

WHEREAS, Sussex County, Delaware (the "County") has, pursuant to its home rule powers granted under Section 7001, Chapter 70, Title 9, Delaware Code, as amended, duly adopted on March 12, 1985 Ordinance No. 231 (the "Ordinance") to create a governmental program to provide a means of financing the cost of residential home ownership; and

WHEREAS, in furtherance of the purposes set forth in the Ordinance the County wishes to create a program for the financing of the acquisition of certain home mortgages by the sale and issuance of its revenue bonds, and authorizing such actions as might be required to implement such program; and

WHEREAS, the County is not capable of acting as an originator and servicer of home mortgage loans and consequently must rely on lending institutions to act as originators and servicers of such home mortgage loans; and

WHEREAS, the County has entered into negotiations with a number of financial institutions deemed competent to originate and service home mortgage loans (collectively, the "Lending Institutions"), and wishes to engage the Lending Institutions to originate and service home mortgage loans to be acquired under the program; and

WHEREAS, the County has determined a manner of allocating to each Lending Institution its portion of the funds available for such home mortgages, which allocation procedure and origination procedure is determined by the County to be fair, reasonable and necessary in order to facilitate investment decisions by prospective Bondholders, incentives for rapid placement of such home mortgages, and provides a financially sound program considering the relative duties, involvement, experience and size of the individual Lending Institutions; and

WHEREAS, pursuant to and in accordance with the provisions of the Ordinance, the County is now prepared to proceed with

financing the acquisition of such home mortgages and to issue not to exceed \$22,000,000 in principal amount of its Single Family Residential Mortgage Revenue Bonds, 1985 Series (the "Bonds"), such Bonds to be secured under the Indenture (hereinafter defined), and except to the extent payable from Bond proceeds, certain insurance proceeds and certain other sources as described in the Indenture, to be payable solely from the revenue and receipts and other amounts received by the County pursuant to the Origination, Servicing and Administration Agreement (hereinafter defined); and

WHEREAS, to ensure the sale of the Bonds at the most advantageous price and in an effort to reduce the interest rate on home mortgage loans to be originated under the program the County desires to obtain insurance on the Bonds from Financial Guaranty Insurance Corporation, a New York corporation, ("FGIC"); and

WHEREAS, L. F. Rothschild, Unterberg, Towbin, as underwriter (the "Underwriter") intends to offer the Bonds for sale to the public, and to use a Preliminary Official Statement dated August 12, 1985 (the "Preliminary Official Statement") and a final Official Statement dated August 19, 1985 (the "Final Official Statement") to effectuate such sale and has submitted to the County a form of Bond Purchase Agreement (hereinafter defined) setting for the Underwriter's proposal to purchase the Bonds; and

WHEREAS, copies of the Origination, Servicing and Administration Agreement, the Indenture, the FGIC bond insurance policy and Bond Purchase Agreement have been presented to and are before this meeting:

NOW, THEREFORE,

THE COUNTY OF SUSSEX HEREBY RESOLVES AS FOLLOWS:

Section 1. The following words and terms used in this resolution shall have the following meanings unless the context clearly indicates another or different meaning or intent:

"Bond Purchase Agreement" shall mean the Bond Purchase Agreement, dated August 19, 1985, to be entered into between the County and the Underwriter, as approved by this resolution, relating to the purchase of the Bonds.

"Bonds" shall mean the Single Family Residential Mortgage Revenue Bonds, 1985 Series of the County in an aggregate principal amount not to exceed \$22,000,000 authorized to be issued pursuant to this resolution and Article II of the Indenture.

"County" shall mean Sussex County, Delaware.

"Indenture" shall mean the Trust Indenture dated as of August 1, 1985 between the County and the Trustee, as approved by this resolution, as the same may be supplemented from time to time in accordance with its terms.

"Lending Institutions" shall mean the mortgage loan lending institutions whose Commitment Fees (as defined in the Origination, Servicing and Administration Agreement) have been received by the Trustee and become signatory to the Origination, Servicing and Administration Agreement and any financial institution servicing the Mortgage Loans.

"Mortgage Loans" shall mean the Mortgage Loans to be acquired pursuant to, and as defined in, the Origination, Servicing and Administration Agreement.

"Official Statement" shall mean the Official Statement, dated August 19, 1985 and defined in the Bond Purchase Agreement.

"Origination, Servicing and Administration Agreement" shall mean the Origination, Servicing and Administration Agreement dated as of August 1, 1985 between the County and the Lending Institutions as approved by this resolution, and as the same may be amended from time to time.

