

This Official Statement has been prepared by the Hawaii Housing Finance and Development Corporation (the "Corporation") to provide information about the Offered Bonds described below. Selected information is presented on this cover page for the convenience of the user. A prospective investor should read this Official Statement in its entirety to make an informed decision regarding the Offered Bonds.

\$26,309,825 HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
Single Family Mortgage Purchase Revenue Bonds, 2013 Series A
(FNMA MBS Pass-Through Program) (Taxable)

Dated: Date of Delivery

Due: July 1, 2037

<i>Tax Treatment</i>	Interest on the 2013 Series A Bonds (the "Offered Bonds") is includable in gross income for Federal income tax purposes. Bond Counsel is also of the opinion that interest on the Offered Bonds is exempt from all taxation by the State of Hawaii or any county or other political subdivision thereof, except inheritance, transfer and estate taxes and except to the extent such income may be included in the measure of the franchise tax imposed on banks and other financial corporations pursuant to the laws of the State of Hawaii. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Corporation in connection with the Bonds. (See "TAX MATTERS")
<i>Purpose</i>	The Offered Bonds are being issued to refund certain outstanding bonds of the Corporation and to transfer the allocated FNMA mortgage backed securities to the 2013 Series A Bonds.
<i>Redemption</i>	The Offered Bonds are subject to redemption, including redemption at par, prior to maturity as set forth in this Official Statement.
<i>Security</i>	The Offered Bonds will be limited obligations of the Corporation, payable from and secured by fully-modified mortgage backed pass-through securities issued on behalf of and guaranteed as to timely payment of principal and interest by the Federal National Mortgage Association ("FNMA") backed by pools of Mortgage Loans made by participating lenders to eligible borrowers on single-family residences in the State of Hawaii. The Corporation has no taxing power. The Offered Bonds are not a debt, liability or obligation of the State of Hawaii or any political subdivision. Neither the faith and credit nor the taxing power of the State of Hawaii or any political subdivision will be pledged to the payment of principal or interest on the Offered Bonds. (See "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS")
<i>Interest Payment Dates</i>	The first day of each month, commencing May 1, 2013, and, in respect of an Offered Bond to be redeemed, the redemption date.
<i>Denominations</i>	\$1.00 and any integral multiple thereof.
<i>Closing/Settlement</i>	March 28, 2013, through the facilities of the Depository Trust Company in New York, New York.
<i>Bond Counsel</i>	Hawkins Delafield & Wood LLP, New York, New York.
<i>Underwriter's Co-Counsel</i>	Alston Hunt Floyd & Ing, Honolulu, Hawaii, and Katten Muchin Rosenman LLP, New York, New York.
<i>Trustee</i>	U.S. Bank National Association.
<i>Book-Entry-Only System</i>	The Depository Trust Company (See Appendix D).

\$26,309,825 2.60% 2013 Series A Bonds, Due July 1, 2037 at 100% (CUSIP 419818 HM4*)

The Offered Bonds are offered, when, as and if issued, subject to withdrawal or modification of the offer without notice and to the opinion of Hawkins Delafield & Wood LLP, Bond Counsel, as to the validity of, and tax treatment of, the Offered Bonds.

Morgan Stanley

March 13, 2013

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No dealer, broker, salesperson or other person has been authorized by the Hawaii Housing Finance and Development Corporation (the “Corporation”) or the Underwriter with respect to the Bonds listed on the cover of this Official Statement to give any information or to make any representations, other than as contained in this Official Statement; and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. There shall not be any offer, solicitation, or sale of the Bonds to be offered through this Official Statement by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information set forth herein has been obtained from sources which are believed to be reliable and the Corporation has a reasonable basis for believing that the information set forth herein is accurate. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the information or opinions set forth herein after the date of this Official Statement.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

FORWARD-LOOKING STATEMENTS

This Official Statement contains statements which should be considered “forward-looking statements,” meaning they refer to possible future events or conditions. Such statements are generally identifiable by the words such as “plan,” “expect,” “estimate,” “budget,” “project” or similar words. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Corporation does not expect or intend to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based, occur or fail to occur.

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OFFICIAL STATEMENT
of
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

relating to its
\$26,309,825
Single Family Mortgage Purchase Revenue Bonds, 2013 Series A
(FNMA MBS Pass-Through Program-Taxable)

INTRODUCTION

This Official Statement provides certain information concerning the Hawaii Housing Finance and Development Corporation (the “Corporation”) in connection with its Single Family Mortgage Purchase Revenue Bonds, and more particularly the sale of \$26,309,825 aggregate principal amount of its Single Family Mortgage Purchase Revenue Bonds, 2013 Series A (the “Offered Bonds” or the “2013 Series A Bonds”).

The Corporation, a public body and a body corporate and politic duly organized and existing under the provisions of Chapter 201H, Hawaii Revised Statutes, as amended (the “Act”), was established by Act 196, 2005 Session Laws of Hawaii, as amended by Act 180, 2006 Session Laws of Hawaii, in connection with the division of the Housing and Community Development Corporation of Hawaii (“HCDCH”) into two separate agencies—the Corporation and the Hawaii Public Housing Authority (“HPHA”). The Corporation is tasked with developing and financing low- and moderate-income housing projects and administering homeownership programs in the State of Hawaii (the “State”), while HPHA is charged with managing federal and State public housing programs, including Section 8 and senior housing. HCDCH was established in 1997 to consolidate the jurisdiction, functions, powers, duties and authority previously exercised by the Housing Finance and Development Corporation (“HFDC”), the Hawaii Housing Authority (“HHA”) and the Rental Housing Trust Fund of the State. Unless the context otherwise indicates, the term “Corporation” shall also be used to refer to HCDCH, HFDC and HHA in describing or referring to powers originally granted to such agencies but transferred to the Corporation or to previous activities of such agencies which relate to such transferred functions. The Corporation is empowered under the Act to raise funds through the sale of revenue bonds and to make those funds available at affordable interest rates to meet the housing needs of persons and families of low and moderate income living in the State. See “THE CORPORATION — Purpose and Powers.”

The 2013 Series A Bonds are being issued pursuant to and in full compliance with the Constitution of the State, the Act, Part III of Chapter 39, Hawaii Revised Statutes, and a resolution of the Board of Directors of the Corporation, duly adopted on February 14, 2013, and a Trust Indenture, dated as of January 1, 1980 (the “Trust Indenture”), between HHA and U.S. Bank National Association, as successor trustee (the “Trustee”), as amended and supplemented, and a Thirty-seventh Supplemental Trust Indenture, dated as of March 1, 2013 (the “Supplemental Indenture”), between the Corporation and the Trustee. The Trust Indenture, as heretofore amended and supplemented and as amended and supplemented by the Supplemental Indenture, is referred to as the “Indenture.” The Corporation is responsible for all financing activities, and has assumed all the obligations of the issuer under the Indenture. See “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Certain Definitions” for the definitions of certain capitalized terms used in the Indenture and this Official Statement. All capitalized terms used in the Indenture and not defined in this Official Statement shall have the respective meanings set forth in the Indenture.

The 2013 Series A Bonds are being offered to investors pursuant to this Official Statement and will be purchased by Morgan Stanley & Co. LLC (the “Underwriter”) as described in “UNDERWRITING” below. The Offered Bonds are being issued to refund an equal amount of the Corporation’s outstanding 1998 Series A Bonds, 1998 Series B Bonds, 1998 Series C Bonds, 2000 Series A Bonds, 2002 Series A Bonds and 2002 Series B Bonds (collectively referred to as the “Refunded Bonds”), which were previously issued under the Indenture.

The 2013 Series A Bonds are the thirty-second series of bonds authorized to be issued under the Indenture. The Corporation has previously issued \$1,921,770,000 aggregate principal amount of its Single Family Mortgage

Purchase Revenue Bonds. As of January 31, 2013, the Corporation had six bond series outstanding with \$107,025,000 principal amount of such Bonds secured under the Indenture, of which approximately \$43,950,000 of Bonds are expected to be redeemed or retired with the proceeds of the Offered Bonds and certain other available funds. All bonds outstanding under the Indenture, including previously issued bonds, the Offered Bonds and all additional bonds, are hereinafter collectively called the “Bonds.” All Bonds, including the Offered Bonds are and will be secured equally and ratably by the pledge and covenants contained in the Indenture.

The Offered Bonds are subject to redemption, including redemption at par, under certain circumstances, at the times, at the prices, and upon the conditions, all as described herein. See “THE BONDS — Redemption Provisions.”

The Indenture provides for the issuance of additional bonds to further the Corporation’s Single Family Mortgage Purchase Program (the “Program”) or to refund outstanding bonds. The purpose of the Program is to finance mortgage loans, or participations in mortgage loans, on single family residences (“Single Family Residences”) being purchased by certain eligible borrowers (“Eligible Borrowers”) in the State.

The Program involves the purchase of securities, guaranteed as to timely payment of principal and interest by the Federal National Mortgage Association (“FNMA Securities”) and backed by pools of mortgage loans (the “Mortgage Loans”): (i) insured by the Federal Housing Administration (the “FHA”) of the United States Department of Housing and Urban Development (“HUD”) pursuant to the National Housing Act of 1934, as amended (the “Housing Act”), (ii) guaranteed by the Department of Veterans Affairs (“VA”) pursuant to the Servicemen’s Readjustment Act of 1944, as amended, (iii) guaranteed by the U.S. Department of Agriculture Rural Development (formerly the Farmers Home Administration and Rural Housing Services Development) (“USDA Rural Development”), under its Guaranteed Rural Housing Loan Program, or (iv) insured by private mortgage insurance issued by an entity acceptable to Federal National Mortgage Association (“FNMA”) or having certain loan-to-value ratios acceptable to the Corporation and FNMA, which have been or are expected to be made by certain mortgage lending institutions (the “Lenders”) to qualified persons or families of low and moderate income (the “Mortgagors”) to finance the purchase of single-family residences in the State (the “Homes”).

The FNMA Securities to be allocated to the Offered Bonds as a result of the issuance of the Offered Bonds (the “Transferred FNMA Securities” or the “Mortgage-Backed Securities”) will consist of those Mortgage-Backed Securities identified in Appendix F herein. Mortgage prepayments and mortgage repayments (together, “Mortgage Principal Payments”) related to the Mortgage Loans backing the 2013 Series A Mortgage-Backed Securities will be applied to the mandatory redemption of the 2013 Series A Bonds as described under “THE OFFERED BONDS—Mandatory Redemption and Optional Redemption—Mandatory Redemption.” The 2013 Series A Mortgage-Backed Securities have been acquired by the Corporation and consist of FNMA Securities of approximately \$26,309,825 in outstanding principal amount with a weighted average pass-through interest rate of 4.84%.

The Bonds are special obligations of the Corporation payable solely from the Revenues and other moneys pledged under the Indenture. “Revenues” include all amounts paid or required to be paid with respect to principal and interest from time to time on the Mortgage Loans. “Revenues” also include all interest received on moneys or securities held pursuant to the Indenture and paid into the Revenue Fund. The Bonds are secured by a pledge of all of the Mortgage Loans, the Revenues, and all moneys and securities held in any of the funds or accounts established under the Indenture, except as otherwise noted above.

The Bonds shall not constitute a general or moral obligation of the State or a charge upon the general fund of the State, and the full faith and credit of neither the State nor any political subdivision thereof are pledged to the payment of the principal of and interest on the Bonds. The Corporation has no taxing power. The Act does not provide that the Corporation may request payment on the Bonds by the State and the State is not obligated to appropriate moneys for such purpose. The Bonds are not a debt of the United States of America or any agency thereof or FNMA and are not guaranteed by the full faith and credit of the United States of America.

The Indenture establishes a Debt Service Reserve Account and a Mortgage Loan Reserve Fund, as more fully described below. Upon the issuance of the Bonds the Debt Service Reserve Account and the Mortgage Loan Reserve Fund will contain an amount at least equal to the Debt Reserve Requirement and the Mortgage Reserve

Requirement, respectively. See “SOURCES OF PAYMENT AND SECURITY FOR THE BONDS — Debt Service Reserve Account” and “—Mortgage Loan Reserve Fund.”

In addition to the market, business, and economic factors and risks associated with any investment decision, there are other risks and uncertainties such as changes in political and social conditions and changes in legislation, regulations, proceedings, and litigation that may directly or indirectly impact the Corporation and the Bonds. Many of these matters are beyond the control of the Corporation, but if enacted or implemented in the future, may affect the Corporation, its operations, its finances, and its programs. While some potential political, legislative, and regulatory actions may benefit the Corporation and its programs (including the Program), no assurances can be given that the Corporation’s programs, the Bonds, or the holders of such Bonds will not be adversely affected by such measures.

There follows in this Official Statement a description of the Corporation, the Program, the sources of payment and security for the Bonds, and a description of the Bonds and FNMA, together with a summary of the Indenture. All references in this Official Statement to the Indenture and the Program Documents (as defined below) are qualified in their entirety by reference to the documents themselves and all references to the Bonds are further qualified by reference to the information with respect to the Bonds contained in the Indenture. Copies of such documents are available for inspection at the principal offices of the Corporation.

THE CORPORATION

Purpose and Powers

The Corporation, a public body and a body corporate and politic organized and existing under the Act, was established in 2005 in connection with the division of HCDCH into two separate agencies—the Corporation and the HPHA. The Corporation is tasked with developing and financing low- and moderate-income housing projects and administering homeownership programs, while HPHA is charged with managing federal and State public housing programs, including Section 8 and senior housing. HCDCH was established in 1997 to consolidate the jurisdiction, functions, powers, duties and authority previously exercised by the HFDC, HHA and the Rental Housing Trust Fund of the State. As described above unless the context otherwise indicates, the term “Corporation” is also be used to refer to HCDCH, HFDC and HHA in describing or referring to powers originally granted to such agencies but transferred to the Corporation or to previous activities of such agencies which relate to such transferred functions.

The Corporation has been granted powers, among others, to acquire real or personal property by purchase or by exercise of the power of eminent domain to provide housing; to study and undertake projects for the clearing, re-planning or reconstruction of areas in which unsafe or unsanitary dwelling or housing conditions exist; to counsel prospective homeowners and other persons and governmental agencies on housing issues and to apply for and receive federal assistance, insurance or guaranties. The Corporation has the power to issue bonds for its purposes and to secure payment thereof by a pledge of specified property of the Corporation. The Legislature of the State of Hawaii has authorized the Corporation to issue, with the approval of the Governor, revenue bonds in an aggregate principal amount of \$2,275,000,000 to make funds available for single family housing programs, of which amount to date the Corporation has issued \$1,901,740,000 of Bonds for the Program and \$20,000,000 of bonds for the Home Mortgage Purchase Program described below. See also “APPENDIX A — Financial Statements of Single Family Mortgage Purchase Revenue Bond Fund, Note 4.” The Legislature has also authorized an aggregate principal amount of \$750,000,000 in revenue bonds for privately-owned multifamily rental housing projects, of which amount to date the Corporation has issued \$402,482,699 of bonds. The Legislature has also authorized an aggregate principal amount of \$375,000,000 in revenue bonds for the Corporation’s Hawaii Rental Housing System Revenue Bond Program, of which amount to date the Corporation has issued \$277,280,000 of bonds.

Organization

For administrative purposes only, the Corporation is considered a part of the State’s Department of Business, Economic Development and Tourism. The Corporation’s Board of Directors consists of nine members, six of whom are public members appointed by the Governor, with at least one each from each of the counties of Honolulu, Hawaii, Maui, and Kauai. The Director of Business, Economic Development and Tourism and the Director of Finance or their designated representatives, and a representative of the Governor’s office, are ex-officio

voting members. The Board of Directors selects from its public members a Chairperson and Vice-Chairperson. All Corporation action must be taken by the affirmative vote of at least five members.

The members and officers of the Corporation and the dates of expiration of their respective terms are as follows:

Ralph Mesick	<i>Chairman</i> , Honolulu — Senior Vice President in charge of commercial real estate lending for First Hawaiian Bank (term expired June 30, 2012, holdover appointment).
Allan Los Banos, Jr.	<i>Vice Chairman</i> , Honolulu — Safety Coordinator/Program Specialist for the Hawaii Masons & Plasterers Training Program and Construction Instructor at Honolulu Community College (term expires June 30, 2014).
Betty Lou Larson	<i>Secretary</i> , Honolulu — Housing Programs Director, Catholic Charities Hawaii (term expires June 30, 2013).
Francis L. Jung, Esq.	Hawaii — Senior Partner, Jung & Vassar (term expires June 30, 2013).
Paul Kyno	Kauai — Realtor (term expires June 30, 2014).
Leilani Pulmano	Maui—Project Manager, Munekiyo & Hiraga, Inc. (term expires June 30, 2016).
Richard Lim	<i>Ex-Officio</i> — Director, Department of Business, Economic Development and Tourism.
Michael Ng	<i>Ex-Officio</i> — Office of the Governor.
Kalbert Young	<i>Ex-Officio</i> — Director, Department of Budget and Finance.

Staff

Principal members of the Corporation’s staff with responsibilities for various aspects of the Program are as follows:

Karen Seddon, Executive Director. Ms. Seddon has served as the Executive Director of the Corporation since July 2008 and she previously held the position of Development Branch Chief from December 2006. A graduate of Oregon State University’s School of Engineering, Ms. Seddon began her career with Peter Kiewit & Sons, Inc. She later joined Goodfellow Bros., Inc., worked at Kapalua Land Company, Ltd. as Development Manager, and was the former Director of Land Development at D.R. Horton — Schuler Division. On October 31, 2009, she was conferred the degree of Master of Business Administration from the University of Phoenix.

Darren K. Ueki, Finance Manager. Mr. Ueki has served as Finance Manager for the Corporation since January 2001. Previously, Mr. Ueki served as a Project Resource Specialist for the Corporation since February 1990. Prior to joining the Corporation, Mr. Ueki was a Program Budget Analyst with the Department of Budget and Finance. He received a B.B.A. degree in Economics from the University of Hawaii at Manoa.

Dean Sakata, Finance Specialist. Mr. Sakata has served as a Finance Specialist since December 2001. Prior to joining the Corporation, Mr. Sakata worked as a Relationship Manager at Key Community Development Corporation and at Bank of America. He received an M.B.A. from Portland State University and a B.B.A. degree in Finance from the University of Hawaii at Manoa.

Brian Davidson, Finance Specialist. Mr. Davidson currently administers the Corporation’s HOME Program and assists with the administration of the Single Family Programs. Prior to joining the Corporation, Mr.

Davidson worked for the City of York, Pennsylvania as the Deputy Director of Housing, and for Dauphin County, Pennsylvania as a Community Development Representative. Mr. Davidson has a Masters of Public Administration and Bachelors of Science in Public Administration from Shippensburg University of Pennsylvania.

The Corporation has been authorized to employ up to 31 permanent positions with an additional authorization to retain 42 personnel on a contractual basis. The Corporation currently maintains approximately 73 positions (permanent and contractual) to manage, operate and maintain its various housing projects. The number of positions assigned to each of the housing program areas are: Central Administration/Technical/Support Services: 40 (23 permanent; 17 contractual); Housing Development: 17 (4 permanent; 13 contractual); and Housing Finance: 16 (4 permanent; 12 contractual).

The Corporation's office is located at 677 Queen Street, Suite 300, Honolulu, Hawaii 96813, and its telephone number is 808-587-0641.

The Program

The Single Family Mortgage Purchase Program (the "Program") has been the Corporation's primary program to assist Eligible Borrowers to finance the purchase of Single Family Residences. As of June 30, 2012, proceeds of Bonds previously issued under the Program have been used to finance 10,033 Mortgage Loans with a total original principal amount of approximately \$1,071,599,511. See "THE PROGRAM" for more detailed information.

Other Programs of the Corporation

In addition to the Program, the Corporation operates other housing programs, including: (i) the Multifamily Revenue Bond Program, which authorizes the Corporation to issue revenue bonds to finance the development of privately-owned multifamily rental housing projects; (ii) the Hawaii Rental Housing System Revenue Bond Program, which authorizes the Corporation to issue revenue bonds to finance the development of multifamily rental housing projects which are owned and operated by the Corporation; (iii) the Housing Development and Ownership Program, which authorizes the Corporation to acquire land through condemnation, develop and construct housing projects on its behalf or in partnership with private developers, provide interim construction loans and other financing to qualified borrowers, and request exemption from certain local zoning, planning and building ordinances in the development of State housing projects; (iv) the Broadened Homesite Ownership Program, which enables the Corporation to assist lessees of residential land to acquire fee simple title to their land at a reasonable cost; (v) the Mortgage Credit Certificate Program, pursuant to which the Corporation issues mortgage credit certificates to eligible mortgage loan borrowers entitling such borrowers to take a direct credit against their federal income tax liability; (vi) the Low Income Housing Tax Credit Program, pursuant to which the Corporation allocates federal and state income tax credits to the owners of qualified projects who agree to maintain regulated rental rates for a specified period; and (vii) the Rental Assistance Program, pursuant to which the Corporation uses the investment income from program funds to subsidize the rental payments of qualified persons and families.

