principal amount of the Mortgage Loans sold by it to the Issuer will be used to finance the purchase of and/or improvement of to Single-Family Residences and the Mortgage Loans will be subject to the following limitations with respect to the ratios of the original principal amount thereof to the lesser of the initial appraised value or the purchase price of the property subject to the related mortgage ("Loan-to-Value Ratio"); no Mortgage Loans made by such Lending Institution may have Loan-to-Value Ratios exceeding 90% and at least 50% of such Mortgage Loans shall have Loan-to-Value Ratios equal to or less than 80%;

(iv) As of the Closing Date, the Mortgage Loan will be insured under a Mortgage Guaranty Insurance Policy if the

Loan-to-Value Ratio of the property subject to the related Mortgage exceeds 80%, in an amount so that the uninsured portion of such Mortgage Loan does not exceed 72% of the initial appraised value or purchase price of the property, whichever is less, of such property, and each Lending Institution agrees, until such Loan-to-Value Ratio is 80% or less, to cause to be maintained such insurance in force and effect during all times that Issuer owns an interest in the Mortgage Loan;

(v) As of the Closing Date, the Mortgage Loan will be evidenced by a Mortgage Note duly executed and delivered by the Morgagor for value which shall bear interest at the rate of \_\_\_\_\_% per annum and shall provide for payments of principal and interest on the first day of each month in substantially equal installments, secured by a valid first lien on the property financed by the Mortgage Loan, subject only to the (i) lien of current, but not delinquent, real property taxes and assessments, and covenants, conditions and restrictions, rights of way, easements and other matters of public record as of the date of recording of the related Mortgage, such exceptions appearing of record being either acceptable to lending institutions generally or taken into account and reflected in the appraisal made in connection with the origination of the Mortgage Loan or (ii) any lien the full payment for the release of which provision has been made from the proceeds of the Mortgage Loan provided such payment will be made as soon as practicable;

(vi) As of the Closing Date, the Lending Institution shall have in its possession with respect to the property financed by the Mortgage Loan and secured thereby an ALTA mortgage guaranty title insurance policy or an equivalent mortgage title insurance policy (or a commitment therefor) in an amount at least equal to the original principal amount of the Mortgage Loan, naming the Lending Institution and its successors and assigns as an insured, and insuring that the Mortgage securing the Mortgage Loans constitutes a first lien on such property, subject to the exceptions of the preceding subsection;

(vii) As of the Closing Date, the improvements upon the real property subject to such Mortgage Loan will be covered by a valid and subsisting Standard Hazard Insurance Policy (or commitment therefor), and if applicable a flood insurance policy (or commitment therefor), with an endorsement in favor of such Lending Institution, Issuer, Custodian and Trustee as their interests may appear, issued by a Qualified Insurer in an amount equal to the original principal amount of the Mortgage Loan;

(viii) The terms, covenants and conditions of the Mortgage Loan shall not have been and shall not prior to the Closing be waived, altered, impaired or modified in any respect which would materially affect the value, validity, enforceability, prompt payment of the Mortgage Loan, or the security of the lien se-

curing the Mortgage Loan, except for such waivers, alterations and the like accomplished by such Lending Institution prior to the Closing Date and disclosed in writing to Custodian;

(ix) As of the Closing Date, payments, if any, due on the Mortgage Note prior to the first day of the preceding month will have been current;

(x) As of the Closing Date, there shall be no delinquent tax or delinquent lien against the property financed by the Mortgage Loan except as specified in Section 4.08(v) hereof;

(xi) As of the Closing Date, such Lending Institution shall not have done any act to create an offset, defense or counterclaim to the Mortgage Loan, including the obligation of the mortgagor to pay the unpaid principal of and interest on the Mortgage Loan;

(xii) As of the Closing Date, as to Mortgages which shall be filed with the Recorder of Deeds of Champaign County, there shall be no mechanics' lien or claims for work, labor or material affecting the premises financed by the Mortgage Loan which are or may be a lien prior to, or equal with, the lien of the Mortgage securing the Mortgage Loan, unless the title insurance specified in Section 4.08(vi) hereof insures against such risks;

(xiii) Each Lending Institution shall cause an inspection to be performed with reasonable care in connection with making the Mortgage Loan, and such inspection shall indicate that the physical property financed by the Mortgage Loan shall be in such condition as is generally acceptable by the Originator in the origination of mortgage loans for its own account, free of material damage and will be in general good repair on the Closing Date;

(xiv) Each Mortgage Loan, at the time it shall have been made, shall have conformed to all disclosures required to be made by the Real Estate Settlement Procedures Act of 1974, the Truth-in-Lending Act, the Equal Credit Opportunity Act and other federal or state statutes or regulations that may be applicable;

(xv) Each Mortgage required to be filed in a public office to perfect the lien of the Mortgage securing each Mortgage Loan against third parties shall have been duly recorded by such Lending Institution in the proper public office in order to give constructive notice thereof to all subsequent purchasers or encumbrancers of the property financed by such Mortgage Loan;

(xvi) Each Mortgage Loan at the time it shall have been made shall have complied with applicable State and federal usury laws;

(xvii) Immediately prior to the transfer and assignment of a Mortgage Note and related Mortgage, such Lending Institution shall have good title to, and shall be the sole owner of, such Mortgage Loan and there shall have been no other sale or assignment thereof;

(xviii) To the best knowledge of such Lending Institution, the mortgagor of a Mortgage Loan shall not have conveyed such mortgagor's right, title or interest to or in the property to any party other than a trust for the benefit of such mortgagor and/or members of such mortgagor's immediate family;

(xix) The origination fee to be charged and retained by such Lending Institution and the stated interest rate for each Mortgage Loan shall be in compliance with the Act; and

(xx) Each Mortgagor shall have agreed not to purchase or own any Bonds.

It is understood and agreed that the representations, warranties and covenants set forth in this Section shall survive the sale of the Mortgage Loans by a Lending Institution to Issuer and that the representations, warranties and covenants shall inure to the benefit of the transferees and assigns of Issuer which, under the Indenture, include Trustee, Custodian and the Bondholders. Upon discovery by Issuer, a Lending Institution or Custodian of a breach of any of the foregoing representations, warranties and covenants which materially and adversely affects the value of any Mortgage Loan or the interest of Issuer in any Mortgage Loan, the party discovering such breach shall give prompt written notice to the other. Within 60 days of its discovery or its receipt of notice of breach, the originating Lending Institution shall cure such breach in all material respects or shall purchase the Mortgage Loan from Issuer in the manner and at the purchase price set forth in Section 4.07 hereof. It is understood and agreed that the obligation of each Lending Institution to purchase the Mortgage Loan (with accrued interest thereon) as to which a breach has occurred and is continuing shall constitute the sole remedy respecting such breach available to the Issuer, Trustee or Custodian.

## ARTICLE V

### ADMINISTRATION AND SERVICING OF MORTGAGE LOANS

Section 5.01. Lending Institutions to Act as Servicers. Each Lending Institution shall service and administer the Mortgage Loans it originated, except that Mortgage Loans originated by Citizens Building Association, and Urbana Savings & Loan Association will be serviced by Busey First National Bank. Each Lending Institution which is servicing Mortgage Loans shall have full power and authority, acting alone, to do any and all things in connection with such servicing and administration which it may deem necessary or desirable. Without limiting the generality

of the foregoing, each Lending Institution shall, and is hereby irrevocably authorized and empowered by Issuer to, execute and deliver, in its own name, on behalf of itself and Issuer, any and all instruments of satisfaction or cancellation or of partial or full release or discharge and all other comparable instruments, with respect to the Mortgage Loans it originated and with respect to the properties subject to the Mortgage securing such Mortgage Loans.

Without limiting the generality of the foregoing paragraph, in the event any Lending Institution is an institution regulated by the Federal Savings and Loan Insurance Corporation ("FSLIC") or the Federal Deposit Insurance Corporation ("FDIC"), such Lending Institution hereby agrees to service the Mortgage Loans in the manner and according to standards required by such regulatory body and in no event at a lesser standard of service than is maintained on loans owned by such Lending Institution. In the event any Lending Institution is not regulated by the FSLIC or the FDIC, each such Lending Institution not so regulated agrees to service the Mortgage Loans in accordance with then current loan servicing requirements of either the FHLMC or the FNMA, as the case may be. Any entity appointed as a successor to the Lending Institution to service the Mortgage Loans shall be subject to review or conduct its activities in accordance with the loan servicing requirements set forth above as applied to such successor.

As compensation for its activities hereunder and in consideration for servicing Mortgage Loans, a Lending Institution which services Mortgage Loans shall retain from each mortgagor's monthly payment allocable to interest an amount equal to the Service Fee. In addition, a Lending Institution which services Mortgage Loans shall be entitled to servicing compensation out of Insurance Proceeds or Liquidation Proceeds to the extent permitted by Section 5.04 hereof. Additional servicing compensation in the form of prepayment penalties, if permitted, assumption fees, late payment charges or otherwise, if any, may be retained by a Lending Institution which services Mortgage Loans to the extent not required to be deposited in the Receipts Account it maintains pursuant to Section 5.02 hereof. A Lending Institution which services Mortgage Loans shall be required to pay all expenses incurred by it in connection with its servicing activities hereunder (including maintenance of the insurance required by Section 5.09 hereof) and shall not be entitled to reimbursement therefor, except as specifically provided in Sections 5.03, 5.04 and 5.12 hereof and Section 5.09 of the Indenture.

Section 5.02. Collection of Certain Mortgage Loan Payments; Receipts Accounts. (a) Each Lending Institution shall collect all payments called for under the terms and provisions of the Mortgage Loans it services, and shall follow such collection procedures as it follows at the time of the execution of this Agreement with respect to mortgage loans comparable to the Mortgage Loans owned and held in

its own portfolio. Consistent with the foregoing, and subject to any requirements imposed by any Qualified Insurer of such Mortgage Loans, a Lending Institution may in its discretion (i) waive any prepayment charge or penalty interest in connection with the prepayment of a Mortgage Loan it services and (ii) arrange a schedule for the liquidation of delinquent items, which schedule shall not be any more favorable to the mortgagor than customarily obtained by such Lending Institution in the administration of its own portfolio.

(b) Each Lending Institution which services Mortgage Loans shall establish with itself and maintain as a separate account a Receipts Account. All funds held in the Receipts Accounts shall constitute funds of the Issuer from the time of deposit therein and the title of the account shall be in the name of the Issuer. Each Lending Institution shall hold moneys in its Receipts Account in either a separate savings passbook account or invest such moneys in time deposits or certificates of deposit of any federally insured bank or savings and loan association, provided that such moneys in the Receipts Account shall be either (i) fully insured with the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or (ii) secured by a pledge of Governmental Obligations maturing within five years equal to 100% of the uninsured amount in such Receipts Account. If adequate insurance or security for such Receipts Account is not in effect for a Lending Institution, such Lending Institution must transfer the funds in its Receipts Account to the Custodian on a daily basis. In no event shall the amount in any Lending Institution's Receipts Account exceed \$100,000. Except as provided in Section 5.01 hereof, each such Lending Institution shall deposit in the Receipts Account it maintains for the Issuer on a daily basis all payments and collections received by it with respect to Mortgage Loans, including Insurance Proceeds and Liquidation Proceeds, and invest the funds therein pursuant to Section 3.03 hereof. The foregoing requirements for deposit in its Receipts Account by each Lending Institution shall constitute the sole obligation of such Lending Institution with respect thereto, it being understood and agreed that, without limiting the generality of the foregoing, payments required to be deposited in its Mortgage Service Account provided for in Section 5.03 hereof need not be deposited by such Lending Institution in its Receipts Account. All funds deposited in its Receipts Account shall be held by such Lending Institution until disbursed in accordance with Section 5.04 hereof.

Section 5.03. Collection of Taxes, Assessments and Similar Items; Mortgage Service Accounts. (a) Subject to the provisions of the Illinois Mortgage Escrow Account Act (Illinois Revised Statutes 1977, Chapter 95, Section 101, et seq.) in addition to the Receipts Account, each Lending Institution shall establish and maintain a Mortgage Service Account and shall deposit therein all collections of real estate taxes, assessments, premiums on insurance required by Sections 5.06 and 5.10 hereof or comparable items for the account of the mortgagors or the Mortgage Loans it services to the extent it deems the same reasonably necessary.

(b) Withdrawals from the Mortgage Service Account may be made only to effect timely payments of taxes, assessments, insurance premiums or comparable items with respect to such Mortgage Loans, or to reimburse the Lending Institution out of related collections for any payments made pursuant to Section 5.06 or Section 5.10 hereof and any real estate taxes, assessments, premiums on insurance required by Sections 5.06 or 5.10 or comparable items, advanced by it. Unless a Lending Institution shall be required by law to pay interest to the respective mortgagors of Mortgage Loans on funds in its Mortgage Service Account, the Lending Institution shall retain such interest to defray its expenses in servicing its Mortgage Service Account, or to refund to each mortgagor the unused portion of the moneys attributable to such mortgagor's Mortgage Loan, when such Mortgage Loan is repaid in its entirety.

Section 5.04. Permitted Withdrawals from Issuer's Receipts Accounts; Requisitions for Reimbursements. The Issuer hereby authorizes and requires each Lending Institution to, on the twenty-fifth day of each month transfer those amounts in such Receipts Account as of the twentieth day of such month, on the day preceding each Bond interest payment or redemption date, on any date on which the moneys in the Receipts Account it maintains exceeds \$100,000 and if required by the provisions of Section 5.02 hereof, transfer to the Custodian all moneys (including all earnings thereon) in such Receipts Account, and shall specify the amount representing Mortgage Loan principal payments, Mortgage Loan interest payments, Principal Prepayments and Receipts Account investment income.

If any such date of transfer is a Saturday, Sunday or legal holiday in the City of Chicago, such transfer may be made at the opening of business on the next succeeding business day.

Each Lending Institution shall direct requisitions from the General Account, with appropriate documentation attached, to Custodian to effect reimbursement for Voluntary Advances (with interest thereon at an interest rate equal to the weighted average interest rate of the Bonds), each Lending Institution's right to reimbursement for Voluntary Advances pursuant hereto being limited to amounts received on particular Mortgage Loans (including, for this purpose, Insurance Proceeds and Liquidation Proceeds and amounts representing proceeds of other insurance policies covering the property subject to the related Mortgage Loan) which represent late recoveries of payments of principal and/or interest respecting which any such Voluntary Advance shall have been made and to effect reimbursement for indemnities due it pursuant to Section 7.03 hereof.

In addition, the Issuer hereby authorizes each Lending Institution, on any date prior to any transfer to Custodian of moneys in the Receipts Account it maintains to withdraw moneys from such Receipts Account to:

(a) Reimburse itself from Insurance Proceeds and Liquidation Proceeds for amounts expended by it with respect to the related Mortgage Loan pursuant to Section 5.12 hereof in good faith in

connection with the restoration of property damaged by an Uninsured Cause;

(b) Reimburse itself from Insurance Proceeds for Insurance Expenses and pay itself from Insurance Proceeds any unpaid Service Fee on the related Mortgage Loan, such payment being limited to the amount, if any, by which the sum of the aggregate of the Liquidation Proceeds, if any, plus the aggregate Insurance Proceeds received in connection with the liquidation of the defaulted Mortgage Loan is, after the deduction of Insurance Expenses and any amounts deducted pursuant to subsection (a) above, in excess of the principal balance of such Mortgage Loan together with accrued and unpaid interest thereon;

(c) Reimburse itself from Liquidation Proceeds for Liquidation Expenses and, to the extent that Liquidation Proceeds after such reimbursement and any other reimbursement pursuant to subsection (a) above are in excess of the principal balance of the related Mortgage Loan together with accrued and unpaid interest thereon, pay to itself such excess as servicing compensation on the related Mortgage Loan;

(d) Reimburse itself for late recoveries of all real estate taxes, special assessments, utility liens, premiums for mortgage guaranty insurance or standard hazard insurance, advanced by it; and

(e) Reimburse itself for any unpaid accrued interest on a Closing Date for the related Mortgage Loans.

The Issuer agrees that it will execute and deliver, or cause to be executed and delivered, such further instruments and documents as may be required for permitting the above stated withdrawals from the Receipts Accounts. Since, in connection with withdrawals pursuant to subsection (a) through (e) above, inclusive, a Lending Institution's entitlement thereto is limited to collections or other recoveries on the related Mortgage Loan, each Lending Institution shall keep and maintain separate accounting, on a Mortgage Loan by Mortgage Loan basis with respect to Mortgage Loans originated by it, for the purpose of justifying any such reimbursement.

Section 5.05. Claims Against Insurers of Mortgage Loans. In connection with its activities as administrator and servicer of the Mortgage Loans, each Lending Institution agrees, severally and not jointly, to comply with any requirements imposed by any insurers with respect to the Mortgage Loans it services and with all relevant State and federal laws and to present, on behalf of the parties in interest, claims against all insurers of such Mortgage Loans or mortgaged premises, and, in this regard, to take such reasonable action as shall be necessary to permit recovery under all insurance policies respecting such Mortgage Loans or mortgaged premises. Pursuant to Section 5.02 hereof, any amounts collected by a Lending Institution from Qualified Insurers with respect to the Mortgage Loans shall be deposited in its Receipts Account, subject to withdrawal for reimbursement pursuant to Section 5.04 hereof. Issuer,

Trustee, the servicing Lending Institution and Custodian shall be named as insureds as their interests may appear, where appropriate, under all insurance policies to be obtained with respect to the Mortgage Loans.

Section 5.06. Maintenance of Standard Hazard Insurance and Flood Insurance. Each Lending Institution shall cause to be maintained for each Mortgage Loan it services fire insurance with extended coverage on the mortgaged property in an amount which is not less than the maximum insurable value of the property securing such Mortgage Loan or the principal balance owing on such Mortgage Loan, whichever is less. Subject to the laws of the State, pursuant to Section 5.02 hereof, any amounts collected by a Lending Institution under any such policies (other than amounts to be applied to the restoration or repair of the property subject to the related Mortgage Loan) shall be deposited into its Receipts Account, subject to withdrawal for reimbursement pursuant to Section 5.04 hereof and shall be treated for purposes of classification as a principal prepayment. It is understood and agreed that such insurance shall be with Qualified Insurers approved by the servicing Lending Institution and that no other additional hazard insurance is to be required of any mortgagor, other than pursuant to such applicable laws and regulations as shall at any time be in force and as shall require such additional insurance.

In lieu of causing a Standard Hazard Insurance Policy to be maintained by each Mortgagor, each Lending Institution, as servicer, may maintain and keep a mortgagee single interest hazard insurance policy throughout the term of this agreement.

In addition, each Lending Institution which services Mortgage Loans, severally and not jointly, covenants and agrees that if a mortgaged property is located in an area designated as a flood area by federal or state authorities, it shall cause to be maintained for such Mortgage Loan secured by such mortgaged property a flood insurance policy in the form of a federal home owner's flood insurance policy in an amount which is not less than the maximum insurable value of the property securing such Mortgage Loan or the principal balance owing on such Mortgage Loan, whichever is less. Pursuant to Section 5.02 hereof, any amounts collected by a Lending Institution under any such policy relating to the Mortgage Loans shall be deposited in its Receipts Account, subject to reimbursement pursuant to Section 5.04 hereof.

Section 5.07. Maintenance of Special Hazard Insurance Policy. Custodian shall exercise its best reasonable efforts to maintain and keep with MGIC Indemnity Corporation or another Qualified Insurer a Special Hazard Insurance Policy to provide protection with respect to certain risks, including flood, earthquake, mudslide, building collapse (to a limited extent) and losses resulting from the application of a coinsurance clause with respect to a defaulted loan secured by a damaged property, in an amount equal to the greater of (i) 1% of the aggregate principal amount of all Mortgage

Loans which are purchased hereunder, or (ii) twice the original principal amount of the largest Mortgage Loan so purchased, in full force and effect until (i) each Mortgage Loan has been paid in full or is no longer security for the Bonds or (ii) the principal of and interest on all Bonds has been fully paid or provision for such payment has been provided for. The residual coverage under such policy will be reduced by the dollar amount of claims paid less amounts realized by the insurer upon disposition of mortgaged properties. The premium for the Special Hazard Insurance Policy shall be paid from the General Account pursuant to Section 5.09 of the Indenture. In the event that such insurance becomes unavailable from MGIC Indemnity Corporation, Custodian shall exercise its best efforts to obtain a comparable replacement policy from a properly licensed insurer with a total coverage equal to the then existing coverage of the Special Hazard Insurance Policy. Pursuant to Section 5.02 hereof, any amount collected by Custodian under any such policy shall be paid to the Lending Institution which serviced the Mortgage Loan with respect to which the amount was collected and such Lending Institution shall deposit such amount in its Receipts Account, subject to withdrawal for reimbursement pursuant to Section 5.04 hereof and shall be treated for purposes of classification as a principal prepayment.

