

Board of Directors



GOVERNMENT  
DEVELOPMENT  
BANK FOR  
PUERTO RICO

COMMONWEALTH OF PUERTO RICO

PO Box 42001  
San Juan, PR 00940-2001  
Telephone (787)721-3360  
Facsimile (787)726-6001

### CERTIFICATION AS TO ENABLING RESOLUTION

I, **Olga L. Ortiz**, Secretary of the Board of Directors of Government Development Bank for Puerto Rico, **DO HEREBY CERTIFY** that attached hereto is a true and correct copy of **Resolution 4023** duly adopted by the Board of Directors of this Bank, at a meeting duly called and held on November 16, 1977, as amended by Resolutions 4107, 5143, 5171, 5338, EC-950, EC-1019 and 7897. Said Resolutions are the only Resolutions adopted by the Board of Directors creating the Puerto Rico Housing Finance Corporation. Said Resolutions have not been further repealed, revoked, rescinded or amended, and the same are in full force and effect on the date hereof.

IN WITNESS WHEREOF, I set my hand and the Corporate Seal of Government Development Bank for Puerto Rico this 22<sup>nd</sup> day of May, 2003.

  
OLGA L. ORTIZ  
SECRETARY

(SEAL)



GOVERNMENT  
DEVELOPMENT  
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PO Box 42001  
San Juan, PR 00940-2001  
Telephone (787) 722-2525

## CERTIFICATE AS TO RESOLUTION

I, **OLGA L. ORTIZ**, Secretary of the Board of Directors of Government Development Bank for Puerto Rico, **DO HEREBY CERTIFY**, that attached hereto is a true and correct copy of **Resolution 7897** which was duly adopted by the Board of Directors of this Bank at a meeting duly called and held on September 25, 2002, at which a quorum was present and acting throughout. Said resolution has not been repealed, revoked, rescinded or amended, and is in full force and effect.

### RESOLUTION 7897

#### **TO AMEND RESOLUTION NUMBER 4023, ADOPTED ON NOVEMBER 16, 1977, CREATING PUERTO RICO HOUSING FINANCE CORPORATION.**

**WHEREAS**, the Board of Directors of Government Development Bank (the "Bank") has, pursuant to Resolution Number 4023, adopted November 16, 1977 ("Resolution No. 4023"), created Puerto Rico Housing Finance Corporation as a subsidiary corporation of the Bank and an independent governmental instrumentality of the Commonwealth of Puerto Rico for the purpose of further developing the economy of Puerto Rico by stimulating the construction industry and providing decent, safe and sanitary dwellings within the financial means of persons of limited income;

**WHEREAS**, pursuant to Act No. 103 of August 11, 2001 ("Act No. 103") Puerto Rico Housing Finance Corporation was renamed as "Puerto Rico Housing Finance Authority" (the "Authority") and all the powers, rights, obligations, functions and assets of Puerto Rico Housing Bank and Finance Agency (the "Agency"), created pursuant to Act No. 146 of June 30, 1961, as amended, were transferred to the Authority;

**WHEREAS**, Act No. 107 of July 31, 2002 amended Act No. 103 in order to confirm the status of the Authority as a subsidiary of the Bank, and to that effect amended the composition of the Board of Directors of the Authority;

**WHEREAS**, Resolution No. 4023, as amended, provides, in Section 2 thereof, that the Authority is formed for the purpose of further developing the economy by providing for the financing of (i) the construction, reconstruction, improvement, alteration and repair of decent, safe and sanitary dwellings for persons of limited income, (ii) long-term mortgage loans to assist persons or families of limited income in the acquisition of residential housing in the Commonwealth of Puerto Rico, (iii) guaranties for the interim construction financing for projects to be included in the Mortgage Trust, and (iv) the management activities inherent to a Contract Administrator under the Section 8 programs of the U.S. Housing Act or any other similar rental subsidy programs which could be implemented in the future;

**WHEREAS**, the Agency was created for the purpose of assisting the Bank in its housing programs, and of developing more effectively its governmental responsibility of promoting the economy of Puerto Rico and the welfare of its inhabitants, and in furtherance of such purposes, the Agency was granted the power to acquire real or personal property, or any interest therein, by purchase, transfer or otherwise, and to sell, encumber and constitute mortgage liens on such property, through public or private sale, with or without bidding;

