

2011 SERIES A BONDS—NEW ISSUE BOOK-ENTRY-ONLY
2009 SUBSERIES A-1 BONDS—NOT A NEW ISSUE-CONVERSION

RATING: S&P “AA+”

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the 2011 Series A Bonds and, from and after the Release Date, interest on the 2009 Subseries A-1 Bonds is excluded from gross income for federal income tax purposes. Bond Counsel is of the opinion that interest on the 2011 Series A Bonds and, from and after the Release Date, interest on the 2009 Subseries A-1 Bonds is neither a specific preference item nor included in adjusted current earnings for purposes of the federal alternative minimum tax. Interest on the 2011 Series A Bonds and, from and after the Release Date, interest on the 2009 Subseries A-1 Bonds is also exempt from Nebraska state income taxation. For a more complete description, see the caption “TAX TREATMENT AND RELATED CONSIDERATIONS” herein.

NEBRASKA INVESTMENT FINANCE AUTHORITY
\$44,000,000 Homeownership Revenue Bonds 2011 Series A (Non-AMT)
\$66,000,000 Homeownership Revenue Bonds 2009 Series A, Subseries A-1 (Non-AMT)[†]

Dated: Date of Delivery – 2011 Series A Bonds
December 21, 2009 – 2009 Subseries A-1 Bonds

Due: As set forth on the inside cover hereof

Closing Date/Release Date – On or about November 18, 2011

The Nebraska Investment Finance Authority (“NIFA”), a body politic and corporate, not an agency of the State of Nebraska (the “State”) but an independent instrumentality exercising essential public functions, has previously issued \$134,000,000 aggregate principal amount of its Homeownership Revenue Bonds, 2009 Series A (the “2009 Series A Bonds”) and, in connection with the issuance of \$44,000,000 in aggregate principal amount of its Homeownership Revenue Bonds, 2011 Series A (the “2011 Series A Bonds”), expects to convert and redesignate a portion of the 2009 Series A Bonds to Homeownership Revenue Bonds, 2009 Series A, Subseries A-1 (the “2009 Subseries A-1 Bonds” and together with the 2011 Series A Bonds, the “Series Bonds”). The 2011 Series A Bonds are being issued and a portion of the 2009 Series A Bonds are being converted and re-designated as the 2009 Subseries A-1 Bonds pursuant to the terms of a Supplemental Indenture of Trust (the “2011 Series A Supplemental Indenture”), dated as of November 1, 2011, between NIFA and Wells Fargo Bank, National Association, Minneapolis, Minnesota, as trustee and paying agent (the “Trustee”), supplementing the General Indenture of Trust, dated as of December 1, 2009 (the “General Indenture”), as supplemented by a Supplemental Indenture of Trust relating to the 2009 Series A Bonds, dated as of December 1, 2009, as amended (the “2009 Series A Supplemental Indenture”), between NIFA and the Trustee. The General Indenture, the 2009 Series A Supplemental Indenture and the 2011 Series A Supplemental Indenture are herein collectively referred to as the “2009 Indenture”.

Interest on the 2011 Series A Bonds is payable on March 1 and September 1 of each year, commencing March 1, 2012. The 2011 Series A Bonds mature on the dates and in the amounts listed on the Maturity Schedule set forth on the inside front cover hereof. The 2011 Series A Bonds are being issued in fully registered form only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (the initial “Securities Depository”). The 2011 Series A Bonds are being issued in denominations of \$5,000 and whole multiples thereof.

The 2009 Subseries A-1 Bonds accrue interest from December 23, 2009, payable first on the “Release Date” (which is expected to be November 18, 2011), then on the date two months after the Release Date (the “Conversion Date”), and semiannually thereafter on each March 1 and September 1 (or if such date is not a Business Day, on the next succeeding Business Day) commencing on the March 1 or September 1 first occurring after the Conversion Date, and upon redemption.

Principal of and interest on the Series Bonds are payable on behalf of NIFA by the Trustee to the Securities Depository. The Securities Depository will remit such payments in accordance with its normal procedures, as described herein.

THE SERIES BONDS ARE SUBJECT TO REDEMPTION PRIOR TO MATURITY AT THE TIMES, UNDER THE CONDITIONS AND AT THE PRICES AS SET FORTH HEREIN. IT IS EXPECTED THAT SOME PORTION OF THE SERIES BONDS WILL BE REDEEMED AT PAR PRIOR TO MATURITY. See the caption “THE SERIES BONDS—Redemption Provisions” herein.

THE SERIES BONDS ARE LIMITED OBLIGATIONS OF NIFA AND ARE PAYABLE SOLELY OUT OF REVENUES AND OTHER MONEYS PLEDGED THEREFOR PURSUANT TO THE 2009 INDENTURE. NIFA HAS NO TAXING POWER. THE SERIES BONDS DO NOT CONSTITUTE A DEBT, LIABILITY, GENERAL OBLIGATION OR PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE SERIES BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA OR ANY AGENCY THEREOF, OR GNMA, FANNIE MAE, FHLMC (EACH AS DESCRIBED HEREIN) OR ANY OTHER ISSUER OF A MORTGAGE-BACKED SECURITY, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA.

The 2011 Series A Bonds are offered in book-entry form, when, as and if issued by NIFA and accepted by the Underwriters named below and the proceeds related to the 2009 Subseries A-1 Bonds will be released from escrow on the Release Date, all subject to the approval of legality by Kutak Rock LLP, Omaha, Nebraska, Bond Counsel and General Counsel to NIFA, and certain other conditions. Certain legal matters will be passed upon on behalf of the Underwriters by Baird Holm LLP, Omaha, Nebraska. One or more of the Underwriters intends, but is not obligated, to make a market in the 2011 Series A Bonds. For information concerning the terms of the Underwriters’ compensation, see the caption “UNDERWRITING” herein. It is expected that delivery of the 2011 Series A Bonds will be made in New York, New York on or about November 18, 2011.

J.P. Morgan

Ameritas Investment Corp.

Barclays Capital

D.A. Davidson & Co.

November 9, 2011

[†] Not reoffered.

MATURITY SCHEDULE
\$44,000,000 2011 Series A Bonds (Non-AMT)

\$23,250,000 Serial Bonds Price 100%

Maturity Date	Principal Amount	Interest Rate	CUSIP*
September 1, 2012	\$ 700,000	0.45%	63967RAC3
March 1, 2013	1,130,000	0.70	63967RAD1
September 1, 2013	1,140,000	0.80	63967RAE9
March 1, 2014	1,145,000	1.15	63967RAF6
September 1, 2014	1,155,000	1.25	63967RAG4
March 1, 2015	1,165,000	1.60	63967RAH2
September 1, 2015	1,180,000	1.70	63967RAJ8
March 1, 2016	1,195,000	2.00	63967RAK5
September 1, 2016	1,210,000	2.10	63967RAL3
March 1, 2017	1,225,000	2.30	63967RAM1
September 1, 2017	1,245,000	2.40	63967RAN9
March 1, 2018	1,265,000	2.60	63967RAP4
September 1, 2018	1,285,000	2.65	63967RAQ2
March 1, 2019	1,305,000	2.85	63967RAR0
September 1, 2019	1,330,000	2.90	63967RAS8
March 1, 2020	1,355,000	3.15	63967RAT6
September 1, 2020	1,380,000	3.15	63967RAU3
March 1, 2021	1,405,000	3.30	63967RAX7
September 1, 2021	1,435,000	3.30	63967RAY5

\$9,295,000 3.85% Term Bonds Due September 1, 2024 Price 100% CUSIP* 63967RAV1

\$11,455,000 4.20% Term Bonds Due March 1, 2028 Price 100% CUSIP* 63967RAW9

\$66,000,000 2009 SERIES A, SUBSERIES A-1 BONDS (Non-AMT)[†]

\$66,000,000 Term Bonds Due September 1, 2041 Price 100% CUSIP* 63967RAB5

Short-Term Rate until the Conversion Date and 2.32% from and after the Conversion Date

* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP number for the Series Bonds is included above for convenience of the holders and potential holders of the Series Bonds. No assurance can be given that the CUSIP number for the Series Bonds will remain the same after the date of the issuance and delivery of the Series Bonds.

[†] Not offered hereby.

No dealer, broker, salesman or other person has been authorized by NIFA or the Underwriters to give any information or to make any representations with respect to the Series Bonds other than those contained in this Official Statement, and, if given or made, such other information or representations may not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2011 Series A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from NIFA, DTC, the Master Servicer and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of NIFA since the date hereof.

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THE SERIES BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTION 3(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED. THE REGISTRATION OR QUALIFICATION OF THE SERIES BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE SERIES BONDS HAVE BEEN REGISTERED OR QUALIFIED, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF NIFA AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

This Official Statement is not intended to describe in full the terms of any 2009 Series A Bonds prior to the Release Date and is intended only to provide information with respect to the 2009 Subseries A-1 Bonds after the Release Date thereof.

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OFFICIAL STATEMENT

Nebraska Investment Finance Authority
\$44,000,000 Homeownership Revenue Bonds 2011 Series A (Non-AMT)
\$66,000,000 Homeownership Revenue Bonds 2009 Series A, Subseries A-1 (Non-AMT)

INTRODUCTORY STATEMENT

The purpose of this Official Statement is to set forth information concerning the Nebraska Investment Finance Authority ("NIFA"), a body politic and corporate, not an agency of the State of Nebraska (the "State") but an independent instrumentality exercising essential public functions, in connection with the sale of \$44,000,000 in aggregate principal amount of its Homeownership Revenue Bonds, 2011 Series A (the "2011 Series A Bonds") and the conversion of \$66,000,000 outstanding 2009 Series A Bonds (as defined below), such Bonds to be re-designated the Homeownership Revenue Bonds, 2009 Series A, Subseries A-1 (the "2009 Subseries A-1 Bonds" and together with the 2011 Series A Bonds, the "Series Bonds").

This Official Statement is not intended to describe in full the terms of any 2009 Series A Bonds prior to the Release Date and is intended only to provide disclosure with respect to the 2009 Subseries A-1 Bonds after the Release Date thereof. Disclosure with respect to 2009 Series A Bonds prior to a Release Date was provided in offering materials previously distributed in conjunction with the issuance of the 2009 Series A Bonds.

This Official Statement contains "forward-looking statements" within the meaning of the federal securities laws. These forward-looking statements include, among others, statements concerning expectations, beliefs, opinions, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. NIFA has no duty or obligation to update any of the information contained in this Official Statement.

Information set forth on the cover page and the inside cover page hereof and in the Appendices hereto is part of this Official Statement. All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings assigned to such terms in the 2009 Indenture as hereafter described.

The 2011 Series A Bonds are being issued and delivered in the original aggregate principal amount and mature on the dates as indicated on the inside cover of this Official Statement. The 2011 Series A Bonds are being issued in fully registered form only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). The 2011 Series A Bonds are being issued in denominations of \$5,000 and whole multiples thereof. Unless NIFA otherwise directs or DTC resigns without the appointment of a successor, DTC or its nominee will be the holder of record of all issued and outstanding 2011 Series A Bonds and beneficial owners of 2011 Series A Bonds may not obtain physical possession of the 2011 Series A Bonds beneficially owned by them.

NIFA previously issued \$134,000,000 aggregate principal amount of its Homeownership Revenue Bonds, 2009 Series A (the "2009 Series A Bonds") pursuant to a General Indenture of Trust, dated as of December 1, 2009 (the "General Indenture"), between NIFA and Wells Fargo Bank, National Association, Minneapolis, Minnesota, as trustee, registrar and paying agent (the "Trustee"), as supplemented by a Supplemental Indenture of Trust relating to the 2009 Series A Bonds, dated as of December 1, 2009, as amended (the "2009 Series A Supplemental Indenture"), and pursuant to the terms of the Federal Single Family New Issue Bond Program (the "NIBP"). The Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation (each, a "GSE" and, collectively, the "GSEs") purchased the 2009 Series A Bonds under the NIBP. The 2009 Series A Bonds currently bear a short-term interest rate equal to the investment earnings on the proceeds of such Bonds. The 2009 Series A Bonds were the first issuance of Bonds pursuant to the General Indenture. The proceeds of the 2009 Series A Bonds were deposited into escrow. A portion of the 2009 Series A Bonds are being converted and re-designated as the 2009 Subseries A-1 Bonds pursuant to a Supplemental Indenture of Trust dated as of November 1, 2011 (the "2011 Series A Supplemental Indenture"). The General Indenture, the 2009 Series A Supplemental Indenture and the 2011 Series A Supplemental Indenture are herein collectively referred to as the "2009 Indenture." The 2009 Subseries A-1 Bonds will be the first of the 2009 Series A Bonds to be converted and the proceeds thereof released (the "Release") out of escrow. The GSEs will retain ownership of the 2009 Bonds, including the 2009 Subseries A-1 Bonds, following the Release.

The 2011 Series A Bonds are being issued pursuant to and are secured under the General Indenture as supplemented by the 2011 Series A Supplemental Indenture. Pursuant to the 2009 Indenture, additional and refunding bonds may be issued from time to time. Such additional and refunding bonds, the 2009 Series A Bonds, including the 2009 Subseries A-1 Bonds, and the 2011 Series A Bonds are herein called the "Bonds."

Except as otherwise provided herein, all Bonds issued pursuant to the 2009 Indenture are equally secured under the 2009 Indenture and are payable from certain moneys, rights and interests described under “SECURITY FOR THE BONDS” herein. Specific assets (including portions thereof) may be held and accounted for by the Trustee separately for certain purposes related to redemptions and for certain tax-related accounting purposes. The Bonds are limited obligations of NIFA, payable solely out of Revenues derived from the Mortgage Loans and Mortgage-Backed Securities and other amounts pledged therefor pursuant to the 2009 Indenture. NIFA has no taxing power. THE BONDS DO NOT CONSTITUTE A DEBT, LIABILITY OR GENERAL OBLIGATION OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF OR PLEDGE OF THE FAITH AND CREDIT OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. See the caption “SECURITY FOR THE BONDS” herein.

The 2011 Series A Bonds are being issued and the 2009 Subseries A-1 Bonds are being converted for the purpose of financing Mortgage Loans through the purchase of Mortgage-Backed Securities (as more fully described herein) all pursuant to NIFA’s single-family housing program (the “Program”). NIFA expects that the proceeds of the 2011 Series A Bonds and the proceeds of the converted 2009 Subseries A-1 Bonds will be used to acquire Mortgage-Backed Securities issued or guaranteed by GNMA, Fannie Mae or FHLMC (each as described herein). NIFA reserves the right to modify the initial Series Program Determinations to purchase Mortgage-Backed Securities not meeting such initial determinations so long as such loans or securities do not adversely affect the Rating Quality of the Bonds or violate the terms of the NIBP.

The Series Bonds are limited obligations of NIFA payable solely from the Revenues pledged under the 2009 Indenture. See “SECURITY FOR THE BONDS” herein.

NIFA administers its Program to finance, purchase or acquire Mortgage Loans (the “Mortgage Loans”) made to qualified low- and moderate-income persons (“Mortgagors”) for the purchase and, under certain circumstances, the improvement and rehabilitation of owner-occupied (one- to four-unit) residences in Nebraska. In order to carry out the Program, NIFA issues, from time to time, its bonds and other obligations, pursuant to one or more indentures. NIFA is issuing the 2011 Series A Bonds and converting the 2009 Subseries A-1 Bonds pursuant to the 2009 Indenture to provide the proceeds to the Trustee to acquire certain securities issued or guaranteed by the Government National Mortgage Association (“GNMA”), the Federal National Mortgage Association (“Fannie Mae”) or the Federal Home Loan Mortgage Corporation (“FHLMC”) representing qualifying Mortgage Loans (“Mortgage-Backed Securities”). See “THE PROGRAM” herein.

NIFA expects to use the proceeds of the Series Bonds to finance Mortgage Loans through the acquisition of Mortgage-Backed Securities pursuant to the Program Determinations (as defined herein). NIFA expects to deposit the proceeds of the 2011 Series A Bonds and the 2009 Subseries A-1 Bonds (which 2009 Subseries A-1 Bond proceeds shall be transferred from the 2009 Series A Escrow Account) into the 2011 Series Mortgage Loan Account (the “2011 Series Mortgage Loan Account”) and to use such amounts to acquire approximately \$110,318,000 in principal amount of Mortgage-Backed Securities issued or guaranteed by GNMA, Fannie Mae or FHLMC. See “THE PROGRAM—General” herein. Mortgage-Backed Securities authorized to be purchased with funds held in the 2011 Series Mortgage Loan Account pursuant to the Program Determinations or otherwise authorized to be purchased subsequent to modification of the Program Determinations shall be referred to as “2011 Series Mortgage Loans” and as “2011 Series Mortgage-Backed Securities,” respectively.

NIFA may purchase one or more Mortgage-Backed Securities using the proceeds of the Series Bonds and proceeds of other bonds issued by NIFA pursuant to indentures other than the 2009 Indenture. In the event NIFA purchases a Mortgage-Backed Security using proceeds of the Series Bonds and other bonds not issued pursuant to the 2009 Indenture, NIFA will advise the Master Servicer and the Trustee as to the proportionality of such participations in such Mortgage-Backed Securities.

Bonds issued pursuant to the 2009 Indenture are one of a number of bond programs that have been utilized by NIFA for its single-family housing Program. The financing activities of NIFA with respect to Mortgage Loans financed pursuant to prior or subsequent bond resolutions and prior or subsequent indentures, other than the 2009 Indenture, are referred to herein as NIFA’s “Other Single Family Bond Programs”. All bonds of NIFA, regardless of the resolution or indenture under which they were issued, are herein called “bonds.” Proceeds from Other Single Family Bond Programs were utilized, or are currently being utilized, to implement the Programs pursuant to which NIFA either purchased qualifying mortgage loans or purchased mortgage-backed securities backed by qualifying mortgage loans. As of September 30, 2011, NIFA had \$948.7 million of outstanding bonds under other indentures financing Mortgage Loans and Mortgage-Backed Securities pursuant to the Program. NIFA may issue additional bonds under indentures other than the 2009 Indenture at any time to finance additional mortgage loans and mortgage-backed securities. Any bonds issued under such other indentures while there are unexpended proceeds of the Series Bonds in the Series Mortgage Loan Account established pursuant to the 2009 Indenture may increase the risk that the Series Bonds will be redeemed prior to their stated maturities. See “THE SERIES BONDS—Redemption Provisions” and “CASH FLOW ASSUMPTIONS AND BONDHOLDER CONSIDERATIONS—Redemption and Prepayment Considerations” herein. Trust estates pledged pursuant to other indentures to the owners of bonds issued under such indentures are not pledged nor available for payment of the Bonds. MORTGAGE LOANS AND THE MORTGAGE-BACKED SECURITIES PURCHASED WITH PROCEEDS OF THE OTHER SINGLE FAMILY BOND PROGRAMS AND THE FUNDS AND

ACCOUNTS WHICH SECURE THE OBLIGATIONS ISSUED THEREUNDER ARE NOT PLEDGED AS SECURITY FOR THE SERIES BONDS OR ANY OTHER BONDS WHICH MAY BE ISSUED UNDER THE 2009 INDENTURE. None of the assets and moneys held under the 2009 Indenture are pledged to any bonds or other obligations not issued pursuant to the 2009 Indenture.

In connection with the Program, NIFA has or expects to enter into one or more agreements (collectively, the “Servicing Agreement”) with U.S. Bank National Association (the “Master Servicer”). Pursuant to the Servicing Agreement, the Master Servicer agrees to purchase certain Mortgage Loans from the qualified mortgage lending institutions (the “Participants”) which Mortgage Loans are (a) insured by the Federal Housing Administration (“FHA”) pursuant to the National Housing Act of 1934, (b) guaranteed by the United States Department of Veterans Affairs (the “VA”) pursuant to the Servicemen’s Readjustment Act of 1944, as amended, or (c) guaranteed by the Rural Development acting through the United States Department of Agriculture (“USDA/RD”). The Master Servicer will agree to issue (or cause to be issued) and sell Mortgage-Backed Securities guaranteed by GNMA (“GNMA Securities”), guaranteed by Fannie Mae (“Fannie Mae Securities”) or guaranteed by FHLMC (“FHLMC Securities”) with respect thereto.

It is possible that by legislative, executive, regulatory or other action, current federal housing programs, including home mortgage insurance and/or guarantees, may, from time to time, be substantially modified, restricted, rationed or eliminated. If such changes occur with respect to amounts on deposit in the 2011 Series Mortgage Loan Account, NIFA may be unable to apply all such amounts to the purchase of Mortgage-Backed Securities meeting the Program Determinations established at the time of delivery of the Series Bonds and may redeem Series Bonds as described herein.

Brief descriptions of NIFA, the Series Bonds, the security for the Bonds, the Program, the Mortgage Loans, the Mortgage-Backed Securities and the Master Servicer are included in this Official Statement. The summaries herein do not purport to be complete and are qualified in their entirety by reference to such documents, agreements and programs, and the summaries herein of the Series Bonds are further qualified in their entirety by reference to the forms of the Bonds included in the 2009 Indenture and the provisions with respect thereto included in the aforesaid documents, copies of which are available for inspection at the corporate trust office of the Trustee in Minneapolis, Minnesota.

THE NEBRASKA INVESTMENT FINANCE AUTHORITY

The Nebraska Mortgage Finance Fund (the “NMFF”), predecessor to NIFA, was created by the Nebraska Mortgage Finance Fund Act (the “Mortgage Finance Fund Act”). The NMFF was created for the purpose of providing financing to enable persons of low and moderate income to acquire decent, safe and sanitary housing through coordination and cooperation with private industry and local communities. In *State of Nebraska v. Nebraska Mortgage Finance Fund*, 204 Neb. 445, 283 N.W.2d 12 (1979), the Nebraska Supreme Court unanimously upheld the validity of the Mortgage Finance Fund Act under the Constitution of the State of Nebraska. On August 26, 1983, the Nebraska Investment Finance Authority Act, Sections 58-201 et seq., Reissue Revised Statutes of Nebraska, as amended (the “NIFA Act”), became effective. The NIFA Act merged the NMFF, the Nebraska Development Finance Fund and the Nebraska Agricultural Development Corporation into the new entity, NIFA.

NIFA anticipates developing additional housing programs to the extent permitted by the Act and the Internal Revenue Code of 1986, as amended (the “Code”). The NIFA Act contains no limit on the amount of bonds that may be issued by NIFA. Section 146 of the Code limits the amount of private activity bonds that issuers in each state may issue.

The powers of NIFA are vested in nine members, consisting of the Director of the Nebraska Department of Economic Development, the Chairperson of the Nebraska Investment Council, the Director of the Nebraska Department of Agriculture and six public members appointed by the Governor. The Act requires that, of the public members, two members shall be appointed from each of the three congressional districts of the State. There shall be a public member experienced in real estate development, a public member experienced in industrial mortgage credit, commercial credit, agricultural credit or housing mortgage credit, a public member experienced in banking or investment banking, a public member experienced in home building or a licensed real estate broker and a public member experienced in agricultural production. Also pursuant to the Act, NIFA has appointed an Executive Director. The Act provides that the Executive Director shall be an employee of NIFA but not a member thereof and shall serve at the pleasure of the members. The Executive Director serves as the ex officio secretary of NIFA and administers, manages and directs its affairs and activities in accordance with the policies and under the control and direction of the members.

The office of NIFA is located at 1230 O Street, Suite 200, Lincoln, Nebraska 68508-1402, (402) 434-3900. In addition to the Executive Director, NIFA presently employs a staff of 25 full-time employees. The principal occupations of the members of NIFA, their residences and the groups represented by the public members are as follows:

Member/Principal Occupation	Residence	Representing
Gary Hamer—Chairperson of NIFA— Interim Director, Nebraska Department of Economic Development	Lincoln, Nebraska	Nebraska Department of Economic Development
John M. Blazek— Heartland Health Therapy, Inc.	Omaha, Nebraska	Public at Large
Marlin Brabec— Don Peterson & Associates	Fremont, Nebraska	Licensed Real Estate Broker
Peter M. Graff— McCook National Bank	McCook, Nebraska	Agricultural Production
Bobbie Kriz-Wickham— Nebraska Department of Agriculture	Lincoln, Nebraska	Nebraska Department of Agriculture
Mary Jo McClurg— Cornhusker Bank	Lincoln, Nebraska	Credit Lending Institutions
Michael B. Maroney— Omaha Economic Development Corporation	Omaha, Nebraska	Real Estate Development
Jeffrey W. States — Nebraska Investment Council	Lincoln, Nebraska	Nebraska Investment Council
Vacant Position		Investment Banking

The Act provides that five members of NIFA constitute a quorum for the transaction of business, and the affirmative vote of at least five members is necessary to take any action. The Act also provides that no member or employee may participate in any action by NIFA authorizing a transaction with NIFA if such member or employee has, will have or later acquires a direct or indirect interest in such transaction.

Timothy R. Kenny joined NIFA as its Executive Director in January of 1994. Prior to joining NIFA, Mr. Kenny was the director of program development for the Utah Housing Finance Agency (now known as the Utah Housing Corporation) from December of 1991 to December of 1993. Prior to that, Mr. Kenny owned a consulting business and also spent 15 months as the executive director of the Texas Housing Finance Agency (now known as the Texas Department of Housing and Community Affairs). Mr. Kenny has retired from practice as a certified public accountant.

Steven J. Clements is the Chief Operating Officer of NIFA. Mr. Clements joined NIFA as its Deputy Director of Finance in 1985. Prior to joining NIFA, Mr. Clements spent six years working as a certified public accountant for the international public accounting firm of Coopers & Lybrand (now known as PricewaterhouseCoopers LLP).

Judy A. Krasomil is the Treasurer of NIFA. Ms. Krasomil joined NIFA as its Treasurer in 1994. Prior to joining NIFA, Ms. Krasomil spent 10 years working as a certified public accountant for the international public accounting firm of Coopers & Lybrand (now known as PricewaterhouseCoopers LLP).

Christie Weston is the Deputy Director of Finance of NIFA. Prior to joining NIFA in 2001, Ms. Weston spent six years working as a certified public accountant for the international public accounting firm of PricewaterhouseCoopers LLP.

SOURCES AND APPLICATION OF 2009 SUBSERIES A-1 AND 2011 SERIES A BOND PROCEEDS AND OTHER AMOUNTS

Upon the issuance of the 2011 Series A Bonds and the release of the 2009 Subseries A-1 Bonds from escrow, it is anticipated that proceeds of the 2011 Series A Bonds and the 2009 Subseries A-1 Bonds, together with other amounts, will be applied as follows:

Sources:

Proceeds of 2011 Series A Bonds	\$44,000,000
Proceeds of 2009 Subseries A-1 Bonds (transferred from 2009 Series A Escrow Account) ¹	66,000,000
Contribution from NIFA	<u>862,914</u>
Total Funds Available	<u>\$110,862,914</u>

Application:

2011 Series Mortgage Loan Account	\$110,000,000 ²
2011 Series Capitalized Interest Account	200,000
Issuance Expense Account	300,000 ³
Fees to Underwriters	<u>362,914</u>
Total Funds Applied	<u>\$110,862,914</u>

¹The 2009 Series A Bonds were sold at a price of 100% of the principal amount thereof, less certain fees and expenses in the amount of \$186,500 net of \$25,000 remitted earlier for expenses. The 2009 Subseries A-1 Bonds represent approximately 49.25% of the total dollar amount of the 2009 Series A Bonds.

²Amounts deposited in the 2011 Series Mortgage Loan Account are expected to be used to acquire approximately \$101,566,000 in principal amount of GNMA Securities at a purchase price equal to 99.64% of the principal amount thereof and approximately \$8,752,000 in principal amount of Fannie Mae Securities at a purchase price equal to 100.55% of the principal amount thereof.

³J.P. Morgan Securities LLC will receive a special structuring fee equal to \$66,000.

FEDERAL SINGLE FAMILY NEW ISSUE BOND PROGRAM

NIFA issued \$134,000,000 aggregate principal amount of 2009 Series A Bonds as escrow bonds pursuant to the NIBP. The 2009 Series A Bonds were purchased by Fannie Mae and FHLMC (each individually, a “Purchaser” and collectively the “Purchasers”) pursuant to the NIBP and the terms of a Placement Agreement (a/k/a Securitization Agreement) among the Purchasers and NIFA and proceeds derived from the sale of the 2009 Series A Bonds in an amount equal to \$134,000,000 were deposited in the 2009 Series A Escrow Account established by the 2009 Series A Supplemental Indenture. Pursuant to the NIBP, the Purchasers exchanged the 2009 Series A Bonds for securities issued by the Purchasers (“GSE Securities”) backed by the 2009 Series A Bonds which were purchased by the Treasury. Such GSE Securities are not part of the security for the 2009 Series A Bonds. The 2009 Series A Bonds bear interest at a short term variable rate and the interest rate and the interest rate calculation method may be converted prior to December 31, 2011 (each such date, a “Release Date”), unless such period is extended by the Treasury to a date or dates subsequent to December 31, 2011.

The release of amounts held in the 2009 Series A Escrow Account to become available to finance Mortgage Loans through the purchase of Mortgage-Backed Securities depends upon compliance with various conditions set forth in the Placement Agreement and the 2009 Series A Supplemental Indenture, including a requirement that NIFA shall have sold additional bonds to investors in accordance with standard bond underwriting practices (the “Market Bonds”) in an aggregate principal amount at least equal to two-thirds of the amount of funds released. For purposes of the NIBP, the 2011 Series A Bonds constitute Market Bonds, and upon the satisfaction of the conditions precedent to the release of funds from the 2009 Series A Escrow Account, NIFA expects to release \$66,000,000 from the 2009 Series A Escrow Account (the “Released 2009 Series A Proceeds”) on the Release Date. The portion of the 2009 Series A Bonds corresponding to the Released 2009 Series A Proceeds will be re-designated as the 2009 Subseries A-1 Bonds on the Release Date. The 2011 Series A Bonds are the first Series of Market Bonds to be issued pursuant to the 2009 Indenture.

THE SERIES BONDS**General**

2011 Series A Bonds. Payment of the principal of and the interest on the 2011 Series A Bonds at their respective Stated Maturities (as defined below under “Stated Maturities”) shall be made upon the presentation and surrender of the 2011 Series A Bonds. All payments of interest and premium, if any, on, and of principal of, the 2011 Series A Bonds shall be paid through the securities depository (together with any successor securities depository, the “Securities Depository”) in accordance with its normal procedures, which as of the date hereof provide for payment by the Securities Depository to its Direct Participants (as defined below under “Book-Entry-Only System”). The 2011 Series A Bonds are issuable as fully registered bonds in Authorized Denominations as defined below.

2009 Subseries A-1 Bonds. The proceeds of the 2009 Series A Bonds were previously deposited in the 2009 Series A Escrow Account. Pursuant to the terms of the 2009 Indenture, amounts deposited in the 2009 Series A Escrow Account are retained therein until the requirements of the 2009 Series A Supplemental Indenture with respect to the establishment of one or more Release Dates are satisfied or until applied to the redemption of the 2009 Series A Bonds. Pursuant to the terms of the 2009 Indenture, amounts in the 2009 Series A Escrow Account are to be used to pay interest due on any Release Date or upon earlier redemption of the 2009 Series A Bonds. Amounts on deposit in the 2009 Series A Escrow Account are pledged exclusively to the repayment of 2009 Series A Bonds for which a Release Date has not occurred.

As directed by the GSEs, on or before January 15 of each year, NIFA shall pay a Treasury Consent Fee (the “Treasury Consent Fee”), which Treasury Consent Fee shall accrue on a monthly basis in an amount equal to 1/12 of .01% of the total amount of 2009 Series A Bonds.

On the Release Date with respect to the 2009 Subseries A-1 Bonds, \$66,000,000 on deposit in the 2009 Series A Escrow Account shall be transferred to the 2011 Series Mortgage Loan Account.

The 2009 Subseries A-1 Bonds mature on September 1, 2041, subject to earlier redemption as described herein.

Payment of the principal of and the interest on the 2009 Subseries A-1 Bonds at maturity shall be made upon the presentation and surrender of the 2009 Subseries A-1 Bonds. All payments of interest, on, and of principal of, the 2009 Subseries A-1 Bonds shall be paid through the securities depository (together with any successor securities depository, the “Securities Depository”) in accordance with its normal procedures, which as of the date hereof provide for payment by the Securities Depository to its Direct Participants (as defined below under “Book Entry Only System”). The 2009 Subseries A-1 Bonds are issuable as fully registered bonds in Authorized Denominations as defined below.

“*Authorized Denomination*” means (i) with respect to the 2011 Series A Bonds, \$5,000 and integral multiples thereof and (ii) with respect to the 2009 Subseries A-1 Bonds, \$5,000 and integral multiples thereof and, for purposes of Conversion and redemption of 2009 Subseries A-1 Bonds, \$10,000 or any integral multiple of \$10,000 in excess thereof.

Interest

2011 Series A Bonds. Interest on the 2011 Series A Bonds accrues from the Delivery Date or the most recent Interest Payment Date and is payable in arrears on March 1 and September 1 of each year, commencing March 1, 2012. The Regular Record Date for each Interest Payment Date with respect to the 2011 Series A Bonds will be the date 15 days next preceding such Interest Payment Date. The 2011 Series A Bonds bear interest at the rates set forth on the inside cover hereof. Interest on the 2011 Series A Bonds is calculated on the basis of twelve 30-day months and a 360-day year.

2009 Subseries A-1 Bonds. The 2009 Subseries A-1 Bonds are dated December 21, 2009, accrued interest from and after December 23, 2009 as the previously designated 2009 Series A Bonds pursuant to the terms of the 2009 Series A Supplemental Indenture and will accrue interest from November 18, 2011 as the 2009 Subseries A-1 Bonds. The 2009 Subseries A-1 Bonds will mature on the date and bear interest at the rates set forth on the inside cover page hereof payable first on the Release Date (which is expected to be November 18, 2011), then on the date two months after the Release Date (the “Conversion Date”), and semiannually thereafter on each March 1 and September 1 (or if such date is not a Business Day, on the next succeeding Business Day) commencing on the March 1 or September 1 first occurring after the Conversion Date, and upon redemption.

Until the Conversion of the interest rate on a Conversion Date, the 2009 Subseries A-1 Bonds bear interest at the Short-Term Rate (as defined below). The interest rate on the 2009 Subseries A-1 Bonds will be converted on the Conversion Date to a Permanent Rate in accordance with the provisions of the 2009 Series A Supplemental Indenture and the 2011 Series A Supplemental Indenture.

The following definitions apply in connection with the Conversion of the interest rate on the 2009 Subseries A-1 Bonds:

“*Four Week T-Bill Rate*” means the interest rate for Four Week Treasury Bills (secondary market) as reported by the Federal Reserve on its website at the following internet address -<http://www.federalreserve.gov/releases/h15/update>.

“*Interest Payment Date*” means, with respect to 2009 Series A Bonds which have not been Converted, each Release Date (but such Release Date shall be an Interest Payment Date only for that portion of 2009 Series A Bonds which have not been Converted with respect to which amounts in the 2009 Series A Escrow Account are subject to release on such date), each Conversion Date (but such Conversion Date shall be an Interest Payment Date only with respect to those 2009 Series A Bonds

which have not been Converted which are to become, as of such date, Converted Bonds), and each redemption date. Interest Payment Dates for each Converted Bond shall be March 1 and September 1, commencing on the March 1 or September 1 first occurring after a Conversion Date.

“*Permanent Rate*” means an interest rate per annum certified to the Trustee by the Special Permanent Rate Advisor on or prior to the Release Date, which shall be equal to the sum of (i) 1.72% plus (ii) 60 basis points.

“*Permanent Rate Calculation Date*” means the date on which the Permanent Rate is calculated with respect to all or a portion of the 2009 Series A Bonds.

“*Short-Term Rate*” means, with respect to the 2009 Series A Bonds, (i) for the period from the Date of Original Issuance to the applicable Release Date, the interest rate which produces an interest payment on such Release Date relative to the 2009 Series A Bonds with respect to which amounts on deposit in the 2009 Series A Escrow Account are subject to release on such Release Date equal to Investment Earnings and (ii) from the Release Date to the Conversion Date, an interest rate equal to the lesser of (A) the Four Week T-Bill Rate as of the second Business Day prior to the Release Date plus the Spread or (B) the Permanent Rate. For purposes of this provision, “*Investment Earnings*” means total investment earnings on the portion of the 2009 Series A Escrow Account related to the 2009 Series A Bonds with respect to which a Release Date is occurring. For purposes of this Official Statement, the 2009 Series A Bonds with respect to which a Release Date is occurring are the 2009 Subseries A-1 Bonds.

“*Special Permanent Rate Advisor*” means State Street Bank and Trust Company, and any successor or assign designated by Treasury.

“*Spread*” means additional per annum interest on the 2009 Series A Bonds based upon the lowest rating (effective as of the Permanent Rate Calculation Date) assigned to the 2009 Series A Bonds under the 2009 Indenture by the rating agencies rating the 2009 Series A Bonds, as follows:

Rating	Additional Spread
‘Aaa’/‘AAA’	60 basis points
‘Aa’/‘AA’	75 basis points
‘A’	110 basis points
‘Baa’/‘BBB’	225 basis points

For purposes of the 2009 Subseries A-1 Bonds, the Treasury has agreed that the Spread shall mean 60 basis points.

Book-Entry-Only System

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

The Depository Trust Company (“DTC”), New York, New York, will act, with respect to the 2011 Series A Bonds, and continue to act with respect to the 2009 Subseries A-1 Bonds, as the initial Securities Depository for the Series Bonds. The 2011 Series A Bonds will be issued and the 2009 Subseries A-1 Bonds have been issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Series Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing

Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC currently has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

To facilitate subsequent transfers, all Series Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. *So long as Cede & Co., as nominee for DTC, is the owner of the Series Bonds, NIFA shall treat Cede & Co. as the only owner of the Series Bonds for all purposes under the 2009 Indenture, including receipt of all principal of, premium, if any, and interest on the Series Bonds and receipt of notices.*

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

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

DTC may discontinue providing its services as securities depository with respect to the Series Bonds at any time by giving reasonable notice to NIFA or the Trustee. NIFA may also determine that DTC is incapable of discharging its duties or that continuation of the book-entry system is not in the best interests of the Beneficial Owners. In either situation, if NIFA fails to identify a successor securities depository, Series Bond certificates are required to be printed and delivered.

None of the Trustee, any paying agent or NIFA has any responsibility or obligations to the Direct or Indirect Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any Direct or Indirect Participant; (b) the payment by DTC of any amount due to any Direct Participant or the payment by any Direct or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of and premium, if any, and interest on the Series Bonds; (c) the delivery or timeliness of delivery by DTC of any notice to any Direct Participant or the delivery or

timeliness of delivery by any Direct or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the 2009 Indenture to be given to owners of the Series Bonds; (d) the selection of the Beneficial Owners to receive payments in the event of any partial redemption of the Series Bonds; or (e) any consent given or other action taken by DTC, or its nominee, Cede & Co., as registered owner. The Beneficial Owners of the Series Bonds will rely on Direct and Indirect Participants for timely payments and other notices and for otherwise making available to the Beneficial Owner the rights of a Bondholder. No assurances can be provided that, in the event of bankruptcy or insolvency of DTC or a Direct or Indirect Participant through which a Beneficial Owner holds beneficial interests in the Series Bonds, payment will be made by DTC or the Direct or Indirect Participant on a timely basis.

Redemption Provisions

Selection of the Series Bonds for redemption shall be made as described below and also under the caption “Selection of Bonds To Be Redeemed.” The 2011 Series A Bonds maturing on September 1, 2012 and each March 1 and September 1 thereafter to and including September 1, 2021 are hereinafter referred to as the “2011 Series A Serial Bonds.” The 2011 Series A Bonds maturing on September 1, 2024 are herein referred to as the “2024 Term Bonds.” The 2011 Series A Bonds maturing on March 1, 2028 are herein referred to as the “2028 Term Bonds” and, together with the 2024 Term Bonds, the “2011 Series A Term Bonds.”

The Series Bonds are subject to redemption as follows:

Redemption Due to Mortgage Loan Nonorigination. The Series Bonds are subject to redemption prior to maturity, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date of redemption, without premium, in whole or in part, on any date from and to the extent of proceeds of the Series Bonds deposited in the 2011 Series Mortgage Loan Account that will not be used to purchase Mortgage-Backed Securities.

If the Series Bonds are to be redeemed in part as described above from Series Bond proceeds initially deposited in the Series Mortgage Loan Account that will not be used to purchase Mortgage-Backed Securities, the aggregate principal amount of the Series Bonds to be so redeemed shall be selected and redeemed in Authorized Denominations and on a pro rata basis from among all the then Outstanding maturities of the Series Bonds, such basis to be determined and effectuated as nearly as practicable by multiplying the total amount of money available to redeem the Series Bonds by the ratio which the principal amount of Series Bonds outstanding in each maturity bears to the aggregate amount of all Outstanding Series Bonds.

Sinking Fund Installments. Each of the 2011 Series A Term Bonds and the 2009 Subseries A-1 Bonds are subject to mandatory redemption prior to maturity in part, at a redemption price equal to the principal amounts thereof, plus accrued interest thereon to the date of redemption, without premium, on the dates specified below from Sinking Fund Installments, all in the manner provided in the 2009 Indenture:

2024 Term Bonds

Month and Year	Principal Amount	Month and Year	Principal Amount
March 1, 2022	\$1,465,000	September 1, 2023	\$1,565,000
September 1, 2022	1,500,000	March 1, 2024	1,600,000
March 1, 2023	1,530,000	September 1, 2024 [†]	1,635,000

[†]Final maturity.

2028 Term Bonds

Month and Year	Principal Amount	Month and Year	Principal Amount
March 1, 2025	\$1,675,000	March 1, 2027	\$1,845,000
September 1, 2025	1,715,000	September 1, 2027	1,890,000
March 1, 2026	1,755,000	March 1, 2028 [†]	775,000
September 1, 2026	1,800,000		

[†]Final maturity.

2009 Subseries A-1 Bonds

Month and Year	Principal Amount	Month and Year	Principal Amount
March 1, 2028	\$1,160,000	March 1, 2035	\$2,400,000
September 1, 2028	1,970,000	September 1, 2035	2,440,000
March 1, 2029	2,000,000	March 1, 2036	2,480,000
September 1, 2029	2,030,000	September 1, 2036	2,520,000
March 1, 2030	2,060,000	March 1, 2037	2,560,000
September 1, 2030	2,090,000	September 1, 2037	2,600,000
March 1, 2031	2,130,000	March 1, 2038	2,640,000
September 1, 2031	2,160,000	September 1, 2038	2,680,000
March 1, 2032	2,190,000	March 1, 2039	2,720,000
September 1, 2032	2,230,000	September 1, 2039	2,760,000
March 1, 2033	2,260,000	March 1, 2040	2,800,000
September 1, 2033	2,290,000	September 1, 2040	2,850,000
March 1, 2034	2,330,000	March 1, 2041	2,810,000
September 1, 2034	2,370,000	September 1, 2041 [†]	2,470,000

[†]Final maturity.

Sinking Fund Redemption—General. The principal amount of any 2011 Series A Term Bonds or 2009 Subseries A-1 Bonds redeemed pursuant to the redemption provisions described above under “Redemption Due to Mortgage Loan Nonorigination” and below under “Redemption From Prepayments and Excess Moneys” shall be applied to reduce each respective Sinking Fund Installment in the manner described below.

If the amount to be applied to reduce the Sinking Fund Installments with respect to any 2011 Series A Term Bonds or 2009 Subseries A-1 Bonds is a result of a redemption described above under “Redemption Due to Mortgage Loan Nonorigination” or below under “Redemption From Prepayments and Excess Moneys,” an amount equal to the aggregate principal amounts thereof shall be applied to reduce each respective Sinking Fund Installment for the respective 2011 Series A Term Bonds and 2009 Subseries A-1 Bonds (such determination to be made by the Trustee no later than the date for which notice of the sinking fund redemption shall be given), by the amount obtained by multiplying the aggregate principal amount of the 2011 Series A Term Bonds and 2009 Subseries A-1 Bonds that have been or will be so redeemed by the ratio which such respective Sinking Fund Installment bears to the total remaining Sinking Fund Installments for such 2011 Series A Term Bonds and 2009 Subseries A-1 Bonds, provided that each such amount shall reduce the Sinking Fund Installment in the amount of \$5,000 or whole multiple thereof (\$10,000 or whole multiple thereof in the case of the 2009 Subseries A-1 Bonds).

On or before the thirty-first day, but no earlier than 33 days prior to the due date of any Sinking Fund Installment, the Trustee shall select and call for redemption such 2011 Series A Term Bonds and 2009 Subseries A-1 Bonds subject to redemption from such Sinking Fund Installments in accordance with the terms of the 2009 Indenture. On or before the thirty-third day prior to the due date of any Sinking Fund Installment, the Trustee, if directed by a certificate of an Authorized Officer, shall apply moneys accumulated in the Debt Service Fund to the purchase of the 2011 Series A Term Bonds and 2009 Subseries A-1 Bonds subject to redemption from such Sinking Fund Installments, subject, however, to the provisions of the 2009 Indenture. The amount of such 2011 Series A Term Bonds and 2009 Subseries A-1 Bonds so purchased will be credited against such Sinking Fund Installment (see “THE 2009 INDENTURE—Debt Service Fund” herein).

Redemption From Prepayments and Excess Moneys. The Series Bonds are subject to redemption prior to maturity, in whole or in part, at the principal amount thereof, without premium, plus accrued interest thereon to the date of redemption, on any date, from and to the extent there are moneys in the Redemption Fund from (a) moneys representing 2011 Series Prepayments (as defined below) deposited in the Redemption Fund and (b) excess Revenues corresponding to the Series Bonds transferred from the Revenue Fund.

Prepayments related to the 2011 Series Mortgage-Backed Securities and any 2011 Series Mortgage Loans constitute the “2011 Series Prepayments.”

So long as any 2011 Series A Bonds remain Outstanding, a pro rata portion (calculated based on the Outstanding principal amount of the 2009 Subseries A-1 Bonds and the Outstanding principal amount of the 2011 Series A Bonds) of all 2011 Series Prepayments on the 2011 Series Mortgage-Backed Securities (to the extent not used to pay regularly scheduled principal or interest on the Series Bonds) is required to be applied to the redemption of the 2009 Subseries A-1 Bonds and shall not be used to finance new Mortgage Loans or Mortgage-Backed Securities.

