



BOND ISSUANCE POLICIES

Section A: General Requirements Applicable to all Bond Financings

1. Approval by the city, county or local agency hosting the proposed project as may be required under the Internal Revenue Code and New Hampshire Statutes (if applicable).
2. Indemnification with respect to the financing and the project provided by the applicant to the National Finance Authority ("NFA") in the appropriate financing documents.
3. Indemnifications with respect to the issuance and sale of bonds provided by the underwriter to the NFA in the bond purchase contract.
4. The NFA's program administrator shall conduct a review of the financing structure and the associated public benefits.
5. Bond Counsel and Authority Counsel to the NFA shall conduct a legal review of the financing documents. Bond counsel shall address its opinion to the NFA or provide a reliance letter to the NFA.
6. The offering material or disclosure document shall contain language to the effect that the NFA will take no responsibility for the disclosures contained therein (except for information under the sections titled "THE AUTHORITY" and "LITIGATION" to the extent such information pertains to the NFA).
7. For certain financings as may be determined by the NFA and its counsel, the applicant shall have its counsel deliver a 10b-5 opinion at closing. The contents of such opinion shall be to the satisfaction of the NFA and its counsel.
8. The NFA and its program administrator shall have the discretion to select and determine the finance team participants with respect to each transaction.

Section B: Requirements Applicable to Bond Financings Rated "BBB-" or Higher

1. All requirements listed in Section A.
2. Bonds may be issued and sold through a public offering, private placement or limited public offering with appropriate disclosure or offering materials.
3. Bonds may be issued in \$5,000 or such other denominations at the discretion of the applicant and approved by the NFA.

Section C: Requirements Applicable to Bond Financings Rated Below "BBB-" or Unrated

1. All requirements listed in Section A, above.
2. Bonds may be privately placed with purchasers that are "approved buyers" (generally, a "qualified institutional buyer" as defined in Rule 144A or "accredited investors" as defined in Regulation D, all as further set forth in Appendix E) which execute a sophisticated investor letter in form acceptable to the NFA. In the alternative, a "qualified institutional buyer" as defined in Rule 144A may purchase rated bonds in \$100,000 denominations or greater or unrated bonds in \$250,000 denominations or greater to avoid an investor letter.
3. The offering material or disclosure document shall prominently indicate on the cover that Bonds can only be sold to approved buyers.
4. The face of each bond shall contain a legend stating to the effect that such Bond can only be sold to approved buyers.

5. The bond documents shall contain provisions that restrict the ability to transfer the Bonds to only approved buyers.
6. Bonds may be issued and sold through a private placement or limited public offering with appropriate disclosure or offering materials.
7. Bonds may be sold in denominations of \$25,000 or greater at the discretion of the NFA.
8. Bonds may be delivered in book-entry form or in physical form as approved by and at the discretion of the NFA.

Section D: Requirements Applicable to Public Private Partnership (NFA Ownership)

1. All requirements listed in Section A, B and C above.
2. Sponsor would agree to include structural and document protections of the NFA, as provided by the Authority and Authority Counsel. The NFA expects that the Bond Trustee or a consultant will manage the NFA's involvement with the project. The NFA must receive indemnifications and disclaimers of contractual liability to its satisfaction. The project will need to generate sufficient revenues to cover any expenses that the NFA could incur for any reason, planned or unplanned. The NFA will not be responsible for any disclosure (other than the "Authority" and "Litigation" sections).
3. The NFA will engage experts and consultants (at the project proponent's expense) to ensure the asset ownership provisions are consistent with the NFA guidelines, which may include Authority Counsel, disclosure counsel, real estate counsel, construction consultants, insurance consultants and financial advisors.
4. In the event a disclosure document is prepared, any opinion rendered by disclosure or underwriters counsel would also be addressed to NFA.
5. The NFA will be provided with access to financial information, audits, approvals, appraisals, environmental reports and the like pertaining to the project, the project proponents and any project managers to ensure that the project, the project proponents and managers are viable and consistent with NFA's purpose and guidelines. The NFA will treat such information as confidential to the extent permitted by law.
6. The NFA will approve selection of the facilities manager and any contract entered into to manage the project/facilities.
7. The NFA will engage a Financial Consultant, at the borrowers expense, to act as NFA's fiduciary financial consultant on the transaction, and post-closing to oversee performance of the Facilities Manager, including formulation of budgets and approving disbursements, performing other tasks of the NFA as owner that are specified in accordance with #D2 above, review post-issuance rebate and other tax and disclosure compliance, and report annually to the Board on the foregoing.
8. The NFA will, at its discretion, annually review the engagements of any consultants and managers, and make any changes it deems appropriate, including replacement of any such party if it is in default or otherwise not performing satisfactorily, provided that NFA will not seek to change the Facilities Manager without concurrence of the Bond Trustee and any ground lessor, done of the project or other holder of residential interests in the project, and subject to any conditions set out in the bond documents.

Disclaimer: Requirements for all bond financings are subject to the discretion of the NFA Executive Board and may be adjusted based on factors relating to the underlying transaction.

Effective Date

The NFA's Issuance Policy as set forth herein shall be effective immediately upon its adoption.