**WHEREAS**, the Agency was also granted the power to acquire real property determined to be inadequate or in a state of abandonment or that affects aesthetics, security or health, through condemnation, to carry out the purposes of the Puerto Rico Housing Department and/or the Agency;

**WHEREAS**, all of the aforementioned powers of the Agency have been transferred to the Authority pursuant to Act No. 103;

**WHEREAS**, it is consistent with the purposes and powers of the Authority and the Agency that the Authority be engaged in the promotion of urban renewal and/or rehabilitation projects in Puerto Rico through the acquisition and sale of real and personal property in connection with such projects and the carrying out of incidental activities in order to facilitate such projects, and the Bank desires to clarify the authority and power of the Authority for such purposes; and

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Bank as follows:

**Section 1.** Resolution No. 4023, as amended, is hereby amended as follows:

(i) The first sentence of Section 2 of Resolution No. 4023, as amended, is hereby deleted and is substituted in its place by the following sentence:

“For the purpose of further developing the economy of Puerto Rico by (1) providing for the financing of (i) the construction, reconstruction, improvement, alteration and repair of decent, safe and sanitary dwellings for persons of limited income, and (ii) long-term mortgage loans to assist persons or families of limited income in the acquisition of residential housing in the Commonwealth of Puerto Rico, (iii) guaranties for the

interim construction financing for projects to be included in the Mortgage Trust, and (iv) the management activities inherent to a Contract Administrator under the Section 8 programs of the U.S. Housing Acts or any other similar rental subsidy programs which could be implemented in the future, and (2) promoting projects of urban renewal and/or rehabilitation in Puerto Rico through the acquisition and sale of real and personal property in connection with such projects and the carrying out of incidental activities in order to facilitate such projects, there is hereby created pursuant to the GDB Act, a subsidiary corporation of Development Bank designated "Puerto Rico Housing Finance Authority" (the "Subsidiary")."

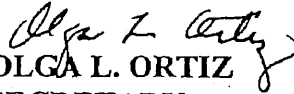
(ii) Section 4 of Resolution 4023, as amended, is hereby amended to read in its entirety as follows:

"The authorization of the issuance of bonds and other obligations for borrowed money pursuant to this Resolution by the Board of Directors of the Subsidiary in a meeting in which at least four members of the Board of Directors of the Subsidiary that are also members of the Board of Directors of Development Bank authorize such issuance shall constitute the approval of Development Bank under Act No. 272 of the Legislature of Puerto Rico, approved May 15, 1945, as amended ("Act No. 272"). If the issuance of bonds or other obligations for borrowed money is not authorized by at least such four members of the Board of Directors of the Subsidiary that are also members of the Board of Directors of Development Bank, such issuance shall be required to be approved separately by the Board of Directors of Development Bank in accordance with Act No. 272."

Section 2. Except as provided in Section 1 above, Resolution No. 4023, as amended, shall remain in full force and effect.

Section 3. This Resolution shall take effect immediately upon its adoption.

IN WITNESS WHEREOF I SET my hand and the corporate seal of Government Development Bank for Puerto Rico, this 30<sup>th</sup> day of October, 2002.

  
OLGA L. ORTIZ  
SECRETARY

(SEAL)

## RESOLUTION EC-1019

A RESOLUTION AMENDING RESOLUTION NO. 4023,  
ADOPTED NOVEMBER 16, 1977, AS AMENDED,  
CREATING PUERTO RICO HOUSING FINANCE  
CORPORATION

WHEREAS, the Board of Directors of Government Development Bank for Puerto Rico ("Government Development Bank") has, pursuant to Resolution No. 4023, adopted November 16, 1977 (the "Resolution"), created Puerto Rico Housing Finance Corporation (the "Corporation") as a subsidiary corporation of Government Development Bank and an independent governmental instrumentality of the Commonwealth of Puerto Rico (the "Commonwealth") for the purpose of further developing the economy of Puerto Rico; and

WHEREAS, the Corporation is a sponsor on behalf of the Commonwealth of a program designed for the construction or rehabilitation of multifamily rental housing for persons and families of low or moderate income through the ownership of such housing by limited partnerships formed in the Commonwealth and the capitalization of such partnerships through the sale of limited partner interests to investors who are to receive the benefit of federal low-income housing tax credits (the "Tax Credits"); and

WHEREAS, the Corporation desires to guarantee to the limited partner investors that the benefits of the Tax Credits intended to be available to the limited partners are in fact received by the limited partners; and

WHEREAS, Government Development Bank is empowered by statute through one or more of its subsidiaries to guarantee the obligations of any public or private entity for any of its public purposes;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of Government Development Bank as follows:

1. Resolution No. 4023 is hereby amended to add the following provision to the end of Section 2 thereof:

"(j) in furtherance of its public purposes, to guarantee the obligations of public or private entities."