The 2011 Series A Supplemental Indenture provides that 2011 Series Prepayments (subject to the provisions of the 2009 Series A Supplemental Indenture with respect to the redemption of 2009 Subseries A-1 Bonds from 2011 Series Prepayments as described in the paragraph immediately above and to the extent not used to pay regularly scheduled principal or interest on the Series Bonds) shall be transferred to the Redemption Fund to redeem 2011 Series A Bonds unless, subject to applicable tax laws and delivery of a Cash Flow Certificate, the Trustee is directed by NIFA to transfer such amounts to a Recycling Subaccount of the 2011 Series Mortgage Loan Account to acquire additional Mortgage-Backed Securities. (Under current federal tax laws, 2011 Series Prepayments and Scheduled Principal Payments received after November 18, 2021 may not be used to finance new Mortgage Loans.)

If any of the 2011 Series A Bonds are to be redeemed in part as described above from 2011 Series Prepayments, the aggregate principal amount of such 2011 Series A Bonds to be redeemed shall be selected and redeemed in Authorized Denominations (a) on a pro rata basis from among all the then Outstanding maturities of the 2011 Series A Bonds, such basis to be determined and effectuated as nearly as practicable by multiplying the total amount of money available to redeem the 2011 Series A Bonds by the ratio which the principal amount of 2011 Series A Bonds outstanding in each maturity bears to the aggregate amount of all Outstanding 2011 Series A Bonds or (b) in such manner as shall be determined by NIFA in its sole discretion, provided that NIFA shall have delivered to the Trustee both a Counsel's Opinion that such alternate selection of the 2011 Series A Bonds for redemption will not cause the interest on the Series Bonds to be included in gross income for federal income tax purposes and a Cash Flow Statement.

The 2011 Series A Supplemental Indenture provides that excess Revenues that are not used to pay regularly scheduled principal or interest on the Series Bonds may be transferred, at the direction of NIFA, to the Redemption Fund to be applied to the purchase or redemption of the Series Bonds or, subject to applicable tax laws, to a Recycling Subaccount of the Mortgage Loan Fund to acquire additional Mortgage-Backed Securities.

If any of the Series Bonds are to be redeemed in part as described above from excess Revenues, the aggregate principal amount of such Series Bonds to be redeemed shall be selected and redeemed in Authorized Denominations (a) on a pro rata basis from among all the then Outstanding maturities of the 2011 Series A Bonds such basis to be determined and effectuated as nearly as practicable by multiplying the total amount of money available to redeem the 2011 Series A Bonds by the ratio which the principal amount of 2011 Series A Bonds outstanding in each maturity bears to the aggregate amount of all Outstanding 2011 Series A Bonds (until such 2011 Series A Bonds no longer remain Outstanding and thereafter among the 2009 Subseries A-1 Bonds) or (b) in such manner as shall be determined by NIFA in its sole discretion, provided that NIFA shall have delivered to the Trustee both a Counsel's Opinion that such alternate selection of the Series Bonds for redemption will not cause the interest on the Series Bonds to be included in gross income for federal income tax purposes and a Cash Flow Statement.

Estimated Weighted Average Lives of the 2011 Series A Term Bonds. The weighted average life of a security refers to the average of the length of time that will elapse from the date of issuance of such security to the date each installment of principal is paid to the investor weighted by the amount of such installment. The weighted average lives of the 2011 Series A Term Bonds will be influenced by, among other factors, the rate at which principal payments (including scheduled payments and principal prepayments) are made on the 2011 Series A Mortgage Loans.

Payments of mortgage loans are commonly projected in accordance with a prepayment standard or model. The results of the model used in this Official Statement have been calculated using the SIFMA (formerly the Public Securities Association ("PSA")) prepayment standard or model (the "PSA Prepayment Benchmark") which is based on an assumed rate of prepayment each month of the then unpaid principal balance of the mortgage loans. The PSA Prepayment Benchmark assumes an increasingly larger percentage of the mortgage loans prepaying each month for the first 30 months of the respective lives and then assumes a constant prepayment rate of 6% per annum of the unpaid principal balance for the remaining life of the mortgage loans.

The following table assumes, among other assumptions, that (i) proceeds on deposit in the 2011 Series Mortgage Loan Account are used to acquire Mortgage-Backed Securities on the anticipated dates of purchase; (ii) all of the 2011 Series Mortgage Loans are prepaid at the indicated percentage of the PSA Prepayment Benchmark; (iii) all scheduled principal and interest payments on 2011 Series Mortgage Loans and 2011 Series Prepayments are timely received; (iv) 2011 Series Prepayments will be used to redeem the Series Bonds as described in "THE SERIES BONDS—Redemption Provisions—Redemption From Prepayments and Excess Moneys" above (but not assuming redemptions from excess Revenues except for Scheduled Principal Payments), and NIFA does not direct the Trustee to apply such amounts to other purposes (other than the redemption of Series Bonds) as may be permitted by the 2009 Indenture; and (v) no Series Bonds are redeemed pursuant to the optional redemption provisions of the 2009 Indenture. **The following table also assumes that moneys on deposit in the Redemption Fund related to any other series of Bonds will not be applied to redeem the Series Bonds or finance additional Mortgage Loans or Mortgage-Backed Securities and that moneys on deposit in the 2011 Series Subaccount of the Redemption Fund will not be applied to redeem other Series of Bonds or finance Mortgage Loans or**

Mortgage-Backed Securities related to such other Series. Based on such assumptions, some or all of which are unlikely to reflect actual experience, the following table indicates the projected weighted average lives of the 2011 Series A Term Bonds:

Projected Weighted Average Lives (in years) of 2011 Series A Term Bonds [†]		
Prepayment Speed	2024 Term Bonds	2028 Term Bonds
0%	11.5	14.6
50%	10.2	12.4
100%	9.0	10.5
150%	8.0	9.0
200%	7.1	7.8
300%	5.8	6.1
400%	4.8	4.9
500%	4.1	4.2

The PSA Prepayment Benchmark does not purport to be a prediction of the anticipated rate of Prepayments of the 2011 Series Mortgage Loans, and there is no assurance that the Prepayments of the 2011 Series Mortgage Loans will conform to any of the assumed prepayment rates. See “CASH FLOW ASSUMPTIONS—Redemption and Prepayment Considerations” herein for a discussion of certain factors that may affect the rate of prepayment of the 2011 Series Mortgage Loans. **NIFA makes no representation as to the percentage of the principal balance of the 2011 Series Mortgage Loans that will be paid as of any date or as to the overall rate of prepayment. Neither NIFA nor any other party can guarantee the accuracy or implementation of any assumptions set forth in this section and, it is likely, that some or all of the assumptions may not be reflected in actual experience.**

Optional Redemption. The 2011 Series A Bonds maturing on or after March 1, 2022 are redeemable at the option of NIFA, in whole or in part, on any date on and after September 1, 2021 at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date of redemption, without premium.

The 2009 Subseries A-1 Bonds are redeemable at the option of NIFA, in whole or in part, from any source of funds, on the first Business Day of any month, at a redemption price equal to 100% of the principal amount thereof, without premium, plus accrued interest, if any, to the date of redemption.

In the case of any optional redemption of the Series Bonds, NIFA shall give written notice to the Trustee of its election or direction so to redeem of the redemption date and of the principal amounts of the Series Bonds of each maturity to be redeemed, which maturities and principal amounts thereof to be redeemed shall be determined by NIFA.

Selection of Bonds To Be Redeemed. If any Series Bonds of like maturity are to be redeemed in part, the Series Bonds shall be randomly selected for redemption within a maturity or in such manner as the Trustee in its discretion deems fair. For so long as beneficial ownership interests in the Series Bonds are available only in book-entry form, redemption shall be made in accordance with DTC’s practices. See “THE SERIES BONDS—Book-Entry-Only System” herein.

If any Series Bonds are to be redeemed under any of the redemption provisions described above, Series Bonds may be redeemed only in Authorized Denominations.

Notice of Redemption. Notice of the redemption of the Series Bonds shall specify the Series Bonds or portions thereof to be redeemed and the redemption date and price thereof, and shall be given by mail (and/or other arrangement acceptable to DTC) to DTC at least 30 days but no more than 60 days prior to such redemption date (see “THE SERIES BONDS—Book-Entry-Only System” herein). Failure to give such notice by mail with respect to any Bond shall not be a condition precedent to or affect the validity of any proceeding for the redemption of other Bonds. All Bonds called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time, and will no longer be protected by the 2009 Indenture and will not be deemed to be Outstanding under the provisions of the 2009 Indenture.

[†] The weighted average life of a bond is determined by (i) multiplying the amount of each principal payment by the number of years from the date of issuance of the bond to the related principal payment date, (ii) adding the results and (iii) dividing the sum by the total principal paid on the bond. If a Bondholder owns less than the full principal amount of any 2011 Series A Term Bond, the weighted average life of the principal amount of such Bondholder’s 2011 Series A Term Bond may differ from the respective weighted average lives set forth in this table.

Tenders for Purchase

NIFA may direct its agent to solicit tenders for the purchase of Series Bonds subject to redemption under any of the foregoing provisions. The purchase price of any such Series Bond, if paid from amounts held under the 2009 Indenture, may not exceed the applicable redemption price. Any such purchase must be completed prior to the time notice would be otherwise given to redeem the Series Bonds. The Series Bonds so purchased shall be cancelled and the principal amount so purchased shall be applied as a credit against the applicable principal amount of the Series Bonds to be otherwise redeemed.

SECURITY FOR THE BONDS

This Official Statement is not intended to describe in full the terms of any 2009 Series A Bonds prior to the Release Date and is intended only to provide information with respect to the 2009 Subseries A-1 Bonds after their Release Date. Information with respect to 2009 Series A Bonds prior to a Release Date was provided in offering materials previously distributed in conjunction with the issuance of the 2009 Series A Bonds.

Pledge of the 2009 Indenture

Except as described below, all the Bonds are equally secured under the 2009 Indenture. The Bonds are limited obligations of NIFA, payable solely out of Revenues and other amounts derived from the operation of the Program and pledged therefor pursuant to the 2009 Indenture. The mortgage loans purchased (or financed through the purchase of certain mortgage-backed securities) with proceeds of the Prior Single Family Programs and the funds and accounts which secure the bonds issued thereunder are *not* pledged and are not available to meet any payment requirements of the Bonds. The Bonds are not general obligations of NIFA. NIFA has no taxing power. **THE BONDS DO NOT CONSTITUTE A DEBT, LIABILITY OR GENERAL OBLIGATION OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF OR PLEDGE OF THE FAITH AND CREDIT OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF.**

Pursuant to the 2009 Indenture, NIFA grants, except as described below, to the Trustee a pledge of and security interest in the following as security for the Bonds:

(a) All right, title and interest of NIFA in and to the Series Mortgage Loans and related Series Mortgages and the Series Mortgage-Backed Securities, including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive and receipt for any income, revenues, receipts, issues, profits and insurance proceeds and other sums of money payable or receivable by NIFA under the Series Mortgage Loans and the Series Mortgage-Backed Securities, whether payable pursuant to the Series Mortgage Loans, the Series Mortgage-Backed Securities or otherwise, to bring actions and proceedings under the Series Mortgage Loans and the Series Mortgage-Backed Securities or for the enforcement thereof, and to do any and all things which NIFA is or may become entitled to do under the Series Mortgage Loans and the Series Mortgage-Backed Securities, all, however, subject to any limitations with respect thereto specified in the related Supplemental Indenture; and

(b) All moneys and securities, including Bond proceeds (other than proceeds deposited in trust for the retirement of outstanding Bonds) and Revenues from time to time held by the Trustee under and subject to the terms of the General Indenture or any Supplemental Indenture (except Service Fees, Escrow Payments and Excess Nonmortgage Earnings) and any and all other real or personal property of every name and nature from time to time by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security under the 2009 Indenture by NIFA, or by anyone in its behalf or with its written consent, to the Trustee which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the 2009 Indenture.

Notwithstanding any statement in this Official Statement to the contrary, while the proceeds of any 2009 Series A Bonds are held in the 2009 Series A Escrow Account, all amounts held in such Escrow Account shall secure the 2009 A Bonds which have not been the subject of a Release Date only and shall not secure any other Bonds issued pursuant to the 2009 Indenture.

When certain terms and conditions are fulfilled as provided in the 2009 Indenture, amounts may be released free and clear of the lien of the 2009 Indenture. See “THE 2009 INDENTURE—Revenue Fund,” “—Operating Fund,” “—2011 Series Capitalized Interest Account” and “—Release of Amounts Free of Lien of 2009 Indenture” herein.

Mortgage Loans; Mortgage-Backed Securities

Under the Program, NIFA is permitted to acquire, purchase or finance Mortgage Loans and to enter into commitments to so finance Mortgage Loans made by qualified Participants to Mortgagors for owner-occupied, one- to four-unit residences. Subject to certain limited exceptions, each Mortgage Loan acquired, purchased or financed by NIFA must have been made for the purpose of purchasing or, under certain conditions, improving or rehabilitating the property subject to the related Mortgage, if any. Mortgage Loans may be FHA-insured, VA-guaranteed, USDA/RD-guaranteed, HUD-guaranteed or Conventional Mortgage Loans or insured by Private Mortgage Insurance as specified in the Series Program Determinations (as defined herein) in the corresponding Supplemental Indenture. The Mortgage Loans financed through the issuance of Bonds pursuant to the General Indenture will be secured by a valid first mortgage on a Residence financed by such Mortgage Loan insured or guaranteed as specified in the Series Program Determinations, with terms to maturity of generally 30 years. Each Mortgage Loan shall be made substantially in accordance with the underwriting policies of the Participant and of the Program as determined from time to time. As provided in the Series Program Determinations governing the funds available in the applicable Series Mortgage Loan Account, at the time of acquisition by NIFA (or its Trustee) any Series Mortgage-Backed Securities must have been issued by or guaranteed as to payment of principal and interest by GNMA, Fannie Mae, FHLMC or any other agency or instrumentality of or chartered by the United States which has similar powers.

NIFA has covenanted in the 2009 Series A Supplemental Indenture that amounts related to the 2009 Series A Bonds (including the 2009 Subseries A-1 Bonds), together with other amounts, including the proceeds of any corresponding Market Bonds (such as the 2011 Series A Bonds), deposited as directed by NIFA in a Mortgage Loan Account, will be made available to hold and carry, acquire, purchase and finance GNMA Securities, Fannie Mae Securities and/or FHLMC Securities.

Subject to the provisions of the 2009 Indenture, NIFA has reserved the right to modify the initial Program Determinations to purchase Mortgage Loans and Mortgage-Backed Securities not meeting such initial determinations so long as financing such Mortgage Loans and Mortgage-Backed Securities does not adversely affect the Rating Quality of the Bonds. See “THE PROGRAM—General” herein.

2009 Series A Escrow Account

The General Indenture, as supplemented by the 2009 Series A Supplemental Indenture, established the 2009 Series A Escrow Account with respect to the 2009 Series A Bonds. On the date of delivery of the 2009 Series A Bonds, the proceeds of the 2009 Series A Bonds, less the “Initial Securitization Fee” and certain other fees, together with the Shortfall Amount contributed by NIFA, were deposited in the 2009 Series A Escrow Account. Amounts in such account are retained therein until the requirements of the 2009 Series A Supplemental Indenture with respect to the establishment of one or more Release Dates are satisfied. Upon the satisfaction of such requirements, amounts on deposit in the 2009 Series A Escrow Account shall be transferred to a Mortgage Loan Account or such other account as directed by NIFA. Amounts in the 2009 Series A Escrow Account shall be used to pay interest on 2009 Series A Bonds on a Release Date or upon earlier redemption of the 2009 Series A Bonds which have not been subject to a Release Date.

Amounts on deposit in the 2009 Series A Escrow Account are pledged exclusively to the repayment of the 2009 Series A Bonds which have not been subject to a Release Date. While held in the 2009 Series A Escrow Account, such amounts may only be invested in Permitted Escrow Investments.

Mortgage Loan Account

Pursuant to the 2011 Series A Supplemental Indenture, NIFA established a mortgage loan account (the “2011 Series Mortgage Loan Account”) which is a Series Mortgage Loan Account pursuant to the 2009 Indenture.

2011 Series Capitalized Interest Account

The 2011 Series A Supplemental Indenture establishes a 2011 Series Capitalized Interest Account. See “THE 2009 INDENTURE—2011 Series Capitalized Interest Account” herein. Upon the issuance of the 2011 Series A Bonds and the conversion of the 2009 Subseries A-1 Bonds, an amount equal to \$200,000 will be deposited into the 2011 Series Capitalized Interest Account.

Funds in the 2011 Series Capitalized Interest Account may be used to remedy deficiencies in the Debt Service Fund by paying when due the interest on the Bonds and in the Revenue Fund by making the required deposits into the Operating Fund. See “THE 2009 INDENTURE—2011 Series Capitalized Interest Account.”

Cash Flow Statements

NIFA shall file with the Trustee a current Cash Flow Statement (a) prior to or concurrent with the issuance or remarketing (i.e., in connection with an adjustment of the interest rate thereon) of any Series of Bonds; (b) on any March 1, if a Cash Flow Statement has not been filed within the prior year or such longer period as NIFA shall adopt, provided that the adoption of such period shall not, in and of itself, adversely affect the Rating Quality on the Bonds; (c) upon purchase or redemption of Bonds in a manner other than as contemplated in the most recent Cash Flow Statement filed by NIFA with the Trustee; (d) prior to withdrawing any amounts from the Revenue Fund as described in paragraph *Third* of the description of the Revenue Fund under the heading “THE 2009 INDENTURE—Revenue Fund;” (e) prior to transferring amounts to the Mortgage Loan Fund from the Revenue Fund to finance Mortgage Loans or Mortgage-Backed Securities in excess of the amounts contemplated in the most recent Cash Flow Statement to be so transferred, or prior to applying amounts previously transferred to the Mortgage Loan Fund to finance, purchase or acquire Mortgage Loans or Mortgage-Backed Securities on terms materially different from those assumed in the most recent Cash Flow Statement; (f) prior to releasing, from the lien of the 2009 Indenture, Mortgage Loans or Mortgage-Backed Securities credited to the Mortgage Loan Fund or upon a disposition of Mortgage Loans or Mortgage-Backed Securities except as otherwise permitted in the 2009 Indenture; (g) in order to extend the period specified for a Delivery Period as set forth in a Supplemental Indenture, which Cash Flow Statement shall provide evidence for the affected Series of Bonds for which an extension is desired on a stand-alone basis; and (h) at any time at the option of NIFA. In lieu of filing a Cash Flow Statement, a Cash Flow Certificate certifying that the action to be taken is consistent with the assumptions as set forth in the latest filed Cash Flow Statement may be filed in order to take the actions described in clauses (d) and (f).

A Cash Flow Statement shall consist of a statement of an Authorized Officer of NIFA giving effect to the action proposed to be taken and demonstrating in the current and each succeeding Bond Year in which Bonds are scheduled to be Outstanding that amounts then expected to be on deposit in the Funds and Accounts maintained under the 2009 Indenture in each such Bond Year will be at least equal to all amounts required by the 2009 Indenture to be on deposit in such Funds and Accounts for the payment of the principal and Redemption Price of and interest on the Bonds, for the payment of any Operating Fees and for the funding of the Debt Service Reserve Fund to its requirement, *except* that (i) to the extent specified in a Supplemental Indenture, a Fund or Account established in said Supplemental Indenture shall not be taken into account when preparing such Cash Flow Statement; (ii) earnings on and deposits in the Mortgage Reserve Fund shall not be taken into account; and (iii) amounts credited to the Collateral Fund shall not be taken into account unless directed by NIFA and upon the written consent of the Rating Agency. The Cash Flow Statement shall set forth the assumptions upon which the estimates therein are based, which assumptions shall be based upon NIFA’s reasonable expectations at the time such Cash Flow Statement is filed and which Cash Flow Statement shall contain similar assumptions and cash flow assumptions as required by the Rating Agency (unless otherwise waived by the Rating Agency) in the most recent Cash Flow Statement filed by NIFA with the Trustee, together with any additional cash flow assumptions required by the Rating Agency. Upon filing a Cash Flow Statement with the Trustee, NIFA shall thereafter administer the Program and perform its obligations under the 2009 Indenture in accordance, in all material respects, with the assumptions set forth in such Cash Flow Statement. Except with respect to actions being taken contemporaneously with the delivery of a Cash Flow Statement, facts reflected in a Cash Flow Statement may be as of a date or reasonably adjusted to a date not more than 180 days prior to the date of delivery of such statement.

If any Cash Flow Statement shall show a deficiency in any Fiscal Year in the amount of moneys expected to be available for the purposes described in the 2009 Indenture during such Fiscal Year, NIFA shall not be in default under the 2009 Indenture but shall take all reasonable actions consistent with the 2009 Indenture to eliminate such deficiency. NIFA shall be precluded from taking the actions described or referenced in clauses (a), (c), (d), (e) and (f) above if the Cash Flow Statement on file with the Trustee shall show that the taking of such action would cause a deficiency to occur or would increase any existing deficiency.

Except as necessary to dispose of defaulted Mortgage Loans or to comply with tax covenants or Program requirements, if the Cash Flow Statement delivered in connection with any redemption of Bonds or sale of Mortgage Loans or Mortgage-Backed Securities at a price below par does not project Revenues sufficient to pay Expenses and debt service on the Bonds when due in each Bond Year, an Authorized Officer must certify to the Trustee that the projected deficiency in each Bond Year is less than it would have been if all or a portion of the amounts transferred or used had been applied to the purchase of Mortgage Loans or Mortgage-Backed Securities or invested in Permitted Investments on terms then available.

Additional Bonds

The General Indenture provides that NIFA may issue obligations and create additional indebtedness secured by an equal charge or lien on the Funds and Accounts, Mortgage Loans, Mortgage-Backed Securities and other pledged property and which will be payable from any of the foregoing pursuant to the conditions set forth in the General Indenture. Any Bonds so issued (including the 2011 Series A Bonds) may be issued only upon compliance with the conditions set forth in the General Indenture. Any additional bonds issued under the General Indenture will be on a parity with the outstanding Bonds issued under the General Indenture and, except as expressly described in the 2009 Indenture, will be entitled to the equal benefit, protection

and security of the provisions, covenants and agreements of the General Indenture. See “THE 2009 INDENTURE—Provisions for Issuance of Bonds.” NIFA may, however, issue evidences of indebtedness (a) secured by a pledge of Revenues that may be released from the lien of the 2009 Indenture or (b) not issued under the 2009 Indenture.

Notwithstanding any statement in this Official Statement to the contrary, while the proceeds of any 2009 Series A Bonds are held in the 2009 Series A Escrow Account, all amounts held in such Escrow Account shall secure the 2009 Series A Bonds which are not the subject of a Release Date only and shall not secure any other Bonds issued pursuant to the 2009 Indenture.

Proposed Open Market Purchase of Bonds

NIFA may purchase, from time to time, for cancellation its Bonds offered in the open market at prices deemed favorable by NIFA, as permitted by the 2009 Indenture.

CASH FLOW ASSUMPTIONS AND BONDHOLDER CONSIDERATIONS

General

The ability of NIFA to pay the principal of and the interest on the Bonds depends upon the receipt of sufficient payments of principal and interest on the Series Mortgage Loans and the Series Mortgage-Backed Securities financed or purchased with the proceeds of the Bonds, the investment or reinvestment of moneys held pursuant to the 2009 Indenture and other amounts available pursuant to the 2009 Indenture. While no assurance can be given that actual events will correspond to the assumptions described herein, it is anticipated, based upon the following assumptions and the availability of amounts expected to be available pursuant to the 2009 Indenture, among others, that such sources will be sufficient to pay on a timely basis the principal and interest on the Bonds, as well as any Program fees and expenses:

(a) The Master Servicer shall receive a monthly Service Fee (to be deducted from payments on the Mortgage Loans) equal to one-twelfth of not more than .50% of the principal amount of Series Mortgage Loans supporting and represented by Series Mortgage-Backed Securities.

(b) Proceeds of the 2011 Series A Bonds and 2009 Subseries A-1 Bonds will be used by the Trustee to purchase approximately \$101,566,000 in principal amount of GNMA Securities at a purchase price equal to 99.64% of the principal amount thereof and approximately \$8,752,000 in principal amount of Fannie Mae Securities at a purchase price equal to 100.55% of the principal amount thereof. See “THE 2009 INDENTURE—Mortgage Loan Fund” herein.

(c) With respect to the 2011 Series A Bonds and the 2009 Subseries A-1 Bonds, an Operating Fee to NIFA (including Trustee and any paying agent fees and certain other amounts described below) shall not exceed (on a semiannual basis) the sum of:

(i) $\frac{1}{2}$ (or such fraction as applicable to the initial amount prorated for the period ending March 1, 2012) of .10% of the outstanding principal amount of 2011 Series Mortgage-Backed Securities acquired, purchased or financed by NIFA; and

(ii) $\frac{1}{2}$ (or such fraction as applicable to the initial amount prorated for the period ending March 1, 2012) of .04% of the outstanding aggregate principal amount of the 2011 Series A Bonds and the 2009 Subseries A-1 Bonds.

(d) The 2011 Series Mortgage-Backed Securities acquired, purchased and financed with the proceeds made available by the issuance of each Series of Bonds and with funds available in any Recycling Subaccount will satisfy the corresponding Series Program Determinations (see “THE PROGRAM—General” herein), provided that NIFA has reserved the right to modify such Series Program Determinations to the extent such modifications do not adversely affect the Rating Quality of the Bonds.

(e) The amounts held in the Funds and Accounts with respect to the Bonds are assumed to be invested in Permitted Investments. See “Investment of Funds” below.

(f) 2011 Series Prepayments shall be applied, as set forth in the 2009 Indenture, to the redemption of the 2011 Series A Bonds and the 2009 Subseries A-1 Bonds as described under the caption “THE SERIES BONDS—Redemption Provisions” above.

(g) In connection with the issuance of the 2011 Series A Bonds and Conversion of the 2009 Subseries A-1 Bonds, NIFA expects to purchase approximately \$110,318,000 of Mortgage-Backed Securities (92% GNMA and 8.0% FNMA). NIFA can provide no assurance that the amount nor the actual composition of Mortgage-Backed Securities acquired with proceeds of the Series Bonds will conform to any or all of the assumptions set forth herein.

Special Considerations Relative to the Origination and Prepayment of Mortgage Loans

The dollar amount that FHA, VA and USDA/RD can insure or guarantee in any federal fiscal year is limited by statute and administrative procedures. If an appropriation act is not passed in any federal fiscal year or if FHA, VA or USDA/RD reach the limits of their authority, or change their respective programs, the Participants might not be able to originate Mortgage Loans in the anticipated principal amount or with funds available in any Recycling Subaccount. Through legislative action by the United States Congress, changes in regulations by HUD or executive action, the fees and standards for participation in FHA insurance programs may change. Pursuant to legislative or executive action, current federal housing programs, including home mortgage insurance and/or guarantees, may be substantially modified or eliminated. If such changes occur during the period during which amounts remain on deposit in the 2011 Series Mortgage Loan Account, the ability of NIFA to apply amounts on deposit in the 2011 Series Mortgage Loan Account (or with respect to amounts in any Series Recycling Subaccount) to the purchase of Mortgage-Backed Securities meeting the Program Determinations may be affected. However, pursuant to NIFA's ongoing Program, Mortgage Loans have been originated and Mortgage-Backed Securities purchased by NIFA in anticipation of issuing the 2011 Series A Bonds and converting the 2009 Subseries A-1 Bonds and the principal amount of such Mortgage Loans and Mortgage-Backed Securities are available at NIFA's direction to be financed with amounts to be deposited in the 2011 Series Mortgage Loan Account. See Appendix D—"SUMMARY OF THE SINGLE FAMILY PROGRAM."

It is not possible to predict the effect of legislative, regulatory or executive action, if any, on the ability of NIFA to purchase Mortgage Loans or Mortgage-Backed Securities or to predict the determinations to be made by NIFA, in its discretion (consistent with maintaining the Rating Quality of the Bonds), with respect to purchasing Mortgage Loans and Mortgage-Backed Securities.

To facilitate the operation of the Program, NIFA has used certain of its general operating funds to purchase Mortgage-Backed Securities in anticipation of the issuance of bonds. In addition, NIFA entered into an agreement (the "Warehouse Agreement") with the Federal Home Loan Bank of Topeka (the "Topeka FHLB") pursuant to which NIFA has previously borrowed funds from the Topeka FHLB in order to finance Mortgage-Backed Securities in anticipation of the issuance of bonds pursuant to one or more of its indentures. As of October 31, 2011, NIFA has financed, with its general operating funds, approximately \$65.4 million of Mortgage Loans represented by Mortgage-Backed Securities available to be purchased with proceeds of bonds to be issued by NIFA. NIFA expects that amounts initially deposited in the 2011 Series Mortgage Loan Account will be used to acquire \$110,318,000 of Mortgage-Backed Securities (\$101,566,000 GNMA Mortgage-Backed Securities and \$8,752,000 Fannie Mae Securities). NIFA has amounts available from the issuance of Other Bonds for the purchase of Mortgage Loans and Mortgage-Backed Securities. NIFA is not obligated to use the proceeds of the Bonds or Other Bonds in any particular order and, depending upon the respective Mortgage Loan interest rates, NIFA may elect, from time to time, to use proceeds of particular Series of Bonds or Other Bonds to the exclusion of other Series of Bonds and Other Bonds. Failure to originate Mortgage Loans in amounts contemplated in connection with the issuance of each Series of Bonds and Other Bonds may result in redemption of such Series of Bonds and Other Bonds, in whole or in part.

2011 Series Prepayments and excess Revenues will be applied, except as otherwise provided in the 2011 Series A Supplemental Indenture, to the payment or redemption of the 2011 Series A Bonds and the 2009 Subseries A-1 Bonds as described under "THE SERIES BONDS—Redemption Provisions—Redemption From Prepayments and Excess Moneys". It is expected that some portion of the 2011 Series A Bonds and the 2009 Subseries A-1 Bonds will be redeemed prior to their respective Stated Maturities.

It is anticipated that a portion of the Mortgage Loans will be partially or completely prepaid or terminated prior to their respective final maturities as a result of events such as sale of the Residence, default, condemnation or casualty loss or noncompliance with the Program. Because of the inherent uncertainty of historical basis with respect to prepayments of Mortgage Loans of a type similar to the Mortgage Loans described herein and the requirements under both the Act and the Code that, in the event of an assignment, the Mortgage Loan is to be accelerated when an assignee does not qualify under their respective provisions, there is no reliable basis for predicting the actual average life of the Mortgage Loans. Prepayment of a number of Mortgage Loans, however, is anticipated.

Subject to the limitations in the 2011 Series A Supplemental Indenture, NIFA may elect to transfer 2011 Series Prepayments to a Series Recycling Subaccount to purchase, finance or acquire additional Mortgage Loans or Mortgage-Backed Securities, so long as purchasing, financing or acquiring such additional Mortgage Loans or Mortgage-Backed Securities does not adversely affect the Rating Quality of the Bonds and NIFA files a Cash Flow Certificate and a Cash Flow Statement evidencing

that sufficient amounts will be available to pay the debt service on the Bonds when due or upon earlier redemption. To the extent possible and economically feasible, and to the extent permitted by applicable tax laws, NIFA may also direct that certain excess Revenues relating to the Series Bonds be transferred to a Series Recycling Subaccount to purchase, finance or acquire Mortgage Loans or Mortgage-Backed Securities (or participation interests therein) in accordance with Series Program Determinations to be established at the time so long as purchasing, financing or acquiring such additional Mortgage Loans or Mortgage-Backed Securities does not adversely affect the Rating Quality of the Bonds. NIFA may be unable to, or may determine not to, recycle such amounts to purchase, finance or acquire Mortgage-Backed Securities or Mortgage Loans; in such event such Prepayments and excess Revenues will be used to pay the principal due on the Series Bonds or to redeem Bonds. See “Redemption and Prepayment Considerations” herein.

Each Participant’s competition in making real estate loans in Nebraska normally comes primarily from other savings banks, commercial banks and other mortgage bankers in the area. One of the principal factors in competing for real estate loans is the interest rate charged. Prevailing interest rates for conventional mortgages in Nebraska could decrease. NIFA currently anticipates purchasing, at the time of the issuance of the 2011 Series A Bonds and the conversion of the 2009 Subseries A-1 Bonds, at least \$54,000,000 of Mortgage-Backed Securities with proceeds to be deposited in the 2011 Series Mortgage Loan Account

The General Indenture provides that prepayments on the underlying mortgage-backed securities may be used to finance additional mortgage loans. NIFA may (and currently intends to if permitted by law) issue additional bonds (which may or may not be issued pursuant to the 2009 Indenture), which may provide mortgages at interest rates below the rates provided for Mortgage Loans to be financed with proceeds made available upon the issuance of the 2011 Series A Bonds and conversion of the 2009 Subseries A-1 Bonds. Any Series Bond proceeds and other funds initially deposited in the Series Mortgage Loan Account which are not used to purchase Series Mortgage-Backed Securities are required to be used to redeem an appropriate portion of the Series Bonds. See “THE SERIES BONDS—Redemption Provisions.”

In addition, NIFA may, at some future date and to the extent provided by law, provide funds through other programs for the refinancing of Mortgage Loans purchased, acquired or financed with proceeds of the Bonds. If Mortgage Loans are so refinanced and paid in full, such payments would be treated as Prepayments on the Mortgage Loans, resulting in an early redemption of the Bonds. See “THE SERIES BONDS—Redemption Provisions.”

Redemption and Prepayment Considerations

PREPAYMENTS MADE WITH RESPECT TO MORTGAGE LOANS AND MORTGAGE LOANS SUPPORTING OR REPRESENTED BY MORTGAGE-BACKED SECURITIES WHICH ARE NOT APPLIED TO PURCHASE ADDITIONAL MORTGAGE LOANS AND/OR MORTGAGE-BACKED SECURITIES, TOGETHER WITH CERTAIN OTHER EXCESS REVENUES AND OTHER AMOUNTS THAT ARE AVAILABLE UNDER THE 2009 INDENTURE, WILL RESULT IN THE REDEMPTION OF SOME PORTION OF THE 2011 SERIES A BONDS AND THE 2009 SUBSERIES A-1 BONDS AT PAR EARLIER THAN THEIR STATED MATURITIES.

Under the terms of the 2009 Indenture, and if so permitted by the respective supplemental indentures, NIFA may designate Revenues, including certain Prepayments, excess moneys and earnings on the Debt Service Reserve Fund, the Mortgage Reserve Fund and the Revenue Fund, for transfer to the Revenue Fund and thereafter the Recycling Subaccount of the Mortgage Loan Fund to purchase, finance or acquire additional Mortgage Loans and/or Mortgage-Backed Securities or to the Redemption Fund for application to the redemption of Bonds. The excess moneys will include earnings and excess moneys on all of the Funds and Accounts under the 2009 Indenture related to any Series of Bonds (other than the Collateral Fund, except as otherwise provided in a Supplemental Indenture), including moneys transferred from the Debt Service Reserve Fund and the Mortgage Reserve Fund which are in excess of the Debt Service Reserve Requirement and the Mortgage Reserve Fund Requirement, respectively.

Subject to the limitations contained in the 2011 Series A Supplemental Indenture, and subject to the election described above with respect to the transfer of amounts to any Recycling Subaccount of the Mortgage Loan Fund, 2011 Series Prepayments are to be applied to redeem 2011 Series A Bonds and 2009 Subseries A-1 Bonds pursuant to the redemption provisions of the 2011 Series A Supplemental Indenture. As a result, the 2011 Series A Bonds and 2009 Subseries A-1 Bonds may be redeemed at an accelerated, or slower, rate which cannot be predicted. See “THE SERIES BONDS—Redemption Provisions—Redemption From Prepayments and Excess Moneys” herein.

The so-called “10-Year Rule” (Section 143(a)(2)(A)(iv) of the Internal Revenue Code of 1986, as amended (the “Code”)) generally provides that repayments of principal on Mortgage Loans must be used to redeem the Series of Bonds that financed such Mortgage Loans to the extent such repayments are received more than 10 years after such Series (or, with respect to refunding bonds, the original bond) was issued as a tax-exempt bond. Such repayments, when received, are considered “restricted principal receipts.”

The future prepayment behavior of the Mortgage Loans will be influenced by a variety of economic, geographic, demographic, social and other factors, including the level of prevailing mortgage interest rates and the rate at which homeowners sell their homes or default on their Mortgage Loans. In general, if prevailing interest rates are below the interest rate on the Mortgage Loans, the Mortgage Loans are likely to be subject to higher prepayment rates than if prevailing rates are at or above the interest rates on such Mortgage Loans. Conversely, if interest rates rise, the rate of prepayment would be expected to decrease. In addition, the borrower of a Mortgage Loan financed after December 31, 1990 must pay to the United States a portion of the gain upon the disposition of a residence financed if such disposition occurs within nine years from the date of purchase as a recapture of a portion of the borrower's benefit from tax-exempt financing. Although NIFA has agreed to reimburse borrowers of certain Mortgage Loans originated after June 1, 2004 for the amount of recapture tax paid by such borrower, it is not possible to predict the effect of such recapture provision upon the origination of Mortgage Loans or the prepayment characteristics of such Mortgage Loans. See "THE PROGRAM—Origination of the Mortgage Loans" below. Such recapture provisions may also affect the timing for prepayment of Mortgage Loans. Other factors affecting prepayment of Mortgage Loans include changes in the mortgagors' housing needs, job transfers, unemployment and mortgagors' net equity in the mortgaged properties. In addition, as homeowners move or default on their Mortgage Loans, the houses are generally sold and the Mortgage Loans prepaid.

The rate of prepayment on the Mortgage Loans also may be affected by whether, upon a sale of the mortgaged property, the purchaser may assume the Mortgage Loan. Subject to satisfaction of certain terms specified in the origination agreements specified by NIFA with respect to the origination of Mortgage Loans (collectively, the "Origination Agreement"), between each Participant and the Master Servicer, the Mortgage Loans are assumable. Assumption of Mortgage Loans, rather than payoff upon a sale or transfer of the related mortgaged property, will reduce the level of prepayments. There is no way to determine the effect that such assumptions or nonassumptions of Mortgage Loans will have on principal payments on the Bonds. See "THE PROGRAM—Qualification of Mortgagors and Mortgage Loans" herein.

No representation is made as to the anticipated origination of Mortgage Loans to be financed with funds held in the 2011 Series Mortgage Loan Account, the anticipated yield to redemption, the length of time any of the 2011 Series A Bonds or the 2009 Subseries A-1 Bonds remain outstanding or the rate of prepayment on the Mortgage Loans. Investors seeking to maximize yield are urged to make an investment decision with respect to the 2011 Series A Bonds based upon the investor's desired yield to redemption or maturity, the anticipated yield to redemption or maturity of the 2011 Series A Bonds resulting from the price of the 2011 Series A Bonds and the investor's own determination as to the origination period for 2011 Series Mortgage Loans and anticipated 2011 Series Prepayments with respect to the Series Mortgage-Backed Securities financed with funds held in the 2011 Series Mortgage Loan Account.

Market Disruptions and Government Actions

The federal Housing and Economic Recovery Act of 2008 ("HERA") established the Federal Housing Finance Agency ("FHFA"), an independent agency of the federal government, as the new supervisory and general regulatory authority for Fannie Mae and Freddie Mac. Fannie Mae and Freddie Mac are subject to the supervision and regulation of the FHFA to the extent provided in the HERA, and the Director of the FHFA has general regulatory authority over Fannie Mae and Freddie Mac to ensure that the purposes of the HERA, the authorizing statutes and any other applicable law are carried out. On September 7, 2008, the Treasury released a statement (the "Statement") by the Secretary of the Treasury on "Treasury and Federal Housing Finance Agency Action to Protect Financial Markets and Taxpayers." Pursuant to the Statement, Fannie Mae and Freddie Mac were placed into conservatorship by the FHFA and certain other actions taken by the Treasury and FHFA. NIFA cannot predict the long-term consequences of the conservatorship of these entities and the corresponding impact on the participants and the Program.

On March 4, 2009, the U.S. Department of the Treasury announced guidelines to enable servicers of residential mortgage loans to begin modifications of eligible mortgage loans under the Homeowner Affordability and Stability Plan (the "Plan"). No assurance can be given whether or not modification of the Mortgage Loans pursuant to such guidelines will occur.

Other Considerations

No assurance can be given that a change in the existing GNMA, Fannie Mae or FHLMC programs will not occur such that GNMA Securities, Fannie Mae Securities or FHLMC Securities may not be available for purchase by the Trustee, in which event the 2011 Series A Bonds and the 2009 Subseries A-1 Bonds may be redeemed as described under "THE SERIES BONDS—Redemption Provisions."

Future increases in FHA insurance premiums may require home buyers to pay more of their closing costs in cash, rather than financing them in the mortgage, and may have the effect of reducing the demand for Mortgage Loans insured by FHA.

Ratings Downgrade

If the rating assigned to the 2011 Series Mortgage-Backed Securities is reduced, the rating on the Bonds may be reduced. Further, if the sovereign credit rating of the U.S. Treasury were reduced, the rating on the Series Bonds may be reduced. Any reduction of the ratings in effect for the Bonds will adversely affect the market price of the Series Bonds. See “RATING OF THE SERIES BONDS” herein.

Residential Mortgage Market May Adversely Affect Yield on the Series Bonds

The residential mortgage market in the United States has experienced a variety of difficulties and changed economic conditions that may affect the market value of the Series Bonds. In response to increased delinquencies and losses with respect to residential mortgage loans, the federal government, state governments, consumer advocacy groups and others have urged aggressive action to modify mortgage loans to avoid foreclosures and, in response, certain mortgage servicers have established foreclosure avoidance programs for borrowers. In addition, numerous laws, regulations and rules relating to mortgage loans generally, and foreclosure actions particularly, have been enacted by federal, state and local governmental authorities, and it is likely that additional laws, regulations and rules will be proposed. These laws, regulations and rules may result in delays in the foreclosure process, reduced payments by borrowers, modification of the original terms of the mortgage loans (including the 2011 Series Mortgage Loans), including permanent forgiveness of debt, increased prepayments due to the availability of government-sponsored refinancing initiatives and/or increased reimbursable mortgage servicing expenses.

Any modification of a 2011 Series Mortgage Loan by the Master Servicer will result in the removal of such 2011 Series Mortgage Loan from the pool of 2011 Series Mortgage Loans backing the related 2011 Series Mortgage-Backed Security. In such event, the principal balance of the 2011 Series Mortgage Loan will be received as a Prepayment on the related 2011 Series Mortgage-Backed Security and will affect timing of distributions of principal on the 2011 Series Mortgage-Backed Securities and may result in the redemption of the Series Bonds. Bondholders will bear the risk that modifications of the 2011 Series Mortgage Loans may reduce the yield on their Series Bonds.

Prepayment Considerations

The Series Bonds will be sensitive to the rate and timing of principal payments on the 2011 Series Mortgage Loans. As a result, the weighted average life and reinvestment opportunities of the Series Bonds may vary substantially over the life of such Series Bonds.

Investment of Funds

Moneys, if any, deposited in the 2011 Series Mortgage Loan Account, the 2011 Series Capitalized Interest Account, the Series Debt Service Fund Account, any Series Recycling Subaccount of the Series Mortgage Loan Account, the Series Revenue Fund Account, the Series Redemption Fund Account, the Series Rebate Fund Account and the Collateral Fund will be invested in Permitted Investments.

Certain investment agreements and, where consistent with the Rating Quality of the Bonds, guarantees may be delivered, from time to time, in connection with each Series of Bonds, including the 2011 Series A Bonds and the 2009 Subseries A-1 Bonds, issued pursuant to the 2009 Indenture. The investment agreements, and any related guarantees, entered into in connection with the Bonds are herein collectively referred to as the “Investment Agreements.” In each case, the Investment Agreements, and any related guarantees, when entered into, must be consistent with, and permit a continuation of, the Rating Quality of the Bonds.

The failure to receive timely payment on any Permitted Investment, including any Investment Agreement, could adversely affect NIFA’s ability to pay principal of and interest on the Bonds. If the rating issued by S&P with respect to any provider of an investment agreement falls below certain rating levels established by S&P with respect to such entity’s long-term and/or short-term debt rating, as applicable, the rating on the Bonds may be adversely affected. NIFA is under no obligation with respect to assuring the continued maintenance by any provider of an investment agreement of a particular rating from S&P, nor to find a substitute investment agreement in the event of a lowering of a provider’s rating.

THE PROGRAM

General

Pursuant to the Program, NIFA is permitted to purchase Mortgage Loans and Mortgage-Backed Securities backed by Mortgage Loans and to enter into commitments to so finance Mortgage Loans made by qualified Participants to Mortgagors for

owner-occupied, one- to four-unit residences (including the improvement or rehabilitation thereof). Subject to certain limited exceptions, each Mortgage Loan financed by NIFA must have been made for the purpose of purchasing or, under certain conditions, improving or rehabilitating the property subject to the related Mortgage, if any. The Program is one of a series of mortgage purchase/mortgage-backed securities purchase programs initiated by NIFA and its predecessor to provide below-market interest rate loans to low- and moderate-income home buyers under which NIFA and its predecessor issued bonds under separate resolutions or indentures to provide funds to purchase or finance program loans from approved lenders in accordance with the provisions of the Act. NIFA has established rules relating to such programs which state general requirements and policies with respect to qualifications of approved lenders, approved servicers, eligible borrowers, program loans and the dwellings which are mortgaged to secure program loans.

Pursuant to the Program, NIFA purchases Mortgage Loans and Mortgage-Backed Securities from the Master Servicer on a continuous basis. To provide funds for such purchases, NIFA previously issued its bonds in amounts sufficient for such purposes. However, because of disruptions in the financial markets, including the municipal bond market, and general disruptions with the United States economy, NIFA has issued bonds on a less-frequent basis. As of October 31, 2011, NIFA had purchased Mortgage-Backed Securities in an approximate aggregate principal amount of \$65.4 million using its general operating funds, the Master Servicer had purchased Mortgage Loans from participating lenders in the aggregate amount of \$11.5 million, and NIFA had received reservations from participating lenders for the financing of \$44.1 million in aggregate amount of Mortgage Loans, for an aggregate amount of Mortgage Loans securitized, closed or reserved of \$121.0 million. Additionally, NIFA has entered into the Warehouse Agreement with the Topeka FHLB to assist with the financing of Mortgage-Backed Securities prior to permanently financing all or some of such Mortgage-Backed Securities with the proceeds of the Series Bonds or Other Bonds. As additional Mortgage Loan reservations are received and such Mortgage Loans are closed and purchased by the Master Servicer, such Bond proceeds, including the proceeds of the 2011 Series A Bonds, when issued, and the 2009 Subseries A-1 Bonds, when converted, are expected to be used to purchase Mortgage-Backed Securities that are represented or backed by pools of such Mortgage Loans.