Bonds issued to finance the programs described above have no claim on the assets or the Revenues pledged under the Indenture (unless and until such Revenues are released free and clear of the lien of the Indenture in accordance with the Indenture). Neither the revenues generated from these programs nor the moneys nor assets held in the funds related to such programs are pledged to secure payment of the Bonds.

THE OFFERED BONDS

General

The 2013 Series A Bonds are issuable only as fully registered bonds in denominations of \$1.00 or any multiple thereof. The Record Date for the 2013 Series A Bonds shall be the last day of the month preceding each Interest Payment Date. The 2013 Series A Bonds will initially be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), who shall act as securities depository for such Bonds. So long as DTC or Cede & Co. is the registered owner of the 2013 Series A Bonds, payment of principal, redemption price, and interest with respect to the 2013 Series A Bonds are to be made directly to DTC by the

Trustee, or its successors, as Trustee. Disbursements of such payments to DTC Participants (as defined herein) is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants as more fully described herein. See “BOOK-ENTRY PROVISIONS” below. U.S. Bank National Association shall serve as Trustee.

For every exchange or transfer of a Bond, the Trustee may impose a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. In addition, the cost, if any, of preparing each new Bond upon such exchange or transfer and any other expense, including fees of counsel to the Corporation and the Trustee incurred in connection therewith, must be paid by the Holder of the Bond requesting such exchange or transfer. The Corporation is not obligated to issue, exchange or transfer any Bond during certain times specified in the Indenture.

The 2013 Series A Bonds

The 2013 Series A Bonds will be dated as of their date of initial delivery, will bear interest from such date at the rate and will mature in the amount and on the date set forth on the cover page of this Official Statement. Interest on the 2013 Series A Bonds will be payable on the first day of each month, commencing May 1, 2013 (each, an “Interest Payment Date”), and, in respect of any 2013 Series A Bonds then to be redeemed, on the redemption date. Interest on the outstanding principal amount of the 2013 Series A Bonds at the annual rate set forth on the front cover hereof initially shall accrue from the dated date to, but excluding, May 1, 2013, and thereafter shall accrue from the first calendar day of each month to, but excluding, the first calendar day of the immediately succeeding month, until payment of the principal of or redemption price on the 2013 Series A Bonds. Interest on the 2013 Series A Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

Application of Proceeds

The net proceeds of the 2013 Series A Bonds will be applied to redeem the Corporation’s Refunded Bonds described above. Other monies held under the Indenture will also be applied to redeem the Refunded Bonds and to pay certain costs of issuance. As a result, the Mortgage-Backed Securities originally financed by the Refunded Bonds will become allocated to the 2013 Series A Bonds. Upon giving effect to the foregoing transactions, the estimated sources and uses of funds relating to the 2013 Series A Bonds are as follows:

Sources:

Principal Amount of 2013 Series A Bonds	\$26,309,825.00
Cash from General Account under the Indenture	\$13,295,914.43
Cash in accounts for the Refunded Bonds	<u>\$5,905,719.53</u>
Total Sources of Funds	\$45,511,458.96

Uses:

Redemption of the Refunded Bonds	\$43,950,000.00
Accrued interest on the Refunded Bonds	\$775,710.80
Costs of Issuance, including Underwriter’s discount	<u>\$785,748.16</u>
Total Uses of Funds	\$45,511,458.96

Upon issuance of the 2013 Series A Bonds and as a result of refunding the Refunded Bonds, the Transferred FNMA Securities (identified in Appendix F herein) will be credited to the 2013 Series A Loan Amount created in the Loan Fund.

Mandatory Redemption and Optional Redemption

General Provisions. The Supplemental Indenture provides for mandatory and optional redemption of the 2013 Series A Bonds at certain times prior to the maturity thereof, at their principal amount plus accrued interest, without premium. In any case where the date fixed for redemption of any 2013 Series A Bonds shall be a Saturday

or Sunday or shall be, at the place designated for payment, a legal holiday or a day on which banking institutions are authorized by law to close, then payment of the Redemption Price of the 2013 Series A Bonds need not be made on such date but may be made on the next succeeding business day not a Saturday, Sunday or a legal holiday or a day upon which banking institutions are authorized by law to close with the same force and effect as if made on the date fixed for redemption, and no interest shall accrue for the period after such date. The Corporation may, in lieu of redeeming 2013 Series A Bonds, purchase such 2013 Series A Bonds, as provided in the Indenture.

Mandatory Redemption. The 2013 Series A Bonds are subject to mandatory redemption, in whole or in part, on each Interest Payment Date, at a redemption price equal to the principal amount of the 2013 Series A Bonds to be redeemed plus accrued interest to the redemption date, without premium, in an amount equal to all Mortgage Principal Payments allocable to the Transferred FNMA Securities received by or on behalf of the Corporation in the immediately preceding calendar month, as such amount is reasonably determined by the Trustee.

If the 2013 Series A Bonds are to be redeemed in part upon any such mandatory redemption, each of the 2013 Series A Bonds then outstanding shall be redeemed in part, pro rata, in proportion to the outstanding principal amount of such 2013 Series A Bonds to the aggregate outstanding principal amounts of all outstanding 2013 Series A Bonds. To effect this pro rata redemption while the 2013 Series A Bonds are held in the DTC book-entry-only system, such mandatory redemptions will be made as a “Pro-Rata Pass-Through Distribution of Principal” by DTC. This redemption procedure, if effected by DTC, will cause a pro rata redemption of 2013 Series A Bonds among DTC Participants upon a mandatory redemption, but may not ensure a pro rata redemption of 2013 Series A Bonds among all Beneficial Owners thereof. See “APPENDIX D—BOOK ENTRY ONLY SYSTEM” to this Official Statement for a general description of the DTC book-entry-only system.

No notice of redemption will be given to any Bondowner or Beneficial Owner of the date or amount of the mandatory redemption of any 2013 Series A Bond.

Redemption when 2013 Series A Bonds Outstanding are 5% or less of Initial Principal Amount. The 2013 Series A Bonds are subject to redemption at 100% of the principal amount thereof, plus accrued interest, in whole on any interest payment date, at the option of the Corporation, from any source of funds, if the aggregate principal amount of the then Outstanding 2013 Series A Bonds (reduced by any 2013 Series A Bonds otherwise to be redeemed on such date) is less than or equal to 5% of the aggregate initial principal amount of the 2013 Series A Bonds.

Call Protections. The 2013 Series A Bonds shall not be subject to redemption prior to maturity from any moneys attributable to other Series of Bonds, including Mortgage Principal Payments attributable to Mortgage Loans allocated to other Series of Bonds, except to the extent deposited to the credit of the General Account pursuant to the Indenture.

General Provisions as to Redemption of 2013 Series A Bonds

Any 2013 Series A Bond to be redeemed from moneys in the Redemption Fund shall be redeemed by the Trustee pursuant to the terms of the Supplemental Indenture.

Selection of 2013 Series A Bonds for Optional Redemption. In the event of a partial redemption, of the 2013 Series A Bonds pursuant to optional redemption, the Corporation may direct the amounts thereof to be redeemed. An optional redemption effected when the 2013 Series A Bonds are held in the DTC book-entry-only system will be made as DTC determines under DTC’s current practice, which is currently the “Pro-Rata Pass-Through Distribution of Principal” by DTC.

The Trustee shall give notice of any optional redemption in the name of the Corporation, such notice stating the following: (i) the complete name, including Series designation, of such 2013 Series A Bonds; (ii) the date of the notice; (iii) the date of issue, the interest rate and the maturity date of the 2013 Series A Bonds to be redeemed; (iv) the redemption date; (v) the Redemption Price; (vi) the numbers and other distinguishing marks of the 2013 Series A Bond to be redeemed (except in the event that all of the Outstanding Series Bonds are to be redeemed); (vii) the CUSIP numbers (if any) of the maturities to be redeemed; (viii) the place or places where amounts due upon such redemption will be payable; (ix) in the case of the 2013 Series A Bonds to be redeemed in

part only, the respective portions of the principal thereof to be redeemed; and (x) the name and telephone number of the contact person at the Trustee. Such notice shall further state on such date there shall become due and payable upon each 2013 Series A Bond to be redeemed the Redemption Price thereof, together with interest accrued to the redemption date, and that, from and after such date, interest thereon shall cease to accrue.

The Trustee shall mail a copy of such notice by certified mail, postage prepaid, not less than 30 days nor more than 45 days before the optional redemption date, to the registered owners of any Series Bonds or portions thereof which are to be redeemed at their last addresses appearing upon the registration books and to one or more national services which record bond redemption data. At least two days prior to the mailing of such a notice, the Trustee shall send by certified mail a copy of such notice to DTC or to any other depository institution substituted for DTC in accordance with the provisions of the Resolution.

So long as DTC is the registered owner of the 2013 Series A Bonds, further distribution of any notice of redemption to direct participants of DTC (“DTC Participants”) is an obligation of DTC and distribution to the Beneficial Owners is the responsibility of DTC Participants. See “APPENDIX E—BOOK-ENTRY ONLY SYSTEM” herein for a detailed description of the book-entry system. Failure to give any such notice in the manner prescribed in the Resolution or any defect therein shall not affect the validity of the proceedings for redemption of any 2013 Series A Bonds with respect to which notice was properly given.

Purchase of 2013 Series A Bonds In Lieu of Redemption

The Corporation may, in lieu of redeeming 2013 Series A Bonds, purchase such 2013 Series A Bonds as provided in the Supplemental Indenture.

Average Life of 2013 Series A Bonds

The maturity date of the 2013 Series A Bonds has been fixed based on the assumption that there will be no principal prepayments of the Mortgage Loans backing the related FNMA Securities; however, it is anticipated that significant prepayments of such Mortgage Loans will in fact occur so that the 2013 A Bonds will be paid in advance of their maturity date.

“Weighted average life” refers to the average amount of time that will elapse from the date of issuance of a security until each dollar of principal of such security will be repaid to the investor. The weighted average life of the 2013 A Bonds will be influenced by the rate of principal payment of the Mortgage Loans underlying the FNMA Securities. Principal payments may be in the form of scheduled principal payments or prepayments (for this purpose, the term “prepayment” includes prepayments and liquidations due to default or other disposition of the Mortgage Loans). Prepayments on loans such as the Mortgage Loans (FNMA Securities) are commonly measured by a prepayment standard or months. The model used in the following discussion is The Bond Market Association (formerly the Public Security Association) prepayment standard or model (the “PSA Prepayment Model”). The PSA Prepayment Model is based on an assumed rate of prepayment each month of the then unpaid principal balance of the mortgage loans. 100% of the PSA Prepayment Model assumes a prepayment rate of 0.2% per annum of the unpaid principal balance of the mortgage loans for the first month of the life of the related mortgage loans increasing by 0.2% each month for the next 29 months of the life of the related mortgage loans and then assumes a constant prepayment rate of 6% per annum of the unpaid principal balance for the remaining life of the related mortgage loans.

As used in the following table, “0% PSA” assumes no prepayments on the principal of the FNMA Securities. “25% PSA” assumes the principal of the FNMA Securities will prepay at a rate one-quarter as fast as the prepayment rates for 100% of the PSA Prepayment Model. “50% PSA” assumes the principal of the FNMA Securities will prepay at a rate one-half as fast as the prepayment rates for 100% of the PSA Prepayment Model. “75% PSA” assumes the principal of the FNMA Securities will prepay at a rate three-quarters as fast as the prepayment rates for 100% of the PSA Prepayment Model. “100% PSA” assumes the principal of the FNMA Securities will prepay at the prepayment rate for 100% of the PSA Prepayment Model. “125% PSA” assumes the principal of the FNMA Securities will prepay at a rate one and one-quarter times as fast as the prepayment rates for 100% of the PSA Prepayment Model. “150% PSA” assumes the principal of the FNMA Securities will prepay at a rate one and a half times as fast as the prepayment rates for 100% of the PSA Prepayment Model. “200% PSA”

assumes the principal of the FNMA Securities will prepay at a rate twice as fast as the prepayment rates for 100% of the PSA Prepayment Model. “300% PSA” assumes the principal of the FNMA Securities will prepay at a rate three times as fast as the prepayment rates for 100% of the PSA Prepayment Model. “400% PSA” assumes the principal of the FNMA Securities will prepay at a rate four times as fast as the prepayment rates for 100% of the PSA Prepayment Model. “500% PSA” assumes the principal of the FNMA Securities will prepay at a rate five times as fast as the prepayment rates for 100% of the PSA Prepayment Model. “750% PSA” assumes the principal of the FNMA Securities will prepay at a rate 7.5 times as fast as the prepayment rates for 100% of the PSA Prepayment Model.

There can be no assurance that prepayment of FNMA Securities principal will conform to any level of the PSA Prepayment Model. The rate of principal payments on pools of single family mortgage loans (such as the Mortgage Loans backing the FNMA Securities) is influenced by a variety of economic, geographic, social and other factors, including the level of mortgage interest rates and the rate at which homeowners sell their homes or default on their mortgage loans. In general, if prevailing interest rates fall significantly, mortgage loans are likely to be subject to higher prepayment rates than if prevailing rates remain at or above the interest rates on such mortgage loans.

Conversely, if interest rates rise, the rate of prepayment would be expected to decrease. Other factors affecting prepayment of Mortgage Loans include changes in mortgagors’ housing needs, job transfers, unemployment and mortgagors’ net equity in the mortgaged properties. In addition, as homeowners move or default on their Mortgage Loans, the houses are generally sold and the Mortgage Loans prepaid, although under certain circumstances the Mortgage Loans may be assumed by a new buyer. Mortgage Loans may also be terminated prior to final maturity as a result of condemnation, casualty loss or noncompliance with the Corporation’s Program. There is no reliable statistical base with which to predict the level of prepayment in full or other early termination of the Mortgage Loans and the resulting effect on the average life of the 2013 Series A Bonds. Because of the foregoing and since the rate of prepayment of principal of each 2013 Series A Bond will depend on the rate of repayment (including prepayments) of the FNMA Securities (which back the Mortgage Loans), the actual maturity of any Bond cannot be predicted, but is likely to occur earlier than its stated maturity.

The figures in the table set forth below were computed by CGS Advisors, Inc. assuming the following constant PSA prepayment rates and that the 2013 A Bonds will not be optionally redeemed. The Corporation has not reviewed or verified these calculations. There can be no assurance that such assumptions will in fact prove accurate.

**Table of Projected Weighted Average Lives
(in years)**

Prepayment Assumption		2013 Series A Bonds Weighted Average Life
0%	PSA	10.8
25%	PSA	9.7
50%	PSA	8.8
75%	PSA	8.0
100%	PSA	7.4
125%	PSA	6.7
150%	PSA	6.2
200%	PSA	5.3
300%	PSA	4.0
400%	PSA	3.1
500%	PSA	2.5
750%	PSA	1.6

Prepayment Experience of Related FNMA Securities.

With respect to the cumulative weighted average of Historical Prepayment Speeds in this Official Statement, the sum of the individual prepayment speeds for each Mortgage-Backed Security Pool, multiplied by its outstanding principal balance amount (as provided by Bloomberg Data Services), and then divided by the total Principal Amount Allocable to the 2013 Series A Bonds, results in the following cumulative weighted average prepayment speeds with respect to the FNMA Securities allocated to the payment of the 2013 Series A Bonds (for Certificate payments made through March 31, 2013):

- (i) 176% of the PSA Prepayment Model since their date of issuance,
- (ii) 185% of the PSA Prepayment Model for the most recent 12 months, and
- (iii) 206% of the PSA Prepayment Model for the most recent six months.

SOURCES OF PAYMENT AND SECURITY FOR THE BONDS

Special Obligations of the Corporation; Pledged Property

The Bonds, including the 2013 Series A Bonds, are special obligations of the Corporation, payable solely from the Revenues, funds and accounts held by the Trustee under the Indenture. See “INTRODUCTION.” The Bonds are secured by a pledge of all of the Mortgage Loans, the Revenues and all moneys and securities held in any of the funds or accounts established under the Indenture. The covenants and agreements set forth in the Indenture to be performed by the Corporation are for the equal and proportionate benefit, security and protection of the holders of the Bonds and all Bonds rank *pari passu* under the Indenture.

The Bonds shall not constitute a general or moral obligation of the State or a charge upon the general fund of the State, and the full faith and credit of neither the State nor any political subdivision thereof are pledged to the payment of the principal of and interest on the Bonds. The Act does not provide that the Corporation may request payment on the Bonds by the State and the State is not obligated to appropriate moneys for such purpose.

Revenues

The Indenture defines “Revenues” to mean: (i) all amounts paid or required to be paid with respect to principal and interest from time to time on the Mortgage Loans (excluding amounts applied to reimburse advances made by any Pool Insurer), including prepayments, amounts paid on account of acceleration of any Mortgage Loan, the proceeds received from the sale or other disposition of any Mortgage Loan, the proceeds of any insurance policy related to a Mortgage Loan or the proceeds of any collateral securing any Mortgage Loan, including payments under any FNMA Security, and (ii) all interest received on moneys or securities held pursuant to the Indenture and paid or to be paid into the Revenue Fund. The Indenture requires that no Mortgage Loan may be sold or disposed of unless the Corporation determines that such action is in the best interests of the Corporation and of the Bondholders and does not adversely affect the Corporation’s ability to pay debt service on the Bonds.

The Indenture provides that upon receipt of all Revenues, the Corporation promptly must deposit such Revenues with the Trustee in the Revenue Fund. The Trustee is required by the Supplemental Indenture to monthly (through the last day of each month) deposit to the credit of the Interest Account (2013 Series A Subaccount) all payments received on the Transferred FNMA Securities other than payments representing Mortgage Principal Payments, and to the credit of the Principal Account (2013 Series A Subaccount) all Mortgage Principal Payments received on the Transferred FNMA Securities. In addition, the Trustee is required by the Indenture to pay semiannually from the Revenue Fund amounts in the following order: (a) to fund the Principal Account in an amount equal to all Mortgage Principal Payments, (b) to fund the Interest Account, if and to the extent required, for payment of interest due on the Bonds (monthly for the 2013 Series A Bonds), (c) to fund the Principal Account, if and to the extent required, for payment of principal due on the Bonds if principal is due on the interest payment date for which the credit is made, otherwise one-half of principal becoming due on the interest payment date next succeeding such date, (d) to fund the Debt Service Reserve Account to the extent, if any, required to restore such

Account to its Requirement, (e) to fund the Mortgage Loan Reserve Fund to the extent, if any, required to restore such Fund to its Requirement, (f) to fund the Expense Account to the extent, if any, required so that the amount therein shall equal one-half of the budgeted Corporation Expenses, (g) to deposit in the Loan Fund for credit to the Series Loan Accounts therein pro rata until all amounts in the Debt Service Reserve Account, the Mortgage Loan Reserve Fund (excluding amounts in the Insurance Account and the accounts attributable to Section 203/234 FHA Mortgage Loans and Section 245 Mortgage Loans, as described below under "Mortgage Loan Reserve Fund"), and the Loan Fund, and the aggregate outstanding principal balance of all Mortgage Loans, less the then applicable amount of the Mortgage Payments Credit, are at least equal to 102% of the aggregate principal amount of outstanding Bonds, and (h) to deposit remaining amounts in the General Account. Mortgage Principal Payments, and Revenues deposited in the Series Loan Accounts and General Account are available in certain circumstances to be applied to a par redemption of the Bonds.

Debt Service Reserve Account

The Indenture creates the Debt Service Reserve Account in the Debt Service Fund as a reserve for the payment of the principal of and interest and redemption price, if any, on the Bonds. The Indenture provides for an amount to be deposited to the credit of the Debt Service Reserve Account which will increase the amount then on deposit to equal the Debt Reserve Requirement, defined by the Indenture as the aggregate of the amounts established by the supplemental indentures providing for the issuance of each Series of Bonds, provided that such aggregate amount shall be at least equal to 10% of the aggregate principal amount of Bonds then outstanding. Moneys in the Debt Service Reserve Account are not available for any purpose other than payment of debt service on the Bonds. The Debt Reserve Requirement for the Bonds is established by the Indenture at 10% of the principal amount of Bonds outstanding. All amounts on deposit in the Debt Service Reserve Account in excess of the Debt Reserve Requirement are transferable at the request of the Corporation to the Principal Account for application to the redemption or purchase of Bonds. No monies are being deposited in the Debt Service Reserve Account in connection with the issuance of the 2013 Series A Bonds.

Mortgage Loan Reserve Fund

The Indenture establishes the Mortgage Loan Reserve Fund primarily as a reserve for the payment of losses of principal on Mortgage Loans, but the Mortgage Loan Reserve Fund also may be used to meet deficiencies in the Debt Service Reserve Account. The Indenture requires with respect to any Series of Bonds that the Mortgage Loan Reserve Fund be funded from other than Bond proceeds. The Mortgage Loan Reserve Fund is presently fully funded, and the Corporation does not expect to deposit additional funds to the Mortgage Loan Reserve Fund in connection with the issuance of the 2013 Series A Bonds.