2. As amended above, the Resolution shall remain in full force and effect.

This resolution shall take effect immediately.

Adopted on this 11th day of February, 1992.

**"RESOLUTION NUMBER EC-950**

RESOLUTION AMENDING RESOLUTION NUMBER 4023, ADOPTED NOVEMBER 16, 1977 AS AMENDED, CREATING PUERTO RICO HOUSING FINANCE CORPORATION

WHEREAS, the Board of Directors of Government Development Bank (the "Bank") has, pursuant to Resolution Number 4023, adopted November 16, 1977 (the "Resolution"), created Puerto Rico Housing Finance Corporation (the "Corporation") as a subsidiary corporation of the Bank and an independent governmental instrumentality of the Commonwealth of Puerto Rico for the purpose of further developing the economy of Puerto Rico; and

WHEREAS, The Resolution authorizes the Corporation to issue its bonds for the purpose of providing for the financing of the construction, reconstruction, improvement, alteration and repair of decent, safe and sanitary dwellings for persons of limited income; and

WHEREAS, The Board of Directors of the Corporation desires to expand and clarify provisions relating to the issuance of such Bonds;

NOW THEREFORE, BE IT RESOLVED, by the Executive Committee of the Board of Directors of the Government Development Bank for Puerto Rico, as follows:

Section 1. Resolution Number 4023 is hereby amended to add the following provisions to the end of Section 3(a) thereof:

"Bonds of the Corporation may be issued for the purpose of applying any portion of the proceeds thereof to the purchase from Government Development Bank, from any other public instrumentality of the Commonwealth, from any political subdivision of the Commonwealth, or from the Puerto Rico Government Employees Retirement System of any asset, including mortgage loans or mortgage pass-through or mortgage-backed obligations, which purchase is made for the purpose of further securing such bonds of the Corporation or for the general public or corporate purposes of Government Development Bank."

Section 2. As amended above, the Resolution shall remain in full force and effect.

Section 3. This Resolution shall take effect immediately."

"RESOLUTION NUMBER 5338

A RESOLUTION AMENDING RESOLUTION NUMBER 4023, ADOPTED NOVEMBER 16, 1977, AS AMENDED, CREATING PUERTO RICO HOUSING FINANCE CORPORATION

WHEREAS, the Board of Directors of Government Development Bank (the "Bank") has, pursuant to Resolution Number 4023, adopted November 16, 1977 (the "Resolution"), created Puerto Rico Housing Finance Corporation (the "Corporation") as a subsidiary corporation of the Bank and an independent governmental instrumentality of the Commonwealth of Puerto Rico for the purpose of further developing the economy of Puerto Rico; and

WHEREAS, the Resolution authorizes the Corporation to issue its bonds for the purpose of providing for the financing of the construction, reconstruction, improvement, alteration and repair of decent, safe and sanitary dwellings for persons of limited income; and

WHEREAS, the Board of Directors of the Corporation desires to expand and clarify provisions relating to the issuance of such bonds to include bonds issued in the taxable marketplace to generate an arbitrage profit;

NOW, THEREFORE, Be it resolved by the Board of Directors of the Government Development Bank, as follows:

Section 1. Resolution Number 4023 is hereby amended to add the following provisions to the end of Section 3(a) thereof:

Bonds of the Corporation may be issued for the primary purpose of investing the proceeds thereof to realize a net profit thereon so long as such net profit is to be used for the corporate purposes of the Corporation. The Corporation may contribute or loan any of its monies to further secure the repayment of any issue of bonds. Any issue of bonds by the Corporation may be issued with the intention that the interest thereon will be subject to federal income taxes.

