BOARD OF SUPERVISORS AGENDA ITEM REPORT

Requested Board Meeting Date: 10/3/2023

**= Mandatory, information must be provided*

Click or tap the boxes to enter text. If not applicable, indicate "N/A".

***Title**:

The Industrial Development Authority of the County of Pima – Notice of Intention to Issue Bonds – Single Family Mortgage Revenue Bonds, Series 2023B – In an Aggregate Amount Not to Exceed $26,000,000

***Introduction/Background**:

At its regular meeting held on September 8, 2023, the Industrial Development Authority of the County of Pima (the "Authority"), granted its approval to a resolution approving the issuance of the Single Family Mortgage Revenue Bonds, Series 2023B by the Authority, in one or more series or subseries (the "Bonds"), in an aggregate principal amount not to exceed $26,000,000 to fund the creation of the Single Family Revenue Bond Program of 2023.

***Discussion**:

The 2023B Single Family Mortgage Revenue Bond Program, once issued, will allow first time homebuyers within a certain income strata to purchase homes with downpayment assistance at a competitive interest rate.

***Conclusion**:

The ability for first time homebuyers to purchase homes at a competitive interest rate, in conjunction with down payment assistance, will help achieve the goal of increasing homeownership in Pima County, which has significant implications to increasing household stability, job stability, economic competitiveness, and increased quality of life for the residents of Pima County.

***Recommendation**:

The Economic Development Department recommends approving the Resolution approving the proceedings of the Industrial Development Authority of the County of Pima and the Single Family Mortgage Revenue Bond Program of 2023.

***Fiscal Impact**:

N/A

***Board of Supervisor District**:

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☑ All

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Department: Economic Development Telephone: 520-724-8450

Contact: Heath Vescovi-Chiordi Telephone: 520-724-4444

Department Director Signature: Date: 9-25-2023

Deputy County Administrator Signature: Date: 9/26/2023

County Administrator Signature: Date: 9/26/2023

SLANIA LAW, PLLC

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VIA EMAIL AND HAND-DELIVERY

September 22, 2023

Adelita Grijalva, Chair
Mr. Steve Christy
Ms. Sharon Bronson
Dr. Matt Heinz
Mr. Rex Scott
PIMA COUNTY BOARD OF SUPERVISORS
County Administration Building
33 North Stone Avenue, 11th Floor
Tucson, Arizona 85701

Re: The Industrial Development Authority of the County of Pima – Notice of Intention to Issue Bonds – Single Family Mortgage Revenue Bonds, Series 2023B – In an Aggregate Amount Not to Exceed $26,000,000

Dear Ms. Chair and Members of the Board:

At its regular meeting held on September 8, 2023, The Industrial Development Authority of the County of Pima (the "*Authority*"), granted its approval to a resolution approving the issuance of the Single Family Mortgage Revenue Bonds, Series 2023B by the Authority, in one or more series or subseries (the "*Bonds*"), in an aggregate principal amount not to exceed $26,000,000 to fund the creation of the Single Family Revenue Bond Program of 2023.

As always, this issuance of the Bonds is subject to the approval of the Pima County Board of Supervisors. The Authority respectfully requests that this matter be placed on the Board of Supervisors' Regular Meeting Agenda (or Addendum) scheduled for October 3, 2023, for the purpose of having the Board of Supervisors approve the action of the Authority. Enclosed herewith are the following:

1. Resolution of the Board of Supervisors;
2. Standards and Requirements;
3. General Plan; and
4. Initial Program Terms and Rate Notice.

Attached is a copy of the Resolution approved by the Authority. Additionally, pursuant to the requirements of Bond Counsel, on September 20, 2023, the Authority held a public hearing regarding the issuance of the Bonds in order to comply with Federal tax requirements. There were no comments or objections from the public filed regarding the issuance of the above-mentioned Bonds.

This would be the second series of Single Family Mortgage Revenue Bonds this year. The prior Series 2023A Bonds were jointly issued with the Industrial Development Authority of the City of Tucson, Arizona in the amount of $25,000,000 on August 31, 2023. The proceeds of these 2023A Bonds are already fully reserved by lenders with first time homebuyers. The proceeds of the new series of Bonds will be used to provide additional funds to finance the acquisition of single-family dwelling units by low and moderate-income persons and families in Pima County, including the City of Tucson (the "*Program*"), by providing single-family mortgages and down payment assistance. A more detailed description of the Program is contained in the enclosed Initial Program Terms and Rate Notice.

The Bonds are to be issued and the Program administered in accordance with Title 35, Chapter 5, of the Arizona Revised Statutes, as amended (the "*Act*").

The Bonds in this issue will be underwritten by Stifel Nicolaus & Company. The Bonds will be issued as fully registered Bonds in denominations of $5,000 or integral multiples thereof. The Program will be secured by federally guaranteed mortgage-backed instruments, or such other type of security, which will assure an "A" or better rating on the Bonds by Moody's Rating Services. The Lenders involved with the Program are expected to originate 30 year, fixed rate mortgages (the interest rate is not expected to exceed 8.5%) to qualifying borrowers with additional down payment and closing costs. The Trustee is expected to be U.S. Bank Trust Company, National Association.

As always, the Bonds will be special limited obligations of the Authority and will be payable solely from payments made on and secured by a pledge and assignment of and certain funds held by the Trustee under a trust indenture between the Authority and the Trustee. Neither the faith and credit, nor the taxing power of the Authority or Pima County or any other political subdivision thereof, will be pledged to the payment of the Bonds. The Authority has no taxing power.

I will be available prior to the meeting to answer any questions you may have, or I am available to meet with you at your convenience.

Thank you for your consideration of this matter.

Sincerely,

SLANIA LAW, PLLC

/s/

Michael A. Slania
Attorney for the Authority

MAS/ub
Enclosures

c: Ms. Melissa Manriquez (with enclosures)
Bobby Yu, Esq., Counsel to the Board
Jan Lesher, Pima County Administrator
Mr. Patrick Cavanaugh, Deputy Director Pima County Economic Development Office

RESOLUTION NO. 2023 - ________

A RESOLUTION OF THE BOARD OF SUPERVISORS APPROVING THE PROCEEDINGS OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA AND THE SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAM OF 2023 OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA; APPROVING STANDARDS AND REQUIREMENTS RELATED THERETO; APPROVING A GENERAL PLAN RELATED THERETO; APPROVING PROGRAM DOCUMENTS RELATED THERETO; AND AUTHORIZING AND APPROVING THE ISSUANCE OF NOT TO EXCEED $26,000,000 THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA SINGLE FAMILY MORTGAGE REVENUE BONDS, SERIES 2023B IN ONE OR MORE SERIES OR ISSUES

WHEREAS, The Industrial Development Authority of the County of Pima (the "*Authority*") is a nonprofit corporation designated as a political subdivision of the State of Arizona, organized and existing pursuant to The Industrial Development Financing Act, Title 35, Chapter 5, Arizona Revised Statutes, as amended (the "*Act*"); and

WHEREAS, the Authority is authorized to issue bonds, such as the Single Family Mortgage Revenue Bonds, Series 2023B (the "*Bonds*") and to use the proceeds thereof to finance mortgage loans for owner-occupied single family dwelling units to be occupied by persons of qualifying income and to pay administrative and other costs incurred in connection with the issuance of such Bonds, to pledge all or any part of the revenues, receipts or resources of the Authority from or in connection with such loans or interest therein, and to mortgage, pledge or grant security interests in such loans or other property of the Authority in order to secure the payment of the principal or redemption price of and interest on such Bonds and to exercise such powers in Pima County and any such jurisdictions which have given approval to the use of the proceeds of the Authority's Bonds within such jurisdiction; and

