

**Collateralized Variable Rate Demand Notes
(CVRDN)
Highlights of a Reserved Tender Advance Facility**

A Reserved Tender Advance Facility (“RTAF”) is a stand-by or “reserved” interim credit facility that serves as a means of credit enhancement of the principal portion of a Note Series; and provides liquidity should any Notes in a given Note Series be tendered and fail to be remarketed in a timely manner. The RTAF is established with an investment grade institution prior to Note issuance such that the credit quality of the RTAF acts as a meaningful factor in the rating process of the Note Series.

Every RTAF is constituted by a two-party credit agreement that is entered by and between a commercial bank, financial institution, insurer, or fund as the RTAF Provider and the Note Issuer [or its nominated asset manager]. The RTAF Agreement governs the RTAF and sets certain terms and conditions under which credit will be granted to the Issuer of the Notes at a future date and upon first call therefore by the Trustee or fiduciary of the Note Series. The RTAF is not intended to be activated and drawn unless and until (a) all or a portion of the Notes are tendered or ‘put’ for repurchase as permitted under the operation of the Notes, and (b) there is a failure to timely remarket all or a portion of those tendered Notes. Upon an activation or draw under a RTAF, the RTAF Provider is secured by the tendered Notes that have been purchased with the proceeds of the RTAF. Those Notes are then supported for value by an investment portfolio that has been assembled in conjunction with or by the direct implementation of an RTAF-approved investment strategy that defines the permitted management of Note Proceeds by the Note Issuer.

The establishment of a RTAF hinges on the RTAF Provider’s evaluation and approval of the investment strategy to be employed in relation to the Note Proceeds; and the amount of equity, if any, that is available from the Note Issuer or other third party to offset first-losses resulting from any possible depletion of the net asset value under management pursuant to the investment strategy. Thus, the investment strategy must be reviewed, approved, and underwritten by the RTAF Provider prior to the commencement of investment management operations such that all instruments, securities or investments that are or will be placed in the investment portfolio meet certain specified eligibility criteria.

The RTAF’s primary purpose is to be “on-the-ready” with freely available funds for maximum value equal to the full principal amount of outstanding Notes in order to satisfy any Note tender. The proper operation of the RTAF provides a firm foundation for the investment grade rating of a Note Series while concurrently fostering a high degree of investment continuity within the Issuer’s investment portfolio such that investment performance can be enhanced.