

These sample terms of reference are intended to be used as an illustrative example to potential applicants seeking OPIC financing for housing projects. The general financial terms contained in this illustrative example are only available to applicants and projects that satisfy OPIC's credit, legal, policy and other applicable criteria. The terms contained in this illustrative example are not conclusive or exhaustive and are subject to change.

SAMPLE TERMS OF REFERENCE

OPIC Wrap of Senior Mortgage-Backed Notes

These draft terms of reference are for the purpose of discussion only. Extension of a credit facility by OPIC, on these or any other terms has not been approved by OPIC management. This draft indicative terms of reference is not a legally binding document, does not constitute a commitment, an offer, or an agreement by OPIC, and is subject to further review and change. Any representation to the contrary is void.

1. Parties:

Sponsor: May be a U.S. company or a foreign entity.

Guaranty Beneficiary: A U.S. statutory business trust (the "**Trust**") which will hold the OPIC-guaranteed senior note (the "**Class A Note**") for the Issuance (as defined below) and which will have one class of ownership interests held 100% by an Eligible Investor, and which will issue one or more classes of debt (the "**Trust Debt**"), at least 25% of the aggregate principal balance of which will be held by Eligible Investors.

Issuer: Usually a special purpose entity (the "**Issuer**") will be the issuer of the Class A Note, which will be issued pursuant to an indenture (the "**Indenture**") between the Issuer and an indenture trustee satisfactory to OPIC (the "**Indenture Trustee**").

Other Parties: The mortgage loan documents will be held on behalf of the Noteholders and OPIC by a collateral agent acceptable to OPIC (the "**Collateral Agent**"); the mortgage loans will be serviced pursuant to various servicing agreements (the "**Servicing Agreements**") by a master servicer acceptable to OPIC (the "**Master Servicer**"), a special servicer acceptable to OPIC (the "**Special Servicer**"), and one or more primary servicers (each, a "**Primary Servicer**" and, together with the Master Servicer and Special Servicer and any other servicer used to service the Pool (as defined below), the "**Servicers**").

2. OPIC Guaranty: An investment guarantee in the aggregate principal amount of the principal balance of the Class A Note, up to [US \$250,000,000] (the “**OPIC Guaranty**”). The OPIC Guaranty will be irrevocable (other than for nonpayment of the Guaranty Fee) and will cover the timely scheduled interest and the ultimate payment in U.S. dollars of up to 100% of the principal of the Class A Notes, which will not exceed 75% of the total Issuance. Principal payments shall be made only after all subordinated cash flows and Reserve Accounts (as defined below) have been exhausted, in accordance with the application of payments set forth in Section 19 below. The OPIC Guaranty will not cover losses due to (a) changes in tax law, (b) political risk related to the domicile of any offshore SPV, (c) nonpayment of fraudulent claims by the Trust, or (d) other typical carveouts satisfactory to the rating agency.
- The Trust shall provide OPIC with at least fifteen (15) business days notice of any and all draws under the OPIC Guaranty.
3. Commitment Period: The OPIC Guaranty will (subject to satisfaction of conditions precedent specified herein) be issued in respect of the Class A Note to the extent such Class A Note is issued on or prior to a date TBD (the “**Commitment Period**”), during which period mortgage loans will be aggregated to secure the Issuance.
4. Project: The project is the issuance of a single bond offering by Issuer which is backed by a pool of mortgages in _____ (“**Project Country**”) and includes all payment, servicing and other ongoing actions undertaken in accordance with the terms of the related documents (the “**Issuance**”), as more fully described in all applicable Sponsor Disclosure Reports and the Application delivered to OPIC and in the preliminary summary of terms and conditions provided by the Sponsor.
5. Term: The OPIC Guaranty shall become effective on the date of issue of the Class A Note (the “**Issue Date**”) and shall expire on the earlier of (i) up to nineteen (19) years from the Issue Date and (ii) the date on which the Class A Note is paid in full (whether by clean-up call or otherwise) plus the appropriate preference period.
6. Facility Fee: A TBD percent of the total amount of the OPIC Guaranty (the “**Facility Fee**”), which Facility Fee, less the portion of the retainer fee that was previously paid and has not been applied by OPIC to defray its out-of-pocket expenses is payable on the date the Guaranty Agreement is executed (the “**Closing Date**”).