The Indenture defines the Mortgage Reserve Requirement as aggregate of the amounts established by the supplemental indentures providing for the issuance of each Series of Bonds, which aggregate amount shall be at least equal to the greater of: (i) the sum of 1% of the aggregate unpaid principal balances of all Mortgage Loans and 1% of the amount on deposit in the Loan Fund, or (ii) the unguaranteed and uninsured portions of the aggregate unpaid principal balances of all Mortgage Loans as to which: (a) foreclosure proceedings have been commenced by the filing of a foreclosure complaint with the appropriate court, or (b) payments thereon are more than 180 days delinquent, whichever shall have first occurred. The Indenture also creates additional accounts within the Mortgage Loan Reserve Fund applicable separately to Mortgage Loans insured by FHA under its Section 203 program or Section 234 program and Mortgage Loans insured by FHA under its Section 245 program, such accounts to be funded from amounts other than Bond proceeds as an additional increment of the Mortgage Reserve Requirement. The account applicable to Section 203/234 FHA Mortgage Loans was funded from Revenues in an amount equal to 1.385% of the unpaid aggregate principal balance of such Mortgage Loans purchased by the Corporation and the account applicable to Section 245 FHA Mortgage Loans was funded from Revenues in an amount equal to 1.765% of the unpaid aggregate principal balance of such Mortgage Loans purchased by the Corporation. On a periodic basis, certain available amounts in the Revenue Fund, the Expense Fund and the General Account shall be transferred to the Mortgage Loan Reserve Fund so that the balance therein continues to at least equal the Mortgage Reserve Requirement. For the Fiscal Year ending June 30, 2012, the Corporation was not required to transfer any amounts from the Expense Fund to the Mortgage Loan Reserve Fund to maintain the Mortgage Reserve Requirement. The Supplemental Indenture establishes the minimum Mortgage Reserve Requirement in connection with the Bonds required by the Indenture.

The Corporation has established in the Mortgage Loan Reserve Fund a special account (the “Insurance Account”), to be funded and maintained in an amount equal to the unpaid principal balance of the Mortgage Loans financed with proceeds of the 1980 Series A and B Bonds and the 1983 Series A, B and C Bonds, exclusive of such Mortgage Loans insured by FHA (the “Covered Mortgage Loans”).

Amounts in the Mortgage Loan Reserve Fund may be used only for payments related to losses on Mortgage Loans due to unpaid principal on a Mortgage Loan or loss upon sale, assignment, transfer or other disposal of a Mortgage Loan and, with respect to the Insurance Account, only with respect to Covered Mortgage Loans and, subject to the foregoing, for payment of debt service on the Bonds. Any amounts in the Mortgage Loan Reserve Fund in excess of the Mortgage Reserve Requirement shall, upon request of the Corporation, be paid into the Revenue Fund.

Additional Bonds

The Indenture permits the issuance of additional parity Bonds to provide funds for the purpose of purchasing Mortgage Loans and FNMA Securities and to refund outstanding Bonds issued under the Indenture. See “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Additional Bonds” and “—Refunding Bonds.”

BONDHOLDERS’ RISKS

The remedies available to the Holders of the Bonds upon an event of default under the Indenture or other documents described herein are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies set forth in the Indenture may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2013 A Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by the application of equitable principles.

Monies held under the Indenture are currently invested in collateralized repurchase agreements with: Societe Generale (dated December 11, 1991, April 29, 1994, and June 24, 1998), Westdeutsche Landesbank Girozentrale (dated August 12, 1997, and June 24, 1998), and Trinity Plus Funding Company, LLC (dated June 29, 2000). All such repurchase agreements are fully collateralized with obligations issued by the U.S. government or an agency of the U.S. government. Moody’s lowered its credit rating on Societe Generale on June 21, 2012, from A1 to A2. Standard & Poor’s reported a negative outlook on Societe Generale on November 19, 2012.

THE PROGRAM

The Bonds are being issued for the purpose of refunding certain outstanding Bonds of the Corporation issued to provide funds for the Program. Under the Program, the Trustee, on behalf of the Corporation, purchases mortgage-backed FNMA Securities, guaranteed as to payment of principal and interest by FNMA, each of which is backed by pools of Mortgage Loans which have been made by participating financial institutions to qualified persons to finance the purchase of single family residential housing located within the State, all in accordance with agreements executed by the Corporation, the Trustee, the Servicer (the “Servicer”) and certain Lenders. See “FNMA MORTGAGE-BACKED SECURITIES.”

The Mortgage Loans must comply with the terms of the Act, the Indenture, the Program Documents and applicable federal law, including the Internal Revenue Code of 1986, as amended (the “Code”). In general terms, each Mortgage Loan financed by Bonds intended to be tax-exempt under the Code must be made to a Mortgagor: (i) who intends to occupy the Home financed by such Mortgage Loan as such Mortgagor’s principal place of residence within 60 days after the date of such Mortgage Loan, (ii) who has not had a present ownership interest in a principal residence for the three years preceding the date of the Mortgage Loan, provided that this requirement is not applicable to a Home located in certain designated areas from time to time such as a Targeted Area or the Mortgagor is a veteran who has not previously received financing under the Program or a similar program, (iii) who has not had a prior mortgage loan (other than a construction period loan, bridge loan or similar temporary initial financing with a term of 24 months or less) on such Home at any time prior to the execution of the Mortgage Loan, (iv) whose Annual Family Income does not exceed the limits determined in accordance with applicable federal law, and

(v) whose purchase price on such Home does not exceed the limits determined in accordance with applicable federal law. See “Federal Tax Requirements” below.

All Mortgage Loans shall: (i) be secured by a Mortgage creating a first lien (subject only to certain permitted encumbrances) on a Home, (ii) be either: (a) insured by FHA pursuant to Section 203(b) (including Section 223(e)) or Section 234(c) of the National Housing Act, (b) guaranteed by the VA pursuant to the Servicemen’s Readjustment Act of 1944, (c) insured by private mortgage insurance issued by an entity approved by FNMA or having certain loan-to-value ratios acceptable to the Corporation and FNMA, or (d) guaranteed by USDA Rural Development under its Guaranteed Rural Housing Loan Program, (iii) be grouped together in mortgage pools to back the Mortgage-Backed Securities to be purchased by the Trustee, and (iv) be for a term of 25 or 30 years. The Mortgage Loans may be assumable, but only if the Corporation consents to the assumption.

In addition to using proceeds of Bonds to fund the purchase of Mortgage-Backed Securities under the Program, the Corporation may, from time to time, direct the Servicer to place a portion of the Mortgage Loans originated by participating Lenders or Mortgage Loans pooled into Mortgage-Backed Securities, directly with third parties. Mortgage Loans and Mortgage-Backed Securities placed with third parties will not be purchased with proceeds of Bonds or any other money of the Corporation and will not be security for the Bonds. The timing and amount of Mortgage Loans and Mortgage-Backed Securities placed with third parties may affect the timing of the purchase of Mortgage-Backed Securities with the proceeds of the Bonds. The Corporation expects demand for the Program to exceed funds available from Bond proceeds. The Corporation has developed the program of placing a portion of Mortgage Loans and Mortgage-Backed Securities with third parties to satisfy such excess demand for the Program.

The Corporation also expects to offer a down payment and/or closing cost assistance program. Under this program, the Corporation offers borrowers a choice between: (a) an interest rate with no down payment and closing cost assistance, and (b) a higher interest rate with cash assistance. From time to time the Corporation may modify the income and home price limits per Internal Revenue Service and HUD guidelines and the amount of down payment assistance available to home buyers depending on program objectives.

Although interest on the 2013 Series A Bonds is includable in gross income for Federal income tax purposes, the requirements of applicable federal tax law must continue to be satisfied with respect to Mortgage Loans originated using the proceeds of other series of Bonds outstanding under the Indenture in order that interest on the other series of Bonds not be included in gross income for federal income tax purposes retroactive to the date of issuance thereof. See “APPENDIX E – FEDERAL TAX REQUIREMENTS APPLICABLE TO THE HHFDC MORTGAGE LOAN PROGRAM” herein for a complete description of these federal tax requirements.

FNMA MORTGAGE-BACKED SECURITIES

General

The following summary of the FNMA MBS Program (as defined below), the FNMA Securities, FNMA’s mortgage purchase and servicing standards and other documents referred to herein does not purport to be complete and is qualified in its entirety by reference to FNMA’s Prospectus, as defined below, the FNMA Single Family Selling and Servicing Guides and the other documents referred to herein. Neither the Underwriter nor its counsel makes any representation with respect to the accuracy or completeness of this summary.

FNMA is subject to the supervision and regulation of the Federal Housing Finance Agency (“FHFA”) to the extent provided in the Housing and Economic Recovery Act of 2008 (“HERA”). The FHFA placed FNMA into conservatorship in 2008. The Corporation cannot predict the long term consequences of the conservatorship of this entity and the corresponding impact on the participants and the Program.

Information on FNMA and its financial condition is contained in FNMA’s most current annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K that are filed with the Securities and Exchange Commission. FNMA files reports, proxy statements and other information with the Securities and Exchange Commission. Materials that it files with the Securities and Exchange Commission are also available from the Securities and Exchange Commission’s Web site, “www.sec.gov.” In addition, these materials may be

inspected, without charge, and copies may be obtained at prescribed rates, at the Securities and Exchange Commission's Public Reference Room at 100 F Street, NE, Room 1580, Washington, DC 20549. Investors may obtain information on the operation of the Public Reference Room by calling the Securities and Exchange Commission at 1-800-SEC-0330. Investors may also request copies of any filing from FNMA, at no cost, by telephone at (202) 752-7000 or by mail at 3900 Wisconsin Avenue, NW, Washington, DC 20016. The Corporation takes no responsibility for information contained on the Web site.

FNMA

FNMA is a publicly held government-sponsored enterprise organized and existing under the Federal National Mortgage Association Charter Act (12 U.S.C. Section 1716 *et seq.*). FNMA was originally established in 1938 as a United States government agency to provide supplemental liquidity to the mortgage market, and was transformed into a stockholder-owned and privately managed corporation by legislation enacted in 1968. FNMA provides funds to the mortgage market by purchasing mortgage loans from lenders, thereby replenishing their funds for additional lending. FNMA acquires funds to purchase mortgage loans from many capital market investors that may not ordinarily invest in mortgage loans, thereby expanding the total amount of funds available for housing. In addition, FNMA issues mortgage-backed securities primarily in exchange for pools of mortgage loans from lenders.

Mortgage-Backed Securities Program

FNMA has implemented a mortgage-backed securities program pursuant to which FNMA issues securities backed by pools of mortgage loans (the "MBS Program"). **The obligations of FNMA, including its obligations under the FNMA Securities, are obligations solely of FNMA and are not backed by, or entitled to, the full faith and credit of the United States.**

The terms of the MBS Program are governed by the FNMA Single Family Selling and Servicing Guides published by FNMA, as modified by the Pool Contract (defined below), and, in the case of mortgage loans such as the Mortgage Loans, a Trust Indenture dated as of November 1, 1981, as amended (the "Trust Indenture"), and a supplement thereto to be issued by FNMA in connection with each pool. The MBS Program is further described in a prospectus issued by FNMA (the "FNMA Prospectus"). The FNMA Prospectus is updated from time to time. A FNMA Prospectus Supplement may not be available as to the FNMA Securities.

Copies of the FNMA Prospectus are available without charge from Investor Relations, FNMA, 3900 Wisconsin Avenue, N.W., Washington, D.C. 20016 (telephone: (800) 237-8627). Additional information and copies of the prospectus are available by accessing FNMA's Web site.

Pool Purchase Contract

FNMA and the Servicer will enter into a Pool Purchase Contract (the "Pool Contract"), pursuant to which the Servicer is permitted to deliver, and FNMA agrees to purchase, Mortgage Loans in exchange for FNMA Securities. The purpose of the Pool Contract is to provide for certain additions, deletions and changes to the FNMA Single Family Selling and Servicing Guides relating to the purchase of Mortgage Loans. In the event of a conflict between the Pool Contract and the FNMA Single Family Selling and Servicing Guides, the Pool Contract is to control. The description set forth below assumes that the Pool Contract will be executed substantially in the form presented by FNMA to the Servicer at the time the Series Bonds are initially delivered.

The Pool Contract obligates the Servicer to service the Mortgage Loans in accordance with the requirements of the FNMA Single Family Selling and Servicing Guides and the Pool Contract.

FNMA Securities

Each FNMA Security is to represent the entire interest in a specified pool of Mortgage Loans purchased by FNMA from the Servicer and identified in records maintained by FNMA. The Pool Contract requires that each FNMA Security be in a minimum amount of \$250,000 (or, in each case, such lesser amounts as may be approved by FNMA). The Mortgage Loans backing each FNMA Security are to bear interest at a rate higher than each FNMA

Security (the “pass-through rate”). The difference between the interest rate on the Mortgage Loans and the pass-through rate on the FNMA Security is to be collected by the Servicer and used to pay the Servicer’s servicing fee and FNMA’s guaranty fee.

FNMA is to guarantee to the registered holder of the FNMA Securities that it shall distribute amounts representing scheduled principal and interest at the applicable “pass-through rate” on the Mortgage Loans in the pools represented by such FNMA Securities, whether or not received, and the full principal balance of any foreclosed or other finally liquidated Mortgage Loan, whether or not such principal balance is actually received. The obligations of FNMA under such guarantees are obligations solely of FNMA and are not backed by, nor entitled to, the faith and credit of the United States. If FNMA were unable to satisfy such obligations, distributions to the Trustee, as the holder of FNMA Securities, would consist solely of payments and other recoveries on the underlying Mortgage Loans and, accordingly, monthly distributions to the Trustee, as the registered holder of FNMA Securities, would be affected by delinquent payments and defaults on such Mortgage Loans.

Payments on Mortgage Loans; Distributions on FNMA Securities

Payments on a FNMA Security are to be made to the Trustee on the 25th day of each month (beginning with the month following the month such FNMA Security is issued), or, if such 25th day is not a business day, on the first business day next succeeding such 25th day. With respect to each FNMA Security, FNMA is to distribute to the Trustee an amount equal to the total of (i) the principal due on the Mortgage Loans in the related pool underlying such FNMA Security during the period beginning on the second day of the month prior to the month of such distribution and ending on the first day of such month of distribution, (ii) the stated principal balance of any Mortgage Loan that was prepaid in full during the second month next preceding the month of such distribution (including as prepaid for this purpose at FNMA’s election any Mortgage Loan after it is delinquent, in whole or in part, with respect to four consecutive installments of principal and interest; or because of FNMA’s election to repurchase such Mortgage Loan under certain other circumstances as permitted by the Trust Indenture), (iii) the amount of any partial prepayment of a Mortgage Loan received in the second month next preceding the month of distribution, and (iv) one month’s interest at the pass-through rate on the principal balance of the FNMA Security as reported to the Trustee (assuming the Trustee is the registered holder) in connection with the previous distribution (or, respecting the first distribution, the principal balance of the FNMA Security on its issue date).

For purposes of distributions, a Mortgage Loan is to be considered to have been prepaid in full if, in FNMA’s reasonable judgment, the full amount finally recoverable on account of such Mortgage Loan has been received, whether or not such full amount is equal to the stated principal balance of the Mortgage Loan. FNMA may, in its discretion, include with any distribution principal prepayments, both full and partial, received during the month prior to the month of distribution but is under no obligation to do so.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture. This summary does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the Indenture, to which reference is hereby made, and copies of which are available from the Corporation. Certain provisions of the Indenture have been summarized in the sections of this Official Statement entitled “THE BONDS” and “SOURCES OF PAYMENT AND SECURITY FOR THE BONDS.”

Certain Definitions

The following are definitions in summary form of certain terms contained in the Indenture and used herein:

Act: Part III of Chapter 201H, Hawaii Revised Statutes, as may be from time to time amended and supplemented.

Aggregate Debt Service: In any Bond Year, as of any date of calculation, the sum of the amounts of Debt Service for such Bond Year with respect to all Series of Bonds issued under the Indenture.

Annual Budget: The annual budget, relating to the Program, as amended or supplemented, adopted or in effect for a particular Fiscal Year, such Fiscal Year, as of the date of the Indenture, being the twelve month period ending June 30 of each year.

Authorized Officer of the Corporation: The Executive Director or any officer or employee of the Corporation authorized to perform specific acts or duties by resolution duly adopted by the Corporation.

Bond Year: Each 12 month period ending June 30.

Counsel's Opinion: An opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds (who may also be counsel to the Corporation) selected by the Corporation and satisfactory to the Trustee.

Debt Reserve Requirement: As of any date of calculation, with respect to all Series of Bonds, the aggregate of amounts established by the Supplemental Indentures providing for the issuance of each Series of Bonds which aggregate amount shall be at least equal to 10% of the aggregate principal amount of all Series of Bonds then outstanding. Where expressly limited to a particular Series of Bonds, such term shall mean the aforementioned amount established by the applicable Supplemental Indenture.

Debt Service: With respect to any particular Bond Year and any Series of Bonds, an amount equal to the sum of (i) interest payable on such Bonds during such Bond Year exclusive of capitalized interest, plus (ii) the Principal Installment or Principal Installments of such Bonds payable during such Bond Year. Such interest and Principal Installments for such Series shall be calculated on the assumption that no Bonds will be retired except by payment on the date thereof.

Investment Securities: Any of the following, if and to the extent the same are at the time legal for investment of Corporation funds:

- (i) direct obligations of or obligations guaranteed by the full faith and credit of the United States of America;
- (ii) bonds, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following agencies: Bank for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of United States; Federal Land Banks; FNMA (excluding interest only stripped mortgage-backed securities); the United States Postal Service; the Government National Mortgage Association; or the Federal Financing Bank or any agency or instrumentality of the United States of America or any other corporation wholly-owned by the United States of America, in each case, so long as such obligations provide for the timely payment of principal and interest;
- (iii) New Housing Corporation Bonds, Temporary Notes or Preliminary Loan Notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an Annual Contributions Contract or Contracts with the United States of America or any agency thereof; or Project Notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America or any agency thereof;
- (iv) direct and general obligations of any state of the United States or any political subdivision of any such state, to the payment of the principal of and interest on which the full faith and credit of such state is pledged, provided that at the time of their purchase under the Indenture, such obligations are rated in either of the two highest rating categories by each nationally recognized bond rating agency then maintaining a rating on its Bonds; and
- (v) repurchase agreements the underlying securities of which are obligations described in items (i) and (ii) above, provided that the investment in any such repurchase agreement will not cause a reduction in the rating assigned to the Bonds by any rating agency then maintaining a rating on the Bonds.

Mortgage Loan: A note or bond secured by a mortgage which is eligible at the time of purchase for purchase by the Corporation under the requirements of the Indenture and is purchased with proceeds of Bonds or other moneys pledged under the Indenture and is held under the Indenture, including a single pool mortgage backed security guaranteed as to timely payment of principal and interest by FNMA and a fully modified mortgage backed security guaranteed as to timely payment of principal and interest by the Government National Mortgage Association, in each case, representing the right to receive interest (net of servicing and guaranty fees) and principal on mortgage loans eligible for purchase by the Corporation pursuant to the Act and the Program.

Mortgage Principal Payment: With respect to any Mortgage Loan, the amounts paid or required to be paid from time to time as principal with respect to such Mortgage Loan or mortgage backed security, including amounts paid with respect to principal on account of acceleration of the due date of such Mortgage Loan or prepayment of all or part of such Mortgage Loan and shall include amounts received with respect to principal as shall be determined by the Corporation from the sale or other disposition of any Mortgage Loan or of any mortgage backed security or any collateral securing any Mortgage Loan or amounts transferred from the Mortgage Loan Reserve Fund pursuant to the Indenture or from any insurer or guarantor of any Mortgage Loan or any issuer of a mortgage backed security.

Mortgage Reserve Requirement: As of any date of calculation, with respect to all Series of Bonds, the aggregate of amounts established by the Supplemental Indentures providing for the issuance of each Series of Bonds, which aggregate amount shall be at least equal to: (1) the greater of: (i) the sum of 1% of the aggregate unpaid principal balances of all Mortgage Loans and 1% of the amount on deposit in the Loan Fund, or (ii) the unguaranteed and uninsured portions of the aggregate unpaid principal balances of all Mortgage Loans as to which (a) foreclosure proceedings have been commenced by the filing of a foreclosure complaint with the appropriate court or (b) payments thereon are more than 180 days delinquent, whichever shall have first occurred; plus (2) with respect to the 1983 Series A Bonds, the 1983 Series B Bonds, the 1983 Series C Bonds, the 1984 Series A Bonds, the 1985 Series A Bonds, the 1986 Series A Bonds, the 1986 Series B Bonds, the 1988 Series A Bonds, the 1989 Series A Bonds and the 1990 Series A Bonds, 1.385% of the aggregate unpaid principal balances of all Mortgage Loans that are insured by FHA under its Section 203 Program and its Section 234 Program and that are financed from the Series Loan Account applicable to such Bonds; and 1.765% of the aggregate unpaid principal balances of all Mortgage Loans that are insured by FHA under its Section 245 Program and that are financed from the Series Loan Account applicable to such Bonds; plus (3) with respect to the Covered Mortgage Loans, the unpaid principal balance thereof.