WHEREAS, the Authority has, by resolution adopted on September 8, 2023 (the "*Authority Resolution*"), authorized the issuance and sale of the Bonds in an aggregate principal amount not to exceed $26,000,000, subject to approval by the Board, for the purposes set forth above and to further finance and implement the Single Family Mortgage Revenue Bond Program of 2023 (the "*2023 Program*") of the Authority meeting the requirements of the Act; and

WHEREAS, the Authority has also requested. in the Authority Resolution, that Pima County approve the Standards and Requirements (described below) and the General Plan (described below) relating to the 2023 Program (described below) that have been placed on file with this Board of Supervisors of Pima County (the "*Board*"); and

WHEREAS, the Authority Resolution authorizes, among other things, the issuance of the Bonds, the execution and delivery of a Trust Indenture by and between U.S. Bank Trust Company, National Association, as the Trustee named therein (the "*Trustee*") and the Authority (the "*Indenture*"), and various agreements by and among certain Lenders identified therein, as supplemented, and such other documents as required for the issuance of the Bonds; and

WHEREAS, the terms, maturities, provisions for redemption, security, and sources of payment for the Bonds are set forth in the Indenture and the form of Bonds itself; and

WHEREAS, in accordance with the Act, the proceedings under which the Bonds are to be issued require the approval of the Board of Supervisors of Pima County of the issuance of the Bonds; and

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended, requires that the Board approve the issuance of the Bonds following a public hearing, which hearing has been conducted by the Authority; and

WHEREAS, there have been presented to this meeting and filed with the Clerk a form of the following:

1. The Standards and Requirements to be applicable to the purchase of loans in the 2023 Program from the proceeds of the Bonds in accordance with Section 35-706.D. of the Act (the "*Standards and Requirements*"), which were established and authorized by the Authority Resolution; and

2. A General Plan for the Bonds and the portion of the 2023 Program relating to the Bonds in accordance with Section 35-726.A. of the Act (the "*General Plan*") which was established and authorized by the Authority Resolution; and

3. Copy of the Authority Resolution authorizing the issuance of the Bonds, the execution and delivery of certain documents and the implementation of the 2023 Program relating to the Bonds, as described in such documents; and

WHEREAS, drafts of certain documents relating to the implementation of the 2023 Program relating to the Bonds and the issuance of the Bonds (the "*2023 Program Documents*") have been made available to the Board for review; and

WHEREAS, the Board has been informed that said documents have been reviewed by competent Bond Counsel, Kutak Rock, LLP, and said Bond Counsel has determined that said documents adequately meet the requirements of the Act and the Internal Revenue Code of 1986, as amended (the "*Code*"); and

WHEREAS, in accordance with Section 35-721.B. of the Act, the proceedings of the Authority under which the Bonds are to be issued require the approval of the Board of the issuance of the Bonds; and

WHEREAS, the Board has had presented to it information regarding the Bonds and information regarding the public hearing held by the Authority concerning the Bonds and is further informed and advised with regard to the Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF PIMA COUNTY, AS FOLLOWS:

Section 1. Pursuant to Section 147(f) of the Code and the Act, the Board of Supervisors, as the governing body of the Authority and the applicable elected representative of the Authority as the issuer of the Bonds hereby approves the issuance of the Bonds and the proceedings under which the Bonds are

Section 2. The Standards and Requirements are hereby approved pursuant to Section 35-706.D. of the Act. The General Plan is hereby approved pursuant to Section 36-726.A. of the Act. The forms, terms and provisions of the 2023 Program Documents are hereby approved, together with such changes in the 2023 Program Documents as are permitted under the Act and the Authority Resolution and are consistent with such Standards and Requirements and the General Plan.

Section 3. The officers of Pima County and the Board are hereby authorized and directed to take all actions necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated hereby and to take all actions necessary in conformity with the Act to implement the 2023 Program relating to the Bonds and the financing thereof, including without limitation, the execution and delivery of and any and all other documents required to be delivered by Pima County in connection with the sale and delivery of the Bonds.

Section 4. This Resolution shall be in full force and effect from and after its passage as provided by law, and any provisions of any previous resolutions in conflict with the provisions herein are hereby superseded.

PASSED, ADOPTED AND APPROVED by the Board of Supervisors of Pima County, Arizona this 3rd day of October, 2023.

PIMA COUNTY BOARD OF SUPERVISORS

By: ______________________________
Adelita Grijalva, Chair

ATTEST:

____
Melissa Manriquez, Clerk

APPROVED AS TO FORM:

KUTAK ROCK, LLP
as Bond Counsel

By: Katlyn P. Peters

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA

SINGLE FAMILY MORTGAGE REVENUE BONDS

SERIES 2023B

STANDARDS AND REQUIREMENTS

Pursuant to Arizona Revised Statutes Section 35-706.D., The Industrial Development Authority of the County of Pima (the "Authority") has established the following Standards and Requirements for the financing of mortgage loans with the proceeds of the Authority's Single Family Mortgage Revenue Bonds, Series 2023B (the "Bonds" or the "Series 2023B Bonds") in an aggregate amount not to exceed $26,000,000, in furtherance of the Authority's Single Family Mortgage Revenue Bond Program of 2023 (the "Program"), and so that all or some portion of the Series 2023B Bonds will be "qualified mortgage bonds" as defined in Section 143 of the Internal Revenue Code of 1986, as amended (the "Tax Code"), and bear interest which is excluded from gross income for federal income tax purposes (the "Tax-Exempt Bonds"). The Series 2023B Bonds are to be issued and the Program administered in accordance with Title 35, Chapter 5, Arizona Revised Statutes, as amended (the "Act"). The proceeds of the Series 2023B Bonds are to be used to finance mortgage loans on residences in "Participating Jurisdictions." As used herein, the term "Participating Jurisdiction" means residences in Pima County, but not within any city or town which exercises its statutory right to prohibit mortgage loans financed with the proceeds of the Series 2023B Bonds within its boundaries (the "Excepted Area").

1. **Eligibility of Mortgage Lenders.** In order to be eligible to originate mortgage loans within the Program, participating mortgage lenders (the "Lenders") must:

(a) be approved as a mortgagee by both the Federal Housing Administration ("FHA") and the Department of Veterans Affairs ("VA") as required by the Act;

(b) be approved as sellers and servicers of home mortgages by either Fannie Mae or the Federal Home Loan Mortgage Corporation ("Freddie Mac") or both as required by the Act;

(c) be organized and existing under the laws of the State, another state or the United States and be qualified to do business in the State as required by the Act; and

(d) agree to such terms and conditions as shall be approved by the Authority and set forth in one or more guides for the origination of mortgage loans in the Program (collectively, the "Instructions").

Mortgage loans originated by the Lenders will be acquired from the Lenders by U.S. Bank National Association, as servicer of the mortgage loans, or any successor servicer of the mortgage loans appointed by the Authority (the "Master Servicer"), and serviced by the Master Servicer in accordance with the terms of the Servicing Agreement regarding the mortgage loans among the Authority, The Industrial Development Authority of the City of Tucson, Arizona and the Master Servicer (the "Servicing Agreement") and one or more guides for the servicing of mortgage loans in the Program. Pursuant to the Trust Indenture (the "Indenture") entered into between the Authority and U.S. Bank Trust Company, National Association (the "Trustee"), the Trustee will acquire from the Master Servicer mortgage-backed securities ("Certificates") guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("GNMA"), Fannie Mae or Freddie Mac and backed by first mortgage loans originated by Lenders and sold to the Master Servicer. The Trustee will acquire second mortgage loans from the Master Servicer, using gross proceeds of the Series 2023B Bonds. The Lenders must originate each mortgage loan in conformity with the current requirements of FHA, VA or the United States Department of Agriculture, Rural Development ("USDA-RD"), or other credit enhancer, as applicable, existing at the time of such origination.