Section 5.08. Maintenance of Mortgage Trust Insurance Policy. Custodian shall exercise its best reasonable efforts to maintain and keep with Mortgage Guaranty Insurance Corporation ("MGIC") or another Qualified Insurer a Mortgage Trust Insurance Policy, in an amount equal to 10% of the aggregate original principal amount of all Mortgage Loans which are purchased hereunder but not less than \$1,250,000 in full force and effect throughout the term of this Agreement. The amount of coverage under such policy will be reduced by the dollar amount of claims paid less amounts realized by the insurer upon disposition of mortgaged properties. The premium for the Mortgage Trust Insurance Policy shall be paid from the General Account pursuant to Section 5.09 of the Indenture. In the event that the insurer of the Mortgage Trust Insurance Policy shall cease to be properly licensed or if such insurer is not approved as an insurer by the Federal Home Loan Mortgage Corporation, Custodian shall exercise its best reasonable efforts to obtain from a Qualified Insurer a comparable replacement policy to the Mortgage Trust Insurance Policy with a total coverage which is equal to the then existing coverage of the Mortgage Trust Insurance Policy. Pursuant to Section 5.02 hereof, any amounts collected by Custodian under the Mortgage Trust Insurance Policy shall be paid to the Lending Institution which serviced the Mortgage Loan with respect to which the amount was collected and such Lending Institution shall deposit the amount in its Receipts Account, subject to withdrawal for reimbursement pursuant to Section 5.04 hereof.

Section 5.09. Maintenance of Lending Institution Insurance Policy and Fidelity Bond. Each Lending Institution will use its best efforts to maintain, or require the mortgagor to maintain the Standard Hazard Insurance Policy (or Mortgagee Single Interest

Hazard Insurance Policy) and, if required, the Mortgage Guaranty Insurance Policy and/or flood insurance policy, in effect at all times throughout the term of this Agreement. Additionally, each Lending Institution will be obligated to perform its servicing duties in a manner which will preserve all claims against insurers. If any Lending Institution fails to perform these obligations due to an error or omission of any of its officers or employees, coverage will be provided by the Lending Institution insurance policy required to be maintained by each Lending Institution. If any officer or employee of a Lending Institution misappropriates funds from such Lending Institution, coverage therefor will be provided by the fidelity bond maintained by each Lending Institution. Each Lending Institution, as servicer, will pay the premiums for its Lending Institution insurance policy and fidelity bond.

Section 5.10. Maintenance of Mortgage Guaranty Insurance Policy. Each Lending Institution, severally and not jointly, covenants and agrees that if the original principal amount of a Mortgage Loan exceeds 80% of the initial appraised value or purchase price, whichever is less, of the property subject thereto, it shall cause to be maintained for such Mortgage Loan, throughout the term of this Agreement, a Mortgage Guaranty Insurance Policy with a Qualified Insurer in an amount such that the uninsured portion of the original principal amount of such Mortgage Loan does not exceed 72% of the initial appraised value or purchase price, whichever is less, of such property, but only until the remaining principal amount of such Mortgage Loan is less than 80% of the original appraised value or purchase price, whichever is less, of such property. Each Lending Institution may require mortgagors to obtain such insurance from insurers with whom such Lending Institution does business. In the event that the insurer of a Mortgage Guaranty Insurance Policy shall cease to be a Qualified Insurer, the Lending Institution shall exercise its best reasonable efforts to obtain from another Qualified Insurer a replacement Mortgage Guaranty Insurance Policy. All premiums advanced by such Lending Institution in maintaining any such insurance shall be added to the amount owing under the Mortgage Loan where the terms of the Mortgage Loan so permit. Such premiums shall be recoverable by such Lending Institution pursuant to Section 5.03 or 5.04 hereof. Pursuant to Section 5.02 hereof, any amounts collected by such Lending Institution under any such policy shall be deposited into the Receipts Account.

Section 5.11. Assumption Agreements. In any case in which property subject to a Mortgage has been or is about to be conveyed by the mortgagor, each Lending Institution is authorized upon the payment of the Lending Institution's then customary assumption charge and until January 1, 2006 a fee covering the expenses incurred in connection with the processing of the assumption for acceptance under the program to be deposited in the General Account to release the original mortgagor and to take or enter into an assumption agreement from or with the person to whom such property has been or is about to be conveyed, provided that

the Mortgage Loan shall continue to be insured under the insurance policies described in Sections 5.06, 5.07, 5.08 and 5.10 of this Agreement and provided that such assignee qualifies as a "mortgagor" within the meaning of Section 1 of the Act as the same exists at that time and Section 4.08(ii) hereof shall be satisfied at the time of such assumption. The assumption agreement shall be inserted in the related Mortgage File whereupon it shall be deemed a part of such Mortgage File for all purposes hereof. In connection with any such assumption agreement, the interest rate of the related Mortgage Note shall not be changed.

Notwithstanding the foregoing paragraph or any other provision of this Agreement, none of the Lending Institutions shall be deemed to be in default, breach or any other violation of its obligations hereunder by reason of any assumption of a Mortgage Loan by operation of law or any assumption which such Lending Institutions may be restricted by law from preventing, for any reason whatever.

Section 5.12. Realization Upon Defaulted Mortgage Loans. Each Lending Institution shall foreclose upon or otherwise comparably convert the ownership of properties securing such of the Mortgage Loans it services as come into and continue in default and as to which no satisfactory arrangements can be made for collection of delinquent payments pursuant to Section 5.02 hereof. In connection with such foreclosures or other conversion, such Lending Institution shall, consistent with Section 5.05 hereof, follow such practices and procedures as it shall deem necessary or advisable and as shall be normal and usual in its general mortgage servicing activities. The foregoing is subject to the proviso that, in the case of damage to mortgaged property from an Uninsured Cause, a Lending Institution may expend its own funds toward the restoration of the property if it shall determine (i) that such restoration will increase the proceeds of liquidation of the Mortgage Loan to Issuer, after reimbursement to itself for such expenses, and (ii) that such expenses will be recoverable to it either through Liquidation Proceeds (respecting which it shall have priority for purposes of withdrawal from the Receipts Account pursuant to Section 5.04 hereof) or through Insurance Proceeds (respecting which it shall have similar priority).

Each Lending Institution shall be responsible for all other costs and expenses incurred by it in any such proceedings or in connection with preservation of all insurance policies respecting the Mortgage Loans it services; provided, however, that it shall be entitled to withdrawal thereof (as well as its normal Service Fee) to the extent, but only to the extent, that withdrawals from its Receipts Account with respect thereto are permitted under Section 5.04 hereof.

Section 5.13. Issuer to Cooperate; Release of Mortgage Files. Upon the payment in full of any Mortgage Loans it services, a Lending Institution will immediately notify Issuer by delivering to

Custodian a certification (which certification shall include a statement to the effect that all amounts received in connection with such payment which are required to be deposited in its Receipts Account pursuant to Section 5.02 hereof have been so deposited) of a Servicing Officer of such Lending Institution and shall request delivery to it of the Mortgage Note and related Mortgage. Upon receipt of such certification and request, Custodian, pursuant to the Indenture, shall, on behalf of Trustee, endorse the Mortgage Note without recourse to such Lending Institution and deliver the Mortgage Note and related Mortgage to such Lending Institution.

From time to time and as appropriate for the servicing or foreclosure of any Mortgage Loan, including for this purpose collection of Insurance Proceeds, Issuer hereby appoints each Lending Institution as its agent and attorney-in-fact to execute such documents as shall be necessary to the prosecution of any such proceeding relating to a Mortgage Loan it services. Custodian, pursuant to the Indenture, shall, upon request of a Lending Institution and delivery to it of a receipt signed by a Servicing Officer, release the related Mortgage Note and Mortgage to such Lending Institution on behalf of Issuer, and Custodian shall, on behalf of Issuer, execute such documents as shall be necessary to the prosecution of any such proceedings. Such receipt shall obligate such Lending Institution to return the Mortgage Note and Mortgage to Custodian when the need therefor by such Lending Institution no longer exists, unless the Mortgage Loan shall be liquidated, in which case, upon receipt of a certificate of a Servicing Officer similar to that hereinabove specified, the receipt shall be released by Custodian to such Lending Institution.

Section 5.14. Reports to Trustee, Issuer and Custodian and Receipts Accounts Statements. On the twenty-fifth day of each month, each Lending Institution shall forward to Trustee and Custodian a statement, certified by a Servicing Officer, setting forth the status of the Receipts Account of the Issuer it maintains, as of the close of business on the twentieth day of such month and showing, for the period covered by such statement, the aggregate of deposits into and withdrawals from its Receipts Account. Such statement shall also include (i) information as to the principal balances of Mortgage Loans outstanding at the close of business on the tenth day of such month, (ii) information as to the number of, principal balances of, and percentages of aggregate dollar amount of all Mortgage Loans it services of, Mortgage Loans upon which a combined total of two required monthly payments of principal and interest shall be delinquent, and (iii) the unpaid outstanding principal amount of Mortgage Loans with respect to and the estimated fair market value of any real estate acquired through foreclosure or grant of a deed in lieu of foreclosure.

If such twenty-fifth day of the month is a Saturday, Sunday or legal holiday in the City of Chicago, such report may be made at the opening of business on the next succeeding business day.

Within 120 days after the close of each Lending Institution's fiscal year, such Lending Institution will forward to the Custodian

a statement, certified by a Servicing Officer, setting forth the status of its Receipts Account as of the close of such Lending Institution's fiscal year and showing, for such preceding fiscal year, the aggregate of deposits into and withdrawals from its Receipts Account for each category of deposit and withdrawal specified in this Agreement and such other matters specified in this Agreement.

Within 120 days after the close of each Lending Institution's fiscal year, each Lending Institution shall also deliver to Custodian a Servicing Officer's certificate stating that (i) a review of the activities under this Agreement of such Lending Institution during the preceding year and of performance under this Agreement has been made under such Servicing Officer's supervision, and (ii) to the best of such Servicing Officer's knowledge, based on such review, there is, as of such date, no default by such Lending Institution in the fulfillment of any of its obligations under this Agreement, or if there is any such default known to such Servicing Officer, specifying each such default and the nature and status thereof.

Section 5.15. Annual Independent Public Accountant's Servicing Report. Within 120 days after the close of each Lending Institution's fiscal year, each Lending Institution at its expense shall cause a firm of independent public accountants to furnish a statement to Custodian for such preceding fiscal year to the effect that such firm has examined certain documents and records relating to such Lending Institution's servicing of Mortgage Loans and that, on the basis of such examination conducted substantially in compliance with the audit program for mortgages serviced for the Federal Home Loan Mortgage Corporation, such firm is of the opinion that such servicing has been conducted in compliance with this Agreement except for (i) such exceptions as such firm shall believe to be immaterial and (ii) such other exceptions as shall be set forth in such statement.

Section 5.16. Prohibition of Discrimination; Report to Issuer. No Lending Institution will arbitrarily reject applications for Mortgage Loans for residential properties within a specified geographic area of Urbana because of the location and/or age of the property, or, in the case of a proposed mortgagor, arbitrarily refuse an application or vary the terms of such Mortgage Loans or the application procedures therefor because of race, color, religion, national origin, age, sex or marital status.

Each Lending Institution shall report to the Issuer monthly beginning on the last day of the first full calendar month after the first Closing Date on a Mortgage Loan and continuing on such last day of each month, with respect to the Mortgage Loans it originates and services, the information provided for in Exhibit C attached hereto.

Any other information desired by the Issuer shall be compiled by the Issuer from information contained in the Mortgage Files which will be available for inspection upon reasonable notice and at

reasonable times.

Section 5.17. Certain Verifications. Issuer or the Lending Institutions from time to time may cause Price, Waterhouse & Co. (or some other firm of independent public accountants mutually agreeable to Issuer and three of the Lending Institutions) to supply Issuer, Custodian and the Lending Institutions with such information as Issuer or the Lending Institutions may request in order to determine in a manner reasonably satisfactory to Issuer, Custodian and the Lending Institutions all matters relating to the sufficiency of projected cash flow receipts and disbursements on the Mortgage Loans and reserve funds to pay the principal of and interest on the Bonds. Payment for costs and expenses incurred in connection with supplying the foregoing information shall be paid from moneys in the General Account pursuant to Section 5.09 of the Indenture.

## ARTICLE VI

### ADVANCES

Prior to the close of business on the day preceding a Bond redemption or interest payment date, Custodian shall determine whether or not it reasonably expects that there will be sufficient moneys to pay all principal of and interest on the Bonds on the next succeeding redemption or interest payment date, and if the amount will be insufficient, and if Custodian notifies Lending Institutions of such deficiency, Lending Institutions shall determine whether or not they, or any of them, intend to make a Voluntary Advance to Custodian to make such payment. Each Lending Institution shall be entitled to interest on any Voluntary Advances at an interest rate equal to the weighted average interest rate of the Bonds. It is understood and agreed that the election of a Lending Institution to make any such Voluntary Advance or Voluntary Advances as permitted by this Article is in its sole discretion and that no obligation, express or implied, exists respecting any such Voluntary Advance other than the obligation, in the event any decision to advance is made, to make such Voluntary Advance.

## ARTICLE VII

### LENDING INSTITUTIONS

Section 7.01. Liability of Lending Institutions. Each Lending Institution shall be liable under this Agreement only to the extent that obligations are explicitly imposed upon and undertaken by it.

Section 7.02. Merger or Consolidation of a Lending Institution. Any entity into which a Lending Institution may be merged or consolidated, or any entity resulting from any merger, conversion or consolidation to which such Lending Institution shall be a party, or any entity succeeding to the business of a Lending Institution, shall be the successor of such Lending Institution hereunder without the execution or filing of any document or instrument, except as provided

in Section 2.02(b) of this Agreement, or any further act on the part of any of the parties hereto.

Section 7.03. Limitation on Liability of Lending Institutions and Others. None of the Lending Institutions and no director, officer, employee or agent of any of the Lending Institutions shall be under any liability to Issuer, Trustee, Custodian or the Bondholders for any action taken or for refraining from the taking of any action in good faith pursuant to this Agreement, or for errors in judgment. Each Lending Institution and any director, officer, employee or agent thereof is entitled to indemnification from funds in the General Account and shall be held harmless against any loss, liability or expense incurred in connection with any legal action relating to this Agreement or the Bonds, other than any loss, liability or expense incurred by reason of negligence in the performance of its duties hereunder or thereunder or by reason of breach of its obligations and duties hereunder or thereunder. In addition, no Lending Institution is under any obligation to appear in, prosecute or defend any legal action which is not incidental to its servicing responsibilities under this Agreement and which in its opinion may involve it in any expense or liability. Any Lending Institution may, however, in its discretion undertake any such action which it may deem necessary or desirable in respect to this Agreement and the rights and duties of the parties hereto and the interests of the Bondholders hereunder. In such event, the legal expenses and costs of such action and any liability resulting therefrom will be expenses, costs and liabilities of servicing Mortgage Loans and such Lending Institution will be entitled to be reimbursed therefor out of the General Account.

Section 7.04. Lending Institutions Not to Resign. No Lending Institution shall resign from its obligations and duties hereby imposed on it except upon determination that its duties hereunder are no longer permissible under applicable law. Any such determination permitting the resignation of a Lending Institution shall be evidenced by an opinion of counsel to such effect delivered to Issuer, Custodian and Trustee. No such resignation shall become effective until Custodian or a successor servicer shall have assumed such Lending Institution's responsibilities and obligations in accordance with Section 8.03 hereof.

## ARTICLE VIII

### CAUSES PERMITTING TERMINATION

Section 8.01. Causes of Termination Defined. Upon the happening of any one or more of the following events, Custodian, for and on behalf of Issuer and Trustee, may terminate this Agreement with respect to one or more of the Lending Institutions as provided in Section 8.02 hereof and shall have the other remedies specified therein:

(a) Failure by a Lending Institution to deposit funds in its Receipts Account as required by Section 5.02 hereof or

to make the payments required under Section 5.04 hereof at the time specified therein if moneys are available therefor in its Receipts Account;

(b) Failure by a Lending Institution duly to observe or perform in any material respect any other covenant, condition or agreement in this Agreement to be observed or performed by it, other than as referred to in Section 8.01(a) hereof, for a period of thirty days after written notice, specifying such failure and requesting that it be remedied, given to such Lending Institution by Issuer, Trustee or Custodian, unless Issuer, Trustee or Custodian (whichever has given notice) shall agree in writing to an extension of such time prior to its expiration; provided, however if the failure stated in the notice cannot be corrected within the applicable period, Issuer, Trustee and Custodian will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by such Lending Institution within the applicable period and diligently pursued until the default is corrected;

(c) A decree or order of a court or agency or supervisory authority having jurisdiction in the premises for the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings, or for the winding-up or liquidation of its affairs, shall have been entered against a Lending Institution and such decree or order shall have remained in force undischarged or unstayed for a period of sixty days;

(d) A Lending Institution shall consent to the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings of or relating to it or of or relating to all or substantially all of its property;

(e) A Lending Institution shall admit in writing its inability to pay its debts generally as they become due, file a petition to take advantage of any applicable insolvency or reorganization statute, make an assignment for the benefit of its creditors, or voluntarily suspend payments of its obligations; and

(f) A Lending Institution shall experience a delinquency ratio for Mortgage Loans sixty-one days or more delinquent 2-1/2 times greater than the delinquency ratio for mortgage loans sixty days delinquent set forth from time to time in the Federal Home Loan Bank Board News or any similar publication containing such data prepared by the Statistical Division, Office of Economic Research, Federal Home Loan Bank Board. The Lending Institution will have a thirty day cure period, as provided in (b) above, to rectify such delinquency ratios.

(g) Any written representation of, or warranty by, any Lending Institution to the Issuer, the Custodian or the Trustee shall have been false in any material respect when made.

The foregoing provisions of subsection (b) of this Section are subject to the following limitation: if by reason of Force Majeure, a Lending Institution is unable in whole or in part to carry out any agreement on its part herein contained, such event shall not be deemed a cause for termination during the continuance of such inability. Such Lending Institution agrees, however, to remedy with all reasonable dispatch the cause or causes preventing it from carrying out such agreement; provided that the settlement of strikes, lockouts and other disturbances shall be entirely within the discretion of such Lending Institution, as the case may be, and it shall not be required to make settlement of strikes, lockouts and other disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of such Lending Institution unfavorable to it. In addition, if the delinquency ratio of such Lending Institution described in subsection (f) of this Section results by reason of Force Majeure, the Trustee will not terminate the Agreement.

Section 8.02. Remedies. Whenever any event referred to in Section 8.01 hereof shall have happened and be continuing, Custodian, for and on behalf of Issuer and Trustee, may take any one or more of the following remedial steps:

(a) By notice in writing to the Lending Institution with respect to which such an event has occurred, Custodian may, subject to applicable state and federal law, terminate all of such Lending Institution's rights and obligations concerning the servicing of Mortgage Loans. On or after the receipt by such Lending Institution of such written notice, all authority and power of such Lending Institution under this Agreement with respect to servicing Mortgage Loans shall pass to and be vested in Custodian pursuant to and under this Section; and, without limitation, Custodian is hereby authorized and empowered to execute and deliver, on behalf of such Lending Institution, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such termination. Each Lending Institution agrees to cooperate with Custodian in effecting the termination of its servicing responsibilities hereunder, including, without limitation, the transfer to Custodian for administration by it of Mortgage Files and all cash amounts which it shall at the time hold in its Receipts Account and Mortgage Service Account or thereafter receive with respect to Mortgage Loans.

