

TENNESSEE HOUSING DEVELOPMENT AGENCY
BOND FINANCE COMMITTEE
October 5, 2011

Pursuant to the call of the Chairman, the Tennessee Housing Development Agency Bond Finance Committee met on Wednesday, October 5, 2011, at 3:30 P.M. in the Comptroller's Conference Room, State Capitol, Nashville, Tennessee. The following members were present: Greg Turner for Commissioner Mark Emkes, Secretary of State Tre Hargett, Janice Cunningham for Treasurer David Lillard, and Comptroller Justin Wilson (*Secretary*). Brian Bills, THDA Chairman, and Tom Caine, with Caine Mitter, financial advisor for THDA, participated by conference call.

At the request of Chairman Bills, Comptroller Justin Wilson chaired the meeting. Recognizing a physical quorum present, Mr. Wilson called the meeting to order and indicated the first item for consideration was approval of the sale of Issue 2011-C and the release from escrow and redesignation of Issue 2009-B, Subseries B-5 Bonds. He recognized Ms. Lynn Miller, Chief Legal Counsel for THDA, who presented the following documents for the Committee's consideration:

- Resolution of the Bond Finance Committee to ratify and approve the issuance and sale of Issue 2011-C (Non-AMT) in the principal amount of \$65,290,000, and the release from escrow and redesignation of Issue 2009-B, Subseries B-5 (Non-AMT) in the principal amount of \$34,710,000 (the "Award and Release Resolution"). Ms. Miller noted that the copy of the Award and Release Resolution distributed to the Committee had the wrong amounts in the title of the document and will be corrected. The following documents were attached to the Award and Release Resolution as exhibits and were incorporated by reference:
 - Bond Purchase Agreement for the sale of Issue 2011-C Bonds to the underwriting syndicate, led by Morgan Keegan, the bookrunning senior manager.
 - Supplemental Resolution containing final terms and conditions of the Issue 2011-C Bonds; and release from escrow and redesignation of the Issue 2009-B, Subseries B-5 Bonds. Ms. Miller noted that there will be changes on pages 7 and 10 to conform with the final bond structure.
 - Bond Maturity Schedule providing the maturities and interest rates for the Issue 2011-C and Issue 2009-B, Subseries B-5 Bonds.

Ms. Miller explained that the sale was intended to be a two day sale with a retail sales period on October 5 and an institutional sales period on October 6. During the retail period, the market began to deteriorate and, on the recommendation of Morgan Keegan and Caine Mitter, THDA agreed to accelerate the sale, by offering the issue to institutional buyers, in addition to retail buyers, on October 5, thereby completing the pricing in one day.

Mr. Caine gave an overview of market conditions as described in the Caine Mitter memo dated October 5, 2011. He pointed out that \$30 million of the \$49 million available for retail sold during the retail order period. When the market began to deteriorate, the decision was made to move into the institutional order period to retain orders already placed. Mr. Caine described the changes Morgan Keegan made to the bond structure to reduce the amount of unsold term bonds. Morgan Keegan recommended moving bonds from the 2026 maturity that was undersold to the 2030 maturity that was oversold and increasing interest rates on certain maturities. He noted that Caine Mitter recommended accepting the proposed pricing. Mr. Wilson asked if the underwriter fees appeared reasonable and Mr. Caine indicated that the underwriter fee and management fee were on the low-end for housing finance agencies.

Secretary of State Tre Hargett asked what the consequences would be if the Committee did not approve the proposed pricing. Ms. Miller responded that the bonds could not be sold and THDA would not have the opportunity to issue debt at some of the lowest interest rates in recent history. She stated that the capital markets could further deteriorate which could result in higher interest rates if the pricing was postponed, but noted that rates could also improve at a later date.

Mr. Wilson moved that the Bond Finance Committee approve the Award and Release Resolution with changes as noted. Mr. Hargett seconded the motion. Mr. Wilson called for a roll call vote:

Chairman Bills:	yes
Mr. Turner for Commissioner Emkes:	yes
Secretary Hargett:	yes
Ms. Cunningham for Treasurer Lillard:	yes
Comptroller Wilson:	yes

The motion passed unanimously.

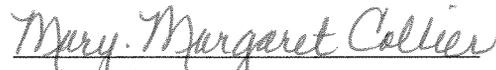
The Committee then discussed the underwriter selection process and provided guidance to staff about the RFP/RFQ process to be discussed in greater detail at the November meeting of the Bond Finance Committee. Comptroller Wilson asked that the following issues be considered for the RFP/RFQ:

- Use of Tennessee versus out of state firm as underwriter's counsel.
- Level of underwriter experience with, and a specialty in, selling housing bonds.
- Level of underwriter available capital committed to underwriting housing bonds.
- Selling group member requirements, including an office located in Tennessee.
- Term of the underwriter pool.
- Continuation of the current practice of rotating the best performing selling group member in a bond sale into the co-manager position for the next bond sale.
- Method of designating the bookrunning senior manager.

There being no further business to be presented to the Committee, Chairman Bills adjourned the meeting.

Approved this 9th day of November, 2011.

Respectfully submitted,


Assistant Secretary

Memorandum

To: THDA Bond Finance Committee
Mary-Margaret Collier
Ted Fellman
From: Caine Mitter
Subject: Negotiated Pricing Recommendation
Re: Housing Finance Program Bonds Issue 2011-C / Issue 2009-B, Subseries B-5
Date: October 5, 2011

The following is a summary of certain information relating to the proposed sale of the \$65,290,000 of Housing Finance Program Bonds, Issue 2011-C ("Issue 2011-C") and the proposed conversion of the remaining \$34,710,000 of Housing Finance Program Bonds, Issue 2009-B from short term, taxable bonds held in escrow to long term tax-exempt, fixed rate bonds to be redesignated as Issue 2009-B, Subseries B-5 ("Issue 2009-B-5").

Purpose

The Bonds are being sold and converted to provide funds for the purchase of Program Loans to finance the ownership or improvement of single family housing within the State by eligible low and moderate income families.

Structure

Issue 2011-C has been structured using fixed rate serial bonds maturing semi-annually from July 1, 2012 to July 1, 2022, fixed rate term bonds maturing on January 1, 2026 and July 1, 2030, and a PAC term bond maturing on July 1, 2034. The Bonds are rated Aa2 by Moody's Investors Service. Interest on the Bonds is not subject to AMT.

Upon release and conversion, Issue 2009-B-5 will consist of a fixed rate term bond maturing on July 1, 2041. Following the release from escrow and conversion of Issue 2009-B-5, there will be no Issue 2009-B bonds remaining.

New Issue Bond Program

In December 2009, THDA issued \$300,000,000 of Housing Finance Program Bonds, Issue 2009-B ("Issue 2009-B") under the Treasury's New Issue Bond Program ("NIBP"). The proceeds of Issue 2009-B are held in escrow until THDA releases a portion of the proceeds for the financing of Program Loans in conjunction with the sale of market bonds. THDA took advantage of changes to NIBP in 2010 and locked in a maximum interest rate of 3.70% for all NIBP bonds sold in 2011. Prior to the release date of the Issue 2009-B-5 bonds, the interest rate will be set at 3.70% or at a lower interest rate if the 10 year Constant Maturity Treasury ("CMT") is lower than 2.95% between September 6, 2011 and October 26, 2011. THDA delivered the Notification of Interest Rate Conversion for Issue 2009-B-5 on September 7, 2011. On September 22, 2011 the 10 year CMT was 1.72%, a record low. Therefore, highest interest rate on the Issue 2009-B-5 bonds will be 2.47%.

Issue 2011-C Method of Sale

Issue 2011-C was sold through negotiated sale with Morgan Keegan as Book Running Senior Manager, Bank of America Merrill Lynch and RBC Capital Markets as Co-Senior Managers and Citi, MR Beal & Company, Raymond James & Associates, Inc. and Wiley Bros.--Aintree Capital LLC as Co-Managers. Eight firms were invited to participate in the sale of Issue 2011-C as Selling Group members.

Market Conditions

Since August 4, 2011, the date of THDA's last bond sale, the US Treasury market has experienced a large decline in rates due to continuing concerns about the European debt crisis, weak United States economic data and the possibility of a double dip recession. From Thursday, August 4th, to Thursday, September 22nd, the yield on the 10-year US Treasury Note decreased 0.69% to close at 1.72%, its lowest closing yield since World War II. Since then, the yield on the 10-year US Treasury Note has increased, but has remained below 2.00%, closing at 1.91% on Friday, September 30th.

During the same period, the municipal bond market, as measured by the AAA Municipal Market Data index ("MMD") also experienced a large decline in rates but underperformed the US Treasury market. From Thursday, August 4th to Thursday, September 22nd, the yield on 10-year MMD decreased 0.41% to an historical low of 1.97%. Since then the yield on the 10-year MMD has increased 0.25%, closing at 2.22% on Friday, September 30th.

Bonds issued by HFAs have outperformed MMD by approximately 0.10% on a weighted average basis over the maturity range of the Issue 2011-C bonds.

On Monday, the yield on the 10-yr US Treasury note closed at 1.76%, down 0.15% from Friday's close. The Municipal Market Data AAA Index ("MMD") reported rate decreases of 0.00% to 0.06% as shown in *Chart 14* on page 44. As of midday on Tuesday, the yield on the 10-year US Treasury note was 1.82%, up 0.06% from Monday's close. The MMD read was up 0.00% to 0.04% from 2013 through 2023, up 0.00% to 0.02% from 2024 through 2031 and down 0.00% to 0.02% from 2032 through 2041.

Pricing of Issue 2011-C

At 10:10 AM CDT on Tuesday morning, the Book Running Senior Manager proposed interest rates for the retail order period (the "Consensus Scale") for all Issue 2011-C bonds except the Issue 2011-C PAC term bonds. The Manager's Consensus Scale for the retail order period is shown in *Chart 15* on page 45 of the pricing book. When using MMD as an indicator of the market, the spread between the Consensus Scale and MMD for THDA's Issue 2011-C serial bonds ranged from 0.27% lower to 0.15% higher in rate than the spread to MMD on serial bonds for THDA's last bond issue, Issue 2011-B. The spread on THDA's Issue 2011-C 2026 term bond was 0.05% higher than the spread to MMD on similar THDA Issue 2011-B term bonds. There were no recent bond issues to compare THDA's Issue 2011-C 2030 term bond. The spread between the Consensus Scale and MMD is shown in *Chart 16* on page 46 of the pricing book. Similar information is shown for THDA bonds sold since August 2008, when the Housing and Economic Recovery Act passed and gave permanent Alternative Minimum Tax relief to housing bonds, in *Charts 17a and 17b* on pages 47 and 48 of the pricing book.

At 2:30 PM CDT on Tuesday afternoon, the Consensus Scale was discussed with the Book-Running Senior Manager. A summary of the discussion can be found on page 42 of the pricing book. At the suggestion of Caine Mitter, the Book-Running Senior Manager felt comfortable with lowering the rates on seven serial bond maturities by 0.025% to 0.05%. Additionally, at the suggestion of THDA, the rate on the 2030 term bond was reduced by 0.075%. The interest rates for the Issue 2011-C bonds for the retail period are shown in *Chart 15* on page 45 of the pricing book. The 2011-C PAC term bond was not offered during the retail order period. The retail order period was scheduled to run until 3:00 PM CDT on Wednesday. The possibility of a shorter retail order period immediately followed by an institutional order period on Wednesday afternoon was discussed.

On Wednesday, the yield on the 10 year Treasury increased by 0.05% by midmorning, and the MMD read was up 0.01% to 0.03% in 2013 and up 0.03% to 0.07% from 2014 through 2041. At noon CDT, a total of \$45,755,000 of orders had been received on the \$49,325,000 of bonds offered to retail investors. After adjusting for overlapping orders, a total of \$30,765,000 of bonds had been placed with retail investors. . Because of a significant increase in interest rates in the municipal market in general, as well as interest from one investor for all of the 201-C PAC bonds, the Book-Running Senior Manager recommended that the institutional order period for the PAC term bond begin early. The Book-Running Senior Manager agreed to continue giving retail orders the highest priority on the remaining unsold serial bonds.

At 2:30 PM CDT, the MMD read was up an additional 0.05% to 0.08% from the midmorning MMD read. A total of \$87,950,000 of orders had been received on the bonds offered to investors. After adjusting for overlapping orders, \$8,925,000 of the bonds had not been placed. The Book-Running Senior Manager recommended reducing the interest rates on two maturities by 0.05%, increasing the interest rates on five maturities by 0.05% to 0.075%, and

increasing the interest rates on two maturities by 0.125%. In order to reduce the amount of unsold term bonds, the Book-Running Senior Manager proposed that the 2011-C 2026 Term Bond be decreased by moving the last two sinking fund payments into the 2011-C 2030 Term Bond. After further discussion, only one sinking fund payment was moved from the 2011-C 2026 Term Bond to the 2011-C 2030 Term Bond, reducing the impact on the overall bond yield. The 2011-C PAC bond was placed with investors without increasing the yield from the level achieved by a State HFA during the prior week. A summary of the orders is shown in *Chart-18* on page 49 of the pricing book.