2. **Time Period for Disbursements for Mortgage Loans.** Generally, Lenders must originate and deliver mortgage loans within the period or periods set forth in the Instructions and the Servicing Agreement, including the related Program Terms and Rate Notices. As and to the extent required by the Tax Code, the Lenders must originate and deliver mortgage loans to be financed with the Tax-Exempt Bonds within not more than 42 months after the date of delivery of the Series 2023B Bonds. Funds from Tax-Exempt Bonds to be used for mortgage loans on residences in certain specified target areas ("Target Area Loans") will be made available for origination of mortgage loans for one year, as required by the Tax Code.

3. **Character of Residences.** The character of the residences to be financed by mortgage loans will be one to four family residences (including manufactured housing, as required by the Act), and units in condominiums or planned unit developments, but excluding mobile homes for mortgage loans financed with the Tax-Exempt Bonds, as required by the Tax Code), and which, to the extent financed by the Tax-Exempt Bonds, are or will be used as the primary residences of the owners thereof and which are not, and are not intended, to be used in whole or in part, in a trade or business or for investment or rental, as required by the Tax Code. The maximum purchase price of any residence to be financed by mortgage loans financed with the Tax-Exempt Bonds will be 90% (110% for residences located in Target Areas) of the average area purchase price for the type of residence being purchased, as required by the Tax Code.

4. **Eligibility of Persons of Low and Moderate Income.** Participating mortgagors (the "Mortgagors") in the Program:

(a) must have a family income at the time of origination of the mortgage loan not in excess of the maximum amount to be established from time to time by the Authority, which amount, subject to adjustment by the Authority if and to the extent permitted by applicable law, shall not exceed either the amount permitted by the Act or, for mortgage loans financed with the Tax-Exempt Bonds, the amount permitted by the Tax Code;

(b) as and to the extent required by the Act, must not have received, during the three-year period immediately preceding the date of origination of the mortgage loan, another mortgage loan financed directly or indirectly from the proceeds of bonds issued by the Authority under the Act;

(c) as and to the extent required by the Tax Code for mortgage loans financed with the Tax-Exempt Bonds, must not have had an ownership interest in a principal residence at any time during the three-year period ending on the date of execution of the mortgage loan, except that this requirement does not apply to any mortgage loan that is a Target Area Loan or to any qualified rehabilitation loan or qualified-home improvement loan (both as defined in the Tax Code)

(d) As and to the extent required by the Tax Code for mortgage loans financed with the Tax-Exempt Bonds, if a Mortgagor is assuming a mortgage loan previously financed in the Program, the assuming mortgagor must meet the tests provided for in paragraph 3 and in paragraphs 4(a), 4(b) and 4(c), and the purchase price for the residence must not be in excess of the applicable maximum purchase price on the date of assumption.

5. **Terms and Conditions of the Mortgage Loans.** Each mortgage loan:

(a) shall have a term of not to exceed 30 years with respect to first mortgage loans, and 3 years with respect to second mortgage loans;

(b) shall provide for approximately level monthly payments of principal and interest for the life of the first mortgage loan;

(c) shall have an interest rate not in excess of 9.0% per annum with respect to first mortgage loans and an interest rate of 0.0% per annum with respect to second mortgage loans;

(d) may be assumable, subject to the requirements described in subparagraph 4(c) hereof;

(e) will be secured by a first lien on the property financed by the first mortgage loan, will satisfy the credit and/or credit enhancement requirements of the Program as set forth in the Instructions and will be secured by a second lien on the property financed by the second mortgage loan;

(f) may have an interest buydown, subject to restrictions from the Master Servicer.

6. **Insurance.** The following amounts and types of insurance will be required:

(a) on the first mortgage loan, FHA insurance, a VA guarantee or a USDA-RD guarantee, or such private mortgage guaranty insurance as may be required by Fannie Mae or Freddie Mac or other credit enhancer, as applicable;

(b) on the property subject to the mortgage, such casualty insurance and flood insurance as may be required by FHA, VA, USDA-RD, Fannie Mae or Freddie Mac or other credit enhancer or conventional lender, as applicable;

(c) an American Land Title Association approved mortgage guaranty title insurance policy in an amount at least equal to the outstanding principal amount of the mortgage loan insuring title to the real property subject to the mortgage, subject to customary exceptions; and

(d) any other insurance on mortgage loans and/or property subject to the mortgage required by FHA, VA, USDA-RD, Fannie Mae, Freddie Mac or other credit enhancer, as applicable.

If deemed advisable by the Authority, financial guaranty insurance or addtiional bond insurance may be obtained on all of or a portion of the Series 2023B Bonds.

7. **Statutory Set Asides for Financing of Mortgage Loans.** As and to the extent required by the Act, 30% of the funds available to finance mortgage loans will be set aside for 60 days to finance mortgage loans for persons and families whose income is below the median family income of the State in areas other than slum or blighted areas, as required by the Act. As and to the extent required by the Act, 10% of the funds available to finance mortgage loans will be set aside for three months for the financing of mortgage loans on manufactured housing, as required by the Act.

8. **Representations and Warranties of Mortgage Lenders.** In order to insure compliance with these Standards and Requirements, each Lender shall make representations or warranties to the Authority with regard to such Lender's eligibility to participate, the character of property securing each mortgage loan, the eligibility of each mortgage loan, insurance coverage and such other matters deemed appropriate by the Authority and its counsel, which representations and warranties shall be provided for in the Instructions and the Servicing Agreement.

9. **Restrictions as to Interest Rate, Terms of Mortgage Loans and Return Realized by Mortgage Lenders.** The stated interest rate on the mortgage loans shall be determined by the Authority and shall not exceed the maximum rates described in subparagraph 5(c) hereof. Other terms and conditions of the mortgage loans shall be as provided in Paragraphs 4 and 5 hereof.

The Lender may charge (to the extent permitted by applicable law) and retain:

(a) initially, an origination fee of 1.0% of the unpaid principal amount of the first mortgage loan which may be collected and retained by a Lender to the Mortgagor for services in connection with the origination of a first mortgage loan;

(b) closing costs for first mortgage loans customarily and usually charged by lenders in originating and processing comparable mortgage loans in Participating Jurisdictions not financed through tax-exempt bond programs; and

(c) a $30.00 recording fee for the second mortgage, if applicable; this amount may change upon notice from the Authority.

The purchase price for each mortgage loan paid to the Lender by the Master Servicer will provide the Lender compensation of not to exceed 2.25% of the principal amount of the first mortgage loan. The Authority reserves the right to change lender compensation upon notice to the Lenders.

At this time, no commitment fees shall be required with respect to this first-come, first-served program; this may change upon notice from the Authority.

Mortgage loans will be serviced by the Master Servicer. The Master Servicer will receive a servicing fee equal to 0.50% per annum of the outstanding principal balance of each of the first mortgage loans and second mortgage loans serviced. The Master Servicer shall pay all application and guaranty fees of GNMA, Fannie Mae and Freddie Mac.