(b) Custodian may take whatever other action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under this Agreement or enforce performance and observance of any obligation, agreement or covenant under this Agreement of the Lending Institution with respect to which such an event has occurred.

Any amounts collected pursuant to action taken under this Section

shall be applied in accordance with the provisions of the Indenture.

Section 8.03. Custodian to Act; Appointment of Successor. At the time a Lending Institution receives a notice of termination pursuant to Section 8.02(a), Custodian, on behalf of Trustee, shall succeed to all rights and obligations of such terminated Lending Institution concerning servicing of the Mortgage Loans and shall be entitled to receive compensation therefor as specified herein. As soon as practicable thereafter, the Custodian shall offer such succession to other Lending Institutions at competitive bidding, but if no bids therefor are received compensation not in excess of the terminated Lending Institution's compensation, the Custodian shall continue with its succession. The Custodian may, if it shall be unable to so act, appoint, or petition a court of competent jurisdiction to appoint, any established bank or savings and loan association having a net worth of not less than \$10,000,000, or another Lending Institution, as the successor to such terminated Lending Institution in the assumption of all or any part of the responsibilities, duties or liabilities of such Lending Institution under this Agreement. In connection with such appointment and assumption, Custodian may make such arrangements for the compensation of such successor out of payments on Mortgage Loans as it and such successor shall agree; provided, however, that no such compensation shall, together with the compensation to Custodian, be in excess of the funds to which such Lending Institution would have been entitled to retain or to withdraw from its Receipts Account or Mortgage Service Account if it had continued to act hereunder. After such Lending Institution receives notice of termination under this Section 8.03, it shall be entitled to no payments or compensation of any kind (including the Service Fee for any period of time after such notice of termination) other than the payments which are provided for herein. Custodian and such successor shall take such action, consistent with this Agreement, as shall be necessary to effectuate any such succession.

Section 8.04. Notification of Bondholders. Trustee or Custodian shall give published notice to the Bondholders of any termination or appointment of a successor to a Lending Institution.

Section 8.05. No Remedy Exclusive. Unless otherwise expressly provided, no remedy herein conferred upon or reserved is intended to be exclusive of any other available remedy, but each remedy shall be cumulative and shall be in addition to other remedies given under this Agreement or existing at law or in equity. No delay or omission to exercise any right of power accruing upon the happening of any event set forth in Section 8.01 hereof shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Trustee or Custodian to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article.

Section 8.06. Agreement to Pay Attorneys' Fees and Expenses. In the event a Lending Institution should fail to perform its obligations under any of the provisions of this Agreement and Trustee or Custodian should employ attorneys or incur other expenses for the enforcement of performance or observance of any obligation or agreement on the part of such Lending Institution herein contained, such Lending Institution agrees that it will pay or reimburse Trustee or Custodian on demand the reasonable fee of such attorneys and such other incurred expenses.

## ARTICLE IX

### PURCHASE BY LENDING INSTITUTIONS

Section 9.01. Agreement to Purchase. At any time on or after I, 1989, and if the unpaid aggregate principal amount of the Mortgage Loans is less than \$1,000,000, by agreement between Issuer and one or more Lending Institutions and upon further terms to be negotiated between said parties, such Lending Institution or Lending Institutions may purchase the Mortgage Loans at fair market value and the purchase price therefor shall be sufficient together with amounts then on deposit in the Capital Reserve Fund, the Mortgage Reserve Fund, the Principal Account (including the Principal Prepayment Subaccount) and the Accumulation Reserve Subaccount to redeem the Bonds in whole at a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date and to pay all costs and expenses in connection therewith.

Section 9.02. Notice of Agreement to Purchase. Upon the completion of the agreement between Issuer and one or more of the Lending Institutions pursuant to Section 9.01 hereof, the Lending Institution or Lending Institutions and Issuer shall notify Trustee and Custodian of such agreement at least sixty days prior to the effective date of such agreement.

Section 9.03. Release of Mortgage Notes. Upon receipt of the redemption amount specified in Section 9.01 hereof, Custodian shall promptly release to each purchasing Lending Institution the mortgage notes and related Mortgages pertaining to the Mortgage Loans which such Lending Institution serviced. Mortgage Notes shall be endorsed by Custodian, on behalf of Trustee and Issuer, to the appropriate Lending Institution, without recourse. The Custodian is hereby appointed as attorney-in-fact of both the Issuer and the Trustee for the purpose of so endorsing such Mortgage Notes.

## ARTICLE X

### MISCELLANEOUS PROVISIONS

Section 10.01. Amendments, Changes and Modifications. Subsequent to the issuance of the Bonds and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), this Agreement

may not be effectively amended, changed, modified, altered or terminated without the written consent of Trustee and Custodian.

Section 10.02. Recordation of Agreement. This Agreement, or a memorandum of any portion or portions hereof executed by Issuer and Lending Institutions, is subject to recordation in all appropriate public offices for real property records in all the counties or other comparable jurisdictions in which any or all of the properties subject to the Mortgage Loans are situated, and in any other appropriate public office or elsewhere, such recordation to be effected by any Lending Institution at its expense, on direction by Custodian.

For the purpose of facilitating the recording of this Agreement as herein provided and for other purposes, this Agreement may be executed simultaneously in any number of counterparts, each of which counterparts shall be deemed to be an original, and such counterparts shall constitute but one and the same instrument.

Section 10.03. Limitation on Rights of Bondholders. No Bondholder shall have any right to institute a suit with respect to this Agreement except as provided in Article VIII of the Indenture and only if for the equal benefit of all Bondholders. This Section may be enforced by Trustee or any Bondholder.

Section 10.04. Purchase of Bonds. No Lending Institution (including a "related person" thereof, within the meaning of section 103(b)(6)(C) of the Code) shall purchase Bonds for its or their own account.

Section 10.05. Governing Law. This Agreement shall be construed in accordance with the laws of the State and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.

Section 10.06. Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.07. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, addressed to the appropriate Notice Address. A duplicate copy of each notice, certificate or other communication given hereunder to Issuer, any of the Lending Institutions, Custodian or Trustee shall also be given to the others. Issuer, any Lending Institution, Custodian and Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 10.08. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any



[SEAL]

CITIZENS BUILDING ASSOCIATION

Attest:

By /s/  
Its \_\_\_\_\_

By /s/ \_\_\_\_\_

UNIVERSITY FEDERAL SAVINGS AND LOAN ASSOCIATION

Attest:

By /s/  
Its \_\_\_\_\_

By /s/ \_\_\_\_\_

URBANA SAVINGS AND LOAN ASSOCIATION

Attest:

By /s/  
Its \_\_\_\_\_

By /s/ \_\_\_\_\_

[SEAL]

CITY OF URBANA  
CHAMPAIGN COUNTY, ILLINOIS

Attest:

By /s/ *Jeffrey M. Muller*  
Its Mayor

By /s/ \_\_\_\_\_  
City Clerk

EXHIBIT A  
MORTGAGE FILE

Part I - Items to be furnished to Custodian  
by Lending Institutions

1. The original Mortgage Note or Notes, properly endorsed as provided in Section 4.03 hereof.
2. The original recorded Mortgage, or copy thereof (to be replaced by the original).
3. The assignment, if any, of the Mortgage from the Lending Institution to the Issuer, as recorded, or a copy thereof (to be replaced by the original).
4. The assignment, if any, of the Mortgage from the Issuer, by the Lending Institution, as agent for the Issuer, to the Custodian for the benefit of the Trustee, in form suitable for recording.
5. A lender's title insurance policy issued on the date of the origination of such Mortgage Loan (under the terms of which Issuer will be an insured within the meaning of such policy), provided that at Closing only a commitment for such a title policy need be delivered so long as the policy is to be delivered in due course.
6. A certificate of a Servicing Officer of the Lending Institution, stating that he has in his possession each of the items listed in Part II of this Exhibit A with respect to each Mortgage Loan, has reviewed such items, and that each such item is sufficient and in proper form.

Part II - Items to be retained by Lending Institution

1. Satisfactory evidence of all standard hazard insurance policies or, if applicable, the mortgagee's single interest hazard insurance policy maintained by the Lending Institution.
2. If applicable, a Mortgage Guaranty Insurance Policy issued by a Qualified Private Mortgage Insurer (under the terms of which the Issuer will be insured within the meaning of such policy).
3. Notice pursuant to Federal Reserve Regulation Z, signed by Mortgagor(s) and by officer of the Lending Institution.,
4. Mortgagor affidavits and waiver of Privacy Act rights.

5. Any other documents which are required to be retained by federal or state laws, statutes or regulations, including copies of any disclosure statements required by such laws.

6. The loan application of the mortgagor for a Mortgage Loan.

7. The current credit report of the mortgagor for a Mortgage Loan.

8. The property appraisal report with respect to the Mortgage Loan.

9. A copy of the sales contract.

10. Income verification or substantiation in the form of an Illinois income tax return or returns, or if the mortgagor was not required to file an Illinois income tax return, a federal income tax return or returns, with sufficient additional information to enable the Lending Institution to determine the equivalent of Maximum Income.

11. An acceptance of risks statement signed by an officer of the Mortgage Guaranty Insurance Corporation or any successor thereto.

12. An acceptance of risks statement signed by an official of MGIC Indemnity Corporation or any successor thereto.

13. All other documents are commonly maintained in mortgage loan files by the Lending Institution.

14. Such other additional information or material as Custodian may require.

EXHIBIT B

Loan Identification Number	Date of Mortgage Guaranty Insurance Policy (if applicable)	Date of Closing with Mortgagor
----------------------------	--	--------------------------------

Date of Mortgage Note	Date of Loan Application
-----------------------	--------------------------

LOAN INFORMATION

Purchase Price..... \$ \_\_\_\_\_  
 Down Payment Amount..... \$ \_\_\_\_\_  
 Original Loan Amount..... \$ \_\_\_\_\_  
 Unpaid Principal Balance.. \$ \_\_\_\_\_

Monthly Installment (P & I Only)..... \$ \_\_\_\_\_

Early Escrow Payment:

Taxes..... \$ \_\_\_\_\_

Insurance..... \$ \_\_\_\_\_

Liens, Encumbrances and Other Assessments.... \$ \_\_\_\_\_

Mortgage Guaranty Insurance Premium..... \$ \_\_\_\_\_

TOTAL MONTHLY PAYMENT..... \$ \_\_\_\_\_

PROPERTY INFORMATION

Property Address: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_ Zip Code

New

Existing Year Built \_\_\_\_\_

Appraised Value....\$ \_\_\_\_\_

For Substantial Rehabilitation

Estimated Appraised Value after Rehabilitation.....\$ \_\_\_\_\_

Amount of Mortgage Loan...\$ \_\_\_\_\_

Cost of Rehabilitation.....\$ \_\_\_\_\_

Single-Family Residence.....\$ \_\_\_\_\_

Two-Family Residence.....\$ \_\_\_\_\_

Income.....\$ \_\_\_\_\_

LOAN INFORMATION

\_\_\_\_\_  
Loan Term                      % of Mortgage  
in Months                      Guaranty Insurance

\_\_\_\_\_  
Date of First Installment

\_\_\_\_\_  
Interest Rate on Mortgage Note

\_\_\_\_\_

\_\_\_\_\_

I, the undersigned, do certify that I am an officer of \_\_\_\_\_ and that to the best of my knowledge and belief all of the statements contained above are full, true and complete and the Mortgage Loan described above is being sold to the City of Urbana, Champaign County, Illinois, in full compliance with the terms of the Sale and Service Agreement between \_\_\_\_\_ and the City dated as of May 1, 1979.

DATED: \_\_\_\_\_

\_\_\_\_\_

EXHIBIT C

CITY OF URBANA - MORTGAGE REVENUE BOND PROGRAM

Information to be Provided to City by  
Lending Institutions pursuant to  
Section 5.16 of the Agreement

1. Applicant Information:
  - A. Current Address - if in Urbana, or by name of City if not
  - B. Income
  - C. Race (if available)
  - D. Sex (if available)
  - E. Currently a tenant or owner
  - F. Has applicant already applied for a mortgage on this property
2. About property for which application is being made:
  - A. Location - by address
  - B. Purchase Price (if new purchase)
  - C. Original Purchase Date (if rehabilitation)
3. Loan Information:
  - A. Is it for:
    1. New Purchase
    2. Rehabilitation
    3. Both
    4. Single-Family Residence
    5. Condominium
    6. Two-Family Residence
  - B. Size of Mortgage requested

- C. If for rehabilitation, what is size of the rehabilitation in dollars and brief description of nature of rehabilitation?
4. Was application approved?
  5. If available - where is previous owner moving?
  6. The above information is to be completed on each application and transmitted to the City monthly, along with a summary as follows:
    - A. Number of applicants
    - B. Number of applicants approved  
Number of applicants denied
    - C. Total amount of mortgages approved for:
      1. Purchases for income less than \$25,000 - \$ \_\_\_\_\_
      2. Purchases for incomes more than \$25,000 - \$ \_\_\_\_\_
      3. Rehabilitations (total in this category, not just amount for the rehabilitation) - \$ \_\_\_\_\_

CITY OF URBANA,

Issuer

FIRST WISCONSIN TRUST COMPANY,

Trustee

and

CONTINENTAL ILLINOIS NATIONAL BANK  
AND TRUST COMPANY OF CHICAGO,

Custodian

---

TRUST INDENTURE

Dated as of September 1, 1979

---

Residential Mortgage Revenue Bonds  
1979 Series

TRUST INDENTURE  
TABLE OF CONTENTS

(This Table of Contents is for convenience of reference only and  
is not a part of the Trust Indenture)

	<u>Page</u>
PARTIES .....	1
PREAMBLES .....	1
FORM OF REGISTERED BOND .....	2
FORM OF COUPON BOND .....	11
GRANTING CLAUSES .....	13
ARTICLE I	
Definitions .....	16
ARTICLE II	
The Bonds	
SECTION 2.01. Authorized Amount of Bonds .....	20
SECTION 2.02. Issuance of Bonds .....	20
SECTION 2.03. Execution; Limited Obligation .....	21
SECTION 2.04. Authentication .....	22
SECTION 2.05. Form of Bonds .....	23
SECTION 2.06. Delivery of Bonds .....	23
SECTION 2.07. Mutilated, Lost, Stolen or Destroyed Bonds or Coupons .....	23
SECTION 2.08. Registration and Exchange of Bonds; Persons Treated as Owners .....	24
SECTION 2.09. Destruction of Bonds .....	26
ARTICLE III	
Redemption of Bonds Before Maturity	
SECTION 3.01. Redemption Dates and Prices .....	26
SECTION 3.02. Sinking Fund .....	29
SECTION 3.03. Notice of Redemption .....	30
SECTION 3.04. Redemption Payments .....	31

SECTION 3.05.	Cancellation .....	31
SECTION 3.06.	Partial Redemption of Bonds .....	31

ARTICLE IV

General Covenants

SECTION 4.01.	Payment of Principal and Interest ..	32
SECTION 4.02.	Performance of Covenants; Issuer ...	32
SECTION 4.03.	Instruments of Further Assurance ...	33
SECTION 4.04.	Recording and Filing .....	33
SECTION 4.05.	Rights Under Agreement .....	33
SECTION 4.06.	Possession and Inspection of Mortgage Notes .....	34
SECTION 4.07.	List of Bondholders .....	34

ARTICLE V

Revenues and Funds

SECTION 5.01.	Source of Payment of Bonds .....	34
SECTION 5.02.	Creation of Funds and Accounts .....	35
SECTION 5.03.	Use of Moneys in the Bond Fund .....	35
SECTION 5.04.	Use of Moneys in the Mortgage Reserve Fund .....	35
SECTION 5.05.	Use of Moneys in the Capital Reserve Fund .....	36
SECTION 5.06.	Use of Moneys in the Acquisition Fund .....	36
SECTION 5.07.	Use of Moneys in the Cost of Issuance Account .....	37
SECTION 5.08.	Use of Moneys in the Principal Account .....	38
SECTION 5.09.	Use of Moneys in the General Account	38
SECTION 5.10.	Application of Bond Proceeds .....	40
SECTION 5.11.	Non-presentment of Bonds or Coupons	40
SECTION 5.12.	Moneys to be Held in Trust .....	40
SECTION 5.13.	Amounts Remaining in Funds and Accounts	40
SECTION 5.14.	Reports from Custodian .....	40

ARTICLE VI

Investment of Moneys ..... 41

ARTICLE VII

Discharge of Indenture ..... 42

ARTICLE VIII

Default Provisions and Remedies of  
Trustee and Bondholders

SECTION 8.01. Defaults; Events of Default ..... 44  
SECTION 8.02. Remedies; Rights of Bondholders .... 45  
SECTION 8.03. Right of Bondholders to Direct  
Proceedings ..... 45  
SECTION 8.04. Appointment of Receivers ..... 46  
SECTION 8.05. Application of Moneys ..... 46  
SECTION 8.06. Remedies Vested in Trustee ..... 48  
SECTION 8.07. Rights and Remedies of Bondholders . 48  
SECTION 8.08. Termination of Proceedings ..... 49  
SECTION 8.09. Waivers of Events of Default ..... 49  
SECTION 8.10. Notice of Defaults under Section  
8.01(c); Opportunity of Issuer and  
Lending Institutions to Cure Such  
Defaults ..... 50

ARTICLE IX

Trustee

SECTION 9.01. Acceptance of the Trusts ..... 51  
SECTION 9.02. Fees, Charges and Expenses of  
Trustee and Paying Agents ..... 54  
SECTION 9.03. Notice to Bondholders if Default  
Occurs ..... 54  
SECTION 9.04. Intervention by Trustee ..... 55  
SECTION 9.05. Successor Trustee ..... 55  
SECTION 9.06. Resignation by Trustee ..... 55  
SECTION 9.07. Removal of Trustee ..... 55  
SECTION 9.08. Appointment of Successor Trustee by  
the Bondholders; Temporary Trustee . 56  
SECTION 9.09. Concerning Any Successor Trustee ... 56  
SECTION 9.10. Designation and Succession of Paying  
Agents ..... 57  
SECTION 9.11. Appointment of Co-Trustee ..... 57

ARTICLE X

Concerning the Custodian

SECTION 10.01.	Custodian a Bailee of Trustee; Custodian Not Liable .....	58
SECTION 10.02.	Custodian May Own Bonds .....	59
SECTION 10.03.	Custodian's Fees and Expenses .....	59
SECTION 10.04.	Custodian May Resign; Trustee May Remove Custodian Only Upon Certain Events .....	60
SECTION 10.05.	Merger or Consolidation of Custodian	60

ARTICLE XI

Supplemental Indentures

SECTION 11.01.	Supplemental Indentures Not Requiring Consent of Bondholders .....	61
SECTION 11.02.	Supplemental Indentures Requiring Consent of Bondholders .....	62

ARTICLE XII

Amendment of Agreement

SECTION 12.01.	Amendments, etc., to Agreement Not Requiring Consent of Bondholders ...	63
SECTION 12.02.	Amendments, etc. to Agreement Requiring Consent of Bondholders....	64

ARTICLE XIII

Miscellaneous

SECTION 13.01.	Consents, etc., of Bondholders .....	64
SECTION 13.02.	Limitation of Rights .....	65
SECTION 13.03.	Severability .....	65
SECTION 13.04.	Notices .....	65
SECTION 13.05.	Payments Due on Sundays and Holidays .....	66
SECTION 13.06.	Counterparts .....	66
SECTION 13.07.	Applicable Provisions of Law .....	66
SECTION 13.08.	Captions .....	66
TESTIMONIUM .....		66
SIGNATURES AND SEALS .....		66

## TRUST INDENTURE

THIS TRUST INDENTURE is made and entered into as of September 1, 1979, by and among the CITY OF URBANA, Champaign County, Illinois, a political subdivision and a home rule municipality of the State of Illinois ("Issuer"), and First Wisconsin Trust Company, duly organized, existing and authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the State of Wisconsin, with its principal office located in Milwaukee, Wisconsin, as trustee ("Trustee"), and CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, duly organized, existing and authorized to accept duties and obligations of the character herein set out and by virtue of the laws of the United States of America, with its principal office located in Chicago, Illinois, as Custodian ("Custodian").