The proposed final pricing of the Issue 2011-C bonds is shown in *Chart-16* on page 46 of the pricing book.

During the same week, no other State housing finance agencies sold bonds.

Issuance Costs and True Interest Cost (TIC)

The proposed underwriter fees for Issue 2011-C and 2009-B-5 are as follows:

	Issue 2011-C Publicly Offered Bonds \$65,290,000		Issue 2009-B-5 GSE Long Term Bonds \$34,710,000		Total \$100,000,000	
	Amount	\$/1000	Amount	\$/1000	Amount	\$/1000
Expenses						
Legal	25,000.00		0.00		25,000.00	
Printing	0.00		0.00		0.00	
CUSIP	849.00		0.00		849.00	
Dalnet/Dalcomp/munifacts/EEO	5,060.00		0.00		5,060.00	
Day Loan	1,841.00		0.00		1,841.00	
Conf. Calls, delivery charges, etc.	850.00		0.00		850.00	
T & E	0.00		0.00		0.00	
DTC	500.00				500.00	
Total Expenses	34,100.00	0.52	0.00	0.00	34,100.00	0.34
Takedown	406,850.00	6.23	0.00	0.00	406,850.00	4.07
Management Fee	30,000.00	0.46	0.00	0.00	30,000.00	0.30
Total Spread	436,850.00	6.69	0.00	0.00	436,850.00	4.37
Total	470,950.00	7.21	0.00	0.00	470,950.00	4.71

The following are relevant bond yields and mortgage rates for Issue 2011-C and Issue 2009-B-5:

TIC Including Underwriter's Discount	3.085	%
TIC Net of Underwriter's Discount	3.049	%
Tax Law Bond Yield	3.125	%
Full Spread Great Rate Mortgage Rate*	4.110	%

*Assuming 100% Great Rate Mortgage Loans.

Recommendation

We believe Issue 2011-C was marketed effectively and the interest rates on Issue 2011-C were appropriate, based on the book of orders and the market conditions at the time of sale, and we recommend accepting the bid as proposed.

A RESOLUTION OF THE BOND FINANCE COMMITTEE
OF THE TENNESSEE HOUSING DEVELOPMENT AGENCY
PROVIDING FOR THE SALE OF
HOUSING FINANCE PROGRAM BONDS
\$65,290,000 ISSUE 2011-C (Non-AMT)
AND RELEASE FROM ESCROW AND REDESIGNATION OF
\$34,710,000 ISSUE 2009-B, SUBSERIES B-5 (Non-AMT)
October 5, 2011

WHEREAS, the Board of Directors of the Tennessee Housing Development Agency (“THDA”) adopted a resolution titled “General Housing Finance Resolution” on November 19, 2009 (the “2009 General Resolution”); and

WHEREAS, the Bond Finance Committee (the “Committee”) of THDA approved a Plan of Financing on August 24, 2011 (the “Plan of Financing”) with respect to the issuance and sale of Housing Finance Program Bonds, Issue 2011-C and conversion of a portion of Issue 2009-B, designated as Subseries B-5, under the 2009 General Resolution (the “Bonds”) in an aggregate principal amount not to exceed \$100,000,000, with the exact amount to be determined upon the recommendation of the Financial Advisor, Executive Director and the Secretary of the Bond Finance Committee and approved by THDA’s Bond Counsel and the Committee; and

WHEREAS, THDA adopted a resolution authorizing the issuance and sale of the Bonds (the “Supplemental Resolution”) on September 27, 2011, pursuant to the Plan of Financing and based upon an appropriate determination of the Housing Cost Index; and

WHEREAS, the 2009 General Resolution, the resolution adopted by THDA on November 19, 2009 as amended and supplemented by the Committee on December 3, 2009 (the “Issue 2009-A/B Supplemental Resolution”), and the Supplemental Resolution provide for the terms of the Bonds, including certain terms to be determined or modified by the Committee prior to the sale of the Bonds in a manner consistent with the 2009 General Resolution, the Issue 2009-A/B Supplemental Resolution, and the Supplemental Resolution as may be determined to be necessary or convenient to better achieve the purposes of the Tennessee Housing Development Agency Act or otherwise determined to be in the best interest of THDA; and

WHEREAS, pursuant to the Plan of Financing, the Executive Director of THDA and the Assistant Secretary of the Bond Finance Committee have prepared for a negotiated sale of the Issue 2011-C Bonds (the “Issue 2011-C Bonds”) and the release from escrow and redesignation of the Issue 2009-B, Subseries B-5 Bonds pursuant to the U.S. Treasury New Issue Bond Program (“NIBP”); and

WHEREAS, the Committee has determined to issue and sell the Issue 2011-C Bonds by negotiated sale to Morgan Keegan & Company, Inc. (“Morgan Keegan”) and to release from escrow and redesignate the Issue 2009-B, Subseries B-5 Bonds on the terms and conditions set forth herein and, as authorized by THDA, to modify all relevant documents accordingly; and

WHEREAS, the Preliminary Official Statement dated September 28, 2011, was prepared and distributed; and

WHEREAS, all consents, proceedings and approvals necessary for the issuance, sale and delivery of the Bonds, respectively, other than those of the Committee have been taken or received.

NOW, THEREFORE, BE IT RESOLVED BY THE BOND FINANCE COMMITTEE OF THE TENNESSEE HOUSING DEVELOPMENT AGENCY:

1. The Committee hereby ratifies, confirms and approves the preparation, distribution and publication of the Preliminary Official Statement dated September 28, 2011.
2. The Committee hereby ratifies, confirms and approves the issuance of the Issue 2011-C Bonds as long term, fixed rate, tax-exempt bonds in the original principal amount of \$65,290,000.

3. The Committee hereby ratifies, confirms and approves the sale of the Issue 2011-C Bonds by negotiated sale to Merrill Lynch, all in accordance with the Bond Purchase Agreement attached hereto as Exhibit A (the "Purchase Agreement"), and the Supplemental Resolution as modified and attached hereto as Exhibit B and in accordance with the production table showing maturities, initial principal amounts, prices and approximate yields attached hereto as Exhibit C (the "Bond Maturity Report").
4. The Committee hereby ratifies, confirms and approves the release from escrow and redesignation of the Issue 2009-B, Subseries B-5 Bonds as long term, fixed rate, tax-exempt bonds in the original principal amount of \$34,710,000 pursuant to the 2009 General Resolution and the Issue 2009-A/B Supplemental Resolution, as modified by the Supplemental Resolution.
5. The Chairman, Secretary or Assistant Secretary of the Committee or the Vice Chairman or Executive Director of THDA is hereby authorized to execute the Purchase Agreement and all other documents necessary under NIBP.
6. The Chairman, the Secretary or Assistant Secretary of the Committee and the Vice Chairman or Executive Director of THDA are hereby authorized to execute the final Official Statement for the Bonds. The Assistant Secretary of the Committee, with the approval of Bond Counsel and General Counsel to THDA, is hereby authorized to prepare the final Official Statement for the Bonds for printing and distribution in substantially the form presented at this meeting, as conformed to reflect the terms and conditions of the Bonds as herein authorized, and is authorized to correct any typographical errors and to conform the final Official Statement to the executed Purchase Agreement and the Bond Maturity Report.
7. The Supplemental Resolution authorizes the Committee to make such changes or modifications in the principal amounts, maturities and interest rates for the Bonds and in the application of the proceeds thereof, paying agents, terms of redemption and the schedule of prepayment amounts to be used for accrued principal installments in such manner as the Committee determines to be necessary to give effect to the terms of sale of the Bonds. Pursuant to this authority, the Committee hereby approves the Supplemental Resolution, a copy of which is attached hereto as Exhibit B, and authorizes and directs the Assistant Secretary of the Committee and the General Counsel of THDA to make, with the approval of Bond Counsel, prior to the delivery of the Bonds, such changes or modifications, if any, as may be necessary in their opinion and in the opinion of Bond Counsel to conform the terms thereof to the Bond Maturity Report, the Purchase Agreement, and the NIBP requirements.
8. This resolution shall take effect immediately.

EXHIBIT A

BOND PURCHASE AGREEMENT

TENNESSEE HOUSING DEVELOPMENT AGENCY

\$65,290,000

**HOUSING FINANCE PROGRAM BONDS
ISSUE 2011-C (Non-AMT)**

BOND PURCHASE AGREEMENT

October 5, 2011

Tennessee Housing Development Agency,
acting by and through its
Bond Finance Committee
Suite 1200
404 James Robertson Parkway
Nashville, TN 37243-0900

Ladies and Gentlemen:

The undersigned, Morgan Keegan & Company, Inc. (the “Representative”) acting for itself and on behalf of the other underwriters designated herein (the “Underwriters”), offers to enter into this Bond Purchase Agreement (this “Agreement”) with you, the Tennessee Housing Development Agency (“THDA”), acting by and through its Bond Finance Committee (the “Committee”). This offer is made subject to the written acceptance and delivery of an executed counterpart hereof to the Underwriters at or prior to 5:00 p.m., New York City time on the date hereof. Upon your acceptance of this offer, this Agreement will be binding upon you and upon the Underwriters.

The Representative hereby represents that (a) it is duly authorized to execute this Agreement and has full authority to take such action as it may deem advisable with respect to all matters pertaining to this Agreement and (b) it is registered under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as a municipal securities dealer.

1. (a) Upon the terms and conditions and upon the basis of the representations and warranties and agreements hereinafter set forth, the Underwriters hereby agree to purchase, and the Committee on behalf of THDA hereby agrees to sell, and THDA hereby agrees to issue and deliver to the Underwriters, all (but not less than all) of THDA’s \$65,290,000 Housing Finance Program Bonds, Issue 2011-C (Non-AMT) (the “Bonds”) maturing on the dates and in the principal amounts, bearing interest at the rates and at the initial prices set forth in Exhibit B. The Bonds shall be dated the date of delivery thereof. The Bonds shall be sold to the Underwriters at the price of \$65,290,000, the par amount of the Bonds. As compensation in connection herewith, the Underwriters shall receive a fee at closing in the amount of \$470,950.

(b) The Bonds shall be subject to redemption, shall mature on the dates and in the amounts and shall bear interest at the rate or rates per annum, payable at the times and in the

manner, all as provided in the General Housing Finance Resolution adopted by THDA on November 19, 2009, as amended and supplemented (the "General Resolution") and a Supplemental Resolution adopted by THDA on September 27, 2011, as amended and supplemented by the Bond Finance Committee of THDA on October 5, 2011 (as so amended and supplemented, the "Issue 2011-C Supplemental Resolution"). The General Resolution and the Issue 2011-C Supplemental Resolution are herein collectively referred to as the "Resolutions." The Preliminary Official Statement, including the cover page, inside cover page and appendices thereto and matters incorporated by reference thereby, of THDA dated September 28, 2011 with respect to the Bonds (the "Preliminary Official Statement"), as amended to conform to the terms of this Agreement and to reflect the offering terms of the Bonds and the other changes marked or otherwise indicated on Exhibit A hereto, and which shall be completed in a manner satisfactory to the Underwriters, and which may contain such further additions as shall be approved by the Underwriters, is hereinafter referred to as the "Official Statement."

2. It shall be a condition of the obligations of the Committee on behalf of THDA to sell, and of THDA to deliver, the Bonds to the Underwriters and of the obligations of the Underwriters to purchase and accept delivery of the Bonds, that the entire \$65,290,000 principal amount of the Bonds shall be sold by the Committee on behalf of THDA, delivered by THDA and accepted and paid for by the purchasers thereof on the date described in Paragraph 5 hereof (such payment and delivery being referred to herein as the "Closing"). The Underwriters agree to make a bona fide offering of all the Bonds, at prices not in excess of the initial offering prices set forth on the inside cover page of the Official Statement.

In conjunction with its sale of the Bonds to the Underwriters, THDA plans to release from escrow \$34,710,000 principal amount of its Housing Finance Bonds, Issue 2009-B (Non-AMT) (the "Issue 2009-B Bonds"); such Issue 2009-B Bonds were previously sold collectively to the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation (together, the "Purchasers"), pursuant to a Placement Agreement by and between THDA and the Purchasers, dated December 9, 2009 (the "Placement Agreement"). The released Issue 2009-B Bonds will be redesignated as the "Subseries B-5 Bonds." Such release and redesignation shall be a condition of the obligations of the Committee on behalf of THDA to sell, and of THDA to deliver, the Bonds to the Underwriters and of the obligations of the Underwriters to purchase and accept delivery of the Bonds.