Pledged Property: All of the Mortgage Loans, Revenues, funds established under the Indenture and Investment Securities held in any fund under the Indenture, together with all proceeds of the foregoing and all of the Corporation's right, title and interest in and to the foregoing, and all other moneys, securities or funds pledged for the payment of the principal or Redemption Price of and interest on the Bonds in accordance with the terms and provisions of the Indenture. The Corporation's right, title and interest in the Mortgage Loans shall not include the right to receive any payment on a Mortgage Loan for which the obligor thereon is required to be given a credit in order to comply with the Federal Tax Requirements.

Principal Installment: As of any payment date, the principal amount of serial Bonds maturing on such date and the amount of all Sinking Fund Installments due on such date.

Rule: The rules adopted by the Corporation pursuant to the Act as the same may be amended and supplemented from time to time.

Sinking Fund Installment: With respect to any Series of Bonds, the amount or amounts required to be deposited in the Debt Service Fund and credited to the Principal Account therein by one or more Supplemental Indentures in order to periodically redeem any Bonds issued as "term bonds."

Supplemental Indenture: Any indenture supplemental to or amendatory of the Indenture, entered into by the Corporation in accordance with the Indenture.

Additional Bonds (Indenture, Section 2.3 B.)

Issuance of additional Bonds is conditioned upon, among other things, delivery of: (i) the Corporation's certificate that the Corporation is not in default in the payment of the principal of, Redemption Price, if any, and interest on the Bonds then outstanding, or in the performance of any of the covenants and agreements contained in the Indenture or in the event of default, a Counsel's Opinion that such default does not deprive any Bondholder in any material respect of the security afforded by the Indenture, and (ii) a Cash Flow Statement.

Refunding Bonds (Indenture, Section 2.3 C.)

One or more Series of Bonds ("Refunding Bonds") may be issued to refund any or all of the Bonds then outstanding provided that: (i) if less than all of such Bonds are refunded, the Corporation determines that there will be a savings to the Corporation over the life of the outstanding Bonds or that the amounts required to be paid into the Interest Account and Principal Account in the Debt Service Fund to pay the principal of and interest on Bonds in any year after the issuance of Refunding Bonds shall not be greater than the amount which would have been payable into the Interest Account and Principal Account if the Bonds to be refunded were not so refunded, (ii) the Corporation certifies that the Corporation is not in default in the payment of principal of, Redemption Price, if any, and interest on the Bonds then outstanding, or in the performance of any of the covenants and agreements contained in the Indenture or if there exists an event of default, there is furnished a Counsel's Opinion that such default does not deprive any Bondholder in any material respect of the security afforded by the Indenture, and (iii) a Cash Flow Statement is delivered.

Loan Fund (Indenture, Sections 5.1 and 5.2, Twenty-Second Supplemental Indenture)

Prior to the purchase of any Mortgage Loan by the Corporation, the Trustee, upon the written request of the Corporation signed by an Authorized Officer of the Corporation, shall withdraw from the Loan Fund an amount sufficient to pay the purchase price of Mortgage Loans purchased by the Corporation, including any accrued interest. The Trustee shall at any time upon the written request of the Corporation transfer amounts on credit to a Series Loan Account in the Loan Fund to the Principal Account in the Debt Service Fund for the purpose of paying the principal of Bonds of the Series for which such Series Loan Account was created which are being redeemed or purchased.

Series Loan Account: The Supplemental Indenture providing for the issuance of each Series of Bonds shall require the Trustee to establish a Series Loan Account in the Loan Fund for such Series of Bonds. Certain of the proceeds from the sale of such Bonds will be deposited in the Loan Fund to the credit of the applicable Series Loan Account.

In addition, the Trustee shall withdraw from the Revenue Fund and deposit in the Loan Fund, after payments to the Debt Service Reserve Account, the Mortgage Loan Reserve Fund and the Expense Fund, (i) for credit to the Series Loan Accounts on a pro rata basis, all Revenues on deposit therein until the sum of moneys and Investment Securities on deposit in the Debt Service Reserve Account, the Mortgage Loan Reserve Fund (excluding amounts in the Insurance Account and the accounts attributable to Section 203/234 FHA Mortgage Loans and Section 245 Mortgage Loans, as described in "Sources of Payment and Security for the Bonds Mortgage Loan Reserve Fund"), and the Loan Fund, and the aggregate of the outstanding principal balances of Mortgage Loans owned by the Corporation, shall at least equal 102% of all Outstanding Bonds and (ii) such additional amounts for credit to such Series Loan Accounts, as the Corporation shall direct. Also, the Trustee, at the direction of the Corporation, shall transfer Mortgage Principal Payments in the Principal Account in the Debt Service Fund not otherwise needed to pay Principal Installments on the Bonds to the Series Loan Account applicable to such Mortgage Principal Payments. Furthermore, amounts in the General Account not required for the purposes of eliminating a deficiency in the Debt Service Reserve Account, the Mortgage Loan Reserve Fund and the Expense Fund may be deposited in Series Loan Accounts.

In addition, the Supplemental Indenture authorizing the issuance of the Bonds provides that the Corporation may at any time determine that the amounts on credit to the 2005 Series A Loan Account which constitute proceeds of the Bonds and which are not committed to the purchase of Mortgage Loans on the date of such determination are

unexpended proceeds of the Bonds, and direct the Trustee to apply such transferred moneys to the redemption or purchase of Bonds to the greatest extent possible.

Establishment of Funds and Accounts (Indenture, Section 5.1 through 5.6, Thirty-Seventh Supplemental Indenture)

The Indenture establishes the following funds and accounts, each held by the Trustee (the Loan Fund and Series Loan Account were described above):

- Loan Fund
 - 2013 Series A Loan Account
- Revenue Fund
 - General Account
- Debt Service Fund
 - Interest Account
 - Principal Account
 - Debt Service Reserve Account
- Mortgage Loan Reserve Fund
 - FHA 203/234 Account
 - FHA 245 Account
 - Insurance Account
- Expense Fund

Revenue Fund (Indenture, Section 5.2, Twenty-Second Supplemental Indenture)

All Revenues shall be deposited in the Revenue Fund. On or before each interest payment date on any Bonds then outstanding, amounts in the Revenue Fund shall be withdrawn and allocated to the following funds and accounts on a preliminary basis in the order set forth below; provided, however, that any such amounts so withdrawn and allocated for payment of interest and Principal Installments on the Bonds due on such interest payment date shall not be less than the amounts so due.

1. To the Debt Service Fund: (i) for credit to the Principal Account therein an amount equal to all Mortgage Principal Payments on deposit in the Revenue Fund, (ii) for credit to the Interest Account, if and to the extent required, an amount so that the balance in said Account shall on the date of such credit be at least equal to any due and unpaid interest and the interest to become due on the outstanding Bonds on the interest payment date for which such credit is made, (iii) for credit to the Principal Account, if and to the extent required, so that: (a) if no Principal Installment is due on the interest payment date for which such credit is made, the balance in said Account on the date of such credit shall be at least equal to the sum of any due and unpaid Principal Installment and one-half of any Principal Installment becoming due on the outstanding Bonds on the interest payment date next succeeding the interest payment date for which such credit is made; and (b) if a Principal Installment is due on the interest payment date for which such credit is made, the balance in said Account on such date shall be at least equal to the sum of any due and unpaid Principal Installment and any Principal Installment to become due on the outstanding Bonds on the interest payment date for which such credit is made, and (iv) for credit to the Debt Service Reserve Account, if and to the extent required, an amount such that the balance therein shall equal the Debt Reserve Requirement (calculated as of the interest payment date for which such credit is made taking into consideration any Principal Installments or redemptions to be made on such interest payment date);

2. To the Mortgage Loan Reserve Fund, if and to the extent required, an amount so that the balance in said Fund on the interest payment date for which such credit is made shall equal the Mortgage Reserve Requirement (calculated based on data not more than 60 days prior to such interest payment date);

3. To the Expense Fund, if and to the extent required, an amount so that the balance in said Fund on the interest payment date for which such credit is made shall equal one-half of Corporation expenses provided in the Annual Budget (including premiums on all mortgage pool insurance policies);

4. To the Loan Fund, for credit to Series Loan Accounts: (i) pro rata on the basis of the respective principal amounts of Outstanding Bonds of the applicable Series of Bonds, until the sum of the moneys and Investment Securities on deposit in the Debt Service Reserve Account, the Mortgage Loan Reserve Fund (excluding amounts in the Insurance Account and the accounts attributable to Section 203/234 FHA Mortgage Loans and Section 245 Mortgage Loans, as described in “SOURCES OF PAYMENT AND SECURITY FOR THE BONDS Mortgage Loan Reserve Fund”), and the Loan Fund and the aggregate of the outstanding principal balances of Mortgage Loans owned by the Corporation, less the then applicable Mortgage Payments Credit, if any, shall at least equal 102% of the principal amount of the Bonds then outstanding, and (ii) such additional amounts as the Corporation shall direct; and

5. To the General Account, to the extent of any remaining balance on deposit in the Revenue Fund.

No later than 21 days after each interest payment date, the deposits referred to above shall be finalized and further appropriations of moneys received on or prior to such interest payment date from the Revenue Fund and transfers of funds deposited on a preliminary basis on or prior to such interest payment date among the various Funds and Accounts established by the Indenture may be made for the purpose of finalizing such deposits. Such deposits upon finalization shall be deemed to be finalized as of such interest payment date.

Principal Account; Interest Account (Indenture, Section 5.3)

The Trustee shall pay out of the Interest Account the amount required for the interest on any of the Bonds as the same become due and payable, out of the Principal Account the amount required for the payment of Principal Installments as they become due and payable, and out of the Principal Account and the Interest Account, respectively, the amounts required for the payment of the Redemption Price of and interest on the Bonds then to be redeemed. Such amounts shall be paid by the Trustee to the Paying Agents to permit the above payments to be made as the same become due, but not earlier than one day prior to the due date.

With respect to any Sinking Fund Installment the Trustee shall apply amounts in the Principal Account (together with amounts in the Interest Account with respect to any interest becoming due on the Bonds for which such Sinking Fund Installment was established) for the redemption of Bonds of the Series and maturity for which such Sinking Fund Installment was established to satisfy Sinking Fund Installment requirements. The Trustee shall give notice of redemption in accordance with the Indenture as soon as practicable after the 40th day preceding the due date of any such Sinking Fund Installment.

The Trustee, upon receipt of a written request signed by an Authorized Officer of the Corporation, shall purchase Bonds in the open market at any time during the period between an interest payment date for the Bonds and the forty-fifth day preceding the next interest payment date and at a price no greater than the applicable Redemption Price for such Bonds. Such request shall also designate the Series of Bonds to be purchased, the maturity within such Series to be purchased and the source of payment of the purchase price, and shall direct any necessary transfer of moneys, shall designate the principal amount of Bonds within such maturity to be purchased, and if any of the Bonds are term Bonds, shall designate the years in which Sinking Fund Installments are to be reduced and the amount by which such Sinking Fund Installments are to be reduced; provided, prior to any such purchase, the Corporation may be required to file a Cash Flow Statement in accordance with the Indenture. See “Cash Flow Statement (Indenture, Section 6.11, Twenty-Fourth Supplemental Indenture)” below.

The Trustee, at the direction of the Corporation, shall transfer Mortgage Principal Payments in the Principal Account not otherwise needed to pay Principal Installments on the Bonds to the Series Loan Account in the Loan Fund applicable to such Mortgage Principal Payments.

To the extent that at any time moneys are not available in the Principal Account or Interest Account in the Debt Service Fund for the payment of principal of and Redemption Price and interest on the Bonds when due, the deficiency therein shall be made up from the following funds or accounts and in the following order of priority:

- first, from the Revenue Fund;
- second, from the General Account;

third,	from the Mortgage Loan Reserve Fund;
fourth,	from the Expense Fund;
fifth,	from the Debt Service Reserve Account;
sixth,	from the Interest Account;
seventh,	from the Principal Account; and
eighth,	from the Series Loan Accounts.

Debt Service Reserve Account (Indenture, Section 5.4)

If on any interest payment date for the Bonds, after giving effect to all transfers from the Revenue Fund, the General Account, the Mortgage Loan Reserve Fund and the Expense Fund, the amounts in the Principal Account and the Interest Account shall be less than the amounts required to be in such Accounts, the Trustee shall apply amounts from the Debt Service Reserve Account to the extent necessary to eliminate the deficiency, first in the Interest Account and second in the Principal Account.

Prior to the allocation from the Revenue Fund on or prior to each interest payment date, the Trustee shall calculate the amount of the Debt Reserve Requirement as of such date and shall determine the amount, if any, then in the Debt Service Reserve Account which is in excess of such Debt Reserve Requirement. The amount of such excess shall, upon the request of the Corporation, immediately prior to such allocation, be transferred to the Principal Account.

Expense Fund (Indenture, Section 5.5)

The Trustee shall apply amounts in the Expense Fund from time to time as may be required by the Corporation for reasonable and necessary Corporation expenses upon a written requisition by an Authorized Officer of the Corporation, provided that no payment shall be made by the Trustee to the extent that the amount of such payment is in excess of the unencumbered balance of the Expense Fund.

To the extent that amounts on deposit in the Expense Fund exceed one-half of Corporation expenses provided in the Annual Budget, such excess may be transferred to the Revenue Fund for credit to the General Account.

Mortgage Loan Reserve Fund (Indenture, Section 5.6)

Prior to each interest payment date, the Corporation shall calculate the amount of the Mortgage Reserve Requirement and the Trustee shall determine the amount of any excess in the Mortgage Loan Reserve Fund. The Trustee shall notify the Corporation of any excess and, at the request of the Corporation, the excess shall be transferred to the Revenue Fund.

At the time the Corporation shall determine that a Mortgage Loan is uncollectible or shall sell, assign, transfer or otherwise dispose of a Mortgage Loan, the Corporation shall deliver to the Trustee a certificate of an Authorized Officer of the Corporation certifying as to such determination or disposal, as the case may be, and the amount of loss or proceeds of disposal. The Trustee shall withdraw from the Mortgage Loan Reserve Fund an amount equal to the loss incurred or the difference, if any, between the unpaid principal balance of such Mortgage Loan and the principal portion of proceeds of such disposal and deposit such amount in the Revenue Fund.

General Account and General Administered Account (Indenture, Section 5.7, Twenty-Second Supplemental Indenture, Thirty-Seventh Supplemental Indenture)

On or before each interest payment date, amounts in the General Account shall be applied by the Corporation to make up any deficiencies in the Interest Account, the Principal Account, the Debt Service Reserve Account, the Mortgage Loan Reserve Fund and the Expense Fund, in that order. Any remaining amount in the General Account upon a written request of the Corporation may be deposited in Series Loan Accounts in the Loan Fund, used to redeem Bonds, to pay Corporation expenses or establish reserves therefor or for any other purpose or

payment authorized or required by law free and clear of the lien of the Indenture; provided that no payments shall be made free and clear of the lien of the Indenture unless a Cash Flow Statement is filed with the Trustee.

The Corporation may release certain Mortgage Loans from the Indenture and transfer such Mortgage Loans (the “Released Mortgage Loans”) to the General Administered Account provided after such transfer the sum of moneys and Investment Securities on deposit in the Debt Service Reserve Account, the Mortgage Loan Reserve Fund and the outstanding principal balances of Mortgage Loans owned by the Corporation shall equal at least 100% of all outstanding Bonds.

Investment of Certain Funds and Accounts (Indenture, Section 5.8, Fourth Supplemental Indenture, Twenty-Seventh Supplemental Indenture, Thirty-Sixth Supplemental Indenture)

Moneys held in the Revenue Fund, the Loan Fund, the Debt Service Reserve Account, the Expense Fund and the Mortgage Loan Reserve Fund and accounts therein shall be invested and reinvested by the Trustee: (i) in Investment Securities which shall mature prior to the dates when the moneys held will be needed for payments to be made from each such fund or account, or (ii) to the extent permitted by law, in certificates of deposit or similar banking arrangements issued by or time deposits with the Trustee or any bank, trust company, national banking association, savings and loan association, savings bank or other banking institution or association organized under the laws of the United States or any state thereof. Such certificates of deposit, similar banking arrangements or time deposits shall be collaterally secured by Investment Securities having a market value of not less than the amount of the certificates of deposit, similar banking arrangements or time deposits so secured; provided, however, that it shall not be necessary for such certificates of deposit, similar banking arrangements or time deposits to be so secured to the extent that they are insured by the Federal Deposit Insurance Corporation, and (iii) to the extent permitted by law, money market funds the assets of which are required to be invested in Investment Securities described in clause (i) or (ii) of the definition of such term set forth under “Certain Definitions” herein; provided the amount which may be invested in such money market funds at any time shall not exceed \$1,000,000. Notwithstanding anything in the Indenture to the contrary, Investment Securities, certificates of deposit, similar banking arrangements and time deposits in all funds and accounts shall mature and moneys invested in money market funds shall be readily available not later than such times as shall be necessary to provide moneys when needed for payments to be made from such funds.

The Corporation may at any time give to the Trustee written directions respecting the investment of any moneys required to be invested under the Indenture, subject, however, to the provisions of the Indenture, and the Trustee shall then invest such moneys as so directed by the Corporation. Upon the written request of the Trustee, accompanied by a memorandum setting forth the details of any proposed investment of moneys under the Indenture, the Corporation will either approve such proposed investment or will give written directions to the Trustee respecting the investment of such moneys.

All interest, except that representing a return of accrued interest paid in connection with a purchase by the Trustee of any investment, earned on any moneys or investments in all funds and accounts shall be paid into the Revenue Fund.

Enforcement of Mortgage Loans (Indenture, Section 6.6, Fifth Supplemental Indenture)

The Corporation shall diligently enforce and take all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of all Mortgage Loans, including the prompt payment of all Mortgage Loan payments and all other amounts due the Corporation thereunder. The Corporation shall not release the obligations of any obligor under any Mortgage Loan and shall at all times, to the extent permitted by law, defend, enforce, preserve and protect the rights and privileges of the Corporation and of the Bondholders under or with respect to each Mortgage Loan; provided that the Corporation shall have the power and Corporation to settle a default on any Mortgage Loan on such terms as the Corporation shall determine to be in the best interests of the Corporation and the Bondholders. The Corporation may forbear from taking actions with respect to enforcement of a Mortgage Loan if the Corporation determines such forbearance to be in the best interests of the Corporation and the Bondholders.

Whenever it shall be necessary in order to protect and enforce the rights of the Corporation under a Mortgage Loan and to protect and enforce the rights and interests of Bondholders under the Indenture, the Corporation shall take steps to enforce any policy or certificate of insurance or guaranty relating to such Mortgage Loan and to foreclose the Mortgage Loan or enforce the security interest and to collect, hold and maintain or to sell or otherwise dispose of the property securing the Mortgage Loan which is in default under the provisions of such Mortgage Loan and, if the Corporation deems such to be advisable, shall bid for and purchase such property at any sale thereof and acquire and take possession of such property.

Assignment or Disposition of Mortgage Loans (Indenture, Section 6.7, Twenty-Third Supplemental Indenture)

The Corporation shall not sell, assign, transfer or otherwise dispose of any Mortgage Loan or any of the rights of the Corporation with respect to any Mortgage Loan unless the Corporation determines that such action is in the best interests of the Corporation and the Bondholders and will not adversely affect the ability of the Corporation to pay when due the principal or Redemption Price of and interest on the Bonds, in which case such Mortgage Loan may be so disposed of by the Corporation free and clear of the pledge of the Indenture.

Amendment of Mortgage Loans (Indenture, Section 6.8)

The Corporation shall not consent to, or agree to permit, any amendment or modification of any Mortgage Loan which will in any manner materially impair or materially adversely affect the rights or security of the Bondholders under the Indenture in such Mortgage Loan except for amendments and modifications made in connection with settling any default on any Mortgage Loan which settlement the Corporation determines to be in the best interests of the Corporation and the Bondholders.