### W I T N E S S E T H:

WHEREAS, pursuant to the Constitution and laws of the State of Illinois, particularly the enabling ordinance, duly adopted by the Issuer on \_\_\_\_\_, 1979 and the transactional ordinance duly adopted by the Issuer on \_\_\_\_\_, 1979 (collectively the "Act"), Issuer is authorized to carry out the public purposes described in the Act by issuing its revenue bonds to acquire home mortgages and by pledging such home mortgages as security for the payment of the principal of and interest on any such revenue bonds and by entering into any agreements made in connection therewith; and

WHEREAS, to provide for and promote the public health, safety, morals and welfare, assist persons in acquiring and owning decent, safe and sanitary housing which they can afford, promote the integration of families of varying economic means and preserve and increase the ad valorem tax base within the City of Urbana, which constitutes a valid public purpose for the issuance of revenue bonds under the Act by Issuer, negotiations have been carried on among Issuer, Trustee and Custodian with respect to (i) the issuance by Issuer of its Residential Mortgage Revenue Bonds, 1979 Series (the "Bonds") and (ii) the use of the Bond proceeds by Issuer to purchase from the Lending Institutions certain mortgage loans made to finance residential facilities intended for use as the place of residence (the "Mortgage Loans"), which Mortgage Loans are to be originated by the Lending Institutions pursuant to the

Sale and Service Agreement between the Lending Institutions and Issuer dated the date hereof (the "Agreement"); and

WHEREAS, Issuer and the Lending Institutions have entered into the Agreement under which Issuer has agreed to purchase the Mortgage Loans and the Lending Institutions have agreed to sell and service the Mortgage Loans; and

WHEREAS, Issuer has now determined to issue the Bonds and to enter into this Indenture to secure the Bonds by a pledge and assignment of the Mortgage Notes and related Mortgages, the proceeds thereof, certain insurance proceeds, certain reserve funds and its rights under the Agreement; and

WHEREAS, the registered Bonds and Custodian's certificate of authentication to be endorsed on such Bonds are all to be in substantially the following form, with necessary and appropriate variations, omissions and insertions as permitted or required by this indenture, to-wit:

(FORM OF REGISTERED BOND)

No. R-

\$ \_\_\_\_\_

UNITED STATES OF AMERICA

STATE OF ILLINOIS

CHAMPAIGN COUNTY

CITY OF URBANA

Residential Mortgage Revenue Bond

1979 Series

[1] THE CITY OF URBANA, Champaign County, Illinois, a political subdivision and a home rule municipality of the State of Illinois ("Issuer"), for value received, promises to pay, but only from the source and as hereinafter provided to \_\_\_\_\_, or registered assigns, on September 1, \_\_\_\_\_, the principal sum of \_\_\_\_\_ Thousand Dollars (\$ \_\_\_\_\_) and in like manner to pay interest on said sum from the date hereof at the rate of \_\_\_\_\_ percent (\_\_\_%) per annum semiannually on March 1 and September 1 of each year commencing \_\_\_\_\_ 1, \_\_\_\_\_, until said principal sum is paid, unless this Bond shall have been previously called for

redemption, and payment shall have been duly made or provided for. Principal of this Bond is payable in lawful money of the United States of America at the principal office of Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois, as Paying Agent, or its successor; provided, however, payment of the semiannual interest hereon shall be made to the registered owner hereof and shall be paid by check or draft mailed to such registered owner at his address as it appears on the registration books of the Paying Agent or at such other address as is furnished in writing by such registered owner to the Paying Agent as Bond Registrar.

[2] This Bond is one of an authorized issue of Bonds limited in aggregate principal amount to \$15,230,000 (the "Bonds") issued for the purpose of acquiring certain mortgage notes secured by mortgages on residential real property owned by persons in the City of Urbana (the "Mortgage Loans") to be originated and sold by the Lending Institutions ("Lending Institutions"), providing moneys to make deposits in certain reserve funds, and for paying necessary expenses incidental thereto. The proceeds of the Bonds will be used by Issuer to acquire the Mortgage Loans from the Lending Institutions pursuant to a Sale and Service Agreement dated as of September 1, 1979 (which Sale and Service Agreement, as from time to time amended and supplemented, is hereinafter referred to as the "Agreement") between Issuer and the Lending Institutions, and pursuant thereto, certain of the Lending Institutions have agreed to collect Mortgage Loan payments of principal (including prepayments) and interest, to otherwise service the Mortgage Loans, to transfer such payments to Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois, as custodian ("Custodian"), and to perform certain other duties. The Bonds are all issued under and are equally and ratably secured by and entitled to the protection of a Trust Indenture dated as of September 1, 1979 (which Trust Indenture, as from time to time amended and supplemented, is hereinafter referred to as the "Indenture"), duly executed and delivered by Issuer to the First Wisconsin Trust Company, Milwaukee, Wisconsin, as trustee ("Trustee") and Custodian. Pursuant to the Indenture, Issuer has assigned and pledged the Mortgage Loans and the proceeds thereof to Trustee, to be held by Custodian on behalf of Trustee, to secure payment of principal and interest on the Bonds. Reference is hereby made to the Indenture for a description of the rights, duties and obligations of Issuer, Trustee, Custodian and the holders of the Bonds, the terms upon which the Bonds are issued and the terms and conditions upon which the Bonds will be deemed to be paid, at or prior to

maturity or redemption of the Bonds, upon the making of provision for the payment thereof in the manner set forth in the Indenture.

[3] This Bond is transferable by the registered holder hereof in person or by his attorney duly authorized in writing at the principal office of Custodian but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of the same maturity or maturities and of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the transferee in exchange therefor.

[4] Issuer, Trustee and Custodian may deem and treat the registered holder 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 interest due hereon and for all other purposes and neither Issuer, Trustee nor Custodian shall be affected by any notice to the contrary.

[5] The Bonds are issuable in the form of coupon bonds, registrable as to principal only, in the denomination of \$5,000 each and in the form of registered bonds without coupons in the denomination of \$5,000 each or any multiple thereof. Coupon Bonds, upon surrender thereof at the principal office of Custodian with all unmatured coupons attached, may, at the option of the holder thereof, be exchanged for an equal aggregate principal amount of registered Bonds without coupons of the same maturity and interest rate upon payment of the customary charge of the Custodian and any tax or other governmental charge required to be paid with respect to such change, and in the manner and subject to the conditions provided in the Indenture. In like manner, upon payment of such customary charge and any required tax, fee or other governmental charge and subject to such conditions, registered Bonds without coupons, or coupon Bonds registered as to principal only, upon the surrender thereof at the principal office of Custodian with a written instrument of transfer, in form and with guarantee of signature satisfactory to Custodian, duly executed by the registered owner or his duly authorized attorney, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of coupon Bonds of the same maturity and interest rate with appropriate coupons attached or of registered Bonds without coupons of the same maturity and interest rate of any other authorized denomination. Issuer and Custodian shall not be required (a) to issue, register,

transfer or exchange any Bonds during a period beginning at the opening of business on the fifteenth day next preceding either any interest payment date or any date of selection of Bonds to be redeemed and ending at the close of business on the interest payment date or day on which the applicable notice of redemption is given or (b) to register, transfer or exchange any Bonds selected, called or being called for redemption in whole or in part.

[6] The Bonds are subject to extraordinary mandatory redemption in whole at any time, or in part on any interest payment date, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, from and to the extent there are:

(1) Funds in the Acquisition Fund (as defined in the Indenture) which neither are nor may be used to purchase Mortgage Loans by March 1, 1981, and subject to the provisions of the Indenture;

(2) Prepayments of principal of Mortgage Loans (including prepayments attributable to insurance proceeds relating to, and liquidation of, Mortgage Loans) or the proceeds of certain letters of credit on deposit in the Principal Prepayment Subaccount of the Principal Account (as defined in the Indenture); and

(3) Excess revenues accumulated in the Accumulation Reserve Subaccount of the General Account (as defined in the Indenture), but only if and to the extent that the amount of such accumulation is greater than \$150,000;

provided, however, that to the extent that moneys available for any such redemption can be legally invested and reinvested in Governmental Obligations or in other securities then permitted by applicable statutes and regulations at a yield in excess of the weighted average interest rate on the then outstanding Bonds, the Custodian shall retain such moneys and invest such moneys in Governmental Obligations (as defined in the Indenture) or such other securities which mature before the next scheduled Bond principal payment date.

[7] In the event the Bonds are to be redeemed in part, the Bonds shall be selected and redeemed on a reasonably proportionate basis from among all the then existing maturities of the Bonds (excluding from the Bonds maturing on September 1, 2006 an amount equal to \$1,905,000) such basis to be determined and effectuated as nearly as practicable by Custodian by multiplying the total amount of moneys available to redeem Bonds on the date fixed for redemption by the ratio which the principal amount of all Bonds outstanding in each maturity (excluding from the Bonds maturing on September 1, 2006, an amount equal to \$1,905,000) bears to the principal amount of all Bonds then outstanding (excluding from the Bonds maturing on September 1, 2006, an amount equal to \$1,905,000), provided that Bonds shall be redeemed only in multiples of \$5,000. If funds to be used for redemption are insufficient to redeem Bonds from all then existing maturities, the Custodian shall determine the maturities from which to redeem by lot.

[8] On or after September 1, 1989, if the aggregate unpaid principal amount of Mortgage Loans is less than \$1,000,000, the Lending Institution may agree with Issuer to purchase the Mortgage Loans at the fair market value thereof; but such purchase price shall be sufficient, together with moneys on deposit in the Capital Reserve Fund, Mortgage Reserve Fund, Principal Account (including the Principal Prepayment Subaccount) and Accumulation Reserve Subaccount, to redeem the Bonds in whole at a redemption price equal to the sum of the principal amount thereof plus unpaid accrued interest to the redemption date and to pay all costs and expenses in connection therewith, and in such case, the Bonds shall be redeemed at any time from such amounts.

[9] If at any time the sum of moneys in the Capital Reserve Fund, Mortgage Reserve Fund, Principal Account (including the Principal Prepayment Subaccount) and Accumulation Reserve Subaccount equal or exceed the principal amount of the then outstanding Bonds, plus unpaid accrued interest to the redemption date, the Bonds shall be redeemed from such moneys at any time in whole at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date.

[10] The Bonds maturing on or after September 1, 1990 are subject to redemption, at the option of Issuer, in whole at any time on or after September 1, 1989, with moneys furnished from the proceeds of any issue of refunding bonds of Issuer at the redemption prices (expressed as percentages of principal amount) set forth in the following table, together with accrued

interest to the date fixed for redemption.

<u>Redemption Date</u> <u>(Dates Inclusive)</u>	<u>Redemption</u> <u>Price</u>
September 1, 1989 to August 31, 1990	103 %
September 1, 1990 to August 31, 1991	102 1/2
September 1, 1991 to August 31, 1992	102
September 1, 1992 to August 31, 1993	101 1/2
September 1, 1993 to August 31, 1994	101
September 1, 1994 to August 31, 1995	100 1/2
September 1, 1995 and thereafter prior to maturity	100

[11] The Bonds maturing on September 1, 2006 are also subject to mandatory redemption in part by lot, pursuant to the terms of the mandatory sinking fund provided in the Indenture, on September 1, 1997 and on each September 1 thereafter to and including September 1, 2006, at the principal amount thereof plus accrued interest to the redemption date.

[12] In the event any of the Bonds or portions thereof (which shall be \$5,000 or a multiple thereof) are called for redemption as aforesaid, notice thereof identifying the Bonds or portions thereof to be redeemed will be given by Custodian by publication once in a newspaper or financial journal of general circulation in the City of Chicago, Illinois and a newspaper or financial journal of general circulation in the City of New York, New York; such notice shall be published not more than sixty days and not less than thirty days prior to the redemption date, and in the case of the redemption of Bonds at the time registered as to principal or fully registered, by mailing a copy of the redemption notice by first class mail (postage prepaid) not more than sixty days and not less than thirty days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed in whole or in part at the address shown on the registration books. Failure to give such notice by mailing to any Bondholder, or any defect therein, shall not affect the validity of any proceeding for the redemption of other Bonds. All Bonds so called for redemption will cease to bear interest after the specified redemption date provided funds for their redemption are on deposit at the place of payment at that time.

[13] The Bonds are issued under the provisions of and in full compliance with the Constitution and laws of the State of Illinois, particularly the enabling ordinance duly adopted by the Issuer on \_\_\_\_\_, 1979, and the transactional ordinance, duly adopted by the Issuer on \_\_\_\_\_, 1979 pursuant to which this Bond is issued and which authorize the execution and delivery of the Agreement and the Indenture. This Bond and the issue of which it forms a part are limited obligations of Issuer and are payable solely out of Bond proceeds, Commitment Fees, under certain circumstances the proceeds of letters of credit provided by the Lending Institutions, revenues and other amounts derived by Issuer from the Mortgage Loans (including earnings thereon and certain insurance proceeds with respect thereto) and certain reserve funds established in connection therewith, all as provided in the Indenture. The Bonds and the interest thereon do not constitute an indebtedness, liability, general or moral obligation or a pledge of the faith or loan of credit of Issuer, the State of Illinois, any political subdivision of the State of Illinois or any Lending Institution within the meaning of any constitutional or statutory provision. Neither the State of Illinois nor any political subdivision thereof nor Issuer or the Lending Institution shall be obligated to pay the principal of the Bonds, the interest thereon or other costs incident thereto except from the payments on the Mortgage Loans, certain insurance with respect thereto and certain reserve funds established in connection therewith. Neither the faith and credit nor the taxing power of Issuer, State of Illinois or any political subdivision thereof, nor the faith and credit of any Lending Institution, is pledged to the payment of the principal of the Bonds or the interest thereon or other costs incident thereto. Moneys for the payment of the principal and interest on the Bonds are to be paid to Bondholders from payments received on the Mortgage Loans for the account of Issuer and deposited in an account maintained by the Lending Institutions which, on the fifteenth day of each month and the day next preceding each interest payment or redemption date and whenever such amounts equal or exceed \$100,000, or are not insured or secured as provided by the Agreement, will forward to Custodian from such account payments received by the Lending Institution on Mortgage Loans, which are designed to be sufficient to pay maturing principal and interest on the Bonds. Issuer's rights in and to such moneys held by Custodian have been duly pledged and assigned for that purpose, and in addition, the notes evidencing such Mortgage Loans and the mortgages securing the same and the rights of Issuer under the Agreement have been pledged and assigned to Trustee to secure payment of such

principal and interest.

[14] The holder of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. The Indenture prescribes the manner in which it may be discharged, including a provision that the Bonds shall be deemed to be paid if Governmental Obligations, as defined therein, maturing as to principal and interest in such amounts and at such times as will provide sufficient funds to pay the principal of and interest on the Bonds and all fees and expenses of Trustee and Custodian, the Lending Institutions and any paying agent shall have been deposited with Custodian, after which the Bonds shall no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of registration and exchange of Bonds and of any such payment from such Governmental Obligations.

[15] The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of Issuer and the rights of the holders of the Bonds at any time by Issuer with consent of the holders of two-thirds in aggregate principal amount of the Bonds at the time outstanding, as defined in the Indenture. Any such consent or waiver by the holder of this Bond shall be conclusive and binding upon such holder and upon all future holders of this Bond and of any Bond issued upon the transfer or exchange of this Bond whether or not notation of such consent or waiver is made upon this Bond. The Indenture also contains provisions permitting Trustee to waive certain past defaults under the Indenture and their consequences.

[16] Issuer hereby certifies, recites and declares that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and 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 Issuer, does not exceed or violate any constitutional or statutory limitation applicable to Issuer; and that the revenues pledged to the payment of the principal of and interest on this Bond and the issue of which it forms a part, as the same become due, are designed to be sufficient in amount for that purpose.

[17] This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the indenture until the certificate of authentication hereon shall have been signed by Custodian.

[18] IN WITNESS WHEREOF, the CITY OF URBANA, Champaign County, Illinois, has caused this Bond to be executed in its name by the facsimile signature of its Mayor and its seal to be hereunto impressed or imprinted hereon and attested by the facsimile signature of its City Clerk, all as of the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

[SEAL]

CITY OF URBANA

By \_\_\_\_\_  
(facsimile signature)  
Mayor

Attest:

By \_\_\_\_\_  
(facsimile signature)  
City Clerk

\* \* \* \*

(FORM OF CUSTODIAN'S CERTIFICATE OF AUTHENTICATION)

This Bond is one of the Bonds of the issue described in the within mentioned Trust Indenture.

CONTINENTAL ILLINOIS NATIONAL BANK  
AND TRUST COMPANY OF CHICAGO, as Custodian

By \_\_\_\_\_  
Authorized Officer

\* \* \* \*

The form of the coupon Bond shall be identical with the form of the registered Bond except that the heading and the first, third, fourth, seventeenth and eighteenth paragraphs shall be omitted, and there shall be substituted in the form

of the coupon Bond in lieu of the heading and corresponding paragraphs of the registered Bond the following heading and paragraphs and there shall be added the following form of interest coupon:

[the following heading and paragraph to be inserted to replace the heading and first paragraph of the coupon bond form]

(FORM OF COUPON BOND)

No.

\$5,000

UNITED STATES OF AMERICA

STATE OF ILLINOIS

CHAMPAIGN COUNTY

CITY OF URBANA

Residential Mortgage Revenue Bond

1979 Series

[1] THE CITY OF URBANA, Champaign County, Illinois, a political subdivision and a home rule municipality of the State of Illinois ("Issuer"), for value received, promises to pay, but only from the source and as hereinafter provided to bearer, or if the ownership hereof is registered as to principal, to the registered owner hereof, on September 1, \_\_\_\_\_, the principal sum of Five Thousand Dollars (\$5,000) and in like manner to pay interest on said sum from the date hereof at the rate of \_\_\_\_\_ percent (\_\_\_\_%) per annum semiannually on March 1 and September 1 of each year commencing September 1, 1980, until said principal sum is duly paid or provided for but only upon surrender of the interest coupons hereto attached as they mature at the principal office of Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois, as Paying Agent or its successor. Principal of this Bond is payable in lawful money of the United States of America at the principal office of the Paying Agent.

[the following paragraph to be inserted to replace the third and fourth paragraphs of the registered form]

[3 and 4] This Bond shall pass by delivery except when it is registered as to principal (except as to bearer) on the books

of Issuer to be kept for that purpose at the principal office of Custodian and such registration is noted hereon. After such registration, no transfer hereof shall be binding upon Issuer and Custodian unless made on said books at said office by the registered owner in person or by his duly authorized attorney and similarly noted hereon; but this Bond may be discharged from registration by like transfer to bearer. Such registration shall not affect the transferability by delivery of the interest coupons hereto attached. Issuer and Custodian may treat the bearer of this Bond if it is not registered, or, if it is registered (except to bearer), the registered owner, as the absolute owner hereof and the bearer of any interest coupon appertaining hereto as the absolute owner thereof for all purposes, whether or not this Bond or such coupon shall be overdue, and shall not be bound by any notice to the contrary.

[the following paragraphs to be inserted to replace the seventeenth and eighteenth paragraphs of the registered form]

[17] This Bond and the coupons appertaining hereto shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been duly executed by Custodian.

[18] IN WITNESS WHEREOF, the CITY OF URBANA, Champaign County, Illinois, has caused this Bond to be executed in its name by the facsimile signature of its Mayor and its corporate seal to be impressed or imprinted hereon and attested by the facsimile signature of its City Clerk and has caused the interest coupons bearing the facsimile signature of said Mayor to be hereto attached, all as of September 1, 1979.

CITY OF URBANA

By \_\_\_\_\_ (facsimile signature)  
Mayor

Attest:

By \_\_\_\_\_ (facsimile signature)  
City Clerk

[FORM OF INTEREST COUPON]

No.

\$

On the first day of \_\_\_\_\_, \_\_\_\_\_, unless the Bond hereinafter mentioned shall have been duly called for previous redemption and payment made or provided for, the City of Urbana, Champaign County, Illinois will pay to the bearer, but only out of the sources referred to in the Bond, at the principal office of Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois, or successor paying agent, upon surrender hereof, the amount shown hereon in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, being interest then due on its Residential Mortgage Revenue Bond, 1979 Series.