With respect to Mortgage Loans and Mortgage-Backed Securities to be purchased, acquired or financed with proceeds of the Series Bonds, NIFA has previously entered, or will, with respect to additional Participants, enter into agreements with the Participants providing for a loan-by-loan reservation system for the allocation of such proceeds to purchase, acquire and finance Mortgage Loans. The current Origination Agreement provides for the origination by the Participants of Mortgage Loans which are FHA-insured, VA-guaranteed or USDA/RD-guaranteed and, under certain specified conditions, Conventional Mortgage Loans.

Depending on the Series Program Determinations governing the funds available in the applicable Series Mortgage Loan Account, the Mortgage Loans will be secured by a valid first mortgage on a Residence financed by such Mortgage Loan, may or may not be guaranteed or insured and may include Mortgage Loans with varying terms to maturity of less than 30 years and Mortgage Loans that are non-interest-bearing. The specific requirements for the Mortgage Loans and the rate or rates of interest thereon (including Mortgage Loans at interest rates as low as .50% per annum) shall be as specified by NIFA from time to time. Any modifications of the specific Series Program Determinations made by NIFA from time to time shall not adversely affect the Rating Quality of the Bonds.

The Program Determinations in connection with Mortgage Loans to be financed with proceeds of the 2011 Series A Bonds and the 2009 Subseries A-1 Bonds, at least initially, include the following:

- (a) Each Mortgage Loan represented by or supporting Series Mortgage-Backed Securities shall be secured by a first lien deed of trust interest;
- (b) Each Mortgage Loan represented by or supporting Series Mortgage-Backed Securities shall have approximately equal monthly payments and a fixed rate of interest at the applicable Mortgage Rate per annum as specified by NIFA. The rates of interest on such Mortgage Loans established by NIFA from time to time shall be on the basis of the Cash Flow Certificate and the Cash Flow Statement prepared in connection with establishing such Mortgage Rate and meeting any additional terms and criteria as may be established by NIFA from time to time which do not adversely affect the Rating Quality of the Bonds;
- (c) The maximum term to maturity for each Mortgage Loan represented by or supporting Series Mortgage-Backed Securities (and any Series Mortgage Loans) shall be 30 years (or such other term established by NIFA in a Certificate of an Authorized Officer which does not adversely affect the Rating Quality of the Bonds);
- (d) Mortgage Loans represented by or supporting Series GNMA Securities are expected to be FHA-insured, VA-guaranteed or USDA/RD-guaranteed, and Mortgage Loans represented by or supporting Series Fannie Mae Securities or Series FHLMC Securities are expected to be Conventional Mortgage Loans;

(e) Series Mortgage-Backed Securities shall be purchased by the Trustee at the purchase prices established in the 2011 Series A Supplemental Indenture (or at such other purchase prices established by NIFA which do not adversely affect the Rating Quality of the Bonds (each, a "Purchase Price")) from amounts available in the 2011 Series Mortgage Loan Account;

(f) Amounts available in the 2011 Series Mortgage Loan Account that are applied to the acquisition of Mortgage-Backed Securities are expected to be used to finance Mortgage Loans which are FHA-insured, VA-guaranteed or USDA/RD-guaranteed, Conventional Mortgage Loans and Mortgage Loans relating to condominiums or two- to four-unit Residences;

(g) 2011 Series Prepayments and certain excess Revenues shall be applied to redeem the 2011 Series A Bonds and 2009 Subseries A-1 Bonds as set forth in the 2011 Series A Supplemental Indenture; provided, however, that if NIFA files a Cash Flow Certificate and a Cash Flow Statement evidencing that sufficient amounts will be available to pay the debt service on the Series Bonds when due or upon earlier redemption, 2011 Series A Prepayments and excess Revenues not required to be used to pay or redeem Series Bonds may be applied to the purchase, acquisition or financing of Mortgage Loans and/or Mortgage-Backed Securities.

The Program Determinations govern only the 2011 Series Mortgage Loans and 2011 Series Mortgage-Backed Securities to be purchased, acquired or financed with funds on deposit in the 2011 Series Mortgage Loan Account and any funds in any Series Recycling Subaccount.

NIFA has reserved the right in the 2011 Series A Supplemental Indenture to modify the Program Determinations in order to apply funds in the 2011 Series Mortgage Loan Account (including any Series Recycling Subaccount) to purchase, to the extent permitted by applicable tax laws, Mortgage Loans and Mortgage-Backed Securities (including Mortgage Loans and Mortgage-Backed Securities which do not meet the initial Program Determinations) from amounts available in any Series Recycling Subaccount so long as financing such Mortgage Loans and Mortgage-Backed Securities does not adversely affect the Rating Quality of the Bonds.

Qualification of Participants; Reservations

To qualify as a Participant under the Program, a lending institution must be (a) a home mortgage lending institution or entity (i) which is a duly organized, validly existing bank, trust company, savings bank, industrial bank, national banking association, savings and loan association, building and loan association, mortgage bank or other financial institution or governmental agency which customarily provides service or otherwise aids in the financing of mortgages on single-family residential housing located in the State or any holding company for any of the foregoing, (ii) which has total capital, surplus and retained earnings in excess of the greater of (A) \$250,000 or (B) 2% of its assets, or, in the event a Participant does not meet (A) or (B) above, a Participant shall deliver to the Master Servicer a letter of credit acceptable to the Master Servicer and NIFA, (iii) which is authorized to do business in the State, (iv) which has a maximum delinquency rate (two or more monthly payments) of 4% on single-family first mortgage loans serviced over the past 12 months, (v) which has a maximum foreclosure rate of 2% on single-family first mortgage loans serviced over the past 12 months, (vi) which can make the representations, warranties and covenants set forth in the Origination Agreement and (vii) which has agreed to originate Mortgage Loans pursuant to the Origination Agreement and the related Offer to Originate and Sell; or (b) with respect to a Participant which will originate and sell only USDA/RD (successor to FmHA)-guaranteed Mortgage Loans, a home mortgage lending institution or entity which is acceptable to NIFA and the Master Servicer and which meets the criteria set forth in (a)(i), (vi) and (vii) above.

Participants request reservations from NIFA on a loan-by-loan basis pursuant to a reservation procedure established by NIFA pursuant to certain Offers to Originate and Sell Single Family Mortgage Loans (the "Offers") with NIFA. In connection with each issue of Bonds under the Program, NIFA is required to reserve certain funds for certain lower-interest-rate Mortgage Loans (the "Special Set-Aside") to be used to finance Mortgage Loans for persons and families meeting certain criteria established by NIFA from time to time (e.g., persons and families with median family income equal to or less than one-half of the median family income which would otherwise be applicable). NIFA has initially determined to acquire, purchase or otherwise finance Special Set-Aside Mortgage Loans in an aggregate principal amount not to exceed \$1,000,000 with amounts held in accounts other than in the 2009 Indenture.

Pursuant to the federal tax laws, in connection with the issuance of the 2011 Series A Bonds and the conversion of the 2009 Subseries A-1 Bonds, NIFA is required to make available a certain amount of funds (approximately \$22,000,000 or such lesser amount as required by the federal tax laws) for the financing of Mortgage Loans on Residences in Targeted Areas for a period of not less than one year from the date on which proceeds of the Series Bonds are made available for originating Mortgage Loans in Targeted Areas. NIFA will covenant to make funds available to finance Mortgage Loans for Residences located in Targeted Areas from funds available outside of the Funds and Accounts of the 2009 Indenture.

Qualification of Mortgagors and Mortgage Loans

Under the Program, no Mortgage Loan may be made for the purpose of purchasing a residence the purchase price of which exceeds, in the case of a new residence or an existing residence, 90% of the average area purchase price for new or existing residences in the case of residences in non-Targeted Areas and 110% of the average area purchase price for new or existing residences in Targeted Areas. The maximum purchase prices currently designated by NIFA to be generally applicable to the Program (which maximum purchase prices may be changed from time to time) are as follows:

Areas	New/Existing Housing
Non-Targeted Areas	\$200,000
Targeted Areas	\$235,000

For two- to four-unit residences, the above maximum purchase prices are adjusted upward in accordance with the Origination Agreement.

Pursuant to the Program, no Mortgage Loan may be made to a Mortgagor whose Family Income (as defined in the Code) exceeds, in non-Targeted Areas, 115% (100% for families of one or two persons) and, in Targeted Areas, 140% (120% for families of one or two persons), of the applicable median family income for the area in which the residence is located. The current Family Income limits applicable to the Program (which income limits may be changed from time to time) in Non-Targeted Areas range from \$67,440 to \$70,800 for 1-2 persons and \$78,680 to \$81,420 for 3 or more persons. The current Family Income limits applicable to the Program (which income limits may be changed from time to time) in Targeted Areas range from \$76,200 to \$84,720 for 1-2 persons and \$88,900 to \$98,840 for 3 or more persons. Targeted Areas are located within the counties of Douglas, Lancaster, Sarpy and Thomas.

In addition, all Mortgage Loans and all Mortgagors must meet all other requirements set forth in the 2009 Indenture and the Origination Agreement.

All of the lendable proceeds (other than, at the discretion of NIFA, up to 5% of the available proceeds and under other limited circumstances) of each Series of Bonds issued under the 2009 Indenture (other than those Bonds issued as taxable Bonds) must be used to finance residences of Mortgagors who had no present ownership interest in their respective principal residence for the three-year period ending on the date their respective Mortgages are executed (except in connection with Mortgage Loans on residences in Targeted Areas and certain loans for home improvement and rehabilitation and mortgage loans made to certain “veteran” borrowers (as defined in 38 U.S.C. Section 101) who have not previously obtained mortgage loans financed by single family mortgage revenue bonds).

Federal tax law requires a Mortgagor to pay to the United States a portion of the gain upon the disposition of a residence financed if such disposition occurs within nine years from the date of purchase as a recapture of a portion of the Mortgagor’s benefit from tax-exempt financing. It is not possible to predict the effect of such recapture provision upon the origination of Mortgage Loans or the prepayment characteristics of such Mortgage Loans. If such provision were to adversely affect the ability of Participants to originate Mortgage Loans, a redemption of the Bonds from unexpended proceeds would occur. See “Origination of the Mortgage Loans” below. Such recapture provisions may also affect the timing for prepayment of Mortgage Loans. Since June 1, 2004, NIFA has agreed to reimburse any Mortgagor required to pay such federal “recapture tax.”

Origination of the Mortgage Loans

Any Mortgage Loans to be financed by NIFA with Series Bond proceeds and other funds deposited in the 2011 Series Mortgage Loan Account must satisfy the Program Determinations (see “THE PROGRAM—General” above).

Participants are required to originate and deliver all Mortgage Loans to be acquired, purchased or financed with the Series Bond proceeds and other amounts deposited in the 2011 Series Mortgage Loan Account to the Master Servicer in accordance with certain time periods established pursuant to the Program Agreements. The Program Determinations may be modified to provide for the purchase of Mortgage Loans and Mortgage-Backed Securities with funds in the 2011 Series Mortgage Loan Account or from amounts available in any Series Recycling Subaccount, so long as any such purchases do not adversely affect the Rating Quality of the Bonds.

NIFA or other public and private agencies may use other funds of NIFA or such other agencies to provide additional assistance in connection with the Mortgage Loans. The funds may be made available to Mortgagors to be used for a portion of the purchase price of the Residence, as well as for a portion of the required down payment costs. All or a portion of the assistance may not be repayable unless the Residence is sold or unless there is an earlier date specified by the terms of the

assistance documents. Any additional assistance (including assistance in the form of an HBA loan) may be secured by a subordinate deed of trust or mortgage and, in certain circumstances, may not accrue any repayment thereof unless the Residence is sold or if the recipient of the assistance no longer complies with the conditions of the assistance.

Under the terms of the Program Agreements, the Master Servicer is required to accept a Mortgage Loan for purchase from the Participant only if all of the requirements set forth in the Origination Agreement have been satisfied. If such Mortgage Loan does not meet the requirements set forth in the Origination Agreement, it will be ineligible to be sold to the Trustee, or included in a pool supporting, or represented by, a Mortgage-Backed Security, as the case may be, under the terms of the Program and is required to be repurchased from the Master Servicer by the Participant.

With respect to Mortgage Loans to be purchased, acquired or financed with the Series Bond proceeds and other funds initially deposited in the 2011 Series Mortgage Loan Account, such Mortgage Loans are expected to be (i) insured by FHA (under the Section 203(b), Home Unsubsidized (i.e., 203, 503 and 703); Section 221(d)(2), Low and Moderate Income (i.e., 221, 521, 721); or Section 203(i), Home Mortgage for Outlying Area Properties programs) or, with the prior written approval of the Master Servicer and NIFA, FHA Section 203(k), (ii) guaranteed by VA, (iii) guaranteed by USDA/RD under its Single Family Rural Housing Program (Section 502) or (iv) Conventional Mortgage Loans. In each case, the loan-to-value ratio of a Mortgage Loan may not exceed an amount permissible under applicable FHA, VA, USDA/RD and Fannie Mae regulations.

Mortgage Loans may be assumable in accordance with their terms by qualifying Mortgagors.

Under the terms of the Origination Agreement, each Participant may charge, in connection with the origination and closing of Mortgage Loans, those fees specified from time to time by NIFA. Currently, NIFA's various Mortgage Loan products are generally offered to mortgagors at 0% origination and 0% discount fees. Participants are compensated by NIFA in an amount equal to 1¾% of the principal amount of the Mortgage Loans. Insurance premiums, survey, title and attorneys' fees and other reasonable charges and fees may also be charged each Mortgagor by the respective Participant.

As set forth in the Origination Agreement, each Participant represents and warrants to the Master Servicer (or other Servicer, as applicable) concerning each Mortgage Loan being sold to the Master Servicer (or other Servicer, as applicable) (and the Master Servicer (or other Servicer, as applicable) represents and warrants to NIFA concerning any Mortgage Loan being sold by the Master Servicer (or other Servicer, as applicable) to NIFA), among other things, that at the time of delivery of such Mortgage Loan to the Master Servicer (or other Servicer, as applicable) (a) there is no default or delinquency under the Mortgage Loan; (b) the Mortgage Loan, if so required by NIFA, is secured by a Mortgage which constitutes a valid first priority lien on the mortgaged property, subject only to permitted encumbrances; and (c) all documents required to be filed or recorded to perfect the lien, if any, on the mortgaged property against third parties have been filed or recorded.

Procedures regarding compliance with the Code have been established by NIFA and require that Participants perform a thorough check of information before closing a Mortgage Loan pursuant to an Origination Agreement, which must include, among other measures:

- (a) obtaining an affidavit of compliance with eligibility requirements of the Code from the Mortgage Loan applicant and from each person executing the Mortgage who is expected to occupy the residence, on a form supplied by NIFA, together with federal income tax returns for the three years prior to the application, employment verifications and other information which would tend to confirm or deny compliance with the requirements of the Code;
 - (b) obtaining an affidavit from the seller of the residence regarding the purchase price of the residence;
- and
- (c) examining the documentation submitted by the Mortgagor and other pertinent information obtained in connection with the origination of the Mortgage Loan in order to determine that sufficient documentary evidence exists to support the conclusion that the Code eligibility requirements have been met.

Each Origination Agreement requires that Mortgage Loans have the benefit of a hazard insurance policy in certain specified amounts insuring the improvements constituting part of the mortgaged property from damage from certain specified events, including fire and other casualties, and, if required by the corresponding Series Program Determinations, a title insurance policy in an amount at least equal to the outstanding principal balance of such Mortgage Loan insuring that the Mortgage securing such Mortgage Loan constitutes a valid first priority lien on the mortgaged property, subject only to Permitted Encumbrances. It is anticipated that some of the Residences will be in designated special flood hazard areas; any such property must be insured against loss from flood under the National Flood Insurance Program. See Appendix A—"SUMMARY OF CERTAIN MORTGAGE INSURANCE AND SECURITY GUARANTY PROGRAMS."

The Origination Agreement further provides that if any documents delivered by a Participant to the Master Servicer are defective in any material respect, the Participant shall use its best efforts to cure such defect within 30 days of notice to such Participant of the discovery thereof, and if such defect cannot be cured within such period, the Participant will purchase, not later than 30 days after the expiration of such period, the related Mortgage Loan from the Master Servicer at a price equal to (a) 100% of the unpaid principal balance of such Mortgage Loan, plus (b) interest thereon to the next Mortgage Loan installment due date plus 30 days' interest on such Mortgage Loan, plus (c) if such purchase is made necessary by the willful misfeasance or bad faith on the part of the Participant or by reason of the Participant's disregard of its obligations thereunder, an amount equal to 3% of the unpaid principal amount of such Mortgage Loan. The purchase price for the repurchased Mortgage Loan shall be delivered by the Participant to the Master Servicer and shall be paid to the Trustee, as holder of the Mortgage Loan. A Participant shall be given 30 days to cure any breach of any of its representations, warranties and covenants which adversely affects the value of a Mortgage Loan or the interest of the Master Servicer (or other Servicer, as applicable) or NIFA in such Mortgage Loan or, if such breach cannot be cured, will be required to purchase the Mortgage Loan not later than 30 days after the expiration of such period, in accordance with the foregoing.

If any Mortgage Loan is determined to be a Non-Qualifying Mortgage Loan (as defined in the Origination Agreement) and the defect causing the same cannot be cured, the Participant shall foreclose on such Mortgage Loan (if possible). If it is not possible to so foreclose such Mortgage Loan, then the Participant shall be required to repurchase such Mortgage Loan on the terms and conditions set forth in part in the preceding paragraph.

It is anticipated that successive Servicing Agreements entered into by NIFA and any Master Servicer will contain terms, conditions and obligations applicable to the Master Servicer that are substantially the same as those described above as applicable to the Master Servicer. NIFA may enter into one or more Servicing Agreements with Designated Servicers containing terms, conditions and obligations applicable to the Designated Servicer and providing for the sale and servicing of Mortgage Loans (which may or may not be represented by Mortgage-Backed Securities) acceptable to NIFA and having terms that will not adversely affect the Rating Quality of the Bonds.

Servicing of Mortgage Loans

Unless otherwise specified by NIFA, each Mortgage Loan in the Program will be serviced by the Master Servicer (or other Servicer, as applicable) in accordance with one or more Servicing Agreements. The Servicing Agreements set forth the agreements between NIFA and the Master Servicer (or other Servicer, as applicable) with respect to servicing each Mortgage Loan in the Program as well as certain agreements with respect to Mortgage-Backed Securities (backed by Mortgage Loans) which will be purchased from the Master Servicer (or other Servicer, as applicable) by the Trustee with proceeds made available by the issuance of the Bonds. NIFA may enter into one or more Servicing Agreements with Designated Servicers containing terms, conditions and obligations applicable to the Designated Servicer and providing for the sale and servicing of Mortgage Loans (which may or may not be represented by Mortgage-Backed Securities) acceptable to NIFA and having terms that will not adversely affect the Rating Quality of the Bonds.

It is expected that Mortgage Loans financed with proceeds of the Series Bonds and other funds deposited in the 2011 Series Mortgage Loan Account that are Conventional Mortgage Loans will be pooled to support or be represented by Series Mortgage-Backed Securities that are Fannie Mae Securities. It is expected that Mortgage Loans financed with the Series Bond proceeds and any other funds deposited in the 2011 Series Mortgage Loan Account that are FHA-insured, VA-guaranteed or USDA/RD-guaranteed will be pooled to support or be represented by Series Mortgage-Backed Securities that are GNMA Securities. Mortgage Loans supporting or represented by GNMA Securities held in the 2011 Series Mortgage Loan Account will be serviced by the Master Servicer in accordance with the GNMA Sale and Servicing Agreement and the GNMA Guide. The GNMA Sale and Servicing Agreement provides for a monthly servicing fee equal to 1/12 of .50% of the unpaid principal balance of each Mortgage Loan represented by a GNMA Security. Mortgage Loans supporting or represented by Fannie Mae Securities will be serviced by the Master Servicer in accordance with the Fannie Mae Sale and Servicing Agreement and the Fannie Mae Guide and related Pool Contract. The Fannie Mae Sale and Servicing Agreement provides for a monthly servicing fee equal to 1/12 of .50% of the unpaid principal balance of each Mortgage Loan represented by a Fannie Mae Security. Additional Mortgage Loans supporting or represented by Mortgage-Backed Securities other than GNMA Securities, Fannie Mae Securities and FHLMC Securities may not be serviced by the Master Servicer and may be serviced under a Servicing Agreement entered into by NIFA with another Servicer, in any case having such terms as will not adversely affect the Rating Quality of the Bonds.

Mortgage Loans acquired by NIFA and/or pooled for Mortgage-Backed Securities prior to April 30, 2005 are serviced under certain prior Servicing Agreements with Wells Fargo Bank, National Association ("Wells Fargo"). For additional information regarding Wells Fargo, see www.wellsfargo.com.

With respect to Mortgage Loans pooled for Mortgage-Backed Securities on and after May 1, 2005, U.S. Bank National Association acts as Master Servicer and services such Mortgage Loans and Mortgage-Backed Securities. NIFA does not presently expect to purchase individual Mortgage Loans, but instead expects to purchase Mortgage-Backed Securities represented

by such Mortgage Loans. For additional information regarding the Master Servicer, see “THE PROGRAM—The Master Servicer” herein.

Warehousing Program

NIFA has entered into an Advance, Pledge and Security Agreement with the Topeka FHLB (the “Warehouse Provider”) to establish a “warehousing” program for the acquisition of Mortgage-Backed Securities. Additionally, NIFA uses its general operating funds to finance Mortgage Loans that back or represent Mortgage-Backed Securities. In either case, NIFA may direct that those Mortgage-Backed Securities, whether held by NIFA or pledged by NIFA to the Topeka FHLB, be purchased with proceeds of Bonds, including the Series Bonds, and/or purchased with proceeds of bonds issued, or to be issued, pursuant to other NIFA bond indentures.

Nebraska Foreclosure Laws

Under Nebraska law, both mortgages and deeds of trust are used to secure residential mortgage loans. With respect to the Mortgage Loans, NIFA currently permits only the use of deeds of trust.

A mortgage is foreclosed by judicial action; consequently, the foreclosure action is subject to all the delays inherent in a judicial proceeding. The court has the power to decree a sale of the mortgaged premises to discharge the amount due on the related mortgage loan and the costs of the suit. The owner of any real estate against which a judgment or decree of foreclosure has been rendered may redeem the mortgaged premises, at any time before the sale of the mortgaged premises has been confirmed by the court, by paying the amount of such judgment or decree together with all interest and costs. There is no right of redemption after the court enters an order confirming the sale.

The period between entry of the foreclosure decree and the issuance of an order confirming the sale may be extended for a period of up to nine months, if the mortgagor within 20 days after rendition of the foreclosure decree files a written request for a stay; otherwise an order for sale of the mortgaged premises may be issued immediately after the expiration of such 20-day period from the date of the rendition of the foreclosure decree. If the foreclosure is based on nonpayment of interest or principal, the suit may be dismissed if the Mortgagor deposits (at any time before the date of the foreclosure decree) the amount of principal and interest due, with costs. If, after the foreclosure decree has been rendered, the Mortgagor deposits the principal and interest due, with costs, the proceedings must be stayed, but the court must enter the foreclosure decree with the sale to be enforced by further order of the court upon any subsequent default.

Typically, it takes approximately one year to complete foreclosure of mortgaged premises; however, by taking full advantage of judicial and legal delays, foreclosure could be delayed for several years.

A deed of trust may be foreclosed in the same manner as the foreclosure of mortgages. In addition, a power of sale may be conferred upon a trustee, which power of sale must be expressly provided for in the deed of trust. Prior to the exercise of the power of sale, the trustee must file record notice of the default in the office of the register of deeds in each county in which the trust property is located. Not less than 30 days after the notice of default is recorded, the trustee must give notice of sale of the trust property by publishing notice once a week for five consecutive weeks. The purchaser at this sale receives a deed from the trustee, execution of which to the purchaser terminates the mortgagor’s right of redemption.

The mortgagor or any other person having a subordinate lien or encumbrance of record, at any time within one month after filing for record of the notice of default under the deed of trust, may pay the entire amount then due thereunder, including certain costs, expenses and fees relating thereto, other than such portion of the principal as would not then be due had no default occurred, which cures the default and avoids the forced property sale.

If a deed of trust is foreclosed in the same manner as a mortgage, the same time delays applicable to judicial foreclosures will occur as described above. If the deed of trust is foreclosed by the power of sale, foreclosure can be completed in approximately four months.

Insurance and Guarantees of Mortgages

The Mortgage Loans supporting or represented by Series Mortgage-Backed Securities are expected, except as otherwise set forth herein, to be FHA-insured, VA-guaranteed, USDA/RD-guaranteed and Conventional Mortgage Loans. Mortgage Loans financed from the proceeds of additional Series of Bonds will be the subject of mortgage insurance and guaranty programs only to the extent provided in the Supplemental Indenture authorizing such Series. See Appendix A—“SUMMARY OF CERTAIN MORTGAGE INSURANCE AND SECURITY GUARANTY PROGRAMS” for a description of certain mortgage insurance and guaranty programs, which description is only a brief outline and does not purport to summarize or

describe all of the provisions of these programs or all of the insurance programs which are available to a Mortgagor. For a more complete description of the terms of these programs, reference is made to the provisions of the insurance and guaranty contracts embodied in the regulations of FHA, VA and USDA/RD, respectively, and of the regulations, master insurance contracts and other such information of the various Private Mortgage Insurers, including forms of contracts on file with the Nebraska Department of Insurance.

In light of current national circumstances, purchasers of the 2011 Series A Bonds should be aware of the Servicemembers Civil Relief Act of 2003. See Appendix A—“SUMMARY OF CERTAIN MORTGAGE INSURANCE AND SECURITY GUARANTY PROGRAMS—Servicemembers Civil Relief Act of 2003.”

The Master Servicer

THE FOLLOWING INFORMATION ABOUT THE MASTER SERVICER RELATES TO AND WAS SUPPLIED BY U.S. BANK NATIONAL ASSOCIATION. SUCH INFORMATION HAS NOT BEEN VERIFIED BY NIFA, THE UNDERWRITERS, THEIR COUNSEL OR BOND COUNSEL AND IS NOT GUARANTEED AS TO COMPLETENESS OR ACCURACY BY AND IS NOT TO BE CONSTRUED AS A REPRESENTATION OF, NIFA, THE UNDERWRITERS, THEIR COUNSEL OR BOND COUNSEL.

The Master Servicer is U.S. Bank National Association. As of September 30, 2011, the Master Servicer serviced 166,581 single-family mortgage loans financed with mortgage revenue bonds, with an aggregate principal balance of approximately \$13.2 billion. The Master Servicer currently services single-family mortgage loans for state and local housing finance authorities, mutual savings banks, life insurance companies, savings and loan associations and commercial banks, as well as Fannie Mae, GNMA and FHLMC.

As of September 30, 2011, according to its unaudited quarterly financial statements, U.S. Bancorp had total assets of approximately \$330.1 billion and a net worth of \$33.2 billion. For the nine months ended September 30, 2011, the Master Servicer, through its U.S. Bank Home Mortgage Division, originated and purchased single-family mortgage loans, financed with mortgage revenue bonds, in the total principal amount of approximately \$1,914.5 billion.

The Master Servicer is (i) an FHA- and VA-approved lender in good standing, (ii) a GNMA-approved seller and servicer of mortgage loans and an issuer of mortgage-backed securities guaranteed by GNMA, (iii) a Fannie Mae approved seller and servicer of Fannie Mae Securities and (iv) a FHLMC approved seller and servicer of FHLMC Securities.

The Master Servicer is not liable for the payment of the principal of the Bonds or the interest or redemption premium, if any, thereon.

The holding company for U.S. Bank National Association is U.S. Bancorp, the fifth largest financial services holding company in the United States.

For additional information regarding the Master Servicer and U.S. Bancorp, see www.usbank.com.

THE 2009 INDENTURE

The following is a summary of certain provisions and defined terms of the 2009 Indenture. This summary does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of, and definitions set forth in, the 2009 Indenture, to which reference is hereby made and copies of which are available from NIFA or the Trustee.

Certain Definitions

“*Accountant’s Certificate*” means an opinion signed by any certified public accountant or firm of certified public accountants (who may be the accountant or firm that regularly audits the books and accounts of NIFA) from time to time selected by NIFA and acceptable to the Trustee.

“*Accrued Debt Service*” means, as of any date of calculation, unless otherwise specified in the Supplemental Indenture with respect to a particular Series of Bonds, an amount equal to (i) accrued and unpaid interest on the Outstanding Series of Bonds (accrued and unpaid interest shall not include the Appreciated Amount of a Deferred Interest Bond), plus (ii)(A) in the case of semiannual principal maturities (including Sinking Fund Installments), the amount obtained by multiplying the total amount of Outstanding Bonds of such Series due on the next succeeding principal payment date by the number of full months elapsed since the most recent preceding principal payment date, and dividing the product by six, (B) in the case of annual

principal maturities (including Sinking Fund Installments), the amount obtained by multiplying the total amount of Outstanding Bonds of such Series due on the next succeeding principal payment date by the number of full months elapsed since the most recent preceding principal payment date, and dividing the product by 12, and (C) in the case of principal maturities (including Sinking Fund Installments) on other than an annual or semiannual basis, the amount obtained by multiplying the total amount of Outstanding Bonds of such Series due on the next succeeding principal payment date by the number of days elapsed since the most recent preceding principal payment date, and dividing the product by the number of days in the period between principal payment dates for such Series of Bonds.

“Amortized Value” means for securities purchased at (i) par, par; and (ii) a premium above or a discount below par, the value as of any given date obtained by multiplying the total amount of the premium or the discount at which such securities were purchased by a fraction, the numerator of which is the number of days remaining to maturity or redemption date on such securities at the time of such purchase and the denominator of which is the number of days reflected in the numerator *plus* the number of days having passed from the date of such purchase; and (a) in the case of securities purchased at a premium, by deducting the product thus obtained from the purchase price and (b) in the case of securities purchased at a discount, by adding the product thus obtained to the purchase price, provided that with respect to securities deposited in any Fund or Account by NIFA for no consideration, such securities shall be treated as purchased by the Trustee at the fair market value as of the date of such deposit.

“Appreciated Amount” means with respect to a Deferred Interest Bond, (i) as of any date of computation with respect to any Deferred Interest Bond up to the date, *if any*, set forth in the Supplemental Indenture authorizing such Deferred Interest Bond as the date on which such Deferred Interest Bond shall commence to bear interest payable thereafter on applicable Interest Payment Dates, an amount equal to the initial principal amount of such Deferred Interest Bond plus the interest accrued on such Deferred Interest Bond from the date of original issuance of such Deferred Interest Bond to the applicable Interest Payment Date next preceding the date of computation or the date of computation if an applicable Interest Payment Date, such increased amount to accrue at the rate per annum set forth in the Supplemental Indenture authorizing such Deferred Interest Bonds, compounded on each applicable Interest Payment Date, plus, if such date of computation shall not be an applicable Interest Payment Date, a portion of the difference between the Appreciated Amount as of the immediately preceding applicable Interest Payment Date (or the date of original issuance if the date of computation is prior to the first applicable Interest Payment Date succeeding the date of original issuance) and the Appreciated Amount as of the immediately succeeding applicable Interest Payment Date, calculated based upon an assumption that the Appreciated Amount accrues in equal daily amounts on the basis set forth in the Supplemental Indenture authorizing such Deferred Interest Bonds; and (ii) as of any date of computation on and after the date, if any, set forth in the Supplemental Indenture authorizing such Deferred Interest Bond as the date on which such Deferred Interest Bond shall commence to bear interest payable thereafter on applicable Interest Payment Dates, the Appreciated Amount as of such current interest payment commencement date.

“Authorized Officer” means the Chairperson, the Vice Chairperson or the Executive Director of NIFA or any other person authorized by resolution of NIFA to perform an act or sign a document.

“Business Day” means any day other than a Saturday, Sunday or other day on which the New York Stock Exchange or banks are authorized or obligated by law or executive order to close in New York, New York, or any city in which is located the principal corporate trust office of the Trustee or such other date as set forth in a Supplemental Indenture.

“Cash Equivalent” means a letter of credit, insurance policy, surety, guarantee or other security arrangement (as defined and provided for in a Supplemental Indenture), which Cash Equivalent shall have such terms as are necessary to maintain the Rating Quality on the Bonds.

“Conventional Mortgage Loans” means Mortgage Loans other than FHA-insured Mortgage Loans, VA-guaranteed Mortgage Loans or FmHA-guaranteed (USDA/RD-guaranteed) Mortgage Loans.

“Counsel” means any attorney or firm of attorneys (who may be employed by or of counsel to NIFA or an attorney or firm of attorneys retained by it in other connections) licensed to practice in the state in which he/she or it maintains an office (and if the opinion is with respect to an interpretation of federal tax laws or regulations or with respect to the issuance of an additional Series of Bonds or interpretation or application of the 2009 Indenture, is also a nationally recognized attorney or firm of attorneys experienced in such matters), selected or employed by NIFA and satisfactory to the Trustee.

“Counsel’s Opinion” means an opinion signed by any Counsel.

“Date of Original Issuance” means, with respect to a particular Series of Bonds, the date on which NIFA initially issues such Series of Bonds.

“Debt Service Reserve Requirement” means, as of any particular date of calculation, the aggregate of the amounts specified, if any, as the Debt Service Reserve Requirement in each Supplemental Indenture.

“Defaulted Mortgage Loan” means a Mortgage Loan described in a certificate of an Authorized Officer and stated therein to be in default under its terms, or one on which payments are 60 days or more in arrears.

“Deferred Interest Bonds” means the Bonds so designated in a Supplemental Indenture but shall not include any such Bond from and after the date, if any, on which such Bond will bear interest that is payable to the holder of such Bond prior to its scheduled maturity.

“Excess Nonmortgage Earnings” means excess nonmortgage investment earnings, net of any credits or offsets thereto, which must be rebated to the United States of America pursuant to Section 143(g) of the Code.

“Fiscal Year” means the period of 12 calendar months, commencing on July 1 in any calendar year and ending on June 30 of the following year.

“Funds” or *“Accounts”* means any of the Funds or Accounts, including subaccounts, established by the General Indenture or any Supplemental Indenture.

“Interest Payment Date” means any date upon which interest on the Bonds is payable in accordance with their terms and the terms of the General Indenture or any Supplemental Indenture.

“Investment Agreement” means, with respect to any Series of Bonds, the Investment Agreement, if any, authorized in the applicable Supplemental Indenture pursuant to which funds are invested at specified rates and any additional, supplemental or successor agreements thereto.

“Mortgage” means a mortgage, deed, deed of trust or other instrument securing a Mortgage Loan and constituting a lien on a Residence, subject only to encumbrances permitted by the Program Agreements.

“Mortgage-Backed Security” means Fannie Mae Security, an FHLMC Certificate or a GNMA Security backed by a Mortgage Loan (or such other security backed by Mortgage Loans which is specified in a Supplemental Indenture, the purchase of which will not adversely affect the Rating Quality of the Outstanding Bonds), or participation interest in any of the foregoing, in each case registered in the name of the Trustee. The definition of “Mortgage-Backed Security” shall not include, unless otherwise specified in a Supplemental Indenture, any Mortgage-Backed Security, or portion thereof which is not credited to the Mortgage Loan Fund.

“Mortgage Insurance” means an insurance policy or a guaranty issued by the FHA, the FmHA or the VA, an instrumentality of the State or an entity licensed to insure Mortgage Loans in the State and approved by NIFA insuring or guaranteeing, in whole or in part, the principal of and interest payments on a Mortgage Loan.

“Mortgage Loan” means a loan, or participation therein, to a mortgagor, bearing interest at such rate or rates (which may include 0% rates) to be determined by NIFA, secured (unless otherwise specified in a Supplemental Indenture) by a Mortgage on a Residence and evidenced by a promissory note. The definition of “Mortgage Loan” shall not include, unless otherwise provided in a Supplemental Indenture, any Mortgage Loan which is not credited to the Mortgage Loan Fund.

“Mortgage Rate” means the rate or rates (which may be 0%) of interest on a Mortgage Loan, which shall be the rate or rates of interest per annum as set forth in or determined in accordance with the respective Supplemental Indenture.

“Mortgage Reserve Fund Requirement” means, as of any particular date of calculation, the aggregate of the amounts specified, if any, as the Mortgage Reserve Fund Requirement in each Supplemental Indenture.

“Operating Fee” means the amount designated by NIFA in a certificate for carrying out the Program and paying any expenses in connection therewith, in an amount not to exceed the aggregate of the amounts specified as the Operating Fee in each Supplemental Indenture.

“Outstanding” or *“Bonds Outstanding”* means all Bonds which have been authenticated and delivered by the Trustee under the 2009 Indenture, except:

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

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

(c) Bonds in lieu of which other Bonds have been executed and delivered under the General Indenture; and

(d) Bonds otherwise specified in a Supplemental Indenture.

“Participant” means a Participant as defined in the Program Agreements.

“Permitted Investments” means, to the extent authorized by law for investment of moneys of NIFA, such of the following as shall mature, or shall be subject to redemption by the holder thereof at the option of such holder, not later than the respective dates when the moneys will be required for the purposes intended:

(i) direct obligations of the United States or other obligations the timely payment of principal and interest of which is fully and unconditionally guaranteed by the United States (“Federal Obligations”);

(ii) obligations of any state of the United States of America or any political subdivision of such a state (such obligations of which are rated “AAA” by S&P);

(iii) bonds, debentures or other obligations issued by the Federal National Mortgage Association (excluding interest-only securities and stripped mortgage-backed securities valued greater than par), the Federal Home Loan Mortgage Corporation (senior debt obligations which guarantee timely payment of principal and interest) or the Government National Mortgage Association;

(iv) any other obligations of any agency controlled or supervised by and acting as an instrumentality of the United States Government pursuant to authority granted by the Congress of the United States whose timely payment is unconditionally guaranteed by the United States of America;

(v) time deposits, unsecured certificates of deposit or any other deposit, in each case having a term to maturity of not more than 365 days, with federally or state-chartered banks (including the Trustee and its affiliates), provided the unsecured short-term debt obligations of any such institution (or its parent if such institution is the lead bank and the parent has unconditionally guaranteed the obligations of the lead bank) are rated “A-1+” by S&P;

(vi) certificates of deposit fully insured by the FDIC;

(vii) repurchase agreements (of which S&P has been given prior notification of the terms thereof) collateralized by securities described in (i) above with any registered broker/dealer subject to the Securities Investors’ Protection Corporation (“SIPC”) liquidation in the event of insolvency or any commercial bank insured by the FDIC, if the unsecured debt of such broker/dealer or bank is rated as follows: if the repurchase agreement has a term to maturity of less than one year—“A-1+” by S&P; if more than one year but less than two years—“AA-/A-1+” by S&P; if more than two years but less than three years—“AA-/A-1+” by S&P; and if three years or longer—“AAA” by S&P; or, if not so rated, which provide: (a) the repurchase obligation is collateralized by the securities themselves, (b) such investments have on the date of the repurchase agreement and at all times thereafter a fair market value equal to at least the percentage of the amount of the repurchase obligation of the institution, including principal and interest, set forth in any applicable repurchase agreement collateral tables for S&P in effect on the date the repurchase agreement is entered into in accordance with the maturity, the rating (which must be equal at least to the rating on the Bonds) and the valuation frequency, (c) the Trustee either holds the securities themselves or the Trustee has written evidence that the investments are being held by a Federal Reserve Bank or a commercial bank with combined capital, surplus and undivided profits of not less than \$50 million acting as agent for the Trustee, (d) a perfected security interest under the Uniform Commercial Code or book-entry procedures prescribed in 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such investments, is created for the benefit of the Trustee, (e) if the repurchase agreement is with the bank serving as Trustee or any related party, the third-party holding such investments holds them as agent for the benefit of the Trustee as fiduciary for the holders of the Bonds and not as agent for the bank in its commercial capacity or serving as trustee, agent or other fiduciary for any other party, (f) the collateral is free and clear of third-party liens and, in the case of SIPC brokers, was not acquired pursuant to a repurchase or reverse repurchase, (g) failure to maintain requisite collateral will cause the Trustee to liquidate collateral, (h) the cure and other provisions comply with the standards

required by S&P on the date the repurchase agreement is entered into, (i) the repurchase agreement matures not later than the thirtieth day prior to the date such funds are required under the 2009 Indenture, (j) there is or will be a written agreement governing every repurchase transaction, (k) the transferee of any securities subject to a repurchase agreement shall represent that it has no knowledge of any fraud involved in the repurchase transaction and (l) such repurchase agreement will not adversely affect the Rating Quality of the Bonds;

(viii) investment agreements with a financial institution which has unsecured obligations rated as follows: if the investment agreement has a term to maturity of less than one year from the Date of Issuance of a particular Series of Bonds—“A-1+” by S&P; if more than one year but less than two years from the Date of Issuance of a particular Series of Bonds—“AA-/A-1+” by S&P; if more than two years but less than three years from the Date of Issuance of a particular Series of Bonds—“AA-/A-1+” by S&P; and if three years or longer—“AAA” by S&P, provided that (1) such agreement shall provide that it is not subordinated to any other obligations of such financial institution and (2) the Trustee shall receive an Opinion of Counsel that such agreement is an enforceable obligation of such financial institution;

(ix) commercial paper rated “A-1+” by S&P;

(x) shares of a money market mutual fund or other collective investment fund registered under the Investment Company Act of 1940, as amended, whose shares are registered under the Securities Act of 1933, as amended, having assets of at least \$100 million and having a rating of “AAAm” or “AAAm-G” from S&P;

(xi) any Investment Agreement; and

(xii) any other investment that will not adversely affect the Rating Quality of the Outstanding Bonds, provided that it is expressly understood that this definition of Permitted Investments shall be, and be deemed to be, expanded, or new definitions and related provisions shall be added to the General Indenture by a Supplemental Indenture, thus permitting investments with different characteristics from those permitted above which NIFA deems from time to time to be in the interests of NIFA to include as Permitted Investments if at the time of inclusion such inclusion will not, in and of itself, adversely affect the Rating Quality of the Outstanding Bonds.

“*Prepayment*” means (i) any payments on the Mortgage-Backed Securities other than regularly scheduled principal and interest payments thereon and (ii) amounts representing prepayments on the Mortgage Loans, such Prepayment on a Mortgage Loan to mean any Mortgagor payment or other recovery of principal on a Mortgage Loan which is received in advance of its scheduled due date and is not accompanied by an amount as to interest representing scheduled interest for any month subsequent to the month of prepayment, and the portion of any payments representing such amounts from condemnation of the mortgaged premises or foreclosure of the mortgaged premises or other proceedings taken in the event of default by the Mortgagor, any hazard or special insurance policy covering mortgaged premises, any Mortgage Pool Insurance, any Mortgage Insurance, including moneys received from debentures or certificates issued pursuant to a contract of insurance, and moneys received from the sale, assignment, endorsement or other disposition of any such Mortgage Loan with respect to which condemnation, foreclosure or other proceedings taken in the event of default by the Mortgagor have occurred (including the sale or transfer of a Mortgage Loan which is in violation of the requirements of the Program).

“*Program*” means NIFA’s program of financing qualified Mortgage Loans, through the purchasing, acquiring or financing of Mortgage Loans or Mortgage-Backed Securities or other securities backed by Mortgage Loans, pursuant to the provisions of the 2009 Indenture (and other indentures of NIFA) and the Program Agreements.

“*Program Agreements*” means one or more agreements in connection with the Program and which may be specified in a Supplemental Indenture and which shall constitute the rules and regulations of NIFA governing its activities under the Act with respect to the Program, as the same shall be amended from time to time.

“*Rating Quality*” means, with respect to any Series of Bonds, having terms, conditions and/or a credit quality such that the item stated to be of “Rating Quality” will not, as confirmed in writing received by the Trustee from the Rating Agency, impair the ability of NIFA to obtain the rating or ratings initially anticipated to be received from the Rating Agency with respect to such Bonds as described in the related Supplemental Indenture and, if any of the Bonds have been rated, will not cause the Rating Agency to lower or withdraw the rating it has assigned to any of the Bonds.

“*Revenues*” means (i) all amounts received as repayment of principal, interest and all other charges received for, and all other income and receipts derived by NIFA from, the Mortgage-Backed Securities and the Mortgage Loans or any way in connection therewith, including Prepayments, (ii) moneys deposited in a sinking, redemption or reserve fund or other Fund or Account to secure Bonds or to provide for the payment of the principal of, premium or interest on Bonds and (iii) to the extent hereinafter provided, interest earnings or income received on moneys so deposited in any Fund or Account pursuant to the 2009

Indenture and all other payments and receipts received with respect to Mortgage Loans or Mortgage-Backed Securities, including the proceeds of Mortgage Insurance claims (but excluding Service Fees, Escrow Payments, Excess Nonmortgage Earnings and, unless otherwise provided in a Supplemental Indenture, any income or earnings on amounts credited to the Collateral Fund).

“*Refunding Issue*” means the Bonds delivered pursuant to the 2009 Indenture for the purpose of refunding any Bonds then Outstanding.

“*Scheduled Principal Payments*” means all moneys received or recovered by NIFA from any scheduled payment of principal on any Mortgage-Backed Security or on any Mortgage Loan determined as if such Mortgage Loan or the Mortgage Loan underlying such Mortgage-Backed Security was amortized over its original term.

“*Series Mortgage Loan Accounts*” means the Accounts so designated which are established pursuant to each Supplemental Indenture.

“*Series Program Determinations*” means determinations by NIFA relating to Mortgage Loans and certain other matters required in connection with a Series of Bonds under the Program to be set forth (or provision to be determined at certain specified times in the future) in a Supplemental Indenture and shall include the following: (i) whether each Mortgage Loan shall be secured by a first lien mortgage, a second lien mortgage, a combination or no lien; (ii) whether each Mortgage Loan shall have approximately equal monthly payments or shall be a graduated payment mortgage loan or have a fixed or variable rate of interest; (iii) the maximum term to maturity of each Mortgage Loan; (iv) required Mortgage Insurance, if any, and the level of coverage thereof; (v) limitations, if any, applicable to purchases of Mortgage Loans relating to condominiums, planned unit developments and/or cooperatives, geographic concentration and type of principal and interest characteristics; (vi) provisions relating to Prepayments, including application thereof for redemption or purchasing, acquiring or financing new Mortgage Loans or Mortgage-Backed Securities; (vii) restrictions, if any, on the applications of the proceeds of the voluntary sale of Mortgage Loans, if any; and (viii) any other provision deemed advisable by NIFA not in conflict with the 2009 Indenture.