10. **Collateral Security.** The Trustee, on behalf of the Authority, will disburse Series 2023B Bond proceeds to acquire Certificates and to finance second mortgage loans. The Series 2023B Bonds will be special limited obligations of the Authority payable from and secured by all right, title and interest of the Authority in and to the Servicing Agreement, the Certificates, the second lien mortgage loans, the revenues pledged under the Indenture, the net proceeds of the sale of the Series 2023B Bonds and other moneys on deposit in funds held by the Trustee pursuant to the Indenture. Each mortgage loan will be secured by the residence financed.

11. **Assignment of Mortgage Loans to the Trustee.** Pursuant to the Indenture, Certificates will be purchased by the Trustee in order to finance the origination of first mortgage loans by the Lenders. The Trustee shall act on behalf of the Authority as provided in the resolution authorizing the Series 2023B Bonds and in the Indenture and, as required by the Act, shall be (a) either a bank or trust company qualified to do business in the State and have an officially reported combined capital surplus, undivided profits and reserves of not less than $30,000,000, and (b) approved to sell mortgages to and to service mortgages for both Fannie Mae and Freddie Mac.

12. **Other Matters.** Standards and requirements not set forth above shall be set forth in the Authority's general plan for the Program, the Instructions, the Servicing Agreement, the Indenture, the resolution providing for the issuance of the Series 2023B Bonds, the Authority's agreement with Housing and Development Services, Inc., dba eHousingPlus (the "Program Administrator") and the Authority's agreements with the Lenders relating to the origination and sale of mortgage loans, all in form and substance to be approved by the Authority and its counsel and bond counsel.

The foregoing Standards and Requirements were approved by The Industrial Development Authority of the County of Pima on the date indicated below.

Dated: Sept. 8, 2023.

THE INDUSTRIAL DEVELOPMENT
AUTHORITY OF THE COUNTY OF PIMA

By: Diane Quihuis
Diane Quihuis
President

(*Single Family Mortgage Revenue Bonds, Series 2023B – Standards & Requirements*)

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA

SINGLE FAMILY MORTGAGE REVENUE BONDS

SERIES 2023B

GENERAL PLAN

The Industrial Development Authority of the County of Pima (the "Authority") proposes to issue its single family mortgage revenue bonds in one or more series, including its Single Family Mortgage Revenue Bonds, Series 2023B (the "Bonds" or the "Series 2023B Bonds") in an aggregate principal amount not to exceed $26,000,000. As used herein, the term "Participating Jurisdictions" means residences in Pima County, but not within any city or town which exercises its statutory right to prohibit mortgage loans financed with the proceeds of the Series 2023B Bonds within its boundaries (the "Excepted Area").

The Series 2023B Bonds are to be issued for the purpose of funding the Authority's single family mortgage revenue bond program in one or more series, including its Single Family Mortgage Revenue Bond Program of 2023 (the "Program") for persons of low and moderate income residing in the Participating Jurisdictions. The Series 2023B Bonds are to be issued and the Program administered in accordance with Title 35, Chapter 5, Arizona Revised Statutes, as amended (the "Act"), and so that all or some portion of the Series 2023B Bonds will be "qualified mortgage bonds" as defined in Section 143 of the Internal Revenue Code of 1986, as amended (the "Tax Code"), and bear interest which is excluded from gross income for federal income tax purposes (the "Tax-Exempt Bonds").

The following paragraphs discuss the specific matters required by Arizona Revised Statutes Section 35-726.A. to be described in the General Plan. Statutory references are to particular provisions of such Section.

1. **The Amount of the Proposed Series 2023B Bonds.** Section 35-726.A.1. The proposed Series 2023B Bond issue will be in a principal amount not to exceed $26,000,000. The final issue size will be determined by the Authority based upon the amount of anticipated demand.

2. **The Maximum Term of the Series 2023B Bonds.** Section 35-726.A.2. The term of the Series 2023B Bonds shall not exceed 34 years.

3. **The Maximum Interest Rate on the Series 2023B Bonds.** Section 35-726.A.3. The maximum effective interest rate on the Series 2023B Bonds (taking into account initial issue premium) is not expected to exceed 9.0% per annum. The Authority does not intend to proceed with the issuance of the Series 2023B Bonds unless, in the judgment of the Authority, the Series 2023B Bonds can be underwritten, on a basis consistent with prevailing standards of tax-exempt single family housing finance programs, at an interest cost (taking into consideration costs of issuance, underwriter's compensations and additional discounts, if any, on the Series 2023B Bonds) that will permit the first-lien mortgage loans to be originated at an interest rate not in excess of 8.0% per annum.

4. **The Need for the Bond Issue.** Section 35-726.A.4. The Authority believes that within the Participating Jurisdictions there is a critical shortage of housing within the financial means of persons and families of low and moderate income; that this shortage constitutes a threat to the health, safety and welfare of all residents of the Participating Jurisdictions, contributes to the growth of slum and blighted areas and inhibits the sound economic growth of the Participating Jurisdictions; that this shortage deprives the Participating Jurisdictions of an adequate tax base, results in excessive unemployment and depressed economic conditions and causes the Participating Jurisdictions and the State of Arizona (the "State") to make excessive expenditures for crime prevention and control, public health, welfare and safety and other public services; and that this shortage of housing and mortgage credit cannot be relieved except through the encouragement of investment and lending by private enterprise and the stimulation of housing construction for such persons and families through the use of financing as described herein.

5. **The Terms and Conditions for Originating or Purchasing Mortgage Loans.** Section 35-726.A.5. First mortgage loans will be originated by qualified lenders (the "Lenders") and financed through the purchase of mortgage-backed securities ("Certificates") guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("GNMA"), Fannie Mae, the Federal Home Loan Mortgage Corporation ("Freddie Mac") or other credit enhancement and backed by the first mortgage loans in accordance with the one or more guides approved by the Authority for origination of such mortgage loans (the "Instructions"). Second mortgage loans will be originated by the Lenders and sold to the Master Servicer (as defined in Paragraph 5(e) below), using proceeds of the Series 2023B Bonds.

(a) In order to qualify for the Program, a Lender must be a bank, trust company, mortgage company, mortgage banker, national banking association, savings bank, savings and loan association, building and loan association or any other financial institution which is qualified to do business in the State as required by the Act, must be currently approved as a mortgagee by the Federal Housing Administration ("FHA") and the Department of Veterans Affairs ("VA") and as a seller and servicer by either Fannie Mae or Freddie Mac as required by the Act.

(b) Each first mortgage loan must be originated in conformity with the requirements of FHA, the United States Department of Agriculture, Rural Development ("USDA-RD") or VA, or other credit enhancer, as applicable. The mortgage instrument must create a first lien on a residence (a "Mortgage"), subject to permitted encumbrances, and be made substantially in accordance with the standards of FHA, USDA-RD, VA, Fannie Mae, Freddie Mac or other credit enhancement, as applicable.

(c) Each first mortgage loan shall provide for approximately level monthly payments over the life of the mortgage loan of approximately 30 years. Sellers of residences and mortgagors will not be permitted to provide for interest buy-downs on first mortgage loans.