7. Guaranty Fee: A percentage *per annum* of the actual principal balance of the Class A Note (the “**Guaranty Fee**”), payable quarterly on the 15th day of each [March], [June], [September], and [December] (each, a “**Payment Date**”) during the entire term of the OPIC Guaranty. This Guaranty Fee assumes a shadow rating of the Issuance by rating agency acceptable to OPIC of XYZ or better, and shall increase for any rating below XYZ at a rate to be determined by OPIC and set forth in the Guaranty Agreement. The minimum requirements for OPIC’s issuance of the OPIC Guaranty are: (a) a shadow rating on the Issuance of XYZ, and (b) a minimum sovereign rating for the Country of XYZ.
8. Annual Maintenance Fee: An amount TBD shall be paid to OPIC annually (the “**Maintenance Fee**”), commencing on the first Payment Date (as defined below) after the Closing Date and each anniversary thereafter during the term of the OPIC Guaranty.
9. Cancellation Fee: The Sponsor may cancel all or any portion of the OPIC Guaranty (to the extent there has not been an Issuance with respect to such portion) upon written notice to OPIC and, if the entire OPIC Guaranty is cancelled, upon payment to OPIC of a cancellation fee of TBD (the “**Cancellation Fee**”).
10. Underlying Mortgage loans: The Class A Notes will be secured by, and payable from payments on and proceeds of, a pool of mortgage loans secured by properties in the Country (ies) (the “**Pool**”), which loans will be underwritten in accordance with Mortgage Loan Guidelines defined below and, in particular, should have the following general characteristics (other characteristics are considered case by case):

Mortgage loan Size	Not to exceed \$250,000 (loans payable in local currency or U.S. dollars)
Term/Amortization	Up to 20 years; fully amortizing. There will be no grace period for payment made after the final maturity date of each mortgage loan.
Interest Rate	Fixed rate, or matched to the rate of the securities
Property Type	Residential condominium and detached townhouses
Loan to Value	80% maximum, or such lower ratio as

	OPIC may require, depending upon purpose and other credit factors.
Prepayment	Penalties are permitted.
Purpose	Purchase, rate/term refinance of owner-occupied home; refinances, for “rate and term” purposes only (i.e. no net cash to the homeowner), limited to 25% of the Pool
Debt to Income Ratios	Typically 33% of borrower’s before-tax income, 50% of net income. Will be assessed case by case.
Country of Residence	Local families; limited number of non-resident borrowers may be approved by OPIC on a case-by-case basis
Insurance	Casualty insurance required, life and title insurance optional but preferred
Tax escrows	Preferred if possible
Appraisals	Independent, professional appraisals required.

Each originating bank and Servicer must have written credit policies and procedures for loan origination and servicing approved by OPIC (“**Mortgage Loan Guidelines**”). The Mortgage Loan Guidelines will reflect the requirements of the Guaranty Documents, and credit scoring procedures that incorporate an assessment of currency risks.

11. Class A Note Terms: The Class A Note may be a fixed or variable interest rate note, payable monthly or quarterly. The Class A Note may be denominated in U.S. dollars or local currency, however the OPIC Guaranty will be capped in dollars. The stated maturity of the Class A Note will be no more than nineteen (19) years. Underlying mortgage cash flows must match the Notes in currency and interest rate terms, or appropriate hedges must be in place.

12. Trust Debt Holder Representations: Holders of the Trust Debt representing in the aggregate at least 25% of the amount of the Trust Debt shall represent during a 40-day holding period, pursuant to physical representation letters satisfactory to OPIC, that they are Eligible Investors (as defined in the Foreign Assistance Act, as amended). Certain additional assurances as determined by OPIC may also be required to assure that the Issuance is designed for United States distribution, and that it is likely to remain primarily in the United States.

13. OPIC Control:

So long as the OPIC Guaranty is outstanding, OPIC is to be the controlling party, entitling it, among other things, to determine whether to accelerate and foreclose upon an Indenture Event of Default, and whether to remove any Servicer upon a default by such Servicer. Provisions to be included in the Servicing Agreements include:

(a) OPIC entitlement to require substitution of any Servicer under the Program, upon a servicer event of default, which events will include triggers relating to the performance of the Pool without need to establish breach of agreement by Servicer (as described below);

(b) provisions meeting OPIC requirements regarding Foreign Corrupt Practices Act, environment and worker's rights provisions, including OPIC right to remove Servicer for noncompliance; OPIC's standard worker rights language will be included in the Servicing Agreements, with a provision concerning the right of association, organization, and collective bargaining, and timely payment of wages. The workers rights requirements shall apply to all workers hired under contract and/or subcontract (or both) to provide mortgage servicing for the transaction, including without limitation workers employed by the Servicers; and

(c) full standstill provisions with respect to the holders of the Subordinated Notes (as defined below), including without limitation provisions that such holders shall have no right to accelerate the debt (for nonpayment or otherwise), to sue the Issuer for nonpayment, or to cause the Issuer to enter into bankruptcy, so long as the Class A Note is outstanding.