"Trustee" shall mean Wilmington Trust Company and any successor acting as such under the Indenture.

"Underwriter" shall mean L. F. Rothschild, Unterberg, Towbin.

Section 2. Pursuant to the Ordinance, the County does hereby authorize the financing of the acquisition of the Mortgage Loans in accordance with the terms of the Origination, Servicing and Administration Agreement.

Section 3. To provide for the financing of the cost of the acquisition of the Mortgage Loans, the County does hereby authorize pursuant to the Ordinance the issuance of revenue bonds of the County under the Ordinance, to be designated "Sussex County, Delaware, Single Family Residential Mortgage Revenue Bonds, 1985 Series in the aggregate principal amount of up to \$22,000,000. The Bonds shall be issued in the form and shall contain the provisions, including but not limited to, provisions regarding date, maturity, interest and redemption set forth in the Indenture. The terms, form and contents of the Indenture are hereby incorporated by reference. The sale of the Bonds, (which are subject to the above conditions) by the County Administrator to the Underwriter for \$21,752,822.59 plus accrued interest on the Current Interest Bonds from August 1, 1985 to the Closing Date (as defined in the Bond Purchase Agreement) is hereby approved.

Section 4. The County hereby determines that the issuance of the Bonds will (a) provide for and promote the public health, safety and welfare of the County; (b) relieve conditions of unemployment and encourage the increase of industry, commercial activity and economic development so as to reduce the evils attendant on unemployment; (c) assist low and moderate income persons in acquiring decent, safe and sanitary housing in furtherance of the housing policies and goals of the County; and (d) preserve and increase the County's ad valorem tax base by encouraging the investment of private capital by stimulating the construction and presentation of owner-occupied single family residences.

Section 5. The Bonds shall be limited obligations of the County and, except to the extent payable from Bond proceeds, certain

fees and insurance proceeds, including but not limited to, payments, if any, made under the FGIC bond insurance policy, or moneys from the investment of the foregoing, shall be payable solely from the revenues and receipts and other amounts derived by or on behalf of the County from the Mortgage Loans except as provided in Section 6 hereof. No holder of any Bonds issued under this resolution has the right to compel any exercise of the taxing power of the County to pay the Bonds, the interest or redemption premium, if any, thereon, and the Bonds shall not constitute an indebtedness of the County, a loan of credit thereof within the meaning of any constitutional or statutory provision, nor shall the Bonds be construed to create a pledge of the faith and credit or any general or moral obligation on the part of the County, The State of Delaware or any other political subdivision thereof with respect to the payment of the Bonds. It shall be plainly stated on the face of each Bond that it has been issued under the provisions of the Ordinance and that it does not constitute an indebtedness of the County payable from any source other than described above, nor a loan of credit thereof within the meaning of any constitutional for statutory provisions.

Section 6. In order to ensure the issuance of a policy of bond insurance by Finanacial Guaranty Insurance Corporation to insure prompt payment of principal of and interest on the Bonds, the County hereby appropriates three hundred thousand dollars (\$300,000) for deposit in an account under the Indenture. These funds shall be held, applied and returned to the County at the time and under the conditions set forth in the Indenture. These funds are further determined to be used to further the public purposes, described in Section 4 hereof, for which the Bonds are issued.

Section 7. The Bonds shall be executed on behalf of the County by the facsimile signatures of the County Administrator and the County Clerk, in the manner provided in the Indenture. If any of the officers who shall have signed or sealed any of

the Bonds shall cease to be such officers of the County before the Bonds so signed and sealed shall have been actually authenticated by the Trustee or delivered by the County, such Bonds nevertheless may be authenticated, issued and delivered with the same force and effect as though the person or persons who signed or sealed such Bonds had not ceased to be officer or officers of the County; and also any such Bonds may be signed and sealed on behalf of the County by those persons who, at the actual date of the execution of such Bonds, shall be the proper officers of the County, although at the nominal date of such Bonds any such person shall not have been such officer of the County.

Section 8. The Indenture and the Investment Agreement are hereby approved in substantially the form presented at this meeting, and the County Administrator is hereby authorized to execute, acknowledge and deliver the Indenture and the Investment Agreement attested by the County Clerk, with such changes therein as shall be approved by such persons executing such document, their execution to constitute conclusive evidence of such approval, and the County Clerk is hereby authorized to affix to the Indenture and the Investment Agreement the corporate seal of the County.