In the event that the Underwriters fail (other than for a reason permitted hereunder) to purchase, accept delivery of and pay for the Bonds at the Closing as herein provided, the parties hereby agree that the damages to THDA shall be fixed at one percent (1%) of the aggregate principal amount of the Bonds, and, upon such failure of the Underwriters to accept and pay for the Bonds, the Underwriters shall be obligated to pay to THDA such amount as and for full liquidated damages for such failure and for any and all defaults hereunder on the part of the Underwriters, and, except as set forth in Paragraph 14 hereof, no party will have any further rights against the other hereunder. The Underwriters understand that in such event THDA's actual damages may be greater or may be less than such amount. Accordingly, the Underwriters hereby waive any right to claim that THDA's actual damages are less than such amount, and THDA's acceptance of this offer will constitute a waiver of any right THDA may have to additional damages from the Underwriters.

3. THDA has authorized the Resolutions and has delegated to the Committee the authority to authorize, and pursuant to such delegation the Committee has authorized, the Official Statement in the form attached as Exhibit A hereto, as the same may be supplemented or amended as hereinafter provided, and the information therein contained to be used by the Underwriters in connection with the public offering and the sale of the Bonds.

THDA hereby approves the use by the Underwriters of the Preliminary Official Statement and consents to the use by the Underwriters of the final Official Statement. THDA agrees to deliver to the Underwriters printed, conformed copies of the Official Statement as soon as practical but not later than the earlier to occur of (a) seven business days from the date hereof, (b) the date required to accompany money or trade confirmations of the sale of the Bonds or (c) the date of Closing, in such reasonable amount as may be requested by the Underwriters, not to exceed an amount agreed to between THDA and the Underwriters.

The form of Preliminary Official Statement delivered to the Underwriters and made available on the Internet at "www.i-dealprospectus.com" has, in good faith, been deemed final for purposes of Rule 15c2-12 promulgated under the Exchange Act (the "Rule"), as of the date thereof, except for the omissions permitted by the Rule.

Unless THDA is otherwise notified in writing by the Representative on or prior to the date of the Closing, the "end of the underwriting period" for the Bonds for all purposes of the Rule is the date of the Closing. In the event such notice is given in writing by the Representative, the Representative agrees to notify THDA in writing following the occurrence of the "end of the underwriting period" as defined in the Rule for the Bonds identified in such notice.

4. As of the date hereof, THDA represents, warrants and agrees as follows:

(a) THDA is a body politic and corporate, and a political subdivision and instrumentality of the State of Tennessee and, except as otherwise disclosed in the Official Statement, has complied, and will on the date of Closing be in compliance, in all respects with the Tennessee Housing Development Agency Act, constituting Chapter 23 of Title 13 of the Tennessee Code Annotated (T.C.A. § 13-23-101 *et seq.*), as amended (the "Act") and has, and on the date of Closing will have, full legal right, power and authority to (i) enter into this Agreement, (ii) adopt the Resolutions, (iii) delegate to the Committee the authority on its behalf to sell the Bonds, and to issue and deliver the Bonds to the Underwriters and (iv) carry out and consummate all other transactions contemplated by the Resolutions and this Agreement;

(b) By official action of THDA prior to or concurrently with the acceptance hereof, THDA has duly adopted the Resolutions, has duly authorized and approved the execution and delivery of, and the performance by THDA of the obligations contained in the Bonds and this Agreement and has duly authorized and approved the performance by THDA of its obligations contained in the Resolutions;

(c) On the date of Closing, the Resolutions shall be in full force and effect, and shall not have been amended or modified, and the Official Statement shall not have been amended, modified or supplemented except as may have been agreed to by the Underwriters and THDA;

(d) To the best knowledge of the Chairman, Vice-Chairman, Executive Director, Chief Legal Counsel and Division Directors of THDA, and except as otherwise disclosed in the Official Statement, THDA is not in breach of or default under any applicable law or administrative regulation of the State of Tennessee or the United States or any applicable judgment or decree or any loan agreement, note, resolution, agreement or other instrument to which THDA is a party or is otherwise subject; and the execution and delivery of this Agreement by THDA and the delivery of the Bonds and the adoption of the Resolutions by THDA and compliance with the provisions of each thereof will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree or any agreement or other instrument to which THDA is a party or is otherwise subject;

(e) All approvals, consents and orders of any governmental authority or agency having jurisdiction of the matter which would constitute a condition precedent to the performance by THDA of its obligations hereunder have been obtained, except for certain approvals, consents and orders as may be required under the Blue Sky or securities laws of any jurisdiction in connection with the issuance and sale of the Bonds;

(f) At the time of THDA's acceptance hereof, neither the Preliminary Official Statement nor the Official Statement contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and as of the date of delivery of the Official Statement pursuant to Paragraph 3 hereof and as of the date of the Closing, the Official Statement, as supplemented or amended in accordance with subparagraph (l) of this Paragraph 4, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(g) Except as otherwise described in or contemplated by the Official Statement, between the date of this Agreement and the Closing, THDA will not, without the prior written consent of the Representative (i) issue any bonds, notes or other obligations for borrowed money or (ii) incur any material liabilities, direct or contingent;

(h) No litigation is pending or, to the best knowledge of the Chairman, Vice-Chairman, Executive Director, Chief Legal Counsel and Division Directors of THDA, threatened in any court affecting the corporate existence of THDA, the title of its officers to their respective offices, or seeking to restrain or enjoin the issuance and delivery of the Bonds or the collection of receipts or assets of THDA, in a material amount, pledged or to be pledged to pay the principal of and interest on the Bonds or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Resolutions, or this Agreement, or contesting the powers of THDA or any authority for the Bonds, the Resolutions, or this Agreement, or contesting in any way the completeness, accuracy or fairness of the Preliminary Official Statement or the Official Statement;

(i) THDA will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Underwriters may deem necessary in order to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may

designate, provided that THDA shall not be required to register as a broker or dealer in any jurisdiction or comply with any other requirements reasonably deemed by it to be unduly burdensome;

(j) The financial statements of THDA incorporated by reference in the Preliminary Official Statement or attached as an Appendix to the Official Statement fairly present the financial position and results of operation of THDA as of the dates and for the periods therein set forth, and such financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board; and, except as otherwise disclosed in the Official Statement, THDA has no knowledge of any material adverse change in its financial position, results of operation or financial condition from that set forth in the Official Statement;

(k) The Bonds and the Resolutions conform to the descriptions thereof contained in the Official Statement, and the Bonds, when issued, authenticated and delivered in accordance with the Resolutions and sold to the related purchasers thereof, will be validly issued and outstanding obligations of THDA entitled to the benefits of the Resolutions;

(l) If, during the period from the date hereof to and including the date which is 25 days following the “end of the underwriting period” (as determined in accordance with Paragraph 3 hereof), any event occurs affecting THDA which is materially adverse to the purpose for which the Official Statement (as then supplemented or amended) is to be used and is not disclosed in the Official Statement, THDA shall notify the Underwriters, and if in the opinion of THDA and the Underwriters such event requires a supplement or amendment to the Official Statement, THDA will supplement or amend the Official Statement at THDA’s cost and expense in a form and in a manner approved by the Underwriters, counsel to the Underwriters and Bond Counsel to THDA. Copies of any such supplement or amendment shall be provided to the Underwriters.

(m) On the date of the Closing all official action of THDA, the Committee and the State Funding Board of the State of Tennessee related to the Resolutions and the issuance of the Bonds shall be in full force and effect and shall not have been amended, modified or supplemented;

(n) THDA has not failed to pay principal or interest when due on any of its obligations; and

(o) THDA has not failed to comply, in any material respect, with any undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule since at least a date five years preceding the date of this Agreement.

5. The Closing shall occur at 10:00 a.m., New York Time, on November 3, 2011 (the “Closing”), or on such other date as may be mutually agreed upon by THDA and the Representative. Prior to the Closing, THDA will deliver to the Representative the documents hereinafter mentioned at the offices of THDA, Suite 1200, 404 James Robertson Parkway, Nashville, Tennessee or at such other place as we may mutually agree upon. At the Closing, THDA shall deliver or cause to be delivered the Bonds to the Trustee as agent for The

Depository Trust Company (“DTC”) pursuant to the DTC FAST delivery program in definitive form, duly executed, registered in the name of “Cede & Co.,” and the Underwriters will accept such delivery and pay the purchase price of the Bonds as set forth in Paragraph 1 hereof by wire transfer payable in immediately available funds to the Trustee for the account of THDA.

6. The Underwriters have entered into this Agreement in reliance upon the representations and warranties of the Committee and THDA contained herein and to be contained in the documents and instruments to be delivered at the Closing, and upon the performance by the Committee and THDA of their obligations hereunder, both as of the applicable date of execution of this Agreement and as of the date of Closing. Accordingly, the Underwriters’ obligations under this Agreement to purchase and pay for the Bonds shall be subject to the performance by the Committee and THDA of their obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following conditions:

(a) The representations and warranties of the Committee and THDA contained herein shall be true, complete and correct in all material respects at the applicable effective date hereof and on and as of the date of Closing as if made on the date of Closing;

(b) At the time of the Closing, the Resolutions shall be in full force and effect, and shall not have been amended or modified, and the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to by the Underwriters and THDA;

(c) At the time of the Closing, all official action of THDA and the Committee related to the Resolutions and all official action of THDA, the Committee and the State Funding Board of the State of Tennessee related to and constituting a pre-requisite to the sale of the Bonds shall be in full force and effect and shall not have been amended, modified or supplemented;

(d) THDA shall not have failed to pay principal or interest when due on any of its obligations nor, except as otherwise disclosed in the Official Statement, shall there have been any adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of THDA;

(e) The Underwriters shall have the right to terminate this Agreement by notifying the Committee and THDA of their election to do so if, after the execution hereof and prior to the Closing: (i) legislation shall have been introduced in or enacted by the Congress of the United States or legislation shall have been enacted by the State of Tennessee, or legislation pending in the Congress of the United States shall have been amended, or a decision shall have been rendered by a court of the United States or the State of Tennessee, including the United States Tax Court, or a ruling shall have been made or a regulation shall have been proposed or made or a press release or other form of notice shall have been issued by the Department of the Treasury of the United States or the Internal Revenue Service or other Federal or Tennessee authority, with respect to Federal or Tennessee taxation upon revenues or other income of the general character to be derived by THDA or by any similar body, or upon interest on obligations of the general character of the Bonds, which may have the purpose or effect, directly or indirectly, of affecting the tax status of THDA, its property or income, its securities (including the Bonds) or

the interest thereon, or any tax exemption granted or authorized by the Act, or, in the reasonable opinion of the Representative, affects materially and adversely the market for the Bonds, or the market price generally of obligations of the general character of the Bonds; (ii) the United States shall have become engaged in hostilities which have resulted in declaration of war or a national emergency or other unforeseen national or international calamity (economic or otherwise) shall have occurred or accelerated to such an extent as, in the reasonable opinion of the Representative, affects materially and adversely the market for the Bonds, or the market price generally of obligations of the general character of the Bonds; (iii) there shall have occurred a general suspension of trading on the New York Stock Exchange or the declaration of a general banking moratorium by United States, New York or Tennessee authorities; (iv) an event described in subparagraph (l) of Paragraph 4 hereof occurs prior to the Closing which in the reasonable opinion of the Representative has a material adverse effect on the market price for the Bonds; or (v) any rating agency maintaining a rating on THDA's Housing Finance Program Bonds at the request of THDA formally announces that such Housing Finance Program Bonds have been placed on "credit watch" with negative implications or any similar formal credit alert and in the reasonable opinion of the Representative such announcement has a material adverse impact on the market price of the Bonds; and

(f) At or prior to the Closing, the Representative shall have received each of the following documents:

(i) The Preliminary Official Statement of THDA and the Official Statement of THDA together with any supplements or amendments thereto in the event either has been supplemented or amended, the Official Statement having been executed on behalf of THDA by its Chairman, its Executive Director or other authorized officer;

(ii) The Resolutions certified by the Secretary of THDA under its seal as having been duly adopted by THDA as being in full force and effect, with such changes or amendments as may have been agreed to by the Representative;

(iii) The unqualified opinion, dated the date of Closing, addressed to THDA, of Kutak Rock LLP, Bond Counsel to THDA, in substantially the form included as Appendix I to the Official Statement, and a letter of such counsel, dated the date of Closing and addressed to the Underwriters, to the effect that their opinion addressed to THDA may be relied upon by the Underwriters to the same extent as if such opinion were addressed to them;