CITY OF URBANA

By \_\_\_\_\_  
Mayor

\* \* \* \* \*

WHEREAS, all things necessary to make the Bonds, when authenticated by Custodian and issued as in this Indenture provided, the valid, binding and legal obligations of Issuer according to the import thereof, and to constitute this Indenture a valid assignment and pledge of the amounts pledged to the payment of principal of and interest on the Bonds and a valid pledge and assignment of the rights of Issuer in the Mortgage Notes evidencing the Mortgage Loans and the Mortgages securing the same, and the Agreement, and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, THIS TRUST INDENTURE WITNESSETH:

GRANTING CLAUSES

Issuer, in consideration of the premises and the acceptance by Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the holders and owners thereof, and of the sum of One Dollar, lawful money of the United States of America, to it duly paid by Trustee at or before the

execution and delivery of these presents, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of and interest on the Bonds according to their tenor and effect and to secure the performance and observance by Issuer of all the covenants expressed or implied herein and in the Bonds, does hereby grant, bargain, sell, convey, mortgage, assign and pledge the following to First Wisconsin Trust Company, Milwaukee, Wisconsin, as Trustee, and its successors in trust and assigns forever, for the securing of the performance of the obligations of Issuer hereinafter set forth:

#### GRANTING CLAUSE FIRST

All rights, title and interest of Issuer in and to the Agreement, including all extensions and renewals of its terms, if any, including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive and receipt for any income, revenues, issues, profits, insurance proceeds and other sums of money payable to or receivable by Issuer under the Agreement, whether payable pursuant to the Agreement or otherwise, to bring actions and proceedings under the Agreement or for the enforcement thereof, and to do any and all things which Issuer is or may become entitled to do under the Agreement.

#### GRANTING CLAUSE SECOND

All rights, title and interest of Issuer in and to the Mortgage Notes and related Mortgages, including all extensions and renewals of any of the terms thereof, if any, including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive and receipt for any income, revenues, issues and profits and other sums of money payable or receivable by Issuer under the Mortgage Notes and related Mortgages, whether payable pursuant to the Mortgage Notes and related Mortgages or otherwise, to bring actions and proceedings under the Mortgage Notes and related Mortgages or for the enforcement thereof, and to do any and all things which Issuer is or may become entitled to do under the Mortgage Notes and related Mortgages.

### GRANTING CLAUSE THIRD

All moneys and securities and all other rights of every name and nature from time to time hereafter by delivery or by writing of any kind pledged, assigned or transferred as and for additional security hereunder or under the Agreement to Custodian by Issuer or by anyone in its behalf, or with its written consent and to hold and apply the same, subject to the terms hereof.

TO HAVE AND TO HOLD all and singular the Trust estate, whether now owned or hereafter acquired, unto Trustee and its respective successors in trust and assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future holders and owners of the Bonds and coupons appertaining thereto issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds or coupons appertaining thereto over any of the other Bonds or coupons;

PROVIDED, HOWEVER, that if Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of and interest on the Bonds due or to become due thereon, at the times and in the manner mentioned in the Bonds according to the true intent and meaning thereof, and shall cause the payments to be made as required under Article V hereof, or shall provide, as permitted hereby, for the payment thereof by depositing with Custodian the entire amount due or to become due thereon, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to Custodian and any paying agent all sums of money due or to become due in accordance with the terms and provisions hereof, then upon such final payments this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture to be and remain in full force and effect.

In connection with the foregoing transfer, pledge and assignment, Issuer does hereby deliver to, and deposit with, Custodian as the duly appointed agent of Trustee for such purpose, and Custodian hereby acknowledges receipt of, an original executed Agreement whereby it has directed the Lending Institutions to make certain payments and deliver certain

documents to Custodian for Trustee.

AND, PROVIDED FURTHER Custodian agrees to accept receipt, subject to review as stated herein, of the Mortgage Notes and the assignments referred to herein, and declares that it holds and will hold as the bailment agent of Trustee for the sole benefit of the Bondholders such documents and the other documents constituting a part of the Mortgage Files delivered to it as Custodian. Custodian agrees, on behalf of Trustee and for the benefit of the Bondholders, to review part I of each Mortgage File within 45 days after each related Closing to ascertain that all required documents have been executed and received, and that such documents relate to the Mortgage Loans identified in Exhibit A annexed to the Agreement and delivered at the related Closing. If Custodian finds any document or documents constituting a part of a Mortgage File to be defective in any material respect, Custodian shall promptly so notify Trustee, Issuer and the Lending Institution and pursue any and all remedies available therefor to Issuer under the Agreement. Trustee and Custodian each hereby acknowledges, approves and agrees to the terms, conditions, appointments and agencies of the Agreement as they relate to each of them and their respective participation in the transactions contemplated thereby.

THIS TRUST INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered, and all said property, rights and interests, including, without limitation, the amounts hereby assigned and pledged, are to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and Issuer has agreed and covenanted, and does hereby agree and covenant, with Trustee and with the respective holders and owners, from time to time, of the Bonds or coupons, or any part thereof, as follows (subject however, to the provisions of Section 2.03 hereof):

#### ARTICLE I

#### DEFINITIONS

All words and phrases defined in Article I of the Agreement shall have the same meaning in this Indenture. In addition, the following words and phrases shall have the following meanings:

"Accumulation Reserve Subaccount" means the subaccount by that name created pursuant to Section 5.02 hereof and maintained in the General Account.

"Acquisition Fund" means the fund by that name created by Section 5.02 hereof and into which certain Bond proceeds and the program participation fees will be deposited and used to purchase Mortgage Loans.

"Act" means the enabling ordinance duly adopted by Issuer on \_\_\_\_\_, 1979 and the transactional ordinance duly adopted by Issuer on \_\_\_\_\_, 1979.

"Bondholder" or "holder of Bonds" or "owner of Bonds" means the bearer of any coupon Bond not registered as to principal or registered as to principal to bearer, and the registered owner of any registered Bond. The word "holder", when used with reference to a coupon, shall mean the bearer of such coupon.

"Bond Fund" means the fund by that name created by Section 5.02 hereof and from which principal of and interest on the Bonds will be paid.

"Bonds" means the bonds of Issuer issued pursuant to Section 2.02 hereof.

"Capital Reserve Fund" means the fund by that name created by Section 5.02 hereof.

"Capital Reserve Fund Requirement" means the sum of \$150,000.

"Code" means the Internal Revenue Code of 1954, as amended, and all regulations promulgated thereunder.

"Commitment Fee" means a commitment fee payable by each Lending Institution into the Acquisition Fund and shall be in an amount equal to 1% of the principal amount of the Bond proceeds allocated to such Lending Institution for the purchase of Mortgage Loans.

"Cost of Issuance Account" means the account by that name created by Section 5.02 hereof.

The term "coupon" means any of the coupons evidencing the semiannual installments of interest on the applicable

coupon Bond or Bonds.

"Custodian" means Continental Illinois National Bank and Trust Company of Chicago, or any successor thereto.

"Default" and "event of default" mean any occurrence or event specified in Section 8.01 hereof.

"General Account" means the account by that name created by Section 5.02 hereof.

"Governmental Obligations" means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

(i) direct general obligations of, or obligations, the payment of the principal and interest of which are unconditionally guaranteed by, the United States of America; or

(ii) bonds, debentures or notes issued by any of the following federal agencies: Bank for Cooperatives, Federal Financing Bank, Federal Land Banks, Federal Home Loan Banks or Federal Home Loan Mortgage Corporation.

"Issuer Program Expenses" means all costs of issuance not reimbursed to the Issuer from the proceeds of the Bonds and any and all other expenses incurred by the Issuer in connection with the issuance of the Bonds and the servicing and administration of the Mortgage Loans, including, without limitation, legal, accounting and consulting expenses, all to the extent properly allocable to the servicing and administration of the Mortgage Loans.

"Letter(s) of Credit" means the letters of credit which each Lending Institution is required to obtain and pledge for the benefit of the Issuer, pursuant to the requirements of Section \_\_\_ of the Agreement.

"Mortgage Reserve Fund Requirement" means an amount at least equal to 1% of the unpaid principal amount of all Mortgage Loans outstanding as of the date of calculation, the amount of such requirement for the period of time between the date of this Indenture and until March 1, 1981 to be calculated as though \$13,000,000 aggregate principal amount of Mortgage

Loans had been purchased on the date of this Indenture, and the amount of such requirement for any period of time thereafter to be calculated on the basis of the unpaid principal amount of Mortgage Loans outstanding as of the last day of the month preceding the day as of which such requirement shall be determined.

"Outstanding" or "Bonds outstanding" means all Bonds which have been authenticated and delivered by Trustee under this Indenture, except:

(a) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;

(b) Bonds for the payment or redemption of which cash funds or Governmental Obligations or any combination thereof shall have been theretofore deposited with Custodian (whether upon or prior to the maturity or redemption date of any such Bonds); provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to Custodian shall have been made therefor, or waiver of such notice satisfactory in form to Custodian shall have been filed with Custodian; and

(c) Bonds in lieu of which other Bonds have been authenticated under Section 2.07 hereof.

"Paying Agent" means any bank or trust company designated pursuant to this Indenture to serve as a paying agent or place of payment for the Bonds, and any successors designated pursuant to this Indenture.

"Principal Account" means the account by that name created by Section 5.02 hereof.

"Principal Prepayment Subaccount" means the subaccount by that name created by Section 5.02 hereof and maintained in the Principal Account.

"Representative Underwriter" means Stern Brothers and Co., Kansas City, Missouri.

"Trust estate" means the property, rights, moneys, securities and other amounts pledged and assigned to Trustee

pursuant to the Granting Clauses hereof.

"Trustee" means First Wisconsin Trust Company, or any successor thereto.

## ARTICLE II

### THE BONDS

SECTION 2.01. Authorized Amount of Bonds. No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. The total principal amount of Bonds that may be issued is hereby expressly limited to \$15,230,000 except as provided in Section 2.07 hereof.

SECTION 2.02. Issuance of Bonds. The Bonds shall be designated "City of Urbana, Champaign County, Illinois, Residential Mortgage Revenue Bonds, 1979 Series". The Bonds shall be issuable as coupon Bonds, registrable as to principal only, in the denomination of \$5,000 and as fully registered Bonds without coupons in the denomination of \$5,000 and any integral multiple thereof. Unless Issuer shall otherwise direct, the fully registered Bonds shall be lettered R and shall be numbered separately from 1 upward, and the coupon Bonds shall be numbered separately from 1 upward.

The coupon Bonds shall be dated as of September 1, 1979, and shall bear interest payable on March 1 and September 1 of each year commencing September 1, 1980, until paid. Fully registered Bonds shall be dated as of the March 1 or September 1 next preceding their date of issue, or if issued on a March 1 or September 1, as of such date, except that fully registered Bonds issued before September 1, 1980 shall be dated as of September 1, 1979, and shall bear interest payable semiannually from their date until such Bonds are paid; provided that if interest on the fully registered Bonds shall be in default, fully registered Bonds issued in exchange for fully registered Bonds or in exchange for coupon Bonds registered as to principal surrendered for transfer or exchange shall be dated as of the date to which interest has been paid in full on the Bonds surrendered.

The Bonds shall mature on September 1 in the years and in the principal amounts, and shall bear interest at the rates per annum, all as set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
1980	\$ 65,000		1989	\$ 375,000	
1981	225,000		1990	400,000	
1982	240,000		1991	430,000	
1983	255,000		1992	460,000	
1984	270,000		1993	490,000	
1985	290,000		1994	525,000	
1986	310,000		1995	565,000	
1987	330,000		1996	605,000	
1988	350,000		2006	9,045,000	

The Bonds maturing on September 1, 2006 are subject to the sinking fund provisions of Section 3.02 hereof.

The principal of the Bonds and interest on the coupon Bonds shall be payable in lawful money of the United States of America at the principal office of Custodian in the City of Chicago, Illinois, or its successor, upon presentation of the Bonds and the coupons, respectively. Payment of interest on the fully registered Bonds shall be made to the owner thereof and shall be paid by check or draft mailed to the owner at his address as it appears on the registration books of Issuer or at such other address as is furnished to Custodian in writing by such owner.

SECTION 2.03. Execution: Limited Obligation. The Bonds shall be executed on behalf of Issuer with the facsimile signature of its Mayor and shall have impressed or imprinted thereon, by facsimile or otherwise, the official seal of Issuer and attested with the facsimile signature of the City Clerk or a Deputy City Clerk. The coupons attached to the coupon Bonds shall be executed on behalf of Issuer with the facsimile signature of its Mayor. The Bonds, together with interest thereon, are not general or moral obligations of Issuer but are limited obligations payable solely from Bond proceeds, Commitment Fees, under certain circumstances the proceeds of Letters of Credit provided by the Lending Institutions, revenues and other amounts derived by Issuer from the Mortgage Loans (including earnings thereon and certain insurance with respect thereto) and certain reserve funds established in connection therewith and shall be a valid claim of the respective holders thereof against the Bond Fund and moneys held by Custodian under the Indenture which are hereby pledged, assigned and otherwise secured for the equal and ratable payment of the Bonds and shall be used for no other purpose than to pay the principal of and

interest on the Bonds, except as may be otherwise expressly authorized in this Indenture or the Agreement. The Bonds and the interest thereon, (including the coupons appertaining to the coupon Bonds) do not constitute an indebtedness, liability, general or moral obligation or a pledge of the faith or loan of credit of Issuer, the State, any political subdivision of the State or the Lending Institutions within the meaning of any Constitutional or statutory provisions. Neither the State nor any political subdivision thereof nor Issuer nor the Lending Institutions shall be obligated to pay the principal of the Bonds, the interest thereon or other costs incident thereto except from Bond proceeds, Commitment Fees, proceeds of certain Letters of Credit, revenues and other amounts derived from the Mortgage Loans (including earnings thereon and certain insurance proceeds with respect thereto) and certain reserve funds established in connection therewith. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof or Issuer, nor the faith and credit of the Lending Institutions, is pledged to the payment of the principal of the Bonds or the interest thereon or other costs incident thereto. In case any officer of Issuer whose signature or whose facsimile signature shall appear on the Bonds shall cease to be such officer before the delivery of such Bonds, such signature or the facsimile signature thereof shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery.

SECTION 2.04. Authentication. No Bond or any coupon appertaining thereto shall be valid or obligatory for any purpose or entitled to any security or benefit under this Indenture unless and until a certificate of authentication on such Bond substantially in the form hereinabove set forth shall have been duly executed by Custodian, and such executed certificate of Custodian upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. Custodian's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer or signatory of Custodian, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds issued hereunder.

SECTION 2.05. Form of Bonds. The Bonds issued under this Indenture and the coupons attached to the coupon Bonds shall be substantially in the form hereinabove set forth with such variations, omissions and insertions as are permitted or required by this Indenture.

SECTION 2.06. Delivery of Bonds. Upon the execution and delivery of this Indenture, Issuer shall execute and deliver to Custodian and Custodian shall authenticate the Bonds and deliver them to the purchasers thereof as directed by Issuer as hereinafter in this Section provided.

Prior to the delivery by Custodian of any of the Bonds there shall be filed with Trustee and Custodian:

(1) A copy, duly certified by the City Clerk, of the Act.

(2) Original executed counterparts of the Agreement and this Indenture.

(3) A request and authorization to Custodian on behalf of Issuer and signed by the Mayor of Issuer to authenticate and deliver the Bonds to the purchasers therein identified upon payment to Custodian, but for the account of Issuer, of a sum specified in such request and authorization plus accrued interest and any premium thereon to the date of delivery. The proceeds of such payment shall be paid over to Custodian and deposited in the various funds specified in, and pursuant to, Article V hereof.

SECTION 2.07. Mutilated, Lost, Stolen or Destroyed Bonds or Coupons. In the event any Bond or coupon is mutilated, lost, stolen or destroyed, Issuer may execute and Custodian may authenticate a new Bond of like date, maturity and denomination or a coupon of like maturity and interest rate, as the case may be, as that mutilated, lost, stolen or destroyed; provided that in the case of any mutilated Bond or coupon, such mutilated Bond or coupon shall first be surrendered to Issuer, and in the case of any lost, stolen or destroyed Bond or coupon, there shall be first furnished to Issuer and Custodian evidence of such loss, theft or destruction satisfactory to Issuer and Custodian, together with an indemnity satisfactory to them. In the event any such Bond or coupon shall have matured or been called for redemption, instead of issuing a duplicate Bond or coupon, Issuer may pay the same without surrender thereof.

Issuer and Custodian may charge the holder or owner of such Bond or coupon with their reasonable fees and expenses in this connection.

SECTION 2.08. Registration and Exchange of Bonds: Persons Treated as Owners. Issuer shall cause books for the registration and for the transfer of the Bonds as provided in this Indenture to be kept by Custodian which is hereby constituted and appointed the Bond Registrar of Issuer. At reasonable times and under reasonable regulations established by Custodian, said list may be inspected and copied by the Issuer, the Lending Institutions or by holders or owners (or a designated representative thereof) of 15% or more in aggregate principal amount of Bonds then Outstanding.

Upon surrender for transfer of any fully registered Bond at such office, Custodian shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of an authorized denomination of the same maturity for the aggregate principal amount which the registered owner is entitled to receive. Upon presentation for registration of any coupon Bond at such office, such Bond shall be registered as to principal in the name of the holder and the fact of such registration shall be noted on the Bond by Custodian. No transfer of any coupon Bond so registered shall be binding upon Custodian unless made at such office, and similarly noted on the Bond, but the same shall be discharged from registration by being in like manner endorsed to bearer, whereupon transferability by delivery shall be restored. Coupon Bonds shall continue to be subject to successive registrations and discharges from registration at the option of the holders. Such registration of any coupon Bond shall not affect the transferability by delivery of the coupons appertaining thereto, which shall continue to be payable to bearer and transferable by delivery.

Any Bond in fully registered form shall be exchangeable for coupon Bonds of the same maturity and interest rate, payable to bearer or registered as to principal only, of any authorized denomination, in an aggregate principal amount equal to the unpaid principal amount of the fully registered Bond or Bonds presented for exchange. Any Bond in coupon form shall be exchangeable for a fully registered Bond without coupons of the same maturity and interest rate, in any authorized denomination, but in a principal amount equal to the unpaid principal amount of the coupon Bond or Bonds presented for exchange. Bonds to be exchanged shall be surrendered at the

principal office of Custodian and Custodian shall authenticate and deliver in exchange therefor the Bond or Bonds which the Bondholder making the exchange shall be entitled to receive. All coupon Bonds delivered in exchange shall have attached all unmatured coupons appertaining thereto and (in case at the time of any such exchange interest on the Bonds is in default) all matured coupons in default. All registered Bonds delivered in exchange shall be so dated that neither gain nor loss in interest shall result from the transfer or exchange.

All fully registered Bonds and all coupon Bonds registered as to principal presented for transfer, exchange, registration, discharge from registration, redemption or payment (if so required by Issuer or Custodian), shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to Issuer and Custodian, duly executed by the registered holder or by his duly authorized attorney.

A service charge not in excess of the Custodian's customary service charge shall be made for any exchange, transfer, registration or discharge from registration of Bonds, and Custodian may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto.

Issuer and Custodian shall not be required (a) to issue, register, transfer or exchange any Bonds during a period beginning at the opening of business on the fifteenth day next preceding either any interest payment date or any date of selection of Bonds to be redeemed and ending at the close of business on the interest payment date or day on which the applicable notice of redemption is given or (b) to register, transfer or exchange any Bonds selected, called or being called for redemption in whole or in part.

New Bonds delivered upon any transfer or exchange shall be valid obligations of Issuer, evidencing the same debt as the Bonds surrendered, shall be secured by this Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

Issuer, Trustee and Custodian may treat the bearer of any Bond if it is not registered, or, if it is registered (except to bearer), the registered owner, as the absolute owner thereof and the bearer of any interest coupon appertaining thereto as the absolute owner thereof for all purposes, whether

or not such Bond or such coupon shall be overdue, and shall not be bound by any notice to the contrary. The person in whose name any registered Bond is registered may be deemed the owner thereof by Issuer, Trustee and Custodian, and any notice to the contrary shall not be binding upon Issuer, Trustee or Custodian.

