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INTERLOCAL AGREEMENT

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 THIS AGREEMENT made and entered into by and between the HOUSING FINANCE AUTHORITY OF CLAY COUNTY, FLORIDA, a public body corporate and politic organized and existing under the laws of the State of Florida (hereinafter referred to as the "Clay Authority"), and the NASSAU COUNTY, FLORIDA, a political subdivision organized and existing under the laws of the State of Florida (hereinafter referred to as "Nassau County").

WITNESSETH:

WHEREAS, Part IV of Chapter 159 of the Florida Statutes authorizes the creation of Housing Finance Authorities within the State of Florida for the purpose of issuing revenue bonds to assist in relieving the shortage of housing available at prices or rentals which many persons and families can afford; and

WHEREAS, Section 159.603 (I) defines the area of operation for a Housing Finance Authority as the area within the territorial boundaries of the County for which the Housing Finance Authority is created, and any area outside the territorial boundaries of such County if the Governing body of the County withing such outside area is located approves; and

WHEREAS, it is mutually desirable and agreeable to the Clay Authority and the Board of County Commissionssers of Nassau County (the "Board") for the Clay Authority to issue it's Single Family Revenu Bonds (the "Clay Bonds") to provide funds to originate mortgage loans within the territorial boundaries of Nassau County and to administer or provide for the administration of a loan program with respect to the portion of the proceeds of the Clay Bonds relating to demand for mortgage loans within Nassau County; and

WHEREAS, the Board has authorized the exercise by the Clay Authority of its powers to issue the Clay Bonds and making a portion of the proceeds thereof available for the purpose of making mortgage loans withing the territorial boundaries of Nassau County; and

WHEREAS, the Clay Authority has authorized the initiation of official action for the issuance in calendar year 2007 of its Single Family Mortgage Revenue Bonds (the "Clay Bonds"); and

WHEREAS, a Public Hearing on the Bonds was conducted by the Clay Authority on the 24th day of July, 2007, for th purpose of considering the issuance of the Clay Bonds by the Clay Authority in an aggregate principal amount not to exceed \$50,000,000.00, in conformance with the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended, and said Public Hearing disclosed no reason why the Clay Bonds should not be issued; and

WHEREAS, pursuant to Section 143 of the Internal Revenue Code of 1986, as amended, the amount of private activity bonds, including qualified mortgage bonds, which may be issued

by governmental units in any calendar year is limited, and is available for allocation to issuers within the State in accordance with Chapter 159, Part VI, Florida Statutes; and

WHEREAS, pursuant to individual interlocal agreements to be entered into between the Clay Authority and the Housing Finance Authorities of other counties within the State of Florida, including Nassau County (collectively, the "Subsidiaries"), each of the Subsidiaries will delegate its authority to purchase mortgage loans originated within the territorial boundaries of its respective county to the Clay Authority (the territorial boundaries of Clay County and the territorial boundaries of the Subsidiaries, collectively, the "Area of Operation"); and

WHEREAS, the issuance of the Clay Bonds by the Clay Authority for use in the Area of Operation will result in a wider allocation of fixed expenses and achieve certain other economies of scale that will have the effect of reducing the interest on mortgage loans that otherwise would have to be charged; and

WHEREAS, Sections 163.01, 159.608 and 125.01, Florida Statutes, authorize the Clay Authority and the Nassau County to enter into this Interlocal Agreement in order to make the most efficient use of their respective powers, resources and capabilities by authorizing the Clay Authority to exercise those powers which are common to them for the purpose of issuing one or more series of the Clay Bonds to finance qualifying single family mortgage loan programs for the entire Area of Operation.

NOW, THEREFORE, the parties agree as follows:

Section 1. Substitution of Bonds; Expenses. Nassau County hereby grants exclusive authority to the Clay Authority to issue its Single Family Mortgage Revenue Bonds in calendar year 2007 for qualified single family housing developments described in the resolutions authorizing the Clay Bonds, and any such Clay Bonds issued for such qualifying housing developments in Nassau County are hereby deemed to be in full substitution for an equivalent principal amount of the Nassau County's Bonds. All revenues generated by bonds issued pursuant to this Agreement and by the use of the proceeds thereof, will be administered by the Clay Authority or its agents and all payments due from such revenues shall be paid by the Clay Authority or its agents without further action by Nassau County.

Section 2. Administration. The Clay Authority hereby assumes responsibility for administering this Agreement by and through its employees, agents and officers; provided, however, that Nassau County retains and reserves its right and obligation to require reasonable reporting on programs designed for and operated within Nassau County. The Clay Authority and its agents shall provide the Nassau County with such reports as may be necessary to account for funds generated by this Agreement.