(iv) An opinion, dated the date of Closing, addressed to the Underwriters, of Kutak Rock LLP, Bond Counsel to THDA, to the effect that (A) the Bonds and the Resolutions conform to the descriptions thereof contained in the Official Statement, and the Bonds are validly issued and outstanding obligations of THDA entitled to the benefits of the Resolutions; (B) this Agreement has been duly authorized, executed and delivered by the Committee on behalf of THDA and constitutes a valid and binding agreement of THDA enforceable against THDA in accordance with its terms; (C) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolutions are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and (D) the statements contained in the Official Statement under the captions "DESCRIPTION OF THE SERIES BONDS," "SECURITY AND SOURCES OF PAYMENT OF BONDS" and "APPENDIX D—

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION,” insofar as such statements contained under such captions purport to summarize certain provisions of the Resolutions and describe the terms of the Bonds, present a fair summary of such provisions and conform to the terms and provisions of the Bonds and the statements contained under the caption “TAX MATTERS” with respect to the opinion of Bond Counsel and the law, including the Internal Revenue Code of 1986, as amended, are accurate statements of such opinion and the law. In addition, such counsel shall state in its letter containing the foregoing opinion, or in a separate letter, addressed to the Underwriters and dated the date of Closing, that, based upon its participation in the preparation of the Official Statement as Bond Counsel and without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, nothing has come to the attention of such counsel to lead it to believe (1) that the Official Statement, as of its date (except for any financial and statistical data included therein, as to which no view need be expressed) contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading or (2) that the Official Statement (as it may have been amended or supplemented pursuant to subparagraph (l) of Paragraph 4 hereof), as of the date of Closing (except for any financial and statistical data included therein, as to which no view need be expressed) contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(v) An opinion, dated the date of Closing, addressed to the Underwriters, of Hawkins Delafield & Wood LLP, counsel to the Underwriters, to the effect that the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and that the Resolutions are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; in addition, such counsel shall state in its letter containing the foregoing opinion, or in a separate letter, addressed to the Underwriters and dated the date of Closing, that, based upon their participation in the preparation of the Official Statement as counsel to the Underwriters and assuming the accuracy, completeness and fairness of and without taking responsibility for, the statements contained in the Official Statement, nothing has come to the attention of such counsel to lead it to believe (A) that the Official Statement, as of its date (except for any financial and statistical data included in the Official Statement, and other matters specified in such letter to the Underwriter, as to which no view need be expressed) contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading or (B) that the Official Statement (as it may have been amended or supplemented pursuant to subparagraph (l) of Paragraph 4 hereof) as of the date of Closing (except for any financial and statistical data included in the Official Statement, and other matters specified in such letter to the Underwriters, as to which no view need be expressed) contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(vi) An opinion, dated the date of Closing, addressed to the Underwriters, of the Chief Legal Counsel to THDA, to the effect that the performance of THDA’s obligations under the Resolutions has been duly authorized and has not and will not violate, to the best of

such counsel's knowledge, any applicable judgment, order or regulation of any court or any public or governmental agency or authority of the State or any rule or regulation of THDA, or any statute, order, rule or regulation applicable to THDA and, to the best of such counsel's knowledge, will not conflict with or result in the breach of the provisions of or constitute a default under any agreement or instrument to which THDA is a party or by which THDA or any of its properties is or may be bound; in addition, such counsel shall state in the foregoing opinions, or in a separate letter addressed to the Underwriters and dated the date of Closing, that based upon such counsel's participation in the preparation of the Official Statement as Chief Legal Counsel to THDA and without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, such counsel has no reason to believe (A) that the Official Statement, as of its date (except for the financial and statistical data included therein, as to which no view need be expressed) contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading or (B) that the Official Statement (as it may have been amended or supplemented pursuant to subparagraph (1) of Paragraph 4 hereof) as of the date of Closing (except for the financial and statistical data included therein, as to which no view need be expressed) contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(vii) A certificate, dated the date of Closing, signed by the Chairman, Vice-Chairman or other authorized officer of THDA and the Executive Director of THDA, to the effect that (A) the representations and warranties of THDA contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing; (B) no litigation is pending or, to the knowledge of either the Chairman or other authorized officer of THDA or Executive Director, threatened in any court to restrain or enjoin the issuance or delivery of the Bonds, or the collection of revenues and assets of THDA, in a material amount, pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity of the Bonds, the Resolutions or this Agreement, or contesting the powers of THDA or any authority for the Bonds or the Resolutions, or contesting in any way the accuracy, completeness or fairness of the Preliminary Official Statement, the Official Statement, or the Official Statement as the same may be supplemented or amended (but in lieu of or in conjunction with such certificate the Representative may, in its sole discretion, accept certificates or opinions of the Chief Legal Counsel of THDA, that in such counsel's opinion no such litigation, in any one case or in the aggregate, materially adversely affects the finances, operations, properties or business of THDA, the Bonds or the ability of THDA to perform its obligations under the Bonds, the Resolutions, or this Agreement); (C) to the best of either of such officer's knowledge, no event affecting THDA has occurred since the date of the Official Statement which should be disclosed in the Official Statement, as the same may be supplemented or amended, in order that the Official Statement not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (D) THDA has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing; (E) they believe that the procedures and documentation requirements established for the purpose of fulfilling THDA's tax covenant in the General Resolution are sufficient to assure that the proceeds of the Bonds

will be applied in accordance with the requirements of the Internal Revenue Code of 1986, as amended, so as to assure that interest on the Bonds will be excludable from gross income for purposes of Federal income taxation; and (F) as of its date and as of the date of Closing (1) the information and statements of or pertaining to THDA and its programs contained in the Official Statement were and are correct in all material respects; and (2) insofar as THDA and its affairs are concerned, the Official Statement did not and as of the date of Closing does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that no separate certificate need be rendered as to the audited financial statements of THDA attached as an exhibit to the Official Statement, and, provided further, that insofar as the descriptions and statements, including financial data, of or pertaining to other governmental bodies, nongovernmental bodies, and their respective activities contained in the Official Statement are concerned, THDA may state in such Certification that such descriptions, statements, and data have been obtained from sources believed by THDA to be reliable, and THDA has no reason to believe that they are untrue or incomplete in any material respect;

(viii) A letter from the Director, Division of State Audit of the Comptroller of the Treasury of the State of Tennessee, dated the date of the Closing (or dated a date not more than five days prior to the Closing) and addressed to the Underwriters, setting forth, as of the date of such letter (or, with respect to matters involving changes or developments since the date as of which specified financial information is given in the Official Statement, as of a date not more than five days prior to the date of such letter), certain agreed upon procedures in connection with the financial information included in the Official Statement;

(ix) Two copies of a transcript of all proceedings relating to the authorization and issuance of the Bonds;

(x) Evidence satisfactory to the Representative that the Bonds have been rated not less than "Aa2" by Moody's Investors Service, Inc.;

(xi) An arbitrage certificate, dated as of the date of Closing, in form and substance satisfactory to the Representative, Bond Counsel and counsel to the Underwriters;

(xii) A certificate, dated the date of Closing, signed by the Attorney General of the State of Tennessee to the effect that no litigation or other judicial proceedings have been served upon the State, or are pending against THDA or to the best of his knowledge, threatened (either in State or Federal Courts in the State of Tennessee) (A) restraining or enjoining or seeking to restrain or enjoin the issuance of the Bonds, or (B) in any way questioning or affecting (1) the validity of any provision of the Resolutions authorizing the Bonds and approving the form, terms and provisions of this Agreement, or (2) the pledge or application of any moneys or securities provided for the payment of the Bonds, or (C) in any way questioning or affecting the validity of the proceedings or authority for the issuance of the Bonds, or the security provided for the payment of the Bonds, or (D) in any way questioning or affecting the organization or existence of THDA or its powers, or the title of the present officers or members of THDA, or any of them, to their respective offices; and

(xiii) Such additional legal opinions, certificates, instruments and other documents as the Representative may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of Closing, of THDA's representations and warranties contained herein and of the statements and information contained in the Official Statement, as the same may be supplemented or amended, and the due performance and satisfaction by THDA at or prior to the date of Closing of all agreements then to be performed and all conditions then to be satisfied by THDA.

All the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Representative.

If the Committee and THDA shall be unable to satisfy the conditions to the obligations of the Underwriters contained in this Agreement, or if the obligations of the Underwriters shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriters, the Committee nor THDA shall be under further obligation hereunder, except that the respective obligations of the Committee, THDA and the Underwriters set forth in Paragraph 14 hereof shall continue in full force and effect.

7. The Underwriters shall not be liable or responsible in any respect for any (a) error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with this Agreement in which the Underwriters have exercised reasonable care, or (b) action, inaction or omission which it may take in good faith after the exercise of reasonable care in connection with this Agreement.

8. The Underwriters, may in good faith, buy, sell, own, hold and deal in any of the Bonds offered and sold by such Underwriters pursuant to this Agreement, and may join in any action which any Bondholder may be entitled to take with like effect as if it did not act in any capacity hereunder. The Underwriters, either as principal or agent, may also engage in or be interested in any financial or other transaction with THDA, and may act as depository, trustee, or agent for any committee or body of owners of Bonds sold hereby or other obligations of THDA as freely as if it did not act in any capacity hereunder.

9. It is the express intention of the parties hereto that any purchase, sale or transfer of any Bonds, as herein provided, shall not constitute or be construed to be the extinguishment of any Bonds or the indebtedness represented thereby or a reissuance of the Bonds.

10. THDA and the Underwriters agree to perform the duties and covenants set forth for each of them in the Supplemental Resolution insofar as they apply to the issuance and sale of the Bonds.

11. THDA and the Underwriters agree that this Agreement may be amended, changed, supplemented, waived, discharged or terminated only with the prior written consent of each party hereto.

12. This Agreement shall be governed by the laws of the State of Tennessee.

13. (a) Except as otherwise specifically provided in this Agreement, all notices, demands and formal actions under this Agreement shall be in writing and mailed, telecopied or delivered to the Underwriters, THDA and the Committee as follows:

If to the Underwriters: Morgan Keegan & Company, Inc.
Morgan Keegan Tower
50 North Front Street
Memphis, TN 38103
Attention: Mr. J. Robert Coleman
Telephone: (901) 529-5404
Facsimile: (901) 579-4363

If to THDA: Tennessee Housing Development Agency
Suite 1200
404 James Robertson Parkway
Nashville, TN 37243-0900
Attention: Ms. Lynn E. Miller, Esq.,
Chief Legal Counsel
Telephone: (615) 815-2025
Facsimile: (615) 741-9634

If to the Committee: Tennessee Housing Development Agency
Bond Finance Committee
Suite 1600
James K. Polk Building
505 Deaderick Street
Nashville, TN 37243-0273
Attention: Ms. Mary Margaret Collier
Telephone: (615) 747-5370
Facsimile: (615) 741-5986

The Representative, THDA and the Committee may, by notice given under this Agreement, designate other addresses to which subsequent notices, requests, reports or other communications shall be directed.

(b) If any provision of this Agreement shall be held, deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

14. (a) The Underwriters shall be under no obligation to pay, and THDA shall pay, any expenses incident to the performance of THDA's obligations hereunder, including but not limited to: (i) the cost of the preparation, printing and distributing of the Resolutions, the Preliminary Official Statement, the Official Statement (including any supplements or

amendments thereto) and this Agreement; (ii) the cost of the preparation and printing of the Bonds; (iii) the fees and disbursements of Kutak Rock LLP, Bond Counsel to THDA; (iv) the fees and disbursements of THDA's accountants, advisers, local counsel and of any other experts or consultants retained by THDA; and (v) fees for bond ratings.

(b) The Underwriters shall pay: (i) the cost of preparation and printing of Blue Sky Memoranda; (ii) all advertising expenses in connection with the public offering of the Bonds; (iii) the fees charged by The Depository Trust Company and the CUSIP Service Bureau; and (iv) all other expenses incurred by it in connection with their public offering and distribution of the Bonds, including the fees and disbursements of counsel retained by the Underwriters. Certain payments may be in the form of inclusion of such expenses in the expense component of the Underwriters' fee.

15. Inasmuch as this purchase and sale represents a negotiated transaction and THDA is represented by its own independent financial advisor, THDA acknowledges and agrees that the Underwriters are not acting as a municipal advisor, financial advisor or fiduciary to THDA.

16. This Agreement is made solely for the benefit of THDA and the Underwriters (including the successors or assigns thereof) and no other person shall acquire or have any right hereunder or by virtue hereof. The Committee's and THDA's representations, warranties and agreements contained in this Agreement shall remain operative and in full force and effect, regardless of (a) any investigations made by or on behalf of the Underwriters; (b) delivery of and payment for the Bonds hereunder; and (iii) any termination of this Agreement.

17. This Agreement may be executed in multiple counterparts, each of which shall constitute an original and which together shall constitute one and the same Agreement.

18. This Agreement shall become effective upon the execution of the acceptance hereof by the Chairman, Vice-Chairman, Secretary or Assistant Secretary of the Committee or the Executive Director of THDA and shall be valid and enforceable as of the time of such acceptance.