“*S&P*” means Standard & Poor’s Ratings Service, and its successors and assigns, or, if S&P shall no longer be maintaining a rating on the Bonds, then another nationally recognized rating agency designated by NIFA.

“*State*” means the State of Nebraska.

“*Supplemental Indenture*” means any supplement to the General Indenture entered into pursuant to the terms thereof authorizing and specifying the terms of a Series of Bonds.

“*Tax Bond Year*” means, for a particular Series of Bonds, the period of 12 calendar months, as set forth in a Supplemental Indenture.

2009 Indenture Constitutes Contract

The provisions of the 2009 Indenture constitute a contract of NIFA with the Trustee for the benefit of the holders of the Bonds, and the pledge, covenants and agreements set forth in the 2009 Indenture to be performed by and on behalf of NIFA are for the equal benefit, protection and security of the holders of any and all of the Bonds.

Pledge Effected by the 2009 Indenture

Except as described below, for the payment of the principal of, premium, if any, and interest on the Bonds, and the Sinking Fund Installments for the retirement thereof, NIFA has pledged to the Trustee, and granted a security interest in, in accordance with the provisions of the 2009 Indenture, all proceeds of the sale of the Bonds other than proceeds deposited in trust for the retirement of Outstanding Bonds, all Mortgage Loans and Mortgage-Backed Securities and Permitted Investments made or purchased from such proceeds, all Revenues and all money, Permitted Investments, Collateral Securities and other assets and income held in and receivable by the Funds and Accounts established by or pursuant to the 2009 Indenture, but excluding Service Fees, Escrow Payments and Excess Nonmortgage Earnings, all subject to the right of NIFA to direct withdrawals of amounts from said Funds and Accounts upon the conditions set forth in the 2009 Indenture, which pledge constitutes a first lien on such pledged moneys and revenues.

Notwithstanding the foregoing or any statement in this Official Statement to the contrary, while proceeds of the 2009 Series A Bonds are held in the 2009 Series A Escrow Account, amounts held in the 2009 Series A Escrow Account shall secure the 2009 Series A Bonds which have not been subject to a Release Date and shall not secure any other bonds issued pursuant to the 2009 Indenture.

Provisions for Issuance of Bonds

The 2009 Indenture authorizes Bonds to be issued from time to time in one or more Series without limitations as to amount except as may be provided therein or by law.

All of the Bonds of each Series shall be issued by NIFA under the 2009 Indenture, delivered to the Trustee for authentication and, upon authentication by the Trustee, delivered to NIFA or its order, but only upon receipt by the Trustee of, among other things:

(1) A Counsel's Opinion, dated the date of delivery thereof, to the effect that: (i) NIFA is a body politic and corporate, not a state agency, but an independent instrumentality with the powers, among others, to finance, purchase or acquire the Mortgage Loans, either directly or through the purchase or acquisition of the Mortgage-Backed Securities, to issue the Bonds to provide funds therefor and to perform its obligations under the General Indenture and the applicable Supplemental Indenture; (ii) the Bonds are valid limited obligations of NIFA secured by and payable solely from the Revenues and other moneys pledged under the 2009 Indenture; and (iii) the General Indenture and the applicable Supplemental Indenture have been validly authorized, executed and delivered and create an assignment and pledge of and lien on the Revenues and other moneys pledged under the 2009 Indenture, except that (y) no opinion need be expressed as to the effect upon such enforceability of bankruptcy, insolvency, reorganization, moratorium and other similar laws enacted for the relief of debtors and (z) no opinion need be expressed as to the availability of the remedy of specific performance, mandamus, injunctive relief or any other equitable remedy;

(2) A certificate from NIFA directing that the Trustee authenticate and deliver such Bonds and containing instructions as to the delivery of such Bonds and the purchase price therefor;

(3) A copy of the Supplemental Indenture authorizing such Bonds, which shall specify the terms and purposes thereof;

(4) A Certificate from NIFA stating that NIFA is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the 2009 Indenture;

(5) Except in connection with the initial issuance of the 2009 Series A Bonds, a Cash Flow Certificate and Cash Flow Statement which includes the issuance of such Series of Bonds conforming to the requirements of the 2009 Indenture;

(6) Written verification from the Rating Agency that the issuance of such Series of Bonds will not, in and of itself, adversely affect the Rating Quality of any Outstanding Bonds of any prior Series of Bonds; and

(7) In addition to satisfaction of the requirements set forth above, with respect to the Bonds of the Series of a Refunding Issue:

(i) there shall be deposited with the Trustee either:

(1) moneys in an amount sufficient to effect payment at the applicable redemption price of the Bonds to be refunded, together with accrued interest on such Bonds to the redemption date, which moneys shall be held by the Trustee in a separate account irrevocably in trust for the holders of Outstanding Bonds being refunded, or

(2) Permitted Investments in such principal amounts, having such maturities, bearing such interest and otherwise having such terms and qualifications as shall be required to pay the applicable redemption price of the Bonds to be refunded, together with accrued interest on such Bonds to the redemption date, which Permitted Investments and moneys shall be held in trust for the holders of Outstanding Bonds being refunded;

(ii) NIFA shall have given irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Bonds so to be redeemed on a redemption date specified in such instructions; and

(iii) The Trustee shall furnish to NIFA at the time of delivery of the Series of the Refunding Issue a certificate or other evidence satisfactory to the Trustee stating that it holds or there is being held in trust the Permitted Investments and/or moneys required to effect such redemption.

Establishment of Funds and Accounts

NIFA, pursuant to the General Indenture, the 2009 Series A Supplemental Indenture and the 2011 Series A Supplemental Indenture, has established the following Funds, Accounts and Subaccounts, for the Bonds:

- (1) 2009 Series A Escrow Account;
- (2) Mortgage Loan Fund, including the 2011 Series Mortgage Loan Account;
- (3) Revenue Fund, including the 2011 Series Revenue Fund Account;
- (4) Debt Service Fund, including the 2011 Series Debt Service Fund Account;
- (5) Debt Service Reserve Fund;
- (6) Mortgage Reserve Fund;
- (7) Operating Fund;
- (8) Redemption Fund, including the 2011 Series Redemption Fund Account;
- (9) Rebate Fund, including the 2011 Series Rebate Fund Account;
- (10) Collateral Fund; and
- (11) 2011 Series Capitalized Interest Account.

The Trustee may also establish from time to time such additional funds, accounts or subaccounts as NIFA may direct or as the Trustee shall determine may be reasonably required to carry out its duties under the 2009 Indenture, and moneys deposited therein shall be used and pledged only as provided in the directions of NIFA, it being intended that such authority be used (among other things) to implement the utilization of moneys provided by other entities in conjunction with the Program.

There is established, pursuant to the General Indenture, in each Fund a separate Account for each Series of Bonds. Except as otherwise provided in a Supplemental Indenture, the proceeds of a particular Series of Bonds issued under a Supplemental Indenture, the payments on Mortgage Loans or Mortgage-Backed Securities acquired with the proceeds of a particular Series of Bonds and the earnings on investments of moneys in the Funds or Accounts relating to a particular Series of Bonds, when required to be deposited in any Fund, shall be deposited or credited to the Account established therein for that particular Series of Bonds. Withdrawals from Funds and Accounts in connection with a particular Series of Bonds may be made and used (including for purposes of redemption) for any other Series of Bonds unless specifically prohibited in a related Supplemental Indenture. For purposes of investment, the Trustee and NIFA may consolidate the Accounts required to be established in a particular Fund into one Fund so long as adequate records are maintained as to the amounts held in each such Fund allocable to each Series of Bonds.

Each of the above-designated Funds and Accounts shall be held by the Trustee or other fiduciary, in a segregated account, in the name of the Trustee, except the Operating Fund, which shall be held by NIFA or its designee.

Mortgage Loan Fund

General. In addition to the proceeds from any Series of Bonds, there shall be deposited in the Mortgage Loan Fund any moneys transferred from the Revenue Fund as directed by an Authorized Officer of NIFA and any other funds of NIFA to be deposited therein.

The Trustee shall from time to time pay out money from the Mortgage Loan Fund (a) for the purpose of acquiring, financing or purchasing Mortgage Loans or Mortgage-Backed Securities in accordance with the 2009 Indenture and (b) to pay or defease notes or bonds or other indebtedness issued by NIFA to finance or purchase Mortgage Loans or Mortgage-Backed Securities in exchange for Mortgage Loans or Mortgage-Backed Securities with respect to which such notes, bonds or other indebtedness were issued and meeting any other requirements set forth in a Supplemental Indenture.

A Mortgage Loan or Mortgage-Backed Security, as the case may be, shall be purchased by the Trustee only if the Trustee shall be furnished with (i) a certificate of the Master Servicer requesting a disbursement of funds in the amount specified against delivery by the Master Servicer of such Mortgage Loan or Mortgage-Backed Security, as the case may be, equal to the Purchase Price thereof, and (ii) the Master Servicer Submission Certificate relating to such Mortgage Loan or Mortgage-Backed Security, as the case may be, including a certificate that such Mortgage Loan or Mortgage Loans supporting, or represented by, such Mortgage-Backed Security, as the case may be, meet the criteria set forth in the Supplemental Indenture establishing the Mortgage Loan Account from which funds are to be applied for the purchase of such Mortgage Loan or Mortgage-Backed Security.

The Trustee shall transfer moneys from the Mortgage Loan Fund to the Revenue Fund to the extent specified in any Supplemental Indenture or upon the direction of an Authorized Officer of NIFA. In addition, the Trustee shall, to the extent amounts are insufficient in the Debt Service Fund to pay principal of or interest on the Bonds when due, transfer (after transferring amounts in any capitalized interest account established in connection with a Supplemental Indenture and the Redemption Fund, but prior to amounts in the Debt Service Reserve Fund, Mortgage Reserve Fund and Collateral Fund) moneys from the Mortgage Loan Fund representing Prepayments or excess Revenues (including certain Scheduled Principal Payments) to the Debt Service Fund to pay principal of or interest on the Bonds.

Mortgage Loans and Mortgage-Backed Securities credited to the Mortgage Loan Fund may be released to NIFA, free and clear of the lien of the 2009 Indenture, upon the filing of a certificate of an Authorized Officer directing the same and filing with the Trustee (i) a Cash Flow Statement; (ii) a Parity Certificate (as described below under the caption "Release of Amounts Free of Lien of 2009 Indenture"); and (iii) an opinion of Counsel that the release of such Mortgage Loans or Mortgage-Backed Securities will not adversely affect the tax-exempt status of interest on the Bonds.

2011 Series Mortgage Loan Account. The 2011 Series A Supplemental Indenture establishes the 2011 Series Mortgage Loan Account, which shall be a segregated account in the Mortgage Loan Fund held by the Trustee or by a Fiduciary, in the name of the Trustee. The Trustee shall use funds in the 2011 Series Mortgage Loan Account (and in any 2011 Series Recycling Subaccount) for the purpose of purchasing, acquiring or financing Mortgage Loans and Mortgage-Backed Securities supported by or representing Mortgage Loans satisfying the Series Program Determinations (or such Series Program Determinations as may be applicable at the time which do not adversely affect the Rating Quality of the Bonds).

In accordance with the Series Program Determinations, the Trustee shall purchase Fannie Mae Securities, FHLMC Securities and GNMA Securities at the purchase prices established by NIFA from amounts available in the 2011 Series Mortgage Loan Account (including any Recycling Subaccount). With respect to amounts on deposit in any Series Recycling Subaccount, to the extent permitted by applicable tax laws the Trustee shall purchase Mortgage Loans and Mortgage-Backed Securities at Purchase Prices established by NIFA which do not adversely affect the Rating Quality of the Bonds, provided that NIFA files a Cash Flow Certificate and a Cash Flow Statement evidencing that sufficient amounts will be available to pay debt service on the Bonds when due or upon earlier redemption. Mortgage Loans and Mortgage-Backed Securities supported by, or representing, Mortgage Loans to be purchased or financed with moneys available in the 2011 Series Mortgage Loan Account (or in any Series Recycling Subaccount) shall meet the requirements set forth in the Program Agreements and shall satisfy the Series Program Determinations (or such Series Program Determinations as may be applicable at the time which do not adversely affect the Rating Quality of the Bonds).

Proceeds of the Series Bonds remaining on deposit in the 2011 Series Mortgage Loan Account shall, at the direction of NIFA, be transferred to the Redemption Fund and used to redeem Series Bonds.

Revenue Fund

Unless otherwise specified in a Supplemental Indenture for a particular Series of Bonds, the Trustee shall credit all Revenues derived from the Mortgage Loans (including Defaulted Mortgage Loans) and the Mortgage-Backed Securities (provided that, if directed in a Supplemental Indenture, amounts representing accrued interest on the Mortgage Loans and Mortgage-Backed Securities from the origination or issue date thereof to the date purchased by the Trustee shall be remitted to the applicable Servicer) to the Revenue Fund. As soon as possible after receipt of such moneys for deposit into the Revenue Fund, the Trustee shall designate such moneys as Scheduled Principal Payments, Prepayments or other moneys. Amounts representing Prepayments shall be immediately transferred by the Trustee (i) to the Mortgage Loan Fund, as directed pursuant to the terms of a Supplemental Indenture or upon the filing of a Cash Flow Statement, or (ii) as directed pursuant to the terms of a Supplemental Indenture or by a Certificate of an Authorized Officer, to the Redemption Fund. There shall also be deposited in the Revenue Fund, unless otherwise specified in the Supplemental Indenture, certain Prepayments and excess Revenues deposited in, and to be transferred from, the Mortgage Loan Fund, and any income or interest earned by, or increment to, any Fund or Account (other than, unless so directed by NIFA, the Debt Service Reserve Fund, the Mortgage Reserve Fund, the Rebate Fund and the Collateral Fund), unless otherwise specified in a Supplemental Indenture, established pursuant to the 2009 Indenture due to the investment thereof.

Unless otherwise specified in the Supplemental Indenture for a particular Series of Bonds:

(a) On or before each Interest Payment Date and other date on which principal of or interest on the Bonds is due, the Trustee shall transfer to the Debt Service Fund an amount sufficient to pay the interest, principal (if any) and Sinking Fund Installment due on such Interest Payment Date or other date for application as provided in the 2009 Indenture.

(b) On any Interest Payment Date or on such other date or dates as specified below or as directed in a Certificate of an Authorized Officer, the Trustee shall withdraw from the balance of any moneys remaining in the Revenue Fund in excess of Accrued Debt Service less amounts on deposit in the Debt Service Fund as of the date of withdrawal and deposit the same as follows:

First, to the credit of the Debt Service Reserve Fund such amount (or the balance of the moneys so remaining in the Revenue Fund if less than the required amount) as shall be required to increase the amount credited thereto to an amount equal to the Debt Service Reserve Requirement;

Second, to the credit of the Operating Fund, on each March 1 and September 1, an amount equal to the Operating Fee;

Third, to NIFA, free and clear of the lien of the 2009 Indenture, upon the filing of a Certificate of an Authorized Officer directing the amount to be so withdrawn and filing with the Trustee a Cash Flow Statement and a Parity Certificate (as described below under the caption "Release of Amounts Free of Lien of 2009 Indenture"); and

Fourth, to the Mortgage Loan Fund, upon the filing of a Cash Flow Statement or, if so provided in a Supplemental Indenture, any remaining amounts, unless the Trustee shall otherwise be directed pursuant to the terms of a Supplemental Indenture or by a Certificate of an Authorized Officer to transfer all or a portion thereof to the Redemption Fund.

Notwithstanding the foregoing requirements, upon direction of an Authorized Officer, amounts in the Revenue Fund representing Excess Nonmortgage Earnings shall be withdrawn from the Revenue Fund only for deposit to the credit of the Rebate Fund in accordance with the requirements of the 2009 Indenture.

Debt Service Fund

The Trustee shall withdraw from the Debt Service Fund, on each Interest Payment Date and any other date on which interest on the Bonds is payable, an amount equal to the unpaid interest due on the Bonds on that date and, on any redemption date or purchase date pursuant to the 2009 Indenture, an amount equal to the unpaid interest due on the Bonds to be paid, redeemed or purchased, in lieu of redemption, and shall cause it to be applied to the payment of said interest when due, or shall transmit it to one or more paying agents, who shall apply it to such payment.

The Trustee shall withdraw from the Debt Service Fund on each date on which principal of the Bonds is payable (a) an amount equal to the principal amount of the Outstanding Bonds, if any, due (whether by maturity, redemption or otherwise) on that date, which shall be applied to the payment or purchase of the principal of said Bonds when due or transmitted to one or more paying agents who shall apply it to such payment and (b) an amount equal to the Sinking Fund Installment, if any, due on that date, which shall be applied to the redemption of Bonds to be redeemed on that date or transmitted to one or more paying agents who shall apply it to such redemption.

Unless other dates are specified in the Supplemental Indenture authorizing a Series of Bonds, on or before the 31st day, but not earlier than the 33rd day, prior to each such date on which a Sinking Fund Installment is due, the Trustee shall proceed to select for redemption in the manner provided in the 2009 Indenture from all Outstanding Bonds subject to redemption from such Sinking Fund Installment an amount of such Bonds, equal to the aggregate principal amount of such Bonds redeemable with such Sinking Fund Installment, and shall call such Bonds for redemption from such Sinking Fund Installment on the next succeeding date for redemption, and give notice of such call in accordance with the 2009 Indenture. On or before the 33rd day next preceding any date on which a Sinking Fund Installment is due, NIFA, by a certificate of an Authorized Officer, may (a) deliver to the Trustee for cancellation, Bonds which are subject to redemption from such Sinking Fund Installment, or portions thereof, in any aggregate principal amount desired or (b) receive a credit in respect of its Sinking Fund Installment obligation for any such Bonds, which prior to said date have been delivered to the Trustee for cancellation or redeemed (otherwise than through redemption from a Sinking Fund Installment) and canceled by the Trustee and not theretofore applied as a credit against any Sinking Fund Installment obligation. Each Bond or portion thereof so delivered or previously redeemed shall be credited by the

Trustee at the principal amount thereof on the obligation of NIFA with respect to such Sinking Fund Installments as the certificate of an Authorized Officer shall direct and the principal amount of such Bonds to be redeemed by such Sinking Fund Installment shall be accordingly reduced.

Unless other dates are specified in a Supplemental Indenture authorizing a Series of Bonds, on or before the thirty-third day preceding each date on which a Sinking Fund Installment is due, the Trustee, if directed by a certificate of an Authorized Officer, shall apply moneys in the Debt Service Fund held for such Sinking Fund Installment to the purchase of Outstanding Bonds subject to redemption from such Sinking Fund Installment in the manner hereinafter provided, and upon such purchase such Bonds shall be canceled and the amount of such Sinking Fund Installment shall thereupon be reduced by the principal amount of such Bonds so purchased and canceled, provided that no such Bonds shall be so purchased within the 33 days next preceding the date on which such Sinking Fund Installment is to be used to redeem Bonds. The price paid by the Trustee (excluding accrued interest, but including any brokerage and other charges) for any Bond purchased pursuant to the 2009 Indenture shall not exceed the redemption price applicable on the next date on which such Bond could be redeemed in accordance with its terms from a Sinking Fund Installment. Subject to the limitations set forth and referred to in the 2009 Indenture, the Trustee shall purchase Bonds at such times, for such prices, in such amounts and in such manner (whether after advertisement for tenders or otherwise) as the Trustee may be so directed by NIFA and as may be possible with the amount of money available in the Debt Service Fund.

Any investment earnings on moneys held in the Debt Service Fund shall be credited by the Trustee to the Revenue Fund upon receipt.

In the event that the amount in the Debt Service Fund on any Interest Payment Date or other date on which principal of or interest on the Bonds is payable, or otherwise, is insufficient to pay in full interest when due, or is insufficient to pay in full principal and Sinking Fund Installments when due, the Trustee shall withdraw the amount of such deficiency from the following funds in the following order: (a) any amounts in any capitalized interest account established pursuant to a Supplemental Indenture, (b) the Redemption Fund, to the extent available therein, (c) the Mortgage Loan Fund, to the extent of Prepayments or excess Revenues available therein, (d) the Debt Service Reserve Fund, (e) the Mortgage Reserve Fund and (f) the Collateral Fund.

Debt Service Reserve Fund

There shall be deposited into the Debt Service Reserve Fund, from the proceeds of the sale of the Bonds or such other sources as specified by a direction of an Authorized Officer of NIFA, the amounts specified by each Supplemental Indenture, provided that as a result of such deposit, the amount on deposit in the Debt Service Reserve Fund shall be at least equal to the Debt Service Reserve Requirement. Pursuant to the 2011 Series A Supplemental Indenture, it is anticipated that proceeds of the Series Bonds deposited in a Mortgage Loan Account will be used to finance or refinance (either directly or indirectly) Mortgage Loans that support or are represented by Mortgage-Backed Securities issued or guaranteed by GNMA, Fannie Mae or FHLMC. Therefore, no initial deposit will be made into the Debt Service Reserve Fund in connection with the issuance of the 2011 Series A Bonds and conversion of the 2009 Subseries A-1 Bonds.

If there is not a sufficient amount in the Debt Service Fund to provide for the payment when due of principal of and interest on the Bonds and any Sinking Fund Installments, the Trustee shall withdraw from the Debt Service Reserve Fund (after withdrawing any amounts in any capitalized interest account established pursuant to a Supplemental Indenture, the Redemption Fund (to the extent of amounts available therein) and the Mortgage Loan Fund (to the extent of Prepayments or excess Revenues available therein), but prior to withdrawing any amounts from the Mortgage Reserve Fund or the Collateral Fund) and pay into the Debt Service Fund the amount of the deficiency then remaining. If there is not a sufficient amount in the Revenue Fund to make the deposits into the Operating Fund, the Trustee shall, on such date for deposit, withdraw from the Debt Service Reserve Fund (after withdrawing amounts in any capitalized interest account established pursuant to a Supplemental Indenture) to the extent of amounts available therein (but prior to any withdrawal from the Mortgage Reserve Fund or the Collateral Fund) and pay into the Revenue Fund the amount of the deficiency then remaining. Amounts withdrawn from the Debt Service Reserve Fund which reduce the balance therein below the Debt Service Reserve Requirement shall be replaced to the extent of available moneys in the Revenue Fund.

Interest and other income from the investment or deposit of amounts in the Debt Service Reserve Fund shall remain in the Debt Service Reserve Fund unless directed by an Authorized Officer of NIFA to be transferred to the Revenue Fund. Any balance in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement shall, at the option of NIFA and upon the direction of an Authorized Officer of NIFA, be transferred to the Revenue Fund at such times as directed by such Authorized Officer.

The Debt Service Reserve Requirement with respect to the applicable Series of Bonds may be funded through Cash Equivalents. In connection with any discussion in the 2009 Indenture of “moneys” on deposit in or held for the credit of the Debt Service Reserve Fund, “moneys” shall be deemed to include said Cash Equivalents.

Mortgage Reserve Fund

There shall be deposited into the Mortgage Reserve Fund, from the proceeds of the sale of the Bonds or such other sources as specified by a direction of an Authorized Officer of NIFA, the amounts specified by each Supplemental Indenture, provided that as a result of such deposit, the amount on deposit in the Mortgage Reserve Fund shall be at least equal to the Mortgage Reserve Fund Requirement. Pursuant to the 2011 Series A Supplemental Indenture, it is anticipated that proceeds of the Series Bonds deposited in a Mortgage Loan Account will be used to finance or refinance (either directly or indirectly) Mortgage Loans that support or are represented by Mortgage-Backed Securities issued or guaranteed by GNMA, Fannie Mae or FHLMC. Therefore, no initial deposit will be made into the Mortgage Reserve Fund in connection with the issuance of the 2011 Series A Bonds and conversion of the 2009 Subseries A-1 Bonds.

If there is not a sufficient amount in the Debt Service Fund to provide for the payment when due of principal of and interest on the Bonds and any Sinking Fund Installments, the Trustee shall withdraw from the Mortgage Reserve Fund (after withdrawing any amounts in any capitalized interest account established pursuant to a Supplemental Indenture, the Redemption Fund (to the extent of amounts available therein), the Mortgage Loan Fund (to the extent of Prepayments or excess Revenues available therein) and the Debt Service Reserve Fund, but prior to withdrawing any amounts from the Collateral Fund) and pay into the Debt Service Fund the amount of the deficiency then remaining. If there is not a sufficient amount in the Revenue Fund to make the deposits into the Operating Fund, the Trustee shall, on such date for deposit, withdraw from the Mortgage Reserve Fund (after withdrawing amounts in any capitalized interest account established pursuant to a Supplemental Indenture and in the Debt Service Reserve Fund) to the extent of amounts available therein (but prior to any withdrawal from the Collateral Fund) and pay into the Revenue Fund the amount of the deficiency then remaining.

The Trustee shall withdraw from the Mortgage Reserve Fund and pay to NIFA any amount stated in a Certificate of an Authorized Officer to be needed and not otherwise available for the payment of expenses or losses necessarily incurred or to be incurred (a) to acquire good and merchantable title to, and possession of, a Residence subject to a Defaulted Mortgage Loan as a prerequisite to making a claim for Mortgage Insurance, or (b) for the maintenance and preservation of the value of a Residence subject to a Defaulted Mortgage Loan, including, but not limited to, payment of real property taxes, insurance premiums, foreclosure fees, including appraisal and legal fees, costs of repairs, rehabilitation, maintenance, utilities and improvements necessary for sale.

NIFA is not obligated under the 2009 Indenture to replenish any withdrawals from the Mortgage Reserve Fund. Interest and other income from the investment or deposit of amounts in the Mortgage Reserve Fund shall remain in the Mortgage Reserve Fund unless directed by an Authorized Officer of NIFA to be transferred to the Revenue Fund. Any balance in the Mortgage Reserve Fund in excess of the Mortgage Reserve Fund Requirement shall, at the option of NIFA upon the direction of an Authorized Officer of NIFA, be transferred to the Revenue Fund at such times as directed by such Authorized Officer.

The Mortgage Reserve Fund Requirement with respect to the applicable Series of Bonds may be funded through Cash Equivalents. In connection with any discussion in the 2009 Indenture of “moneys” on deposit in or held for the credit of the Mortgage Reserve Fund, “moneys” shall be deemed to include said Cash Equivalents.

Operating Fund

The Operating Fund shall be held by NIFA. Moneys in the Operating Fund may, at the option of NIFA, be withdrawn from time to time for the purpose of paying the Operating Fee and, when so withdrawn and paid out, shall be free and clear of any lien or pledge created by the 2009 Indenture.

Pursuant to the terms of the General Indenture and certain Supplemental Indentures, on any Interest Payment Date or other date or dates as directed in a Certificate of an Authorized Officer, the Trustee shall withdraw amounts on deposit in the Operating Fund in accordance with the General Indenture and such certain Supplemental Indentures.

Redemption Fund

Amounts credited to the Redemption Fund shall be used for the purchase in lieu of redemption or redemption of Bonds. In addition, the Trustee shall, to the extent amounts are insufficient in the Debt Service Fund to pay principal of or interest on the Bonds when due, transfer (after transferring amounts in any capitalized interest account established in connection with a Supplemental Indenture, but prior to transferring amounts in the Mortgage Loan Fund, Debt Service Reserve Fund, Mortgage

Reserve Fund and Collateral Fund) moneys from the Redemption Fund (for which notice of redemption has not been given) to the Debt Service Fund to pay principal of or interest on the Bonds.

Interest and other income from the investment or deposit of amounts in the Redemption Fund shall be immediately transferred by the Trustee to the Revenue Fund upon receipt thereof.

Rebate Fund

Amounts deposited and held in the Rebate Fund shall not be subject to the pledge of the 2009 Indenture; however, such amounts are held for public purposes and are necessary in order to comply with Section 148 of the Code, and therefore, such amounts are pledged, subject only to any withdrawals permitted by NIFA pursuant to the General Indenture, to the United States of America to the extent required to make any payments pursuant to Section 148 of the Code. Investment earnings on any moneys in the Rebate Fund shall be retained therein.

The Trustee shall establish in the Rebate Fund a separate account for the Outstanding Bonds of each Series (other than those Bonds issued as taxable Bonds) (each such account herein referred to as a "Series Rebate Account"). Annually, within 60 days after the end of each respective Tax Bond Year, NIFA shall file with the Trustee an Officer's Certificate containing a computation of the Excess Nonmortgage Earnings, with a breakdown for each Fund and Account established under the 2009 Indenture, and if so directed by NIFA, the Trustee shall thereupon transfer the Excess Nonmortgage Earnings from the Revenue Fund to the related Series Rebate Account in the Rebate Fund to the extent necessary to comply with the Code.

If permitted by the Code, at such periodic intervals as NIFA, by an Officer's Certificate, shall direct, NIFA may withdraw from the related Series Rebate Account in the Rebate Fund and transfer to the Revenue Fund amounts, if any, permitted by the Code. The moneys so transferred shall no longer represent a portion of the Excess Nonmortgage Earnings.

NIFA shall, in accordance with the requirements of Section 148 of the Code, pay over moneys in the Rebate Fund to the United States of America. To the extent that moneys in the Rebate Fund are not withdrawn as described in the preceding paragraph, moneys in the Rebate Fund shall be withdrawn by NIFA for disbursement to the United States of America, at such times and in such amounts as shall be determined by NIFA in accordance with the requirements of the Code.

Collateral Fund

At the direction of an Authorized Officer, the Trustee shall deposit in the Collateral Fund any Collateral Securities identified by such Authorized Officer and not otherwise pledged under the 2009 Indenture. NIFA may cause to be deposited into the Collateral Fund, from time to time, such cash, securities, mortgage loans or other property (the "Collateral Securities") as directed by NIFA. Collateral Securities may include excess Revenues and funds payable to NIFA under the 2009 Indenture.

Any moneys held in the Collateral Fund may be invested or reinvested in such securities, mortgage loans or other investments as may be directed by an Authorized Officer, which may include Permitted Investments, Mortgage Loans or Mortgage-Backed Securities, but are not restricted thereto unless otherwise provided in a Supplemental Indenture. Any interest or income earned with respect to any of said Collateral Securities shall likewise be retained in the Collateral Fund or, at the direction of NIFA, released to NIFA, except as otherwise provided in the 2009 Indenture as then supplemented by all Supplemental Indentures in effect.

If on any date payments are required to be made from the Revenue Fund to pay principal of or interest on the Bonds, to replenish the Debt Service Reserve Fund or to make any transfer to the Operating Fund, and there are not sufficient funds in the Revenue Fund to make such payments, the Trustee shall withdraw (after withdrawing any necessary and available amounts on deposit in (a) any capitalized interest account established pursuant to a Supplemental Indenture; (b) the Redemption Fund, to the extent available therein; (c) the Mortgage Loan Fund, to the extent of Prepayments or excess Revenues available therein; (d) the Debt Service Reserve Fund; and (e) the Mortgage Reserve Fund) from the Collateral Fund and transfer to the Revenue Fund such amounts as are necessary to provide sufficient funds for the required transfers from the Revenue Fund.

Under the terms of the 2011 Series A Supplemental Indenture, NIFA may direct the Trustee to transfer certain amounts on deposit in the Collateral Fund to the Revenue Fund for application to the payment of interest on the Series Bonds.

At any time, at the direction of an Authorized Officer, the Trustee shall withdraw from the Collateral Fund and pay to NIFA, free and clear of the lien of the 2009 Indenture, such Collateral Securities (including any obligations evidencing HBA Assistance) as shall be specified therein, including any interest or income earned thereon, unless otherwise restricted by a Supplemental Indenture.

THERE IS NO GUARANTEE THAT PROCEEDS, IF ANY, WITH RESPECT TO OBLIGATIONS EVIDENCING ANY HBA ASSISTANCE AND/OR ANY AMOUNTS DEPOSITED INTO OR CREDITED TO THE COLLATERAL FUND WILL BE AVAILABLE TO PAY PRINCIPAL OF OR INTEREST ON THE BONDS.

2011 Series Capitalized Interest Account

The 2011 Series A Supplemental Indenture establishes a 2011 Series Capitalized Interest Account with respect to the Series Bonds. If amounts in the Debt Service Fund are insufficient to pay when due the interest on the Bonds, the Trustee shall withdraw from the 2011 Series Capitalized Interest Account (prior to making any withdrawal from the Mortgage Loan Fund, the Redemption Fund, the Debt Service Reserve Fund, the Mortgage Reserve Fund or the Collateral Fund) and pay into the Debt Service Fund the amount of the deficiency then remaining. If amounts in the Revenue Fund are insufficient to make the deposits into the Operating Fund, the Trustee shall, on such date for deposit, withdraw from the 2011 Series Capitalized Interest Account (prior to making any withdrawal from the Debt Service Reserve Fund, Mortgage Reserve Fund or Collateral Fund) and pay into the Revenue Fund the amount of the deficiency then remaining.

Amounts on deposit in the 2011 Series Capitalized Interest Account on the first Business Day following the first Interest Payment Date following the final date on which Series Bonds may be redeemed from amounts initially deposited and remaining on deposit in the 2011 Series Mortgage Loan Account shall be transferred by the Trustee to the Revenue Fund.

Any investment earnings on moneys held in the 2011 Series Capitalized Interest Account shall be transferred by the Trustee to the Revenue Fund upon receipt thereof.

Release of Amounts Free of Lien of 2009 Indenture

As described above under the caption “Revenue Fund,” on any Interest Payment Date or on such other date or dates as specified below or as directed in a Certificate of an Authorized Officer, the Trustee shall withdraw moneys remaining in the Revenue Fund in excess of Accrued Debt Service less amounts on deposit in the Debt Service Fund as of the date of withdrawal for release to NIFA, free and clear of the lien of the 2009 Indenture, upon the filing of a Certificate of an Authorized Officer directing the amount to be so withdrawn and filing with the Trustee a Cash Flow Statement and a Parity Certificate (“Parity Certificate”). The Cash Flow Statement shall be as described herein under “SECURITY FOR THE BONDS—Cash Flow Statements” and the Parity Certificate shall be a Certificate of an Authorized Officer of NIFA, giving effect to any action contemplated to be taken in connection with the filing thereof, showing that (a) the sum of (i) the moneys, Permitted Investments and Cash Equivalents then credited to the Mortgage Loan Fund, the Revenue Fund, the Debt Service Fund (but only to the extent of moneys held therein for the payment of principal on Outstanding Bonds), the Debt Service Reserve Fund and the Redemption Fund (but only to the extent that notice of redemption has not yet been given in accordance with the 2009 Indenture), (ii) the unpaid principal amount of all Mortgage Loans and Mortgage-Backed Securities credited to the Mortgage Loan Fund and (iii) such other amounts, if any, as may be specified by a Supplemental Indenture (other than amounts credited to the Mortgage Reserve Fund unless so permitted by the Rating Agency) equals or exceeds (b) an amount equal to 103% (or such lesser percentage as does not adversely affect the Rating Quality of the Bonds) of the principal amount of Outstanding Bonds of all Series.

Additionally, as described above under the caption “Mortgage Loan Fund,” Mortgage Loans and Mortgage-Backed Securities credited to the Mortgage Loan Fund may, under certain circumstances, be released to NIFA, free and clear of the lien of the 2009 Indenture, upon, among other conditions, the filing with the Trustee of a Cash Flow Statement and Parity Certificate.

In connection with the issuance of the 2009 Series A Bonds, NIFA agreed to satisfy certain additional conditions prior to the release of amounts free and clear of the lien of the 2009 Indenture.

Investment of Funds and Accounts Held by the Trustee

Except as otherwise provided in the 2009 Indenture, NIFA shall direct the Trustee to, and in the absence of direction the Trustee shall request such direction, invest moneys in the Funds and Accounts held by the Trustee in Permitted Investments, the maturity or redemption date at the option of the holder of which shall not exceed the date or dates on which moneys in said Fund or Account for which the investments were made are expected to be required for the purposes provided in the 2009 Indenture.

Obligations purchased as an investment of moneys in any Fund or Account held by the Trustee under the provisions of the 2009 Indenture shall be deemed at all times to be a part of such Fund or Account (and of each Series subaccount thereof), and except as otherwise expressly provided in the 2009 Indenture or a Supplemental Indenture, the income or interest earned by, or

the increment to, a Fund or Account (other than the Rebate Fund, the Debt Service Reserve Fund, the Mortgage Reserve Fund and the Collateral Fund) due to the investment thereof shall be transferred to the Revenue Fund as received. Amounts representing the income or interest earned by, or the increment to, the Debt Service Reserve Fund, the Mortgage Reserve Fund and the Collateral Fund due to the investment thereof shall be transferred to the Revenue Fund only if directed by an Authorized Officer of NIFA. Moneys in separate Funds and Accounts may be commingled for the purpose of investment or deposit, subject to instructions from an Authorized Officer, to the extent possible in conformity with the provisions of the 2009 Indenture.

In computing the amount in any Fund or Account held by the Trustee under the provisions of the 2009 Indenture, obligations purchased by the Trustee or transferred by NIFA to the Trustee as an investment of moneys therein shall be valued at the Amortized Value, plus the amount of accrued interest, except that securities covered by repurchase agreements shall be valued at market price. Where market prices for obligations held by the Trustee are not readily available, the Trustee may determine the market price for such obligations in such manner as it deems reasonable. To the extent that moneys are invested pursuant to an Investment Agreement, such Investment Agreement shall be valued at par.

The Trustee shall sell outright or pursuant to a repurchase agreement at the best price obtainable, or present for redemption, any obligation purchased by it as an investment whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the Fund or Account for which such investment was made or as otherwise directed by NIFA. When transferring moneys from one Fund or Account to another, investments need not be liquidated, and all or a portion of such invested moneys may be credited to a particular Fund or Account from another. The Trustee shall check the accuracy of all calculations of investment earnings on all Permitted Investments.

At the direction of an Authorized Officer of NIFA, the Trustee may sell Permitted Investments and purchase any Permitted Investments in exchange therefor.

Payment of Bonds

NIFA covenants that it shall duly and punctually pay or cause to be paid, solely from amounts available under the 2009 Indenture, the principal of and interest on the Bonds, at the dates and places and in the manner mentioned in the Bonds, and shall duly and punctually pay or cause to be paid, solely from amounts available under the 2009 Indenture, to the Trustee any part of any Sinking Fund Installment pursuant to any provision of the 2009 Indenture.

Purchase of Mortgage-Backed Securities; Purchase of Mortgage Loans

In carrying out the Program, NIFA shall cause the Trustee to purchase, using proceeds from the Bonds of each Series, together with any other amounts deposited in the related Series Mortgage Loan Account, Mortgage-Backed Securities backed by Mortgage Loans and/or Mortgage Loans with such maturity dates, for such prices and at such rates of interest as will permit NIFA to pay the debt service on such Bonds in a manner consistent with the Act, the 2009 Indenture and any other documents by which NIFA is bound.

No amounts which have been deposited in the Mortgage Loan Fund shall be disbursed to finance, purchase or acquire any Mortgage-Backed Security or Mortgage Loan unless the Mortgage Loan (or Mortgage Loan underlying the Mortgage-Backed Security) meets the requirements of the General Indenture and the applicable Supplemental Indenture.

NIFA shall take whatever action is required by law from time to time to pledge the Mortgage-Backed Securities and the Mortgage Loans to the Trustee.

NIFA warrants and covenants (a) that no Mortgage Loan or Mortgage-Backed Security backed by a Mortgage Loan shall be financed by NIFA under the Program *unless* the Mortgage Loan (or Mortgage Loan underlying the Mortgage-Backed Security) complies in all respects with the Act and (b) to comply with any additional Program covenants contained in the General Indenture and any Supplemental Indenture.

NIFA shall originate or cause to be originated, Mortgage Loans and purchase, or cause to be purchased, Mortgage Backed Securities in a manner consistent with applicable State law, the 2009 Indenture and any supplements thereto and such other related documents by which NIFA is bound.

NIFA shall cause all Mortgage Loans to be serviced pursuant to the servicing requirements of NIFA, GNMA, Fannie Mae and FHLMC, as applicable, or any other party providing credit support in respect of any Mortgage Loans held under the 2009 Indenture.

Enforcement of Mortgage-Backed Securities, Mortgage Loans and Program Agreements

NIFA shall diligently take all steps necessary or desirable to enforce all terms of the Mortgage-Backed Securities, the Mortgage Loans and the Program Agreements, and all such other documents evidencing obligations of NIFA related to the Mortgage-Backed Securities and the Mortgage Loans. NIFA shall not, without good cause, release the obligations of any mortgagor under any Mortgage Loan, Mortgage-Backed Security or any Participant or Servicer under any Program Agreement, except as expressly provided therein and in the 2009 Indenture, and shall at all times, to the extent permitted by law, defend, enforce, preserve and protect the rights and privileges of NIFA and of the Bondholders under or with respect to each Mortgage-Backed Security and Mortgage Loan and the Program Agreements, provided that this provision shall not be construed to prevent NIFA from (i) settling a default thereof on any Mortgage Loan or Mortgage-Backed Security on such terms as NIFA shall determine to be in the best interests of NIFA and the Bondholders or (ii) to the extent there is no adverse impact on the then-current rating on the Bonds, releasing any mortgagor from, or waiving, any of such mortgagor's obligations under the respective Mortgage Loan to the extent necessary to preserve the tax-exempt status of the Bonds or as otherwise authorized in a Supplemental Indenture.

NIFA shall diligently take, or cause to be taken, all actions consistent with sound mortgage loan origination, purchase and servicing practice and principles as may be necessary to receive and collect sufficient revenues to pay debt service when due on the Bonds.

Amendment of Mortgage Loans; Disposition of Mortgage Loans and Mortgage-Backed Securities

NIFA shall not consent to or agree to or permit any amendment or modification of any Mortgage Loan which will in any manner impair or materially adversely affect the rights or security of the Bondholders or the Trustee under the 2009 Indenture.

NIFA may at any time, consistent with the other provisions of the 2009 Indenture, sell, transfer, assign, dispose of or otherwise release from the lien of the 2009 Indenture a Mortgage Loan or Mortgage-Backed Security:

- (a) in order to realize the benefit of any insurance or guarantee with respect to such Mortgage Loan or Mortgage-Backed Security or any covenant of a Participant or Master Servicer under any Program Agreement;
- (b) in order to provide funds for the redemption or purchase in lieu of redemption of a principal amount of Bonds corresponding to the unpaid principal amount of such Mortgage Loan or Mortgage-Backed Security, if a Cash Flow Statement shall be filed with the Trustee giving effect to the proposed sale thereof and the application of the proceeds of such sale; provided, however, that no such certificate shall be necessary if all Outstanding Bonds are simultaneously defeased pursuant to the General Indenture;
- (c) upon payment in full of such Mortgage Loan or Mortgage-Backed Security; or
- (d) as described under "THE 2009 INDENTURE—Mortgage Loan Fund" above.

NIFA may also sell any Mortgage, Mortgage-Backed Security or other obligation evidencing or securing a Mortgage Loan made or purchased by NIFA if it is necessary for NIFA to take such action in order to maintain the tax exemption on any Series of Bonds pursuant to the Code, provided such action does not adversely impact the then-current rating on the Bonds.

Accounts and Reports

The Trustee has been directed by NIFA to keep proper books of record and account in which complete and accurate entries shall be made of its transactions relating to the Program and all Funds and Accounts established by or pursuant to the 2009 Indenture, which shall at all reasonable times be subject to the inspection of NIFA or the holders (or Beneficial Owners who have filed their names and addresses with the Trustee) of an aggregate of not less than 5% in principal amount of Bonds then Outstanding or their representatives duly authorized in writing.

Events of Default

Each of the following events is an Event of Default under the General Indenture:

- (1) interest on any of the Bonds is not paid by NIFA on any date when due or the principal of any Bond is not paid by NIFA at maturity or the redemption price of any Bond is not paid by NIFA at a Redemption Date at which such Bond has been called for redemption;
- (2) if there is a default in the performance or observance of any other of the covenants, agreements or conditions on the part of NIFA in the General Indenture, in any Supplemental Indenture or in the Bonds contained and such default is not remedied within 60 days after receipt by NIFA of written notice thereof from the Trustee or the holders of not less than 25% in aggregate principal amount of all Outstanding Bonds, provided that such a default will not be considered an Event of Default if it cannot be corrected within such 60 days and NIFA has instituted corrective action within such period and diligently pursues the same until the default is corrected;
- (3) if NIFA shall file any petition seeking relief under the federal bankruptcy laws or under any other applicable law or statute of the United States of America or of the State; or
- (4) if the State has limited or altered the rights of NIFA pursuant to the Act, as in force on the date of the General Indenture and as of the date of each Supplemental Indenture, to fulfill the terms of any agreements made with holders of Bonds or in any way impaired or diminished the rights or security (including, but not limited to, assets pledged to secure the Bonds) or remedies of holders of Bonds while any Bonds are Outstanding.

Remedies

Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy under the Act, at law or in equity, to enforce the payment of the principal and interest on the Bonds then Outstanding, including, without limitation, the following:

- (1) the Trustee may declare the principal of all Bonds Outstanding and the interest accrued thereon to be immediately due and payable, whereupon such principal amount and interest thereupon shall become immediately due and payable if an Event of Default described in paragraph (1) above under the caption "Events of Default" has occurred;
- (2) the Trustee shall have full power and authority to take such action with respect to the Mortgage-Backed Securities and Mortgage Loans assigned by the 2009 Indenture as the Trustee shall deem necessary or appropriate, subject only to the terms of such Mortgage-Backed Securities and Mortgage Loans;
- (3) the books of record and account of NIFA and all records relating to the Program shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys; and
- (4) NIFA, whenever the Trustee shall demand, will account as if it were the trustee of an express trust for all Revenues and other moneys, securities and Funds and Accounts pledged or held under the 2009 Indenture for such period as shall be stated in such demand.

If an Event of Default shall have occurred and, if requested so to do by the holders of not less than 25% in aggregate principal amount of Bonds then Outstanding and indemnified as provided in the General Indenture, the Trustee shall be obligated to exercise one or more of the rights and powers conferred above, as the Trustee, being advised by counsel, shall deem most expedient in the interest of the Bondholders.