SECTION 2.09. Destruction of Bonds. Whenever any Outstanding Bond or coupon shall be delivered to Custodian for cancellation pursuant to this Indenture, upon payment of the principal amount or interest represented thereby or for replacement pursuant to Section 2.07 hereof or, if a fully registered Bond, for transfer or exchange pursuant to Section 2.08 hereof, such Bond or coupon shall be cancelled and destroyed by Custodian and counterparts of a certificate of destruction evidencing such destruction shall be furnished by Custodian to Issuer.

### ARTICLE III

#### REDEMPTION OF BONDS BEFORE MATURITY

SECTION 3.01. Redemption Dates and Prices. The Bonds are subject to extraordinary mandatory redemption in whole at any time, or in part on any interest payment date, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, from and to the extent there are:

(1) Prepayments of principal of Mortgage Loans (including prepayments attributable to insurance proceeds relating to, and liquidation of, Mortgage Loans or the proceeds of certain letters of credit) on deposit in the Principal Prepayment Subaccount of the Principal Account;

(2) Excess revenues accumulated in the Accumulation Reserve Subaccount of the General Account, but only if and to the extent that the amount of such accumulation is greater than \$150,000;

(3) Funds in the Acquisition Fund which neither are nor may be used to purchase Mortgage Loans by March 1, 1981, provided, however, in the case of this subsection (3), that (i) if at any time the sum of funds remaining in the Acquisition Fund, plus the aggregate unpaid principal amount of outstanding

Mortgage Loans, plus all amounts on deposit in the Mortgage Reserve Fund, the Capital Reserve Fund, the Accumulation Reserve Subaccount and the Principal Account (including the Principal Prepayment Subaccount) is equal to or greater than the principal amount of the then Outstanding Bonds plus accrued interest thereon to the redemption date, then the funds remaining in the Acquisition Fund will be used to redeem Bonds at par or to purchase Bonds at a price not more than par on the open market, and (ii) alternatively, if the sum of the funds remaining in the Acquisition Fund, plus the aggregate unpaid principal amount of outstanding Mortgage Loans, plus all amounts on deposit set forth above is not equal to or greater than the sum of the principal amount of the then Outstanding Bonds plus accrued interest thereon to the redemption date, then such funds will be invested in Governmental Obligations that will produce a yield (if such a yield can be achieved and will comply with the requirements of Section 103 of the Internal Revenue Code) sufficient to provide moneys to redeem all Bonds at par, if such investments are then available, and if such investments are not then available, such funds will be invested at the highest yield available.

In the event the Bonds are to be redeemed in part, the Bonds shall be selected and redeemed on a reasonably proportionate basis from among all the then existing maturities of the Bonds (excluding from the Bonds maturing on September 1, 2006 an amount equal to \$1,905,000) such basis to be determined and effectuated as nearly as practicable by Custodian by multiplying the total amount of moneys available to redeem Bonds on the date fixed for redemption by the ratio which the principal amount of all Bonds outstanding in each maturity (excluding from the Bonds maturing on September 1, 2006 an amount equal to \$1,905,000 as aforesaid) bears to the principal amount of all Bonds then outstanding (excluding from the Bonds maturing on September 1, 2006, an amount equal to \$1,905,000), provided that Bonds shall be redeemed only in multiples of \$5,000. If funds to be used for redemption are insufficient to redeem Bonds from all then existing maturities, the Custodian shall determine the maturities from which to redeem by lot.

On or after September 1, 1989, if the aggregate unpaid principal amount of Mortgage Loans is less than \$1,000,000, the Lending Institutions may agree with Issuer to purchase the

Mortgage Loans at a price at least equal to their fair market value; and such purchase price shall be sufficient, together with moneys on deposit in the Capital Reserve Fund, Mortgage Reserve Fund, Principal Account (including the Principal Prepayment Subaccount) and Accumulation Reserve Subaccount, to redeem the Bonds in whole at a redemption price equal to the sum of the principal amount thereof plus unpaid accrued interest to the redemption date and to pay all costs and expenses in connection therewith, and in such case, the Bonds shall be redeemed at par at any time from such amounts.

If at any time the sum of moneys in the Capital Reserve Fund, Mortgage Reserve Fund, Principal Account (including the Principal Prepayment Subaccount) and Accumulation Reserve Subaccount equal or exceed the principal amount of the then Outstanding Bonds, plus unpaid accrued interest to the redemption date, the Bonds shall be redeemed from such moneys at any time in whole at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date.

To the extent that moneys available for any such extraordinary mandatory redemption can be legally invested and reinvested in Governmental Obligations or on other securities then permitted by applicable statutes and regulations at a yield in excess of the weighted average interest rate on the then Outstanding Bonds, the Custodian shall retain such moneys and invest such moneys in Governmental Obligations or such other securities which mature before the next scheduled Bond principal payment date.

The Bonds maturing on or after September 1, 1990, are subject to redemption, at the option of Issuer, in whole at any time on or after September 1, 1989 with moneys furnished from the proceeds of any issue of refunding bonds of Issuer at the redemption prices (expressed as percentages of principal amount) set forth in the following table, together with accrued interest to the date fixed for redemption.

<u>Redemption Date</u> <u>(Dates Inclusive)</u>	<u>Redemption</u> <u>Price</u>
September 1, 1989 to August 31, 1990	103 %
September 1, 1990 to August 31, 1991	102 1/2
September 1, 1991 to August 31, 1992	102
September 1, 1992 to August 31, 1993	101 1/2
September 1, 1993 to August 31, 1994	101
September 1, 1994 to August 31, 1995	100 1/2
September 1, 1995 and thereafter prior to maturity	100

In case a Registered Bond is of a denomination larger than \$5,000, a portion of such Registered Bond (\$5,000 or any multiple thereof) may be redeemed, but Bonds shall be redeemed only in the principal amount of \$5,000 each or any integral multiple thereof.

The Bonds maturing September 1, 2006 are also subject to redemption pursuant to the terms of the sinking fund provided in Section 3.02 hereof on September 1, 1997, and on each September 1 thereafter to and including September 1, 2006, at the principal amount plus accrued interest to the redemption date.

SECTION 3.02. Sinking Fund. As and for a sinking fund for the redemption of the Bonds maturing September 1, 2006, Issuer shall deposit or cause to be deposited in the Bond Fund in accordance with the provisions of Section 5.03 hereof on or before September 1, 1997, and on or before each September 1 thereafter to and including September 1, 2006, a sum in immediately available funds which, together with other moneys available therefor in the Bond Fund, is sufficient to redeem (after credit as provided below) the following principal amounts of Bonds maturing September 1, 2006:

<u>September 1</u> <u>of the Year</u>	<u>Principal</u> <u>Amount</u>	<u>September 1</u> <u>of the Year</u>	<u>Principal</u> <u>Amount</u>
1997	\$ 650,000	2002	\$ 890,000
1998	705,000	2003	965,000
1999	760,000	2004	1,040,000
2000	800,000	2005	505,000
2001	825,000	2006	
	(final maturity)		1,905,000

Provided, however, that to the extent that Bonds

maturing on September 1, 2006, have been previously called for redemption in part and otherwise than from the sinking fund, each aforesaid annual sinking fund payment shall be reduced by the amount obtained by multiplying the principal amount of such Bonds so called for redemption by the ratio which each annual sinking fund payment (after reducing the amount of the final maturity by \$1,905,000) bears to the total sinking fund payments plus bonds of the final maturity (after reducing the amount of the final maturity by \$1,905,000) and the Bonds maturing on September 1, 2006, remaining unpaid, and by rounding each sinking fund payment to the nearest \$5,000 multiple.

In case a Bond subject to sinking fund redemption is of a denomination larger than \$5,000, a portion of such Bond (\$5,000 or any multiple thereof) may be redeemed, but Bonds shall be redeemed only in the principal amount of \$5,000 each or any integral multiple thereof. On or before the thirtieth day prior to each such sinking fund payment date, Custodian shall proceed to select for redemption (by lot in such manner as Custodian may determine) from all Outstanding Bonds subject to sinking fund redemption on such date a principal amount of such Bonds, equal to the aggregate principal amount of such Bonds redeemable with the required sinking fund payment, and shall call such Bonds or portions thereof (\$5,000 or any multiple thereof) for redemption from such sinking fund on the next September 1, and give notice of such call.

SECTION 3.03. Notice of Redemption. Notice of the call for any redemption, identifying the Bonds or portions thereof to be redeemed, shall be given by Custodian by publication once in a newspaper or financial journal of general circulation in the City of Chicago, Illinois and a newspaper or financial journal of general circulation in the City of New York, New York; such notice shall be published not more than sixty days and not less than thirty days prior to the redemption date, and in the case of the redemption of Bonds at the time registered as to principal or fully registered, by mailing a copy of the redemption notice by first class mail (postage prepaid) not more than sixty days and not less than thirty days prior to the date fixed for redemption to the owner of each Bond to be redeemed in whole or in part at the address shown on the registration books maintained by Custodian. Failure to give such notice by mailing to any Bondholder, or any defect therein, shall not affect the validity of any proceedings for the redemption of other Bonds.

Any notice mailed as provided in this Section shall

be conclusively presumed to have been duly given, whether or not the owner of such Bond receives the notice.

SECTION 3.04. Redemption Payments. Prior to the date fixed for redemption, funds shall be deposited with Custodian to pay, and Custodian is hereby authorized and directed to apply such funds to the payment of, the Bonds or portions thereof called, together with accrued interest thereon and premium, if any, to the redemption date. Upon the giving of notice and the deposit of funds for redemption, interest on the Bonds or portions thereof thus called shall no longer accrue after the date fixed for redemption. No payment shall be made by Custodian upon any Bond or portion thereof called for redemption until such Bond or portion thereof shall have been delivered for payment or cancellation or Custodian shall have received the items required by Section 2.07 hereof with respect to any mutilated, lost, stolen or destroyed Bond.

SECTION 3.05. Cancellation. All Bonds which have been redeemed, paid or retired, or registered Bonds received by Custodian for exchange shall not be reissued but shall be cancelled and destroyed by Custodian together with all unmatured coupons, if any, appertaining thereto in accordance with Section 2.09 hereof. Any coupon Bond surrendered for exchange shall be held in safekeeping by the Custodian for reissuance and may be reissued in an exchange pursuant to Section 2.09 hereof and any such Bond and coupons appertaining thereto shall, if not so reissued, be cancelled by the Custodian immediately after maturity and certification of such cancellation shall be made by the Custodian to the Issuer.

SECTION 3.06. Partial Redemption of Bonds. Upon surrender of any Bond for redemption in part only, Custodian shall authenticate and deliver to the holder thereof, the costs of which shall be paid from the General Account, a new Bond or Bonds of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond surrendered together with any unmatured coupons appertaining thereto.

## ARTICLE IV

### GENERAL COVENANTS

#### SECTION 4.01. Payment of Principal and Interest.

Issuer covenants that it will promptly pay, or cause the Custodian to pay the principal of and interest on every Bond issued under this Indenture at the place, on the dates and in the manner provided herein and in said Bonds and in the coupons appertaining to the coupon Bonds according to the true intent and meaning thereof, provided that the principal and interest are payable by Issuer solely from Bond proceeds, Commitment Fees, under certain circumstances the proceeds of letters of credit provided by the Lending Institutions, the revenues and other amounts derived from the Mortgage Loans (including earnings thereon and certain insurance with respect thereto) and certain reserve funds established in connection therewith, and nothing in the Bonds or this Indenture should be considered as assigning or pledging any other funds or assets of Issuer other than such revenues and other amounts under the Mortgage Loans and the right, title and interest of Issuer in the Mortgage Loans, certain insurance and the Agreement.

#### SECTION 4.02. Performance of Covenants: Issuer.

Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto. Issuer covenants that it is duly authorized under the Constitution and laws of the State, including particularly the Act, to issue the Bonds authorized hereby and to execute this Indenture, to execute and deliver the Agreement and purchase the Mortgage Loans, to assign the Agreement and the Mortgage Loans and amounts payable thereunder, and to pledge the amounts hereby pledged in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken, and that the Bonds in the hands of the owners thereof and the coupons appertaining to the coupon Bonds in the hands of the holders thereof are and will be valid and enforceable obligations of Issuer according to the terms thereof and hereof.

**SECTION 4.03. Instruments of Further Assurance.**

Issuer agrees that Trustee and Custodian may defend its rights to the payments and other amounts due under the Mortgage Loans, for the benefit of the owners of the Bonds and the coupons appertaining to the coupon Bonds, against the claims and demands of all persons whomsoever. Issuer covenants that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as Custodian may reasonably require for the better assuring, transferring, pledging, assigning and confirming unto Custodian and Trustee all and singular the rights assigned hereby and the amounts pledged hereby to the payment of the principal of and interest on the Bonds. Issuer covenants and agrees that, except as herein and in the Agreement provided, it will not sell, convey, assign, pledge, encumber or otherwise dispose of any part of the revenues and receipts payable under the Mortgage Loans or the Agreement or its rights thereunder.

**SECTION 4.04. Recording and Filing.** Custodian will cause all financing statements related to this Indenture and all supplements hereto, and the Agreement and all supplements thereto, and such other documents as may be, in the opinion of counsel acceptable to Custodian, necessary to be kept and filed in such manner and in such places as may be required by law in order to preserve and protect fully the security of the holders and owners of the Bonds and the coupons appertaining to the coupon Bonds and the rights of Trustee hereunder.

**SECTION 4.05. Rights Under Agreement.** The Agreement, a duly executed counterpart of which has been filed with Trustee and Custodian, sets forth the covenants and obligations of Issuer and the Lending Institutions, including provisions that, subsequent to the issuance of the Bonds and prior to their payment in full or provision for payment thereof in accordance with the provisions hereof, the Agreement (except as expressly provided therein) may not be effectively amended, changed, modified, altered or terminated without the concurring written consent of Trustee and Custodian, as provided in Article XII hereof, and reference is hereby made to the Agreement for a detailed statement of said covenants and obligations of the Lending Institutions thereunder, and Issuer agrees that Trustee in its name or to the extent required by law, in the name of Issuer, and Custodian on behalf of Trustee as Trustee in its own name or the name of Trustee, or to the extent required by law in the name of Issuer, may enforce all rights of Issuer and all obligations of the Lending Institutions under and

pursuant to the Agreement for and on behalf of the Bondholders whether or not Issuer is in default hereunder.

SECTION 4.06. Possession and Inspection of Mortgage Notes. Custodian or its designated depository agent shall retain possession of the Mortgage Notes on behalf of Trustee and release the Mortgage Notes only in accordance with the provisions of this Indenture and the Agreement. Issuer and Custodian covenant and agree that all books and documents in their possession relating to the Mortgage Loan receipts and to the distribution of proceeds thereof shall at all times be open to inspection by such accountants or other agencies as the other party may from time to time designate.

SECTION 4.07. List of Bondholders. To the extent that such information shall be made known to Issuer under the terms of this Section 4.07, it will keep on file at the principal office of Custodian a list of names and addresses of the last known holders of all Bonds payable to bearer and believed to be held by each of such last known holders. To said list Custodian shall add the names and addresses of the holders of all Bonds which may from time to time be registered as to principal or fully registered on the registration books of Issuer maintained by Custodian as Bond Registrar. Whenever any coupon Bond registered as to principal shall become registered to bearer, Custodian may but need not remove the name of the previous registered owner from said list. Any Bondholder may request that his name and address be placed on said list by filing a written request with Custodian, which request shall include a statement of the principal amount of Bonds held by such holder and the numbers of such Bonds. Custodian and Issuer shall be under no responsibility with regard to the accuracy of said list.

## ARTICLE V

### REVENUES AND FUNDS

SECTION 5.01. Source of Payment of Bonds. The Bonds herein authorized and all payments by Issuer hereunder are not general obligations of Issuer but are limited obligations payable solely from Bond proceeds, Commitment Fees, under certain circumstances the proceeds of letters of credit provided by the Lending Institutions, revenues and receipts derived from the Mortgage Loans (including earnings thereon and certain insurance proceeds with respect thereto) and certain reserve funds established in connection therewith and as authorized

by the Constitution and laws of the State and the Act, and provided herein.

SECTION 5.02. Creation of Funds and Accounts. There is hereby created by Issuer and ordered established the following funds and accounts to be held by Custodian: (1) the Bond Fund; (2) the Mortgage Reserve Fund; (3) the Capital Reserve Fund; (4) the Acquisition Fund; (5) the Cost of Issuance Account; (6) the Principal Account (and therein the Principal Prepayment Subaccount); and (7) the General Account (and therein the Accumulation Reserve Subaccount).

SECTION 5.03. Use of Moneys in the Bond Fund. Moneys in the Bond Fund shall be used solely for the payment of the principal of and interest on the Bonds. Issuer hereby covenants and agrees that so long as any of the Bonds issued hereunder are outstanding it will deposit, or cause to be paid to Custodian for deposit in the Bond Fund for its account, sufficient sums from revenues and receipts derived from the Mortgage Loans, promptly to meet and pay the principal of and interest on the Bonds as the same become due and payable. Nothing herein shall be construed as requiring Issuer to use for such purpose any funds or revenues from any source other than funds and revenues derived from the Mortgage Loans and under the Agreement.

SECTION 5.04. Use of Moneys in the Mortgage Reserve Fund. Moneys in the Mortgage Reserve Fund shall be used (i) to pay the principal of and interest on the Bonds, but only when and to the extent that other moneys are not available therefor pursuant to this Indenture or the Agreement (including Voluntary Advances), provided that moneys in the Mortgage Reserve Fund may be used to redeem all the Outstanding Bonds pursuant to Section 3.01 of this Indenture and (ii) to make up any deficiencies in the Principal Account or in the General Account. Moneys in the Mortgage Reserve Fund shall be used to pay principal and interest on the Bonds before moneys in the Capital Reserve Fund. As of the day preceding each Bond principal payment date, any moneys in the Mortgage Reserve Fund in excess of the Mortgage Reserve Fund Requirement shall be transferred to the General Account. Any earnings on moneys deposited in the Mortgage Reserve Fund will be transferred periodically to the General Account.

SECTION 5.05. Use of Moneys in the Capital Reserve Fund. Moneys in the Capital Reserve Fund shall be used solely for the payment of the principal of and interest on the Bonds, but only when and to the extent that other moneys are not available therefor pursuant to this Indenture or the Agreement (including withdrawals from the Mortgage Reserve Fund or Voluntary Advances) or from other sources, provided that moneys in the Capital Reserve Fund may be used to redeem all the Outstanding Bonds pursuant to Section 3.01 of this Indenture. Moneys in the Capital Reserve Fund shall be used to pay principal and interest on the Bonds only after the Mortgage Reserve Fund is exhausted.