[Remainder of page intentionally left blank]

[Issue 2011-C Bond Purchase Agreement Execution Page]

Dated: October 5, 2011

Very truly yours,

MORGAN KEEGAN & COMPANY, INC.
MERRILL LYNCH, PIERCE, FENNER &
SMITH INCORPORATED
RBC CAPITAL MARKETS, LLC
CITIGROUP GLOBAL MARKETS INC.
RAYMOND JAMES & ASSOCIATES, INC.
M R BEAL & COMPANY
WILEY BROTHERS-AINTREE
CAPITAL, LLC

By: MORGAN KEEGAN & COMPANY, INC.
as representative on behalf of the Underwriters,
including themselves

By: _____
Authorized Officer

ACCEPTED at _____ p.m.
Central Time this 5th day of October, 2011:

TENNESSEE HOUSING DEVELOPMENT
AGENCY, acting by and through its
Bond Finance Committee

By _____
Authorized Officer

EXHIBIT A
OFFICIAL STATEMENT

EXHIBIT B

MATURITY SCHEDULE

Issue 2011-C (Non-AMT)

\$24,705,000 Serial Bonds

Maturity Date	Principal Amount	Interest Rate	Maturity Date	Principal Amount	Interest Rate
July 1, 2012	\$1,085,000	0.40%	January 1, 2018	\$1,170,000	2.50%
January 1, 2013	1,090,000	0.65	July 1, 2018	1,185,000	2.60
July 1, 2013	1,095,000	0.80	January 1, 2019	1,200,000	2.80
January 1, 2014	1,095,000	1.00	July 1, 2019	1,215,000	2.90
July 1, 2014	1,100,000	1.15	January 1, 2020	1,230,000	3.10
January 1, 2015	1,110,000	1.40	July 1, 2020	1,250,000	3.10
July 1, 2015	1,115,000	1.50	January 1, 2021	1,270,000	3.25
January 1, 2016	1,125,000	1.80	July 1, 2021	1,290,000	3.25
July 1, 2016	1,135,000	1.95	January 1, 2022	1,310,000	3.50
January 1, 2017	1,145,000	2.10	July 1, 2022	1,330,000	3.50
July 1, 2017	1,160,000	2.15			

\$40,585,000 Term Bonds

Maturity Date	Principal Amount	Interest Rate
January 1, 2026	\$10,065,000	4.00%
July 1, 2030	14,555,000	4.30
July 1, 2034	15,965,000	3.40

Price of all Issue 2011-C Bonds: 100.00%

EXHIBIT B

SUPPLEMENTAL RESOLUTION

TENNESSEE HOUSING DEVELOPMENT AGENCY

A Resolution

Authorizing the Sale of

\$65,290,000

**Housing Finance Program Bonds,
Issue 2011-C (Non-AMT)**

and

Authorizing the Release from Escrow of

\$34,710,000

**of Proceeds of the
Housing Finance Program Bonds
Issue 2009-B (Taxable)**

Adopted September 27, 2011
as amended and supplemented
by the Bond Finance Committee
of THDA on October 5, 2011

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**A RESOLUTION AUTHORIZING THE SALE OF
\$65,290,000
HOUSING FINANCE PROGRAM BONDS,
ISSUE 2011-C (NON-AMT)**

and

**AUTHORIZING THE RELEASE FROM ESCROW OF
\$34,710,000
OF PROCEEDS OF THE
HOUSING FINANCE PROGRAM BONDS
ISSUE 2009-B (TAXABLE)**

BE IT RESOLVED by the Board of Directors of the **TENNESSEE HOUSING DEVELOPMENT AGENCY** (“THDA”) as follows:

ARTICLE I

DEFINITIONS AND AUTHORITY

Section 1.01. Short Title. This resolution may hereafter be cited by THDA as the Issue 2011-C Supplemental Housing Finance Program Bond Resolution.

Section 1.02. Definitions.

(a) All terms which are defined in Section 1.2 of the resolution of THDA adopted November 19, 2009, as amended and supplemented, and entitled “General Housing Finance Resolution” (the “General Resolution”) have the same meanings in this Resolution as such terms are given in Section 1.2 of the General Resolution.

(b) In addition, as used in this Resolution, unless the context otherwise requires, the following terms have the following respective meanings:

“*400% PSA Prepayment Amount*” means the cumulative amount of principal prepayments on the Program Loans allocable to the Series Bonds at a rate equal to 400% PSA, as set forth in Exhibit B hereto.

“*Bond Purchase Agreement*” means the contract for the purchase of the Issue 2011-C Bonds between THDA and the Underwriters.

“*Business Day*” shall mean any day except for a Saturday, Sunday or any day on which banks in Tennessee or New York are required or authorized to be closed.

“*Co-Managers*” means Citigroup Capital Markets, Raymond James & Associates, Inc., M.R. Beal & Company and Wiley Bros.-Aintree Capital LLC.

“*Code*” shall mean the Internal Revenue Code of 1986, as amended.

“*DTC*” means The Depository Trust Company, New York, New York, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns.

“*Excess 2011-C Principal Payments*” means 100% of all regularly scheduled principal payments and prepayments on Program Loans allocable to the Series Bonds which do not constitute Excess Subseries B-5 Principal Payments to the extent such regularly scheduled principal payments and prepayments are not required to make regularly scheduled principal payments, including Sinking Fund Payments, on the Series Bonds.

“*Excess Subseries B-5 Principal Payments*” means, while any Issue 2011-C Bonds are Outstanding, a pro rata portion (calculated based on the Outstanding principal amount of Subseries B-5 Bonds divided by the Outstanding principal amount of the Series Bonds), and subsequent to the payment, in full, of the Issue 2011-C Bonds, 100% of all regularly scheduled principal payments and prepayments on Program Loans allocable to the Series Bonds to the extent such regularly scheduled principal payments and prepayments are not required to make regularly scheduled principal payments, including Sinking Fund Payments, on the Series Bonds.

“*Issue 2009-A/B Supplemental Resolution*” means the supplemental resolution pursuant to which the issuance of the Issue 2009-B Bonds was authorized, adopted by THDA on November 19, 2009, as amended and supplemented by the Bond Finance Committee on December 3, 2009, October 27, 2010, March 24, 2011, August 4, 2011 and pursuant hereto.

“*Issue 2009-B Bonds*” means the Issue 2009-B Bonds of THDA issued pursuant to the Issue 2009-A/B Supplemental Resolution.

“*Issue 2011-C Bonds*” means the Issue 2011-C Bonds of THDA authorized by this Resolution pursuant to the Plan of Financing.

“*Issue 2011-C PAC Bonds*” means the Issue 2011-C Bonds in the principal amount of \$15,965,000 maturing July 1, 2034.

“*Issue Date*” means, November 3, 2011, the date on which the Issue 2011-C Bonds are issued by THDA and delivered to the Underwriters.

“*MSRB*” means the Municipal Securities Rulemaking Board by operation of its Electronic Municipal Market Access System.

“*Official Statement*” means the Official Statement dated October 5, 2011 used in connection with the sale of the Issue 2011-C Bonds and the redesignation of the Subseries B-5 Bonds.

“*Planned Amortization Amount*” reflects the cumulative amount of Issue 2011-C PAC Bonds expected to be redeemed upon receipt of principal prepayments on the Program Loans allocable to the Series Bonds at a rate equal to 75% PSA, as set forth in Exhibit B hereto.

“*Preliminary Official Statement*” means the Preliminary Official Statement dated September 28, 2011 used in connection with the sale of the Issue 2011-C Bonds and the redesignation of the Subseries B-5 Bonds.

“*Rating Agency*” shall mean Moody’s Investors Service (or any successor thereto).

“*Released Issue 2009-B Proceeds*” means the \$34,710,000 of proceeds of the Issue 2009-B Bonds authorized to be released from the Issue 2009-B Escrow Subaccount of the Loan Fund.

“*Resolution*” means this Supplemental Resolution adopted by THDA on September 27, 2011, as amended and supplemented by the Bond Finance Committee on October 5, 2011.

“*Serial Bonds*” means the Issue 2011-C Bonds which are not Term Bonds.

“*Series Bonds*” means, collectively, the Issue 2011-C Bonds and the Subseries B-5 Bonds.

“*Subseries B-5 Bonds*” means \$34,710,000 in aggregate principal amount of the Issue 2009-B Bonds which have been redesignated as the Issue 2009-B Bonds, Subseries B-5 upon the release of \$34,710,000 of the proceeds of the Issue 2009-B Bonds from the Issue 2009-B Escrow Subaccount of the Loan Fund pursuant to this Resolution.

“*Term Bonds*” means, collectively, the Issue 2011-C Bonds maturing January 1, 2026, July 1, 2030 and July 1, 2034 and the Subseries B-5 Bonds.

“*Underwriters*” means, collectively, Morgan Keegan & Company, Inc., Merrill Lynch, Pierce, Fenner & Smith, Incorporated, RBC Capital Markets, LLC and the Co-Managers, as purchasers of the Issue 2011-C Bonds.

(c) Unless the context otherwise indicates, words of the masculine gender will be deemed and construed to include correlative words of feminine and neuter genders, words importing the singular number include the plural number and vice versa, and words importing persons include firms, associations, partnerships (including limited

partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons.

(d) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms as used in this Resolution refer to this Resolution and such terms used in the form of registered bond herein refer to such bonds.

Section 1.03. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of the Act and the General Resolution.

ARTICLE II

TERMS AND ISSUANCE OF ISSUE 2011-C BONDS

Section 2.01. Issue Amount and Designation. In order to provide funds necessary for the Housing Finance Program in accordance with and subject to the terms, conditions and limitations established herein and in the General Resolution, Housing Finance Program Bonds, Issue 2011-C are hereby authorized to be issued in the aggregate principal amount of \$65,290,000. The Issue 2011-C Bonds may be issued only in fully registered form and will consist of \$24,705,000 principal amount of Serial Bonds and \$40,585,000 principal amount of Term Bonds.

Section 2.02. Purposes. The Issue 2011-C Bonds are being issued (a) to finance Program Loans on single family residences located within the State, (b) if required, to pay capitalized interest on the Series Bonds, (c) if required, to make a deposit in the Bond Reserve Fund and (d) if required, to pay certain costs of issuance relating to the Issue 2011-C Bonds and certain costs in connection with the redesignation of the Subseries B-5 Bonds.

The proceeds of the Issue 2011-C Bonds and the Released Issue 2009-B Proceeds shall be applied in accordance with Article V hereof.

Section 2.03. Amounts, Maturities and Interest Rates.

(a) The Issue 2011-C Bonds will mature on the dates, in the principal amounts and bear interest from their Issue Date, calculated on the basis of a 360-day year of twelve 30-day months, payable semi-annually on each January 1 and July 1, commencing July 1, 2012, at the rate set opposite such date in the following table:

Serial Bonds

Maturity Date	Principal Amount	Interest Rate	Maturity Date	Principal Amount	Interest Rate
July 1, 2012	\$1,085,000	0.40%	January 1, 2018	\$1,170,000	2.50%
January 1, 2013	1,090,000	0.65	July 1, 2018	1,185,000	2.60
July 1, 2013	1,095,000	0.80	January 1, 2019	1,200,000	2.80
January 1, 2014	1,095,000	1.00	July 1, 2019	1,215,000	2.90
July 1, 2014	1,100,000	1.15	January 1, 2020	1,230,000	3.10
January 1, 2015	1,110,000	1.40	July 1, 2020	1,250,000	3.10
July 1, 2015	1,115,000	1.50	January 1, 2021	1,270,000	3.25
January 1, 2016	1,125,000	1.80	July 1, 2021	1,290,000	3.25
July 1, 2016	1,135,000	1.95	January 1, 2022	1,310,000	3.50
January 1, 2017	1,145,000	2.10	July 1, 2022	1,330,000	3.50
July 1, 2017	1,160,000	2.15			

Term Bonds

Maturity Date	Principal Amount	Interest Rate
January 1, 2026	\$10,065,000	4.00%
July 1, 2030	14,555,000	4.30
July 1, 2034	15,965,000	3.40

(b) Whenever the due date for payment of interest on or principal of the Issue 2011-C Bonds or the date fixed for redemption of any Issue 2011-C Bond shall be a day which is not a Business Day, then payment of such interest, principal or Redemption Price need not be made on such date, but may be made on the next succeeding Business Day, with the same force and effect as if made on the due date for payment of principal, interest or Redemption Price and no additional interest shall be payable on such Business Day which, merely by operation of this paragraph, may have accrued after the original due date.

Section 2.04. Denominations, Numbers and Letters.

(a) The Issue 2011-C Bonds maturing in each year are to be issued in denominations of \$5,000 or any integral multiple thereof not exceeding the aggregate principal amount of Issue 2011-C Bonds maturing in such year. The Issue 2011-C Bonds are to be lettered "RA," and numbered separately from 1 consecutively upwards in such order as the Trustee in its discretion may determine.