Section 2. As amended above, the Resolution shall remain in full force and effect.

Section 3. This Resolution shall take effect immediately".

"RESOLUTION NUMBER 5171

A RESOLUTION AMENDING RESOLUTION NUMBER 4023,  
ADOPTED NOVEMBER 16, 1977, CREATING PUERTO  
RICO HOUSING FINANCE CORPORATION.

WHEREAS, the Board of Directors of Government Development Bank (the "Bank") has, pursuant to Resolution Number 4023, adopted November 16, 1977 (the "Resolution"), created Puerto Rico Housing Finance Corporation (the "Corporation") as a subsidiary corporation of the Bank and an independent governmental instrumentality of the Commonwealth of Puerto Rico for the purpose of further developing the economy of Puerto Rico; and

WHEREAS, the Resolution provides, in Section 2 thereof, that the Corporation is formed for the purpose of further developing the economy by providing (i) for the financing of the construction, reconstruction, improvement, alteration and repair of decent safe and sanitary dwellings for persons of limited income, and (ii) funds for the origination and financing of mortgage loans to assist persons and families of limited income in the acquisition of residential housing in the Commonwealth of Puerto Rico.

WHEREAS, it has been determined that the Corporation be empowered to provide guaranties for the interim construction financing for projects to be included in the Mortgage Trust and to provide guaranties for the timely payment and management activities inherent to a Contract Administrator under Section 8 Programs of the U.S. Housing Acts or any other similar rental subsidy programs which could be implemented in the future.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Bank as follows:

Section 1. Resolution Number 4023 is hereby amended by deleting the first sentence of Section 2 thereof and by substituting in its place the following sentence:

"For the purpose of further developing the economy of Puerto Rico by providing for the financing of (1) the construction, reconstruction, improvement, alteration and repair of decent, safe and sanitary dwellings for persons of limited income, and (ii) long-terms mortgage loans to assist persons or families of limited income in the acquisition of residential housing in the Commonwealth of Puerto Rico, (iii) guaranties for the interim construction financing for projects to be included in the Mortgage Trust, and (iv) the management activities inherent to a Contract Administrator under the Section 8 programs of



the U.S. Housing Acts or any other similar rental subsidy programs which could be implemented in the future, there is hereby created pursuant to the GDB Act, a subsidiary corporation of Development Bank designated "Puerto Rico Housing Finance Corporation" (the "Subsidiary")."

Section 2. Except as provided in Section 1 above, the Resolution shall remain in full force and effect."

the U.S. Housing Acts or any other similar rental subsidy programs which could be implemented in the future, there is hereby created pursuant to the GDB Act, a subsidiary corporation of Development Bank designated "Puerto Rico Housing Finance Corporation" (the "Subsidiary")."

Section 2. Except as provided in Section 1 above, the Resolution shall remain in full force and effect."

"RESOLUTION NUMBER 5143

A RESOLUTION AMENDING RESOLUTION NUMBER 4023,  
ADOPTED NOVEMBER 16, 1977, CREATING PUERTO  
RICO HOUSING FINANCE CORPORATION.

WHEREAS, the Board of Directors of Government Development Bank (the "Bank") has, pursuant to Resolution Number 4023, adopted November 16, 1977 (the "Resolution"), created Puerto Rico Housing Finance Corporation (the "Corporation") as a subsidiary corporation of the Bank and an independent governmental instrumentality of the Commonwealth of Puerto Rico for the purpose of further developing the economy of Puerto Rico; and

WHEREAS, the Resolution provides, in Section 2 thereof, that the Corporation is formed for the purpose of further developing the economy by providing for the financing of the construction, reconstruction, improvement, alteration and repair of decent, safe and sanitary dwellings for persons of limited income;

WHEREAS, it has been determined that the Corporation be empowered to provide funds for the origination and financing of mortgage loans to assist persons and families of limited income in the acquisition of residential housing in the Commonwealth of Puerto Rico;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Bank as follows:

Section 1. Resolution Number 4023 is hereby amended by deleting the first sentence of Section 2 thereof and by substituting in its place the following sentence:

"For the purpose of further developing the economy of Puerto Rico by providing (i) for the financing of the construction, reconstruction, improvement, alteration and repair of decent, safe and sanitary dwellings for persons of limited income, and (ii) funds for the origination and financing of mortgage loans to assist persons and families of limited income in the acquisition of residential housing in the Commonwealth of Puerto Rico, there is hereby created pursuant to the GDB Act, a subsidiary corporation of Development Bank designated "Puerto Rico Housing Finance Corporation" (the "Subsidiary")."