In case any proceeding taken by the Trustee to enforce any right under the 2009 Indenture shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then in every such case NIFA, the Trustee and the holders of all Bonds shall be restored to their former positions and rights under the 2009 Indenture, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

No remedy conferred upon or reserved to the Trustee or to holders of Bonds in the 2009 Indenture is intended to be exclusive of any other remedy, and each and every remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or the Bondholders under the 2009 Indenture or existing at law or in equity or by statute.

Priority of Payments After Default

Notwithstanding the information set forth below with respect to the priority of payments on Bonds subsequent to an Event of Default, amounts on deposit in the 2009 Series A Escrow Account are pledged exclusively to the repayment of 2009 Series A Bonds for which a Release Date has not occurred.

All moneys received by the Trustee pursuant to any right given or action taken upon the occurrence of an Event of Default shall (in the case of a default described in paragraph (1) above under the caption "Events of Default," after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee and of any Program expenses necessary to maintain the security for the Bonds) be deposited in the Debt Service Fund and all moneys in the Debt Service Fund (other than moneys held for redemption of Bonds duly called for redemption) shall be applied as follows:

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

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

SECOND, to the payment to the persons entitled thereto of the unpaid principal amount of any of the Bonds which shall have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of the 2009 Indenture), in the order of their due dates, with interest on such Bonds from the respective dates upon which they became due at the rate borne by the Bonds and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date to the persons entitled thereto, without any discrimination or privilege; and

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

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

(c) If the principal amount of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of the 2009 Indenture, then, subject to the provisions of the preceding paragraph (b), in the event that the principal amount of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) above.

Whenever moneys are to be applied as described above, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the principal amount to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all principal amounts of and interest on all Bonds have been paid as described above and all fees, expenses and charges of the Trustee and any paying agent have been paid, any balance remaining in the Debt Service Fund shall be paid to NIFA.

Restrictions on Bondholder's Action

No holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any provision of the 2009 Indenture or for the execution of any trust thereunder or for the appointment of a receiver or for any other remedy thereunder, unless (1) a default has occurred of which the Trustee has been notified as provided in the 2009 Indenture, or of which by the 2009 Indenture it is deemed to have notice; (2) such default shall have become an Event of Default and the owners of not less than 50% in aggregate principal amount of Bonds then Outstanding or, if such Event of Default is an Event of Default described in clause (1) under the caption "Events of Default" aforesaid, the owners of not less than 50% in aggregate principal amount of Bonds then Outstanding of the Series with respect to which such Event of Default has happened shall have given written notice to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers granted pursuant to the 2009 Indenture or to institute such action, suit or proceeding in their own name or names; (3) such Bondholders have offered to the Trustee indemnity as provided in the 2009 Indenture; and (4) the Trustee shall thereafter fail or refuse to exercise the powers granted pursuant to the 2009 Indenture or to institute such action, suit or proceeding in its own name. Such notification, request and offer of indemnity are in every case at the option of the Trustee condition precedent to the execution of the powers and trusts of the 2009 Indenture, and to any action or cause of action for the enforcement of the 2009 Indenture, or for the appointment of a receiver or for any other remedy thereunder.

No one or more holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the 2009 Indenture by such holder's action or to enforce any right thereunder except in the manner therein provided. All proceedings at law or in equity shall be instituted, had and maintained in the manner therein provided and for the equal and ratable benefit of the holders of all Bonds then Outstanding, subject to the provisions of the 2009 Indenture.

Supplemental Indentures

For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture of NIFA supplementing the General Indenture may be adopted, which Supplemental Indenture, upon filing with the Trustee of a copy thereof certified by an Authorized Officer, shall be fully effective in accordance with its terms:

- (a) to close the General Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the General Indenture on, the delivery of Bonds or the issuance of other evidences of indebtedness;
- (b) to authorize Bonds of a Series and, in connection therewith, specify and determine the matters and things referred to in the General Indenture, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with the 2009 Indenture as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first delivery of such Bonds;
- (c) (i) to add to the covenants or agreements of NIFA in the 2009 Indenture other covenants or agreements to be observed by NIFA which are not contrary to or inconsistent with the 2009 Indenture as theretofore in effect or (ii) to make any change which, in the judgment of the Trustee (in reliance upon evidence that such change will not adversely affect the Rating Quality of the Bonds), is not to the material prejudice of the Bondholders;
- (d) to add to the limitations or restrictions in the 2009 Indenture other limitations or restrictions to be observed by NIFA which are not contrary to or inconsistent with the 2009 Indenture as theretofore in effect;
- (e) to surrender any right, power or privilege reserved to or conferred upon NIFA by the 2009 Indenture;
- (f) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the 2009 Indenture of the Revenues or any other money, securities, Funds or Accounts; and
- (g) to modify any of the provisions of the 2009 Indenture in any respect whatever, provided that (i) such modifications shall be, and be expressed to be, effective only after all Bonds of any Series Outstanding at the date of the adoption of such Supplemental Indenture shall cease to be Outstanding and (ii) such Supplemental Indenture shall be specifically referred to in the text of all Bonds of any Series delivered after the date of the adoption of such Supplemental Indenture and of Bonds issued in exchange therefor or in place thereof.

For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture, amending or supplementing the General Indenture, may be approved and entered into by NIFA, which, upon (i) filing with the

Trustee of a copy thereof certified by an Authorized Officer and (ii) filing with the Trustee and NIFA of an instrument in writing made by the Trustee consenting to such Supplemental Indenture, shall be fully effective in accordance with its terms:

(1) to cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision in the 2009 Indenture; or

(2) to insert such provisions clarifying matters or questions arising under the 2009 Indenture as are necessary or desirable and are not contrary to or inconsistent with the 2009 Indenture as theretofore in effect.

Exclusive of the Supplemental Indentures covered above, the General Indenture provides that (a) the holders of not less than two-thirds in aggregate principal amount of the Bonds then Outstanding at the time such consent is given and (b) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, the holders of not less than two-thirds in aggregate principal amount of the Bonds of the particular Series Outstanding affected at the time such consent is given shall have the right, from time to time, anything contained in the 2009 Indenture to the contrary notwithstanding, to consent to and approve the execution by NIFA and the Trustee of such indentures supplemental to the 2009 Indenture as shall be deemed necessary and desirable by the Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the 2009 Indenture or in any Supplemental Indentures. Nothing shall permit, or be construed as permitting, without the consent of the holders of all Bonds Outstanding, (i) an extension of the maturity or mandatory sinking fund redemption date of the principal of or the time for payment of the interest on any Bond issued thereunder; (ii) a reduction in the principal amount of any Bond or the rate of interest (except as otherwise provided in a Supplemental Indenture), or sinking fund redemption requirements, thereon; (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds; (iv) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture; (v) the creation of any lien other than a lien ratably securing all of the Bonds at any time outstanding thereunder; or (vi) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee without the written consent of the Trustee.

For the purposes of the above, Bonds of any particular Series shall be deemed to be affected by a modification or amendment of the 2009 Indenture if the same adversely affects or diminishes the rights of the holders of Bonds of such Series. The Trustee, relying upon Counsel's Opinion, may determine whether or not, in accordance with the foregoing powers of amendment, Bonds of any particular Series or maturity would be affected by a modification or amendment of the 2009 Indenture, and any such determination shall be binding and conclusive on NIFA and all holders of Bonds.

The 2009 Indenture and the rights and obligations of NIFA and the holders of the Bonds may be modified or amended in any respect upon the execution by NIFA and filing in accordance with the provisions of the General Indenture of a Supplemental Indenture of NIFA making such modification or amendment and the consent to such Supplemental Indenture by the holders of all of the Bonds then Outstanding, such consent to be given and proved as provided in the General Indenture. No such modification or amendment shall change or modify any of the rights or obligations of the Trustee without the Trustee's written assent thereto.

In addition, NIFA may enter into an agreement with any Bondholder restricting one or more rights of such Bondholder, provided that such agreement shall affect only such Bondholder (or assigns), and such agreement shall not grant such Bondholder any rights or privileges not afforded other Bondholders.

Defeasance

If NIFA shall pay or cause to be paid, or there shall otherwise be paid or provision for payment made, to the holders of the Bonds the principal amount of, premium, if any, and interest due or to become due thereon at the times and in the manner stipulated therein, then unless there shall be delivered to the Trustee a certificate of an Authorized Officer to the contrary, the presents and the estate and rights granted by the 2009 Indenture shall cease, determine and be void, whereupon the Trustee shall cancel and discharge the lien of the 2009 Indenture, and execute and deliver to NIFA such instruments in writing as shall be requisite to release the lien of the 2009 Indenture, and reconvey, release, assign and deliver unto NIFA any and all the estate, right, title and interest in and to any and all rights or property assigned or pledged to the Trustee or otherwise subject to the lien of the 2009 Indenture, except cash held by the Trustee or any paying agent for the payment of the principal amount of, premium, if any, and interest on any Series of Bonds.

Any Bond shall be deemed to be paid for all purposes of the 2009 Indenture when payment of the principal amount of and premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption), either (a) shall have been made or caused to be made in accordance with the terms thereof or (b) shall have been provided by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment (i) moneys sufficient to make such payment and/or (ii) Federal Obligations (which may be subject to redemption prior to maturity only if such terms of redemption do not adversely affect the Rating Quality of the Bonds) maturing as to principal and interest in

such amount and at such time as will ensure the availability of sufficient moneys to make such payment. At such times as a Bond shall be deemed to be paid under the 2009 Indenture, as aforesaid, it shall no longer be secured by or entitled to the benefits of the 2009 Indenture, except for the purposes of any such payment from such moneys or Federal Obligations.

Notwithstanding the above, no deposit as described in the immediately preceding paragraph shall be deemed a payment of such Bonds until the earlier of: (i) proper notice of redemption of such Bonds shall have been previously given in accordance with the 2009 Indenture, or in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, until NIFA shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions to notify, as soon as practicable, the holders or owners of the Bonds, in accordance with the 2009 Indenture, that the deposit required by the 2009 Indenture has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the 2009 Indenture and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, on said Bonds; or (ii) the maturity of such Bonds.

Notwithstanding the foregoing, in the case of Bonds which by their terms may be redeemed prior to their stated maturity, no deposit under the second preceding paragraph shall be deemed a payment of such Bonds as aforesaid until NIFA shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instruction:

(a) stating the date when the principal amount (and premium, if any) of each such Bond is to be paid, whether at maturity or on a redemption date;

(b) to call for redemption pursuant to the 2009 Indenture (and at such times as notice thereof may be given in accordance with the 2009 Indenture) any Bonds to be redeemed prior to maturity; and

(c) to mail, as soon as practicable, in the manner prescribed by the 2009 Indenture, a notice to the holders of such Bonds and to the Rating Agency that the deposit required by the 2009 Indenture has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the 2009 Indenture and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, on said Bonds and, if a maturity date is stated, whether or not such Bonds continue to be subject to redemption.

All moneys so deposited with the Trustee as provided above may at the direction of NIFA also be invested and reinvested in Federal Obligations, maturing in the amounts and at the times as set forth in the 2009 Indenture, and all income from all Federal Obligations in the hands of the Trustee pursuant to the 2009 Indenture which is not required for the payment of the Bonds and interest and premium, if any, thereon with respect to which such moneys shall have been so deposited shall be deposited in the Revenue Fund as and when realized and collected for such application as are other moneys deposited in such Fund.

All moneys or Federal Obligations set aside and held in trust pursuant to the provisions of the 2009 Indenture for the payment of Bonds (including interest and premium thereon, if any) shall be applied to and used solely for the payment of the particular Bonds (including interest and premium thereof, if any) with respect to which such moneys and Federal Obligations have been so set aside in trust.

Additional Obligations

So long as any Bonds are Outstanding, except as may be provided with respect to a Series of Bonds in the Supplemental Indenture authorizing such Bonds, NIFA has covenanted that it will not create or permit the creation of or issue any obligations or create any additional indebtedness (other than additional Series of Bonds) which will be secured by a superior or equal charge or superior or equal lien on the Revenues and other amounts pledged under the 2009 Indenture or will be payable, on an equal or superior basis, from any of the Funds or Accounts established and created by or pursuant to the 2009 Indenture. NIFA may, however, issue evidences of indebtedness (i) secured by a pledge of Revenues that may be released from the lien of the 2009 Indenture or (ii) not issued under the 2009 Indenture.

Compensation of Trustee

The Trustee shall be entitled to, from time to time, reasonable compensation for services rendered by it under the 2009 Indenture and also reimbursement for all its reasonable expenses, charges, legal fees and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under the 2009 Indenture, provided that any such compensation or reimbursement shall be payable solely as described in paragraph *Second* above under the caption "Revenue Fund" and any Supplemental Indenture and shall be limited, except in an Event of Default, to such amounts which shall be payable at such times as shall be set forth in a Supplemental Indenture. In an Event of Default under the 2009

Indenture, but only upon an Event of Default, the Trustee shall have a lien for its compensation and expenses on any and all funds at any time held by it under the 2009 Indenture in the priority described above under the caption "Priority of Payments After Default."

Resignation and Removal of Trustee

The Trustee, or any successor thereof, may at any time resign and be discharged of its duties and obligations created by the 2009 Indenture by giving not less than 60 days' written notice to NIFA and delivering notice thereof to the Bondholders, specifying the date when such resignation shall take effect. The Trustee, or any successor thereof, may be removed at any time by the holders of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of NIFA, or by NIFA (if NIFA is not in default under the 2009 Indenture), by, in the case of removal by the Bondholders, an instrument or concurrent instruments in writing signed and duly acknowledged by such Bondholders or by their attorneys duly authorized in writing and delivered to NIFA and by, in the case of removal by NIFA, notice thereof to the Trustee. The resignation or removal of the Trustee shall not be effective unless a successor Trustee has been appointed and has accepted the duties of the Trustee.

Successor Trustee

In the event the Trustee shall resign or be removed or shall become incapable of acting or shall be adjudged a bankrupt or insolvent or if a receiver, liquidator or conservator of the Trustee or its property be appointed or control of the Trustee shall be taken by any public office or officer, a successor may be appointed by NIFA or the holders of a majority in principal amount of the Bonds then Outstanding. Pending such appointment, NIFA shall appoint a fiduciary to fill such vacancy until a successor trustee is appointed by the holders of the Bonds.

Limited Obligation Bonds

The Bonds are limited obligations of NIFA and are payable solely out of any Revenues derived from the operation of the Program and other amounts pledged therefor pursuant to the 2009 Indenture. Except as otherwise provided in a Supplemental Indenture, all Bonds issued pursuant to the 2009 Indenture are equally and ratably secured by the lien thereof.

Bonds Not an Obligation of the State or Any Political Subdivision Thereof

The Bonds do not constitute a debt of the State or any political subdivision thereof, and neither the State nor any of its political subdivisions are liable thereon, nor in any event shall the principal and interest be payable out of any funds or properties other than all or any part of the Revenues as set forth in the 2009 Indenture. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

Special GSE Rights

For so long as any 2009 Series A Bonds remain outstanding (including any subseries thereof), certain rights have been granted to the GSEs pursuant to the terms of the 2009 Series A Supplemental Indenture. These rights include, but are not limited to, the right to approve the appointment of a successor Trustee and to directly enforce certain provisions of the 2009 Series A Supplemental Indenture.

RATING OF THE SERIES BONDS

The Series Bonds have been assigned a rating of "AA+" by S&P. On August 8, 2011, S&P lowered the ratings on certain public finance housing issues following the downgrade of the sovereign credit rating of the United States of America to "AA+" on August 5, 2011. Included in those downgrades were the ratings on the Bonds issued pursuant to the 2009 Indenture, which were downgraded to "AA+".

An explanation of the significance of the rating on the Series Bonds may be obtained only from the rating agency furnishing the same. The Underwriters have furnished information and materials to S&P relating to NIFA and the Series Bonds, certain of which information and materials have not been included in this Official Statement. Generally, rating agencies base their ratings on such information and materials and on investigations, studies and assumptions by the rating agencies. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series Bonds.

TAX TREATMENT AND RELATED CONSIDERATIONS

General

The Code establishes certain requirements that must be met subsequent to the issuance of the 2011 Series A Bonds and the conversion of the 2009 Subseries A-1 Bonds in order that interest thereon be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the 2011 Series A Bonds and on the 2009 Subseries A-1 Bonds to be includable in gross income retroactive to the date of original issuance of the 2011 Series A Bonds and the conversion of the 2009 Subseries A-1 Bonds. The requirements of the Code include provisions that restrict the yield and set forth other limitations within which the proceeds made available upon the issuance of the 2011 Series A Bonds and the conversion of the 2009 Subseries A-1 Bonds are to be invested, including mortgage eligibility requirements, and require that certain investment earnings be rebated on a periodic basis to the United States Treasury.

Section 143 of the Code imposes significant limitations on the financing of single-family Mortgage Loans with the proceeds of the Series Bonds. NIFA requires that all Mortgage Loans financed by the proceeds made available upon the issuance of the 2011 Series A Bonds and the conversion of the 2009 Subseries A-1 Bonds satisfy these requirements, including, but not limited to, the borrower income and purchase price limitations of Section 143 of the Code.

Under the Code, the following requirements must be met with respect to each Mortgage Loan financed, in whole or in part, with the proceeds of the Series Bonds: (a) the residence being financed must reasonably be expected by NIFA to become the principal residence of the mortgagor within a reasonable time after the financing is provided, must not be intended primarily or expected to be used in a trade or business and may not be used as an investment property or as a recreational home; (b) subject to certain limited exceptions, at least 95% of the lendable proceeds of an issue, after deducting such proceeds used to make Mortgage Loans in “targeted areas”, qualified rehabilitation loans or home improvement loans and mortgage loans made to certain “veteran” borrowers (as defined in 38 U.S.C. Section 101) who have not previously obtained mortgage loans financed by single family mortgage revenue bonds, must be used to finance residences of borrowers who have not had a present ownership interest in a principal residence during the three-year period prior to the date on which the mortgage is executed; (c) the acquisition cost of the residence must not exceed certain limitations; (d) all mortgages must be made to borrowers whose income does not exceed certain limitations; (e) subject to certain limited exceptions, proceeds may not be applied to acquire or replace an existing mortgage, except for the replacement of temporary initial financing or qualified rehabilitation; and (f) a mortgage may not be assumed unless requirements (a) through (d) above are met.

An issue of bonds is treated as meeting the mortgage eligibility requirements of the Code only if the issuer in good faith attempts to meet all of the mortgage eligibility requirements before the mortgages are executed and any failure to comply with the mortgage eligibility requirements is corrected within a reasonable period after such failure is first discovered. In addition, 95% or more of the proceeds of the issue used to make loans must be used to finance residences which met all such requirements at the time the loans were executed. In determining whether 95% of the proceeds have been so used, the issuer is entitled to rely on an affidavit of the mortgagor and of the seller and on the mortgagor’s income tax returns filed with the Internal Revenue Service (the “IRS”) for the three years preceding the date the mortgage is executed even though the relevant information in such affidavits and returns should ultimately prove to be untrue, unless NIFA or its agent knows or has reason to believe that such information is false. If the relevant information in the affidavits obtained in connection with any loan is discovered to be untrue, however, the correction still must be made within a reasonable period. An issue of bonds is treated as meeting the arbitrage and targeting requirements of the Code if (a) the issuer in good faith attempted to meet all these requirements and (b) any failure to meet such requirements is due to inadvertent error after taking reasonable steps to comply with the requirements.

NIFA requires the inclusion of certain provisions in the Participant loan documents and other relevant documents and has established certain procedures (including receipt of certain affidavits and warranties from lenders, borrowers and others with respect to the mortgage eligibility requirements) to ensure compliance with the Code and the related mortgage eligibility requirements and other requirements relating to nonmortgage investments which must be met subsequent to the date of issuance of the 2011 Series A Bonds and the conversion of the 2009 Subseries A-1 Bonds. NIFA has covenanted in the General Indenture to do and perform all acts and things necessary or desirable in order to assure that interest paid on the 2011 Series A Bonds and the 2009 Subseries A-1 Bonds shall be excludable from gross income for federal income tax purposes. NIFA believes that the procedures and documentation requirements established for the purpose of fulfilling its covenant are sufficient to ensure that the proceeds of the 2011 Series A Bonds and the 2009 Subseries A-1 Bonds will be applied in accordance with the Code.

Opinion of Bond Counsel

In the opinion of Kutak Rock LLP, Bond Counsel, to be delivered, with respect to the 2011 Series A Bonds, on the date of issuance of the 2011 Series A Bonds, and, with respect to the 2009 Subseries A-1 Bonds, on the Release Date of the 2009 Subseries A-1 Bonds, under existing laws, regulations, rulings and judicial decisions, interest on the 2011 Series A Bonds and, from and after the Release Date, interest on the 2009 Subseries A-1 Bonds is excluded from gross income for federal income tax

purposes. The opinions described in the preceding sentence assume the accuracy of certain representations and compliance by NIFA with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the 2011 Series A Bonds and the conversion of the 2009 Subseries A-1 Bonds. Failure to comply with such requirements could cause interest on the 2011 Series A Bonds and the 2009 Subseries A-1 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance in the case of the 2011 Series A Bonds and from the Release Date in the case of the 2009 Subseries A-1 Bonds. NIFA has covenanted to comply with such requirements. Bond Counsel is of the opinion that interest on the Series Bonds is exempt from State of Nebraska income taxation.

Additionally, Bond Counsel is of the opinion that interest on the 2011 Series A Bonds and, with respect to the 2009 Subseries A-1 Bonds, from the Release Date (which date of issuance and Release Date are anticipated to be the same date) is neither a specific preference item nor included in adjusted current earnings for purposes of the federal alternative minimum tax imposed on individuals and corporations by the Code. Bond Counsel has expressed no opinion regarding other federal or State tax consequences arising with respect to the Series Bonds. The form of the opinion of Bond Counsel with respect to the Series Bonds is attached hereto as Appendix E.

Original Issue Discount on 2009 Subseries A-1 Bonds

As a consequence of the interest rate change on the 2009 Subseries A-1 Bonds, the 2009 Subseries A-1 Bonds are treated as being issued and sold on the Release Date with an original issue discount. The amount of original issue discount which is treated as having accrued with respect to the 2009 Subseries A-1 Bonds is added to (including the addition of a negative amount which will have the effect of reducing) the cost basis of the owner of the 2009 Subseries A-1 Bonds in determining, for federal income tax purposes, gain or loss upon disposition of the 2009 Subseries A-1 Bonds (including their sale, redemption or payment at maturity). Purchasers of the 2009 Subseries A-1 Bonds should consult with their tax advisors with respect to the determination and treatment of amortizable discount for federal income tax purposes and with respect to the state and local tax consequences of owning a 2009 Subseries A-1 Bond.

Other Tax Consequences

The accrual or receipt of interest on the Series Bonds may otherwise affect the federal income tax liability of the owners of the Series Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the 2011 Series A Bonds and owners of the 2009 Subseries A-1 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing, owning or selling the Series Bonds.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007 to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. This reporting requirement does not in and of itself affect or alter the excludability of interest on the Series Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Series Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series Bonds or the market value thereof would be impacted thereby. For example, on September 12, 2011, President Obama sent to Congress draft legislation entitled the "American Jobs Act of 2011" (the "Proposed Act"). On September 13, 2011, Senate Majority Leader Reid introduced the Proposed Act in the Senate (S.1549). The Proposed Act included a provision that, if enacted as proposed, would have limited the amount of exclusions (including tax-exempt interest, such as interest on the Series Bonds) and deductions certain high income taxpayers could use to reduce their income tax

liability for taxable years after 2012. On October 11, 2011, a procedural vote in the Senate to end debate and thus allow a vote on the Proposed Act, as amended, did not pass. This or other legislative proposals may be considered or introduced that could affect the market price or marketability of tax-exempt bonds, such as the Series Bonds. Purchasers of the Series Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the 2011 Series A Bonds and from and after the Release Date with respect to the 2009 Subseries A-1 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

UNDERWRITING

The 2011 Series A Bonds are being purchased by J.P. Morgan Securities LLC (“J.P. Morgan”), Ameritas Investment Corp., Barclays Bank plc and D.A. Davidson & Co. (the “Underwriters”) pursuant to a bond purchase agreement, in which the Underwriters agree, subject to certain conditions (including receipt of the rating discussed under “RATING OF THE SERIES BONDS”), to purchase all of the 2011 Series A Bonds at a price equal to 100% of the principal amount thereof plus accrued interest, if any. The Bond Purchase Agreement provides that the Underwriters shall purchase the 2011 Series A Bonds in the aggregate stated principal amount thereof if any 2011 Series A Bonds are purchased. The Underwriters will be compensated \$362,914 in consideration of their purchase of the 2011 Series A Bonds. In addition, J.P. Morgan will receive a special structuring fee equal to \$66,000 for providing additional structuring considerations relating to the 2011 Series A Bonds and the requirements for the release of the proceeds of the 2009 Subseries A-1 Bonds in conformity with the NIBP. The Underwriters are not offering the 2009 Subseries A-1 Bonds and are not acting as financial advisors and have not provided any services with respect to the 2009 Subseries A-1 Bonds or the holders thereof.

J.P. Morgan, one of the Underwriters of the 2011 Series A Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of UBS Financial Services Inc. (“UBSFS”) and Charles Schwab & Co., Inc. (“CS&Co.”) for the retail distribution of certain securities offerings, including the 2011 Series A Bonds, at the original issue prices. Pursuant to each Dealer Agreement, both UBSFS and CS&Co. will purchase 2011 Series A Bonds from J.P. Morgan at the original issue price less a negotiated portion of the selling concession applicable to any 2011 Series A Bonds that such firm sells.

The initial offering price of the 2011 Series A Bonds purchased by the Underwriters may be changed from time to time by the Underwriters. The Underwriters may offer and sell the 2011 Series A Bonds to certain dealers and others at prices lower than the prices stated on the inside cover page hereof.

If there is no Release applicable to the 2009 Subseries A-1 Bonds, the issuance of the 2011 Series A Bonds will be canceled.

LITIGATION

At the time of delivery of and payment for the 2011 Series A Bonds and the conversion of the 2009 Subseries A-1 Bonds, NIFA will certify that, to its knowledge, no litigation or other proceedings are pending or threatened in any agency, court or tribunal, state or federal, restraining or enjoining or seeking to restrain or enjoin the issuance, sale, execution or delivery of any of the 2011 Series A Bonds or the conversion of the 2009 Subseries A-1 Bonds, in any way questioning or affecting the validity of any provision of the 2011 Series A Bonds, the 2009 Subseries A-1 Bonds, the 2009 Indenture and certain related documents, in any way questioning or affecting the validity of any of the proceedings or authority for the authorization, sale, execution or delivery of the 2011 Series A Bonds or the conversion of the 2009 Subseries A-1 Bonds or of any provision, program or transactions made or authorized for their payment, or questioning or affecting the organization or existence of NIFA or the title of any of its officers to their respective offices.

APPROVAL OF LEGALITY

The approving opinion of Kutak Rock LLP, Omaha, Nebraska, Bond Counsel and General Counsel to NIFA, in substantially the form attached to this Official Statement as Appendix F, will be delivered upon the issuance of the 2011 Series A Bonds and on the Release Date in connection with the 2009 Subseries A-1 Bonds. Certain matters relating to the 2011 Series A Bonds will be passed upon for the Underwriters by Baird Holm LLP, Omaha, Nebraska, counsel for the Underwriters.

FINANCIAL STATEMENTS

The financial statements and supplemental data of NIFA as of June 30, 2010, and for the year then ended, included in Appendix B to this Official Statement, have been audited by KPMG LLP, independent auditors, as stated in their report appearing in Appendix B, which includes a qualification for NIFA’s presentation of securitized mortgage loans at amortized cost,

rather than at fair value as required by U.S. generally accepted accounting principles, and an explanatory paragraph for NIFA's adoption of Governmental Accounting Standards Board Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, as of July 1, 2009.

LEGAL INVESTMENT

The Act provides, in part, that, with respect to entities governed by State law, the Series Bonds are legal investments in which all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, banking associations, trust companies, savings associations, savings and loan associations, building and loan associations, investment companies, and all other persons carrying on a banking business, all administrators, guardians, executors, trustees, personal representatives and other fiduciaries, and other persons who are now or may be later authorized to invest in bonds or in other obligations of the State, may invest funds, including capital, in their control or belonging to them. The Act further provides that the Series Bonds are securities which may be deposited with and received by all public officers and bodies of the State or any agency or political subdivision of the State and all municipalities and public corporations for any purpose for which the deposit of bonds or other obligations of the State is now or may be later authorized by law.

UNDERTAKING TO PROVIDE ONGOING DISCLOSURE

Pursuant to the terms of a Continuing Disclosure Certificate with respect to the 2011 Series A Bonds (the "Disclosure Certificate"), NIFA will send or cause to be sent to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access system, certain financial information and operating data and notices of certain events, pursuant to the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, by the Securities and Exchange Commission (the "Rule"). A copy of the Continuing Disclosure Certificate, in substantially the form expected to be executed by NIFA, is attached to this Official Statement as Appendix F.

A failure by NIFA to comply with the Disclosure Certificate will not constitute a default under the 2009 Indenture, although bondholders will have any available remedy at law or in equity, including seeking mandate or specific performance by court order to cause NIFA to comply with its obligations under the Disclosure Certificate. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2011 Series A Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2011 Series A Bonds and their market price.

NIFA is in compliance in all material respects with each prior undertaking made by it pursuant to the Rule.

ADDITIONAL INFORMATION

THE SERIES BONDS ARE LIMITED OBLIGATIONS OF NIFA. THE SERIES BONDS ARE PAYABLE SOLELY OUT OF REVENUES DERIVED FROM THE OPERATION OF THE PROGRAM AND OTHER AMOUNTS PLEDGED THEREFOR PURSUANT TO THE 2009 INDENTURE AND ARE NOT PAYABLE FROM AMOUNTS PLEDGED TO THE PRIOR SINGLE FAMILY PROGRAMS OR OTHER BOND PROGRAMS OR THE FUNDS AND ACCOUNTS WHICH SECURE THE PRIOR SINGLE FAMILY PROGRAMS AND OTHER BOND PROGRAMS OR THE GENERAL ASSETS OR RESOURCES OF NIFA. NIFA HAS NO TAXING POWER.

All of the foregoing summaries of the Act, the 2009 Indenture and the Program Agreements are made subject to all of the provisions of the Act and such documents and these summaries do not purport to be complete statements of such provisions. Reference is hereby made to the Act and such documents for further information in connection therewith. Copies of the aforementioned documents may be examined at the office of NIFA in Lincoln, Nebraska and at the offices of J.P. Morgan Securities LLC, 8th Floor, 383 Madison Avenue, New York, New York 10179.

Pursuant to the General Indenture, NIFA has covenanted to annually, within 120 days after the close of each Fiscal Year, cause a report of audit of its financial records and an Accountant's Certificate with respect thereto to be made. The report shall show (a) revenues and expenses for the Fiscal Year and (b) assets, liabilities and fund balances at the end of the Fiscal Year, including all Funds and Accounts established by the 2009 Indenture (which may be consolidated). A copy of each audit report and Accountant's Certificate shall be mailed by NIFA to the managing Underwriter of the 2011 Series A Bonds and to each Bondholder and Beneficial Owner who shall have filed his or her name and address with NIFA for such purpose. Although not required pursuant to the General Indenture, periodic reports with respect to NIFA and the Program may, in NIFA's discretion, be prepared and made available by other means to provide information to persons wishing to receive it. Appropriate periodic credit information will be provided to the rating agency rating the Series Bonds.

The agreements of NIFA with holders of the Series Bonds are fully set forth in the 2009 Indenture. This Official Statement is not to be construed as a contract with the purchasers of the 2011 Series A Bonds or the holders of the 2009 Subseries A Bonds. Any statements herein involving matters of opinion or estimates, whether or not expressly so stated, are intended merely as such and not as representations of fact.

NEBRASKA INVESTMENT FINANCE AUTHORITY

By /s/ Timothy R. Kenny
Executive Director

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APPENDIX A

SUMMARY OF CERTAIN MORTGAGE INSURANCE AND SECURITY GUARANTY PROGRAMS

Introduction

The United States Department of Housing and Urban Development (“HUD”), created by the Housing and Urban Development Act of 1965, is responsible for the administration of various federal programs authorized under the National Housing Act of 1934, as amended (the “National Housing Act”), and the United States Housing Act of 1937, as amended. The Department of Veterans Affairs (“VA”) administers the mortgage guarantee program authorized under the Servicemen’s Readjustment Act of 1944, as amended (the “Servicemen’s Readjustment Act”). The Cranston-Gonzalez National Affordable Housing Act of 1990 authorized the establishment of FmHA Guaranteed Rural Housing Loan Program. These programs may be financed by annual appropriations from Congress, as well as by mortgage insurance premiums and fees; subsidies and insurance payments are in some cases made from trust funds established under the various programs.

Following is a summary of programs relating to mortgages which NIFA may finance under the Program and is only a brief outline and does not purport to summarize or describe all of the provisions of such programs. For a more complete description of the terms of such programs, reference is made to the provisions of the contracts embodied in the regulations of the FHA, the VA and the USDA/RD, respectively, and of the regulations, master insurance contracts and other such information of the various private mortgage insurers and federal government guarantors.

Federal Housing Administration Mortgage Insurance Programs

The National Housing Act authorizes various Federal Housing Administration (“FHA”) mortgage insurance programs, which differ in some respects depending primarily upon whether the premises contain five or more dwelling units or less than five such units. Insurance benefits are payable only upon foreclosure (or other acquisition of possession) and conveyance of the premises to FHA. Assignment of a defaulted loan to FHA is no longer permitted.

Under some of the FHA insurance programs, insurance claims are paid by FHA in cash unless the insured specifically requests payment in debentures issued by FHA. Under others, FHA has the option at its discretion to pay insurance claims in cash or in such debentures. The current FHA policy, subject to change at any time, is to make insurance payments on single family mortgage loans in cash with respect to all programs covering such units as to which it has discretion to determine the form of insurance payment. FHA debentures issued in satisfaction of FHA insurance claims bear interest payable semiannually on January 1 and July 1 of each year at the FHA debenture interest rate in effect under FHA regulations on the date the FHA mortgage insurance commitment was issued or of the initial insurance endorsement of the mortgage loan, whichever rate is higher.

When entitlement to insurance benefits results from foreclosure (or other acquisition of possession) and conveyance, the insurance payment is computed as of the date of the institution of foreclosure or the date of acquisition of the property, whichever is earlier, and the insured generally is not compensated for interest accrued and unpaid prior to that date. However, the mortgagee will be reimbursed for uncollected interest resulting from the mortgagor’s default on a forbearance agreement. Under such circumstances, the amount of insurance benefits generally paid by FHA is equal to the unpaid principal amount of the mortgage loan adjusted to reimburse the mortgagee for certain tax, insurance and similar payments made by it and to deduct certain amounts received or retained by the mortgagee after default, plus reimbursement not to exceed two-thirds of the mortgagee’s foreclosure costs (or \$75, whichever is the greater). The regulations under all insurance programs described above provide that the insurance payment itself bears interest from the date of default by the mortgagor, which under HUD regulations will occur no less than 30 days after the due date of a mortgage payment to the date of payment of the claim at the same interest rate as the applicable HUD debenture interest rate determined in the manner set forth above.

When any property conveyed to FHA has been damaged by fire, earthquake, flood or tornado or the property has suffered damage due to failure of the mortgagee to protect and preserve a vacant or abandoned property, it is required, as a condition to payment of an insurance claim, that such property be repaired by the mortgage lender prior to such conveyance. In some instances, when damage has resulted from failure of the mortgagee to inspect and preserve the property, FHA may deduct the amount of such damages from the insurance payment made by FHA.

The continuation of the availability of FHA mortgage insurance depends on periodic action by the United States Congress to increase the limitation on the aggregate amount of loan guarantees. Through legislative action by the United States Congress or changes in regulations by HUD, the fees and standards for participation in FHA insurance programs may change. It

is not possible to predict the effect of legislative or regulatory action, if any, on the ability of NIFA to purchase Mortgage Loans or Mortgage-Backed Securities.

Department of Veterans Affairs Mortgage Guaranty Program

The Servicemen's Readjustment Act permits a veteran (or, in certain instances, the spouse of a veteran) to obtain a mortgage loan guaranty by the VA covering mortgage financing of the purchase of a one-to-four family dwelling unit. This program has no mortgage loan limits, requires no down payment from the purchaser and permits the guaranty of mortgage loans with terms limited by the estimated economic life of the property, up to approximately 30 years.

The VA uses a three-tier guaranty system. The maximum VA guaranty for mortgage loans of \$45,000 or less is a guaranty of 50% of the loan. The maximum VA guaranty for mortgage loans of more than \$45,000 to \$56,250 is \$22,500. The maximum VA guaranty for mortgage loans of more than \$56,250 is a guaranty of 40% of the loan or \$36,000, whichever is less. For loans of more than \$144,000 the lesser of the applicable "maximum guaranty amount" or 25% of the original principal amount of the mortgage loan. Such "maximum guaranty amount" generally is 25% of the Freddie Mac conforming loan limit (such limit is currently \$417,000). Pursuant to the Housing and Economic Recovery Act of 2008 and the Veterans Benefits Improvement Act of 2008, the "maximum guaranty amount" for loans originated from January 1, 2009 through December 31, 2011 is 25% of the greater of: (a) the Freddie Mac conforming loan limit, and (b) 125% of the area median price for a single family residence, but in no case to exceed 175% of the Freddie Mac conforming loan limit for a single family residence in the county which the property securing the loan is located. The actual guaranty may be less than the maximum guaranty as described above in the event a veteran's guaranty entitlement previously used for a guaranteed loan has not been restored by the VA.

The guaranty is reduced or increased pro rata with any deduction or increase in the amount of the guaranteed indebtedness, but in no event will the amount payable on the guaranty exceed the amount of the original guaranty or the percentage of the indebtedness corresponding to that of the original guaranty, whichever is less. Notwithstanding the dollar and percentage limitations of the guaranty, a mortgage holder will ordinarily suffer a monetary loss only where the difference between the unsatisfied indebtedness and the proceeds of a foreclosure sale of the mortgaged premises is greater than the original guaranty, as adjusted. The VA may, at its option and without regard to the guaranty, make full payment to a mortgagee of unsatisfied indebtedness on a mortgage upon its assignment to the VA. Under certain circumstances, a mortgagee is required to accept partial payments on a loan that is more than 60 days overdue.

When a VA loan is foreclosed, the VA must decide whether to (i) acquire the property and pay off the debt or (ii) not acquire the property through the "no bid" process. Under option (ii), the VA gives instructions to the mortgagee to make "no bid" at the foreclosure sale and pays the guaranty amount to the mortgagee, leaving the mortgagee responsible for the disposition of the property. Mortgagees may also "buydown" the veteran's indebtedness at the time of the foreclosure sale to convert a no bid into a VA acquisition. "No bids" are more likely if the property has significantly declined in value, because the cost to the VA may be less than their expected cost to acquire, manage and dispose of the property.

United States Department of Agriculture/Rural Development (Formerly Farmers Home Administration) Guaranteed Rural Housing Loan Program

The Cranston-Gonzalez National Affordable Housing Act of 1990 authorized the establishment of FmHA (now Rural Development, acting through the United States Department of Agriculture, "USDA/RD") Guaranteed Rural Housing Loan Program. Applicants whose adjusted annual income does not exceed 115% of median area income are eligible for these loans, subject to the geographic restrictions described below. The interest assistance paid monthly by USDA/RD to the loan servicer reduces the borrower's effective interest rate. The amount of interest rate reduction is dependent upon the household's annual income, which is recertified by the loan servicer annually. The availability of interest assistance is dependent upon funding by Congress. Funding is not currently available for interest assistance.

The USDA/RD-guaranteed Rural Housing Loan Program is available with respect to mortgage loans for the acquisition of existing or newly constructed single family, nonfarm principal residences occupied by the borrower. Such mortgage loans are limited to properties in certain rural areas which have a population not in excess of 20,000.

The USDA/RD guaranty covers the lesser of (a) any loss of an amount equal to 90% of the principal amount actually advanced to the borrower or (b) any loss sustained by the lender of an amount up to 35% of the principal amount actually advanced to the borrower, plus any additional loss sustained by the lender of an amount up to 85% of the remaining 65% of the principal amount actually advanced to the borrower. Under this program, "lender" includes a purchaser of a guaranteed loan, such as the Nebraska Investment Finance Authority. "Loss" includes only (i) principal and interest on the loan, (ii) if applicable,

any loan subsidy due and owing, (iii) any principal and interest indebtedness on USDA/RD-approved protective advances made for protection and preservation of the property and (iv) certain foreclosure costs. If liquidation of the property is conducted by the lender in an expeditious manner, interest is covered to the date of final loss settlement. If the property is sold in liquidation to a bona fide third-party purchaser, the net proceeds of such sale is the basis for calculating the loss to the lender. If the lender acquires the property in the liquidation process, the lender is allowed up to six months from the date the property is acquired to sell the property. The net payment will be based on the net proceeds received for the property. If no sale offer is accepted within six months, the basis for determining the loss to the lender is the current appraised market value of the property as of the date of acquisition by the lender, less the estimated liquidation costs, including an allowance for the estimated time the property will be held by the lender. USDA/RD does not accept conveyance of the property, but rather pays the lender's claim upon foreclosure. The claim payment includes actual costs incurred by the lender, including interest expense, and an allowance for the costs associated with liquidating the property.

Private Mortgage Insurance

Under most policies issued by private mortgage insurers, the maximum amounts insurable range from 90% to 95% of the appraised value or selling price for owner-occupied dwellings, whichever is lower. Requirements of borrower equity vary according to the percentage of the mortgage to be insured. Certain insurers will credit toward the value of the land to be improved, trade-in property or work equity, a specified percentage of this amount, if at least a minimum cash equity is met and the home is to be owner-occupied. Although there may be variations among insurers, available coverage by private mortgage insurers is generally limited to first mortgage loans or contracts on improved real estate, with amortization over the term of the loan or contract in substantially equal monthly payments, including accruals for taxes and insurance.

The Homeowners Protection Act of 1998 (the "HPA") permits a mortgagor responsible for paying his PMI premium to cancel PMI on the date on which the principal balance of the mortgage loan is scheduled to reach 80% of the original value of the residence or on the date on which the principal balance reaches 80% of the original value of the residence. The original value is the lesser of the sales price or the appraised value at the time the mortgage loan transaction was consummated. In order to effect such cancellation, the mortgagor must request in writing that the cancellation be initiated, must have a good payment history with respect to the mortgage loan (i.e., no mortgage payment was, during the year beginning two years prior to cancellation, 60 or more days delinquent, and no mortgage payment was, during the year beginning one year prior to cancellation, 30 or more days delinquent), and must satisfy any requirements of the lender for evidence that the value of the residence has not declined below its original value and for certification that the mortgagor's equity in the residence is not encumbered by a subordinate loan. The HPA further provides for automatic termination of PMI on the date on which the principal balance of the mortgage loan is scheduled to reach 78% of the original value of the residence, or if the borrower is not then current on his mortgage loan payments, on the date on which the mortgagor subsequently becomes current on such payments. These termination and cancellation provisions do not apply to mortgage loans characterized as "high risk loans" as determined in accordance with guidelines to be published by Fannie Mae and the Federal Home Loan Mortgage Corporation. Even if the private mortgage insurance is not canceled or terminated as described above, the HPA requires that PMI must be terminated on the first day of the month immediately following the date that is the midpoint of the amortization period of the mortgage loan if the mortgagor is then current on his mortgage loan payments. The HPA also requires that mortgagors be provided with certain disclosures and notices regarding termination and cancellation of private mortgage insurance. NIFA cannot presently predict what the Federal Home Loan Mortgage Corporation or the Fannie Mae guidelines with respect to designation of "high risk loans" will be or the effect, if any, of the HPA on future losses incurred on mortgage loans insured by PMI which are directly financed with Bond proceeds.

Under the various policies, delinquencies must be reported to the insurer within a specified period of time after default, and proceedings to recover title are required to be commenced within a specified period of time after default. It is standard practice for private mortgage insurers to require that lending institutions, prior to presenting a claim under the mortgage insurance, acquire and tender to the private mortgage insurer title to the property, free and clear of all liens and encumbrances, including any right of redemption by the mortgagor. When such claim is presented, the private mortgage insurer will normally retain the option to pay the claim in full and take title to the property and arrange for its sale or pay the insured percentage of the claim and allow the insured mortgage lender to retain title to the property.

The amount of loss payable generally includes the principal balance due under the mortgage loan, plus accumulated interest, real estate taxes and hazard insurance premiums which have been advanced, expenses incurred in the preservation of the insured property, and other expenses necessarily incurred in the recovery proceedings, although in no event will the insurer be required to pay an amount which exceeds the coverage under a policy.

Prior to insuring loans for any mortgage lender, the insurer investigates and evaluates such mortgage lender in the areas of (a) quality of appraisal ability, (b) quality of underwriting ability, (c) net worth and quality of assets and (d) ability and past performance of servicing staff and adequacy of servicing procedures.

GNMA and the GNMA Securities

General. The summary of the GNMA Program, GNMA Securities and other documents referred to herein does not purport to be comprehensive and is qualified in its entirety by reference to the GNMA Guide (copies of which may be obtained from GNMA at the Office of Mortgage-Backed Securities, 451 Seventh Street, S.W., Washington, D.C. 20410) and to the GNMA Securities and other documents for full and complete statements of their provisions.

GNMA is a wholly owned corporate instrumentality of the United States of America within the Department of Housing and Urban Development ("HUD") whose principal office is located in Washington, D.C.

GNMA is authorized by Section 306(g) of Title III of the National Housing Act to guarantee the timely payment of the principal of, and interest on, securities that are based on and backed by trusts or pools composed of mortgage loans insured or guaranteed under the National Housing Act, Title V of the Housing Act of 1949, the Servicemen's Readjustment Act, Chapter 37 of Title 38 of the United States Code or Section 184 of the Housing and Community Development Act of 1992 or guaranteed by the USDA/RD under its guaranteed Single Family Rural Housing Program. Section 306(g) further provides that "the full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty by GNMA." An opinion, dated December 9, 1969, of an Assistant Attorney General of the United States states that such guarantees under Section 306(g) of mortgage-backed certificates are authorized to be made by GNMA and "would constitute general obligations of the United States backed by its full faith and credit."