(b) The Issue 2011-C Bonds, when issued, will be registered in the name of Cede & Co., as nominee of DTC. Only one Issue 2011-C Bond will be outstanding for each maturity and interest rate of the Issue 2011-C Bonds in the aggregate principal amount of such maturity and interest rate. Subject to the provisions of the General Resolution, purchases of ownership interests in the Issue 2011-C Bonds will be made in book-entry form only in authorized denominations set forth in Section 2.04(a). Beneficial owners of the Issue 2011-C Bonds will not receive certificates representing their interest in the Issue 2011-C Bonds. So long as Cede & Co. shall be the registered owner of the Issue 2011-C Bonds, THDA will deem and treat Cede & Co. as the sole and exclusive owner of the Issue 2011-C Bonds and THDA will have no responsibility to any DTC participant or beneficial owner thereof.

Section 2.05. Paying Agent. The Trustee is hereby appointed as paying agent for the Issue 2011-C Bonds pursuant to Section 11.2 of the General Resolution. The Trustee may appoint an agent for presentation of transfers in New York, New York and DTC may act as such agent.

Section 2.06. Execution of Bonds. The Issue 2011-C Bonds shall be executed by the manual or facsimile signature of the Chairperson or Vice Chairperson and the seal of THDA or a facsimile thereof shall be imprinted, impressed or otherwise reproduced on the Issue 2011-C Bonds and attested by the manual or facsimile signature of the Executive Director or Secretary of THDA. The Issue 2011-C Bonds shall be delivered to the Trustee for proper authentication and delivered to DTC pursuant to the DTC FAST delivery program, as the registered owner of the Issue 2011-C Bonds upon instructions from THDA to that effect.

Section 2.07. Place of Payment; Record Date. While the Issue 2011-C Bonds are registered in book-entry only form in the name of Cede & Co. as nominee of DTC, payments of principal, Redemption Price and interest on the Issue 2011-C Bonds shall be made in accordance with the procedures of DTC. In the event the Issue 2011-C Bonds are no longer held in book-entry only form, the principal and Redemption Price of all Issue 2011-C Bonds shall be payable at the designated corporate trust office of the Trustee. Interest on the Issue 2011-C Bonds will be paid by check mailed by the Trustee to the registered owner thereof. Any registered owner of the Issue 2011-C Bonds in a principal amount equal to or exceeding \$1,000,000 may receive payments of interest by wire transfer if written notice is given to the Trustee at least ten Business Days before an applicable Interest Payment Date. The Record Date for payment of interest on the Issue 2011-C Bonds shall be the 15th day of the month next preceding an Interest Payment Date.

ARTICLE III

RELEASE OF PROCEEDS OF ISSUE 2009-B BONDS

Section 3.01. Authorization of Release of Proceeds of the Issue 2009-B Bonds. In accordance with and subject to the Act, the General Resolution and the Issue 2009-A/B Supplemental Resolution, THDA hereby authorizes the release of \$34,710,000 of the proceeds of the Issue 2009-B Bonds from the Issue 2009-B Escrow Subaccount of the Loan Fund on the

Issue Date. THDA hereby determines that the release of Released Issue 2009-B Proceeds is necessary for the Housing Finance Program of THDA and for the more specific purposes herein set forth. THDA further hereby determines that all said purposes are authorized by the General Resolution. In connection with the Issue Date and in accordance with the Issue 2009-A/B Supplemental Resolution, THDA shall arrange for the delivery to the Trustee of a Subseries B-5 Bond certificate in an aggregate principal amount equal to \$34,710,000 and in addition to the title "Housing Finance Program Bonds," the new bond certificate delivered by THDA to the Trustee shall bear the additional designation of "Issue 2009-B, Subseries B-5".

Section 3.02. Maturities and Interest Rates. The Subseries B-5 Bonds shall mature on July 1, 2041 and shall bear interest as provided in the Issue 2009-A/B Supplemental Resolution payable on the Interest Payment Dates described in the Issue 2009-A/B Supplemental Resolution.

Section 3.03. Delivery of the Subseries B-5 Bonds. The Chairperson or Vice Chairperson are hereby severally authorized to execute the Subseries B-5 Bonds, to deliver said Subseries B-5 Bonds for authentication by the Trustee under the General Resolution and the Issue 2009-A/B Supplemental Resolution, and upon authentication to deliver to the Trustee a written order in the name of THDA directing the Trustee to deliver said Subseries B-5 Bonds in accordance with the Issue 2009-A/B Supplemental Resolution, to apply the Released Issue 2009 B Proceeds and any other moneys in accordance with the terms of the General Resolution, the Issue 2009-A/B Supplemental Resolution and this Resolution, and in such manner as is required to cause the conditions precedent to the release of the Released Issue 2009-B Proceeds as stipulated in the Issue 2009-A/B Supplemental Resolution to be complied with, and to do and perform, or cause to be done and performed, for and on behalf of THDA, all acts and things that constitute conditions precedent to the authentication and delivery of the Subseries B-5 Bonds, or that are otherwise required to be done and performed by or on behalf of THDA prior to, or simultaneously with, the delivery of the Subseries B-5 Bonds.

Section 3.04. Effect of this Issue 2011-C Supplemental Resolution. This Resolution shall be deemed to supplement the Issue 2009-A/B Supplemental Resolution solely with respect to the release of the Released Issue 2009-B Proceeds and the redesignation of the Subseries B-5 Bonds. The Subseries B-5 Bonds shall be in all respects governed by and subject to the provisions of the Issue 2009-A/B Supplemental Resolution.

ARTICLE IV

REDEMPTION PROVISIONS FOR SERIES BONDS

Section 4.01. Sinking Fund Redemption Provisions.

(a) The Issue 2011-C Bonds that are Term Bonds are subject to redemption in part by lot on the dates set forth below for such maturity of Issue 2011-C Bonds at a Redemption Price equal to 100% of the principal amount thereof from mandatory Sinking Fund Payments in the principal amounts for each of the dates set forth below:

Issue 2011-C Term Bonds due January 1, 2026

Date	Amount Due	Date	Amount Due
January 1, 2023	\$1,355,000	January 1, 2025	\$1,465,000
July 1, 2023	1,380,000	July 1, 2025	1,495,000
January 1, 2024	1,410,000	January 1, 2026*	1,525,000
July 1, 2024	1,435,000		

*Maturity

Issue 2011-C Term Bonds due July 1, 2030

Date	Amount Due	Date	Amount Due
July 1, 2026	\$1,555,000	January 1, 2029	\$1,725,000
January 1, 2027	1,585,000	July 1, 2029	1,765,000
July 1, 2027	1,620,000	January 1, 2030	1,800,000
January 1, 2028	1,655,000	July 1, 2030*	1,160,000
July 1, 2028	1,690,000		

*Maturity

Issue 2011-C Term Bonds due July 1, 2034

Date	Amount Due	Date	Amount Due
July 1, 2030	\$680,000	January 1, 2033	\$2,045,000
January 1, 2031	1,880,000	July 1, 2033	2,090,000
July 1, 2031	1,920,000	January 1, 2034	2,135,000
January 1, 2032	1,960,000	July 1, 2034*	1,250,000
July 1, 2032	2,005,000		

*Maturity

(b) The Subseries B-5 Bonds are subject to mandatory redemption prior to maturity, in part, at a Redemption Price equal to 100% of the principal amount thereof plus interest accrued and unpaid to the Redemption Date, from mandatory Sinking Fund Payments which are required to be made in amounts sufficient to redeem the principal amount of such Subseries B-5 Bonds on each of the dates set forth below:

Subseries B-5 Bonds due July 1, 2041

Date	Amount Due	Date	Amount Due
July 1, 2034	\$ 930,000	July 1, 2038	\$2,420,000
January 1, 2035	2,230,000	January 1, 2039	2,460,000
July 1, 2035	2,250,000	July 1, 2039	2,480,000
January 1, 2036	2,280,000	January 1, 2040	2,520,000
July 1, 2036	2,310,000	July 1, 2040	2,540,000
January 1, 2037	2,340,000	January 1, 2041	2,580,000
July 1, 2037	2,360,000	July 1, 2041*	2,610,000
January 1, 2038	2,400,000		

*Maturity

(c) Upon the purchase or redemption of Series Bonds of any maturity for which Sinking Fund Payments have been established other than by application of Sinking Fund Payments, each future Sinking Fund Payment for such Series Bonds of such series and maturity will be credited by an amount bearing the same ratio to such Sinking Fund Payment as the total principal amount of such Series Bonds of such series and maturity to be purchased or redeemed bears to the total amount of all Sinking Fund Payments for such series of Series Bonds.

Section 4.02. Optional Redemption.

(a) The Issue 2011-C Bonds maturing on and after July 1, 2021, are subject to redemption at the option of THDA prior to their respective maturities, either as a whole or in part at any time, on or after January 1, 2021 (any such date to be determined by THDA or selected by the Trustee subject to the provisions of and in accordance with the General Resolution, and when so determined or selected will be deemed and is hereby set forth as the redemption date), upon notice as provided in Article V of the General Resolution, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the date of redemption.

(b) The Subseries B-5 Bonds are subject to redemption at the option of THDA prior to their maturity, either as a whole or in part on the first Business Day of each month commencing December 1, 2011, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the date of redemption.

Section 4.03. Special Optional Redemption.

(a) Except as otherwise provided herein, the Series Bonds are subject to redemption, at the option of THDA, as a whole or in part at any time prior to maturity, in accordance with the provisions of the General Resolution in an amount equal to (i) proceeds of the Series Bonds not expected to be applied to the financing of Program Loans, (ii) repayments and prepayments of Program Loans allocated to the Series Bonds

in excess of regularly scheduled Debt Service payments on the Series Bonds and not otherwise applied to the special mandatory redemption of the applicable series of Series Bonds as provided in Sections 4.04(b), 4.04(c) and 4.04(d) hereof, (iii) repayments and prepayments of Program Loans made with the proceeds of any other Bonds issued under the General Resolution, subject to limitations contained in the Code, or (iv) other amounts on deposit in the Revenue Fund in excess of the amounts required for the payment of Debt Service and Program Expenses; provided, however, that the Issue 2011-C PAC Bonds (A) are only subject to redemption as described in clause (ii) above as described in Section 4.04(b) herein and (B) shall not be subject to redemption as described in clauses (iii) and (iv) above if such redemption would cause the amortization of the Issue 2011-C PAC Bonds to exceed the Planned Amortization Amount.

(b) The date of redemption pursuant to this Section 4.03 shall be determined by the Trustee upon the direction of THDA subject to the provisions of and in accordance with the General Resolution (and when so determined such date will be deemed and is hereby set forth as the redemption date). The Series Bonds to be so redeemed shall be redeemed at a Redemption Price of 100% of the principal amount thereof, plus interest accrued to the redemption date, if applicable; provided, however, that the Redemption Price for the Issue 2011-C PAC Bonds in the event of a redemption described in clause (i) of paragraph (a) above shall be the issue price thereof (par plus premium), plus accrued interest to the redemption date.

(c) The Series Bonds to be redeemed pursuant to this Section 4.03 shall be redeemed on a pro rata basis among all maturities of Series Bonds then Outstanding based on the principal amounts of such maturities then Outstanding unless THDA shall deliver a Projected Cash Flow Statement indicating a different selection of Series Bonds to be so redeemed; provided, however, that the Issue 2011-C PAC Bonds may not be redeemed in an amount in excess of their proportionate amount of all Series Bonds then Outstanding in the event of any redemption pursuant to clause (i) of paragraph (a) above.

Section 4.04. Special Mandatory Redemptions.

(a) *Unexpended Proceeds.* The Series Bonds are subject to mandatory redemption on July 1, 2012 in the event and to the extent that there are unexpended proceeds of the Series Bonds on deposit in the Issue 2011-C/Subseries B-5 Subaccount of the Loan Fund on June 1, 2012; provided that such redemption date may be extended, at the option of THDA, and subject to the satisfaction of the conditions set forth in Section 6.01(a) hereof.

Notwithstanding any extension of the redemption date described above, in order to satisfy requirements of the Code, the Series Bonds are subject to mandatory redemption on May 3, 2015, to the extent any amounts remain on deposit in the Issue 2011-C/Subseries B-5 Subaccount of the Loan Fund.

The redemption price of the Series Bonds to be so redeemed shall be 100% of the principal amount thereof plus interest accrued to the date of redemption, if applicable;

provided, however, that the redemption price for the Issue 2011-C PAC Bonds shall be the issue price thereof (par plus premium) plus accrued interest to the redemption date. THDA shall direct the redemption of the Series Bonds pro rata among all maturities of such Series Bonds then Outstanding and eligible for redemption unless THDA shall also deliver a Projected Cash Flow Statement indicating a different selection of the Series Bonds to be so redeemed; provided, however, that (i) the Subseries B-5 Bonds shall be redeemed on a pro-rata basis from among all Series Bonds then Outstanding and (ii) the Issue 2011-C PAC Bonds may not be redeemed in an amount in excess of their proportionate amount of all Series Bonds then Outstanding.