SECTION 5.06. Use of Moneys in the Acquisition Fund. Moneys in the Acquisition Fund shall be used to purchase Mortgage Loans upon the submission of the documents by the Lending Institutions as required by, and upon the terms and conditions specified in, the Agreement. If on March 1, 1981 there remain in the Acquisition Fund moneys which have not been used, or committed for use, to purchase Mortgage Loans, the Custodian shall review the investments held hereunder, including the Mortgage Loans and the investments in the Capital Reserve Fund, the Mortgage Reserve Fund and the General Account, including the Accumulation Reserve Subaccount, to determine whether sufficient moneys will be realized from such investments, together with the moneys in the Acquisition Fund, to pay in full the principal of and interest on the Bonds. For that purpose the Custodian shall determine whether to apply the remaining funds in the Acquisition Fund to redeem Bonds on September 1, 1981 or to retain such remaining moneys in the Acquisition Fund invested in Governmental Obligations that will be held for the purpose of paying the principal of and interest on the Bonds. If, at any time prior to March 1, 1981, the yield on United States Treasury Bonds outstanding on the date of issuance of the Bonds and maturing during the calendar year 1993 falls to within one-half of one percent above the interest rate on the Bonds maturing September 1, 2006 ("yield" as presently determined in accordance with Section 103 of the Code), the Custodian shall make a similar analysis of the investments held hereunder for the purpose of determining whether to continue to make available for the purchase of additional Mortgage Loans any moneys remaining in the Acquisition Fund that have not been used, or committed for use, to purchase Mortgage Loans or to retain such remaining moneys in the Acquisition Fund invested in Governmental Obligations that will be held for the purpose of paying the principal of and interest on the Bonds. The Custodian is authorized to engage a firm of independent public

accountants or other advisor in making either analysis described in this paragraph and will be entitled to rely on the advice rendered by any such accountants or advisor. In the event that the Custodian determines to retain the moneys remaining in the Acquisition Fund invested in Governmental Obligations, the Custodian shall cause a firm of independent public accountants or other advisor to supply the Custodian with (i) a schedule of investments in an amount of Governmental Obligations approximately equal to the uncommitted moneys then on deposit in the Acquisition Fund (including principal amounts, interest rates, prices of securities and maturity dates), (ii) a schedule of redemption dates and the amount of Bonds to be redeemed on each such redemption date from such investments and (iii) a schedule showing the then projected cash flow from the Mortgage Loans and the investment of moneys in the Capital Reserve Fund, Mortgage Reserve Fund, Principal Account (including the Principal Prepayment Subaccount), the General Account, including the Accumulation Reserve Subaccount and Acquisition Fund. Based on such schedules, the Custodian shall determine the dates and amounts of Bonds which are necessary to be redeemed in order to assure that the then projected cash flow will be sufficient to permit the payment of all Bonds, whether upon maturity or by redemption. The Custodian shall invest such moneys and shall call such Bonds pursuant hereto in accordance with the information furnished by such firm of independent public accountants or other advisor and the Custodian shall be entitled to rely on the accuracy of such information. Moneys held in the Acquisition Fund and invested as provided herein (i) shall be transferred to the Bond Fund and applied to the payment of principal of and interest on the Bonds, but only when and to the extent that other moneys are not available therefor in the General Account or the Mortgage Reserve Fund or (ii) shall be applied to redeem Bonds as herein provided.

SECTION 5.07. Use of Moneys in the Cost of Issuance Account. Moneys in the Cost of Issuance Account shall be used to pay the costs of issuing the Bonds, including all printing expenses in connection with the Indenture, Agreement, Official Statement and the Bonds, initial premiums with respect to insurance required by the Agreement, all legal fees and expenses of counsel to Issuer, Bond Counsel, counsel to the purchaser or purchasers of the Bonds, special tax and other special counsel and any accounting expenses incurred in connection with determining that the Bonds are not arbitrage bonds or incurred by the Lending Institutions in connection with its obligations under the Agreement and Trustee's and Custodian's initial fees, upon the submission of requisitions by Issuer (through its Chief

Administrative Officer) stating that the amount thereon is justly due and owing, has not been the subject of another requisition which was paid and is a proper expense of issuing the Bonds. Any funds remaining in the Cost of Issuance Account six months after the date hereof shall be transferred to the Acquisition Fund.

**SECTION 5.08. Use of Moneys in the Principal Account.**

Upon receipt of moneys from the Lending Institutions pursuant to the Agreement, Custodian shall deposit all amounts representing payments of scheduled principal payments on the Mortgage Loans in the Principal Account and representing Principal Prepayments in the Principal Prepayment Subaccount. Moneys in the Principal Account representing Mortgage Loan principal payments shall be transferred to the Bond Fund on the day preceding each Bond principal payment date in such amount as is necessary to pay maturing principal on the Bonds and shall be used first to pay maturing principal on the Bonds and thereafter to pay interest on the Bonds. If moneys in the Principal Prepayment Subaccount cannot be invested at a yield in excess of the weighted average interest rate on the then Outstanding Bonds, such moneys shall be transferred to the Bond Fund on the day preceding each Bond redemption date in such amount as is necessary to redeem a like principal amount of Bonds previously called for redemption and shall be used to redeem such Bonds.

**SECTION 5.09. Use of Moneys in the General Account.**

Upon receipt of moneys from the Lending Institutions pursuant to the Agreement, Custodian shall deposit in the General Account all moneys remaining after the deposit required by Section 5.08 hereof.

Moneys in the General Account shall be used for the following payments on the following dates and in the following order of priority:

(i) At such times as shall be necessary, to pay the premiums on the insurance described in Sections 5.07 and 5.08 of the Agreement;

(ii) On the day preceding a Bond principal payment date, there shall be transferred to the Bond Fund any amount necessary to pay the Bond principal maturing on such date to the extent not available from amounts in the Principal Account representing payments of scheduled principal payments on Mortgage

Loans;

(iii) On the day preceding a Bond interest payment date, there shall be transferred to the Bond Fund an amount sufficient to pay interest becoming due on the Bonds on such date;

(iv) Except as provided in Sections 9.02 and 10.03 hereof, at such times as shall be necessary, to pay the annual fees of Custodian and Trustee or, upon the submission of appropriate requisitions, for expenses incurred in connection with any report requested and made pursuant to Section 5.17 of the Agreement;

(v) On the day preceding a Bond interest payment date, to reimburse the Capital Reserve Fund or the Mortgage Reserve Fund in amounts sufficient to maintain the Capital Reserve Fund Requirement and Mortgage Reserve Fund Requirement, respectively;

(vi) Upon receipt of requisitions pursuant to the Agreement, to reimburse the Lending Institutions for Voluntary Advances or for any other reimbursement or indemnity pursuant to Section 5.04 or 7.03 of the Agreement.

All amounts remaining in the General Account after disbursements on the day after each Bond interest payment date shall be deposited in the Accumulation Reserve Subaccount. Amounts in the Accumulation Reserve Subaccount may be used at any time to make up any deficiencies in the General Account for payments required to be made therefrom.

Deposits from the General Account will be accumulated in the Accumulation Reserve Subaccount until they reach the sum of \$150,000. Thereafter, any amounts in excess of \$150,000 subject to investment as provided in Section 3.01 hereof, shall be used either to purchase Bonds at a price not in excess of par or to redeem Bonds in part, or may be invested until the next redemption date, at which time such excess shall be applied to the redemption of Bonds. When the principal of and interest on all Bonds has been fully paid or provision for such payment is provided for, such moneys remaining with the Custodian and not required to pay costs related to the Bonds will be transferred to the Issuer to be used for housing purposes as determined by the Issuer.

SECTION 5.10. Application of Bond Proceeds. The Bond proceeds shall be deposited in the various funds and accounts as specified in the Agreement.

SECTION 5.11. Non-presentation of Bonds or Coupons. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity, or at the date fixed for redemption thereof, or otherwise, or in the event any coupon shall not be presented for payment at the due date thereof, if funds sufficient to pay such Bond or coupon shall have been made available to Custodian for the benefit of the owner thereof, all liability of Issuer to the owner or holder thereof for the payment of such Bond or coupon, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of Custodian to hold such funds, without liability for interest thereon, for the benefit of the owner or holder of such Bond or coupon, who shall thereafter be restricted exclusively to such funds, for any claim of whatever nature on his part under this Indenture or on, or with respect to, said Bond or coupon.

SECTION 5.12. Moneys to be Held in Trust. All moneys deposited with or paid to Custodian for account of any Fund or Account established under any provision of this Indenture or the Agreement shall be held by Custodian in trust, and except for moneys deposited with or paid to Custodian, for the redemption of Bonds, notice of the redemption of which has been duly given, shall, while held by Custodian, constitute part of the Trust estate and be subject to the security interest created hereby.

SECTION 5.13. Amounts Remaining in Funds and Accounts. Any amounts remaining in any Fund or Account after full payment of the Bonds, the fees, charges and expenses of Trustee, Custodian, the Lending Institutions and any paying agent, and all other amounts required to be paid hereunder and under the Agreement, shall be paid to Issuer to be used for housing purposes as determined by the Issuer

SECTION 5.14. Reports from Custodian. Custodian shall furnish to Issuer, Trustee, the Representative Underwriter and the Lending Institutions (a) monthly statements of the activity and assets held in the General Account and, as long as it exists, the Acquisition Fund, and (b) semiannually following each interest payment date with respect to the Bonds, statements of the activity and assets held in the Principal

Account, Capital Reserve Fund, Mortgage Reserve Fund and Bond Fund.

## ARTICLE VI

### INVESTMENT OF MONEYS

Any moneys held as part of any Fund or Account shall be invested or reinvested, unless otherwise directed by the Issuer, in Governmental Obligations or (except with respect to the Bond Fund, Principal Account or Capital Reserve Fund) in certificates of deposit of any federally insured bank or savings and loan association (other than any Lending Institution) with capital and undivided surplus or reserves of more than \$50,000,000, and repurchase agreements with such a bank secured by Governmental Obligations, at the request of and as directed by the Issuer, and subject to any applicable laws relating to the investment of public funds. Investments shall be made under prudent investment standards reasonably expected to produce the greatest investment yield permitted by applicable Federal and State law. All such investments shall at all times be a part of the fund or account from whence the moneys used to acquire such investments shall have come, and all income and profits on such investments shall be credited to the General Account. Custodian may make any and all such investments through its bond department, unless otherwise directed by Issuer. Custodian shall sell and reduce to cash a sufficient amount of such investments in the respective fund or account whenever the cash balance therein is insufficient to pay the amounts contemplated to be paid therefrom.

In computing the amount in any fund or account held under the provisions of this Indenture, excepting the Capital Reserve Fund, obligations purchased as an investment of moneys therein shall be valued at the cost or market price thereof, whichever is lower, exclusive of accrued interest, except that securities covered by repurchase agreements shall be valued at market price. Where market prices for obligations held hereunder are not readily available, the market price for such obligations may be determined in such manner as Custodian deems reasonable. In computing the amount of the Capital Reserve Fund, obligations purchased as an investment of moneys therein shall be valued at par or at their cost if purchased at less than par.

Issuer and Custodian covenant and certify to each other and to and for the benefit of the holders of the Bonds

from time to time outstanding that no use will be made of the proceeds from the issue and sale of the Bonds which, if such use had been reasonably expected on the date of issue of the Bonds, would have caused the Bonds to be classified as arbitrage bonds within the meaning of Section 103(c)(2) of the Code. Pursuant to such covenant, Issuer and Custodian each obligates itself throughout the term of the Bonds not to knowingly violate the requirements of Section 103(c) of the Code.

As used in this Article, all words and terms shall have the same meanings as such words are given for the purposes of such Section 103(c) and the applicable regulations promulgated by the Department of the Treasury thereunder.

## ARTICLE VII

### DISCHARGE OF INDENTURE

If Issuer shall pay or cause to be paid, or there shall be otherwise paid or provision for payment made, to or for the holders and owners of the Bonds and coupons appertaining thereto the principal of and interest due or to become due thereon at the times and in the manner stipulated therein, and shall pay or cause to be paid to Custodian all sums of money due or to become due according to the provisions hereof, then these presents and the estate and rights hereby granted shall cease, determine and be void, whereupon Custodian on behalf of Trustee and in the name of Trustee shall cancel and discharge the lien of this Indenture, and execute and deliver to Issuer such instruments in writing as shall be requisite to cancel and discharge the lien hereof, and release, assign and deliver unto Issuer any and all the estate, right, title and interest in and to any and all rights assigned or pledged to Trustee, held by Custodian, or otherwise subject to the lien of this Indenture, except moneys or securities held by Custodian for the payment of the principal of and interest on the Bonds.

Any Bond shall be deemed to be paid within the meaning of this Article when payment of the principal of such Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided in this Indenture, or otherwise), either (a) shall have been made or caused to have been made in accordance with the terms thereof, or (b) shall have been provided by irrevocably depositing with Custodian, in trust and irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment or (2) Governmental Obligations, maturing as to

principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of Custodian and Trustee pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of it. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits of this Indenture, except for the purposes of any such payment from such moneys or Governmental Obligations.

Notwithstanding the foregoing, in the case of Bonds which by their terms may be redeemed prior to their stated maturity, no deposit under the immediately preceding paragraph shall be deemed a payment of such Bonds and coupons appertaining thereto as aforesaid until Issuer shall have given Custodian, in form satisfactory to Trustee, irrevocable instructions:

(i) stating the date when the principal of each such Bond is to be paid, whether at maturity or on a redemption date (which shall be any redemption date permitted by this Indenture);

(ii) to instruct Custodian to call for redemption pursuant to the Indenture any Bonds to be redeemed prior to maturity pursuant to (i) hereof; and

(iii) to instruct Custodian to publish and mail, as soon as practicable, in the manner prescribed by Article III hereof, a notice to the holders of such Bonds that the deposit required by (b) above has been made with Custodian and that said Bonds and coupons are deemed to have been paid in accordance with this Article and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, on said Bonds as specified in (i) hereof.

Any moneys so deposited with Custodian as provided in this Article may at the direction of Issuer also be invested and reinvested in Governmental Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Governmental Obligations in the hands of Custodian pursuant to this Article which is not required for the payment of the Bonds and interest thereon with respect to which such moneys shall have been so deposited, shall be deposited in the Bond Fund as and when realized and collected for use and

application as are other moneys deposited in that fund.

No such deposit under this Article shall be made or accepted hereunder and no use made of any such deposit unless Custodian shall have received an opinion of counsel of recognized standing on the subjects of municipal laws and federal arbitrage regulations to the effect that such deposit and use would not cause the Bonds to be treated as arbitrage bonds within the meaning of Section 103(c)(2) of the Code.

Notwithstanding any provision of any other Article of this Indenture which may be contrary to the provisions of this Article, all moneys or Governmental Obligations set aside and held in trust pursuant to the provisions of this Article for the payment of Bonds (including interest thereon) and coupons shall be applied to and used solely for the payment of the particular Bonds (including interest thereon) with respect to which such moneys or Governmental Obligations have been so set aside in trust.

Anything in Article XI hereof to the contrary notwithstanding, if moneys or Governmental Obligations have been deposited or set aside with Custodian pursuant to this Article for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment to the provisions of this Article shall be made without the consent of the holder of each Bond affected thereby.

#### ARTICLE VIII

##### DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

SECTION 8.01. Defaults: Events of Default. If any of the following events occur, subject to the provisions of Section 8.10 hereof, it is hereby defined as and declared to be and to constitute an "event of default":

(a) Default in the due and punctual payment of any interest on any Bond;

(b) Default in the due and punctual payment of the principal of any Bond, whether at the stated maturity thereof or when called for redemption; or

(c) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of Issuer contained in this Indenture or in the Bonds and failure to remedy the same after notice thereof pursuant to Section 8.10 hereof.

SECTION 8.02. Remedies: Rights of Bondholders. Upon the occurrence of an event of default Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal and interest on the Bonds then Outstanding, including enforcement of any rights of Issuer under the Agreement.

If an event of default shall have occurred, and if requested so to do by the holders of not less than 25% in aggregate principal amount of Bonds then Outstanding and indemnified as provided in Section 9.01(1) hereof, Trustee shall be obligated to exercise one or more of the rights and powers conferred by this Section, as Trustee, being advised by counsel, shall deem most expedient in the interests of the Bondholders.

No remedy by the terms of this Indenture conferred upon or reserved to Trustee (or to the Bondholders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to Trustee or to the Bondholders hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default or event of default shall impair any such right or power or shall be construed to be a waiver of any such default or event of default or acquiescence therein; and every such right and power may be exercised from time to time as often as may be deemed expedient.

No waiver of any default or event of default hereunder, whether by Trustee or by the Bondholders, shall extend to or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereon.

SECTION 8.03. Right of Bondholders to Direct Proceedings. Anything in this Indenture to the contrary notwithstanding, the holders of a majority in aggregate principal amount of Bonds then outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the

enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

SECTION 8.04. Appointment of Receivers. Upon the occurrence of an event of default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of Trustee and of the Bondholders under this Indenture, Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the trust estate and of the revenues, issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

SECTION 8.05. Application of Moneys. All moneys received by Trustee or Custodian pursuant to any right given or action taken under the provisions of this Article or by virtue of action taken under provisions of the Agreement shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by Trustee or Custodian, be deposited in the Bond Fund and all moneys in the Bond Fund (other than moneys held for redemption of Bonds duly called for redemption) shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become due and payable, all such moneys shall be applied:

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

SECOND--To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions

of this Indenture), in the order of their due dates, with interest on such Bonds from the respective dates upon which they became due at the rate borne by the Bonds and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege; and

THIRD--To be held for the payment to the persons entitled thereto as the same shall become due of the principal of and interest on the Bonds which may thereafter become due either at maturity or upon call for redemption prior to maturity and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with interest then due and owing thereon, payment shall be made ratably according to the amount of principal due on such date to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever Custodian or Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such

application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. Custodian shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the holder of any Bond or coupon until such Bond or coupon shall be presented to Custodian for appropriate endorsement or for cancellation if fully paid.

Whenever all principal of and interest on all Bonds have been paid under the provisions of this Section and all expenses and charges of Trustee, Custodian and any paying agent have been paid, any balance remaining in the Bond Fund shall be paid to Issuer as provided in Article V hereof.

SECTION 8.06. Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) under this Indenture or under any of the Bonds or coupons may be enforced by Trustee without the possession of any of the Bonds or coupons or the production thereof in any trial or other proceeding related thereto and any such suit or proceeding instituted by Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any holders of the Bonds, and any recovery of judgment shall be for the equal and ratable benefit of the holders of the outstanding Bonds and coupons.

SECTION 8.07. Rights and Remedies of Bondholders. No holder of any Bond or coupon shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless (1) a default has occurred of which Trustee has been notified as provided in Section 9.01(h) hereof, or of which by said subsection it is deemed to have notice, (2) such default shall have become an event of default and the owners of not less than 25% in aggregate principal amount of Bonds then outstanding shall have made written notice to Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in their own name or names, (3) they have offered to Trustee indemnity as provided in Section 9.01(1) hereof, and (4) Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are hereby declared in every case at the option of Trustee to be conditions precedent

to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more owners or holders of the Bonds or coupons shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by its, his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal and ratable benefit of the owners of all Bonds then outstanding. However, nothing contained in this Indenture shall affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on any Bond at and after the maturity thereof, or the obligation of Issuer to pay the principal of and interest on each of the Bonds issued hereunder to the respective holders thereof at the time, place, from the limited source hereinbefore specified and in the manner in the Bonds expressed.

SECTION 8.08. Termination of Proceedings. In case Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case Issuer, Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, with regard to the property herein subject to this Indenture, and all rights, remedies and powers of Trustee shall continue as if no such proceedings had been taken.

SECTION 8.09. Waivers of Events of Default. Trustee may at its discretion waive any event of default hereunder and its consequences and rescind any declaration of maturity of principal, and shall do so upon the written request of the holders of (1) more than two-thirds (66 2/3%) in aggregate principal amount of all the Bonds then outstanding in respect of which default in the payment of principal or interest, or both, exists, or (2) more than 50% in aggregate principal amount of all Bonds then outstanding in the case of any other default; provided, however, that there shall not be waived (a) any event of default in the payment of the principal of any outstanding Bonds at the date of maturity specified therein or (b) any default in the payment when due of the interest on any such Bonds unless prior to such waiver or rescission, all arrears of interest or all arrears of payments of principal when due, as the case may be, with interest on overdue principal at the

rate borne by the Bonds, and all expenses of Trustee and Custodian, in connection with such default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceedings taken by Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case Issuer, Trustee, Custodian, and the Bondholders shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

SECTION 8.10. Notice of Defaults under Section 8.01(c): Opportunity of Issuer and Lending Institutions to Cure Such Defaults. Anything herein to the contrary notwithstanding, no default under Section 8.01(c) hereof shall constitute an event of default until actual notice of such default by first class mail (postage prepaid) shall be given to Issuer (with a copy to each of the Lending Institutions) by Trustee, Custodian or by the owners of not less than 25% in aggregate principal amount of all Bonds outstanding and Issuer shall have had sixty days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period; provided, however, if said default be such that it cannot be corrected within the applicable period, it shall not constitute an event of default if corrective action is instituted by Issuer or the Lending Institutions within the applicable period and diligently pursued until the default is corrected.