There are two GNMA MBS programs, GNMA I and GNMA II. Any GNMA Security acquired pursuant to the Program will be a "fully modified pass-through" security (guaranteed by GNMA pursuant to its GNMA I or GNMA II MBS program) which will require the servicer to pass through to the holder thereof the regular monthly payments on the underlying mortgage loans (less the service fees), whether or not the servicer receives such payments from the mortgagors on the underlying mortgage loans, plus any unscheduled recoveries of principal of the mortgage loans received by the servicer during the previous month. In order to meet its obligations under such guaranty, GNMA, in its corporate capacity under Section 306(d) of Title III of the National Housing Act, may issue its general obligations to the United States Treasury Department in an amount outstanding at any one time sufficient to enable GNMA, with no limitations as to amount, to perform its obligations under its guaranty of the timely payment of the principal of and interest on the GNMA Security. The Treasury Department is authorized to purchase any obligations so issued by GNMA and has indicated in a letter, dated February 13, 1970, from the Secretary of the Treasury to the Secretary of HUD, that the Treasury Department will make loans to GNMA, if needed, to implement the aforementioned guaranty.

Under the terms of its guaranty, GNMA also warrants to the holder of the GNMA Security that, in the event GNMA is called upon at any time to make payment on its guaranty of the principal of and interest on the GNMA Security, it will, if necessary, in accordance with Section 306(d) of Title III of the National Housing Act, apply to the Secretary of the United States Treasury Department for a loan or loans in amounts sufficient to make such payments of principal and interest.

GNMA shall have no responsibility to determine whether or not the Program complies with the requirements of the Code or whether or not interest on the Bonds may be exempt from federal income taxation. The payments due to the Trustee, as holder, pursuant to the terms of the GNMA Securities, will not change if the interest on the Bonds for any reason is determined to be subject to federal income taxation.

Servicing of the Mortgages. Under contractual agreements entered into by and between the servicer and GNMA, the servicer is responsible for servicing and otherwise administering the mortgage loans underlying the GNMA Securities in accordance with generally accepted practices of the mortgage banking industry and the GNMA Servicer's Guide (the "GNMA Guide").

The monthly remuneration of the servicer, for its servicing and administrative functions, and the guaranty fee charged by GNMA are based on the unpaid principal amount of the GNMA Securities outstanding. The GNMA Securities carry an interest rate that is fixed at .50% below the interest rate on the underlying mortgage loans; the servicing and guaranty fees (equal on a monthly basis to 1/12 of .50% of the outstanding principal balance of the mortgage loans) are deducted from payments on the mortgage loans before payments are passed through to the holder of the GNMA Security.

It is expected that interest and principal payments on the mortgage loans underlying the GNMA Securities received by the servicer will be the source of payments on the GNMA Securities. If such payments are less than what is due, the servicer is obligated to advance its own funds to ensure timely payment of all amounts coming due on the GNMA Securities. GNMA guarantees such timely payment in the event of the failure of the servicer to pay an amount equal to the scheduled payments (whether or not made by the mortgagors on the underlying mortgages).

The servicer is required to advise GNMA in advance of any impending or actual default on scheduled payments so that GNMA, as guarantor, will be able to continue such payments as scheduled on the applicable payment date. If, however, such payments are not received as scheduled, the holder has recourse directly to GNMA.

Default by Servicer. In the event of a default by the servicer, GNMA shall have the right, by letter to the servicer, to effect and complete the extinguishment of the servicer's interest in the mortgage loans underlying the GNMA Securities, and such mortgage loans shall thereupon become the absolute property of GNMA, subject only to the unsatisfied rights of the owner of the GNMA Security. In such event, GNMA will be the successor in all respects to the servicer with respect to the transaction and the agreements set forth or arranged for in the GNMA Guide.

Payment of Principal and Interest on the GNMA Securities. Under the GNMA I Program, the servicer makes separate payments, by the fifteenth day of each month, directly to each owner of GNMA Securities for each of the GNMA Securities held.

Payment of principal of each GNMA Security is expected to commence on the fifteenth day of the month following issuance of the GNMA Security.

Each installment on a GNMA Security is required to be applied first to interest and then in reduction of the principal balance then outstanding on the GNMA Security. Interest is to be paid at the specified rate on the unpaid portion of the principal of the GNMA Security. The amount of principal due on the GNMA Security shall be in an amount at least equal to the scheduled principal amortization currently due on the mortgage loans. However, payment of principal and interest is to be adjustable as set forth below.

Each of the monthly installments on a GNMA Security is subject to adjustment by reason of any prepayments or other unscheduled recoveries of principal on the underlying mortgage loans. In any event, the servicer will pay to the holder of the GNMA Security monthly installments of not less than the interest due on the GNMA Security at the rate specified in the GNMA Security, together with any scheduled installments of principal, whether or not such interest or principal is collected from the mortgagors, and any prepayments or unscheduled recovery of principal. Final payment shall be made upon surrender of the outstanding GNMA Security.

Fannie Mae and the Fannie Mae Securities

The summary of the Fannie Mae MBS Program (as defined below), the Fannie Mae Securities and other documents referred to herein does not purport to be comprehensive and is qualified in its entirety by reference to the Fannie Mae Guides and the Fannie Mae Securities and other documents for full and complete statements of their provisions.

Fannie Mae Mortgage-Backed Securities Program. Fannie Mae (formerly the Federal National Mortgage Association) is a federally chartered and stockholder-owned corporation organized and existing under the Federal National Mortgage Association Charter Act (12 U.S.C. Section 1716 et seq.). Fannie Mae was originally established in 1938 as a United States government agency to provide supplemental liquidity to the mortgage market. Fannie Mae is subject to the supervision and regulation of the Federal Housing Finance Agency ("FHFA") to the extent provided in the Housing and Economic Recovery Act of 2008 ("HERA"). The FHFA has placed Fannie Mae into conservatorship.

THE SECURITIES OF FANNIE MAE ARE NOT GUARANTEED BY THE UNITED STATES GOVERNMENT (INCLUDING THE DEPARTMENT OF THE TREASURY) AND DO NOT CONSTITUTE A DEBT OR AN OBLIGATION OF THE UNITED STATES OR ANY AGENCY OR INSTRUMENTALITY THEREOF, INCLUDING THE DEPARTMENT OF THE TREASURY AND FHFA, OTHER THAN FANNIE MAE.

Although the Secretary of the Treasury has certain discretionary authority to purchase obligations of Fannie Mae, neither the United States nor any agency thereof is obligated to finance Fannie Mae's obligations or to assist Fannie Mae in any manner.

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

The terms of the Fannie Mae MBS Program are governed by the Fannie Mae Guides, as modified by a Pool Contract, and, in the case of mortgage loans such as the Mortgage Loans, a Trust Indenture, dated as of November 1, 1981, as amended (the "Fannie Mae Trust Indenture"), and a supplement thereto to be issued by Fannie Mae in connection with each pool. The

Fannie Mae MBS Program is further described in a prospectus issued by Fannie Mae (the “Fannie Mae Prospectus”). The Fannie Mae Prospectus is updated from time to time. No Fannie Mae Prospectus Supplement will be available as to any Fannie Mae Securities acquired pursuant to the Program.

Copies of the Fannie Mae Prospectus and Fannie Mae’s most recent annual and quarterly reports and proxy statement are available from Fannie Mae, Office of Investor Relations, 3900 Wisconsin Avenue, N.W., Washington, D.C. 20016.

Fannie Mae Securities. Any Fannie Mae Security acquired pursuant to the Program will represent the entire interest in a specified pool of conventional mortgage loans purchased by Fannie Mae from the servicer and identified in records maintained by Fannie Mae. The pool contract will require that each Fannie Mae Security be in a minimum amount of \$250,000. The conventional mortgage loans backing each Fannie Mae Security will bear interest at a specified rate per annum, and each Fannie Mae Security will bear interest at a lower rate per annum (the “pass-through rate”). The difference between the interest rate on the conventional mortgage loans and the pass-through rate on the Fannie Mae Security will be collected by the servicer and used to pay the servicer’s servicing fee and Fannie Mae’s guaranty fee. Fannie Mae may change such fee and impose other charges from time to time.

Fannie Mae will guarantee to the registered holder of the Fannie Mae Securities that it will distribute amounts representing scheduled principal and interest at the applicable pass-through rate on the conventional mortgage loans in the pools represented by such Fannie Mae Securities, whether or not received, and the full principal balance of any foreclosed or other finally liquidated mortgage loan, whether or not such principal balance is actually received. THE OBLIGATIONS OF FANNIE MAE UNDER SUCH GUARANTEES ARE OBLIGATIONS SOLELY OF FANNIE MAE AND ARE NOT BACKED BY, NOR ENTITLED TO, THE FAITH AND CREDIT OF THE UNITED STATES OF AMERICA. IF FANNIE MAE WERE UNABLE TO SATISFY SUCH OBLIGATIONS, DISTRIBUTIONS TO THE REGISTERED HOLDER OF FANNIE MAE SECURITIES WOULD CONSIST SOLELY OF PAYMENTS AND OTHER RECOVERIES ON THE UNDERLYING MORTGAGE LOANS AND, ACCORDINGLY, MONTHLY DISTRIBUTIONS TO THE HOLDER OF FANNIE MAE SECURITIES WOULD BE AFFECTED BY DELINQUENT PAYMENTS AND DEFAULTS ON SUCH MORTGAGE LOANS.

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

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

FHLMC and FHLMC Certificates

General. The summary of the Federal Home Loan Mortgage Corporation (“FHLMC”), the FHLMC Guarantor Program, FHLMC Certificates and FHLMC’s mortgage purchase and servicing standards does not purport to be complete and is qualified in its entirety by reference to FHLMC’s current Mortgage Participation Certificates Offering Circular, any applicable Offering Circular and Pool Supplements, FHLMC’s current Mortgage Participation Certificates Agreement, as amended, FHLMC’s Information Statement, any Information Statement Supplements and any other documents made available by FHLMC. Copies of these documents can be obtained from FHLMC at 8200 Jones Branch Drive, McLean, Virginia 22102. At the time of printing this Official Statement, the documents mentioned above and general information regarding FHLMC can be accessed at <http://www.freddiemac.com>. However, NIFA makes no representation regarding the content, accuracy or availability of any such document or any information provided at such web site. Such web site is not part of this Official Statement.

FHLMC is a shareholder-owned government-sponsored enterprise created on July 24, 1970 pursuant to the Federal Home Loan Mortgage Corporation Act and Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. Sections 1451-1459 (the “FHLMC Act”). FHLMC is subject to the supervision and regulation of the Federal Housing Finance Agency (“FHFA”) to the extent provided in HERA. The FHFA has placed FHLMC into conservatorship.

THE SECURITIES OF FHLMC ARE NOT GUARANTEED BY THE UNITED STATES GOVERNMENT (INCLUDING THE DEPARTMENT OF THE TREASURY) AND DO NOT CONSTITUTE A DEBT OR AN OBLIGATION OF THE UNITED STATES OR ANY AGENCY OR INSTRUMENTALITY THEREOF, INCLUDING THE DEPARTMENT OF THE TREASURY AND FHFA, OTHER THAN FHLMC.

Although the Secretary of the Treasury has certain discretionary authority to purchase obligations of FHLMC, neither the United States nor any agency thereof is obligated to finance FHLMC’s obligations or to assist FHLMC in any manner.

FHLMC’s statutory mission is to provide stability in the secondary market for home mortgages, to respond appropriately to the private capital market and to provide ongoing assistance to the home mortgage secondary market by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for home mortgage financing. The principal activity of FHLMC consists of the purchase of first lien, conventional, residential mortgages and participation interests in such mortgages from mortgage lending institutions and the resale of the whole loans and participations so purchased in the form of guaranteed mortgage securities (the “FHLMC Certificates”). FHLMC generally matches its purchases of mortgages with sales of FHLMC Certificates. Mortgages retained by FHLMC are financed with short- and long-term debt and equity capital.

FHLMC Certificates. Each FHLMC Certificate which qualifies as a Mortgage-Backed Security under the General Indenture will represent an undivided interest in a pool of fixed-rate, first-lien conventional mortgage loans or FHA- and VA-guaranteed mortgage loans, or participation interests therein. FHLMC guarantees to each registered holder of an FHLMC Certificate that it will distribute amounts representing such holder’s proportionate interest in interest payments on the mortgage loans in the pool represented by such FHLMC Certificates (less servicing and guarantee fees aggregating the excess of the interest on such mortgage loans over the FHLMC Certificates’ pass-through rate), whether or not such amount is actually received. With respect to certain FHLMC Certificates, FHLMC guarantees the holder’s proportionate interest in scheduled principal payments on such mortgage loans, if timely received, and also guarantees ultimate collection of scheduled principal payments, prepayments of principal and the remaining principal balance in the event of a foreclosure or other disposition of a mortgage loan. With respect to such FHLMC Certificates, FHLMC may remit the amount due on account of its guarantee of collection of principal at any time after default on an underlying mortgage, but not later than (i) 30 days following foreclosure sale, (ii) 30 days following payment of the claim by any mortgage insurer or (iii) 30 days following the expiration of any right of redemption, whichever occurs later, but in any event no later than one year after demand has been made upon the mortgagor for accelerated payment of principal. FHLMC Certificates may also include those FHLMC Certificates (the “Fully Guaranteed FHLMC Certificates”) as to which FHLMC has guaranteed the timely payment of the holder’s proportionate interest in scheduled principal payments on the underlying mortgage loans, as calculated by FHLMC.

THE OBLIGATIONS OF FHLMC UNDER ITS GUARANTEES ARE OBLIGATIONS SOLELY OF FHLMC AND ARE NOT BACKED BY, OR ENTITLED TO, THE FULL FAITH AND CREDIT OF THE UNITED STATES. IF FHLMC WERE UNABLE TO SATISFY SUCH OBLIGATIONS, DISTRIBUTIONS TO HOLDERS OF FHLMC CERTIFICATES WOULD CONSIST SOLELY OF PAYMENTS AND OTHER RECOVERIES ON THE UNDERLYING MORTGAGE LOANS AND, ACCORDINGLY, MONTHLY DISTRIBUTIONS TO HOLDERS OF FHLMC CERTIFICATES WOULD BE AFFECTED BY DELINQUENT PAYMENTS AND DEFAULTS ON SUCH MORTGAGE LOANS.

Conforming Loan Limits. The FHLMC Act limits the maximum original principal amount of single-family mortgages that FHLMC may purchase. These limits are referred to as “conforming loan limits.” For loans delivered during 2011, FHLMC’s conforming loan limit for a first lien conventional single-family mortgage is \$417,000 for a one-family dwelling in Nebraska. The conforming loan limit for second-lien mortgages is 50 percent of the limit for first-lien mortgages on one-family dwellings. When FHLMC purchases both the first-lien and second-lien mortgage on the same property, the FHLMC Act provides that the total amount FHLMC may purchase may not exceed the applicable conforming loan limit.

The FHLMC Act also prohibits FHLMC from purchasing first-lien conventional single-family mortgages if the outstanding principal balance at the time of purchase exceeds 80 percent of the value of the real property securing the mortgage unless FHLMC has a level of credit protection (such as mortgage insurance from an approved mortgage insurer, a seller’s agreement to repurchase or replace any mortgage that has defaulted) or the retention of at least a 10 percent participation interest in the mortgages by the seller. This requirement does not apply to FHA- or VA-guaranteed mortgage loans.

The single-family mortgages purchased and guaranteed by FHLMC generally are subject to the credit, appraisal, underwriting and other purchase policies and guidelines set forth in FHLMC's *Single-Family Seller/Servicer Guide*. FHLMC may modify these guidelines or grant waivers for certain mortgages that it purchases.

Servicing of the Mortgages. FHLMC services or supervises the servicing of the mortgages it purchases. In performing its servicing responsibilities, FHLMC may employ servicing agents or independent contractors. Each such servicer generally is required to perform all activities concerning the calculation, collection and processing of mortgage payments and related borrower inquiries, as well as all mortgage administrative responsibilities, including claims collection, workouts, foreclosures and reports. Servicers service mortgages, either directly or through approved subservicers, and receive fees for their services. FHLMC monitors a servicer's performance through periodic and special reports and inspections to ensure it complies with its obligations.

The interest rates of the mortgages in mortgage pools underlying an FHLMC Certificate are within a range from (i) the FHLMC Certificate interest rate plus any minimum required servicing fee through (ii) .25% above the FHLMC Certificate interest rate. Subject to certain adjustments, FHLMC will retain from monthly interest payments on each mortgage a management and guarantee fee, which equals any interest received by FHLMC from the servicer over the amount of interest payable to holders of the FHLMC Certificate.

Property Insurance Requirements for Mortgage Loans

Primary Hazard Insurance. Each Mortgage Loan must contain covenants relating to insurance of the residence. The coverage must include all fire and extended coverage risks customarily insured against in the geographical area in which the residence is located. The insurance policy must provide, as a minimum, fire and extended coverage insurance in an amount at least equal to the lesser of the unpaid principal amount of the Mortgage Loan from time to time outstanding or the full replacement cost of the residence and other improvements on said property (but in no event shall the amount required be greater than the maximum insurable value of such residence and other improvements). Such insurance must be in effect (or there must be a binder for the issuance of the same) on the date of delivery of the Mortgage Loan to NIFA; the coverage provided thereby must meet the requirements, if applicable, of FHA, VA, USDA/RD or the private mortgage insurer. Each hazard insurance policy must be written by an insurance carrier licensed or authorized by law to transact business in Nebraska, and the policy must contain a standard mortgagee clause naming NIFA as an insured and provide notice to NIFA at least 10 days in advance of the effective date of any reduction in coverage or cancellation of the policy.

Unless the servicer maintains a mortgagee single-interest hazard insurance policy (with NIFA named as additional insured in the case of Mortgage Loans that are not represented by, or supporting, a mortgage-backed security) insuring the servicer against loss from a mortgagor's failure to maintain a hazard insurance policy, the mortgagor will be required to escrow hazard insurance premiums on a monthly basis with the servicer, and the servicer will retain possession of the insurance policy and be responsible for assuring that such insurance is in force and effect.

In general, a standard form of fire and extended coverage policy covers physical damage to, or destruction of, the improvements on the property by fire, lightning, explosion, smoke, windstorm, hail, riot, vandalism, aircraft, vehicles, theft and civil commotion, subject to the conditions and exclusions particularized in each policy. Although policies relating to different Mortgage Loans may be issued by different insurance companies and, therefore, may have minor differences in coverage, the basic terms are dictated by Nebraska law. Policies typically exclude physical damage resulting from the following: enemy attack by armed forces, invasion, insurrection, rebellion, revolution, civil war, usurped power, floods and water damage, power interruption, earth movement, nuclear reaction and neglect. In addition, such policies typically exclude losses which occur while the hazard is increased by any means within the control or knowledge of the insured or while the premises are vacant or unoccupied beyond a period of 30 consecutive days.

Special Hazard Insurance. To the extent required by NIFA, a separate special hazard insurance policy may be obtained to provide protection with respect to direct physical loss arising from perils not insured under the primary hazard insurance as described above and losses that may result from the application of a coinsurance clause with respect to a defaulted mortgage loan secured by damaged property. However, certain perils are not insured under special hazard insurance such as loss resulting from fraudulently created loans, war, certain governmental actions, nuclear reaction or radiation and damage by flood to the extent covered by required flood insurance as described below.

Uninsured Casualties. Certain risks, including, but not limited to, losses attributable to nuclear reaction or radiation or losses caused by hostile or warlike action, or attributable to insurrection, revolution or civil war, are normally not covered by the insurance policies described above. To the extent any of such uninsured risks occur or claims do not result in full recoveries or the required insurance is not purchased or maintained with respect to a significant number of mortgage loans, the security for the Bonds may be impaired.

Flood Insurance. Each Residence which is in a “designated flood hazard area,” as that term is defined under the National Flood Insurance Program, must be insured from loss by floods in an amount equal to the maximum insurance available under the National Flood Insurance Program.

Participant’s Obligations Regarding Insurance. The servicer of Mortgage Loans is required to use its best efforts to maintain in effect, or to require the mortgagor to maintain, the primary hazard and flood insurance required under the Program on all residences as long as the Bonds are outstanding. In addition, the servicer is obligated to perform its duties in a manner which will preserve all claims against insurers.

Errors and Omissions Insurance; Fidelity Insurance; Theft and Forgery Insurance. The Master Servicer is required to maintain in full force and effect, at its own expense, errors and omissions insurance, fidelity insurance (or a direct surety bond) and theft and forgery insurance on those of its officers and employees having access to any amounts paid by mortgagors under the Program. The Master Servicer may provide such insurance under any blanket policy or policies which it customarily carries.

Servicemembers Civil Relief Act of 2003

The Servicemembers Civil Relief Act of 2003 (the “SCRA”) protects service men and women called to active military duty by suspending enforcement of civil liabilities through foreclosure and providing relief from current obligations. The SCRA revises and replaces the Soldiers’ and Sailors’ Civil Relief Act of 1940. The SCRA provides that no obligation or liability bearing interest at a rate in excess of 6% per annum incurred by a person in active military duty prior to his or her entry into active military duty shall bear interest at a rate in excess of 6% per annum, except in certain limited circumstances. The benefits of such act constitute a forgiveness of the obligation in excess of 6% per annum, rather than a forbearance of collection. NIFA is unable to determine whether the provisions of the SCRA will affect the willingness of any Participant to originate Mortgage Loans or the willingness of the Servicer to perform its obligations under the Origination Agreement and the Servicing Agreement. NIFA is unable to predict whether the SCRA will have any adverse effect on NIFA’s ability to pay debt service on the Bonds or whether the provisions of the SCRA may be modified in the future.

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APPENDIX B

**NEBRASKA INVESTMENT FINANCE AUTHORITY AUDITED
FINANCIAL STATEMENTS AS OF AND FOR
THE YEAR ENDED JUNE 30, 2010**

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NEBRASKA INVESTMENT FINANCE AUTHORITY

Financial Statements and Supplemental Data

June 30, 2010

(With Independent Auditors' Report Thereon)

NEBRASKA INVESTMENT FINANCE AUTHORITY

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NEBRASKA INVESTMENT FINANCE AUTHORITY

Management's Discussion and Analysis

June 30, 2010

Management's Discussion and Analysis provides an overview of the financial activities of the Nebraska Investment Finance Authority (the Authority) for the fiscal year ended June 30, 2010.

The Authority is a self-supporting entity and follows enterprise fund accounting. Accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The Authority's financial report consists of two parts – Management's Discussion and Analysis and the basic financial statements. Management's Discussion and Analysis should be read in conjunction with the basic financial statements. The basic financial statements include the statement of net assets; statement of revenues, expenses, and changes in net assets; statement of cash flows; and notes to financial statements.

Authority Credit and General Obligation Rating

The unsecured general obligation of the Authority is currently rated AA– by Standard & Poor's Rating Services. This rating takes into account the amount of unrestricted net assets maintained by the Authority, as well as certain contingent obligations to which the general obligation of the Authority is pledged. While there is no guarantee that this rating will remain in effect for any period of time, management is committed to maintaining the level of unrestricted net assets necessary to maintain an investment grade rating of its general obligation.

Financial Analysis

The Authority's overall financial position and results of operations for the current and prior year are summarized below. This information is derived from the basic financial statements (dollars in thousands).

		2010	2009
Investments	\$	326,038	262,288
Loans receivable		1,514,807	1,664,995
Total assets		1,896,933	1,949,210
Bonds payable	\$	1,471,660	1,581,957
Interest payable		13,339	17,202
Total liabilities		1,581,811	1,674,626
Net assets:			
Restricted by bond resolution	\$	205,525	159,020
Unrestricted		109,597	115,564
Total operating revenues, primarily interest income	\$	92,504	102,072
Total operating expenses, primarily interest expense		73,088	91,438
Change in net assets		19,416	10,634

Analysis – Statement of Net Assets

From June 30, 2009 to June 30, 2010, total assets decreased \$52.3 million.

Cash – decrease of \$8.9 million:

- Just prior to June 30, 2009, \$9 million of restricted investments matured and was not reinvested in anticipation of bond redemptions on July 1, as investment options with the necessary maturities were not available. This resulted in a higher than normal restricted cash balance.

NEBRASKA INVESTMENT FINANCE AUTHORITY

Management's Discussion and Analysis

June 30, 2010

Investments – increase of \$63.8 million:

- During fiscal year 2010, the Authority issued \$134 million in federal New Issue Bond Program bonds, the proceeds of which are invested in a global escrow account, directed by the bondholders, as of June 30, 2010.
- Mortgage prepayment speeds have increased in response to low refinancing rates available in the market. This has resulted in an increase of \$14.6 million in redemption funds on hand at June 30, 2010.
- Operating funds decreased by \$89.2 million as the Authority is currently using those funds to warehouse mortgage-backed securities generated by its single family program, pending the issuance of single family mortgage revenue bonds.

Loans – decrease of \$150.2 million:

- The availability of low mortgage interest rates in the market as well as generally slower home sales activity impacted both demand for the Authority's single family first time homebuyer program as well as prepayment levels on the existing mortgage loan portfolio.
- New loan purchases were \$98.4 million, down from \$129.2 million in fiscal year 2009. Loan repayments totaled \$247.3 million.

Deferred Outflow of Derivative Resources – increase of \$44.9 million:

- The Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53) in fiscal year 2010. As all of the Authority's derivatives were determined to be effective hedges, the fair value changes associated with the derivatives were deferred in the statement of net assets.

From June 30, 2009 to June 30, 2010, total liabilities decreased \$92.8 million.

Bonds Payable – decrease of \$110.3 million:

- The Authority issued \$134 million in federal New Issue Bond Program bonds in fiscal year 2010. This represented the only debt issuance within the Authority's single family finance division.
- In the Authority's single family and housing general obligation programs, total bond maturities and mandatory redemptions in fiscal year 2010 were \$231.3 million, an increase of \$55.4 million over fiscal year 2009. Mortgage loan prepayment speeds continued to be above average, resulting in a higher level of mandatory redemptions.
- Conduit debt issuance of \$11.8 million was offset by maturities and retirements of \$24.5 million.
- Bond activity is summarized in the Long-Term Debt Activity section below.

Fair Value of Derivatives – increase of \$17.6 million:

- All of the Authority's derivatives were in liability positions as of June 30, 2010, reflecting the Authority's future obligations with respect to the derivative contracts. Lower interest rates at June 30, 2010, as compared to June 30, 2009, increased the liability value of these obligations.

NEBRASKA INVESTMENT FINANCE AUTHORITY

Management's Discussion and Analysis

June 30, 2010

Total Net Assets – increase of \$40.5 million:

- The Authority's revenues less expenses for fiscal year 2010 resulted in an increase in total net assets of \$19.4 million. Additionally, as GASB 53 is required to be applied retroactively, beginning net assets was restated for prior year changes in the fair value of derivatives, resulting in an increase in net assets of \$21.1 million.

Analysis – Statement of Revenues, Expenses, and Changes in Net Assets

The Authority's change in net assets for the year ended June 30, 2010 was \$19.4 million, an increase of \$8.8 million over the year ended June 30, 2009.

Operating Revenues – decrease of \$9.6 million:

- Mortgage loan interest decreased \$6.3 million as a result of prepayments of higher interest rate loans while new loan production was at lower interest rates, as well as an overall net decrease in the mortgage loan portfolio.
- Investment interest decreased \$3.5 million due to lower investment yields.

Operating Expenses – decrease of \$18.4 million:

- Interest expense decreased \$12.6 million due to the net decrease in bonds outstanding.
- The change in fair value of derivatives of \$7.3 million for fiscal year 2009 was expensed. The implementation of GASB 53 resulted in derivative fair value changes being deferred on the statement of net assets in fiscal year 2010, decreasing operating expenses.
- General and administrative expenses increased \$1.5 million, including \$0.5 million in grants that were passed through to sub-grantees for activities related to foreclosure counseling and multifamily low income housing development.

Long-Term Debt Activity

During fiscal year 2010, the Authority issued bonds in the following amounts:

Single family program revenue bonds	\$ 134,000,000
Multifamily finance program revenue bonds	1,677,295
Agriculture finance program revenue bonds	2,443,683
Development finance program revenue bonds	<u>7,700,000</u>
Total bond issuance	<u><u>\$ 145,820,978</u></u>

Principal payments on bonds totaled \$255.8 million in fiscal year 2010. Detailed information about the Authority's bonds payable is presented in note 6 to the financial statements.

NEBRASKA INVESTMENT FINANCE AUTHORITY

Management's Discussion and Analysis

June 30, 2010

Contact Information

This financial report is intended to provide users with a general overview of the Authority's financial performance for fiscal year ended June 30, 2010. If you have questions about this report or need additional financial information, please contact the Authority's Treasurer at Nebraska Investment Finance Authority, 1230 O Street, Suite 200, Lincoln, NE 68508.



KPMG LLP
Suite 1501
222 South 15th Street
Omaha, NE 68102-1610

Suite 1600
233 South 13th Street
Lincoln, NE 68508-2041

Independent Auditors' Report

The Board of Directors
Nebraska Investment Finance Authority:

We have audited the accompanying statement of net assets of Nebraska Investment Finance Authority (the Authority) as of June 30, 2010, and the related statements of revenues, expenses, and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As more fully described in note 2(e) to the financial statements, the Authority has reported securitized mortgage loans at amortized cost. In our opinion, U.S. generally accepted accounting principles require that securitized mortgage loans be reported at fair value.

In our opinion, except for the effects of reporting securitized mortgage loans at amortized cost rather than fair value, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Nebraska Investment Finance Authority as of June 30, 2010, and the changes in its financial position and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

As described in note 2(i) to the basic financial statements, in 2010, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2010 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 1 through 4 is not a required part of the basic financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedules 1 through 8 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, except for the effects of reporting securitized mortgage loans at amortized cost rather than fair value as discussed above, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP

Lincoln, Nebraska
October 28, 2010

NEBRASKA INVESTMENT FINANCE AUTHORITY

Statement of Net Assets

June 30, 2010

(Dollars in thousands)

Assets

Current assets:	
Cash	\$ 434
Investments	3,440
Loans receivable	1,282
Interest receivable	511
Other current assets	223
Restricted assets:	
Cash	34
Investments	32,349
Loans receivable	27,712
Interest receivable	9,413
Total current assets	<u>75,398</u>
Noncurrent assets:	
Long-term investments	15,266
Loans receivable	89,475
Restricted assets:	
Investments	274,983
Loans receivable	1,396,338
Deferred debt financing costs	301
Deferred outflow of derivative resources	44,892
Other assets	280
Total noncurrent assets	<u>1,821,535</u>
Total assets	<u>\$ 1,896,933</u>

Liabilities and Net Assets

Current liabilities:	
Accrued liabilities	\$ 7,228
Interest payable	13,339
Current portion of bonds payable	31,217
Total current liabilities	<u>51,784</u>
Noncurrent liabilities:	
Fair value of derivatives	44,892
Bonds payable, net of current portion	1,440,443
Other liabilities	44,692
Total noncurrent liabilities	<u>1,530,027</u>
Total liabilities	<u>1,581,811</u>
Net assets:	
Restricted by bond resolution	205,525
Unrestricted	109,597
Total net assets	<u>315,122</u>
Commitments and contingencies	
Total liabilities and net assets	<u>\$ 1,896,933</u>

See accompanying notes to financial statements.

NEBRASKA INVESTMENT FINANCE AUTHORITY

Statement of Revenues, Expenses, and Changes in Net Assets

Year ended June 30, 2010

(Dollars in thousands)

Operating revenues:

Interest income:

Loans

\$ 83,584

Investments

7,240

Net decrease in fair value of investments

(652)

Fees and other income

2,332

Total operating revenues

92,504

Operating expenses:

Interest

65,258

General and administrative expenses

7,830

Total operating expenses

73,088

Change in net assets

19,416

Net assets, beginning of year, as restated

295,706

Net assets, end of year

\$ 315,122

See accompanying notes to financial statements.

NEBRASKA INVESTMENT FINANCE AUTHORITY

Statement of Cash Flows

Year ended June 30, 2010

(Dollars in thousands)

Cash flows from operating activities:	
Purchase of loans	\$ (98,367)
Principal repayments received on loans	247,345
Interest received on loans	83,725
Fees received	2,687
Trustee and paying agent fees paid	(380)
General and administrative costs paid	(6,834)
Net cash provided by operating activities	<u>228,176</u>
Cash flows from noncapital financing activities:	
Proceeds from sale of bonds	145,821
Repayment of bonds	(255,829)
Debt issuance costs paid	(301)
Interest paid	(70,510)
Payments to lenders and insurers	(11)
Net cash used in noncapital financing activities	<u>(180,830)</u>
Cash flows from investing activities:	
Interest received on investments	8,068
Proceeds from sales, maturities, and calls of investments	382,983
Purchase of investments	(447,260)
Net cash used in investing activities	<u>(56,209)</u>
Net decrease in cash	(8,863)
Cash, beginning of year	<u>9,331</u>
Cash, end of year	<u><u>\$ 468</u></u>
Reconciliation of change in net assets to net cash provided by operating activities:	
Change in net assets	\$ 19,416
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Purchase of loans	(98,367)
Principal repayments received on loans	247,345
Interest received on investments	(8,068)
Interest expense	65,258
Decrease in fair value of investments	652
Amortization and other income, net	590
Increase in mortgage discount	355
Decrease in interest receivable	1,814
Decrease in prepaid expenses	230
Decrease in other liabilities	(1,049)
Net cash provided by operating activities	<u><u>\$ 228,176</u></u>

See accompanying notes to financial statements.

NEBRASKA INVESTMENT FINANCE AUTHORITY

Notes to Financial Statements

June 30, 2010

(1) Authorizing Legislation and Organizational Structure

Nebraska Investment Finance Authority (the Authority) was created as a nonprofit entity on August 26, 1983 by an Act of the Nebraska Legislature. The Authority was established to provide sources of mortgage financing at reduced interest rates to Nebraska residents of low- and moderate-income levels, agricultural financing at reduced interest rates to Nebraska farmers and other agricultural enterprises, and other financing at reduced interest rates to Nebraska business enterprises. The Authority is authorized to invest in loans made for the construction, rehabilitation, or purchase of residential housing and certain enterprises. The Authority has been designated as the allocating agency for the Federal Low Income Housing Tax Credit Program (the LIHTC Program). The LIHTC Program was established to encourage investment in the construction and rehabilitation of rental housing units for low- and moderate-income individuals and families. The Authority has no taxing power and is exempt from federal and state income taxes. The Authority is authorized to issue tax-exempt revenue bonds and other obligations, the proceeds of which are to be utilized to fulfill the aforementioned purposes. Amounts so issued will not be deemed to constitute a debt of the State of Nebraska or any political subdivision thereof. Any assets remaining upon dissolution of the Authority will be transferred to the State of Nebraska.

The following describes the divisions established by the Authority, all of which conform to the authorizing legislation and bond and note resolutions:

(a) *Operating Division*

This account was established by the enabling legislation to account for the operating expenses of the Authority.

(b) *Housing Finance Division*

Single Family – These accounts were established under resolutions adopted for each series of Single Family Mortgage Revenue Bonds to account for the proceeds of the bonds and the related purchase of mortgage loans for eligible persons with low- and moderate-income levels on owner-occupied property.

Housing General Obligation – These accounts were established under resolutions adopted to account for the sale of bonds, which are general obligations of the Authority, to fund loans to complement and assist its single family and multifamily programs.

Multifamily – These accounts were established under resolutions adopted to account for the proceeds of construction loan notes and bonds and the related construction and permanent financing of eligible multifamily rental housing developments.

(c) *Agricultural Finance Division*

These accounts were established under resolutions adopted to account for the proceeds of Agricultural Revenue Bonds and the related financing of eligible agricultural borrowers.

NEBRASKA INVESTMENT FINANCE AUTHORITY

Notes to Financial Statements

June 30, 2010

(d) Development Finance Division

Healthcare – These accounts were established under resolutions adopted to account for the proceeds of Healthcare Revenue Bonds and the related purchase of loans made to eligible healthcare institutions to finance, refinance, or reimburse the cost of depreciable assets.

Industrial Development – These accounts were established under resolutions adopted to account for the proceeds of Industrial Development Revenue Bonds and the related purchase of industrial development loans for eligible projects.

(2) Accounting Policies

The following is a summary of the significant accounting and financial reporting policies followed in the preparation of these financial statements:

(a) Basis of Presentation and Accounting

The financial activities of the Authority are recorded in accounts established under various bond indentures (program accounts) and in an operating account established for the administration of the Authority's programs. The Authority's program and operating accounts have been presented on a combined basis, as the Authority is considered a single-enterprise fund for financial reporting purposes. All revenues and expenses are considered operating, as they relate directly to the purpose of the Authority.

The Authority's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with U.S. generally accepted accounting principles, except for securitized mortgage loans, as discussed below. The Authority applies all Governmental Accounting Standards Board (GASB) pronouncements, as well as all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with GASB pronouncements. No pronouncements of the FASB issued after November 30, 1989 have been adopted.

(b) Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates include the arbitrage liability, deferred savings liability, loan forgiveness allowance, derivatives, and the loans receivable allowance. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

(c) Investments

Investments are carried at fair value based upon established quoted market prices. Changes in the fair value of investments are reported as increases (decreases) in operating revenues in the statement of revenues, expenses, and changes in net assets. Guaranteed investment contracts are nonparticipating

NEBRASKA INVESTMENT FINANCE AUTHORITY

Notes to Financial Statements

June 30, 2010

and, therefore, recorded at carrying value. NIBP Global Escrow Account funds are recorded at cost (see note 4b).

(d) *Loans Receivable*

Loans receivable consists of single-family mortgages as well as single-family Government National Mortgage Association (GNMA) I, Fannie Mae and Freddie Mac mortgage-backed pass-through certificates (securitized mortgage loans) backed by pools of single-family mortgage loans originated pursuant to the Authority's Single Family Program. The Authority has a 100% beneficial interest in the underlying loans. Loans receivable also consists of multifamily construction loans, mortgages on completed multifamily projects, and agricultural, manufacturing, industrial, commercial, and healthcare industry loans. Loans receivable are carried at the unpaid principal balance, net of the allowance for loan losses.

(e) *Securitized Mortgage Loans*

The Authority reports securitized mortgage loans at amortized cost. GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, requires that investments in debt securities, including securitized loans, be reported at fair value. Based on values obtained from an independent pricing source, the estimated fair value of the Authority's securitized mortgage loans is \$1.4 billion, compared to amortized cost of \$1.3 billion at June 30, 2010. GASB Statement No. 31 also requires that the change in fair value be reported in operating revenues and change in net assets. Accordingly, the Authority should have reported in its statement of revenues, expenses, and changes in net assets the increase in unrealized gains of \$48.3 million for the year ended June 30, 2010, increasing operating revenues and change in net assets by that amount. Net assets should have been increased by the cumulative unrealized gains on the securitized mortgage loans of \$100 million at June 30, 2010.

Additionally, interest earned on securitized mortgage loans totaling \$71.1 million at June 30, 2010 has been classified as interest income from loans rather than investments in the statement of revenues, expenses, and changes in net assets. Principal and interest payments received on securitized loans of approximately \$210.5 million and \$71.3 million, respectively, in 2010 have been included in cash flows provided by operating activities rather than cash flows provided by investing activities in the statement of cash flows.

(f) *Debt Financing Costs and Fee Income*

Debt financing costs and fees collected from financial institutions in exchange for mortgage loan servicing rights are deferred and amortized or accreted to income over the life of the related bond issue or loan, using the effective-interest method.

(g) *Provision for Loan Losses*

A provision for loan losses is recorded in expense when, in management's opinion, the realization of all or a portion of the loans is doubtful and the Authority does not have insurance or guarantees on its loans, as described in note 5. While management uses available information to recognize losses, future additions to the allowance may be necessary based on changes in economic conditions.

NEBRASKA INVESTMENT FINANCE AUTHORITY

Notes to Financial Statements

June 30, 2010

(h) Debt Refunding

Gains or losses from debt refundings are deferred and amortized over the shorter of the remaining life of the prior bonds or the estimated life of the refunding bonds, using the effective-interest method.

(i) Derivative Instruments

The Authority uses derivative financial instruments, in the form of interest rate swap agreements (swap agreements), to manage and reduce exposure to adverse fluctuations in interest rates and to lower the overall cost of financing. These derivatives may involve elements of credit and market risk in excess of amounts recognized in the financial statements in the event of nonperformance by the counterparties to the interest rate derivative transactions. The Authority monitors the credit quality of the counterparties.

As of July 1, 2009, the Authority adopted the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53). Under GASB 53, derivatives are reported at fair value on the statement of net assets. The change in fair value of derivatives is reported as a deferred inflow or outflow in the statement of net assets for derivatives that are effective hedges, or as investment revenue or expense for derivatives that are ineffective hedges.

Up-front payments received on swap agreements entered into with off-market terms are reported as a liability and amortized over the term of the related swap agreement.

The Authority restated beginning of year net assets in connection with the implementation of GASB 53. The restatement increased net assets by \$21.1 million.

(j) Arbitrage

Earnings on certain loans and investments are subject to the arbitrage requirements of the Internal Revenue Code (IRC). Accrued arbitrage rebate represents the estimated excess earnings on investments that may be rebated to the U.S. Treasury Department. Deferred savings represent the estimated excess earnings on loans that must be used through other qualified Authority loan programs or paid to the U.S. Treasury Department.

Arbitrage rebate amounts that are the result of investment yields are recorded as a reduction of interest income. Arbitrage rebate amounts that result from gains on sales of investment securities are recorded as a reduction to the net increase (decrease) in the fair value of investments. Deferred savings resulting from loan interest spreads are recorded as a reduction to interest income. The reserve for arbitrage rebate and deferred savings is included in other liabilities.

(k) Income Taxes

The Authority is recognized as a tax-exempt, quasi-governmental organization under IRC Section 115(l). Accordingly, no provision for income taxes has been included in the accompanying financial statements.

NEBRASKA INVESTMENT FINANCE AUTHORITY

Notes to Financial Statements

June 30, 2010

(3) Asset Restrictions

All assets within program accounts are restricted to the payment of principal, interest, sinking fund installments, and other purposes in accordance with the terms of each respective bond and note resolution. The financial statements contain the total of all program and operating accounts. However, since the assets of each program account are restricted by the related resolutions, the totaling of the accounts, including assets therein, is for convenience only and does not indicate that the total assets are available in any manner other than that provided for in the resolutions of the separate accounts.

(4) Cash and Investments

(a) Cash

The Authority had cash deposits with a carrying value of \$468,000 as of June 30, 2010, and a bank balance of \$994,000 as of June 30, 2010. None of the deposits were uninsured and uncollateralized.

(b) Investments

Investments are reported in the statement of net assets as (dollars in thousands):

Investments	\$	3,440
Restricted investments (current)		32,349
Long-term investments		15,266
Restricted investments (noncurrent)		274,983
	\$	<u>326,038</u>

The net change in fair value of investments was a decrease of \$652,000 for the year ended June 30, 2010. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. At June 30, 2010, the Authority had unrealized gains of approximately \$1.5 million in its investment portfolio.

The investment of funds is restricted by the state statute under which the Authority was created and the various bond indentures of the Authority. Permitted investments include direct obligations of, or obligations guaranteed by, the federal government of the United States of America (federal government), obligations issued by certain agencies of the federal government, obligations issued by the State of Nebraska or any state or political subdivision, Federal Deposit Insurance Corporation (FDIC) insured deposits, repurchase agreements collateralized by obligations of the federal government, shares of collective investment funds whose only investments are in obligations of the federal government and certain agencies of the federal government, investment agreements, commercial paper, and other investments specified under the various bond indentures. All counterparties to these investments (except for the federal government) must meet certain minimum credit rating standards.

Investments at June 30, 2010 include NIBP Global Escrow Account funds, which represent the proceeds of bonds issued under the federal New Issue Bond Program (NIBP). The funds are invested during the escrow period pursuant to a Global Escrow Agreement, which provides for investment by the escrow agent appointed in the agreement in specified proprietary and nonproprietary money

NEBRASKA INVESTMENT FINANCE AUTHORITY

Notes to Financial Statements

June 30, 2010

market funds. The Authority has no right or responsibility to direct the investment or reinvestment of these monies. Prior to the release from escrow, the interest paid on the related NIBP bonds (the 2009 Series A bonds) is equal to the investment earnings paid pursuant to the Global Escrow Agreement. All of the Authority's NIBP bonds were at June 30, 2010, and continue to be, in escrow. The NIBP Global Investment Account is valued at cost because the Authority is not entitled to any gains and is not at risk for any losses on the funds.

Interest Rate Risk: The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2010, the Authority had the following investments and maturities (dollars in thousands):

Investment type	Fair value	Investment maturities (in years)			
		Less than 1	1 – 5	6 – 10	More than 10
U.S. Treasury securities	\$ 118,251	108,112	10,139	—	—
U.S. government agency securities	8,016	—	8,016	—	—
Collateralized repurchase agreements	1,257	—	—	—	1,257
Guaranteed investment contracts	64,144	—	8,111	—	56,033
Money market mutual funds	370	370	—	—	—
NIBP Global Escrow Account	134,000	—	134,000	—	—
	<u>\$ 326,038</u>	<u>108,482</u>	<u>160,266</u>	<u>—</u>	<u>57,290</u>

Credit Risk: Investment of funds within each bond issue is limited to investments specified in the applicable indentures to meet the requirements of the rating agency providing the rating on the issue. The Authority's investments in U.S. government agency securities and money market mutual funds are rated in the highest rating category by Standard & Poor's and Moody's Investors Service. Repurchase agreements are unrated, but collateralized by U.S. agency securities. Guaranteed investment contracts are unrated; however, the contracts stipulate minimum credit ratings to be maintained by the counterparties.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority is exposed to custodial credit risk on its repurchase agreements of \$1.3 million at June 30, 2010, as the collateral is held by the counterparties, but not in the Authority's name.