(d) Generally, Lenders must originate and deliver mortgage loans within a period not to exceed that set forth in the Instructions and the Servicing Agreement, including the related Program Terms and Rate Notices. As and to the extent required by the Tax Code, the Lenders must originate and deliver mortgage loans to be financed with the Tax-Exempt Bonds within not more than 42 months after the date of delivery of the Series 2023B Bonds. As and to the extent required by the Tax Code, up to 20% of the funds from each series of the Tax-Exempt Bonds available to finance Mortgage Loans will be made available for one year to finance Mortgage Loans on target area residences (as defined in the Tax Code) ("Target Area Loans") and after such one year period will be available to finance all Mortgage Loans. As and to the extent required by the Act, 30% of the funds available to finance mortgage loans will be set aside for 60 days to finance mortgage loans for persons and families whose income is below the median family income of the State in areas other than slum or blighted areas, as required by the Act. As and to the extent required by the Act, 10% of the funds available to finance mortgage loans will be set aside for three months for the financing of mortgage loans on manufactured housing, as required by the Act.

(e) Each mortgage loan must be approved by U.S. Bank National Association (the "Master Servicer") and by Housing and Development Services, Inc., dba eHousingPlus (the "Program Administrator") for compliance with Program requirements.

(f) In connection with each mortgage loan, the Lender is required to make certain warranties or representation with respect to the eligibility of the residence and the mortgagor under the Program requirements, the due recording and terms of the mortgage or deed of trust securing the mortgage loan, the applicability of certain insurance described in Paragraph 8 below and the current status of and title to the mortgage loan and other warranties and representations customarily made in privately funded mortgage banking transactions.

(g) The purchase price for mortgage loans approved by the Master Servicer is described in Paragraph 7(a) below.

(h) The mortgagors under a first mortgage loan must make a down payment of an amount sufficient to comply with existing requirements of VA, USDA-RD, FHA, HUD, Fannie Mae, Freddie Mac or other credit enhancement or conventional lender, as applicable.

6. **The Area in Which the Single Family Dwelling Units To Be Financed May Be Located.** Section 35-726.A.6. The general location of the dwelling units will be in qualified areas throughout the County of Pima, other than within any city or town which exercises its statutory right to prohibit mortgage loans financed with proceeds of the Series 2023B Bonds within its boundaries and subject to certain reservations and limitations, including reservations for Target Area Loans.

7. **The Proposed Fees, Charges and Expenditures To Be Paid for Originators, Services, Trustee, Custodians, Mortgage Administrators and Others.** Section 35-726.A.7. The following fees, charges and expenditures are proposed:

(a) *Originators*. The originating mortgage Lender may charge (to the extent permitted by applicable law) and retain:

(i) Initially, an origination fee of 1.0% of the unpaid principal amount of the first mortgage loan which may be collected and retained by a Lender to the Mortgagor for services in connection with the origination of a first mortgage loan.

(ii) Closing costs for first mortgage loans customarily and usually charged by lenders in originating and processing comparable mortgages loans in Participating Jurisdictions not financed through tax-exempt bond programs.

(iii) A $30.00 recording fee for the second mortgage, if applicable; this amount may change upon notice from the Authority.

The purchase price for each mortgage loan paid to the Lender by the Master Servicer (including the fee paid for the release of servicing rights) will provide the Lender compensation not to exceed 2.25% of the principal amount of the first mortgage loan. The Authority reserves the right to change lender compensation upon notice to the Lenders.

At this time, no commitment fees will be payable with respect to this first-come, first-served program; this may change upon notice from the Authority.

(b) *Master Servicer*. The Master Servicer is to retain from monthly payments on the mortgage loans a reasonable servicing fee, which is expected at this time not to exceed .50% per annum of the outstanding principal amount of each of the first mortgage loans and second mortgage loans serviced. The Master Servicer shall pay all application and guaranty fees of GNMA, Fannie Mae and Freddie Mac, if applicable.

(c) *Trustee*. The Trustee is to be paid reasonable compensation for all services rendered as Trustee and/or paying agent under the Trust Indenture (the "Indenture") entered into between the Authority and U.S. Bank Trust Company, National Association (the "Trustee") as well as reasonable out-of-pocket expenses. Compensation will be paid from Bond proceeds and from moneys available for such purposes under the Indenture, including investment earnings and monthly payments of interest.

(d) *Others*. The following additional fees and charges shall be paid, to the extent required by the Program:

(i) GNMA, Fannie Mae and Freddie Mac will be paid a guaranty fee in consideration for the GNMA, Fannie Mae or Freddie Mac guaranty of the Certificates. Such fees will be paid by the Master Servicer from the servicing fee included in the interest rate on the Mortgage Loans.

(ii) An FHA insurance fee in the amount payable at such times as prescribed by FHA in consideration for FHA insurance of mortgage loans. Such fee will be paid by the borrower.

(iii) A USDA-RD guaranty fee in the amount and payable at such times as prescribed by USDA-RD in consideration for USDA-RD guaranty of Mortgage Loans. Such fee will be paid by the borrower.

(iv) A fee, if any, owed to VA, as prescribed by VA, in exchange for the VA guaranty of Mortgage Loans. Such fee will be paid by the borrower.

(v) A fee for private mortgage guaranty insurance policies required by Fannie Mae or Freddie Mac. Such a fee will be paid by the borrower.

(vi) Any Program coordinator, if one or more is appointed by the Authority, is to be paid a reasonable fee for all services rendered as well as reasonable out-of-pocket expenses. Such fee will be paid by the borrower.

(e) *Costs of Issuance.* The costs of issuance for the Program are estimated not to exceed 2% of the amount of the Series 2023B Bonds. These costs include, among others, fees of bond counsel, counsel to the Authority, counsel to the underwriter, Trustee's counsel, printing costs, costs of reproducing documents, filing and recording fees, any expenses incurred by the Authority in relation to the issuance of the Series 2023B Bonds, expenses incurred in connection with qualifying the Series 2023B Bonds for sale under the securities laws of various jurisdictions and of preparing Blue Sky and legal investment memoranda, initial fees and charges of the Trustee acting as such Trustee, as bond registrar and as paying agent, legal fees and charges, professional consultants fees, costs of credit ratings, costs of the demand study if any, fees and charges for execution, transportation and safekeeping of Bonds, costs of advertising the availability of funds, the first year's fees for any reports obtained by the Trustee as to the status of the mortgage loans and the Program and other costs, charges and fees in connection with the Program and any of the foregoing.

(f) *Compensation of Underwriter.* The underwriter's compensation excluding any original issue discount will not exceed 1.0% of the principal amount of the Series 2023B Bonds issued.

8. All Insurance Requirements With Respect to Mortgage Loans, Mortgaged Property, Mortgagors, Originators, Servicers and Trustees. Section 35-726.A.8.

The following amounts and types of insurance will be required:

(a) On the first mortgage loan, FHA insurance, a VA guarantee or a USDA-RD guarantee, or such private mortgage guaranty insurance as may be required by Fannie Mae or Freddie Mac or other credit enhancer or conventional lender, as applicable.

(b) On the property subject to the mortgage, such casualty insurance and flood insurance as may be required by FHA, VA, USDA-RD, Fannie Mae or Freddie Mac or other credit enhancer or conventional lender, as applicable.

(c) An American Land Title Association approved mortgage guaranty title insurance policy in an amount at least equal to the outstanding principal amount of the mortgage loan insuring title to the real property subject to the mortgage, subject to customary exceptions.

(d) Any other insurance on mortgage loans and/or property subject to the mortgage required by FHA, VA, USDA-RD, Fannie Mae, Freddie Mac or other credit enhancer or conventional lender, as applicable.

(e) With respect to the Lenders and with respect to the Servicer, errors and omission insurance and fidelity bonds, at their expense, in substance and amounts, if any, as would be required by Fannie Mae, Freddie Mac or other credit enhancement or conventional lender.