Cash Flow Statement (Indenture, Section 6.11, Twenty-Fourth Supplemental Indenture)

The Corporation shall have on file with the Trustee a current Cash Flow Statement, dated as of any particular date: (i) whenever any Series of Bonds is issued, (ii) prior to making any transfer from the General Account to be used by the Corporation free and clear of the lien of the Indenture, and (iii) prior to certain redemptions or purchases of any Bonds. Notwithstanding the foregoing, in the case of any Cash Flow Statement filed in connection with: (a) transfers from the General Account which aggregate more than \$1,000,000 in any one Bond Year, or (b) any purchase or redemption of Bonds for which a Cash Flow Statement is required, the Cash Flow Statement shall demonstrate compliance with the requirements of the preceding sentence if Revenues are anticipated on the basis of 0% and 500% of the rate set forth in the most recent mortgage maturity experience table for mortgages having the same terms insured under Section 203 or the National Housing Act and published by the Federal Housing Administration in "Survivorship and Decrement Tables for HUD/FHA Home Mortgage Insurance Program" for the region, or, if available, the State.

Tax Covenant (Indenture, Section 6.14)

The Corporation shall not use or permit to be used any of the proceeds of the Bonds or funds of the Corporation directly or indirectly to acquire any securities or obligations which would cause any Bond to be an "arbitrage bond" as defined in the Internal Revenue Code, as the same may be amended from time to time, or which would cause the interest on the Bonds to be taxable under any other law. See also "TAX MATTERS" below.

Accounts and Reports to Bondholders (Indenture, Sections 6.12 and 6.17)

The Corporation will permit the Trustee and any Bondholder to inspect the Corporation's books of records and accounts. The Corporation will also furnish a copy of a quarterly report on Mortgage Loan delinquencies, the redemption history for each Series of Bonds and information about outstanding balances and insurance coverage to any Bondholder upon request.

Qualifications, Resignation or Removal of Trustee and Agents (Indenture, Section 7.1, Twenty-Fifth Supplemental Indenture)

The Trustee shall at all times be a trust company or bank having the powers of a trust company within or without the State, and any such Trustee shall have at all times a combined capital stock, capital surplus and undivided profits of not less than \$7,500,000 and shall at all times meet all the requirements of law for the performance of the duties of the Trustee specified in the Indenture.

The Trustee may resign at any time by giving not less than sixty days' notice to the Corporation and by publishing a notice of resignation at least once not later than ten days after the giving of such notice in the same newspaper in which notices of redemption of Bonds are to be published pursuant to the Indenture.

In case at any time (1) the Trustee shall cease to be eligible in accordance with the provisions of the Indenture and shall fail to resign after written request therefor has been given to such Trustee by the Corporation or by any holder of a Bond who has been a bona fide holder of a Bond for at least six months, or (2) the Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of such Trustee or of its property shall be appointed, or any public officer shall take charge or control of such Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then in any such case the Corporation may remove such Trustee by an instrument in writing or any such holder of a Bond may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of such Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, remove such Trustee.

The Trustee may be removed at any time by the written direction or upon affirmative vote of the holders of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized.

The Trustee may execute any of the trusts or powers or perform any duties under the Indenture directly or by or through agents or attorneys.

Defaults and Remedies (Indenture, Sections 8.1, 8.2 and 8.7)

Events of Default specified in the Indenture include: (1) failure to pay principal or Redemption Price of any Bond when due; (2) failure to pay any interest installment or any Sinking Fund Installment thereon when due; (3) failure for 30 days to make payments into the Revenue Fund; (4) failure for 60 days after written notice thereof in the performance or observance of any other covenants, agreements or conditions; (5) the institution of proceedings with the consent of the State to effect a composition between the State and its creditors if the claim of such creditor is payable from any Pledged Property or other moneys pledged to the Bonds or to adjust the claims of such creditors pursuant to any Federal or state statute now or hereafter enacted; (6) the entering of an order or decree with or without the consent of the State appointing a receiver or receivers of the Program or any of the moneys thereof and such order shall not be vacated, discharged or stayed on appeal within sixty (60) days after the entering of said order; (7) assumption by any court of competent jurisdiction of custody or control of the Program or any of the moneys thereof and such custody or control continues for 90 days from the date of assumption; and (8) the Corporation shall for any reason be rendered incapable of fulfilling its obligations.

Upon the occurrence of any such Event of Default which shall not be remedied, the Trustee may, and upon the request of the holders of twenty-five percent in principal amount of Bonds outstanding shall, by giving 30 days written notice to the Corporation, declare the principal of and interest on all Bonds outstanding to be due and payable immediately and upon such declaration the same shall become and be immediately due and payable. However, if any time after such declaration but: (i) before any judgment or decree for the payment of moneys due shall have been obtained and entered and (ii) before the Bonds shall mature, all overdue interest payments together with reasonable expenses, charges and liabilities of the Trustee and the holders of the Bonds and their agents and attorneys and all other sums payable by the Corporation under the Indenture shall either be paid by or for the Corporation or provisions satisfactory to the Trustee shall be made for such payment and all defaults under the Bonds and the Indenture shall be made good, the holders of a majority in principal amount of Bonds outstanding, by written notice to the Corporation and the Trustee, may rescind such declaration and annul such default in its entirety.

In addition, the Trustee and the Bondholders shall be entitled to all the rights and remedies otherwise provided or permitted by law or under the Indenture.

In order to satisfy applicable Rating Agency requirements, the Corporation has begun an effort to secure an amendment to the acceleration provision summarized above which would, if effective, require a majority of holders to request acceleration. By virtue of their purchase of the Offered Bonds, Bondholders will be deemed to have approved such proposed change.

Supplemental Indentures (Indenture, Sections 9.1 and 9.2)

The Corporation may enter into a Supplemental Indenture, without the consent of any Bondholder, for the following purposes: (i) to provide for the issuance of Bonds under the Indenture; (ii) to make any changes, modifications, amendments or deletions to the Indenture that are required to qualify the Indenture under the Trust Indenture Act of 1939; or (iii) if the provisions of such Supplemental Indenture shall not adversely affect the rights of the holders of the Bonds then outstanding, to make any changes or corrections for the purpose of curing an ambiguity, inconsistent provision, omission, mistake or manifest error in the Indenture, to add additional covenants and agreements of the Corporation to further secure payment of the Bonds, to surrender any right, power or privilege reserved to or conferred upon the Corporation by the Indenture, to confirm as further assurance any lien, pledge or charge, to grant additional rights, remedies and powers to the Bondholders or to grant to the Trustee for the benefit of the Bondholders additional rights, duties, remedies, power or Corporation.

The Corporation may enter into a Supplemental Indenture, with the consent of the holders of at least two-thirds in principal amount of the Bonds then outstanding, for the purpose of adding any provisions to or changing or eliminating any provisions of the Indenture, or modifying or amending the rights and obligations of the Corporation under the Indenture or modifying or amending the rights of the holders of the Bonds and coupons outstanding. The consent of the holder of each such Bond affected is required for amendments or supplements of the following kind: (1) amending the maturity date for the payment of the principal of any Bond, the dates for the payment of interest thereon, the terms of redemption thereof, reduction of the principal amount of any Bond or the rate of interest thereon, or the Redemption Price payable upon the redemption or prepayment thereof; (2) reducing the percentage of Bonds, the holders of which must consent to any Supplemental Indenture amending or supplementing the provisions of the Indenture; (3) granting to any Bond or Bonds any preference over any other Bond or Bonds secured by the Indenture; (4) authorizing the creation of any pledge of the Pledged Property prior, superior or equal to the pledge of and lien thereon created by the Indenture for payment of the Bonds except as provided for the issuance of additional Bonds; or (5) depriving any Bondholder in any material respect of the security afforded by the Indenture.

Defeasance (Indenture, Section 11.1)

The obligations of the Corporation under and pursuant to the Indenture and the liens, pledges, charges, trusts, covenants and agreements of the Corporation created therein shall be fully discharged and satisfied as to any Bond and such Bond shall no longer be deemed outstanding: (i) when such Bond shall have been cancelled or surrendered for cancellation and is subject thereto or shall have been purchased by the Trustee from moneys held pursuant to the Indenture; or (ii) as to any Bond not so cancelled, surrendered or purchased, when payment of the principal and the applicable Redemption Price of such Bond, plus interest accrued thereon to the due date thereof (whether due date be by reason of maturity or redemption) either: (a) shall have been made or caused to be made in accordance with the terms thereof or (b) shall have been provided by irrevocably depositing with the Trustee and irrevocably appropriating exclusively for such payment: (1) moneys sufficient to make such payment; or (2) direct obligations of or obligations guaranteed by the United States maturing as to principal and interest in such amount and at such times to insure sufficient moneys for such payment; or (3) a combination of both such moneys and obligations, whichever the Corporation deems to be in its best interest, and all necessary fees, compensation and expenses of the Trustee and the Paying Agents pertaining to the Bond being defeased shall have been paid or payment therefor provided.

Notwithstanding the foregoing, in the case of Bonds which by their terms may be redeemed or otherwise prepaid prior to the stated maturities thereof, no deposit under clause (b) of subparagraph (ii) above shall constitute such payment, discharge and satisfaction as aforesaid:

(A) as to any such Bonds as are not at the time of the making of such deposit immediately redeemable or prepayable in accordance with the provisions of the Indenture and of such Bonds, until either (1) such Bonds shall have been irrevocably called or designated for redemption or prepayment on the first date thereafter that such Bonds may be redeemed or prepaid in accordance with the provisions of the Indenture and of such Bonds or (2) ninety (90) days prior to the respective stated maturities thereof;

(B) as to any such Bonds as are at the time of making of such deposit immediately redeemable or prepayable in accordance with the provisions of the Indenture or such Bonds until (1) ninety (90) days prior to the date fixed for their redemption or prepayment or (2) ninety (90) days prior to the respective stated maturities thereof; and

(C) as to all such Bonds which are to be redeemed or prepaid to their respective stated maturities, until proper notice of such redemption or prepayment shall have been previously published in accordance with the Indenture or irrevocable provision shall have been made for the giving of such notice.

All moneys or Investment Securities set aside and held in trust for the payment of Bonds and coupons, as aforesaid, shall be applied to and used solely for the payment of such Bonds and coupons to be redeemed or prepaid.

TAX MATTERS

In the opinion of Bond Counsel to the Corporation, interest on the 2013 Series A Bonds is includable in gross income of owners for Federal income tax purposes. Bond Counsel is also of the opinion that interest on the Bonds is exempt from all taxation by the State of Hawaii or any county or other political subdivision thereof, except inheritance, transfer and estate taxes and except to the extent such income may be included in the measure of the franchise tax imposed on banks and other financial corporations pursuant to the laws of the State of Hawaii.

The following discussion is a brief summary of the principal United States Federal income tax consequences of the acquisition, ownership and disposition of Bonds by original purchasers of the Bonds who are “U.S. Holders”, as defined herein. This summary: (i) is based on the Code, Treasury Regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the Bonds will be held as “capital assets”; and (iii) does not discuss all of the United States Federal income tax consequences that may be relevant to a holder in light of its particular circumstances or to holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Bonds as a position in a “hedge” or “straddle”, holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, holders who acquire Bonds in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Holders of Bonds should consult with their own tax advisors concerning the United States Federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Disposition and Defeasance

Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Bond, a holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such holder’s adjusted tax basis in the Bond.

The Corporation may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Bonds to be deemed to be no longer outstanding under the Indenture (a “defeasance”). See “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” herein. For Federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Bonds subsequent to any such defeasance could also be affected.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to non-corporate holders of the Bonds with respect to payments of principal and payments of interest on a Bond and the proceeds of the sale of a Bond before maturity within the United States. Backup withholding may apply to holders of Bonds under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States Federal income tax provided the required information is furnished to the Internal Revenue Service.

U.S. Holders

The term "U.S. Holder" means a beneficial owner of a Bond that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States Federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

IRS Circular 230 Disclosure

The advice under the caption "Tax Matters" concerning certain income tax consequences of the acquisition, ownership and disposition of the Bonds, was written to support the marketing of the Bonds. To ensure compliance with requirements imposed by the Internal Revenue Service, each prospective purchaser of the Bonds is advised that: (i) any Federal tax advice contained in this official statement (including any attachments) or in writings furnished by Bond Counsel to the Corporation is not intended to be used, and cannot be used by any bondholder, for the purpose of avoiding penalties that may be imposed on the bondholder under the Code, and (ii) the bondholder should seek advice based on the bondholder's particular circumstances from an independent tax advisor.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under state law and could affect the market price or marketability of the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

LEGALITY OF BONDS FOR INVESTMENT

Under the Act, the Bonds are legal investments for the State and all of its public officers, political subdivisions, and public bodies, all banks, trust companies, savings banks, savings and loan associations, investment companies, insurance companies and associations, and all personal representatives, guardians, trustees, and other fiduciaries in the State. The Bonds and other obligations of the Corporation shall be authorized security for all public deposits and shall be fully negotiable in the State.

ABSENCE OF LITIGATION

There is no proceeding or litigation of any nature now pending to restrain or enjoin the issuance, sale, execution, release or delivery of the Bonds, the origination and purchase of the Mortgage Loans or the purchase of Mortgage-Backed Securities with proceeds made available by the issuance or release of the Bonds, or in any way contesting or affecting the validity of the Bonds, the proceedings of the Corporation taken with respect to the issuance, release or sale thereof, the pledge or application of any moneys or securities provided for the payment of the Bonds, the existence or powers of the Corporation or the title of any officers of the Corporation to their respective positions.

RATINGS

The Bonds have been assigned the ratings of “AAA,” “Aaa,” and “AA+” by Fitch Ratings (“Fitch”), Moody’s Investors Service (“Moody’s”), and Standard & Poor’s Ratings Services (“Standard & Poor’s”), respectively.

On August 2, 2011, Moody’s confirmed the “AAA” bond rating of the government of the United States with a negative outlook. Moody’s also announced on that date that as a result of its bond rating of the United States government, the rating outlook of certain housing bonds supported or guaranteed by the United States government (which includes bonds secured by mortgage-backed securities guaranteed by FNMA and Freddie Mac, such as the Bonds) had also been revised to negative.

On August 8, 2011, Standard & Poor’s lowered the ratings on certain public finance housing Corporation issues following the downgrade of the sovereign credit rating of the United States of America to “AA+” on August 5, 2011. Included in those downgrades were the ratings on the Bonds issued under the Indenture, which were downgraded to “AA+.” Standard & Poor’s rating outlook for FNMA Securities remains negative.

On July 10, 2012, Fitch affirmed the United States long-term foreign and local currency issuer default ratings and Fitch-rated U.S. Treasury security ratings at “AAA.” Fitch simultaneously affirmed the U.S. country ceiling at “AAA” and the short-term foreign currency rating at “F1+.” On November 28, 2011, Fitch had revised the outlook on the long-term rating of the U.S. from stable to negative. Fitch affirmed the negative outlook on the U.S.’s long-term rating on July 10, 2012.

The ratings reflect only the views of the respective rating agencies and the Corporation makes no representations as to the appropriateness of such ratings. An explanation of the significance of such ratings may be obtained only from the relevant rating agency. Certain information and materials not included in this Official Statement have been furnished to the rating agencies. Generally a rating agency bases its rating on such information and materials, and on investigations, studies and assumptions made by it. No assurance can be given that the ratings assigned to the Bonds will continue for any given period of time or that such ratings will not be revised or withdrawn entirely by any rating agency, if in its judgment, circumstances so warrant. The Corporation has undertaken no responsibility either to bring to the attention of owners of the Bonds any proposed revision or withdrawal of any rating assigned to the Bonds or to oppose any such proposed revision or withdrawal. A downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

Any explanation of the significance of the ratings may be obtained only from the rating agencies.

CERTAIN LEGAL MATTERS

Certain legal matters in connection with the issuance of the Bonds are subject to the approval of Hawkins Delafield & Wood LLP, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its Co-counsel, Alston Hunt Floyd & Ing, Honolulu, Hawaii, and Katten Muchin Rosenman LLP, New York, New York.

The Supplemental Indenture providing for the issuance of the Bonds will be approved as to legality by the Attorney General of the State.

UNDERWRITING

The 2013 Series A Bonds will be purchased from the Corporation by Morgan Stanley & Co. LLC (the “Underwriter”) under a purchase contract (the “Contract of Purchase”) entered into by the Corporation and the Underwriter, pursuant to which the Underwriter has agreed, subject to certain conditions, to purchase the 2013 Series A Bonds at a purchase price equal to the principal amount of the 2013 Series A Bonds, less an aggregate underwriting discount of \$345,940.84. The Contract of Purchase provides that the Underwriter will purchase all the 2013 Series A Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Contract of Purchase, the approval of certain legal matters by counsel, and certain other conditions.

The initial public offering prices of the Bonds stated on the cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing such Bonds into investment trusts, certain of which may be sponsored or managed by the Underwriter) and others at prices lower than said public offering prices.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, an underwriter of the 2013 Series A Bonds, has entered into a retail brokerage joint venture with Citigroup Inc. As part of the joint venture, Morgan Stanley & Co. LLC will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Morgan Stanley & Co. LLC will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2013 Series A Bonds.

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

FINANCIAL ADVISOR

CSG Advisors, San Francisco, California, served as financial advisor to the Corporation for the issuance of the 2013 Series A Bonds.

FINANCIAL STATEMENTS

The financial statements of the Single Family Mortgage Purchase Revenue Bond Fund as of and for the Fiscal Year ended June 30, 2012, are set forth in Appendix A to this Official Statement. These financial statements have been audited by Accuity LLP, independent certified public accountants, whose report is set forth in Appendix A. The audited financial statements of the Single Family Mortgage Purchase Revenue Bond Fund for future years will be available upon request from the Corporation.

The audited combined financial statements for the Corporation for the Fiscal Year ended June 30, 2012, are available upon request from the Corporation and relate to the general financial condition of the Corporation as of such date. Property or amounts described in such financial statements (other than the Program) are not pledged to and should not be considered as security for the Bonds.

CONTINUING DISCLOSURE

The Corporation has covenanted for the benefit of the Holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the Corporation not later than nine months following the end of the Corporation's fiscal year, commencing with a report for the Corporation's fiscal year ending June 30, 2013 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report and the notices of material events will be filed with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access system. These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5), as amended. The Corporation is in substantial compliance with its previous single-family continuing disclosure undertakings for the past five years.

The form of Continuing Disclosure Agreement is attached hereto as Appendix C.

MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representations are made that any of the estimates will be realized.

The references in this Official Statement to Acts of the Legislature, the Indenture, and other documents referred to in this Official Statement are brief summaries of certain provisions of such documents. Such summaries do not purport to be complete and reference is made to such documents for full and complete statements of such provisions.

The execution and delivery of this Official Statement has been duly authorized by the Corporation.

HAWAII HOUSING FINANCE AND DEVELOPMENT
CORPORATION

By: /s/ Karen Seddon
Karen Seddon, Executive Director

APPENDIX A

**FINANCIAL STATEMENTS OF
SINGLE FAMILY MORTGAGE PURCHASE REVENUE BOND FUND**

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**Hawaii Housing Finance and
Development Corporation
Single Family Mortgage Purchase
Revenue Bond Fund**

Financial Statements

June 30, 2012 and 2011

**Submitted by
The Auditor
State of Hawaii**

**Hawaii Housing Finance and Development Corporation
Single Family Mortgage Purchase Revenue Bond Fund
Index
June 30, 2012 and 2011**

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Report of Independent Auditors

The Auditor
State of Hawai'i

The Board of Directors
Hawaii Housing Finance and Development Corporation

We have audited the accompanying statements of net assets of the Hawaii Housing Finance and Development Corporation, Single Family Mortgage Purchase Revenue Bond Fund (the Fund), as of June 30, 2012 and 2011, and the related statements of revenues, expenses and change in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Fund, and do not purport to, and do not, present fairly the financial position of the Hawaii Housing Finance and Development Corporation as of June 30, 2012 and 2011, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hawaii Housing Finance and Development Corporation, Single Family Mortgage Purchase Revenue Bond Fund, as of June 30, 2012 and 2011, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Acuity LLP

Honolulu, Hawai'i
December 10, 2012

Hawaii Housing Finance and Development Corporation
Single Family Mortgage Purchase Revenue Bond Fund
Statements of Net Assets
June 30, 2012 and 2011

	2012	2011
Assets		
Current assets		
Mortgage loans receivable	\$ 407,374	\$ 458,266
Accrued interest receivable	1,206,590	574,371
Prepaid expenses and other assets	6,314	7,207
Deferred bond issuance costs	-	35,780
Total current assets	<u>1,620,278</u>	<u>1,075,624</u>
Assets held by Trustee		
Cash and cash equivalents	49,609,301	6,731,314
Investments	183,076,676	231,683,186
	<u>232,685,977</u>	<u>238,414,500</u>
Mortgage loans receivable	1,768,249	2,699,613
Deferred bond issuance costs	803,389	661,615
Total assets	<u>\$ 236,877,893</u>	<u>\$ 242,851,352</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 34,095	\$ 33,271
Accrued interest payable	2,496,447	2,535,430
Other accrued expenses	466,115	336,119
Due to other funds	765,210	238,066
Deferred fees	-	120,765
Revenue bonds payable, net	1,940,000	2,240,000
Total current liabilities	<u>5,701,867</u>	<u>5,503,651</u>
Noncurrent liabilities		
Deferred fees	205,872	203,646
Arbitrage rebate payable	2,343,466	2,281,129
Revenue bonds payable, net	187,039,405	193,954,640
Total liabilities	<u>195,290,610</u>	<u>201,943,066</u>
Commitments and contingencies		
Net assets		
Restricted by legislation and contractual agreements	232,685,977	238,414,500
Unrestricted	<u>(191,098,694)</u>	<u>(197,506,214)</u>
Total net assets	<u>41,587,283</u>	<u>40,908,286</u>
Total liabilities and net assets	<u>\$ 236,877,893</u>	<u>\$ 242,851,352</u>

The accompanying notes are an integral part of these financial statements.