14. Servicer Default Provisions: The Servicing Agreements shall provide the following events of default for Primary Servicers:

(a) failure by a Primary Servicer to deposit or deliver to the Master Servicer any amount required to be deposited under its Servicing Agreement, which failure continues unremedied for one business day following such Primary Servicer's receipt of notice thereof from the Indenture Trustee or Master Servicer;

(b) As of any reporting date, the maximum 90 day delinquency ratio for each Primary Servicer, calculated as (i) the outstanding principal balance of the delinquent loans transferred to the Master Servicer for each Primary Servicer divided by (ii) the outstanding principal loan amount as of the Closing Date serviced in the deal for each Primary Servicer

shall not be greater than 10%. If such delinquency ratio is achieved or exceeded, then the Primary Servicer will be put under a 30-day performance surveillance (to be conducted by the Oversight Provider) in order to determine the reasons for such default and whether a transfer of servicing is necessary;

(c) any breach on the part of an originating bank duly to observe or perform in any material respect any other of the material covenants or agreements on the part of originating bank contained in the primary Servicing Agreement which continues unremedied for a period of thirty (30) days after the date on which written notice of such failure shall have been given to such originating bank by the Issuer, the Indenture Trustee or OPIC, except that any breach of the covenants referred to in Section 13(b) shall constitute an event of default (regardless of materiality);

(d) Any breach on the part of an originating bank of any representations or warranty contained in the Servicing Agreement that materially and adversely affects the interests of the holders of the Trust Debt, the Issuer, or OPIC and which continues unremedied for a period of thirty (30) days after the date on which notice of such breach, requiring to be remedied, shall have been given to such originating bank by the Issuer, the Indenture Trustee or OPIC;

(e) any material adverse change in the operations of a Primary Servicer or any other event that materially adversely affects the ability of the Primary Servicer to either service the Pool or to perform its other duties under the documents relating to the Issuance;

(f) other events of default as may be described in the Servicing Agreement or may be added by OPIC. X (an independent third party) will monitor servicer operations on an ongoing basis, along with the Oversight Provider (as defined below).

There will be no substitutions or modifications of the mortgage loans allowed. Delinquent loans may be subject to forbearance agreements as determined by the Special Servicer. Such forbearance agreements may only be granted to motivated and capable borrowers, and will require that any delinquent borrower payments are repaid in installments over a period of six to twelve months while such borrower continues to fulfill its original contractual loan payment obligations.

15. Oversight Provider:

An independent oversight provider (the “**Oversight Provider**”), subject to OPIC approval, will be included in the Issuance. The Oversight Provider will be responsible for monitoring the Master Servicer operations, ensuring compliance with the requirements of the Issuance, reviewing collections and loss mitigation efforts for effectiveness, monitoring collateral performance against certain triggers, and reviewing claims made against Reserve Accounts or the OPIC Guaranty. The Oversight Provider will report to the Trust and to OPIC directly on its findings and make recommendations for remedies as required. The Oversight Provider shall conduct semi-annual audits for the first three years, and annual audits thereafter. Additional audits may be added at OPIC’s request, which additional audits shall be at the expense of the Sponsor if occurring after an Event of Default or a Reserve Trigger Event.