(f) With respect to the Trustee, none.

9. The Anticipated Date of Issuance of Bonds. Section 35-726.A.9. It is anticipated that the Series 2023B Bonds will be issued on or before October 31, 2023.

Dated: September 8, 2023.

THE INDUSTRIAL DEVELOPMENT
AUTHORITY OF THE COUNTY OF PIMA

By: Diane Quihuis
Diane Quihuis
President

(*Single Family Mortgage Revenue Bonds, Series 2023B – General Plan*)

PROGRAM TERMS AND RATE NOTICE

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAM OF 2023

____________, 2023

The Industrial Development Authority of the County of Pima (the "*Authority*") and U.S. Bank, National Association, as servicer (the "*Master Servicer*"), hereby announce the following terms and conditions for all participating Lenders under the Authority's Single Family Mortgage Revenue Bond Program of 2023 (the "*Program*"). Lenders must be approved by the Authority and the Master Servicer. All conforming Mortgage Loans (also referred to herein as "*First Mortgage Loans*") originated by the participating Lenders will be purchased and serviced by the Master Servicer.

Bond Issue	**Series 2023B (the "*Bonds*").**
Initial Funding	$25,000,000 is available to all participating Lenders on a first-come, first-served basis, subject to the reserving of funds for a specific period of time as described below.
Program Start Date	Lenders may begin originating Mortgage Loans once the IDAs post the First Mortgage Loan rate to the eHousingPlus reservation system for the Program. It is expected that the Authority will publish the First Mortgage Loan interest rate on ___________, 2023. Lenders may close First Mortgage Loans on or after the date the rate is published but Lenders are advised that if the Bonds do not close, the Master Servicer will not purchase the First Mortgage Loans or provide financing for the Second Mortgage Loans. Thus, for the sake of clarity, neither the Master Servicer nor the Authority commit to purchase the First Mortgage Loans or finance Second Mortgage Loans until the Bonds are issued. The Bonds are expected to close on ___________, 2023.
Program Area	Bond proceeds may be used to finance the First Mortgage Loans for the purchase of Residences throughout all of Pima County and the City of Tucson including areas within incorporated cities and towns.
Type and Term of First Mortgage Loan	**Fixed interest rate, level pay, 30-year term loans** that are FHA-insured, VA-guaranteed, or USDA-RD guaranteed, and eligible for pooling into GNMA Certificates. Conventional mortgage loans are not permitted to be financed from proceeds of the Bonds (although such loans may be permitted for future series of bonds).
Interest Rates; Forgiveness of Second Mortgage Loans	The First Mortgage Loan interest rate is ____**%** per annum. The Second Mortgage Loan interest rate is **0.00%** per annum. All Second Mortgage Loans will be forgiven on a monthly, ratable basis over 5 years; the repayment obligation is forgiven in equal monthly increments beginning on the 1st day of the month after the loan closing date and will be 100% forgiven by the 5-year maturity date of the Second Mortgage Loan.

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Down Payment Assistance	For each First Mortgage Loan, 4% of the First Mortgage Loan principal amount will be provided to the borrower in the form of a Second Mortgage Loan secured by a second lien deed of trust. The proceeds of such Second Mortgage Loan may be used to fund Down Payment, Closing Costs and Pre-paid items. Excess Second Mortgage Loan funds may be used for principal reduction. Lenders should reference the current guidelines on the eHousingPlus website regarding the permitted uses of Second Mortgage Loan proceeds.
Target Area Loans	If a First Mortgage Loan is reserved in certain, designated census tracts (see Exhibit A for a listing of such census tracts), those loans will not be subject to a first-time homebuyer requirement, and will be eligible for higher income limits and higher purchase price limits as described below.
Buyer/Seller Discount Points	None allowed.
Loan Reservations	Lenders will be advised of the availability of funds (following issuance of the Bonds) by referring to the Program Administrator's web site (https://www.ehousingplus.com/). All Mortgage Loans must be closed and delivered to the Master Servicer within 60 days of reservation. Failure by any Lender to notify the Master Servicer of reservation cancellations in a timely manner could result in the suspension of the Lender from participating in the Program.
Loan Purchase Price	The Master Servicer will purchase the First Mortgage Loan at 105.25% of the unpaid principal balance, 4% of which is a reimbursement of the Lender for the 4% Down Payment Assistance advanced to the borrower and 1.25% of which is Lender compensation (in addition to the 1% origination fee retained by Lender). Upon purchase of the First Mortgage Loan, the Lender will deliver the related Second Mortgage Loan to the Master Servicer.
Mortgage Loan Purchase Standards	The Master Servicer will use its best efforts to meet the following First Mortgage Loan purchase standards: (i) First Mortgage Loans received will be reviewed within 5 business days; (ii) all pending items received will be reviewed within 2 business days; and (iii) all files found eligible for purchase will be funded within 2 business days.
Lender Compensation	Lenders will retain a 1% origination fee for each First Mortgage Loan and (as stated above) receive additional compensation of 1.25% upon sale of the Mortgage Loans to the Master Servicer, for a total of 2.25% in compensation. Lenders may only charge fees and expenses to the borrower that are reasonable and customary.

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State Law Requirements/ Manufactured Housing	State law requires the limited availability of loans for manufactured housing and for Mortgagors with incomes below 100% of the state median income. Under this Program, the Authority and the Program Administrator will monitor overall reservations to assure that (i) 30% of the funds is available for up to 60 days from the issue date of the Bonds for Mortgagors with incomes below the state median and (ii) 10% of the funds is available to finance the purchase of manufactured homes for up to three months from the issue date of the Bonds.
Income Limits	<u>Maximum Family Income</u> — <u>*2 or less*</u> — <u>*3 or more*</u> Non-Target Area Loans — $91,600 — $105,340 Target Area Loans — $109,920 — $126,351
Income Information	The Mortgagor's annualized Household Income cannot exceed the established Program Income Limits as defined above. Under federal tax law, qualifying income is based on Household Income, which means, for Mortgagors, the annualized gross income of the Mortgagor and any person 18 years of age or older who is expected to live in the home whether or not secondarily liable on the First Mortgage Loan Note. The gross monthly income is the sum of the monthly pay, any additional income from sources including but not limited to overtime, part-time employment, bonuses, dividends, disability, VA compensation, alimony, child support, public assistance, sick pay, social security benefits, unemployment compensation, income received from trusts, business income and rental income. <u>The definition of Household Income for purposes of the Program is not the same as the methodology used for determining income under FHA, VA or USDA-RD underwriting guidelines</u>.
Loan Underwriting	Mortgagor's qualifying Household Income must be calculated in accordance with FHA, VA or USDA-RD and Program underwriting guidelines.
Acquisition Cost Limits	<u>*Type*</u> — <u>*Non-Targeted Area*</u> — <u>*Targeted Area*</u> One-Family Residence — $481,176 — $588,104 2-Family Residence — $616,111 — $753,024 3-Family Residence — $744,679 — $910,164 4-Family Residence — $925,491 — $1,131,156
Eligible Mortgagors	Except for Mortgagors acquiring homes in Targeted Areas or who are Qualified Veterans, Mortgagors must qualify as First-Time Homebuyers (defined below). The Mortgagors must occupy the property within 60 days of the close of escrow, must occupy the property as their primary residence, and not intend to use the property for investment or income producing purposes. The Mortgagor must not have received a mortgage loan financed, directly or indirectly, from the proceeds of bonds issued by the Authority during the 3 years preceding the origination of the Mortgage Loan.
First-Time Homebuyer	A Mortgagor qualifies as a "First-Time Homebuyer" if the Mortgagor or the Mortgagor's spouse has not owned a principal residence for 3 years preceding the purchase date of the property.