Section 9. The Origination, Servicing and Administration Agreement is hereby approved in substantially the form presented at this meeting, and the County Administrator is hereby authorized to execute, acknowledge and deliver the Origination, Servicing and Administration Agreement, attested by the County Clerk, with such changes therein as shall be approved by such persons executing such document, their execution to constitute conclusive evidence of such approval and the obligation of each Lending Institution to originate Mortgage Loans, the manner of originating Mortgage Loans and the fees for originating and servicing Mortgage Loans, as set forth in the Origination, Servicing and Administration Agreement, is hereby approved and determined to be fair, reasonable and necessary. The County Clerk is hereby authorized to affix

to such document the corporate seal of the County. The County hereby expressly adopts the other provisions of the Origination, Servicing and Administration Agreement relative to the origination and servicing of Mortgage Loans as a requirement to their governmental program of financing home mortgages.

Section 10. The County hereby authorizes the County Administrator to approve the expenditure of proceeds of Bonds to acquire the FGIC bond insurance policy in the form presented to this meeting.

Section 11. The Bond Purchase Agreement is hereby approved in substantially the form presented at this meeting, and the County Administrator is hereby authorized to execute and deliver the Bond Purchase Agreement on behalf of the County with such changes and completions therein with respect to interest rates, redemption provisions and the sale price of the Bonds (subject to the limitation set forth in Section 3 hereof) as shall be approved by the County Administrator, his execution to constitute conclusive evidence of such approval, and the sale of the Bonds to the Representative pursuant to the Bond Purchase Agreement is hereby authorized.

Section 12. The County Administrator is hereby authorized to prepare, execute and deliver an Official Statement for and on behalf of the County pursuant to the Bond Purchase Agreement. Notwithstanding the authority herein granted to him, the County Administrator may in his absolute discretion determine not to execute and deliver any Bond Purchase Agreement even though the same shall comply with this resolution and the Ordinance, in which event the County shall have no obligation whatsoever with respect thereto.

Section 13. The interest rate on the Mortgage Loans set forth in the Origination, Servicing and Administration Agreement, it being understood that the difference between the interest rate on the Mortgage Loans and the interest rates on the Bonds represents

the cost of insurance premiums, amortized costs of the expenses of issuing the Bonds, fees of servicing the Mortgage Loans, Trustee fees, amortized amounts to secure the payment of the Bonds and other costs associated with the issuance of the Bonds and the origination and servicing of Mortgage Loans.

Section 14. The moneys received by the Lending Institutions (with certain exceptions specified in the Origination, Servicing and Administration Agreement) as servicers of the Mortgage Loans shall constitute funds of the County and shall be held for the County by each of the Lending Institutions in separate Receipts Accounts until such moneys are transferred to the Trustee pursuant to the Origination, Servicing and Administration Agreement. The County hereby authorizes the Lending Institutions to withdraw moneys from the Receipts Account which they maintain to reimburse themselves for certain restoration, insurance and liquidation expenses, servicing fees and advances made, all in accordance with the Origination, Servicing and Administration Agreement. The County hereby authorizes the County Administrator to execute and deliver any further instruments or documents necessary to permit such withdrawals from the Receipts Accounts of the County maintained by the Lending Institutions.

Section 15. The authorized officials of the County are hereby empowered to execute and deliver the Bonds and all documents and other instruments which may be required under the terms of the Bond Purchase Agreement, the Indenture, the Origination, Servicing and Administration Agreement and this resolution. For purposes of this Section "authorized officials of the County" shall mean the County Administrator or County Clerk.

Section 16. The County hereby ratifies the use by the Underwriter of the Preliminary Official Statement in offering the Bonds to the purchasers thereof and the County hereby approves and authorizes the use by the Underwriter of the Official Statement.

Section 17. No Lending Institution (or any related person, as defined in Section 103(c)(6)(C) of the Internal Revenue Code

of 1954, as amended) from whom the County may, under its program, acquire Mortgage Loans, shall, pursuant to any arrangement, formal or informal, purchase Bonds in an amount related to the amount of mortgages to be acquired from such Lending Institutions by the County.

Section 18. This resolution shall become effective immediately upon its adoption and approval.

I DO HEREBY CERTIFY THAT THE FOREGOING IS A TRUE AND CORRECT COPY OF RESOLUTION NO. R 030 85 PASSED BY THE COUNTY COUNCIL OF SUSSEX COUNTY ON THE 19TH DAY AUGUST, 1985.

Emogene P. Ellis
EMOGENE P. ELLIS
CLERK OF THE COUNTY COUNCIL