**NEW ISSUE** **RATING:** *Aa1/VMIG1 (Moody's)*
**BOOK-ENTRY ONLY** *(See "RATINGS" herein)*

*In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel, under existing statutes and court decisions, and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2005 A Bonds (the "Bonds") is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to such exclusion of interest on any Bond for any period during which the Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed with the proceeds of the Bonds or a "related person," and (ii) interest on the Bonds is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code. In addition, in the opinion of Bond Counsel, under existing law, the Bonds, their transfer, the interest payable thereon, and any income derived therefrom, including any profit realized on the sale or exchange thereof, are exempt from taxation of every kind and nature whatsoever by the State of Maryland, except that no opinion is expressed with respect to any exemption from Maryland franchise taxes or estate or inheritance taxes. See "Tax Matters" herein.*

# COMMUNITY DEVELOPMENT ADMINISTRATION
# MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
# $14,000,000
## Multifamily Development Revenue Bonds
## (Fort Washington Manor Senior Housing)
## Series 2005 A

**Dated:** Date of Delivery **Price:** 100% **Due:** November 15, 2038

The Bonds are being issued by the Community Development Administration (the "Administration"), an agency in the Division of Development Finance of the Department of Housing and Community Development (the "Department"), a principal department of the government of the State of Maryland, in fully registered form only and, when issued and delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Ownership interests in the Bonds may be purchased only in book-entry form in initial denominations of $100,000 or any integral multiple of $5,000 in excess of $100,000. See "The Bonds - DTC and Book Entry" herein.

The Bonds are being issued by the Administration to provide funding for a loan (the "Loan") to be made by the Administration to Fort Washington Manor Limited Partnership (the "Borrower"), for the purpose of financing costs of acquiring, constructing and equipping the multifamily rental housing apartment project described herein (the "Project") located in Prince George's County, Maryland, to be occupied, to the extent required by federal tax law or the Administration, by persons or families of low income. See "The Project and the Private participants" herein.

The Bonds are being issued pursuant to a Trust Indenture, dated as of October 1, 2005 (the "Indenture"), between the Administration and Manufacturers and Traders Trust Company, a New York banking corporation with trust powers and having a designated corporate trust office in Baltimore, Maryland (the "Trustee"). Payment of the principal of and interest on the Bonds will be secured, to the extent described herein, by the Loan and by certain revenues and assets constituting the Trust Estate (as defined herein) pledged under the Indenture.

Citibank, N.A. (the "Credit Provider"), will provide credit enhancement and liquidity for the Bonds pursuant to, and subject to the limitations of, an irrevocable direct-pay letter of credit (the "Letter of Credit"), with an initial term expiring on October 13, 2008.

citibank

*Investors are cautioned that the primary source for the payment of the principal of and interest on, and the purchase and redemption price of, the Bonds is the Letter of Credit, and any investment decision should be made without taking into account any other source of payment.*

The Bonds are being issued as variable rate obligations and will bear interest from their date of issue to and including October 18, 2005, at a rate per annum that will be set forth in a certificate of the Administration delivered on the date of issue of the Bonds. Thereafter, the Bonds will bear interest at the Weekly Variable Rate to be determined on a weekly basis by Ferris, Baker Watts, Incorporated (the "Remarketing Agent"). Interest will be payable on the fifteenth day of each month (each an "Interest Payment Date"), commencing November 15, 2005, unless the method for determining the interest rate on the Bonds is converted to a fixed rate to maturity.

During the period that the Bonds bear interest at the Weekly Variable Rate, any Bond will be purchased upon demand by the beneficial owner thereof, at a purchase price of par plus accrued interest, on any Business Day, upon seven (7) days' notice and delivery of a tender notice with respect to such Bond to Manufacturers and Traders Trust Company, Baltimore, Maryland (the "Tender Agent"), as described herein. **The Bonds will be subject to mandatory tender for purchase upon a change in the method of determining the interest rate on the Bonds and in certain other circumstances as described herein.**

The Bonds will initially bear interest at a Weekly Variable Rate. This Official Statement describes the Bonds only during the Weekly Variable Rate Period initially applicable to the Bonds.

**The Bonds are subject to optional and mandatory redemption and mandatory tender for purchase prior to maturity at the times and to the extent described herein. See "THE BONDS - Redemption" herein.**

**The Bonds are special obligations of the Administration, payable solely from the Trust Estate pledged therefor under the Indenture. The Administration has no taxing power. The Bonds do not constitute a debt of the State of Maryland, any political subdivision thereof, the Administration or the Department, or a pledge of the faith, credit or taxing power of the State, any such political subdivision, the Administration or the Department.**

*The Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of validity by Hawkins Delafield & Wood LLP, Washington, D.C., Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Administration by an Assistant Attorney General of the State of Maryland as Counsel to the Department, for the Credit Provider by Hunton & Williams, Washington, D.C., for the Borrower by Swidler Berlin LLP, Washington, D.C., and by Meyers, Rodbell & Rosenbaum, P.A., Riverdale, Maryland, and for the Underwriter by the Law Offices of Thomas K. Slattery, P.L.L.C., Washington, D.C. It is expected that the Bonds will be available for delivery in book-entry form through the facilities of DTC in New York, New York on or about October 13, 2005.*

**Ferris, Baker Watts**
**Incorporated**

October 12, 2005

No dealer, broker, salesperson or other person has been authorized by the Administration, the Borrower or the Underwriter to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Bonds offered herein, nor shall there be any sale of the Bonds by any person in any jurisdiction in which such offer, solicitation or sale is not authorized or in which the person making such offer, solicitation or sale is not qualified to do so or to any person to whom it is unlawful to make such offer, solicitation or sale.