With regard to any alleged default concerning which notice is given to Issuer, Custodian and the Lending Institutions under the provisions of this Section, Issuer hereby grants the Custodian and the Lending Institutions full authority for the account of Issuer to perform any covenant or obligation alleged in said notice to constitute a default, in the name and stead of Issuer with full power to do any and all things and acts to the same extent that Issuer could do and perform any such things and acts and with power of substitution.

## ARTICLE IX

### TRUSTEE

SECTION 9.01. Acceptance of the Trusts. Trustee hereby accepts the trust imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) Trustee, prior to the occurrence of an event of default and after the curing of all events of default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an event of default has occurred (which has not been cured or waived), Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified above, and shall be entitled to advice of counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. Trustee may act upon the opinion or advice of any attorneys (who may be the attorney or attorneys for Issuer, Custodian or the Lending Institutions), approved by Trustee in the exercise of reasonable care. Trustee shall not be responsible for any loss or damage resulting from any action or nonaction in good faith in reliance upon such opinion or advice.

(c) Trustee shall not be responsible for any recital herein, or in the Bonds, or for the recording or re-recording, filing or re-filing of this Indenture, or any other instrument required by this Indenture to secure the Bonds, or for the validity of the execution by Issuer of this Indenture or of any supplements thereto or instruments of further

assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby. Trustee shall have no obligation to perform any of the duties of Issuer under the Agreement except those expressly set forth therein.

(d) Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder. Trustee may become the owner of Bonds and coupons secured hereby with the same rights which it would have if not Trustee.

(e) Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Trustee shall not withhold unreasonably its consent, approval or action to any reasonable request of Issuer, Custodian or the Lending Institutions. Any action taken by Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, Trustee shall be entitled to rely upon a certificate signed by an authorized officer of Issuer or the Lending Institutions as sufficient evidence of the facts therein contained and prior to the occurrence of a default of which Trustee has been notified as provided in subsection (h) of this Section, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may, at its discretion, secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. Trustee may accept a certificate of the Mayor of Issuer or the City Clerk under its seal to the effect that a resolution in the form therein set forth has been adopted by Issuer as

conclusive evidence that such resolution has been duly adopted, and is in full force and effect.

(g) The permissive right of Trustee to do things enumerated in this Indenture shall not be construed as a duty. The Trustee shall not be answerable for other than its negligence or willful misconduct.

(h) Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure by Issuer to cause to be made any of the payments to Trustee required to be made by Article IV hereof or the failure of Issuer or the Lending Institutions to file with Trustee any document required by this Indenture or the Agreement to be so filed subsequent to the issuance of the Bonds, unless Trustee shall be specifically notified in writing by certified or registered mail of such default by Issuer or by the owners of at least 25% in aggregate principal amount of Bonds then outstanding and all notices or other instruments required by this Indenture to be delivered to Trustee, must, in order to be effective, be delivered at the principal office of Trustee, and in the absence of such notice so delivered, Trustee may conclusively assume there is no default except as aforesaid.

(i) At any and all reasonable times Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect any and all of the property herein conveyed, including all books, papers and records of Issuer pertaining to the revenues and receipts under the Mortgage Loans and the Agreement and the Bonds, and to take such memoranda from and in regard thereto as may be desired.

(j) Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(k) Notwithstanding anything elsewhere in this Indenture contained, Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, or any action whatsoever within the purview

of this Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action by Trustee deemed desirable for the purpose of establishing the right of Issuer to the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by Trustee.

(l) Before taking the action referred to in Section 8.02 or 8.07 hereof, Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful default by reason of any action so taken.

(m) All moneys received by Trustee or any paying agent shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law. Neither Trustee nor any paying agent shall be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

SECTION 9.02. Fees, Charges and Expenses of Trustee and Paying Agents. Trustee and any paying agent shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by Trustee and any paying agent in connection with such services solely from moneys available therefor in Section 5.09 hereof. Upon an event of default, but only upon an event of default, Trustee and each paying agent shall have a first lien with right of payment prior to payment on account of principal of and interest on any Bond upon the trust estate for the foregoing fees, charges and expenses incurred by it, respectively.

SECTION 9.03. Notice to Bondholders if Default Occurs. If a default occurs of which Trustee is by Section 9.01(h) hereof required to take notice or if notice of default be given as in Section 9.01(h) hereof provided, then Trustee shall promptly give written notice thereof by registered or certified mail to the last known owners of all Bonds then outstanding, shown by the list of Bondholders required by Section 4.07 hereof to

be kept at the office of Custodian and to the Issuer.

SECTION 9.04. Intervention by Trustee. In any judicial proceeding concerning the issuance or the payment of the Bonds to which Issuer is a party and which in the opinion of Trustee and its counsel has a substantial bearing on the interests of owners of the Bonds, Trustee may intervene on behalf of Bondholders and shall do so if requested in writing by the owners of at least 25% of the aggregate principal amount of Bonds then outstanding.

SECTION 9.05. Successor Trustee. Any corporation or association into which Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall have all powers and lawful authority and legal capacity of the Trustee, and ipso facto shall be and become successor Trustee hereunder and vested with all of the title to the Trust estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

SECTION 9.06. Resignation by Trustee. Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving thirty days' written notice by registered or certified mail to Issuer, the Lending Institutions and Custodian and by first class mail (postage prepaid) to the owners of each Bond, and by publication in the same manner as provided by Section 11.02 hereof with respect to supplemental indentures and such resignation shall take effect upon the appointment of a successor Trustee by the Bondholders or by Issuer.

SECTION 9.07. Removal of Trustee. Trustee may be removed at any time, by an instrument or concurrent instruments in writing delivered to Trustee, to Custodian, to Issuer and to the Lending Institutions, and signed by the owners of a majority in aggregate principal amount of Bonds then outstanding.

SECTION 9.08. Appointment of Successor Trustee by the Bondholders: Temporary Trustee. In case Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the owners of a majority in aggregate principal amount of Bonds then outstanding, by an instrument or concurrent instruments in writing signed by such owners, or by their attorneys in fact, duly authorized and a copy of which shall be delivered personally or sent by registered mail to Issuer, Custodian and the Lending Institutions. Nevertheless, in case of such vacancy, Issuer by resolution and upon written notice to the Lending Institutions and to Custodian may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondholders in the manner above provided; and any such temporary Trustee so appointed by Issuer shall immediately and without further act be superseded by Trustee so appointed by such Bondholders. Notice of the appointment of a successor Trustee shall be given in the same manner as provided by Section 9.06 hereof with respect to the resignation of a Trustee. Every such Trustee appointed pursuant to the provisions of this Section shall be a trust company or bank in good standing having a reported capital and surplus of not less than \$10,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

SECTION 9.09. Concerning Any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its or his predecessor and also to Issuer, Custodian and the Lending Institutions an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the written request of Issuer, or of its successor, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its or his successor. Should any instrument in writing from Issuer be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the

predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by Issuer. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article shall be filed or recorded by the successor Trustee in each recording office where this Indenture shall have been filed or recorded.

SECTION 9.10. Designation and Succession of Paying Agents. Custodian is hereby appointed as paying agent hereunder. Any bank or trust company with or into which any paying agent may be merged or consolidated, or to which the assets and business of such paying agent may be sold, shall be deemed the successor of such paying agent for the purposes of this Indenture. If the position of paying agent shall become vacant for any reason, Issuer shall, within thirty days thereafter, appoint a bank or trust company located in the same city as such paying agent to fill such vacancy; provided, however, that if Issuer shall fail to appoint such paying agent within said period, Trustee shall make such appointment. Other paying agents or fiscal agents may be appointed pursuant to Article XI hereof by Issuer if in its discretion additional paying agents or fiscal agents are deemed advisable.

The paying agents shall enjoy the same protective provisions in the performance of their duties hereunder as are specified in Section 9.01 hereof with respect to Trustee insofar as such provisions may be applicable.

Notice of the appointment of additional paying agents or fiscal agents shall be given in the same manner as provided by Section 9.08 hereof with respect to the appointment of a successor Trustee.

SECTION 9.11. Appointment of Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture, the Agreement, the Mortgage Loans and in particular, in case of the enforcement thereof on default, or in case Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to Trustee or hold title to the properties, in trust, as herein granted,

or take any other action which may be desirable or necessary in connection therewith, it may be necessary that Trustee appoint an additional individual or institution as a separate or Co-Trustee. The following provisions of this Section are adopted to these ends.

In the event that Trustee appoints an additional individual or institution as a separate or Co-Trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to Trustee with respect thereto shall be exercisable by and vest in such separate or Co-Trustee but only to the extent necessary to enable such separate or Co-Trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or Co-Trustee shall run to and be enforceable by either of them.

Should any instrument in writing from Issuer be required by the separate or Co-Trustee so appointed by Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by Issuer. In case any separate or Co-Trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate or Co-Trustee, so far as permitted by law, shall vest in and be exercised by Trustee until the appointment of a new Trustee or successor to such separate or Co-Trustee.

## ARTICLE X

### CONCERNING THE CUSTODIAN

SECTION 10.01. Custodian a Bailee of Trustee:  
Custodian Not Liable. With respect to each Mortgage Note, Mortgage and other documents constituting part I of each Mortgage File which is delivered to Custodian, Custodian is exclusively the bailee and agent of Trustee, holds such documents for the benefit of the Bondholders and undertakes to perform such duties and only such duties as are specifically set forth in the Agreement and herein. Except upon compliance with the provisions of Section 5.14 of the Agreement, no Mortgage Note, Mortgage or other document constituting a part of a Mortgage File shall

be delivered by Custodian to the Lending Institutions or otherwise released from the possession of Custodian. Subject to the foregoing, Custodian shall not be personally liable for any action taken, suffered or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon Custodian by this Indenture; provided, however, that the provisions of this Section 10.01 shall not be construed to relieve Custodian from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct or any breach by Custodian of any of its obligations hereunder. The representations and warranties contained in the Agreement and herein shall be taken as those of Issuer and the Lending Institutions and Trustee, as the case may be, and Custodian assumes no responsibility for the correctness of the same. Custodian makes no representations as to the validity or sufficiency of this Indenture or of any Mortgage Loan or related document.

SECTION 10.02. Custodian May Own Bonds. Custodian in its individual or any other capacity may become the owner, holder or pledgee of Bonds or coupons with the same rights it would have if it were not Custodian.

SECTION 10.03. Custodian's Fees and Expenses. Issuer covenants and agrees to pay to Custodian, or the Custodian shall be permitted to withdraw, from time to time solely from moneys available therefor pursuant to Section 5.09 hereof, reasonable compensation for all services rendered by it in the exercise and performance of any of the powers and duties hereunder of Custodian, and Issuer will pay or reimburse Custodian solely from moneys available therefor pursuant to Section 5.09 hereof upon its request for all reasonable expenses, disbursements and advances incurred or made by Custodian in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ), except any such expense, disbursement or advance as may arise from its negligence or bad faith. Upon an event of default, but only upon an event of default, Custodian shall have a first lien on a parity with the lien of Trustee and any paying agent provided in Section 9.02 hereof with right of payment prior to payment on account of principal of and interest on any Bond upon the Trust estate for the foregoing fees, charges and expenses incurred by it, respectively.

SECTION 10.04. Custodian May Resign; Trustee May Remove Custodian Only Upon Certain Events. Custodian may resign from the obligations and duties hereby imposed upon it as such obligations and duties relate to its acting as Custodian of the Mortgage Loans. Upon receiving such notice of resignation, Trustee, with approval of Issuer, shall promptly appoint a successor custodian by written instrument, in triplicate, one copy of which instrument shall be delivered to the resigning Custodian, one copy to Trustee and one copy to the successor custodian. If no successor custodian shall have been so appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Custodian may petition any court of competent jurisdiction for the appointment of a successor custodian.

Trustee may remove Custodian only if Custodian shall become incapable of acting as Custodian hereunder, or Custodian shall be adjudged a bankrupt or insolvent, or a receiver of Custodian or its property shall be appointed, or any public officer shall take charge or control of Custodian or its properties or affairs for the purpose of rehabilitation, conservation or liquidation. In any such event, Trustee shall appoint, with approval of Issuer, or petition a court of competent jurisdiction to appoint, a successor custodian hereunder. Any successor custodian shall be a corporation having its principal office in the City of Chicago, State of Illinois, and subject to supervision or examination by federal or state authority.

Any resignation or removal of Custodian and appointment of a successor custodian pursuant to any of the provisions of this Section 10.04 shall become effective upon acceptance of appointment by the successor custodian.

SECTION 10.05. Merger or Consolidation of Custodian. Any person into which Custodian may be merged or converted or with which it may be consolidated, or any person resulting from any merger, conversion or consolidation to which Custodian shall be a party, or any person succeeding to the business of Custodian, shall be the successor of Custodian hereunder, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

## ARTICLE XI

### SUPPLEMENTAL INDENTURES

**SECTION 11.01. Supplemental Indentures Not Requiring Consent of Bondholders.** Issuer, Custodian and Trustee may, without the consent of, or notice to, any of the Bondholders enter into an indenture or indentures supplemental to this Indenture as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

(a) To cure any ambiguity or formal defect or omission in this Indenture;

(b) To grant to or confer upon Trustee and/or Custodian for the benefits of the Bondholders any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Bondholders, Custodian or Trustee, or to make any change which, in the judgment of Trustee, is not to the prejudice of the Bondholders;

(c) To subject to this Indenture additional revenues, properties or collateral;

(d) To modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States of America, and, if they so determine, to add to this Indenture or any indenture supplemental hereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute;

(e) To evidence the appointment of a separate or Co-Trustee or the succession of a new Trustee, Custodian or paying agent hereunder; or

(f) To authorize the issuance of bonds to either fully or partially refund the Bonds.

SECTION 11.02. Supplemental Indentures Requiring Consent of Bondholders. Exclusive of supplemental indentures covered by Section 11.01 hereof and subject to the terms and provisions contained in this Section, and not otherwise, the holders of not less than two-thirds in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by Issuer, Custodian and Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by Trustee, Issuer and Custodian for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing in this Section contained shall permit, or be construed as permitting, without the consent of the holders of all Outstanding Bonds, (a) an extension of the maturity or mandatory sinking fund redemption date of the principal of or the interest on any Bond issued hereunder, or (b) a reduction in the principal amount of any Bond or the rate of interest, or sinking fund redemption requirements, thereon, or (c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (d) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture, or (e) the creation of any lien other than a lien ratably securing all of the Bonds at any time outstanding hereunder or (f) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of Trustee or Custodian, without the written consent of Trustee or Custodian, as the case may be.

If at any time Issuer shall request Trustee and Custodian to enter into any such supplemental indenture for any of the purposes of this Section, Trustee and Custodian shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be mailed by registered or certified mail to each owner of a Bond as shown on the list of Bondholders required by Section 4.07 hereof, and published at least one time in a newspaper or financial journal of general circulation in the City of Chicago, Illinois and a newspaper or financial journal of general circulation in the City of New York. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal office of Trustee for inspection by all Bondholders. If, within sixty days or such longer period as shall be prescribed by Issuer following the final publication

of such notice, the holders of not less than two-thirds (66 2/3%) in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no holder of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain Trustee, Custodian or Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

Anything herein to the contrary notwithstanding, and if a Lending Institution is not in default under the Agreement at such time, a supplemental indenture under this Article affecting such Lending Institution's rights or obligations shall not become effective unless and until the Lending Institution shall have consented to the execution and delivery of such supplemental indenture. In this regard, Trustee shall cause notice of the proposed execution and delivery of any such supplemental indenture together with a copy of the proposed supplemental indenture to be mailed by certified or registered mail to the Lending Institutions at least fifteen days prior to the proposed date of execution and delivery of any such supplemental indenture. The Lending Institutions shall be deemed to have consented to the execution and delivery of any such supplemental indenture if Trustee does not receive a letter of protest or objection thereto signed by or on behalf of any Lending Institution on or before 4:30 o'clock p.m., local time, on the fifteenth day after the mailing of said notice and copy of the proposed supplemental indenture.

## ARTICLE XII

### AMENDMENT OF AGREEMENT

SECTION 12.01. Amendments, etc., to Agreement Not Requiring Consent of Bondholders. Issuer, Trustee and Custodian shall without the consent of or notice to the Bondholders consent to any amendment, change or modification of the Agreement as may be required (a) by the provisions of the Agreement or this Indenture, (b) for the purpose of curing any ambiguity or formal defect or omission, (c) so as to add additional rights acquired in accordance with the provisions of the Agreement, or (d) in connection with any other change therein which, in the judgment

of Trustee and Custodian, is not to the prejudice of Trustee, Custodian or the holders of the Bonds.

SECTION 12.02. Amendments, etc. to Agreement Requiring Consent of Bondholders. Except for the amendments, changes or modifications as provided in Section 12.01 hereof, neither Issuer, Trustee nor Custodian shall consent to any other amendment, change or modification of the Agreement without publication of notice and the written approval or consent of the holders of not less than two-thirds (66 2/3%) in aggregate principal amount of the Bonds at the time Outstanding given and procured as in this Section provided. If at any time Issuer and the Lending Institutions shall request the consent of Trustee or Custodian to any such proposed amendment, change or modification of the Agreement, Trustee and Custodian shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be published and mailed in the same manner as provided by Section 11.02 hereof with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file with Trustee and Custodian for inspection by all Bondholders. Nothing contained in this Section shall permit, or be construed as permitting a reduction of the aggregate principal amount of Bonds, the holders of which are required to consent to any amendment, change or modification of the Agreement, a reduction in, or a postponement of, the payments under the Agreement, without the consent of the holders of all of the Bonds then outstanding, or an amendment, change or modification of the limited source of payment of the principal of and interest on the Bonds.

### ARTICLE XIII

#### MISCELLANEOUS

SECTION 13.01. Consents, etc. of Bondholders. Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the Bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of

the purposes of this Indenture, and shall be conclusive in favor of Custodian and any paying agent with regard to any action taken by it under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by an affidavit of any witness to such execution.

(b) The fact of ownership of fully registered Bonds and of coupon Bonds registered as to principal and the amount or amounts, numbers and other identification of Bonds, and the date of holding the same shall be proved by the registration books of Issuer maintained by Custodian pursuant to Section 2.08 hereof.

SECTION 13.02. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any person or company other than the parties hereto, and the holders of the Bonds or coupons, any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions herein contained; this Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the holders of the Bonds and coupons as herein provided.

SECTION 13.03. Severability. If any provision of this Indenture 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 13.04. Notices. Any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, or sent by telegram, addressed to the appropriate Notice Address. A duplicate copy of each notice required to be given hereunder by Trustee to either Issuer, Custodian or the Lending

Institutions shall also be given to the others. Issuer, Custodian, the Lending Institutions and Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 13.05. Payments Due on Sundays and Holidays. In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be in the city of payment a Sunday or a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest or principal may be made on the succeeding business day with the same force and effect as if made on the date of maturity or the date fixed for redemption.

SECTION 13.06. Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 13.07. Applicable Provisions of Law. This Indenture shall be governed by and construed in accordance with the laws of the State.

SECTION 13.08. Captions. The captions or headings in this Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Indenture.

IN WITNESS WHEREOF, Issuer has caused this Indenture to be executed on its behalf by its Mayor and attested by the City Clerk, and the seal of Issuer to be hereunto affixed and duly attested; and Trustee, to evidence its acceptance of the trusts created hereunder, and Custodian, to evidence its acceptance of its obligations hereunder, have each caused this Indenture to be executed in their respective names by their duly authorized officers and their respective corporate seals

to be hereunto affixed and duly attested, all as of the day and year first above written.

CITY OF URBANA, as Issuer

By Jeffrey T. Mullaney  
Mayor

[SEAL]

Attest:

By \_\_\_\_\_  
City Clerk

FIRST WISCONSIN TRUST COMPANY,  
as Trustee

By \_\_\_\_\_  
Vice President

[SEAL]

Attest:

By \_\_\_\_\_  
Assistant Secretary

CONTINENTAL ILLINOIS NATIONAL BANK  
AND TRUST COMPANY OF CHICAGO, as Custodian

By \_\_\_\_\_  
Vice President

[SEAL]

Attest:

By \_\_\_\_\_  
Trust Officer