Section 2. Except as provided in Section 1 above, the Resolution shall remain in full force and effect."

" RESOLUTION NUMBER 4107

A RESOLUTION AMENDING RESOLUTION NO. 4023. APPROVED NOVEMBER 16, 1977, CREATING PUERTO RICO HOUSING FINANCE CORPORATION

WHEREAS, the Board of Directors of Government Development Bank for Puerto Rico (the "Bank") has, pursuant to Resolution No. 4023, adopted November 16, 1977 (the "Resolution"), creating Puerto Rico Housing Finance Corporation (the "Corporation") as a subsidiary corporation of the Bank and an independent governmental instrumentality of the Commonwealth of Puerto Rico for the purpose of further developing the economy of Puerto Rico; and

WHEREAS, the Resolution provides that the Secretary of the Department of Housing of the Commonwealth of Puerto Rico shall approve and designate the Corporation as its agency or instrumentality in compliance with Section 11 (b) of the National Housing Act of 1937, as amended (the "Act");

WHEREAS, it has been determined that the Corporation need not comply with the requirements of Section 11 (b) in order to obtain the benefits of Section 8 of the Act in connection with the issuance and securing of the Corporation's tax exempt obligations;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Bank, as follows:

Section 1. Resolution No. 4023 is hereby amended to delete Section 6 thereof.

Section 2. Except as provided in Section 1 above, the Resolution shall remain in full force and effect."

7/12/78

P.R.H.F.C.  
ENABLING RESOLUTION

RESOLUTION NO. 4023 (AS AMENDED)

A RESOLUTION CREATING A SUBSIDIARY CORPORATION OF GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO PURSUANT TO ACT NO. 17 OF THE LEGISLATURE OF PUERTO RICO, APPROVED SEPTEMBER 23, 1948, AS AMENDED, FOR THE PURPOSE OF FINANCING THE CONSTRUCTION, RECONSTRUCTION, IMPROVEMENT, ALTERATION AND REPAIR OF DECENT, SAFE AND SANITARY DWELLINGS FOR PERSONS AND FAMILIES OF LOW AND MODERATE INCOME; AS AMENDED BY RESOLUTION NO. 4107 OF JULY 12, 1978; RESOLUTION NO. 5143 OF AUGUST 12, 1985; RESOLUTION NO. 5171 OF SEPTEMBER 16, 1985; RESOLUTION NO. 5338 OF MAY 13, 1986; RESOLUTION EC-950 OF DECEMBER 14, 1990, AND RESOLUTION EC-1019 OF FEBRUARY 11, 1992.

BE IT RESOLVED by the Board of Directors of Government Development Bank for Puerto Rico, as follows:

Section 1.

The Board of Directors of Government Development Bank for Puerto Rico ("Development Bank") has found and determined and does hereby declare that:

(a) The Legislature of Puerto Rico has heretofore found and determined that there exists in the Commonwealth of Puerto Rico ("The Commonwealth") an acute shortage of decent, safe and sanitary dwellings within the financial means of persons and families of low and moderate income ("persons of limited income") which threatens and endangers the health, safety, welfare and comfort of a great sector of the population of Puerto Rico and that it is in the public interest and constitutes a public aim to ease such shortage of such dwellings.

(b) In the furtherance of the development of the economy of the Commonwealth it is necessary to stimulate the construction industry in Puerto Rico.

(c) By Act No. 17 of the Legislature of Puerto Rico, approved September 23, 1948, as amended (the "GDB Act") Development Bank was created as a corporation and a governmental instrumentality of the Commonwealth for the purpose, among others, of developing the economy of Puerto Rico.

