**Section 300.404 Prepayments**

The Authority shall apply any Prepayments it receives with respect to a Mortgage-Backed Security as follows:

a) to the extent the Mortgage-Backed Security was originally purchased from Authority funds for any lawful Authority purposes, including, without limitation, providing further assisted mortgage financing or refinancing of Mortgage Loans for Low and Moderate Income Persons under the Program; and

b) to the extent the Mortgage-Backed Security was originally purchased as a temporary investment of funds held by a trustee under a resolution or indenture of the Authority pursuant to which Bonds have been issued, as provided in the resolution or indenture.