16. Documentation:

The terms and conditions of the OPIC Guaranty shall be set forth in a definitive guaranty agreement between OPIC, the Issuer and the Trust (the “**Guaranty Agreement**”) providing the terms set forth herein and other terms and conditions customarily required by OPIC, including:

(a) delivery of additional documents, instruments, and approvals (such documents, instruments, and approvals, collectively with the Guaranty Agreement and the security documents, the “**Guaranty Documents**”);

(b) conditions precedent to the Issuance; tax gross-up; representations and warranties;

(c) covenants (i) prohibiting the Trust from taking any actions to prevent its employees from lawfully exercising their right of association and their right to organize and bargain collectively, obligating the Trust to observe applicable laws relating to a minimum age for employment of children, acceptable conditions of work with respect to minimum wages, hours of work, and occupational health and safety, and prohibiting the Trust from using forced labor; and (ii) obligating the Issuer to require the Master Servicer and any other Servicer to comply with the foregoing worker rights requirements with respect to employees in the Country of such Servicers for the Issuance; *provided, however*, that neither the Trust nor any such Servicer shall be responsible for non-compliance with such worker rights requirements resulting from the actions of a government;

(d) covenants obligating the Trust, the Master Servicer, and any other Servicer to comply with Corrupt Practices Laws (as defined in the commitment letter) and implement internal management and accounting practices and controls adequate to ensure compliance with such Corrupt Practices Laws;

(e) covenants requiring the Mortgage Loan Guidelines to be incorporated into the originating bank and Servicers' underwriting policies and procedures in a section called OPIC Program Guidelines.

(f) certification by an authorized officer of the Master Servicer on an annual basis that the Mortgage Loans are in compliance with the terms and conditions of the Mortgage Loan Guidelines.

(g) provisions giving OPIC the right to receive certain reports related to the Primary Servicers and to make certain decisions regarding Servicers involved in the Issuance;

(h) provisions giving OPIC the right to accelerate the payment of the Class A Notes, at which time such payment will become immediately due and payable, at any time after a draw under the OPIC Guaranty or any other event of default under the Indenture;

(i) payment for or reimbursement of all expenses (including fees and expenses for outside legal counsel, consultants and credit rating agencies) incurred by or on behalf of OPIC or the Trust in connection with the negotiation, execution, and implementation of the Guaranty Documents and the documents, instruments, and approvals required to be delivered thereunder; any amendment or waiver related to any of the foregoing; and any costs, fees, and expenses incurred by or imposed on OPIC in connection with the enforcement of its rights under any Guaranty Document;

(j) indemnity by the Sponsor of all Indemnified Persons (as defined in the commitment letter) from and against and reimbursement of such Indemnified Persons for (a) any and all Losses (as defined in the commitment letter) in any way relating to or arising out of or in connection with the Issuance, the Guaranty Documents, the OPIC Guaranty or the use or intended use of the proceeds thereof to which an Indemnified Person may become subject; and (b) any and all claims, litigation, investigations, or proceedings relating to any Loss

regardless of whether any Indemnified Person is a party thereto, and any and all costs and expenses incurred by an Indemnified Person in defending, analyzing, settling, or resolving a Loss; and

(k) New York governing law; and such other terms and conditions as are mutually agreed to between the parties.

The Guaranty Documents shall be satisfactory to OPIC in form and substance.

17. Conditions precedent to the Issuance: The Guaranty Agreement shall include the following conditions precedent to the Issuance:

(a) each of the Servicing Agreements, the Indenture, the Mortgage Loan Sale Agreement, the Custodial Agreement and each other material agreement relating to the Issuance shall be executed and in form and substance satisfactory to OPIC;

(b) one or more reserve accounts (each, a “**Reserve Account**”) may have been established, to be determined at the time of the Issuance by the rating agency, in an amount necessary to obtain the desired rating;

(c) OPIC review and approval of Mortgage Loan Guidelines;

(d) OPIC shall have received all organizational documents related to the Issuance;

(e) OPIC shall have received a comprehensive listing of documents required for the Issuance;

(f) OPIC shall have received a certification from the Oversight Provider that reporting, servicing, and management capacity is in compliance with the Issuance, rating agency and OPIC Guaranty requirements;

(g) OPIC shall have received representations and warranties to assure that neither the Collateral (as defined below) nor the Issuer will be subject to any income, value added, sales, stamp, property or other taxes for any contemplated activities under the transaction, including ownership, management and disposition of real estate acquired upon foreclosure;

(h) OPIC shall have reviewed and approved general terms and conditions of the Issuance, specifically including default provisions;