(d) Development Bank is authorized by the GDB Act, among other things:

( i ) to lend money, with or without security, to any person, firm, corporation or other organization where such monies are to be used to further the governmental purpose of developing the economy of Puerto Rico, such loans to be represented by promissory notes, bonds, debentures, convertible debentures, warrants, equipment trust certificates, securities received through the organization of the issuer thereof, or other obligations or evidences of debt of such borrowers;

( ii ) to borrow money and contract debts for its corporate purposes upon such terms and conditions as the Bank, from time to time, may determine, with or without security, to dispose of its obligations evidencing such borrowing, to make, execute and deliver trust indentures and other agreements with respect to any such borrowing, contracting of debt, issuance of bonds, notes, debentures or other obligations, and by the authority of the Government of Puerto Rico, to issue its bonds, notes, debentures or other obligations in such form, secured in such manner, and subject to such terms of redemption with or without premium, and to sell the same at public or private sale for such price or prices, all as may be determined by its Board of Directors;

(iii) to sue and be sued;

( iv ) to exercise such other corporate powers, not inconsistent herewith, as are conferred upon corporations by the laws of Puerto Rico and to exercise all its powers within and without Puerto Rico to the same extent as natural persons might or could do.

(e) Development Bank is further authorized by the GDB Act to create subsidiary corporations by resolutions of its Board of Directors whenever in the opinion of said Board it is necessary or desirable to carry out the functions or purposes of the bank or the exercise of its powers. Such subsidiary corporations will constitute independent governmental instrumentalities of the Commonwealth separate from Development Bank and have such powers, rights, functions or duties as are conferred on Development Bank by the GDB Act and assigned to the subsidiary corporations of its Board of Directors.

(f) It is desirable for Development Bank to create a subsidiary corporation for the purpose of further developing the economy of the Commonwealth by stimulating the construction industry and providing decent, safe and sanitary dwellings within the financial means of persons of limited income.

### Section 2.

For the purpose of further developing the economy of Puerto Rico by providing for the financing of (1) the construction, reconstruction, improvement, alteration and repair of decent, safe and sanitary dwellings for persons of limited income, and (ii) longterms mortgage loans to assist persons or families of limited income in the acquisition of residential housing in the Commonwealth of Puerto Rico, (iii) guaranties for the interim construction financing for projects to be included in the Mortgage Trust, and (iv) the management activities inherent to a Contract Administrator under the Section 8 programs of the U. S. Housing Acts or any other similar rental subsidy programs which could be implemented in the future, there is hereby created pursuant to the GDB Act, a subsidiary corporation of Development Bank designated "Puerto Rico Housing Finance Corporation" (the "Subsidiary"). As provided in the GDB Act, the Subsidiary shall constitute an independent governmental instrumentality of the Commonwealth separate and apart from Development Bank, and the Board of Directors of Development Bank shall be the Board of Directors of the Subsidiary. The Subsidiary shall have the following powers:

(a) To adopt, amend and repeal by-laws for the conduct or its affairs and businesses and to prescribe rules, regulations and policies in connection with the performance of its functions and duties.

(b) To adopt, alter and use a corporate seal, which shall be judicially noticed.

(c) To sue and be sued.

(d) To lend money, with or without security, to any person, firm, corporation or other organization where such moneys are to be used to further the governmental purpose of developing the economy of Puerto Rico, such loans to be represented by mortgages, promissory notes, bonds, debentures, convertible debentures, warrants, equipment trust certificates, securities received through the organization of the issuer thereof, or other obligations or evidences of debt of such borrowers.

(e) To borrow money and contract debts for its corporate purposes upon such terms and conditions as the Subsidiary, from time to time, may determine, with or without security, to dispose of its obligations evidencing such borrowing, to make, execute and deliver trust indentures and other agreements with respect to any such borrowing, contracting of debt, issuance of bonds, notes, debentures or other obligations, and by the authority of the Government Development Bank of Puerto Rico, to issue its bonds, notes, debentures or other obligations in such form, secured in such manner, and subject to such terms of redemption with or without premium, and to sell the same at public or private sale for such price or prices, all as may be determined by its Board of Directors.

(f) To acquire property for its corporate purposes by grant, gift, purchase, devise or bequest, and to hold and to exercise the rights of ownership including, without limitation, the right to mortgage or to otherwise dispose of its property.

(g) To make and execute agreements, contracts and other instruments necessary or desirable in the exercise of the powers and functions of the Subsidiary under this Resolution, with any person, firm, corporation, Federal Agency and with the Commonwealth and any of its political subdivisions, public agencies and other public instrumentalities.