(b) ***Excess 2011-C Principal Payments (Issue 2011-C PAC Bonds)***. The Issue 2011-C PAC Bonds are subject to redemption prior to their maturity, in whole or in part at a Redemption Price of 100% of the principal amount of such Issue 2011-C PAC Bonds to be redeemed, plus interest accrued to the date of redemption, from amounts transferred to the Redemption Account representing Excess 2011-C Principal Payments. Any Excess 2011-C Principal Payments so deposited in the Redemption Account shall be applied to the redemption of Issue 2011-C PAC Bonds on any Interest Payment Date commencing July 1, 2012; provided that Issue 2011-C PAC Bonds may be redeemed between Interest Payment Dates on the first Business Day of any month for which adequate notice of redemption may be given.

While any Issue 2011-C PAC Bonds remain Outstanding, Excess 2011-C Principal Payments shall be used as follows:

FIRST, if principal prepayments on the Program Loans allocable to the Series Bonds are equal to or less than the 400% PSA Prepayment Amount, as determined by THDA, then available Excess 2011-C Principal Payments shall first be applied to redeem Issue 2011-C PAC Bonds up to an amount correlating to the Planned Amortization Amount for Issue 2011-C PAC Bonds and, subject to Section 4.04(e) below, the remainder may be applied by THDA for any purpose permissible under the Resolution, including the redemption of any Bonds under the Resolution, other than the Issue 2011-C PAC Bonds.

SECOND, if principal prepayments on the Program Loans allocable to the Series Bonds are in excess of the 400% PSA Prepayment Amount, as determined by THDA, then available Excess 2011-C Principal Payments shall first be applied to redeem Issue 2011-C PAC Bonds up to an amount correlating to the Planned Amortization Amount (as set forth in "FIRST" above) and, subject to Section 4.04(d) below, the remainder may be applied by THDA for any purpose permissible under the Resolution, including the redemption of any Bonds issued under the Resolution, including the Issue 2011-C PAC Bonds (any such remainder used to redeem Issue 2011-C PAC Bonds being an "Excess Principal PAC Bond Redemption"); provided, however, that (i) the source of an Excess Principal PAC Bond Redemption is restricted to that portion of available Excess 2011-C Principal Payments which is in excess of 400% PSA and (ii) the principal amount of an Excess Principal PAC Bond Redemption may not be an amount in excess of the Issue 2011-C PAC Bonds' proportionate amount of all Issue 2011-C Bonds then Outstanding.

The Planned Amortization Amount and the 400% PSA Prepayment Amount set forth in Exhibit B hereto are each subject to proportionate reduction to the extent Issue 2011-C PAC Bonds are redeemed from amounts on deposit in the Issue 2011-C/Subseries B-5 Subaccount of the Loan Fund which are not applied to finance Program Loans in accordance with Section 4.04(a) hereof.

(c) ***Excess Subseries B-5 Principal Payments (Subseries B-5 Bonds).*** The Subseries B-5 Bonds are subject to redemption prior to their maturity, in whole or in part at a redemption price of 100% of the principal amount of such Subseries B-5 Bonds to be redeemed, plus interest accrued to the date of redemption, from amounts transferred to the Redemption Fund representing Excess Subseries B-5 Principal Payments. Any Excess Subseries B-5 Principal Payments so deposited in the Redemption Account shall be applied to the redemption of Subseries B-5 Bonds at least once during each semi-annual period ending on January 1 or July 1, commencing July 1, 2012, to the extent there are at least \$10,000 of Excess Subseries B-5 Principal Payments received during such semi-annual period.

(d) ***Mandatory Redemption – 10 Year Rule.***

(i) To the extent not required to make regularly scheduled principal payments on the Series Bonds or otherwise required to be used to redeem Series Bonds as described in Sections 4.04(b) or 4.04(c), the prepayments and repayments of principal of the Program Loans, or portions thereof, allocable to the Series Bonds received after November 3, 2021 shall be applied to redeem the Series Bonds on or before the next Interest Payment Date with respect to the Series Bonds, which Interest Payment Date is at least six months from the date of receipt of such Program Loan principal payments, in such principal amounts as required to satisfy requirements of the Code. The Redemption Price of Series Bonds so redeemed shall be 100% of the principal amount thereof, plus interest accrued to the redemption date, if applicable.

(ii) THDA shall advise the Trustee of the appropriate Redemption Date for any redemption pursuant to this Section 4.04(d). THDA shall direct redemptions pursuant to this Section 4.04(d) pro rata among all maturities of the Series Bonds then Outstanding and eligible for redemption unless THDA shall deliver a Projected Cash Flow Statement indicating a different selection of the Series Bonds to be redeemed; provided, however, that the Issue 2011-C PAC Bonds may be redeemed in amount that exceeds the Planned Amortization Amount only if there are no other Series Bonds outstanding.

Section 4.05. Selection by Lot. If less than all of the Series Bonds of like Series and maturity are to be redeemed, the particular bonds of such maturity to be redeemed shall be selected by lot in accordance with Section 6.4 of the General Resolution.

Section 4.06. Purchase of Bonds by THDA or Trustee. Whenever moneys are available for redemption of Series Bonds under this Article IV, THDA or the Trustee is authorized to purchase Series Bonds at a price not to exceed the applicable Redemption Price.

ARTICLE V

SALE AND DELIVERY

Section 5.01. Sale.

(a) The Issue 2011-C Bonds are hereby authorized to be sold to the Underwriters at the prices and on the terms and conditions set forth in the Bond Purchase Agreement and upon the basis of the representations, warranties and agreements therein set forth. The Chairman, Secretary or Assistant Secretary of the Bond Finance Committee and the Executive Director of THDA are hereby authorized to execute the Bond Purchase Agreement in substantially the form attached hereto as Exhibit A. The Board of Directors of THDA hereby authorizes the Committee to adopt a resolution approving the purchase price of the Issue 2011-C Bonds.

(b) The Secretary of the Bond Finance Committee of THDA is hereby authorized to make public and to authorize distribution of the Official Statement relating to the Series Bonds in substantially the form presented to THDA with such changes, omissions, insertions and revisions as such officer shall deem advisable. The Chairman, Vice Chairman, Executive Director and Secretary of the Bond Finance Committee are hereby authorized to sign and deliver such Official Statement to the Underwriters and the Purchasers (as defined in the Issue 2009-A/B Supplemental Resolution). The distribution of the Preliminary Official Statement relating to the Issue 2011-C Bonds is hereby authorized and approved.

(c) The Issue 2011-C Bonds shall be delivered to the Underwriters in accordance with the terms of the Bond Purchase Agreement and this Issue 2011-C Supplemental Resolution.

ARTICLE VI

DISPOSITION OF ISSUE 2011-C BOND PROCEEDS, RELEASED ISSUE 2009-B PROCEEDS AND OTHER MONEYS

Section 6.01. Loan Fund; Bond Reserve Fund Requirement.

(a) Upon receipt of the proceeds of the sale of the Issue 2011-C Bonds and the transfer of the Released Issue 2009-B Proceeds, proceeds of the Issue 2011-C Bonds and the Released Issue 2009-B Proceeds shall be deposited in the Issue 2011-C/Subseries B-5 Subaccount of the Loan Fund and the Bond Reserve Fund as shall be set forth in a certificate of THDA delivered on or prior to the Issue Date. Amounts on deposit in the Issue 2011-C/Subseries B-5 Subaccount of the Loan Fund shall be applied to the financing of Program Loans in accordance with the provisions of the General Resolution,

payment of Costs of Issuance and payment of capitalized interest to the extent, if any, specified by written instructions of an Authorized Officer. The amount of funds on deposit in the Issue 2011-C/Subseries B-5 Subaccount of the Loan Fund to be used to pay Costs of Issuance with respect to the issuance of Issue 2011-C Bonds and the redesignation of the Subseries B-5 Bonds shall not exceed 2% of the aggregate principal amount of the Series Bonds. Amounts on deposit in the Issue 2011-C/Subseries B-5 Subaccount of the Loan Fund shall be withdrawn therefrom and applied to the mandatory redemption of Series Bonds as described in Section 4.04(a) hereof. The date of such redemption provided in Section 4.04(a) may be extended upon receipt of written confirmation from the Rating Agency that such extension will not adversely impact the then existing rating on the Series Bonds; provided further that the date of such redemption shall not be extended beyond the date set forth in the second paragraph of Section 4.04(a) unless THDA is in receipt of an opinion of Bond Counsel to the effect that such extension will not adversely affect the exclusion of interest on the Series Bonds from the income of the owners thereof for federal income tax purposes. THDA hereby covenants that either amounts on deposit in the Issue 2011-C/Subseries B-5 Subaccount of the Loan Fund or other available funds of THDA in an amount equal to 20% of the initial amount deposited in the Issue 2011-C/Subseries B-5 Subaccount of the Loan Fund will be made available for owner financing of “targeted area residences” (as defined in Section 143(j) of the Code) until November 3, 2012.

(b) the Bond Reserve Fund Requirement with respect to the Series Bonds shall be an amount equal to 3% of the then current balance of Program Loans allocable to the Series Bonds plus the amount on deposit in the Issue 2011-C/Subseries B-5 Subaccount of the Loan Fund which has not been designated to provide for the payment of Costs of Issuance or capitalized interest. On the Issue Date, THDA shall deposit an amount in the Bond Reserve Fund to satisfy the Bond Reserve Fund Requirement.

ARTICLE VII

FORM OF ISSUE 2011-C BONDS AND TRUSTEE’S CERTIFICATE OF AUTHENTICATION

Section 7.01. Form of Bonds. Subject to the provisions of the General Resolution, the Issue 2011-C Bonds shall be in substantially the form of THDA’s Housing Finance Program Bonds Issue 2010-B issued pursuant to the General Resolution on November 10, 2010, with such variations as shall be appropriate in order to conform to the terms and provisions the General Resolution and this Resolution.

Section 7.02. Form of Trustee’s and Authenticating Agent’s Certificate of Authentication. The Issue 2011-C Bonds shall not be valid or become obligatory for any purpose unless there shall have been endorsed thereon a certificate of authentication in substantially the following form:

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

This bond is one of the bonds described in the within-mentioned Resolutions and is one of the Housing Finance Program Bonds, Issue 2011-C (Non-AMT) of the Tennessee Housing Development Agency.

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Authorized Officer

ARTICLE VIII

MISCELLANEOUS

Section 8.01. No Recourse Against Members or Other Persons. No recourse may be had for the payment of principal of or premium or interest on the Series Bonds or for any claim based thereon or on this Resolution against any member of THDA or any person executing the Series Bonds and neither the members of THDA nor any person executing the Series Bonds may be liable personally on the Series Bonds or be subject to any personal liability or accountability by reason of the execution thereof.

Section 8.02. Bonds not Debt, Liability or Obligation of the State or the United States of America. The Series Bonds are not a debt, liability or the obligation of the State or any other political subdivision thereof. Neither the full faith and credit nor the taxing power of the State, or of any other political subdivision thereof, is pledged for the payment of the principal of or interest on the Series Bonds. The Series Bonds are not a debt, liability or obligation of the United States of America or any agency thereof. Neither the full faith and credit nor the taxing power of the United States of America is pledged for payment of the principal of or interest on the Series Bonds.

Section 8.03. Delivery of Projected Cash Flow Statements. THDA shall deliver such Projected Cash Flow Statements at the times and on the occasions set forth in the General Resolution or this Resolution.

Section 8.04. Authorized Officers. The Chairman, Vice Chairman, Executive Director, General Counsel, Deputy Executive Director and Secretary of THDA and the Secretary and any Assistant Secretary of the Bond Finance Committee and any other proper officer of THDA, be, and each of them hereby is, authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution, the General Resolution and the Official Statement.

Section 8.05. Authorized Trustee. THDA authorizes and directs the Trustee to perform any and all acts contemplated to be performed by the Trustee pursuant to the terms and provisions of this Resolution.

Section 8.06. Covenant to Comply with Federal Tax Law Requirements. THDA hereby covenants to comply with all applicable requirements of the Code so that interest on the Series Bonds will be excluded from gross income of the holders thereof for federal income tax purposes, including the rebate requirement of Section 148(f) of the Code. THDA also covenants to pay any interest or penalty imposed by the United States for failure to comply with said rebate requirements. In accordance with the rebate requirement, THDA agrees that there will be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Series Bonds from time to time.

Section 8.07. Continuing Disclosure Undertaking.