Hawaii Housing Finance and Development Corporation
Single Family Mortgage Purchase Revenue Bond Fund
Statements of Revenues, Expenses and Change in Net Assets
Years Ended June 30, 2012 and 2011

	2012	2011
Operating revenues		
Interest on mortgage loans and mortgage-backed securities	\$ 3,634,710	\$ 4,828,931
Net increase (decrease) in fair value of mortgage-backed securities	797,262	(814,998)
Other	396	310
Total operating revenues	<u>4,432,368</u>	<u>4,014,243</u>
Operating expenses		
Interest expense	4,814,403	5,499,610
Personnel services	687,734	493,785
Administration	286,571	219,672
Professional services	48,335	33,971
Trustee fees	33,136	34,202
Loan servicing fees	10,080	13,200
Insurance	6,803	5,555
Utilities	1,469	4,610
Repairs and maintenance	-	7,955
Depreciation	-	541
Total operating expenses	<u>5,888,531</u>	<u>6,313,101</u>
Operating loss	(1,456,163)	(2,298,858)
Nonoperating revenues (expenses)		
Interest income	2,553,037	2,487,006
Arbitrage rebate	(320,001)	(28,460)
Amortization of deferred bond issuance costs	(97,876)	(248,043)
Total nonoperating revenues	<u>2,135,160</u>	<u>2,210,503</u>
Change in net assets	678,997	(88,355)
Net assets		
Beginning of year	<u>40,908,286</u>	<u>40,996,641</u>
End of year	<u>\$ 41,587,283</u>	<u>\$ 40,908,286</u>

The accompanying notes are an integral part of these financial statements.

Hawaii Housing Finance and Development Corporation
Single Family Mortgage Purchase Revenue Bond Fund
Statements of Cash Flows
Years Ended June 30, 2012 and 2011

	2012	2011
Cash flows from operating activities		
Cash received for payments on mortgage-backed securities	\$ 15,626,801	\$ 15,961,464
Interest received on mortgage loans receivable	3,002,491	6,435,528
Cash received for principal repayments of mortgage loans receivable	982,256	739,442
Interest payments	(5,121,690)	(6,597,693)
Payments to employees	(687,734)	(493,785)
Payments to suppliers	(253,469)	(254,266)
Payments for issuance of mortgage loans receivable	(204,688)	-
Receipts from other funds	527,144	17,298
Net cash provided by operating activities	<u>13,871,111</u>	<u>15,807,988</u>
Cash flows from noncapital financing activities		
Principal paid on revenue bond maturities and redemptions	(57,065,470)	(41,185,000)
Proceeds from new bond issuance	50,000,000	-
Arbitrage rebate paid	(257,664)	(1,588,088)
Net cash used in noncapital financing activities	<u>(7,323,134)</u>	<u>(42,773,088)</u>
Cash flows from investing activities		
Proceeds from maturities of investments	2,710,462,145	49,022,300
Purchases of investments	(2,676,685,172)	(20,724,356)
Interest received	2,553,037	2,487,006
Net cash provided by investing activities	<u>36,330,010</u>	<u>30,784,950</u>
Net increase in cash and cash equivalents	42,877,987	3,819,850
Cash and cash equivalents		
Beginning of year	<u>6,731,314</u>	<u>2,911,464</u>
End of year	<u>\$ 49,609,301</u>	<u>\$ 6,731,314</u>

The accompanying notes are an integral part of these financial statements.

Hawaii Housing Finance and Development Corporation
Single Family Mortgage Purchase Revenue Bond Fund
Statements of Cash Flows
Years Ended June 30, 2012 and 2011

	2012	2011
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	\$ (1,456,163)	\$ (2,298,858)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Net increase (decrease) in fair value of mortgage-backed securities	(797,262)	814,998
Depreciation	-	541
Changes in		
Mortgage loans receivable	982,256	739,442
Accrued interest receivable	(632,219)	1,606,597
Prepaid expenses and other assets	893	(830)
Investments	15,626,683	15,961,465
Accounts payable	824	(3,801)
Accrued interest payable	(38,983)	(1,102,482)
Other accrued expenses	129,995	69,219
Due to other funds	527,144	17,298
Deferred refunding costs	(149,765)	253,660
Deferred fees	(322,292)	(249,261)
Net cash provided by operating activities	<u>\$ 13,871,111</u>	<u>\$ 15,807,988</u>

The accompanying notes are an integral part of these financial statements.

Hawaii Housing Finance and Development Corporation

Single Family Mortgage Purchase Revenue Bond Fund

Notes to Financial Statements

June 30, 2012 and 2011

1. Organization and Summary of Significant Accounting Policies

Organization

Act 50, Session Laws of Hawaii (SLH) 1979, as amended by Act 337, SLH 1987, provided for the creation of revenue bond funds to account for the issuance of and proceeds from mortgage revenue bonds, which are used to provide affordable interest rate mortgage loans for the purchase of owner-occupied, detached single-family and condominium dwellings. Accordingly, the Single Family Mortgage Purchase Revenue Bond Fund (the Fund) was created and for administrative purposes placed within the Housing and Community Development Corporation of Hawaii (HCDCH). Effective July 1, 2006, in accordance with Act 196, SLH 2005, as amended by Act 180, SLH 2006, HCDCH was split into (1) the Hawaii Public Housing Authority (HPHA) and (2) the Hawaii Housing Finance and Development Corporation (the Corporation). At that time, the functions of the Fund were transferred to the Corporation.

Financial Statement Presentation

The Fund is a component of the Corporation. The Fund's financial statements are intended to present the financial position, change in net assets and cash flows of only that portion of the funds of the Corporation that is attributable to the transactions of the Fund.

The accompanying financial statements of the Fund have been prepared in conformity with accounting principles generally accepted in the United States of America prescribed by the Governmental Accounting Standards Board (GASB).

Measurement Focus and Basis of Accounting

The accompanying financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are reported when earned and expenses are reported when a liability is incurred, regardless of the timing of the related cash flows.

Proprietary funds have the option under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, to elect to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. Management has elected to not apply FASB statements after the applicable date.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services or goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal operating revenue of the Fund is interest income earned on affordable interest rate mortgage loans for the purchase of owner-occupied, detached single-family and condominium dwellings, interest income earned on mortgage-backed securities, and unrealized gains (losses) on mortgage-backed securities. Transfers are reported after operating income.

Net assets are restricted when constraints placed on them are either externally imposed or imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally, it is management's policy to use restricted resources first, then unrestricted resources as they are needed.

Hawaii Housing Finance and Development Corporation
Single Family Mortgage Purchase Revenue Bond Fund
Notes to Financial Statements
June 30, 2012 and 2011

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents, for the purpose of the statements of cash flows, include all cash and investments with original purchased maturities of three months or less. Cash and cash equivalents include amounts held by the Trustee.

Investments

Non-participating investment contracts, generally repurchase agreements, are reported at cost, which approximates fair value. All other investments are reported at fair value.

Amortization

Bond discounts and issuance costs of revenue bonds are deferred and amortized ratably over the term of the bond principal outstanding.

Allocated Costs

The Corporation provides certain administrative services to the Fund. The cost of these services is allocated to the Fund based on estimates of the Corporation.

Mortgage Payment Credits

Mortgage payment credits are the amounts credited to mortgagors who voluntarily prepay their mortgage loans during the year. The credits are based on the amount by which cumulative nonmortgage investment income exceeds the cumulative cost of the related funds.

2. Assets Held by Trustee

Under the trust indenture between the Corporation and U.S. Bank Trust N.A., trustee for the bondholders, and under the 34 supplemental trust indentures entered into subsequently (collectively referred to as the Indenture), investment assets and cash are required to be held by the Trustee in various accounts and funds, including a debt service reserve account, loan fund and mortgage loan reserve fund. The uses of these assets are restricted by the terms of the Indenture.

At June 30, 2012 and 2011, the debt service reserves and mortgage loan reserves required by the Indenture were as follows:

	2012	2011
Debt service reserve requirement equal to 10% of the aggregate principal amount of all series of bonds outstanding, excluding advance refundings	\$ 11,952,000	\$ 9,687,000
Mortgage loan reserve requirement equal to the sum of 1% of the aggregate unpaid principal balances of all mortgage loans, plus 1% of the amount on deposit in the loan fund	749,000	787,000
	<u>\$ 12,701,000</u>	<u>\$ 10,474,000</u>

Hawaii Housing Finance and Development Corporation

Single Family Mortgage Purchase Revenue Bond Fund

Notes to Financial Statements

June 30, 2012 and 2011

At June 30, 2012 and 2011, investment securities, at cost, of approximately \$5,618,000 and \$11,639,000, respectively, were held in the debt service reserve funds and approximately \$1,918,000 and \$1,873,000 were held in the mortgage loan reserve funds, respectively.

The Indenture also requires that the mortgage loan reserves be funded from other than bond proceeds and, accordingly, the reserves have been funded by commitment fees at June 30, 2012 and 2011.

Cash and Investments

Cash and cash equivalents and investments held by the Trustee at June 30, 2012 and 2011 are summarized by maturity (in years) as follows:

	Less than 1	Greater than 1 and up to 5	Greater than 5 and up to 10	Greater than 10 and up to 20	Greater than 20	Fair Value
2012						
Money market funds	\$ 49,609,301	\$ -	\$ -	\$ -	\$ -	\$ 49,609,301
Mortgage-backed securities	-	-	-	48,586,009	30,801,704	79,387,713
Repurchase agreements	-	469,777	308,160	32,845,109	-	33,623,046
U.S. treasury bills	70,065,917	-	-	-	-	70,065,917
Total investments	<u>\$ 119,675,218</u>	<u>\$ 469,777</u>	<u>\$ 308,160</u>	<u>\$ 81,431,118</u>	<u>\$ 30,801,704</u>	<u>\$ 232,685,977</u>
2011						
Money market funds	\$ 6,731,314	\$ -	\$ -	\$ -	\$ -	\$ 6,731,314
Mortgage-backed securities	-	-	-	55,488,136	38,728,661	94,216,797
Repurchase agreements	-	313,886	7,808,161	29,261,785	-	37,383,832
U.S. treasury bills	100,082,557	-	-	-	-	100,082,557
Total investments	<u>\$ 106,813,871</u>	<u>\$ 313,886</u>	<u>\$ 7,808,161</u>	<u>\$ 84,749,921</u>	<u>\$ 38,728,661</u>	<u>\$ 238,414,500</u>

- **Interest Rate Risk** – The Fund does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.
- **Credit Risk** – The Indenture authorizes the Trustee to invest in certificates of deposit, money market funds, U.S. government or agency obligations, and repurchase agreements. The Fund has no investment policy that would further limit its investment decisions. As of June 30, 2012 and 2011, Federal National Mortgage Association (FNMA) mortgage-backed securities were rated Aaa, AAA, and AA+ by Moody's, Fitch, and Standard & Poor's respectively. The Fund's investments in repurchase agreements and money market funds are not rated. U.S. Treasury securities and securities of the Government National Mortgage Association are not considered to have credit risk exposure.
- **Concentration of Credit Risk** – The Fund has no limit on the amount the Fund may invest in any one issuer. As of June 30, 2012 and 2011, 34% and 39%, respectively, of the Fund's investments were in FNMA mortgage-backed securities, 30% and 42%, respectively, were held in U.S. Treasury securities, and 13% were held in repurchase agreements with Societe Generale for both years.
- **Custodial Risk** – At June 30, 2012 and 2011, all investments held by the Trustee were uninsured and unregistered, and were held by the counterparty's trust department or agent in the Corporation's name.

Hawaii Housing Finance and Development Corporation
Single Family Mortgage Purchase Revenue Bond Fund
Notes to Financial Statements
June 30, 2012 and 2011

3. Mortgage Loans Receivable

The bond proceeds from the 1980 Series through the 1990 Series bond issues were used to purchase mortgage loans from various financial institutions. For the 1991 through 2009 Series bond issues, the bond proceeds were used to purchase mortgage-backed securities. These mortgage-backed securities consist of loans originated by various financial institutions and pooled into FNMA loan pools and securitized.

Mortgage loans receivable related to the various bond issues consist of the following:

Bond Issues	Interest Rates	2012	2011
1980 Series A	9.000% – 9.500%	\$ 27,132	\$ 34,879
1980 Series B	9.875%	8,179	15,937
1983 Series A	10.000%	23,644	64,849
1983 Series B	10.625%	19,968	43,217
1983 Series C	10.500%	44,307	94,846
1984 Series A	11.000%	78,613	104,687
1985 Series A	9.700%	67,640	85,445
1986 Series A	6.000% – 8.375%	449,837	538,623
1986 Series B	8.000%	641,857	785,259
1988 Series A	8.625%	389,026	503,025
1989 Series A	7.625% – 8.625%	343,614	462,991
1990 Series A	7.500% – 8.750%	81,806	424,121
		<u>2,175,623</u>	<u>3,157,879</u>
Less: Current portion		<u>(407,374)</u>	<u>(458,266)</u>
		<u>\$ 1,768,249</u>	<u>\$ 2,699,613</u>

Mortgage loans receivable generally mature in 30 years and are collateralized by real property. The primary mortgage and mortgage pool insurance coverage, subject to aggregate loss limitations, reimburses the Fund for all losses incurred, if any, from the disposition of real estate acquired through foreclosure.

Hawaii Housing Finance and Development Corporation
Single Family Mortgage Purchase Revenue Bond Fund
Notes to Financial Statements
June 30, 2012 and 2011

4. Revenue Bonds Payable

The provisions of Act 50, SLH 1979; Act 288, SLH 1980; Act 13, Special SLH 1981; Act 224, SLH 1984; Act 171, SLH 1991; Act 1, SLH 1995; and Act 189, SLH 1999, together authorized the issuance of up to \$2,275,000,000 of revenue bonds. Through June 30, 2012, \$1,901,740,000 of Single Family Mortgage Purchase revenue bonds have been issued. The Single Family Mortgage Purchase revenue bonds are payable from and collateralized by the revenues and other monies and assets of the Fund and other assets of the Corporation pledged under the Indenture.

Revenue bonds payable at June 30, 2012 and 2011 consist of the following issuances:

	2012	2011
1997 Series A		
Term bonds maturing annually through 2031 (5.75%)	\$ 1,235,000	\$ 3,385,000
1997 Series B		
Term bonds retired during 2012	-	9,950,000
1998 Series A		
Serial bonds maturing annually through 2013 (5.20% to 5.25%)	1,945,000	3,255,000
Term bonds maturing in 2014 through 2019 (5.35%)	5,925,000	6,810,000
Placed bonds maturing in 2019 through 2031 (5.40%)	<u>14,920,000</u>	<u>17,145,000</u>
	22,790,000	27,210,000
1998 Series B		
Term bonds maturing in 2019 through 2029 (5.30%)	7,505,000	8,625,000
1998 Series C		
Term bonds maturing in 2019 through 2021 (5.35%)	2,755,000	3,165,000
2000 Series A		
Term bonds maturing in 2021 through 2028 (6.275%)	1,800,000	2,350,000
2002 Series A		
Serial bonds maturing annually through 2013 (4.65% to 4.80%)	745,000	1,185,000
Term bonds maturing in 2014 through 2034 (5.30% to 5.375%)	9,885,000	10,885,000
Placed bonds maturing in 2023 through 2033 (5.375%)	<u>2,655,000</u>	<u>2,915,000</u>
	13,285,000	14,985,000

Hawaii Housing Finance and Development Corporation
Single Family Mortgage Purchase Revenue Bond Fund
Notes to Financial Statements
June 30, 2012 and 2011

	2012	2011
2002 Series B		
Term bonds maturing in 2026 through 2028 (5.25%)	1,360,000	1,495,000
2005 Series A		
Term bonds maturing in 2027 through 2037 (5.00%)	2,330,000	3,265,000
2005 Series B		
Serial bonds maturing annually through 2016 (3.65% to 3.90%)	2,075,000	3,410,000
Term bonds maturing in 2016 through 2021 (4.125%)	190,000	10,645,000
Planned Amortization Class bonds maturing through 2027 (3.70% to 4.30%)	<u>14,260,000</u>	<u>8,465,000</u>
	16,525,000	22,520,000
2009 Series A		
Term bonds maturing in 2042 (0.027%)	70,000,000	100,000,000
2009 Series A-1		
Term bonds maturing in 2042 (2.40%)	<u>30,000,000</u>	-
	100,000,000	100,000,000
2011 Series A		
Serial bonds maturing in 2019 (0.06% to 2.90%)	7,005,000	-
2011 Series B		
Serial bonds maturing in 2020 through 2023 (2.95% to 3.45%)	4,365,000	-
Term bonds maturing in 2023 through 2026 (3.875%)	4,200,000	-
Planned Amortization Class bonds maturing in 2015 through 2026 (4.50%)	<u>4,430,000</u>	-
	<u>12,995,000</u>	-
Total Single Family Mortgage Purchase revenue bonds	<u>\$ 189,585,000</u>	<u>\$ 196,950,000</u>

Interest on the revenue bonds is payable semi-annually.

Revenue bonds with designated maturity dates may be redeemed at the option of the Corporation, commencing in 2007 for the 1997 Series, subject to a redemption premium which ranges up to 2%; 2008 for the 1998 Series, subject to a redemption premium which ranges up to 1.5%; 2010 for the 2000 Series; and 2014 for the 2002 Series. The revenue bonds may also be redeemed without premium prior to maturity, at the option of the Corporation, as funds become available from undisbursed bond proceeds, principal payments and prepayments of mortgages, excess amounts in the debt service reserve account or excess revenues (as defined in the Indenture).

Hawaii Housing Finance and Development Corporation
Single Family Mortgage Purchase Revenue Bond Fund
Notes to Financial Statements
June 30, 2012 and 2011

Revenue bond activity during the years ended June 30, 2012 and 2011 were as follows:

	2012	2011
Balance, beginning of year	\$ 196,950,000	\$ 238,135,000
Bond proceeds	50,000,000	-
Principal payments	<u>(57,365,000)</u>	<u>(41,185,000)</u>
Balance, end of year	189,585,000	196,950,000
Less: Deferred refunding amount	<u>(605,595)</u>	<u>(755,360)</u>
Total	188,979,405	196,194,640
Less: Current portion	<u>(1,940,000)</u>	<u>(2,240,000)</u>
Total	<u>\$ 187,039,405</u>	<u>\$ 193,954,640</u>

Early redemptions during the year ended June 30, 2012 were as follows:

1997 Series A	\$ 2,150,000
1997 Series B	8,760,000
1998 Series A	3,390,000
1998 Series B	1,120,000
1998 Series C	410,000
2000 Series A	550,000
2002 Series A	1,325,000
2002 Series B	135,000
2005 Series A	935,000
2005 Series B	4,815,000
2009 Series A	<u>30,000,000</u>
	<u>\$ 53,590,000</u>

The difference between the acquisition price and the net carrying amount of the early redeemed bonds are to be deferred and amortized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Hawaii Housing Finance and Development Corporation
Single Family Mortgage Purchase Revenue Bond Fund
Notes to Financial Statements
June 30, 2012 and 2011

The approximate annual debt service requirements through 2017 and in five-year increments thereafter to maturity for revenue bonds are as follows:

	Principal	Interest	Total
Year ending June 30,			
2013	\$ 1,940,000	\$ 4,741,000	\$ 6,681,000
2014	3,270,000	4,637,000	7,907,000
2015	1,890,000	4,598,000	6,488,000
2016	1,630,000	4,556,000	6,186,000
2017	1,345,000	4,523,000	5,868,000
2018 – 2022	22,260,000	20,262,000	42,522,000
2023 – 2027	22,340,000	15,530,000	37,870,000
2028 – 2032	37,025,000	8,036,000	45,061,000
2033 – 2037	18,335,000	2,260,000	20,595,000
2038 – 2042	79,550,000	554,000	80,104,000
	<u>\$ 189,585,000</u>	<u>\$ 69,697,000</u>	<u>\$ 259,282,000</u>

In order to ensure the exclusion of interest on the Fund's revenue bonds from gross income for federal income tax purposes, the Fund calculates rebates due to the U.S. Treasury annually. The rebates are calculated by bond series based on the amount by which the cumulative amount of investment income exceeds the amount that would have been earned had funds been invested at the bond yield. At June 30, 2012 and 2011, the Corporation determined that approximately \$2,343,000 and \$2,281,000 of rebates were due to the U.S. Treasury, respectively.