NEBRASKA INVESTMENT FINANCE AUTHORITY

Notes to Financial Statements

June 30, 2010

Concentration of Credit Risk: The Authority places no limit on the amount it may invest in any one issuer. As of June 30, 2010, the Authority had greater than 5% of its investment balance with the following issuers:

<u>Issuer</u>	<u>Percentage</u>
G.E. Funding Capital Market Securities, Inc.	9.8%
NIBP Global Escrow Account	41.1

(5) Loans Receivable

Single family GNMA I, Fannie Mae and Freddie Mac mortgage-backed pass-through certificates (securitized mortgage loans), which comprise 98.4% of the total single family loan portfolio, are backed by the guarantee of GNMA, Fannie Mae or Freddie Mac, respectively, of monthly payments on the underlying pool of single family mortgage loans, which were originated pursuant to the Authority's single family program. Since GNMA is a wholly owned corporate instrumentality of the United States, the full faith and credit of the United States is pledged to the payment of all amounts due under such guarantee. The obligations of Fannie Mae and Freddie Mac are obligations solely of Fannie Mae and Freddie Mac, respectively, and are not backed by, nor entitled to, the faith and credit of the United States. If Fannie Mae or Freddie Mac were unable to satisfy such obligations, distributions to the Authority would consist solely of payments and other recoveries on the underlying mortgage loans. In accordance with the Federal Housing Finance Regulatory Reform Act of 2008, the Federal Housing Finance Agency was named as the conservator of both Fannie Mae and Freddie Mac on September 6, 2008.

The single family whole loan mortgage program requires that all mortgage loans, except for loans originated under the Homebuyer Assistance Program (the HBA Program) (described below), upon which the loan-to-value ratio is greater than specified percentages be (a) insured by Federal Housing Administration (FHA); (b) guaranteed by Veterans Affairs (VA); (c) guaranteed by the successor entity to the Farmers Home Administration, Rural Development, acting through the United States Department of Agriculture (the USDA/RD); or (d) insured by an approved private mortgage insurer under a policy that provides coverage on the outstanding principal balance of the mortgage loan in excess of specified percentages of the original fair market value of the property. Whole loans comprise 1.6% of the total single family loan portfolio.

Under the Multifamily Finance program, where bonds have been sold in a public offering, the bonds or underlying loans are insured by various entities. Agricultural and Development Finance loans have been assigned to applicable bondholders as collateral for the related bonds.

Certain single-family mortgage revenue bonds issued subsequent to December 31, 1981 include provisions whereby specified outstanding mortgage balances are subject to forgiveness contingent upon a number of conditions. As of June 30, 2010, loans of approximately \$2.6 million have specific forgiveness provisions. During the year ended June 30, 2010, mortgage loans with outstanding balances of approximately \$548,000 met the specified conditions and were forgiven. The Authority recognizes the estimated amount of mortgage balances that are believed to have a reasonable, but not absolute, probability of forgiveness as

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a periodic reduction of interest income using the interest method. The estimated allowance for forgiveness was \$1 million at June 30, 2010, and is included as a reduction in loans receivable.

The Authority has created certain mortgage programs whereby substantially lowered mortgage interest rates are utilized to assist lower-income borrowers and to stimulate the production or rehabilitation of housing. In connection with these programs, the Authority uses various financing techniques to lower bond costs. The Authority uses these savings to subsidize mortgage loans with interest rates as low as 2.67% (the subsidized mortgages) to targeted income groups and projects throughout the state. Included in other liabilities at June 30, 2010 are deferred savings of \$39.4 million, which is net of the amount passed through to borrowers in the form of lower mortgage interest rates.

The following table reconciles the deferred savings for the year ended June 30, 2010 (dollars in thousands):

Balance, beginning of year	\$	40,205
Savings realized		1,506
Savings used		<u>(2,352)</u>
Balance, end of year	\$	<u><u>39,359</u></u>

The savings used, as presented in the above table, represents the amount of interest subsidy consumed by subsidized mortgage loans during each year. Subsidized mortgages, with an outstanding balance of \$83.6 million as of June 30, 2010, will continue to use the deferred savings over the mortgage lives.

In connection with its Single Family Mortgage Program, the Authority offers the HBA Program whereby a qualified borrower can receive down payment and closing cost assistance from the Authority in the form of a second-lien mortgage loan. In certain instances, the second mortgage bears no interest; however, the first mortgage bears a higher interest rate, which is designed to pay off the second mortgage over an 11-year period without a separate payment on the second mortgage loan. These second mortgages are forgivable if the borrower performs all obligations under the related first mortgage for a period of 11 years. On these loans, repayment of the second mortgage is required on a graduating scale if the borrower pays off the first mortgage prior to the expiration of the 11 years. In other instances, the second mortgage bears an interest rate and is repayable in equal monthly installments over the life of the second mortgage, ranging from 7 to 10 years. In each case, these loans are secured solely by a second lien on the respective properties. Included in loans receivable at June 30, 2010 are HBA Program second-mortgage balances totaling \$11.1 million.

As of June 30, 2010, the Authority had committed to purchase additional single-family mortgage loans totaling \$104.4 million. The commitments represent amounts reserved with the Authority by participating lenders for loans that have not been delivered to the trustee for purchase into the single-family program or to the Authority for purchase by the operating fund.

As of June 30, 2010, the Authority had allocated \$5.6 million of approved but unissued bonds for other agricultural, healthcare, and industrial development loans.

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(6) Bonds Payable

All general obligations of the Authority are payable from the revenues and assets of the Authority, subject to the provisions of individual resolutions adopted pledging particular revenues or assets to specific notes or bonds. All special or limited obligations of the Authority are payable solely from the revenues and assets of the related accounts pledged therefore. Bond series marked with an asterisk (*) have been issued pursuant to the Authority's 1994 Open Indenture and are equally and ratably secured by all assets held under such indenture. Provisions of the IRC limit, on an aggregate basis, the amount of tax-exempt bonds the Authority and political subdivisions of the State of Nebraska may issue.

At June 30, 2010, bonds outstanding (net of unamortized discount or premium where applicable) are as follows (dollars in thousands):

Description and maturity	Principal outstanding	Interest terms
Single Family Mortgage Revenue Bonds:		
1983 Series A (G.O.) due 2010 – 2015	\$ 1,303	10.514%, payable at maturity
1989 Series A due 2014	2,350	8.90%, payable at maturity
*1996 Series A due 2011	884	6.75%, payable semiannually
*1998 Series A due 2018 – 2029	1,445	5.65%, payable semiannually
*1998 Series C/E due 2010 – 2028	19,675	C: 5.375% – 5.55%, payable semiannually E: Variable (SIFMA + 0.58%), payable monthly
*1998 Series G due 2024 – 2029	6,635	5.10%, payable semiannually
*1999 Series A due 2020 – 2029	3,995	5.15%, payable semiannually
*1999 Series D due 2010 – 2029	1,405	5.25% – 5.70%, payable semiannually
*1999 Series E due 2020 – 2026	1,720	6.20%, payable semiannually
*2000 Series A due 2021 – 2026	4,205	6.30%, payable semiannually
*2000 Series C due 2021 – 2030	4,575	6.30%, payable semiannually
*2000 Series EF due 2010 – 2032	23,965	E: 5.15% – 5.95%, payable semiannually F: Variable rate demand bonds, payable semiannually
*2001 Series ABC due 2010 – 2032	21,975	A: 4.60% – 5.40%, payable semiannually B,C: Variable rate demand bonds, payable semiannually
*2001 Series DE due 2010 – 2032	15,870	D: 4.30% – 5.375%, payable semiannually E: Variable rate demand bonds, payable semiannually
*2002 Series ABC due 2010 – 2033	26,470	A: 4.60% – 5.40%, payable semiannually B,C: Variable rate demand bonds, payable semiannually

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Description and maturity	Principal outstanding	Interest terms
*2002 Series DE due 2010 – 2033	\$ 25,340	D: 4.10% – 5.35%, payable semiannually E: Variable rate demand bonds, payable semiannually
*2003 Series AB due 2010 – 2033	15,780	A: 3.50% – 4.875%, payable semiannually B: Variable rate demand bonds, payable semiannually
*2003 Series DE due 2010 – 2033	13,365	D: 4.00% – 5.40%, payable semiannually E: Variable rate demand bonds, payable semiannually
*2004 Series AB due 2010 – 2034	21,620	A: 3.45% – 4.95%, payable semiannually B: Variable rate demand bonds, payable semiannually
*2004 Series CDE due 2011 – 2034	22,726	C: 4.20% – 5.25%, payable semiannually D,E: Variable rate demand bonds, payable semiannually
*2004 Series FG due 2011 – 2035	18,715	F: 3.65% – 4.40%, payable semiannually G: Variable rate demand bonds, payable semiannually
*2005 Series AB due 2010 – 2034	25,670	A: 3.85% – 4.70%, payable semiannually B: Variable rate demand bonds, payable semiannually
*2005 Series CD due 2010 – 2035	33,050	C: 3.60% – 4.40%, payable semiannually D: Variable rate demand bonds, payable semiannually
*2006 Series AB due 2010 – 2036	50,755	A: 3.85% – 4.70%, payable semiannually B: Variable rate demand bonds, payable semiannually
*2006 Series C due 2010 – 2036	52,702	4.05% – 5.50%, payable semiannually
*2006 Series D due 2010 – 2036	50,617	4.10% – 5.50%, payable semiannually
*2006 Series E due 2010 – 2036	51,722	4.25% – 5.75%, payable semiannually
*2006 Series FG due 2010 – 2037	39,472	F: 3.90% – 5.50%, payable semiannually G: Variable rate demand bonds, payable semiannually
*2007 Series AB due 2010 – 2038	73,325	A: 3.875% – 4.70%, payable semiannually B: Variable rate demand bonds, payable semiannually
*2007 Series CD due 2010 – 2038	84,230	C: 3.95% – 4.85%, payable semiannually D: Variable rate demand bonds, payable semiannually
*2007 Series EF due 2010 – 2038	100,860	E: 4.25% – 5.15%, payable semiannually F: Variable rate demand bonds, payable semiannually
*2007 Series GH due 2010 – 2038	80,825	G: 4.05% – 5.40%, payable semiannually H: Variable rate demand bonds, payable semiannually
*2007 Series IJK due 2011 – 2039	85,975	I,K: 5.15% – 5.50%, payable semiannually J: Variable rate demand bonds, payable semiannually
*2008 Series AB due 2010 – 2039	43,195	A: 2.80% – 5.50%, payable semiannually B: Variable rate demand bonds, payable semiannually
*2008 Series CDE due 2011 – 2039	40,165	C,E: 5.12% – 5.70%, payable semiannually D: Variable rate demand bonds, payable semiannually
*2008 Series FGH due 2010 – 2039	41,590	F: 3.75% – 5.95%, payable semiannually G,H: Variable rate demand bonds, payable semiannually
2009 Series A due 2041, convertible before 12/31/11	<u>134,000</u>	Variable rate, payable on conversion
Total Single Family Mortgage Revenue Bonds	<u>1,242,171</u>	

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Description and maturity	Principal outstanding	Interest terms
General Obligation Housing Bonds:		
2000 Series G.O. 10, due 2010	\$ 1,500	5.70%, payable semiannually
2000 Series G.O. 11, due 2010	1,700	5.30%, payable semiannually
2001 Series G.O. 12, due 2011	2,500	4.80%, payable semiannually
2001 Series G.O. 13, due 2011	1,100	4.55%, payable semiannually
2002 Series G.O. 14, due 2011	1,500	4.85%, payable semiannually
2003 Series G.O. 15, due 2013	1,100	4.00%, payable semiannually
2004 Series G.O. 16, due 2013	1,200	4.10%, payable semiannually
2004 Series G.O. 17, due 2014	1,200	4.40%, payable semiannually
2004 Series G.O. 18, due 2014	800	4.10%, payable semiannually
2005 Series G.O. 19, due 2015	1,000	4.125%, payable semiannually
2006 Series G.O. 20, due 2016	700	4.45%, payable semiannually
2006 Series G.O. 21, due 2016	700	4.65%, payable semiannually
2006 Series G.O. 22, due 2016	700	4.75%, payable semiannually
2000 Series G.O. CD, due 2033	1,640	6.30%, payable monthly
Total general obligation	<u>17,340</u>	
Conduit obligations:		
Multifamily finance revenue bonds:		
Varying maturities through 2046	139,127	1.00% – 7.55%
Agriculture finance revenue bonds:		
Varying maturities through 2040	23,566	1.25% – 8.60%
Development finance revenue bonds:		
Varying maturities through 2037	<u>49,456</u>	3.00% – 6.50%
Total conduit obligations	<u>212,149</u>	
Total bonds payable	1,471,660	
Less current portion	<u>31,217</u>	
Bonds payable, net of current portion	<u>\$ 1,440,443</u>	

In December 2009, the Authority issued Homeownership Revenue Bonds 2009 Series A in the amount of \$134,000,000 under the federal NIBP. The proceeds of the bonds are being held in an escrow account until conversion to long term fixed rate bonds, at which time the proceeds will be used to purchase mortgage-backed securities issued pursuant to the Authority's Single Family First Time Homebuyer program. The bonds bear interest at a short-term variable rate, which is matched to the interest rate on the escrow account. Upon conversion, the bonds will bear interest at a fixed rate. If the bonds are not converted by December 31, 2011, they are subject to mandatory redemption on February 1, 2012.

Redemption Provisions: The Single Family Mortgage Revenue Bonds are subject to certain early redemption provisions, both mandatory and at the option of the Authority. The Authority redeems debt, pursuant to the provisions of the related agreements that permit excess revenues and mortgage loan prepayments to be used to retire the obligations at par. Optional redemptions are allowed at various dates at par.

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Variable Rate Interest Terms (Single-Family Mortgage Revenue): The 1998 Series E variable rate bonds pay interest using a weekly adjusted rate based on the Securities Industry and Financial Markets Association (SIFMA) index plus a set percentage as noted in the table above. The variable rate demand bonds, as captioned in the table above, pay interest using a variable rate determined weekly by the remarketing agent for such bonds.

Conduit Obligations: The Multifamily Finance Revenue, Agriculture Finance Revenue, and Development Finance Revenue bonds totaling \$212.2 million at June 30, 2010 represent conduit debt obligations that are payable solely from payments received on the underlying mortgage loans or, in some cases, from payments received pursuant to agreements with third-party credit enhancement providers. The underlying mortgage loans are included in restricted loans receivable in the statement of net assets.

Debt Activity: The following tables summarize the Authority's debt activity for the year ended June 30, 2010 and amounts due within one year (dollars in thousands):

Type of bonds	June 30, 2009	Issuance	Retirement	June 30, 2010	Due within one year
Single family mortgage revenue bonds	\$ 1,333,972	134,000	(225,802)	1,242,170	18,734
General obligation housing bonds	23,158	—	(5,819)	17,339	6,800
Multifamily finance revenue bonds	147,174	1,677	(9,724)	139,127	1,919
Agriculture finance revenue bonds	24,614	2,443	(3,491)	23,566	688
Development finance revenue bonds	53,039	7,700	(11,281)	49,458	3,076
Total all bonds	\$ 1,581,957	145,820	(256,117)	1,471,660	31,217

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Debt Service Requirements: Debt service requirements annually through 2015, and in five-year increments thereafter to maturity, are as follows (dollars in thousands):

	<u>Principal*</u>	<u>Interest</u>	<u>Total debt service</u>
Fiscal year(s):			
2011	\$ 31,217	43,759	74,976
2012**	162,139	42,306	204,445
2013	31,396	41,097	72,493
2014	31,466	39,713	71,179
2015	35,430	38,370	73,800
2016 – 2020	199,866	171,127	370,993
2021 – 2025	287,861	124,311	412,172
2026 – 2030	282,025	79,638	361,663
2031 – 2035	237,772	43,362	281,134
2036 – 2040	161,901	15,157	177,058
2041 – 2045	11,981	2,012	13,993
2046 – 2049	87	7	94
	<u>\$ 1,473,141</u>	<u>640,859</u>	<u>2,114,000</u>

* Includes capital appreciation bonds at their final redemption values. Future scheduled accretion included above is \$1,481.

** Includes Homeownership Revenue Bonds Series 2009 A in the amount of \$134 million. Stated maturity is September 1, 2041; however, the bonds are subject to mandatory redemption on February 1, 2012 if not converted to long term fixed rate bonds by December 31, 2011.

Variable Rate Demand Bonds: Included in bonds payable is \$482.3 million of single family mortgage revenue bonds (the demand bonds) that are subject to purchase on the demand of the bondholder, with seven days' notice, at a price equal to 100% of the principal amount plus accrued interest. For each series of demand bonds issued, the Authority has entered into a Remarketing Agreement that authorizes the remarketing agent to use its best efforts to sell repurchased bonds at a price equal to 100% of the principal amount by adjusting the interest rate. The Authority also has entered into a Standby Bond Purchase Agreement with Federal Home Loan Bank of Topeka (the Bank) for each series of demand bonds whereby the Bank agrees to purchase demand bonds that the remarketing agent has been unable to remarket. Bonds purchased by the Bank bear interest at the one-month LIBOR rate plus a spread (ranging from 0.75% to 1.50%), not to exceed 25%, and interest is payable monthly. The various Standby Bond Purchase Agreements terminate five years after the date of issuance of the related demand bonds, but may be extended at the request of the Authority up to five years at a time, subject to approval by the Bank. The termination dates range from March 1, 2011 through November 30, 2015. No amounts have been drawn on these agreements to date.

Any demand bonds that cannot be remarketed within 91 days of being purchased by the Bank are subject to mandatory payment by the Authority in 10 equal semiannual principal installments plus interest payable monthly. If this provision were exercised on June 30, 2010 due to a failed remarketing on the entire

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amount of outstanding demand bonds of \$482.3 million, the Authority would be required to make semiannual principal payments of \$48.2 million for the next five years, and interest payments, assuming interest rates ranging from 1.099% to 1.849% (the one-month LIBOR rate as of June 30, 2010, plus the applicable spread), totaling \$16.7 million over the next five years.

Under each Standby Bond Purchase Agreement, the Authority is required to pay to the Bank a semiannual commitment fee ranging from 0.11% to 0.20% per annum of the sum of (a) the outstanding principal amount of demand bonds subject to the agreement and (b) an amount equal to 205 days of interest on the outstanding principal amount of such bonds at a rate of 15% per annum. In addition, the Authority pays the remarketing agent a semiannual fee of 0.10% per annum of the outstanding principal amount of the demand bonds.

(7) Derivative Instruments

The Authority uses derivative financial instruments to manage and reduce exposure to adverse fluctuations in interest rates and to lower the overall cost of financing. The Authority's derivatives consist of swap agreements entered into in connection with its issuance of variable rate mortgage revenue bonds.

Swap agreements allow the Authority to raise funds at variable rates and effectively swap them into fixed rates that are lower than those available to the Authority if fixed rate borrowings were made directly. These contracts involve the exchange of variable rate for fixed rate payments between two parties (without the exchange of the underlying principal amount) based on a common notional amount and maturity date. The variable rate payment in all of the Authority's swap agreements is based on the SIFMA index. At June 30, 2010, the Authority has pay-fixed, receive-variable swap agreements outstanding with the following terms (dollars in thousands):

Bond series	Effective date	Termination date	Fixed rate paid	Variable rate received	Counterparty credit rating*	Upfront payment received
2000 F	11/25/2008	3/1/2022	5.16%	SIFMA + 0.22%	A+/Aa3/AA-	\$ 1,689
2001 B	11/25/2008	3/1/2020	4.42	SIFMA + 0.22%	A+/Aa3/AA-	921
2001 E	11/25/2008	3/1/2018	4.39	SIFMA + 0.22%	A+/Aa3/AA-	557
2002 B	11/25/2008	3/1/2020	4.88	SIFMA + 0.22%	A+/Aa3/AA-	1,339
2002 E	11/25/2008	9/1/2019	4.47	SIFMA + 0.22%	A+/Aa3/AA-	1,036
2003 B	11/25/2008	3/1/2022	4.10	SIFMA + 0.22%	A+/Aa3/AA-	405
2003 E	11/25/2008	9/1/2021	3.67	SIFMA + 0.22%	A+/Aa3/AA-	126
2004 B	11/25/2008	9/1/2021	4.17	SIFMA + 0.22%	A+/Aa3/AA-	366
Various (note 1)	9/23/2008	9/1/2031	3.88	SIFMA + 0.22%	AA-/Aaa/AA	—
Various (note 2)	9/23/2008	9/1/2031	3.97	SIFMA + 0.22%	A+/Aa3/AA-	—
Various (note 3)	9/23/2008	9/1/2038	4.04	SIFMA + 0.22%	AA-/Aa3/AA-	—
2008 D	12/1/2008	3/1/2038	4.06	SIFMA + 0.22%	AA-/Aaa/AA	—
2008 G	3/1/2009	9/1/2032	3.89	SIFMA + 0.12%	AA-/Aaa/AA	—
2008 H	3/1/2009	9/1/2032	3.99	SIFMA + 0.22%	AA-/Aaa/AA	—

* Standard & Poor's/Moody's/Fitch

Note 1: Includes Series 2004 D, 2004 G, 2005 B, 2005 D, 2006 G, and 2007 B

Note 2: Includes Series 2007 D, 2007 F, and 2007 H

Note 3: Includes Series 2007 J, and 2008 B

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In connection with the swap agreements associated with bond Series 2000 F through 2004 B, the Authority received an upfront payment of \$6.4 million from the counterparty as consideration for fixed rates that were higher than market rates at the inception of the swap agreements. The payment is included in other liabilities as deferred revenue and is being amortized over the life of the swap agreements.

The Authority reports the fair value of its swap agreements on the statement of net assets. The fair values, obtained from respective counterparties, represent, in accordance with market convention, the valuation of the financial elements of each swap agreement. The valuation is determined by calculating the present value of the differential between the swap agreement rates and market rates for each notional amount amortization date back to the valuation date using accepted market discount rates. To the extent that a particular transaction contains restrictive transfer, collateralization, or termination event language, it could be expected that such provisions would impact the ability to terminate a swap agreement at these estimated market values. As of June 30, 2010, all of the Authority's swap agreements have negative fair values, reported in the liability section of the statement of net assets. The fair values exclude accrued interest.

As of June 30, 2010, all of the Authority's swap agreements have been determined to be hedging derivatives, as defined by GASB 53. Accordingly, the change in fair value has been deferred in the statement of net assets as Deferred Outflow of Derivative Resources. Prior to the implementation of GASB 53 in fiscal year 2010, all derivative fair value changes were reported as a component of operating expenses. Beginning of year net assets have been restated for the impact of retroactive application of the deferral.

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Fair values as of June 30, 2010 and change in fair value for the year then ended are as follows (dollars in thousands):

Bond series	Current notional	Fair value	Change in fair value
2000 F	\$ 16,450	(2,265)	(261)
2001 B	15,160	(1,466)	(244)
2001 E	9,390	(821)	(95)
2002 B	15,790	(1,841)	(207)
2002 E	16,395	(1,614)	(254)
2003 B	9,175	(796)	(205)
2003 E	6,230	(423)	(163)
2004 B	7,555	(681)	(163)
Combined series:			
2004 D	3,355	(228)	(86)
2004 G	7,000	(496)	(196)
2005 B	11,710	(851)	(347)
2005 D	19,685	(1,511)	(648)
2006 B	29,800	(2,424)	(1,085)
2006 G	8,970	(736)	(331)
2007 B	41,380	(3,454)	(1,567)
	<u>121,900</u>	<u>(9,700)</u>	<u>(4,260)</u>
Combined series:			
2007 D	46,880	(4,074)	(1,820)
2007 F	58,625	(5,085)	(2,267)
2007 H	46,500	(4,016)	(1,784)
	<u>152,005</u>	<u>(13,175)</u>	<u>(5,871)</u>
Combined series:			
2007 J	50,000	(5,154)	(2,576)
2008 B	24,185	(2,147)	(973)
	<u>74,185</u>	<u>(7,301)</u>	<u>(3,549)</u>
2008 D	25,000	(2,593)	(1,317)
2008 G	10,970	(987)	(445)
2008 H	13,660	(1,229)	(555)
Total	\$ <u>493,865</u>	<u>(44,892)</u>	<u>(17,589)</u>

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Interest Rate Swap Payments and Associated Debt

The following table (dollars in thousands) summarizes debt service requirements of the Authority's outstanding variable rate bonds and net swap payments, using variable interest rates in effect as of June 30, 2010 for the life of the bonds and swaps. As interest rates vary, variable rate bond interest and net swap payments will also vary.

	Variable rate bond payments		Swap net payment	Total payments
	Principal	Interest		
Fiscal year:				
2011	\$ —	1,266	17,248	18,514
2012	225	1,207	16,002	17,434
2013	855	1,201	14,840	16,896
2014	1,915	1,201	13,626	16,742
2015	3,110	1,196	12,365	16,671
2016 – 2020	51,395	5,753	44,103	101,251
2021 – 2025	96,265	4,783	20,452	121,500
2026 – 2030	120,460	3,453	7,180	131,093
2031 – 2035	137,485	1,811	1,159	140,455
2036 – 2040	70,540	314	92	70,946
	<u>\$ 482,250</u>	<u>22,185</u>	<u>147,067</u>	<u>651,502</u>

Credit Risk

The Authority's swap agreements are with three separate counterparties. As of June 30, 2010, the Authority was not exposed to credit risk on its outstanding swap agreements as they all had negative fair values. If changes in interest rates result in positive fair values on the swap agreements, the Authority would be exposed to credit risk in the amount of the swaps' fair value. The swap agreements contain varying collateral agreements with the counterparties which require full collateralization should the counterparty's credit rating fall below the "A" ratings category.

Basis Risk

The variable rate debt hedged by the Authority's swap agreements are variable rate demand obligation bonds that are remarketed weekly. Because the variable rate received under the swap agreements is the SIFMA index plus a specified spread, the Authority is exposed to basis risk. As of June 30, 2010, the interest rate on the variable rate bonds was 0.25% and the SIFMA index was 0.31%.

Termination Risk

The swap agreements may be terminated by either the Authority or the counterparty if the other party fails to perform under the terms of the agreement or upon certain termination events. The potential termination risks to the Authority are the liability for a termination payment to the counterparty if the swap agreements have negative fair values, and the inability to replace the swap agreement on favorable terms.

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Amortization Risk

The Authority is exposed to amortization risk because prepayments from the mortgage loan portfolio may cause the outstanding amount of variable rate bonds to decline faster than the amortization of the swap notional amounts. In order to minimize negative spread between bond costs and reinvestment earnings, the Authority has increased the frequency of bond redemptions from semi-annual to monthly. As a result, certain variable rate bond balances are temporarily not in synch with the swap agreement notional amounts in the interim months but return to balance at each semiannual swap settlement date.

Rollover Risk

The Authority is exposed to rollover risk on its swap agreements that mature prior to the maturity date of the associated variable rate bonds they are hedging. In the case of all but two swap agreements, the variable rate bond maturity extends beyond the swap agreement maturity by a range of one to fourteen years. The Authority believes that prepayments from mortgage loans used to redeem bonds prior to their maturity will be sufficient to minimize this risk.

Commitments

All of the Authority's swap agreements include provisions that require the Authority to post collateral in the event its general obligation rating falls below A- as issued by Standard & Poor's Ratings Services or A3 as issued by Moody's Investors Service. The collateral posted is to be in the form of cash, U.S. Treasury securities, or certain agency securities.

(8) Commitments and Contingencies

In prior years, the Authority utilized various subsidiaries of Lehman Brothers Holdings, Inc. (Lehman) as financial intermediaries for Authority bonds. On September 15, 2008, Lehman filed for Chapter 11 bankruptcy. The Authority subsequently replaced all of the Lehman subsidiary contractual agreements with other financial intermediaries. One Lehman subsidiary, Lehman Brothers Financial Products, Inc. (LBFP), provided derivative products to the Authority in the form of swap agreements. The LBFP swap agreements were terminated by the Authority and on December 23, 2008, the Authority made a demand to LBFP for the aggregate settlement amount of \$6,565,210 determined by the Authority to be owed by LBFP to the Authority. The Authority filed a Proof of Claim on September 16, 2009 for the amount owed by LBFP to the Authority in accordance with the bankruptcy proceedings. The matter is currently being handled by the parties pursuant to alternative dispute resolution procedures ordered by the United States Bankruptcy Court in the Southern District of New York. The content and status of any negotiations resulting from such procedures are subject to confidentiality restrictions imposed by the United States Bankruptcy Court. On October 4, 2010, LBFP filed an Adversary Complaint ("Complaint") in the United States Bankruptcy Court for the Southern District of New York claiming, among other issues, that a valuation dispute exists and alleging that the Authority owes LBFP \$12,770,182 plus accrued interest and unspecified damages. The Authority does not believe the Complaint has merit and intends to vigorously defend against the LBFP claim and to assert its rights as set forth in its Proof of Claim filed against LBFP. At this time, the final outcome of this matter is uncertain.

NEBRASKA INVESTMENT FINANCE AUTHORITY

Notes to Financial Statements

June 30, 2010

(9) Subsequent Events

In July 2010, the Authority entered into an Advance Pledge and Security Agreement (the Agreement) with the Federal Home Loan Bank of Topeka (Bank). Under the Agreement, the Authority is authorized to borrow up to \$100,000,000 on a short term basis to be used for the purpose of financing mortgage-backed securities purchased by the Authority in anticipation of the issuance of bonds in connection with the Single Family Program. Draws under the Agreement have a minimum term of four months and bear interest at an adjustable rate, which resets weekly and is based on the Bank's short term rate index which has ranged from 0.29% to 0.34% since July. The Authority pledges mortgage-backed securities owned by the Authority as collateral, which is assigned a lending value of 97% of market value. Collateral held at the Bank is marked to market daily. As of October 28, 2010, draws under the Agreement totaled \$79,475,000.

NEBRASKA INVESTMENT FINANCE AUTHORITY

Supplemental Asset and Liability Information

June 30, 2010

(Dollars in thousands)

Assets	Division					2010 total
	Single Family Finance	Multifamily Finance	Agricultural Finance	Development Finance	Operating	
Current assets:						
Cash	\$ —	—	—	—	434	434
Investments	—	—	—	—	3,440	3,440
Loans receivable	—	—	—	—	1,282	1,282
Interest receivable	—	—	—	—	511	511
Other current assets	137	—	—	—	86	223
Restricted assets:						
Cash	34	—	—	—	—	34
Investments	32,349	—	—	—	—	32,349
Loans receivable	22,029	1,919	688	3,076	—	27,712
Interest receivable	6,964	1,407	524	518	—	9,413
Total current assets	61,513	3,326	1,212	3,594	5,753	75,398
Noncurrent assets:						
Long-term investments	—	—	—	—	15,266	15,266
Loans receivable	—	—	—	—	89,475	89,475
Restricted assets:						
Investments	274,983	—	—	—	—	274,983
Loans receivable	1,189,872	137,208	22,878	46,380	—	1,396,338
Deferred debt financing costs	301	—	—	—	—	301
Deferred outflow of derivative resources	44,892	—	—	—	—	44,892
Other assets	—	—	—	—	280	280
Total noncurrent assets	1,510,048	137,208	22,878	46,380	105,021	1,821,535
Total assets	\$ 1,571,561	140,534	24,090	49,974	110,774	1,896,933

NEBRASKA INVESTMENT FINANCE AUTHORITY

Supplemental Asset and Liability Information

June 30, 2010

(Dollars in thousands)

Liabilities and Net Assets	Division					2010 total
	Single Family Finance	Multifamily Finance	Agricultural Finance	Development Finance	Operating	
Current liabilities:						
Accrued liabilities	\$ 6,051	—	—	—	1,177	7,228
Interest payable	10,890	1,407	524	518	—	13,339
Current portion of bonds payable	25,534	1,919	688	3,076	—	31,217
Total current liabilities	42,475	3,326	1,212	3,594	1,177	51,784
Noncurrent liabilities:						
Fair value of derivatives	44,892	—	—	—	—	44,892
Bonds payable, net of current portion	1,233,977	137,208	22,878	46,380	—	1,440,443
Other liabilities	44,692	—	—	—	—	44,692
Total noncurrent liabilities	1,323,561	137,208	22,878	46,380	—	1,530,027
Total liabilities	1,366,036	140,534	24,090	49,974	1,177	1,581,811
Net assets:						
Restricted by bond resolution	205,525	—	—	—	—	205,525
Unrestricted	—	—	—	—	109,597	109,597
Total net assets	205,525	—	—	—	109,597	315,122
Total liabilities and net assets	\$ 1,571,561	140,534	24,090	49,974	110,774	1,896,933

See accompanying independent auditors' report.

NEBRASKA INVESTMENT FINANCE AUTHORITY

Single Family Finance Division

Supplemental Asset and Liability Information

June 30, 2010

(Dollars in thousands)

Assets	1983 Series A	1989 Series B	1994 Indenture	2009 Indenture	General Obligation	Single Family Finance 2010 total
Current assets:						
Other current assets	\$ —	—	132	—	5	137
Restricted assets:						
Cash	29	5	—	—	—	34
Investments	72	—	32,277	—	—	32,349
Loans receivable	—	—	22,029	—	—	22,029
Interest receivable	374	3	6,578	—	9	6,964
Due (to) from	—	—	(7,045)	—	7,045	—
Total current assets	475	8	53,971	—	7,059	61,513
Noncurrent assets:						
Restricted assets:						
Investments	10,588	5,753	124,642	134,000	—	274,983
Loans receivable	—	32	1,187,839	—	2,001	1,189,872
Deferred debt financing costs	—	—	—	301	—	301
Deferred outflow of derivative resources	—	—	44,892	—	—	44,892
Due (to) from	—	—	(8,900)	—	8,900	—
Total noncurrent assets	10,588	5,785	1,348,473	134,301	10,901	1,510,048
Total assets	\$ 11,063	5,793	1,402,444	134,301	17,960	1,571,561
Liabilities and Net Assets						
Current liabilities:						
Accrued liabilities	\$ —	—	6,051	—	—	6,051
Interest payable	—	—	10,636	—	254	10,890
Current portion of bonds payable	259	—	18,475	—	6,800	25,534
Total current liabilities	259	—	35,162	—	7,054	42,475
Noncurrent liabilities:						
Fair value of derivatives	—	—	44,892	—	—	44,892
Bonds payable, net of current portion	1,044	2,350	1,086,043	134,000	10,540	1,233,977
Other liabilities	—	—	44,692	—	—	44,692
Total noncurrent liabilities	1,044	2,350	1,175,627	134,000	10,540	1,323,561
Total liabilities	1,303	2,350	1,210,789	134,000	17,594	1,366,036
Net assets:						
Restricted by bond resolution	9,760	3,443	191,655	301	366	205,525
Total liabilities and net assets	\$ 11,063	5,793	1,402,444	134,301	17,960	1,571,561

See accompanying independent auditors' report.

NEBRASKA INVESTMENT FINANCE AUTHORITY

Single Family Finance Division – 1994 Indenture

Supplemental Asset and Liability Information

June 30, 2010

(Dollars in thousands)

Assets	1994 Series A1-B1	1994 Series C1-D1	1995 Series A	1995 Series B	1996 Series A
Current assets:					
Other current assets	\$ 6	—	—	—	—
Restricted assets:					
Cash	—	—	—	—	—
Investments	—	—	—	—	21
Loans receivable	94	39	111	133	163
Interest receivable	214	91	223	165	113
Due (to) from	—	—	—	—	—
Total current assets	314	130	334	298	297
Noncurrent assets:					
Restricted assets:					
Investments	8,760	3,264	7,807	6,672	5,224
Loans receivable	2,241	1,035	3,415	3,691	4,448
Deferred debt financing costs	—	—	—	—	—
Deferred outflow of derivative resources	—	—	—	—	—
Due (to) from	—	—	—	—	—
Total noncurrent assets	11,001	4,299	11,222	10,363	9,672
Total assets	\$ 11,315	4,429	11,556	10,661	9,969
Liabilities and Net Assets					
Current liabilities:					
Accrued liabilities	\$ 1	—	1	—	1
Interest payable	—	—	—	—	20
Current portion of bonds payable	—	—	—	—	—
Total current liabilities	1	—	1	—	21
Noncurrent liabilities:					
Fair value of derivatives	—	—	—	—	—
Bonds payable, net of current portion	—	—	—	—	884
Other liabilities	—	—	—	—	—
Total noncurrent liabilities	—	—	—	—	884
Total liabilities	1	—	1	—	905
Net assets:					
Restricted by bond resolution	11,314	4,429	11,555	10,661	9,064
Total liabilities and net assets	\$ 11,315	4,429	11,556	10,661	9,969

NEBRASKA INVESTMENT FINANCE AUTHORITY

Single Family Finance Division – 1994 Indenture

Supplemental Asset and Liability Information

June 30, 2010

(Dollars in thousands)

Assets	1996 Series B	1996 Series C	1996 Series D	1996 Series E	1997 Series A	1997 Series B
Current assets:						
Other current assets	\$ —	—	—	—	—	—
Restricted assets:						
Cash	—	—	—	—	—	—
Investments	—	—	—	—	—	—
Loans receivable	79	174	84	103	122	196
Interest receivable	14	33	14	17	20	27
Due (to) from	—	—	—	—	—	—
Total current assets	93	207	98	120	142	223
Noncurrent assets:						
Restricted assets:						
Investments	183	261	206	64	175	221
Loans receivable	2,609	5,792	2,525	3,164	3,733	5,774
Deferred debt financing costs	—	—	—	—	—	—
Deferred outflow of derivative resources	—	—	—	—	—	—
Due (to) from	—	—	—	—	—	—
Total noncurrent assets	2,792	6,053	2,731	3,228	3,908	5,995
Total assets	\$ 2,885	6,260	2,829	3,348	4,050	6,218
Liabilities and Net Assets						
Current liabilities:						
Accrued liabilities	\$ —	—	—	—	—	—
Interest payable	—	—	—	—	—	—
Current portion of bonds payable	—	—	—	—	—	—
Total current liabilities	—	—	—	—	—	—
Noncurrent liabilities:						
Fair value of derivatives	—	—	—	—	—	—
Bonds payable, net of current portion	—	—	—	—	—	—
Other liabilities	—	—	—	—	—	—
Total noncurrent liabilities	—	—	—	—	—	—
Total liabilities	—	—	—	—	—	—
Net assets:						
Restricted by bond resolution	2,885	6,260	2,829	3,348	4,050	6,218
Total liabilities and net assets	\$ 2,885	6,260	2,829	3,348	4,050	6,218

NEBRASKA INVESTMENT FINANCE AUTHORITY

Single Family Finance Division – 1994 Indenture

Supplemental Asset and Liability Information

June 30, 2010

(Dollars in thousands)

Assets	1997 Series D	1998 Series AB	1998 Series CDEF	1998 Series GH	1999 Series ABC	1999 Series D
Current assets:						
Other current assets	\$ —	—	—	—	—	—
Restricted assets:						
Cash	—	—	—	—	—	—
Investments	—	33	303	117	71	59
Loans receivable	145	147	798	303	196	244
Interest receivable	25	33	127	64	46	48
Due (to) from	—	—	—	—	—	—
Total current assets	170	213	1,228	484	313	351
Noncurrent assets:						
Restricted assets:						
Investments	133	554	4,317	598	2,146	889
Loans receivable	4,673	4,963	25,615	10,565	7,272	9,266
Deferred debt financing costs	—	—	—	—	—	—
Deferred outflow of derivative resources	—	—	—	—	—	—
Due (to) from	—	—	—	—	—	—
Total noncurrent assets	4,806	5,517	29,932	11,163	9,418	10,155
Total assets	\$ 4,976	5,730	31,160	11,647	9,731	10,506
Liabilities and Net Assets						
Current liabilities:						
Accrued liabilities	\$ —	—	—	—	—	—
Interest payable	—	27	256	113	69	27
Current portion of bonds payable	—	—	110	—	—	75
Total current liabilities	—	27	366	113	69	102
Noncurrent liabilities:						
Fair value of derivatives	—	—	—	—	—	—
Bonds payable, net of current portion	—	1,445	19,565	6,635	3,995	1,330
Other liabilities	—	12	4,643	—	1,115	21
Total noncurrent liabilities	—	1,457	24,208	6,635	5,110	1,351
Total liabilities	—	1,484	24,574	6,748	5,179	1,453
Net assets:						
Restricted by bond resolution	4,976	4,246	6,586	4,899	4,552	9,053
Total liabilities and net assets	\$ 4,976	5,730	31,160	11,647	9,731	10,506

NEBRASKA INVESTMENT FINANCE AUTHORITY

Single Family Finance Division – 1994 Indenture

Supplemental Asset and Liability Information

June 30, 2010

(Dollars in thousands)

Assets	1999 Series E	2000 Series AB	2000 Series CD	2000 Series EFG	2001 Series ABC	2001 Series DEF
Current assets:						
Other current assets	\$ —	—	—	5	5	3
Restricted assets:						
Cash	—	—	—	—	—	—
Investments	37	95	1,652	2,662	3,579	1,424
Loans receivable	91	516	362	748	513	652
Interest receivable	30	150	68	204	185	99
Due (to) from	—	—	(1,529)	(1,730)	(2,540)	(1,117)
Total current assets	158	761	553	1,889	1,742	1,061
Noncurrent assets:						
Restricted assets:						
Investments	235	4,130	1,452	7,879	5,354	2,116
Loans receivable	3,782	18,379	16,641	28,386	21,813	23,933
Deferred debt financing costs	—	—	—	—	—	—
Deferred outflow of derivative resources	—	—	—	2,265	1,466	822
Due (to) from	—	—	—	—	—	—
Total noncurrent assets	4,017	22,509	18,093	38,530	28,633	26,871
Total assets	\$ 4,175	23,270	18,646	40,419	30,375	27,932
Liabilities and Net Assets						
Current liabilities:						
Accrued liabilities	\$ —	—	—	261	204	125
Interest payable	36	88	96	178	136	133
Current portion of bonds payable	—	—	—	390	440	330
Total current liabilities	36	88	96	829	780	588
Noncurrent liabilities:						
Fair value of derivatives	—	—	—	2,265	1,466	822
Bonds payable, net of current portion	1,720	4,205	4,575	23,575	21,535	15,540
Other liabilities	—	3,099	3,441	4,392	3,466	6,395
Total noncurrent liabilities	1,720	7,304	8,016	30,232	26,467	22,757
Total liabilities	1,756	7,392	8,112	31,061	27,247	23,345
Net assets:						
Restricted by bond resolution	2,419	15,878	10,534	9,358	3,128	4,587
Total liabilities and net assets	\$ 4,175	23,270	18,646	40,419	30,375	27,932

NEBRASKA INVESTMENT FINANCE AUTHORITY

Single Family Finance Division – 1994 Indenture

Supplemental Asset and Liability Information

June 30, 2010

(Dollars in thousands)

Assets	2002 Series ABC	2002 Series DEF	2003 Series ABC	2003 Series DE	2004 Series AB	2004 Series CDE
Current assets:						
Other current assets	\$ 5	4	2	2	2	2
Restricted assets:						
Cash	—	—	—	—	—	—
Investments	845	831	552	470	727	542
Loans receivable	534	795	339	252	408	518
Interest receivable	189	148	77	56	95	121
Due (to) from	(24)	—	(14)	—	(16)	(18)
Total current assets	1,549	1,778	956	780	1,216	1,165
Noncurrent assets:						
Restricted assets:						
Investments	6,445	2,876	3,008	2,156	2,694	3,005
Loans receivable	23,588	34,329	16,512	12,217	21,354	26,940
Deferred debt financing costs	—	—	—	—	—	—
Deferred outflow of derivative resources	1,841	1,614	796	423	681	228
Due (to) from	(1,500)	—	(1,100)	—	(1,200)	(1,200)
Total noncurrent assets	30,374	38,819	19,216	14,796	23,529	28,973
Total assets	\$ 31,923	40,597	20,172	15,576	24,745	30,138
Liabilities and Net Assets						
Current liabilities:						
Accrued liabilities	\$ 236	223	113	68	95	39
Interest payable	184	184	118	132	236	313
Current portion of bonds payable	490	490	375	320	460	510
Total current liabilities	910	897	606	520	791	862
Noncurrent liabilities:						
Fair value of derivatives	1,841	1,614	796	423	681	228
Bonds payable, net of current portion	25,980	24,850	15,405	13,045	21,160	22,216
Other liabilities	2,311	6,488	2,195	708	874	278
Total noncurrent liabilities	30,132	32,952	18,396	14,176	22,715	22,722
Total liabilities	31,042	33,849	19,002	14,696	23,506	23,584
Net assets:						
Restricted by bond resolution	881	6,748	1,170	880	1,239	6,554
Total liabilities and net assets	\$ 31,923	40,597	20,172	15,576	24,745	30,138

NEBRASKA INVESTMENT FINANCE AUTHORITY

Single Family Finance Division – 1994 Indenture

Supplemental Asset and Liability Information

June 30, 2010

(Dollars in thousands)

Assets	2004 Series FG	2005 Series AB	2005 Series CD	2006 Series AB	2006 Series C	2006 Series D
Current assets:						
Other current assets	\$ 3	4	5	7	—	—
Restricted assets:						
Cash	—	—	—	—	—	—
Investments	418	555	713	1,129	1,227	1,214
Loans receivable	339	481	620	841	849	781
Interest receivable	77	108	144	216	241	238
Due (to) from	(11)	—	(14)	(10)	(11)	(11)
Total current assets	826	1,148	1,468	2,183	2,306	2,222
Noncurrent assets:						
Restricted assets:						
Investments	2,595	1,037	1,153	3,997	2,237	2,453
Loans receivable	17,741	24,989	33,485	47,892	51,714	49,401
Deferred debt financing costs	—	—	—	—	—	—
Deferred outflow of derivative resources	497	851	1,511	2,424	—	—
Due (to) from	(800)	—	(1,000)	(700)	(700)	(700)
Total noncurrent assets	20,033	26,877	35,149	53,613	53,251	51,154
Total assets	\$ 20,859	28,025	36,617	55,796	55,557	53,376
Liabilities and Net Assets						
Current liabilities:						
Accrued liabilities	\$ 81	136	228	346	—	—
Interest payable	180	234	215	358	839	838
Current portion of bonds payable	415	480	685	1,035	1,090	1,030
Total current liabilities	676	850	1,128	1,739	1,929	1,868
Noncurrent liabilities:						
Fair value of derivatives	497	851	1,511	2,424	—	—
Bonds payable, net of current portion	18,300	25,190	32,365	49,720	51,612	49,587
Other liabilities	567	286	421	364	—	—
Total noncurrent liabilities	19,364	26,327	34,297	52,508	51,612	49,587
Total liabilities	20,040	27,177	35,425	54,247	53,541	51,455
Net assets:						
Restricted by bond resolution	819	848	1,192	1,549	2,016	1,921
Total liabilities and net assets	\$ 20,859	28,025	36,617	55,796	55,557	53,376

NEBRASKA INVESTMENT FINANCE AUTHORITY

Single Family Finance Division – 1994 Indenture

Supplemental Asset and Liability Information

June 30, 2010

(Dollars in thousands)

Assets	2006 Series E	2006 Series FG	2007 Series AB	2007 Series CD	2007 Series EF	2007 Series GH
Current assets:						
Other current assets	\$ 1	2	9	10	11	10
Restricted assets:						
Cash	—	—	—	—	—	—
Investments	1,241	884	1,556	1,721	2,143	1,734
Loans receivable	764	583	1,144	1,276	1,477	1,130
Interest receivable	240	174	306	362	449	367
Due (to) from	—	—	—	—	—	—
Total current assets	2,246	1,643	3,015	3,369	4,080	3,241
Noncurrent assets:						
Restricted assets:						
Investments	2,632	2,531	4,222	4,518	4,722	3,522
Loans receivable	49,258	37,128	69,080	80,844	96,514	77,377
Deferred debt financing costs	—	—	—	—	—	—
Deferred outflow of derivative resources	—	736	3,453	4,074	5,085	4,016
Due (to) from	—	—	—	—	—	—
Total noncurrent assets	51,890	40,395	76,755	89,436	106,321	84,915
Total assets	\$ 54,136	42,038	79,770	92,805	110,401	88,156
Liabilities and Net Assets						
Current liabilities:						
Accrued liabilities	\$ —	104	480	557	697	553
Interest payable	873	501	528	641	780	650
Current portion of bonds payable	1,020	750	1,410	1,405	1,660	1,335
Total current liabilities	1,893	1,355	2,418	2,603	3,137	2,538
Noncurrent liabilities:						
Fair value of derivatives	—	736	3,453	4,074	5,085	4,016
Bonds payable, net of current portion	50,702	38,722	71,915	82,825	99,200	79,490
Other liabilities	—	51	462	391	513	483
Total noncurrent liabilities	50,702	39,509	75,830	87,290	104,798	83,989
Total liabilities	52,595	40,864	78,248	89,893	107,935	86,527
Net assets:						
Restricted by bond resolution	1,541	1,174	1,522	2,912	2,466	1,629
Total liabilities and net assets	\$ 54,136	42,038	79,770	92,805	110,401	88,156

NEBRASKA INVESTMENT FINANCE AUTHORITY

Single Family Finance Division – 1994 Indenture

Supplemental Asset and Liability Information

June 30, 2010

(Dollars in thousands)

Assets	2007 Series IJK	2008 Series AB	2008 Series CDE	2008 Series FGH	1994 Indenture 2010 total
Current assets:					
Other current assets	\$ 11	5	9	9	132
Restricted assets:					
Cash	—	—	—	—	—
Investments	1,329	878	627	888	32,277
Loans receivable	1,189	612	549	535	22,029
Interest receivable	384	195	183	198	6,578
Due (to) from	—	—	—	—	(7,045)
Total current assets	2,913	1,690	1,368	1,630	53,971
Noncurrent assets:					
Restricted assets:					
Investments	3,620	1,047	757	775	124,642
Loans receivable	82,345	42,086	38,973	40,357	1,187,839
Deferred debt financing costs	—	—	—	—	—
Deferred outflow of derivative resources	5,154	2,147	2,593	2,215	44,892
Due (to) from	—	—	—	—	(8,900)
Total noncurrent assets	91,119	45,280	42,323	43,347	1,348,473
Total assets	\$ 94,032	46,970	43,691	44,977	1,402,444
Liabilities and Net Assets					
Current liabilities:					
Accrued liabilities	\$ 608	294	305	295	6,051
Interest payable	674	341	300	338	10,636
Current portion of bonds payable	475	720	320	655	18,475
Total current liabilities	1,757	1,355	925	1,288	35,162
Noncurrent liabilities:					
Fair value of derivatives	5,154	2,147	2,593	2,215	44,892
Bonds payable, net of current portion	85,500	42,475	39,845	40,935	1,086,043
Other liabilities	517	572	201	426	44,692
Total noncurrent liabilities	91,171	45,194	42,639	43,576	1,175,627
Total liabilities	92,928	46,549	43,564	44,864	1,210,789
Net assets:					
Restricted by bond resolution	1,104	421	127	113	191,655
Total liabilities and net assets	\$ 94,032	46,970	43,691	44,977	1,402,444

See accompanying independent auditors' report.