(h) To appoint a President and a Secretary and such other officers, agents, employees and such advisory or other committees (whose members need not be officers or employees of the Subsidiary) and to confer upon them such powers and duties and to pay such compensation for their services as the Board of Directors of the Subsidiary shall determine.

(i) To exercise such incidental powers as may be necessary or desirable to carry out its corporate purposes and to exercise such other powers as shall be conferred on it by the Board of Directors of Government Development Bank from time to time as permitted by the GDB Act.

(j) In furtherance of its public purposes, to guarantee the obligations of public or private entities.

### Section 3.

(a) The Subsidiary is hereby authorized to issue its bonds and other obligations for borrowed money (the "Bonds"), from time to time, in such principal amounts as, in the opinion of the Subsidiary, shall be necessary or appropriate for achieving its corporate purposes.



Bonds issued by the Subsidiary may be made payable out of all or any part of any funds or other assets of the Subsidiary as may be provided in the resolution of the Subsidiary authorizing the issuance of bonds. The principal of an interest on any bonds issued by the Subsidiary may be secured by a pledge of all or any part of said funds or other assets of the Subsidiary. The resolution authorizing the issuance of bonds may contain provisions with respect to the pledge and creation of liens on funds and assets of the Subsidiary, the establishment and maintenance of sinking funds and reserves, limitations upon the issuance of additional bonds, and with respect to any other matter not inconsistent with the provisions of this Resolution that may be necessary or desirable for the security of the bonds and to enhance their marketability.

Bonds of the Corporation may be issued for the primary purpose of investing the proceeds thereof to realize a net profit thereon so long as such net profit is to be used for the Corporation may contribute or loan any of its monies to further secure the repayment of any issue of bonds. Any issue of bonds by the Corporation may be issued with the intention that the interest thereon will be subject to federal income taxes.

Bonds of the Corporation may be issued for the purpose of applying any portion of the proceeds thereof to the purchase from Government Development Bank, from any other public instrumentality of the Commonwealth, from any political subdivision of the Commonwealth or from the Puerto Rico Government Employees Retirement System of any asset, including mortgage loans or mortgage pass-through or mortgage-backed obligations, which purchase is made for the purpose of further securing such bonds of the Corporation or for the general public or corporate purposes of Government Development Bank.

(b) The bonds may be authorized by resolution or resolutions of the Board of Directors of the Subsidiary and may be of such series, may bear such date or dates, may mature at such time or times not exceeding fifty (50) years from their respective dates, may bear interest at such rate or rates not exceeding the maximum rate then permitted by law, may be in such denomination or denominations, may be in such form either coupon or registered, may carry such registration or conversion privileges, may be executed in such manner, may be payable in such medium of payment and at such place or places, may be subject to such terms of redemption, with or without premium, may be authenticated in such manner and upon compliance with such conditions, and may contain such other terms covenants, as such resolution or resolutions may provide. The bonds may be sold at public or private sale for such price or prices as the Subsidiary shall determine.

(c) The bonds may be secured by a trust indenture by and between the Subsidiary and a corporate trustee, which may be any trust company, bank or banking association having the powers of a trust company within or without the Commonwealth. Any such trust indenture may contain such provisions as the Subsidiary may deem reasonable and proper for the security of the bondholders.

(d) Pending the execution and delivery of definitive bonds, temporary or interim bonds, receipts of certificates may be issued in such form and with such provisions, as may be provided in such resolution or resolutions.

#### Section 4.

The authorization of the issuance of bonds pursuant to this Resolution by the Board of Directors of the Subsidiary shall constitute the approval of Development Bank under Act No. 272 of the Legislature of Puerto Rico, approved May 15, 1945, as amended.

#### Section 5.

The Subsidiary shall not have any power to pledge the credit of the commonwealth of or Development Bank to the payment of any of its debts or other obligations, and neither the Commonwealth, Development Bank nor any other public instrumentality of the Commonwealth, other than the Subsidiary, shall be liable for the payment of principal or of the interest on any bonds issued by the Subsidiary pursuant to the provisions of this Resolution or for the payment of the any debts of any nature of the Subsidiary; provided, however, the the Subsidiary shall not be precluded from pledging as security for its bonds, mortgages which has been insured or guaranteed by the Comonwealth of Puerto Rico or any of its instrumentalities.