5. Retirement Benefits

Substantially all employees of the Fund participate in the State's various employee benefit plans, including the Employees' Retirement System (ERS) of the State of Hawai'i, the post-employment healthcare and life insurance plan, and a deferred compensation plan. For more information on the State's benefit plans, refer to the State of Hawai'i and ERS Comprehensive Annual Financial Reports (CAFR). The State's CAFR can be found at the DAGS website: http://hawaii.gov/dags/rpts/financials_menu. The ERS CAFR can be found at the ERS website: <http://ers.ehawaii.gov/resources/financials>.

Employees' Retirement System

The ERS is a cost-sharing, multiple-employer public employee retirement plan. The ERS provides retirement benefits as well as death and disability benefits. All contributions, benefits and eligibility requirements are established by Chapter 88, HRS, and can be amended by legislative action.

The Corporation's contributions for fiscal years 2012, 2011 and 2010 of approximately \$445,000, \$417,000, and \$393,000, respectively, were equal to the required contributions for each year.

Post-Retirement Health Care and Life Insurance Benefits

The State contributes to the Hawaii Employer-Union Health Benefits Trust Fund (EUTF), an agent multiple-employer defined benefit plan. The EUTF was established to provide a single delivery system of health benefits for state and county workers, retirees, and their dependents. The eligibility requirements for retiree health benefits are based on date of hire. Act 88 established the EUTF during the 2001 legislative session and is codified in Chapter 87A, HRS.

Hawaii Housing Finance and Development Corporation
Single Family Mortgage Purchase Revenue Bond Fund
Notes to Financial Statements
June 30, 2012 and 2011

The Corporation contributed approximately \$236,000, \$201,000, and \$172,000, respectively, for fiscal years 2012, 2011 and 2010.

Required Supplementary information and Disclosures

The State's CAFR includes the required disclosures and supplementary information on the State's other postemployment benefit plan.

State Policy

The actuarial valuation of the EUTF does not provide other postemployment benefits (OPEB) information by department or agency. Accordingly, the State's policy on the accounting and reporting for OPEB is to allocate a portion of the State's Annual Required Contribution (ARC), interest, and any adjustment to the ARC, to component units and proprietary funds that are reported separately in stand-alone departmental financial statements or in the State's CAFR. The basis for the allocation is the proportionate share of contributions made by each component unit and proprietary fund for retiree health benefits.

Allocated OPEB Cost

The following table shows the components of the annual OPEB cost that has been allocated to the Corporation for the years ended June 30, 2012 and 2011:

	2012	2011
Beginning balance	\$ 1,810,532	\$ 1,353,481
Additions	876,558	653,670
Deletions	<u>(236,343)</u>	<u>(196,619)</u>
Ending balance	<u>\$ 2,450,747</u>	<u>\$ 1,810,532</u>

Deferred Compensation Plan

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all State employees, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All plan assets are held in a trust fund to protect them from claims of general creditors. The State has no responsibility for loss due to the investment or failure of investment of funds and assets in the plan, but does have the duty of due care that would be required of an ordinary prudent investor.

APPENDIX B

PROPOSED FORM OF BOND COUNSEL OPINION

On the date of issuance of the 2013 Series A Bonds, Hawkins Delafield & Wood LLP, Bond Counsel to the Corporation, proposes to issue their approving opinion in substantially the following form:

_____, 2013

Hawaii Housing Finance and Development Corporation
Honolulu, Hawaii

Hawaii Housing Finance and Development Corporation
Single Family Mortgage Purchase Revenue Bonds
2013 Series A

As Bond Counsel to the Hawaii Housing Finance and Development Corporation (the "Corporation") and, in such capacity, we have examined a record of proceedings relating to the issuance by the Corporation of its \$_____ Single Family Mortgage Purchase Revenue Bonds, 2013 Series A (the "Bonds").

The Bonds are issued under and pursuant to the Constitution and statutes of the State of Hawaii, including particularly Part III of Chapter 201H, Hawaii Revised Statutes, as amended, and Part III of Chapter 39, Hawaii Revised Statutes, as amended, and under and pursuant to a resolution of the Board of Directors of the Corporation adopted on February 14, 2013, a Trust Indenture, dated as of January 1, 1980, as amended and supplemented, including by the 37th Supplemental Indenture, as defined below (the "Indenture"), by and between Hawaii Housing Authority, a predecessor of the Corporation, and Bishop Trust Company, Limited, in Honolulu, Hawaii, as trustee, which trustee has been succeeded by U.S. Bank National Association, as successor Trustee (the "Trustee") and a Thirty-seventh Supplemental Trust Indenture, dated as of March 1, 2013 ("37th Supplemental Indenture"), by and between the Corporation and the Trustee. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Indenture and 37th Supplemental Indenture.

We are of the opinion that:

1. The Bonds constitute the valid and binding limited obligations of the Corporation, payable solely from and secured by a pledge of the Revenues and other assets pledged therefor under the Indenture.
2. The Indenture has been duly authorized, executed, and delivered by, and is a valid and binding obligation of, the Corporation. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds of the rights, title and interest of the Corporation in and to the Pledged Property, equally and ratably with any bonds heretofore issued and hereafter issued under the Indenture in accordance with the terms thereof.
3. Interest on the Bonds is included in gross income for Federal income tax purposes pursuant to Section 103 of the Code.
4. Under existing laws of the State of Hawaii, and as modified as described below, the Bonds and the income therefrom are exempt from all taxation by the State or any county or other political subdivision thereof, except inheritance, transfer and estate taxes and except to the extent such income may be included in the

measure of the franchise tax imposed on banks and other financial corporations pursuant to the laws of the State of Hawaii.

We express no opinion regarding any other Federal or state tax consequences with respect to the Bonds. We render our opinion under existing statutes and court decisions as of the date of the issue date, and assume no obligation to update our opinion after such date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income of interest on the Bonds under state and local tax law. We undertake no responsibility for the accuracy, completeness or fairness of any official statement or other offering materials relating to the Bonds and express herein no opinion relating thereto.

We have assumed, without undertaking to verify, the genuineness of all documents, certificates and opinions presented to us (whether as originals or as copies) and of the signatures thereon, the accuracy of the factual matters represented, warranted or certified therein and the due and legal execution thereof by, and the validity against, any parties other than the Corporation.

In rendering this opinion, we are advising you that the rights and obligations under the Bonds and the Indenture and 37th Supplemental Indenture and their enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, arrangement, fraudulent conveyance or other laws affecting creditors' rights or remedies and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, waiver or severability provisions contained in the documents described herein.

Very truly yours

APPENDIX C

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”), dated as of March 28, 2013, by and between the Hawaii Housing Finance and Development Corporation (the “Corporation”) and U.S. Bank National Association, as Trustee (the “Trustee”), is executed and delivered in connection with the issuance of the Corporation’s \$26,309,825 aggregate principal amount of Single Family Mortgage Purchase Revenue Bonds, 2013 Series A (FNMA MBS Pass-Through Program) (Taxable) (the “Bonds”). The parties agree as follows:

Section 1. Purpose. This Continuing Disclosure Agreement is being executed and delivered by the Corporation for the benefit of the Bondholders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule (as defined below). The Corporation is the only “obligated person” (as defined in the Rule) for the Bonds.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Continuing Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means any Annual Report provided by the Corporation pursuant to, and as described in, Sections 3 and 4 of this Continuing Disclosure Agreement.

“Beneficial Owner” means any person which (a) has or shares the power, directly or indirectly, to vote or consent with respect to, to make investment decisions concerning the ownership of, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” means U.S. Bank National Association, or any successor Dissemination Agent designated in writing by the Corporation and which has filed with the Corporation a written acceptance of such designation.

“Fund” means the Single Family Mortgage Purchase Revenue Bond Fund established under the Indenture.

“Indenture” means the Trust Indenture between Hawaii Housing Corporation (a predecessor of the Corporation) and Bishop Trust Company, Limited, as Trustee, whose successor is U.S. Bank National Association, dated as of January 1, 1980, as amended and supplemented, including by the Thirty-seventh Supplemental Trust Indenture dated as of March 1, 2013, between the Corporation and U.S. Bank National Association, as Trustee, authorizing and providing for the issuance of the Bonds.

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

“MSRB” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the Official Statement, dated March 13, 2013, prepared and distributed in connection with the initial sale of the Bonds.

“Participating Underwriters” means any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

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

Section 3. Provision of Annual Reports.

(a) The Corporation shall, or shall cause the Dissemination Agent to, not later than the first day of the ninth month after the end of each fiscal year (or the next succeeding business day if that day is not a business day) of the Corporation (presently June 30), commencing with the report for the fiscal year ending June 30, 2013, provide to the MSRB and the Trustee an Annual Report that is consistent with the requirements of Section 4 of this Continuing Disclosure Agreement. The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 of this Continuing Disclosure Agreement. If the Corporation’s fiscal year changes, the Corporation, upon becoming aware of such change, shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) In a timely manner prior to the date set forth in subsection (a) above, the Corporation shall provide the Annual Report to the Dissemination Agent (if other than the Corporation). If the Corporation is unable to provide to the MSRB and the Trustee an Annual Report by the date required in subsection (a), the Corporation shall send a notice to the MSRB and the Trustee in substantially the form attached as Exhibit A. The audited financial statements of the Fund may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the Corporation) file a report with the Corporation certifying that the Annual Report has been provided pursuant to this Continuing Disclosure Agreement, stating the date it was provided to the MSRB and the Trustee.

Section 4. Content of Annual Reports.

(a) The Annual Report shall contain or incorporate by reference the following information:

(i) Audited financial statements of the Fund for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Fund’s audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB and the Trustee pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement relating to the Bonds, and the audited financial statements shall be provided to the MSRB and the Trustee in the same manner as the Annual Report when they become available; and

(ii) Budgeted revenues and expenditures of the Fund for the current fiscal year.

(b) Information contained in an Annual Report for any fiscal year containing any modified operating data or financial information for such fiscal year shall explain, in narrative form, the reasons for

such modification and the effect of such modification on the Annual Report being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Report shall present a comparison between the financial statements or information prepared on the basis of modified accounting principles and those prepared on the basis of former accounting principles.

Any or all of the items above may be included by specific reference to other documents, including official statements of debt issues of the Corporation or related public entities, which have been made available to the public on the MSRB's website. The Corporation shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Corporation shall give, or cause to be given, notice of the occurrence of any of the following events (each a "Listed Event") with respect to the Bonds:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of security holders, if material;
- (viii) bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Corporation;
- (xiii) the consummation of a merger, consolidation, or acquisition involving an the Corporation or the sale of all or substantially all of the assets of the Corporation, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Corporation shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3, as provided in Section 3.

(c) If the Corporation learns of the occurrence of a Listed Event described in Section 5(a), the Corporation shall within ten business days of occurrence file a notice of such occurrence with the MSRB and the Trustee in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 6. Termination of Reporting Obligation. The Corporation's obligations under this Continuing Disclosure Agreement shall terminate upon the maturity, legal defeasance, prior redemption or acceleration of all of the Outstanding Bonds, or if less than all of the Bonds are defeased, with respect to those Bonds. If such termination occurs prior to the final maturity of the Bonds, the Corporation shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. From time to time, the Corporation may appoint or engage a Dissemination Agent to assist the Corporation in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Corporation shall be the Dissemination Agent. The initial Dissemination Agent shall be U.S. Bank National Association. The sole remedy of any party against the Dissemination Agent shall be nonmonetary and specific performance. The Dissemination Agent shall not be responsible for the form or content of any Annual Report, notice of Listed Event, or other document furnished to the Dissemination Agent by the Corporation. The Dissemination Agent shall receive reasonable compensation for its services provided hereunder. The Dissemination Agent may resign at any time by providing at least 60 days' notice to the Corporation.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Corporation may amend this Continuing Disclosure Agreement, and any provision of this Continuing Disclosure Agreement may be waived, provided that all of the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or (c), or 8(a), it may only be made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, change in law (including rules or regulations), or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel selected by the Corporation, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders of the Bonds, or (ii) does not, in the opinion of nationally recognized bond counsel selected by the Corporation, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Agreement, the Corporation shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Corporation. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Corporation from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Corporation chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Continuing Disclosure Agreement, the Corporation shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Corporation from supplementing this Continuing Disclosure Agreement to provide that it shall also govern continuing disclosure for one or more issues of Additional Bonds (as defined in the Indenture).

Section 10. Failure to Perform. (a) The agreements of the Corporation set forth in Sections 3 and 4 of this Continuing Disclosure Agreement are intended to be for the benefit solely of the Bondholders and Beneficial Owners from time to time of the Bonds. The sole remedy for any breach of this Continuing Disclosure Agreement by the Corporation shall be limited, as hereinafter described, to a right of Bondholders and Beneficial Owners to cause proceedings at law or in equity to be instituted and maintained to obtain mandamus or specific performance by the Corporation of its obligations hereunder. Any individual Bondholder or Beneficial Owner may institute and maintain, or cause to be instituted and maintained, such proceedings to require the Corporation to provide or cause to be provided a pertinent filing if such a filing is due and has not been made. Any such proceedings challenging the adequacy of the information provided in accordance with this Continuing Disclosure Agreement may be instituted and maintained only by the Bondholders and the Beneficial Owners of not less than 25% in principal amount of the Bonds then outstanding or their agent.

(b) Any failure of the Corporation to comply with any provisions of this Continuing Disclosure Agreement shall not be a default or an event of default with respect to the Bonds under the Indenture.

Section 11. Beneficiaries. This Continuing Disclosure Agreement shall inure solely to the benefit of the Corporation, the Trustee, the Dissemination Agent, the Participating Underwriters and the Bondholders and Beneficial Owners from time to time of the Bonds and shall create no rights in any other person or entity.

Section 12. Recordkeeping. The Corporation shall maintain records of all Annual Information and notice of material Listed Events including the content of such disclosure, the names of the entities with whom such disclosures were filed and the date of filing such disclosure.

Section 13. Governing Law. This Continuing Disclosure Agreement shall be governed by the laws of the State of Hawaii.

IN WITNESS WHEREOF, the undersigned has caused this Continuing Disclosure Agreement to be duly executed and delivered on the date set forth above.

HAWAII HOUSING FINANCE AND
DEVELOPMENT CORPORATION

By: _____
Karen Seddon, Executive Director

U.S. BANK NATIONAL ASSOCIATION

By: _____
Thomas Zrust, Vice President

Signature Page of the Continuing Disclosure Agreement - 2013 Series A

EXHIBIT A

**FORM OF NOTICE TO THE MUNICIPAL SECURITIES
RULEMAKING BOARD OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Hawaii Housing Finance and Development Corporation

Name of Bond Issue: Single Family Mortgage Purchase Revenue Bonds,
2013 Series A

Date of Issuance: March 28, 2013

NOTICE IS HEREBY GIVEN that the Hawaii Housing Finance and Development Corporation (the "Corporation") has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Agreement, dated March 28, 2013, executed by the Corporation for the benefit of the holders and beneficial owners of the above-referenced Bonds. The Corporation anticipates that the Annual Report will be filed by _____.

Dated: _____

HAWAII HOUSING FINANCE AND
DEVELOPMENT CORPORATION

By: _____
Authorized Signatory

APPENDIX D

BOOK ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY will act as securities depository for the 2013 Series A Bonds. The ownership of one fully registered Bond for each maturity of each series of Bonds bearing interest at the same rate as set forth on the cover page of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

Owners may wish to provide their names and addresses to the Trustee, as registrar for the Bonds, and request that copies of notices be provided directly to them.

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

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

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

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

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

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

Neither the Corporation nor the Underwriter will have any responsibility or obligation to Direct Participants, to Indirect Participants or to beneficial Owners with respect to: (1) the accuracy of any records maintained by DTC, any Direct Participant or Indirect Participant, (2) the payment by DTC, any Direct Participant or Indirect Participant of any amount in respect of principal or interest on the bonds, (3) any notice which is permitted or required to be given to owners (except any notice as is required to be given by the Corporation to DTC, (4) any consent given or other action taken by DTC as owner of the bonds, or (5) any other event or purpose.

APPENDIX E

FEDERAL TAX REQUIREMENTS APPLICABLE TO THE HHFDC MORTGAGE LOAN PROGRAM

General. Although interest on the 2013 Series A Bonds is includable in gross income for Federal income tax purposes, the requirements of applicable federal tax law must continue to be satisfied with respect to the other series of Bonds outstanding under the Indenture in order that interest on the other series of Bonds not be included in gross income for federal income tax purposes retroactive to the date of issuance thereof.

Loan Eligibility Requirements Imposed by the Code. The Code contains the following loan eligibility requirements that are applicable to Mortgage Loans financed with proceeds attributable to other series of Bonds in order that interest on the Bonds not be included in gross income for federal income tax purposes retroactive to the date of issuance or Release thereof.

Residence Requirement. The Code requires that each of the premises financed with proceeds of qualified mortgage bonds be a one-to-four-family residence, one unit of which can reasonably be expected to become the principal residence of the mortgagor within a reasonable time after the financing is provided. Certain documents to be adopted by the Corporation will establish procedures to be followed in connection with the financing of Mortgage Loans with amounts attributable to the Bonds in order to assure that interest paid on the Bonds not be included in gross income for federal income tax purposes under the Code (collectively, the “Program Documents”) require each Eligible Borrower to submit an affidavit stating such person’s intention to occupy the premises as his principal residence within 60 days after closing of the Mortgage Loan.

First-Time Homebuyer Requirement. The Code requires that, subject to certain exceptions, the lendable proceeds of qualified mortgage bonds be used to provide financing to mortgagors who have not had a present ownership interest in their principal residence (other than the residence being financed) during the three-year period prior to execution of the mortgage loan. Eligible Borrowers subject to this requirement must so certify when applying to a Mortgage Lender for a Mortgage Loan, and the Corporation’s Program Documents will require that the Mortgage Lender make a reasonable investigation to verify such certification. The Program Documents will require Eligible Borrowers subject to this requirement to provide federal income tax returns for the previous three years or other appropriate certifications to allow the Mortgage Lender to verify that no deductions or other entries have been made that would indicate any such ownership interest.

New Mortgage Requirement. The Code requires that, with certain limited exceptions, the lendable proceeds of qualified mortgage bonds finance new mortgage loans only and that no proceeds may be used to acquire or replace an existing mortgage loan, which would include the refinancing of a pre-existing mortgage loan. The Program Documents will set forth procedures requiring each Eligible Borrower and the seller of the residence to certify, subject to such exceptions, that no refinancing of a prior mortgage loan is being effected.

Purchase Price Limitation. The Code requires that the purchase price of the residence financed with the lendable proceeds of qualified mortgage bonds not exceed 90% of the average area purchase price applicable to such residence or 110% of the applicable average area purchase price in the case of residences located in targeted areas. The Program Documents will set forth procedures requiring each Eligible Borrowers and seller of a residence to make certifications regarding the purchase price of such residence.

Income Limitation. The Code requires that all mortgage loans made from the lendable proceeds of qualified mortgage bonds be made only to borrowers whose family income does not exceed 115% (for mortgage loans made to families with fewer than three members, 100%) of the applicable median family income. An exception is provided for mortgage loans financed with the lendable proceeds of qualified mortgage bonds made with respect to targeted area residences that permits two-thirds in aggregate amount of such mortgage loans to be made with respect to borrowers whose family income does not exceed 140% (for mortgage loans made to families with fewer than three members, 120%) of the applicable median family income and one-third in aggregate amount of such loans to be made without regard to any income limitation.

Applicable federal tax law permits higher income limits for persons financing homes located in certain “high housing cost areas.” A high housing cost area is a statistical area for which the ratios of the area’s average purchase price for existing and new single family houses to the area’s median income exceed 120% of the same ratios determined on a national basis. These ratios are determined separately with respect to new and existing single family residences. An area is a high housing cost area only if the ratios for both new and existing houses meet the 120% test. In high housing cost areas, the mortgagor income limits are increased above 115% (or 100%, as applicable) by one percent for each percentage point (1%) by which the new or existing housing price ratio, whichever is smaller, exceeds 120%. However, the new limit cannot exceed 140% (or 120%, as applicable) of the income limits otherwise applicable. The Corporation determines from time to time whether areas in the State are “high housing cost areas.”

The Program Documents will set forth procedures requiring each Eligible Borrower to certify the amount of family income. Family income includes income of all individuals executing both the note and mortgage and occupying the dwelling as their principal residence.

Requirements as to Assumptions. The Code provides that a mortgage loan may be assumed only if each of the then applicable residence requirement, first-time homebuyer requirement, purchase price limitation, and income limitation is met with respect to such assumption. Each Mortgage Loan by its terms shall allow assumptions only if the assuming Eligible Borrower satisfies federal tax requirements and Program requirements.