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Qualified Veteran	A "Qualified Veteran" is a person who served in the active military, naval, or air service, and who was discharged or released therefrom under conditions other than dishonorable (as provided in 38 U.S.C. Section 101) who has not previously obtained a loan financed by single family mortgage revenue bonds utilizing the veterans exception to the 3-year requirement set forth in Section 416 of the Tax Relief and Health Care Act of 2006.
Eligible Properties	Single-family, owner-occupied, residential dwellings, including single family detached housing, PUDs, duplexes (subject to certain restrictions), condominiums, townhouses and manufactured homes. 1, 2, 3 and 4 unit residences are eligible for financing under the Program.
Minimum Homebuyer Contribution	The Mortgagor may be asked to make a minimum contribution in accordance with FHA, VA and USDA-RD guidelines with respect to the particular loan product being used.
Loan Purchase Period/ Final Loan Purchase Date	________, 2023 through ________, 2024 (unless extended at the option of the Authority).
Federal Recapture	Mortgagors will be subject to the federal recapture tax under certain conditions if the property is sold within the first 9 years of purchase.
Assumptions/Refinance	FHA, VA and USDA-RD loans originated under this Program are assumable by another qualified Mortgagor as long as such Mortgagor meets the FHA, VA and USDA-RD terms and the Program terms at the time of assumption.
Compliance Review	All Mortgage Loans are to be registered by the Lender at https://www.ehousingplus.com/. The Lender is charged with making those examinations or investigations necessary to determine that all of the requirements of FHA, VA, and USDA-RD are met. The Lender is further charged with determining that the Mortgage Loan file meets Program requirements as outlined in the Lender Agreement and the Instructions (as defined in the 2023 Bond Addendum to the Lender Agreement). Within 10 days of the Mortgage Loan closing, the Lender will submit a closed Mortgage Loan package for final compliance review to the Master Servicer. **The Mortgage Loan must be sold within 30 days of closing to the Master Servicer**. The Master Servicer will review the file for compliance with Program guidelines and will communicate any Mortgage Loan exceptions to the Lender within 2 business days.
Current Fees	A Funding Fee of $400; a Tax Service Fee of $84; a Compliance/Administration Fee of $275; and a Penalty Fee of $100 for files that are chronically deficient.
Temporary Buydowns	Not allowed.
Co-Signers of Note	A co-signer is a person who signs the First Mortgage Loan Note but not the related Deed of Trust; co-signers are permitted in accordance with FHA, VA and USDA-RD guidelines.

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EXHIBIT A

DESIGNATED CENSUS TRACTS IN PIMA COUNTY, ARIZONA

Census Tracts

1.00	23.00	38.02
9.00	25.03	39.02
10.00	26.03	41.15
13.02	26.04	45.10
13.03	35.01	45.13
13.04	35.03	9407.00
14.00	37.02	9408.00
21.00	37.06	9409.00
22.02	38.01	

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RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA AUTHORIZING THE ISSUANCE OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA SINGLE FAMILY MORTGAGE REVENUE BONDS, SERIES 2023B, IN AN AGGREGATE PRINCIPAL AMOUNT NOT IN EXCESS OF $26,000,000, APPROVING THE GENERAL PLAN AND THE STANDARDS AND REQUIREMENTS; AND APPROVING OTHER DOCUMENTS AND MATTERS RELATING TO THE BONDS

WHEREAS, The Industrial Development Authority of the County of Pima (the "Authority") is a nonprofit corporation designated a political subdivision of the State of Arizona (the "State") incorporated with the approval of Pima County, Arizona (the "County"), pursuant to the provisions of the Constitution of the State and under Title 35, Chapter 5 of the Arizona Revised Statutes, as amended (Sections 35-701 through 35-761, inclusive) (the "Act"); and

WHEREAS, the Authority is authorized and empowered, among other things, (a) to issue revenue bonds and use the proceeds thereof in accordance with the Act, (b) to contract with and employ others to provide for and to pay compensation for professional services and other services as the Authority deems necessary for the financing of "projects," as defined in the Act, and (c) to pledge its property and revenues to secure the payment of the principal of and premium, if any, and interest on its revenue bonds; and

WHEREAS, the Authority has established a bond program to take advantage of other opportunities designed to alleviate the shortage of affordable single family housing and mortgage credit for housing within the means of persons and families of low and moderate income, which the Authority finds to be in the public interest (the "Bond Program"); and

WHEREAS, the Authority intends to issue its Single Family Mortgage Revenue Bonds, Series 2023B, in an aggregate principal amount not in excess of $26,000,000 (the "Bonds") for the purpose of financing mortgage loans for owner-occupied single family dwelling units within the Participating Jurisdictions, as defined below, and to carry out the Bond Program through its Single Family Mortgage Revenue Bond Program of 2023; and

WHEREAS, as used herein, the term "Participating Jurisdictions" means with respect to the proceeds of the Bonds, residences throughout Pima County, but not within any city or town which exercises its statutory right to prohibit mortgage loans financed with the proceeds of the Bonds within its boundaries (the "Excepted Area"); and

WHEREAS, pursuant to Act Sections 35-706.D and 35-726.A, the Authority is required to establish standards and requirements (the "Standards and Requirements") and a general plan (the "General Plan") with respect to the financing of owner-occupied single-family dwelling units with the proceeds of the bonds issued by the Authority; and

WHEREAS, there has been presented to this meeting the proposed substantially final forms of (1) the Trust Indenture (the "Indenture") between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), (2) the Program Terms, (3) the form of the Standards and Requirements based on the Program Terms, (4) the form of General Plan based on the Program Terms, (5) the Preliminary Official Statement relating to the Bonds, (6) the Bond Purchase Agreement, (7) the Continuing Disclosure Undertaking and (8) the Dissemination Agency Agreement (each of the foregoing documents are collectively referred to as the "Authority Documents"); and

WHEREAS, the Authority currently has in place a Servicing Agreement with U.S. Bank National Association (the "Master Servicer") for the servicing of mortgage loans under single family housing programs of the Authority (the "Servicing Agreement"), an Amended and Restated Lender Agreement, as amended, with lenders (the "Lenders") who make mortgage loans under single family housing programs of the Authority (the "Lender Agreement"), and a Program Administration Agreement, as amended, with Housing and Development Services, Inc., dba eHousingPlus (the "Program Administrator") for the administration of mortgage loans made under single family housing programs of the Authority (the "Program Administration Agreement"), and the Authority wishes to utilize such agreements with such parties to carry out the Bond Program, modified as necessary for services provided in connection with the Bond Program, which agreements, as modified or otherwise put in place in connection with the Bond Program, also constitute Authority Documents within the meaning of the definition thereof; and

WHEREAS, the issuance and sale of the Bonds appears to be in furtherance of the purposes of the Act and in the public interests of Pima County, Arizona and the State of Arizona; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of The Industrial Development Authority of the County of Pima that:

Section 1. Definitions. In addition to the words and terms elsewhere defined in this Resolution, the capitalized words and terms used herein shall have the meaning given in Article I of the Indenture.

Section 2. Ratification of Actions. All actions (not inconsistent with the provisions of this Resolution) heretofore taken by or at the direction of the Authority and its directors, officers, counsel, advisors or agents directed toward the sale and issuance of the Bonds are hereby approved and ratified.