NEBRASKA INVESTMENT FINANCE AUTHORITY

Development Finance Division

Supplemental Asset and Liability Information

June 30, 2010

(Dollars in thousands)

Assets	Healthcare Conduit Issues	Industrial Development Conduit Issues	Development Finance 2010 total
Current assets:			
Restricted assets:			
Loans receivable	\$ 1,477	1,599	3,076
Interest receivable	169	349	518
Noncurrent assets:			
Restricted assets:			
Loans receivable	19,309	27,071	46,380
Total assets	<u>\$ 20,955</u>	<u>29,019</u>	<u>49,974</u>
Liabilities and Net Assets			
Current liabilities:			
Interest payable	\$ 169	349	518
Current portion of bonds payable	1,477	1,599	3,076
Total current liabilities	1,646	1,948	3,594
Noncurrent liabilities:			
Bonds payable, net of current portion	19,309	27,071	46,380
Total liabilities	20,955	29,019	49,974
Net assets	—	—	—
Total liabilities and net assets	<u>\$ 20,955</u>	<u>29,019</u>	<u>49,974</u>

See accompanying independent auditors' report.

NEBRASKA INVESTMENT FINANCE AUTHORITY

Supplemental Revenue and Expense Information

Year ended June 30, 2010

(Dollars in thousands)

	Division					
	Single Family Finance	Multifamily Finance	Agricultural Finance	Development Finance	Operating	2010 total
Operating revenues:						
Interest income:						
Loans	\$ 71,185	8,062	1,405	1,904	1,028	83,584
Investments	5,566	—	—	—	1,674	7,240
Net increase (decrease) in fair value of investments	395	—	—	—	(1,047)	(652)
Fees and other income	7	1,697	51	21	556	2,332
Total operating revenues	77,153	9,759	1,456	1,925	2,211	92,504
Operating expenses:						
Interest	53,903	8,046	1,405	1,904	—	65,258
General and administrative expenses	1,699	—	16	—	6,115	7,830
Total operating expenses	55,602	8,046	1,421	1,904	6,115	73,088
Change in net assets	21,551	1,713	35	21	(3,904)	19,416
Internal transfers	3,832	(1,713)	(35)	(21)	(2,063)	—
Net assets, beginning of year, as restated	180,142	—	—	—	115,564	295,706
Net assets, end of year	\$ 205,525	—	—	—	109,597	315,122

See accompanying independent auditors' report.

NEBRASKA INVESTMENT FINANCE AUTHORITY

Single Family Finance Division

Supplemental Revenue and Expense Information

Year ended June 30, 2010

(Dollars in thousands)

	1983 Series A	1989 Series B	1994 Indenture	2009 Indenture	General Obligation	Single Family Finance 2010 total
Operating revenues:						
Interest income:						
Loans	\$ 87	11	70,079	—	1,008	71,185
Investments	871	39	4,656	—	—	5,566
Net increase (decrease) in fair value of investments	55	322	18	—	—	395
Fees and other income	—	—	—	—	7	7
Total operating revenues	1,013	372	74,753	—	1,015	77,153
Operating expenses:						
Interest	154	199	52,587	—	963	53,903
General and administrative expenses	1	1	1,615	7	75	1,699
Total operating expenses	155	200	54,202	7	1,038	55,602
Change in net assets	858	172	20,551	(7)	(23)	21,551
Internal transfers	—	(206)	3,802	308	(72)	3,832
Net assets, beginning of year, as restated	8,902	3,477	167,302	—	461	180,142
Net assets, end of year	\$ 9,760	3,443	191,655	301	366	205,525

See accompanying independent auditors' report.

NEBRASKA INVESTMENT FINANCE AUTHORITY

Single Family Finance Division – 1994 Indenture

Supplemental Revenue and Expense Information

Year ended June 30, 2010

(Dollars in thousands)

	1994 Series ABCD	1994 Series A1-B1	1994 Series C1-D1	1995 Series A	1995 Series B	1996 Series A
Operating revenues:						
Interest income:						
Loans	\$ 306	162	77	267	273	299
Investments	39	609	269	577	434	296
Net increase (decrease) in fair value of investments	—	—	—	—	—	—
Fees and other income	—	—	—	—	—	—
Total operating revenues	345	771	346	844	707	595
Operating expenses:						
Interest	127	—	—	—	—	87
General and administrative expenses	1	1	1	—	1	1
Total operating expenses	128	1	1	—	1	88
Change in net assets	217	770	345	844	706	507
Internal transfers	(2,514)	(746)	(515)	(813)	(1,138)	(5)
Net assets, beginning of year, as restated	2,297	11,290	4,599	11,524	11,093	8,562
Net assets, end of year	\$ —	11,314	4,429	11,555	10,661	9,064

NEBRASKA INVESTMENT FINANCE AUTHORITY

Single Family Finance Division – 1994 Indenture

Supplemental Revenue and Expense Information

Year ended June 30, 2010

(Dollars in thousands)

	1996 Series B	1996 Series C	1996 Series D	1996 Series E	1997 Series A	1997 Series B
Operating revenues:						
Interest income:						
Loans	\$ 193	444	191	229	254	346
Investments	—	—	—	—	—	—
Net increase (decrease) in fair value of investments	—	—	—	—	—	—
Fees and other income	—	—	—	—	—	—
Total operating revenues	193	444	191	229	254	346
Operating expenses:						
Interest	—	—	—	—	—	—
General and administrative expenses	—	—	—	—	—	—
Total operating expenses	—	—	—	—	—	—
Change in net assets	193	444	191	229	254	346
Internal transfers	(928)	(2,392)	(668)	(964)	(1,099)	(1,446)
Net assets, beginning of year, as restated	3,620	8,208	3,306	4,083	4,895	7,318
Net assets, end of year	\$ 2,885	6,260	2,829	3,348	4,050	6,218

NEBRASKA INVESTMENT FINANCE AUTHORITY

Single Family Finance Division – 1994 Indenture

Supplemental Revenue and Expense Information

Year ended June 30, 2010

(Dollars in thousands)

	1997 Series D	1998 Series AB	1998 Series CDEF	1998 Series GH	1999 Series ABC	1999 Series D
Operating revenues:						
Interest income:						
Loans	\$ 307	341	1,446	687	225	617
Investments	—	28	165	40	100	37
Net increase (decrease) in fair value of investments	—	—	—	—	—	—
Fees and other income	—	—	—	—	—	—
Total operating revenues	<u>307</u>	<u>369</u>	<u>1,611</u>	<u>727</u>	<u>325</u>	<u>654</u>
Operating expenses:						
Interest	—	114	891	409	261	136
General and administrative expenses	—	1	9	1	1	3
Total operating expenses	<u>—</u>	<u>115</u>	<u>900</u>	<u>410</u>	<u>262</u>	<u>139</u>
Change in net assets	307	254	711	317	63	515
Internal transfers	(1,885)	(11)	(1,408)	(21)	(21)	2,209
Net assets, beginning of year, as restated	<u>6,554</u>	<u>4,003</u>	<u>7,283</u>	<u>4,603</u>	<u>4,510</u>	<u>6,329</u>
Net assets, end of year	<u>\$ 4,976</u>	<u>4,246</u>	<u>6,586</u>	<u>4,899</u>	<u>4,552</u>	<u>9,053</u>

NEBRASKA INVESTMENT FINANCE AUTHORITY

Single Family Finance Division – 1994 Indenture

Supplemental Revenue and Expense Information

Year ended June 30, 2010

(Dollars in thousands)

	1999 Series E	2000 Series AB	2000 Series CD	2000 Series EFG	2001 Series ABC	2001 Series DEF
Operating revenues:						
Interest income:						
Loans	\$ 230	1,109	1,198	2,132	1,110	1,090
Investments	126	326	—	589	469	1
Net increase (decrease) in fair value of investments	—	—	1	1	1	1
Fees and other income	—	—	—	—	—	—
Total operating revenues	<u>356</u>	<u>1,435</u>	<u>1,199</u>	<u>2,722</u>	<u>1,580</u>	<u>1,092</u>
Operating expenses:						
Interest	148	359	457	1,182	950	754
General and administrative expenses	2	4	6	52	57	38
Total operating expenses	<u>150</u>	<u>363</u>	<u>463</u>	<u>1,234</u>	<u>1,007</u>	<u>792</u>
Change in net assets	206	1,072	736	1,488	573	300
Internal transfers	(569)	4,498	6,361	813	1,057	1,192
Net assets, beginning of year, as restated	<u>2,782</u>	<u>10,308</u>	<u>3,437</u>	<u>7,057</u>	<u>1,498</u>	<u>3,095</u>
Net assets, end of year	<u>\$ 2,419</u>	<u>15,878</u>	<u>10,534</u>	<u>9,358</u>	<u>3,128</u>	<u>4,587</u>

NEBRASKA INVESTMENT FINANCE AUTHORITY

Single Family Finance Division – 1994 Indenture

Supplemental Revenue and Expense Information

Year ended June 30, 2010

(Dollars in thousands)

	2002 Series ABC	2002 Series DEF	2003 Series ABC	2003 Series DE	2004 Series AB	2004 Series CDE
Operating revenues:						
Interest income:						
Loans	\$ 1,459	1,868	900	756	1,293	1,591
Investments	238	4	—	—	—	—
Net increase (decrease) in fair value of investments	—	(2)	1	1	1	1
Fees and other income	—	—	—	—	—	—
Total operating revenues	<u>1,697</u>	<u>1,870</u>	<u>901</u>	<u>757</u>	<u>1,294</u>	<u>1,592</u>
Operating expenses:						
Interest	1,119	1,141	683	636	1,014	1,220
General and administrative expenses	57	54	41	27	34	35
Total operating expenses	<u>1,176</u>	<u>1,195</u>	<u>724</u>	<u>663</u>	<u>1,048</u>	<u>1,255</u>
Change in net assets	521	675	177	94	246	337
Internal transfers	562	(28)	191	(6)	286	3,963
Net assets, beginning of year, as restated	<u>(202)</u>	<u>6,101</u>	<u>802</u>	<u>792</u>	<u>707</u>	<u>2,254</u>
Net assets, end of year	<u>\$ 881</u>	<u>6,748</u>	<u>1,170</u>	<u>880</u>	<u>1,239</u>	<u>6,554</u>

NEBRASKA INVESTMENT FINANCE AUTHORITY

Single Family Finance Division – 1994 Indenture

Supplemental Revenue and Expense Information

Year ended June 30, 2010

(Dollars in thousands)

	2004 Series FG	2005 Series AB	2005 Series CD	2006 Series AB	2006 Series C	2006 Series D
Operating revenues:						
Interest income:						
Loans	\$ 964	1,387	1,712	2,689	3,041	3,031
Investments	—	—	1	—	49	—
Net increase (decrease) in fair value of investments	1	—	1	1	1	1
Fees and other income	—	—	—	—	—	—
Total operating revenues	965	1,387	1,714	2,690	3,091	3,032
Operating expenses:						
Interest	838	1,163	1,411	2,204	2,551	2,554
General and administrative expenses	32	42	65	92	12	12
Total operating expenses	870	1,205	1,476	2,296	2,563	2,566
Change in net assets	95	182	238	394	528	466
Internal transfers	163	(20)	155	80	60	62
Net assets, beginning of year, as restated	561	686	799	1,075	1,428	1,393
Net assets, end of year	\$ 819	848	1,192	1,549	2,016	1,921

NEBRASKA INVESTMENT FINANCE AUTHORITY

Single Family Finance Division – 1994 Indenture

Supplemental Revenue and Expense Information

Year ended June 30, 2010

(Dollars in thousands)

	2006 Series E	2006 Series FG	2007 Series AB	2007 Series CD	2007 Series EF	2007 Series GH
Operating revenues:						
Interest income:						
Loans	\$ 3,153	2,355	3,856	4,591	5,749	4,645
Investments	—	—	1	107	71	1
Net increase (decrease) in fair value of investments	1	1	—	—	1	1
Fees and other income	—	—	—	—	—	—
Total operating revenues	<u>3,154</u>	<u>2,356</u>	<u>3,857</u>	<u>4,698</u>	<u>5,821</u>	<u>4,647</u>
Operating expenses:						
Interest	2,690	1,832	3,173	3,800	4,694	3,862
General and administrative expenses	10	35	112	124	145	123
Total operating expenses	<u>2,700</u>	<u>1,867</u>	<u>3,285</u>	<u>3,924</u>	<u>4,839</u>	<u>3,985</u>
Change in net assets	454	489	572	774	982	662
Internal transfers	(65)	(39)	(74)	(88)	(106)	(84)
Net assets, beginning of year, as restated	<u>1,152</u>	<u>724</u>	<u>1,024</u>	<u>2,226</u>	<u>1,590</u>	<u>1,051</u>
Net assets, end of year	<u>\$ 1,541</u>	<u>1,174</u>	<u>1,522</u>	<u>2,912</u>	<u>2,466</u>	<u>1,629</u>

NEBRASKA INVESTMENT FINANCE AUTHORITY

Single Family Finance Division – 1994 Indenture

Supplemental Revenue and Expense Information

Year ended June 30, 2010

(Dollars in thousands)

	2007 Series IJK	2008 Series AB	2008 Series CDE	2008 Series FGH	1994 Indenture 2010 total
Operating revenues:					
Interest income:					
Loans	\$ 4,682	2,249	2,280	2,295	70,079
Investments	79	—	—	—	4,656
Net increase (decrease) in fair value of investments	1	—	1	1	18
Fees and other income	—	—	—	—	—
Total operating revenues	<u>4,762</u>	<u>2,249</u>	<u>2,281</u>	<u>2,296</u>	<u>74,753</u>
Operating expenses:					
Interest	4,105	1,981	2,020	2,021	52,587
General and administrative expenses	129	68	91	96	1,615
Total operating expenses	<u>4,234</u>	<u>2,049</u>	<u>2,111</u>	<u>2,117</u>	<u>54,202</u>
Change in net assets	528	200	170	179	20,551
Internal transfers	(89)	(39)	(37)	(32)	3,802
Net assets, beginning of year, as restated	<u>665</u>	<u>260</u>	<u>(6)</u>	<u>(34)</u>	<u>167,302</u>
Net assets, end of year	<u>\$ 1,104</u>	<u>421</u>	<u>127</u>	<u>113</u>	<u>191,655</u>

See accompanying independent auditors' report.

NEBRASKA INVESTMENT FINANCE AUTHORITY

Development Finance Division

Supplemental Revenue and Expense Information

Year ended June 30, 2010

(Dollars in thousands)

	Healthcare Conduit Issues	Industrial Development Conduit Issues	Development Finance 2010 total
Operating revenues:			
Interest income:			
Loans	\$ 845	1,059	1,904
Investments	—	—	—
Net increase (decrease) in fair value of investments	—	—	—
Fees and other income	—	21	21
Total operating revenues	<u>845</u>	<u>1,080</u>	<u>1,925</u>
Operating expenses:			
Interest	845	1,059	1,904
General and administrative expenses	—	—	—
Total operating expenses	<u>845</u>	<u>1,059</u>	<u>1,904</u>
Change in net assets	—	21	21
Internal transfers	—	(21)	(21)
Net assets, beginning of year, as restated	—	—	—
Net assets, end of year	<u>\$ —</u>	<u>—</u>	<u>—</u>

See accompanying independent auditors' report.

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APPENDIX C

SCHEDULE OF OUTSTANDING GENERAL OBLIGATION INDEBTEDNESS AND LIMITED OBLIGATION INDEBTEDNESS OF THE NEBRASKA INVESTMENT FINANCE AUTHORITY

THE INFORMATION PROVIDED IN THIS APPENDIX C IS FOR INFORMATIONAL PURPOSES ONLY WITH RESPECT TO THE OTHER PROGRAMS AND BOND ISSUES OF NIFA. THE BONDS LISTED IN THIS APPENDIX C WERE NOT ISSUED PURSUANT TO, AND ARE NOT SECURED BY, THE 2009 INDENTURE. THE ASSETS PLEDGED TO THE BONDS DESCRIBED IN THIS EXHIBIT C ARE NOT PLEDGED TO OR AVAILABLE FOR PAYMENT OF OBLIGATIONS, INCLUDING THE SERIES BONDS, ISSUED UNDER THE 2009 INDENTURE.

The following table shows the principal amount of general obligation indebtedness of NIFA outstanding as of September 30, 2011 under its general obligation indenture.

	Date of Issue	Final Maturity	Amount of Issue and Interest Rate	Amount Outstanding
General Obligation Bonds 2003 Series G.O.-15	June 10, 2003	March 1, 2013	\$1,100,000 4.00%	\$1,100,000
General Obligation Bonds 2004 Series G.O.-16	January 29, 2004	September 1, 2013	\$1,200,000 4.10%	\$1,200,000
General Obligation Bonds 2004 Series G.O.-17	July 29, 2004	March 1, 2014	\$1,200,000 4.40%	\$1,200,000
General Obligation Bonds 2004 Series G.O.-18	November 30, 2004	September 1, 2014	\$800,000 4.10%	\$800,000
General Obligation Bonds 2005 Series G.O.-19	October 18, 2005	September 1, 2015	1,000,000 4.13%	\$1,000,000
General Obligation Bonds 2006 Series G.O.-20	March 2, 2006	September 1, 2016	\$700,000 4.45%	\$700,000
General Obligation Bonds 2006 Series G.O.-21	May 3, 2006	September 1, 2016	\$700,000 4.65%	\$700,000
General Obligation Bonds 2006 Series G.O.-22	June 15, 2006	September 1, 2016	\$700,000 4.75%	\$700,000
TOTAL GENERAL OBLIGATION INDENTURE INDEBTEDNESS				\$7,400,000

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The following table shows the principal amount of limited obligation indebtedness of NIFA outstanding as of September 30, 2011 under the NIFA 1994 General Indenture for Single Family Housing Revenue Bonds.

	Date of Issue	Final Maturity	Amount of Issue and Interest Rate	Amount Outstanding
Single Family Housing Revenue Bonds, 2003 Series A	June 10, 2003	September 1, 2033	\$21,500,000 3.90-4.88%	\$3,705,000
Single Family Housing Revenue Bonds, 2003 Series D	October 9, 2003	September 1, 2033	\$20,000,000 4.40-5.40%	\$775,000
Single Family Housing Revenue Bonds, 2004 Series A	January 29, 2004	September 1, 2034	\$28,000,000 3.95-4.95%	\$10,575,000
Single Family Housing Revenue Bonds, 2004 Series C	July 29, 2004	September 1, 2031	\$40,000,000 4.35-5.25%	\$12,820,000
Single Family Housing Revenue Bonds, 2004 Series F	November 30, 2004	September 1, 2020	\$20,000,000 3.80-4.40%	\$9,445,000
Single Family Housing Revenue Bonds, 2005 Series A	April 28, 2005	September 1, 2020	\$24,000,000 4.15-4.70%	\$10,770,000
Single Family Housing Revenue Bonds, 2005 Series C	October 18, 2005	September 1, 2020	\$25,000,000 3.85-4.40%	\$9,895,000
Single Family Housing Revenue Bonds, 2006 Series A	March 2, 2006	September 1, 2021	\$35,000,000 4.05-4.70%	\$13,000,000
Single Family Housing Revenue Bonds, 2006 Series C	May 3, 2006	March 1, 2036	\$75,000,000 4.30-5.50%	\$36,945,000
Single Family Housing Revenue Bonds, 2006 Series D	June 15, 2006	March 1, 2036	\$75,000,000 4.35-5.50%	\$34,495,000
Single Family Housing Revenue Bonds, 2006 Series E	August 24, 2006	March 1, 2036	\$75,000,000 4.45-5.75%	\$34,945,000
Single Family Housing Revenue Bonds, 2006 Series F	November 15, 2006	September 1, 2037	\$40,000,000 4.125-5.50%	\$21,440,000
Single Family Housing Revenue Bonds, 2007 Series A	March 29, 2007	March 1, 2038	\$45,000,000 4.00-4.70%	\$20,045,000
Single Family Housing Revenue Bonds, 2007 Series C	May 31, 2007	September 1, 2038	\$50,000,000 4.05-4.85%	\$24,075,000
Single Family Housing Revenue Bonds, 2007 Series E	July 18, 2007	September 1, 2038	\$62,500,000 4.45-5.15%	\$21,750,000
Single Family Housing Revenue Bonds, 2007 Series G	October 3, 2007	September 1, 2038	\$50,000,000 4.25-5.40%	\$6,430,000
Single Family Housing Revenue Bonds, 2007 Series I	December 18, 2007	March 1, 2039	\$35,000,000 5.15%	\$3,115,000
Series K (Federally Taxable)	December 18, 2007	September 1, 2017	\$15,000,000 5.50%	\$1,095,000
Single Family Housing Revenue Bonds, 2008 Series A	February 28, 2008	March 1, 2039	\$25,000,000 3.40-5.50%	\$4,490,000
Single Family Housing Revenue Bonds, 2008 Series F	August 14, 2008	September 1, 2039	\$25,000,000 4.20-5.95%	\$3,110,000
Single Family Housing Revenue Bonds, 2010				

	Date of Issue	Final Maturity	Amount of Issue and Interest Rate	Amount Outstanding
Series A (Non AMT)	December 29, 2010	September 1, 2045	\$196,425,000 1.10-6.10%	\$190,580,000
Series B (Non AMT)	December 29, 2010	September 1, 2038	\$347,855,000 Variable Rate ¹	\$344,020,000
Series C	December 29, 2010	September 1, 2032	\$130,720,000 Variable Rate ¹	\$128,540,000
TOTAL LIMITED OBLIGATION INDEBTEDNESS AT PAR				\$946,060,000
UNAMORTIZED ORIGINAL ISSUE PREMIUM				\$28,000
TOTAL HOUSING INDENTURE INDEBTEDNESS				\$946,088,000

¹Variable rate remarketed weekly.

THE INFORMATION PROVIDED IN THIS APPENDIX C IS FOR INFORMATIONAL PURPOSES ONLY WITH RESPECT TO THE OTHER PROGRAMS AND BOND ISSUES OF NIFA. THE BONDS LISTED IN THIS APPENDIX C WERE NOT ISSUED PURSUANT TO, AND ARE NOT SECURED BY, THE 2009 INDENTURE. THE ASSETS PLEDGED TO THE BONDS DESCRIBED IN THIS EXHIBIT C ARE NOT PLEDGED TO OR AVAILABLE FOR PAYMENT OF OBLIGATIONS, INCLUDING THE SERIES BONDS, ISSUED UNDER THE 2009 INDENTURE.

1994 GENERAL INDENTURE FOR SINGLE FAMILY HOUSING REVENUE BONDS-VARIABLE RATE INDEBTEDNESS AND RELATED HEDGES

(The information set forth in the table below relates solely to the bonds issued pursuant to the 1994 Indenture. These bonds were not issued pursuant to, and are not secured by the 2009 Indenture.)

Description	Balance	% of Total
Interest Rate Swap with Deutsche Bank DG	\$216,335,000	45.78%
Interest Rate Swap with Royal Bank of Canada	156,210,000	33.06%
Interest Rate Swap with Barclays Bank plc	72,120,000	15.26%
Unhedged	<u>27,895,000</u>	<u>5.90%</u>
Total 1994 Indenture Variable Rate Debt	\$472,560,000	100.00%

OTHER INDEBTEDNESS

THE INFORMATION PROVIDED IN THIS APPENDIX C IS FOR INFORMATIONAL PURPOSES ONLY WITH RESPECT TO THE OTHER PROGRAMS AND BOND ISSUES OF NIFA. THE BONDS LISTED IN THE TABLE BELOW WERE NOT ISSUED PURSUANT TO, AND ARE NOT SECURED BY, THE 2009 INDENTURE. THE ASSETS PLEDGED TO THE BONDS LISTED BELOW ARE NOT PLEDGED TO OR AVAILABLE FOR PAYMENT OF OBLIGATIONS, INCLUDING THE SERIES BONDS, ISSUED UNDER THE 2009 INDENTURE.

At September 30, 2011, NIFA also had the following principal amounts of general and limited obligation indebtedness outstanding.

Program	Balance
Pre-1994 Single Family Housing Bonds	\$ 2,677,000
Housing Revenue Bonds	43,156,000
Multi Family General Obligation Bonds	1,597,000
Agricultural Finance Program Limited Obligation Bonds	22,014,000
Development Finance Program Limited Obligation Bonds (including industrial, manufacturing and commercial)	30,812,000
Multifamily Housing Program Limited Obligation Bonds	126,842,000
Healthcare Finance Program Limited Obligation Bonds	<u>19,260,000</u>
Total	\$246,358,000

APPENDIX D

SUMMARY OF THE SINGLE FAMILY PROGRAM

Single Family

The following information is provided to provide a general description of NIFA's Program for financing mortgage loans and mortgage-backed securities. The mortgage loans financed by the single-family bond issues described below are not pledged as security for the Bonds issued pursuant to the 2009 Indenture.

NIFA's single-family program was established by its predecessor, the Nebraska Mortgage Finance Fund, in March 1980. The following information describes the bonds issued to carryout the Program, other than the Bonds issued pursuant to the 2009 Indenture. To fund the Programs, NIFA has issued \$4,760,337,467 in mortgage revenue bonds, financing mortgage loans in the amount of \$4,629,192,625 through September 30, 2011. As of September 30, 2011, approximately \$1,153,353,778 of such mortgage loans remained outstanding (of which \$1,144,883,632 represents mortgage-backed securities). The proceeds of the single-family bond issues were generally made available at 30-year fixed interest rates ranging from a high of 13.625% in 1982 to a low of 2.67%.

As of September 30, 2011, NIFA had a single-family mortgage loan portfolio (including mortgage loans which back mortgage-backed securities, but excluding home improvement loans) with respect to its single-family programs totaling \$1,153,353,778 (of which \$1,144,883,632 represents mortgage-backed securities). As of September 30, 2011, 1.08% of such mortgage loans were 60 days delinquent, and 0.90% were 90 or more days delinquent, including mortgage loans in foreclosure. Properties held by NIFA pursuant to foreclosures totaled 0%. This information with respect to single-family programs should not be considered as predictive for the experience of the Mortgage Loans financed with proceeds of the Bonds.

Other Housing Programs

NIFA has also issued Home Improvement Loan Revenue Bonds for the purpose of acquiring certain notes made to finance home improvements on residential real property occupied by low- and moderate-income persons in Nebraska and various series of multifamily housing revenue bonds.

Pursuant to its Mortgage Credit Certificate ("MCC") Program, NIFA provides a federal tax credit to low- and moderate-income buyers in connection with private financing to purchase, improve or rehabilitate single-family residences. No MCC's have been issued to date.

NIFA anticipates developing additional housing programs to the extent permitted by the Act and/or federal tax legislation.

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APPENDIX E

PROPOSED FORM OF OPINION OF BOND COUNSEL

Nebraska Investment Finance Authority
200 Commerce Court
1230 O Street
Lincoln, NE 68508

Nebraska Investment Finance Authority
\$44,000,000 Homeownership Revenue Bonds 2011 Series A (Non-AMT)
\$66,000,000 Homeownership Revenue Bonds 2009 Series A, Subseries A-1 (Non AMT)

Dear Authority Members:

We have acted as bond counsel in connection with the issuance and sale by the Nebraska Investment Finance Authority (the "Authority") of \$44,000,000 in aggregate principal amount of its Homeownership Revenue Bonds, 2011 Series A (the "2011 Series A Bonds") and the conversion and redesignation of \$66,000,000 of the Authority's Homeownership Revenue Bonds, 2009 Series A to 2009 Subseries A-1 (the "2009 Subseries A-1 Bonds" and together with the 2011 Series A Bonds, the "Series Bonds"). The 2011 Series A Bonds are issuable as fully registered Bonds (as hereafter defined) without coupons dated as provided in the hereinafter-described Indenture in the denominations of \$5,000 and whole multiples thereof. The 2011 Series A Bonds and the 2009 Subseries A-1 Bonds shall be numbered as provided in the Indenture.

The 2011 Series A Bonds are issued, and the 2009 Subseries A-1 Bonds were issued and are being converted, pursuant to the Nebraska Investment Finance Authority Act, Sections 58-201 et seq., Reissue Revised Statutes of Nebraska, as amended (the "Act"), and pursuant to the General Indenture of Trust, dated as of December 1, 2009 (as amended and supplemented, the "General Indenture"), as further supplemented by the Supplemental Indenture of Trust, dated as of December 1, 2009, as amended (the "2009 Supplemental Indenture") and the Supplemental Indenture of Trust dated as of November 1, 2011 (the "2011 Supplemental Indenture" and, together with the General Indenture and the 2009 Supplemental Indenture, the "Indenture"), each between the Authority and Wells Fargo Bank, National Association, Minneapolis, Minnesota, as trustee. Under certain terms and conditions, the General Indenture permits the issuance of additional series of bonds which are equally and ratably secured by the pledges and covenants in the Indenture. The 2011 Series A Bonds, the 2009 Subseries A-1 Bonds, all bonds heretofore issued pursuant to the Indenture and any such additional bonds which may hereafter or concurrently be issued under the Indenture are herein referred to as the "Bonds."

The Series Bonds are subject to redemption by the Authority prior to maturity at the times, in the manner and upon the terms provided in the Indenture. *The Series Bonds are limited obligations of the Authority, payable solely out of the revenues and moneys pledged therefor pursuant to the Indenture. The Authority has no taxing power. The Series Bonds do not constitute a debt, liability or general obligation of the State of Nebraska (the "State") or any political subdivision thereof. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of or the interest on the Series Bonds.*

The proceeds made available upon the issuance of the 2011 Series A Bonds and the release on the date hereof (the "Release Date") of the proceeds of the 2009 Subseries A-1 Bonds will be used to (1) finance Mortgage Loans through the acquisition and purchase of Mortgage-Backed Securities and (2) pay certain costs of issuing the 2011 Series A Bonds and converting the 2009 Subseries A-1 Bonds.

The 2011 Series A Bonds and the 2009 Subseries A-1 Bonds are dated, mature and bear interest as provided in the Indenture. The 2011 Series A Term Bonds (as such term is defined in the 2011 Supplemental Indenture) and the 2009 Subseries A-1 Bonds are subject to mandatory redemption prior to maturity from Sinking Fund Installments in the amounts and in the years set forth in the 2011 Supplemental Indenture. The 2011 Series A Bonds and the 2009 Subseries A-1 Bonds are also subject to optional and mandatory redemption as provided in the 2011 Supplemental Indenture.

In connection with the issuance of the 2011 Series A Bonds and the conversion of the 2009 Subseries A-1 Bonds, we have examined (a) the resolutions adopted by the Authority on November 13, 2009 and on December 10, 2010, authorizing the issuance of the 2011 Series A Bonds and the conversion of the 2009 Subseries A-1 Bonds; (b) the General Indenture, the 2009 Supplemental Indenture and the 2011 Supplemental Indenture, particularly certain covenants therein relating to the requirements for Mortgage Loans (as defined in the Indenture) to be financed or refinanced thereunder with proceeds made available upon the issuance of the 2011 Series A Bonds and the conversion of the 2009 Subseries A-1 Bonds; (c) the form of the Authority's Offer

to Originate and Sell Single Family Mortgage Loans, and form of Mortgage Origination Agreement to be entered into between each Participant and a financial institution acting as the Master Servicer, which agreements require the delivery of certain affidavits and other documents prior to the financing of any Mortgage Loans thereunder; and (d) such other opinions, documents, certificates and letters as we deem relevant and necessary in rendering this opinion.

From such examination, we are of the opinion that:

1. The Authority is a body politic and corporate, not a State agency but an independent instrumentality exercising essential public functions, duly organized and existing under the Constitution and laws of the State, particularly the Act. Pursuant to the Act, the Authority is empowered to issue the Bonds for the purpose of making funds available to finance Mortgage Loans and Mortgage-Backed Securities, in each case, in order to finance single family housing in the State for low- and moderate-income persons, and to pledge and grant a security interest in the revenues and amounts in the Funds and Accounts established by the Indenture.

2. The 2011 Series A Bonds have been duly and validly authorized, executed and issued and the 2009 Subseries A-1 Bonds were validly authorized, executed and issued and are being converted in accordance with the laws of the State and the Series Bonds represent valid, binding and enforceable limited obligations of the Authority that are payable out of the revenues or moneys of the Authority pledged therefor pursuant to the Indenture. Pursuant to the Indenture, the principal of, premium, if any, and interest on the Series Bonds are secured by a pledge of and security interest in Bond proceeds (other than proceeds deposited in trust for the retirement of outstanding Bonds), all Mortgage Loans and Mortgage-Backed Securities purchased with proceeds of the Bonds and Permitted Investments (as defined in the Indenture), all Revenues (defined in the Indenture) derived therefrom, and all money, Permitted Investments and other assets and income (except certain nonmortgage excess earnings) held in and receivable by Funds and Accounts established by or pursuant to the Indenture, all subject to the right of the Authority to direct withdrawals of amounts from said Funds and Accounts upon the conditions set forth in the Indenture.

3. The Indenture has been duly and validly authorized, executed and delivered, is in full force and effect and is a valid, binding and enforceable obligation of the Authority, and the holders of the Series Bonds are entitled to the benefits thereof.

4. Under existing laws, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and continuing compliance with certain covenants designed to meet the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the 2011 Series A Bonds and, from and after the Release Date, interest on the 2009 Subseries A-1 Bonds is excluded from gross income for federal income tax purposes. Interest on the 2011 Series A Bonds and, from and after the Release Date, interest on the 2009 Subseries A-1 Bonds is neither a specific preference item nor included in adjusted current earnings for purposes of the federal alternative minimum tax imposed on individuals and corporations by the Code.

5. Interest on the Series Bonds is exempt from income taxation by the State.

We express no opinion regarding any other consequences affecting the federal or state income tax liability of a recipient of interest on the Series Bonds.

The opinion we have expressed herein as to the treatment of the interest borne by the Series Bonds for federal income tax purposes is based upon laws, regulations, rulings and decisions in effect on the date hereof. Each purchaser of the 2011 Series A Bonds and owner of the 2009 Subseries A-1 Bonds should consult his or her own tax advisor as regards any pending or proposed federal tax legislation.

The obligations of the Authority contained in the Series Bonds and the Indenture, and the enforceability thereof, are subject to general principles of equity which may permit the exercise of judicial discretion, the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State, applicable bankruptcy, insolvency, moratorium or similar laws relating to or affecting creditors' rights generally, and the exercise by the United States of America of the powers delegated to it by the Constitution.

Very truly yours,

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate, dated as of November 1, 2011 (this “Disclosure Certificate”), is executed and delivered by the NEBRASKA INVESTMENT FINANCE AUTHORITY, a body politic and corporate, not an agency of the State of Nebraska (the “State”), but an independent instrumentality exercising essential public functions organized and existing under the laws of the State (the “Issuer”) in connection with the issuance of \$44,000,000 in aggregate principal amount of its Homeownership Revenue Bonds, 2011 Series A (the “2011 Series A Bonds”). The 2011 Series A Bonds are being issued pursuant to a General Indenture of Trust, dated as of December 1, 2009 (as amended and supplemented, the “General Indenture”), and a Supplemental Indenture of Trust, dated as of November 1, 2011 (the “Supplemental Indenture” and, together with the General Indenture, the “Indenture”), each between the Issuer and Wells Fargo Bank, National Association, as trustee (the “Trustee”).

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the 2011 Series A Bonds and to assist J.P. Morgan Securities LLP, Ameritas Investment Corp., Barclays Bank plc and D.A. Davidson & Co. (the “Participating Underwriters”) in complying with Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (17 C.F.R. § 240.15c2-12) (the “Rule”).

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

“EMMA” means the MSRB’s Electronic Municipal Market Access system (“EMMA”) for municipal securities disclosure.

“MSRB” means the Municipal Securities Rulemaking Board. Reference is made to Commission Release No. 34-59062, December 8, 2008 (the “Release”) relating to the MSRB’s Electronic Municipal Market Access (“EMMA”) system for municipal securities disclosure which became effective on July 1, 2009. To the extent applicable to this Disclosure Certificate, the Issuer shall comply with the Release and with EMMA.

Section 3. Provision of Annual Financial Information. The Issuer, as the “obligated person” for purposes of the Rule, hereby agrees to provide or cause to be provided at least annually to the MSRB financial information and operating data regarding the Issuer and the Single-Family Mortgage Program (the “Program”) of the type set forth in the Official Statement, dated November 9, 2011, with respect to the 2011 Series A Bonds (the “Official Statement”) under the following captions or in the following Appendices (or portions thereof):

Appendix B—Audited Financial Statements.

Appendix C—Schedule of Outstanding General Obligation and Limited Obligation Indebtedness.

Appendix D—Summary of the Single Family Program.

The financial and operating information described above will be filed no later than 270 days after the end of the fiscal year of the Issuer and may be provided in one document or in multiple documents, delivered in such manner (which shall be electronic and otherwise in accordance with EMMA from and after the date of issuance of the 2011 Series A Bonds) and by such time so that it is received by the date herein required. Such information will include audited financial statements prepared in accordance with generally accepted accounting principles as in effect from time to time; provided, however, that the Issuer reserves the right to report securitized mortgage loans at amortized cost, rather than fair value; and provided further, however, that if audited financial statements are not available within 270 days after the end of the preceding fiscal year, unaudited financial statements will be provided with audited financial statements to follow when available.

All or a portion of the annual financial and operating information may be provided by way of cross-reference to other documents previously provided to the MSRB or may be filed with the Securities and Exchange Commission. If the cross-referenced document is a final official statement within the meaning of the Rule, it shall be available from the MSRB.

Section 4. Failure To File Annual Financial and Operating Information. The Issuer agrees to provide or cause to be provided to the MSRB, in a timely manner, notice of a failure by the Issuer to provide the annual financial and operating information described in Section 3 above when the same is due hereunder.

Section 5. Material Events. The Issuer agrees to provide or cause to be provided to the MSRB notice (a “Material Event Notice”) of the occurrence of any of the following events (each a “Material Event”) with respect to the 2011 Series A Bonds in a timely manner, not in excess of 10 business days after the occurrence of the event:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2011 Series A Bonds, or other material events affecting the tax status of the 2011 Series A Bonds;
- (vii) modifications to rights of the holders of the 2011 Series A Bonds, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the 2011 Series A Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer*;
- (xiii) the consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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.

Each Material Event Notice shall be in electronic form and shall be so captioned and shall prominently state the date, title and (to the extent less than all of the 2011 Series A Bonds are affected by the related Material Event) CUSIP numbers of the 2011 Series A Bonds.

The Issuer may from time to time choose to provide notice of the occurrence of certain other events in addition to those listed above, but the Issuer does not undertake any commitment to provide such notice of any event except those events listed above.

Section 6. Termination of Reporting Obligation. Pursuant to paragraph (b)(5)(iii) of the Rule, the Issuer’s obligation to provide annual financial and operating information and notice of Material Events, as set forth herein, shall

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer 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 the Issuer, 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 the Issuer.

automatically terminate if and when the Issuer no longer remains an obligated person with respect to the 2011 Series A Bonds, which shall occur upon payment or redemption of the 2011 Series A Bonds in full or upon the legal defeasance of the 2011 Series A Bonds in accordance with the Indenture.

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage an agent to assist the Issuer in disseminating information hereunder (the “Dissemination Agent”). The Issuer may discharge any such Dissemination Agent with or without appointing a successor Dissemination Agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, without the consent of the holders of the 2011 Series A Bonds, under the following conditions:

- (a) The amendment or waiver may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the obligated person or type of business conducted;
- (b) This Disclosure Certificate, as amended or with the provision so waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) The amendment or waiver does not materially impair the interests of the holders of the 2011 Series A Bonds, as determined either by parties unaffiliated with the Issuer (such as the Trustee for the 2011 Series A Bonds or nationally recognized bond counsel), or by approving vote of the holders of the 2011 Series A Bonds pursuant to the terms of the Indenture at the time of the amendment or waiver.

The Issuer shall provide notice of each amendment or waiver which changes the accounting principles followed by the Issuer in preparation of its annual financial information to the MSRB. The initial annual financial information provided by the Issuer after the amendment or waiver shall explain, in narrative form, the reasons for the amendment or waiver and the effect of the change, if any, in the type of operating data or financial information being provided.

Section 9. Default. This Disclosure Certificate is intended to be for the sole benefit of the holders of the 2011 Series A Bonds (for such purpose, beneficial owners of the 2011 Series A Bonds shall also be considered holders of the 2011 Series A Bonds) and shall create no rights in any other person or entity (except the Trustee, and then only as set forth below).

This Disclosure Certificate shall be enforceable by or on behalf of any such holder of the 2011 Series A Bonds, provided that the right of any holder of the 2011 Series A Bonds to challenge the adequacy of the information furnished pursuant to this Disclosure Certificate shall be limited to an action by or on behalf of the holders of 2011 Series A Bonds representing at least a majority of the aggregate outstanding principal amount of the 2011 Series A Bonds. This Disclosure Certificate is also enforceable on behalf of the holders of the 2011 Series A Bonds by the Trustee, and the Trustee may, and upon the written direction of the owners of not less than a majority of the aggregate outstanding principal amount of the 2011 Series A Bonds shall, proceed, subject to the indemnification and other provisions of the Indenture, to protect and enforce the rights of the owners of the 2011 Series A Bonds pursuant to this Disclosure Certificate. Any failure by the Issuer to comply with the provisions of this Disclosure Certificate shall not be an Event of Default under the Indenture.

The rights of the holders of the 2011 Series A Bonds and the Trustee to enforce the provisions of this Disclosure Certificate shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Issuer's obligations under this Disclosure Certificate and the Issuer, its members, officers and employees shall incur no liability under this Disclosure Certificate by reason of any act or failure to act hereunder. Without limiting the generality of the foregoing and except as otherwise provided in the Indenture with respect to the Trustee, neither the commencement nor the successful completion of an action to compel performance under this Section shall entitle the Trustee or any other person to attorneys' fees, financial damages of any sort or any other relief other than an order or injunction compelling performance.

Section 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Trustee and the holders of the 2011 Series A Bonds (for such purpose, beneficial owners of the 2011 Series A Bonds shall also be considered holders of the 2011 Series A Bonds) and shall create no rights in any other person or entity.

Section 11. Choice of Law. This Disclosure Certificate shall be governed by and construed in accordance with the laws of the State of Nebraska, provided that to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

NEBRASKA INVESTMENT FINANCE AUTHORITY

By _____
Executive Director