General. An issue of bonds is treated as meeting the loan eligibility requirements of the Code if (i) the issuer in good faith attempted to meet all the loan eligibility requirements before the mortgage loans were executed, (ii) any failure to comply with the loan eligibility requirements is corrected within a reasonable period after such failure is first discovered, and (iii) 95% or more of the proceeds of the issue used to make mortgage loans was used to finance residences that met all such requirements at the time the mortgage loans were executed. In determining whether 95% or more of the proceeds has been so used, the Code permits the Corporation to rely on an affidavit of the mortgagor and of the seller and an examination of copies of the mortgagor’s federal income tax returns for the last three years preceding the date the Mortgage Loan is executed even though the relevant information in such affidavits and income tax returns should ultimately prove to be untrue, unless the Corporation or the Mortgage Lender knows or has reason to believe that such information is false.

Other Requirements Imposed by the Code. General. Failure to comply with the applicable provisions of the Code may result in interest on the applicable issue of bonds being included in gross income for federal income tax purposes retroactive to the date of issuance thereof. The Code provides that gross income for federal income tax purposes does not include interest on a mortgage revenue bond if it is a qualified mortgage bond. A qualified mortgage bond is a part of an issue of a state or political subdivision all the proceeds of which (net of amounts applied to any costs of issuance thereof and to fund a reasonably required reserve) are used to finance owner-occupied residences and that meets certain (i) general requirements, (ii) arbitrage restrictions on the use and investment of proceeds of the issue, and (iii) loan eligibility requirements set forth in the Code and as more fully described above under “Loan Eligibility Requirements Imposed by the Code.”

The first general requirement of the Code applicable to the Corporation’s Program is that the aggregate amount of private activity bonds that may be issued by the Corporation in any calendar year (or previous years’ carried forward amount) must not exceed the portion of the private activity bond volume limit for the State for such calendar year that is allocated to the Corporation. The second general requirement of the Code applicable to the Corporation’s Program is that at least 20% of the lendable proceeds of an issue of bonds must be made available (and applied with reasonable diligence) for owner-financing of residences in targeted areas (as defined by the Code) for at least one year after the date on which such funds are first available for such owner-financing (the “targeted area requirement”). The Corporation has covenanted to comply with such requirements to the extent required by the Code with respect to such other series of Bonds.

The Code requires the issuer of qualified mortgage bonds to file with the Internal Revenue Service reports on the issuance of its qualified mortgage bonds following such issuance, as well as an annual qualified mortgage loan information report.

The Code requires that the effective interest rate on mortgage loans financed with the lendable proceeds of qualified mortgage bonds may not exceed the yield on the issue by more than 1.125% and that certain investment earnings on non-mortgage investments, calculated based upon the extent such investment earnings exceed the amount that would have been earned on such investments if the investments were invested at a yield equal to the yield on such other series of Bonds, be rebated to the United States. The Corporation has covenanted to comply with these requirements and has established procedures to determine the amount of excess earnings, if any, that must be rebated to the United States.

Recapture Provision. For mortgage loans made after December 31, 1990, from the proceeds of tax-exempt bonds, and for assumptions of such mortgage loans, the Code requires a payment to the United States from certain Eligible Borrowers upon sale or other disposition of their homes (the “Recapture Provision”). The Recapture Provision requires that an amount determined to be the subsidy provided by a qualified mortgage bond financing to a mortgagor be paid to the United States on disposition of the house (but not in excess of 50% of the gain realized by the mortgagor). The recapture amount (i) increases over the period of ownership, with full recapture occurring if the house is sold between four and five full years after the closing of the mortgage loan and (ii) decline ratably to zero with respect to sales occurring between five and nine full years after the closing of the mortgage loan. An exception excludes from recapture part or all of the subsidy in the case of certain assisted individuals whose incomes are less than prescribed amounts at the time of the disposition. The Code requires an issuer to inform mortgagors of certain information with respect to the Recapture Provision. The Corporation has established procedures which the Corporation believes will enable it to meet such recapture information requirement.

The Code states that an issuer will be treated as meeting the targeted area requirement, the arbitrage restrictions on mortgage loans, and the recapture information requirements if it in good faith attempted to meet all such requirements and any failure to meet such requirements was due to inadvertent error after taking all reasonable steps to comply with such requirements.

Required Redemptions. The Code requires redemption of certain qualified mortgage bonds from unexpended proceeds required to be used to make mortgage loans that have not been used within 42 months from the date of issuance (or the date of issuance of the original bonds in the case of refundings of unexpended proceeds), except for a \$250,000 de minimis amount. Additionally, the Code permits repayments (including prepayments) of principal of mortgage loans financed with the proceeds of an issue of bonds to be used to make additional mortgage loans for only 10 years from the date of issuance of the bonds (or the date of issuance of the original bonds in the case of refundings), after which date such amounts must be used to redeem bonds, except for a \$250,000 de minimis amount.

Compliance. The Corporation will include provisions in the Program Documents that establish procedures, including receipt of certain affidavits and warranties from Mortgage Lenders and Eligible Borrowers, in order to assure compliance with the loan eligibility requirements and other requirements that must be satisfied subsequent to the date of issuance of the Bonds. The Corporation has covenanted in the Indenture to do and perform all acts and things permitted by law and necessary or desirable to assure that interest paid on the Bonds shall not be included in gross income for federal income tax purposes and, for such purpose, to adopt and maintain appropriate procedures.

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Appendix F
SCHEDULE OF 2013 SERIES A
MORTGAGE-BACKED SECURITIES

MORTGAGE-BACKED SECURITY CUSIP	MORTGAGE-BACKED SECURITY POOL NUMBER	MORTGAGE-BACKED SECURITY PASS-THROUGH RATE	ORIGINAL MORTGAGE-BACKED SECURITY PRINCIPAL AMOUNT	MORTGAGE-BACKED SECURITY PRINCIPAL OUTSTANDING (USING MARCH 2013 FACTORS)	PERCENTAGE OF INTEREST AND PRINCIPAL PAYMENTS ALLOCABLE TO 2013A BONDS	TOTAL PRINCIPAL AMOUNT ALLOCABLE TO 2013A BONDS	SIX MONTH PREPAYMENT SPEED (PSA)	TWELVE MONTH PREPAYMENT SPEED (PSA)	LIFETIME PREPAYMENT SPEED (PSA)
31381CDH7	FNMA 456504	5.34%	1,501,766.00	151,167.59	100.0000%	151,167.59	1,186	771	231
31381FXW5	FNMA 459793	5.34%	1,701,403.00	196,479.01	100.0000%	196,479.01	0	0	225
31382QK53	FNMA 489116	5.34%	1,288,461.00	149,061.92	100.0000%	149,061.92	792	464	218
31382QK61	FNMA 489117	5.34%	2,171,708.00	252,435.21	100.0000%	252,435.21	1	1	225
31382QLQ6	FNMA 489135	5.34%	1,208,725.00	95,586.53	100.0000%	95,586.53	21	19	239
31382VD84	FNMA 493427	5.34%	10,877,282.00	957,341.35	100.0000%	957,341.35	348	510	247
31382VD92	FNMA 493428	5.34%	4,210,581.00	289,543.42	100.0000%	289,543.42	9	866	271
31382YVT2	FNMA 496626	5.34%	961,534.00	193,252.44	100.0000%	193,252.44	14	13	150
31382YVU9	FNMA 496627	5.34%	941,287.00	139,766.26	100.0000%	139,766.26	21	21	169
31382YYL6	FNMA 496715	5.34%	649,226.00	34,786.79	100.0000%	34,786.79	19	25	222
31382YYN2	FNMA 496717	5.34%	634,120.00	135,267.07	100.0000%	135,267.07	0	0	144
31382YYP7	FNMA 496718	5.34%	1,602,305.00	339,158.71	100.0000%	339,158.71	1	1	149
31383KE86	FNMA 505159	5.34%	3,346,808.00	304,109.18	100.0000%	304,109.18	0	308	253
31383KE94	FNMA 505160	5.34%	1,516,351.00	59,326.26	100.0000%	59,326.26	0	0	333
31383P2W5	FNMA 509389	5.34%	1,166,469.00	317,344.84	100.0000%	317,344.84	0	0	129
31383P3J3	FNMA 509401	5.34%	656,892.00	337,225.00	100.0000%	337,225.00	0	0	46
31383P3K0	FNMA 509402	5.34%	552,016.00	97,850.09	100.0000%	97,850.09	36	27	155
31383P4T0	FNMA 509434	5.34%	788,738.00	153,563.68	100.0000%	153,563.68	79	70	125
31383PZ25	FNMA 509361	5.34%	3,599,445.00	451,579.17	100.0000%	451,579.17	16	15	215
31383PZ33	FNMA 509362	5.34%	4,727,381.00	671,274.91	100.0000%	671,274.91	4	6	202
31383PZ41	FNMA 509363	5.34%	1,687,974.00	106,407.92	100.0000%	106,407.92	0	6	287
31383PZ58	FNMA 509364	5.34%	2,327,964.00	459,107.49	100.0000%	459,107.49	12	11	166
31383PZ66	FNMA 509365	5.34%	3,266,166.00	283,237.51	100.0000%	283,237.51	0	0	261
31383PZ74	FNMA 509366	5.34%	3,778,675.00	146,005.92	100.0000%	146,005.92	930	569	348
31383PZ82	FNMA 509367	5.34%	1,064,475.00	75,222.88	100.0000%	75,222.88	0	0	289
31383PZ90	FNMA 509368	5.34%	1,291,572.00	156,663.03	100.0000%	156,663.03	3	716	226
31383PZZ2	FNMA 509360	5.34%	1,258,720.00	305,829.60	100.0000%	305,829.60	10	466	129
31383RSV5	FNMA 510932	5.34%	383,779.00	141,330.12	100.0000%	141,330.12	0	0	86
31383VUU5	FNMA 514595	5.34%	3,921,101.00	234,408.91	100.0000%	234,408.91	0	0	298
31383VUV3	FNMA 514596	5.34%	1,603,930.00	148,502.49	100.0000%	148,502.49	0	0	256
31383WED9	FNMA 515032	5.34%	3,872,972.00	309,403.21	100.0000%	309,403.21	0	0	273
31383WEF4	FNMA 515034	5.34%	510,390.00	143,042.19	100.0000%	143,042.19	0	0	126
31383WEJ6	FNMA 515037	5.34%	1,239,841.00	221,846.03	100.0000%	221,846.03	2	69	175
31383YZK6	FNMA 517446	5.34%	3,808,518.00	415,277.49	100.0000%	415,277.49	811	650	229
31383YZM2	FNMA 517448	5.34%	1,754,436.00	181,992.37	100.0000%	181,992.37	13	41	224
31384A6T0	FNMA 518482	5.34%	263,928.00	140,762.57	100.0000%	140,762.57	0	0	45
31384CK86	FNMA 519719	5.34%	455,481.00	121,101.66	100.0000%	121,101.66	2	2	133
31384CRJ5	FNMA 519889	5.34%	2,976,148.00	599,990.07	100.0000%	599,990.07	567	315	165
31384CRK2	FNMA 519890	5.34%	3,636,860.00	310,673.75	100.0000%	310,673.75	662	725	269
31384CRR7	FNMA 519896	5.34%	244,742.00	95,768.99	100.0000%	95,768.99	1,178	764	81
31384FPU3	FNMA 522535	5.34%	2,949,319.00	145,702.40	100.0000%	145,702.40	0	1	332
31384FPV3	FNMA 522536	5.34%	1,145,468.00	75,151.02	100.0000%	75,151.02	0	1,059	303
31384HRN5	FNMA 524393	5.34%	354,372.00	132,857.86	100.0000%	132,857.86	37	27	75
31384L2C7	FNMA 527371	5.34%	1,616,553.00	60,374.76	100.0000%	60,374.76	0	956	367
31384L2D5	FNMA 527372	5.34%	2,519,217.00	162,294.56	100.0000%	162,294.56	16	15	305
31383WEH0	FNMA 515036	5.34%	4,260,775.00	546,080.31	100.0000%	546,080.31	370	197	224
31384FP35	FNMA 522542	5.34%	147,687.00	6,564.48	100.0000%	6,564.48	287	195	24
31384FPW1	FNMA 522537	5.34%	2,757,102.00	147,713.56	100.0000%	147,713.56	936	571	302
31384FPZ4	FNMA 522540	5.34%	603,234.00	84,293.77	100.0000%	84,293.77	0	0	216
31386BTS3	FNMA 558661	6.30%	3,030,050.00	58,744.09	97.1269%	57,056.32	0	0	474
31386BT11	FNMA 558662	6.30%	4,035,902.00	255,936.85	97.1269%	248,583.52	717	409	340
31386DEF3	FNMA 560034	6.30%	873,598.00	140,894.82	97.1269%	136,846.77	0	0	221
31386DEH9	FNMA 560036	6.30%	2,620,232.00	87,561.68	97.1269%	85,045.95	13	9	414
31386DEJ5	FNMA 560037	6.30%	3,127,571.00	72,049.82	97.1269%	69,979.76	0	0	452
31386DEM8	FNMA 560040	6.30%	1,974,972.00	268,280.77	97.1269%	260,572.79	0	0	252
31386DEN6	FNMA 560041	6.30%	1,020,693.00	112,470.13	97.1269%	109,238.75	0	0	279
31386H5E7	FNMA 564345	6.35%	1,284,915.00	181,963.26	97.1269%	176,735.28	0	0	240

**SCHEDULE OF 2013 SERIES A
MORTGAGE-BACKED SECURITIES**

MORTGAGE-BACKED SECURITY CUSIP	MORTGAGE-BACKED SECURITY POOL NUMBER	MORTGAGE BACKED SECURITY PASS-THROUGH RATE	ORIGINAL MORTGAGE-BACKED SECURITY PRINCIPAL AMOUNT	MORTGAGE-BACKED SECURITY PRINCIPAL OUTSTANDING (USING MARCH 2013 FACTORS)	PERCENTAGE OF INTEREST AND PRINCIPAL PAYMENTS ALLOCABLE TO 2013A BONDS	TOTAL PRINCIPAL AMOUNT ALLOCABLE TO 2013A BONDS	SIX MONTH PREPAYMENT SPEED (PSA)	TWELVE MONTH PREPAYMENT SPEED (PSA)	LIFETIME PREPAYMENT SPEED (PSA)
31386X4R4	FNMA 576932	6.30%	1,739,996.00	223,627.28	97.1269%	217,202.24	697	404	256
31386YT20	FNMA 577569	6.35%	994,671.00	152,640.94	97.1269%	148,255.41	0	0	229
31387BBK8	FNMA 578842	6.30%	4,886,180.00	387,092.76	97.1269%	375,971.19	3	4	315
31387BBL6	FNMA 578843	6.30%	4,599,860.00	302,410.48	97.1269%	293,721.93	0	0	345
31387BBM4	FNMA 578844	6.30%	1,322,683.00	163,643.23	97.1269%	158,941.59	0	0	263
31390KVB1	FNMA 648710	5.21%	492,218.00	128,368.18	95.0970%	122,074.29	52	53	164
31390Q3P8	FNMA 653406	5.21%	1,570,206.00	106,196.60	95.0970%	100,989.78	11	1,240	376
31390Q3Q6	FNMA 653407	5.21%	1,451,654.00	324,786.69	95.0970%	308,862.40	3	3	213
31390Q3R4	FNMA 653408	5.21%	3,330,440.00	279,222.96	95.0970%	265,532.66	5	5	358
31390Q3S2	FNMA 653409	5.21%	1,334,705.00	258,276.32	95.0970%	245,613.03	14	11	234
31390VPL2	FNMA 657527	5.21%	627,722.00	100,674.10	95.0970%	95,738.05	0	0	261
31391PBN5	FNMA 672445	5.21%	611,620.00	143,680.97	95.0970%	136,636.29	0	7	200
31391QVU5	FNMA 673927	5.21%	785,045.00	309,107.92	95.0970%	293,952.36	0	0	126
31391XMP1	FNMA 679966	5.21%	291,756.00	157,682.42	95.0970%	149,951.25	0	0	71
31391XMQ9	FNMA 679967	5.21%	1,645,613.00	81,636.59	95.0970%	77,633.95	0	0	432
31400G3H6	FNMA 687600	5.21%	284,982.00	103,773.44	95.0970%	98,685.43	0	0	127
31401JPE2	FNMA 709721	5.21%	930,283.00	308,598.48	95.0970%	293,467.90	1	1	157
31402N6V5	FNMA 734484	5.21%	139,818.00	115,770.33	95.0970%	110,094.11	0	0	0
31404TZX5	FNMA 778453	3.90%	109,842.00	71,293.91	68.7730%	49,030.96	109	112	71
31407QAD8	FNMA 837104	3.90%	561,505.00	161,434.92	68.7730%	111,023.64	1,478	1,106	267
31407QAE6	FNMA 837105	3.90%	562,500.00	239,560.58	68.7730%	164,753.00	0	0	179
31407QAF3	FNMA 837106	3.90%	639,239.00	176,944.94	68.7730%	121,690.34	1,496	1,133	292
31407QAH9	FNMA 837108	3.90%	971,457.00	443,231.21	68.7730%	304,823.40	1,205	789	171
31408GND5	FNMA 850988	3.90%	1,104,599.00	720,457.04	68.7730%	495,479.92	675	381	74
31408JPS4	FNMA 852833	3.90%	714,395.00	609,018.94	68.7730%	418,840.59	1	1	2
31408JPT2	FNMA 852834	3.90%	1,723,089.00	749,348.89	68.7730%	515,349.71	822	481	183
31408JPU9	FNMA 852835	3.90%	469,951.00	144,463.51	68.7730%	99,351.89	11	11	264
31409EQC8	FNMA 869051	3.90%	1,897,698.00	804,106.11	68.7730%	553,007.89	1	1	188
31409FJL3	FNMA 869767	3.90%	1,148,723.00	604,801.24	68.7730%	415,939.95	547	306	131
31409JG79	FNMA 872422	3.90%	1,402,619.00	701,269.05	68.7730%	482,283.76	0	0	145
31409JY38	FNMA 872930	3.90%	1,211,449.00	1,058,105.64	68.7730%	727,690.99	0	0	0
31409VGA5	FNMA 879593	3.90%	1,228,857.00	741,726.23	68.7730%	510,107.38	11	11	96
31409VMJ9	FNMA 879761	3.90%	3,342,035.00	1,895,983.08	68.7730%	1,303,924.44	498	272	111
31410DBJ8	FNMA 885741	3.90%	1,082,402.00	914,248.58	68.7730%	628,756.17	12	11	7
31410EBJ6	FNMA 886641	3.90%	198,661.00	162,916.64	68.7730%	112,042.66	0	0	12
31410Y5V2	FNMA 901860	3.90%	492,394.00	431,784.38	68.7730%	296,951.07	2	2	1
31410YMS0	FNMA 901369	3.90%	489,400.00	429,302.10	68.7730%	295,243.93	0	0	1
31410YMV3	FNMA 901372	3.90%	472,150.00	414,516.89	68.7730%	285,075.70	1	1	1
31410YMW1	FNMA 901373	3.90%	536,156.00	130,769.27	68.7730%	89,933.95	51	43	350
31411ECW5	FNMA 905585	3.90%	155,584.00	136,826.92	68.7730%	94,099.98	0	0	1
31411VH36	FNMA 915650	3.90%	696,352.00	621,412.62	68.7730%	427,364.10	1	1	0
31411VH44	FNMA 915651	3.90%	1,368,037.00	701,349.65	68.7730%	482,339.20	1,114	707	190
31411VH69	FNMA 915653	3.90%	356,708.00	103,604.69	68.7730%	71,252.05	0	1,120	367
31411VHZ5	FNMA 915648	3.90%	653,511.00	334,184.41	68.7730%	229,828.64	0	0	184
31411XC60	FNMA 917293	3.90%	1,260,615.00	411,122.98	68.7730%	282,741.61	0	559	324
31411XC78	FNMA 917294	3.90%	498,352.00	267,017.37	68.7730%	183,635.86	0	0	172
31412WAF3	FNMA 936606	3.90%	1,472,839.00	925,004.85	68.7730%	636,153.59	0	1	119
Total / Weighted Average		4.84%	171,632,401.00	31,214,624.10		26,309,825.75	206*	185*	176*

*With respect to the cumulative weighted average of Historical Prepayment Speeds above, the sum of the individual prepayment speeds for each Mortgage-Backed Security Pool, multiplied by its outstanding principal balance amount (as provided by Bloomberg Data services), and then divided by the total Principal Amount Allocable to the 2013 Series A Bonds, results in the stated cumulative weighted average prepayment speeds with respect to the FNMA Securities allocated to the payment of the 2013 Series A Bonds (for Certificate payments made through March 31, 2013)



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