(a) THDA shall deliver to the MSRB, within 210 days after the end of each Fiscal Year:

(i) a copy of the annual financial statements of THDA prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board; and

(ii) an update of the type of information in the Official Statement (A) contained in Appendix E, and (B) information of the nature disclosed under the following headings:

(1) Housing Finance Program Bonds;

(2) Housing Finance Program Loans (including acquisition cost and income limites); and

(3) Financial Summary of Housing Finance Program; and

(iii) annual required contributions for employee pension plan and other post – employment benefits to the extent not included in THDA’s annual financial statements.

The information described in this subsection (a) may be provided by specific reference to documents (including official statements, to the extent the official statements include the information described in this subsection (a)) previously provided to the MSRB or filed with the Securities and Exchange Commission.

If unaudited financial statements are provided as part of the information required to be delivered under this subsection (a) within the time period specified above, THDA shall provide, when and if available, a copy of THDA’s audited financial statements to the MSRB.

(b) THDA shall deliver to the MSRB and the Trustee, in a timely manner not in excess of 10 business days after the occurrence of the event, notice of the occurrence of any of the following events (if applicable) with respect to the Series Bonds:

- (i) principal and interest payments delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on the Bond Reserve Fund reflecting financial difficulties;
- (iv) unscheduled draws on any credit enhancement reflecting financial difficulties;
- (v) substitution of any credit or liquidity provider, 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 or determinations with respect to the tax status of the Series Bonds, or other material events affecting the tax status of the Series Bonds;
- (vii) modifications to rights of the holders of the Series Bonds, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the Series Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of THDA (which event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for THDA in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of THDA, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of THDA);

(xiii) The consummation of a merger, consolidation or acquisition involving THDA or the sale of all or substantially all of the assets of THDA, 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.

Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Series Bonds or defeasance of any Series Bonds need not be given pursuant to this Paragraph 8.07 any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Series Bonds pursuant to the Resolution.

(c) THDA shall give to the Trustee and the MSRB in a timely manner, not in excess of 10 business days after the occurrence of the event, notice of any failure by THDA to provide any information required pursuant to subsection (a) above within the time limit specified therein.

(d) All notices, documents and information provided to the MSRB shall be provided in an electronic format at prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

(e) THDA agrees that the provisions of this Section 8.07 shall be for the benefit of the beneficial owners of the Series Bonds.

(f) THDA may amend this Resolution with respect to the above agreements, without the consent of the beneficial owners of the Series Bonds (except to the extent required under clause (iv)(B) below), if all of the following conditions are satisfied: (i) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of THDA or the type of business conducted thereby; (ii) these agreements as so amended would have complied with the requirements of Rule 15c2-12 (the "Rule") as of the date of this Resolution, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; (iii) THDA shall have delivered to the Trustee an opinion of counsel, addressed to THDA and the Trustee, to the same effect as set forth in clause (ii) above; (iv) either (A) THDA shall deliver to the Trustee an opinion of or determination by a person unaffiliated with THDA (which may include the Trustee or bond counsel), acceptable to THDA and the Trustee, addressed to THDA and the Trustee, to the effect that the amendment does not materially impair the interests of the holders of the Series Bonds or (B) the holders of the Series Bonds consent to the amendment pursuant to the same procedures as are required for amendments to the General Resolution with consent of the holders of Bonds pursuant to the General Resolution as in effect on the date of this Resolution; and (v) THDA shall have delivered copies of such opinion(s) and the amendment to the MSRB.

(g) THDA's obligations with respect to the beneficial owners of the Series Bonds under these agreements as set forth above terminate upon a legal defeasance pursuant to the General Resolution, prior redemption or payment in full of all of the Series Bonds. THDA shall give notice of any such termination to the MSRB.

(h) Failure by THDA to comply with this Section 8.07 shall not constitute an Event of Default under the General Resolution but the undertaking in this Section 8.07 may be enforced by any beneficial owner of the Series Bonds exclusively by an action for specific performance.

Section 8.08. Confirmation and Adjustment of Terms by Committee. The terms of the Series Bonds are herein established subject to confirmation by the Committee upon the sale of the Issue 2011-C Bonds by the Committee. The Committee is hereby authorized to make such changes or modifications in the principal amounts, maturities and interest rates for the Series Bonds and in the application of the proceeds thereof, paying agents, terms of redemption and the schedule of prepayment amounts to be used for accrued principal installments in such manner as the Committee determines to be necessary or convenient to better achieve the purposes of the Act and in the best interests of THDA.

Section 8.09. Effective Date. This Resolution will take effect immediately.

EXHIBIT A

BOND PURCHASE AGREEMENT

EXHIBIT B

PLANNED AMORTIZATION AMOUNTS FOR ISSUE 2011-C PAC BONDS

<u>Date</u>	<u>Planned Amortization Amount</u>
July 1, 2012	\$ 120,000
January 1, 2013	525,000
July 1, 2013	1,205,000
January 1, 2014	2,140,000
July 1, 2014	3,305,000
January 1, 2015	4,580,000
July 1, 2015	5,805,000
January 1, 2016	6,980,000
July 1, 2016	8,110,000
January 1, 2017	9,195,000
July 1, 2017	10,230,000
January 1, 2018	11,220,000
July 1, 2018	12,170,000
January 1, 2019	13,075,000
July 1, 2019	13,935,000
January 1, 2020	14,755,000
July 1, 2020	15,530,000
January 1, 2021	15,965,000

**400% PSA PREPAYMENT AMOUNTS
FOR ISSUE 2011-C BONDS AND SUBSERIES B-5 BONDS**

Date	Cumulative Amount	Date	Cumulative Amount
January 1, 2012	\$ 0	January 1, 2027	\$ 87,790,000
July 1, 2012	990,000	July 1, 2027	88,060,000
January 1, 2013	4,270,000	January 1, 2028	88,295,000
July 1, 2013	9,580,000	July 1, 2028	88,495,000
January 1, 2014	16,535,000	January 1, 2029	88,670,000
July 1, 2014	24,655,000	July 1, 2029	88,820,000
January 1, 2015	32,795,000	January 1, 2030	88,950,000
July 1, 2015	39,935,000	July 1, 2030	89,060,000
January 1, 2016	46,200,000	January 1, 2031	89,155,000
July 1, 2016	51,695,000	July 1, 2031	89,235,000
January 1, 2017	56,510,000	January 1, 2032	89,305,000
July 1, 2017	60,730,000	July 1, 2032	89,365,000
January 1, 2018	64,430,000	January 1, 2033	89,415,000
July 1, 2018	67,670,000	July 1, 2033	89,455,000
January 1, 2019	70,505,000	January 1, 2034	89,490,000
July 1, 2019	72,985,000	July 1, 2034	89,520,000
January 1, 2020	75,155,000	January 1, 2035	89,545,000
July 1, 2020	77,050,000	July 1, 2035	89,565,000
January 1, 2021	78,705,000	January 1, 2036	89,580,000
July 1, 2021	80,150,000	July 1, 2036	89,595,000
January 1, 2022	81,415,000	January 1, 2037	89,605,000
July 1, 2022	82,515,000	July 1, 2037	89,615,000
January 1, 2023	83,475,000	January 1, 2038	89,625,000
July 1, 2023	84,310,000	July 1, 2038	89,630,000
January 1, 2024	85,040,000	January 1, 2039	89,635,000
July 1, 2024	85,675,000	July 1, 2039	89,640,000
January 1, 2025	86,225,000	January 1, 2040	89,645,000
July 1, 2025	86,705,000	July 1, 2040	89,645,000
January 1, 2026	87,120,000	January 1, 2041	89,645,000
July 1, 2026	87,480,000	July 1, 2041	89,645,000

EXHIBIT C

BOND MATURITY REPORT

Tennessee Housing Development Agency
Issue 2011-C and Issue 2009-B, Subseries B-5
Structure Detail

2011 Series C

\$65,290,000

Serial Bonds Maturing 7/1/2022

\$24,705,000

Due	Maturity Amount	Interest Rate	Price
7/1/2012	1,085,000	0.400	100.000
1/1/2013	1,090,000	0.650	100.000
7/1/2013	1,095,000	0.800	100.000
1/1/2014	1,095,000	1.000	100.000
7/1/2014	1,100,000	1.150	100.000
1/1/2015	1,110,000	1.400	100.000
7/1/2015	1,115,000	1.500	100.000
1/1/2016	1,125,000	1.800	100.000
7/1/2016	1,135,000	1.950	100.000
1/1/2017	1,145,000	2.100	100.000
7/1/2017	1,160,000	2.150	100.000
1/1/2018	1,170,000	2.500	100.000
7/1/2018	1,185,000	2.600	100.000
1/1/2019	1,200,000	2.800	100.000
7/1/2019	1,215,000	2.900	100.000
1/1/2020	1,230,000	3.100	100.000
7/1/2020	1,250,000	3.100	100.000
1/1/2021	1,270,000	3.250	100.000
7/1/2021	1,290,000	3.250	100.000
1/1/2022	1,310,000	3.500	100.000
7/1/2022	1,330,000	3.500	100.000
	<u>24,705,000</u>		

Term Bond due 1/1/2026

\$10,065,000

Due	Sinking Fund	Interest Rate	Price
1/1/2023	1,355,000	4.000	100.000
7/1/2023	1,380,000	4.000	100.000
1/1/2024	1,410,000	4.000	100.000
7/1/2024	1,435,000	4.000	100.000
1/1/2025	1,465,000	4.000	100.000
7/1/2025	1,495,000	4.000	100.000
1/1/2026	1,525,000	4.000	100.000
	<u>10,065,000</u>		

Term Bond due 7/1/2030

\$14,555,000

Due	Sinking Fund	Interest Rate	Price
7/1/2026	1,555,000	4.300	100.000
1/1/2027	1,585,000	4.300	100.000
7/1/2027	1,620,000	4.300	100.000
1/1/2028	1,655,000	4.300	100.000
7/1/2028	1,690,000	4.300	100.000
1/1/2029	1,725,000	4.300	100.000
7/1/2029	1,765,000	4.300	100.000
1/1/2030	1,800,000	4.300	100.000
7/1/2030	1,160,000	4.300	100.000
	<u>14,555,000</u>		

Premium PAC Bond due 7/1/2034

\$15,965,000

Due	Sinking Fund	Interest Rate	Price
7/1/2030	680,000	3.400	100.000
1/1/2031	1,880,000	3.400	100.000
7/1/2031	1,920,000	3.400	100.000
1/1/2032	1,960,000	3.400	100.000
7/1/2032	2,005,000	3.400	100.000
1/1/2033	2,045,000	3.400	100.000
7/1/2033	2,090,000	3.400	100.000
1/1/2034	2,135,000	3.400	100.000
7/1/2034	1,250,000	3.400	100.000
	<u>15,965,000</u>		

**Tennessee Housing Development Agency
 Issue 2011-C and Issue 2009-B, Subseries B-5
 Structure Detail**

2009 B-5

\$34,710,000

NIBP Term Bond due 7/1/2041

\$34,710,000

Due	Sinking Fund	Interest Rate	Price
7/1/2034	930,000		
1/1/2035	2,230,000		
7/1/2035	2,250,000		
1/1/2036	2,280,000		
7/1/2036	2,310,000		
1/1/2037	2,340,000		
7/1/2037	2,360,000		
1/1/2038	2,400,000		
7/1/2038	2,420,000		
1/1/2039	2,460,000		
7/1/2039	2,480,000		
1/1/2040	2,520,000		
7/1/2040	2,540,000		
1/1/2041	2,580,000		
7/1/2041	2,610,000		
	<u>34,710,000</u>		

**Tennessee Housing Development Agency
Issue 2011-C and Issue 2009-B, Subseries B-5
PAC Tables**

Issue 2011-C PAC Bond Amortization Schedule

Date	75% PSA Cumulative Amortization Table
7/1/2012	120,000
1/1/2013	525,000
7/1/2013	1,205,000
1/1/2014	2,140,000
7/1/2014	3,305,000
1/1/2015	4,580,000
7/1/2015	5,805,000
1/1/2016	6,980,000
7/1/2016	8,110,000
1/1/2017	9,195,000
7/1/2017	10,230,000
1/1/2018	11,220,000
7/1/2018	12,170,000
1/1/2019	13,075,000
7/1/2019	13,935,000
1/1/2020	14,755,000
7/1/2020	15,530,000
1/1/2021	15,965,000

Projected Weighted Average Lives for Issue 2011-C PAC Bonds

PSA Speed	Average Life (in years)	First Redemption Date	Last Redemption Date
25%	13.1	7/1/2012	7/1/2034
50%	7.1	7/1/2012	1/1/2027
75%	5.0	7/1/2012	1/1/2021
100%	5.0	7/1/2012	1/1/2021
200%	5.0	7/1/2012	1/1/2021
300%	5.0	7/1/2012	1/1/2021
400%	5.0	7/1/2012	1/1/2021
500%	4.7	7/1/2012	1/1/2021