- (i) OPIC shall have received a foreign government approval from the Project Country, if required;
- (j) Rating agency's provisional rating and pre-sale report, showing a shadow rating of no lower than "TBD";
- (k) Rating agency's sovereign rating for the Country no lower than "TBD";
- (l) a schedule of collateral for the Pool, along with a related cash flow and default analysis comparable to pro forma collateral pool previously provided and otherwise satisfactory to OPIC;
- (m) verification from Collateral Agent that all mortgage loans and mortgages are in compliance with Mortgage Loan Guidelines;
- (n) certification of all legal documents associated with the Issuance;
- (o) the purchase of Subordinated Notes by approved OPIC parties;
- (p) disclosure documents related to sale of the Trust Debt;
- (q) opinions of counsel on matters which OPIC may request, including without limitation (i) Country opinions, a true sale opinion, a tax opinion (providing comfort that neither the Collateral nor the Issuer will be subject to any income, value added, sales, stamp, property or other taxes for any contemplated activities under the transaction, including ownership, management and disposition of real estate acquired upon foreclosure), opinion providing comfort as to correctness of disclosure describing legal aspects of the Country's mortgages, opinion providing comfort as to absence of right to pay in local currency (if applicable), and general corporate housekeeping opinions for sellers (i.e., due authorization); (ii) Offshore SPV Country opinion including, without limitation, a tax opinion, corporate housekeeping opinion (i.e., due authorization, authority, etc.), and lien status opinion under Offshore SPV Country law and (iii) a New York opinion as to tax, enforceability of New York agreements and perfection of security interests in the Collateral;
- (r) no condition shall exist that, in OPIC's sole judgment, has had or could have a material adverse effect on (i) the business, operations, property, condition (financial or otherwise) or

prospects of the Sponsor or the Issuance, (ii) the ability of the Sponsor to carry out the Issuance or to perform its obligations under the Guaranty Documents, or (iii) the condition or value of any security;

(s) confirmation to OPIC's satisfaction that the mortgage loans financed by any previous Disbursements comply with the Mortgage Loan Guidelines; and

(t) OPIC shall have completed to its satisfaction its due diligence investigation of the Issuance and matters relating thereto and to the Guaranty Documents (including environmental issues), and the results of such investigation shall be satisfactory to OPIC.

18. Security:

The obligations of the Issuer shall be secured by collateral satisfactory to OPIC, pursuant to documentation reasonably satisfactory to OPIC, including a first priority perfected lien over each of the assets identified as "SPV Property" in the Summary of Terms and Conditions (the "**Collateral**"), which shall be pledged under the Indenture to secure both the Class A Notes and the obligations to OPIC.

19. Subordinated Notes and Priority of Payments: The Issuance may include a corresponding issuance of one or more classes of subordinated notes (the "**Subordinated Notes**") in an amount of 25% of the total principal balance of the Pool (the "**First Loss Amount**").

Payments received on the Pool shall be applied on each Payment Date as follows (subject to variances of specific transactions):

(a) to the respective parties, all relevant fees for the Issuance, including the Guaranty Fee and any other fees payable to OPIC from time to time;

(b) to the Trust, the Class A Note interest payment for such Payment Date;

(c) to OPIC, for reimbursement of any advances made under the OPIC Guaranty;

(d) to the Reserve Account, the amounts necessary to maintain the Reserve Account requirement;

(e) to the Trust, the Class A Note Principal Payment Amount for such Payment Date, to include (i) its *pro rata* share of all scheduled principal due on the mortgage loans whether or not

received (such payments due to be allocated *pro rata* between the Class A and the Subordinated Notes based on their respective then-current principal balances) plus (ii) 100% of all prepayments plus (iii) its *pro rata* share (determined as for scheduled payments) of the outstanding principal balance of any mortgage which has been finally liquidated, repurchased for breach of representation or warranty or otherwise liquidated other than by voluntary prepayment, until such Class A Note is paid in full;

(f) to the Indenture Trustee, the Trust, the Servicers and OPIC, any accrued and unpaid expenses, indemnities or reimbursements;

(g) to the holders of the Subordinated Notes, the Subordinated Note interest payment for such Payment Date; and

(h) to holders of the Subordinated Notes, the Subordinated Note Principal Payment Amount for such Payment Date.

20. Reserve Account and Default Triggers: Certain conditions under which OPIC will require cash flows from the Subordinated Notes to be redirected to the Reserve Account, and under which OPIC may accelerate amortization of the Class A Note or exercise any other right and remedies under the OPIC Guaranty shall be included in the Guaranty Agreement in form and substance satisfactory to OPIC. These conditions will be based upon final external review by an independent consultant of the cash flow models assessing the impact of various levels.

The terms and conditions of the OPIC Guaranty are not limited to those set forth herein. Matters that are not covered by the provisions hereof are subject to the approval and agreement of the parties.