The Clay Authority shall have full authority and responsibility to negotiate, validate, market, sell, issue and deliver its Clay Bonds in such amount as the Clay Authority shall in its sole judgment determine to finance qualifying single family housing developments in Nassau County and to take such other action as may be necessary or convenient to accomplish such

purpose, such bonds to be issued in one or more series as determined by the Clay Authority. All lendable proceeds of Bonds attributable to the mortgage loan demand in Nassau County shall be reserved for use in originating mortgage loans in Nassau County for an initial period of 120 days following the issuance of the Bonds.

Section 3. Program Parameters. Nassau County hereby reserves the power to establish the maximum housing prices and maximum adjusted family income for eligible borrowers in Nassau County and may exercise such at any time and from time to time. In the absence of a specific determination to the contrary, which shall be controlling and shall be evidenced by passage of a resolution of the Board, Nassau County hereby determines and agrees to the use of the maximum amounts permitted under applicable Federal and Florida law in effect from time to time. Nassau County hereby consents and agrees to the establishment by the Clay Authority of all other program parameters including, but not limited to, selection of allocations among participating lenders as may be required for any bonds issued by the Clay Authority pursuant to this Agreement.

Section 4. Term. This Agreement relating to the Clay Authority's Bonds will remain in full force and effect from the date of its execution until December 31, 2037, or the date which no Clay Bonds remain outstanding; provided that any party hereto shall have the right to terminate this Agreement upon 30 days written notice to the other party hereto. Notwithstanding the foregoing, it is agreed that this Agreement may not be terminated by any party during any period that any series of Clay Bonds issued pursuant to the terms hereof remain outstanding, or during any period in which the proceeds of such Clay Bonds are still in the possession of the Clay Authority or its agents pending distribution, unless the parties to this Agreement mutually agree in writing to the terms of such termination. It is further agreed that in the event of termination the parties to this Agreement will provide continuing cooperation to each other in fulfilling the obligations associated with the issuance of Clay Bonds pursuant to this Agreement.

Section 5. Indemnity. The Clay Authority agrees to hold Nassau County harmless, to the extent permitted by law, from any and all liability for repayment of principal of and interest or penalty on the Clay Bonds or in connection with the approval by Nassau County of the program parameters as required by Section 3 of this Agreement, or in connection with the approval rendered by Nassau County pursuant to Sections 159.603 and 159.604, Florida Statutes. The Clay Authority agrees that the Clay Bonds and any offering circular or official statement approved by and used in marketing the Clay Bonds will include a statement that Bondholders may not look to Nassau County for payment of the Clay Bonds and interest or premium thereon.

Section 6. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties to this Agreement have caused their names to be affixed hereto by the proper officers thereof as of the 13th day of August 2007.

HOUSING FINANCE AUTHORITY OF CLAY
COUNTY, FLORIDA (SEAL)

By: James M Ryan
Chairman

ATTEST

By: Steve Rodesney
Secretary-Treasurer

HOUSING FINANCE AUTHORITY OF
NASSAU COUNTY, FLORIDA

(SEAL)

By: Jim Rodesney
Chairman

ATTEST: AS TO THE CHAIRMAN'S
SIGNATURE:

By: John A. Crawford
Secretary JOHN A. CRAWFORD
EX-OFFICIO CLERK

Approved as to form by the Nassau County Attorney:

David A. Hallman
David A. Hallman, County Attorney

STATE OF FLORIDA
COUNTY OF CLAY

The foregoing instrument was acknowledged before me this day 25 of July, 2007,
by James M Ryan and Steve Rodesney the Chairman and Secretary of the Housing Finance
Authority of County, Florida, on behalf of the Authority. They are personally known to me or
who have produced as identification and who did/did not take an oath.

REVIEWED BY GENE KNAGA
DEPUTY COMPTROLLER

Gene Knaga DATE 8/21/07

John Kopelousos
(print name)
Notary Public
My Commission expires:

STATE OF FLORIDA
COUNTY OF NASSAU



The foregoing instrument was acknowledged before me this ^{13th August} day of 2007, by
and Tim D. HIGGINBOTHAM the CHAIRMAN
and _____ of the Board of County Commission of Nassau County
Florida, on behalf of the Commission. They are personally known to me or who have produced
as identification and who did/did not take an oath.

Connie H. Arthur

CONNIE H. ARTHUR

(print name)

Notary Public

My Commission expires:



CONNIE H. ARTHUR
Notary Public, State of Florida
My comm. expires Dec. 19, 2007
Comm. No. DD 262558