Section 3. Bond Authorization. The Bonds are hereby authorized as revenue bonds to be designated The Industrial Development Authority of the County of Pima Single Family Mortgage Revenue Bonds, Series 2023B (the "Bonds") to be issued in an aggregate principal amount not to exceed $26,000,000. The Bonds shall be in substantially the form set forth in the proposed form of Indenture, and will mature on the dates and in the amounts and will bear interest at the rates set forth in the Indenture. The Bonds shall be payable and subject to redemption prior to maturity as provided in the Indenture.

Section 4. Private Activity Bond Allocation. The Authority is authorized to file a request with the Arizona Finance Authority for an allocation for private activity bonding authority for the Bonds issued as tax-exempt bonds through the Authority in an aggregate principal amount which shall not exceed $27,000,000 (representing the expected par amount of the Bonds plus the expected premium thereon).

Section 5. Special Limited Obligations; Other Bonds. The Bonds shall be payable solely from the receipts and revenues received by, or on behalf of, the Authority pursuant to the Indenture. Nothing contained in (a) this Resolution, (b) any of the Authority Documents or (c) any other agreement, certificate, document or instrument executed in connection with the issuance of the Bonds shall be construed as obligating the Authority (except as a special limited obligation to the extent provided in such documents or instruments) or obligating the County, or as incurring a charge upon the general credit of the Authority or of the County, nor shall the breach of any agreement contemplated by (x) this Resolution, (y) any of the Authority Documents or (z) any other instrument or documents executed in connection therewith impose any charge upon the general credit of the Authority or of the County. The Authority has no taxing power.

Prior to the issuance of the Bonds, the Authority has issued, and subsequent to the issuance of the Bonds, the Authority may issue bonds in connection with the financing of other projects (said bonds together with any bonds issued by the Authority between the date hereof and the issuance of the Bonds shall be referred to herein as the "Other Bonds"). Any pledge, mortgage or assignment made in connection with the Other Bonds shall be protected, and any funds pledged or assigned for payment of principal, premium, if any, or interest on the Other Bonds shall *not* be used for the payment of principal, premium, if any, or interest on the Bonds. Conversely, any pledge, mortgage or assignment made in connection with the Bonds shall be protected, and no funds pledged or assigned for the payment of the Bonds shall be used for the payment of principal, premium, if any, or interest on the Other Bonds.

Section 6. Conditions. The Bonds shall not be issued unless and until: (a) the issuance of the Bonds is approved by the Arizona Attorney General in the manner contemplated by Section 35-721.F of the Act; (b) the issuance of the Bonds is approved by the Pima County Board of Supervisors; (c) all agreements, certificates, documents or instruments requiring the execution or consent of Authority are in a form and substance acceptable to the Authority's counsel; (d) the Authority receives such opinions, certificates, comfort letters and consent letters in connection with the Bonds as the Authority's counsel or advisors may deem necessary or appropriate, in form and substance satisfactory to the Authority's counsel and advisors; and (e) receipt of the Pima County Board of Supervisors' approval of the Standards and Requirements and the General Plan in the manner contemplated by Sections 35-706 and 35-726 of the Act.

Section 7. Bond Form. The forms, terms and provisions of the Bonds, in the forms contained in the Indenture, be and they hereby are approved, with only such changes as are approved by the officers authorized to execute the Bonds (which approval will be conclusively established by their execution thereof). Upon satisfaction of the conditions set forth in Section 6 hereof, the Authority's President or any other officer of the Authority are each hereby authorized to execute the Bonds and each is hereby authorized to deliver them. The signatures of the Authority's President or other officer on the Bonds may be by facsimile.

Section 8. Authority Documents. The forms, terms and provisions of each of the Authority Documents in the forms of such documents (including the exhibits thereto) presented to this meeting and/or as described in Section 9 hereof, are hereby approved, with such insertions, deletions and changes as are approved by the officers authorized to execute the documents (which approval will be conclusively established by their execution thereof). Upon satisfaction of the conditions set forth in Section 6 hereof, the Authority's President or any other officer of the Authority are each hereby authorized to execute each of the Authority Documents.

Section 9. Servicing Agreement, Lender Agreement, Program Administration Agreement and Related Agreements. The Authority further authorizes any addendum and/or supplement to, and amendment of, the Servicing Agreement, the Lender Agreement, the Program Administration Agreement and any agreements related thereto, and further authorizes any replacement of the existing Servicing Agreement, Lender Agreement and Program Administration Agreement which may be necessary or appropriate to carry out the Bond Program, in such forms as are approved by the officers authorized to execute the documents (which approval will be conclusively established by their execution thereof).

Section 10. TEFRA Hearing. Any officer or representative of the Authority is hereby authorized, in consultation with Bond Counsel, to schedule and hold a public hearing on the issuance of the Bonds and the financing of the Bond Program in accordance with the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended, and to publish a public notice of such hearing in such form as approved by Bond Counsel.

Section 11. General Plan and Standards and Requirements. The Authority hereby approves the forms, terms and provisions of the General Plan and the Standards and Requirements in the forms of such documents presented to this meeting, with such insertions, deletions and changes as are approved by the officers authorized to execute the documents (which approval will be conclusively established by their execution thereof).

Section 12. Further Actions. The officers of the Authority, upon satisfaction of the conditions set forth in Section 6 hereof, shall take all action necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated hereby and thereby, including without limitation, the execution and delivery of the closing and other documents required to be delivered in connection with the issuance, sale and delivery of the Bonds or the origination and sale of mortgage loans and second mortgage loans.

Section 13. Trustee Appointment. U.S. Bank Trust Company, National Association is appointed as the Trustee for the Bond Program.

Section 14. Underwriter Appointment. Stifel Nicolaus & Company, Incorporated is appointed as the Underwriter for the Bond Program.

Section 15. Master Servicer Appointment. U.S. Bank National Association is appointed as the Master Servicer for the Bond Program.

Section 16. Program Administrator Appointment. eHousingPlus is appointed as the Program Administrator for the Bond Program.

Section 17. Bond Counsel Appointment. Kutak Rock LLP is appointed as the bond counsel for the Bond Program.

Section 18. Open Meeting Laws. It is found and determined that all formal actions of the Authority and its Board of Directors concerning and relating to the adoption of this Resolution were adopted in an open meeting and that all deliberations that resulted in those formal actions were in meetings open to the public, in compliance with all legal requirements of the State and the Authority.

Section 19. Severability. If any section, paragraph, clause or provision of this Resolution shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 20. Waiver. Any provisions of the Authority's By-Laws, Procedural Pamphlet, Document Standards or prior resolutions inconsistent herewith are waived to the extent only of such inconsistency. This waiver shall not be construed as repealing any such By-Laws, Procedural Pamphlet, Document Standards or resolution or any part thereof.

Section 21. Headings. Subject headings included in this Resolution are included for purpose of convenience only and shall *not* affect the construction or interpretation of any of its provisions.

Section 22. Effectiveness. This Resolution shall be effective immediately.

Section 23. Notice. Notice of Act Section 38-511 is hereby given. The provisions of that statute by this reference are incorporated herein to the extent of applicability to matters contained herein under the laws of the State of Arizona.

PASSED, ADOPTED AND APPROVED on September 8, 2023.

THE INDUSTRIAL DEVELOPMENT
AUTHORITY OF THE COUNTY OF PIMA

Diane Quihuis
President

Attachments: Standards and Requirements
General Plan