This Official Statement, including the cover page hereof, is provided for the purpose of setting forth information in connection with the issuance and sale of the Bonds. This Official Statement speaks only as of its date, and the information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Administration or the Borrower. Information in this Official Statement under the heading "THE PROJECT AND THE PRIVATE PARTICIPANTS" has been provided solely by the Borrower. Information in this Official Statement under the heading "THE CREDIT PROVIDER" has been provided solely by the Credit Provider.

References in this Official Statement to the Indenture, the Financing Agreement and other documents do not purport to be complete, and reference should be made to such documents for full and complete details of their contents.

**THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES, IF ANY, IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATIONS TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.**

## TABLE OF CONTENTS

[THIS PAGE INTENTIONALLY LEFT BLANK]

**OFFICIAL STATEMENT**
**of the**
**Community Development Administration**
**Maryland Department of Housing and Community Development**

**Relating to**

**$14,000,000**
**Multifamily Development Revenue Bonds**
**(Fort Washington Manor Senior Housing)**
**Series 2005 A**

## INTRODUCTION

This Official Statement and the Appendices hereto set forth certain information relating to the issuance by the Maryland Community Development Administration (the "Administration"), an agency in the Division of Development Finance of the Department of Housing and Community Development, a principal department of the government of the State of Maryland, of the above-captioned Series 2005 A Bonds (the "Bonds"). Certain capitalized terms used in this Official Statement are summarized in APPENDIX A - "CERTAIN DEFINITIONS" attached hereto.

The Bonds are being issued pursuant to a Trust Indenture (the "Indenture"), dated as of October 1, 2005, between the Administration and Manufacturers and Traders Trust Company, a New York banking corporation with trust powers having a designated corporate trust office in Baltimore, Maryland, as trustee (the "Trustee"), and pursuant to Sections 4-101 through 4-255 of the Housing and Community Development Article of the Annotated Code of Maryland, as amended (previously Sections 2-201 through 2-208 of Article 83B of the Annotated Code of Maryland) (the "Act").

The Bonds are special and limited obligations of the Administration issued in connection with the acquiring, constructing and equipping by Fort Washington Manor Limited Partnership (the "Borrower"), of a multifamily rental housing development known as Fort Washington Manor Senior Housing, located in Prince George's County, Maryland (the "Project"). The Bonds are being issued by the Administration to provide funding for a loan (the "Loan") to be made by the Administration to the Borrower to provide financing for the costs of acquiring, constructing and equipping the Project. The Loan will be made pursuant to a Financing Agreement, dated as of October 1, 2005 (the "Financing Agreement"), among the Administration, the Trustee and the Borrower. See "SECURITY FOR THE BONDS."

The Loan will be originated on the date of issuance and delivery of the Bonds (the "Closing Date") and will be evidenced by a note executed by the Borrower (the "Note"). The Note will be payable to the Administration and will be secured by, among other things, a deed of trust (the "Mortgage") from the Borrower in favor of the Administration. The Mortgage will encumber the Project. The principal amount and payment provisions of the Note have been established and structured so that (i) the aggregate principal amount of the Note will equal the aggregate principal amount of the Outstanding Bonds and (ii) the interest payable on the Note will not be less than the interest payable on the Outstanding Bonds. The payments required to be made by the Borrower under the Note, if timely made by the Borrower, are intended to be sufficient in amount to pay, when due, the principal of and interest on the Outstanding Bonds.

The Bonds will initially bear interest at the Weekly Variable Rate, to be determined weekly and as otherwise described herein by Ferris, Baker Watts, Incorporated, as remarketing agent for the Bonds (in such capacity, the "Remarketing Agent"). Under certain circumstances, the method of calculating the interest rate borne by the Bonds may be adjusted to an interest rate fixed to maturity (the "Fixed Rate Mode"), in which event the Bonds will be subject to mandatory tender. The Bonds are subject to a maximum interest rate of twelve percent (12%) per annum (the "Maximum Rate"), subject to adjustment in accordance with the Indenture.

During any period of time in which the Bonds bear interest at the Weekly Variable Rate, such Bonds are subject to purchase at a price equal to 100% of the principal amount of such Bonds plus accrued and unpaid interest thereon to the date of purchase (the "Purchase Price"). Such purchase will be made upon demand of the owner thereof on any Business Day upon seven days' prior notice delivered to the Trustee prior to 3:30 p.m., Eastern time. The Bonds are also subject to mandatory tender for purchase and are subject to optional and mandatory redemption as set forth in the Indenture and described herein. See "THE BONDS - Redemption" herein. Payment of the Purchase Price of tendered Bonds that are not remarketed will be paid with amounts provided pursuant to the Credit Facility. **As more fully described herein, the loss of exclusion of interest on the Bonds from gross income for Federal income tax purposes would not, in and of itself, result in a mandatory tender or redemption of the Bonds.**

**THIS OFFICIAL STATEMENT DESCRIBES THE BONDS ONLY DURING THE WEEKLY VARIABLE RATE PERIOD INITIALLY APPLICABLE TO THE BONDS. INVESTORS SHOULD NOT RELY ON THIS OFFICIAL STATEMENT IF THE INTEREST RATE ON THE BONDS IS ADJUSTED TO THE FIXED RATE.**

Credit enhancement and liquidity support for the Bonds will be provided by Citibank, N.A. (the "Credit Provider"), pursuant to an irrevocable direct-pay letter of credit (the "Letter of Credit" and a "Credit Facility") dated the Closing Date. The Borrower is obligated to reimburse the Citibank, F.S.B. (the "Bank") for payments made by the Credit Provider under the Letter of Credit (each an "Advance") pursuant to a Reimbursement Agreement between the Borrower and the Bank dated as of October 1, 2005 (the "Reimbursement Agreement").

A portion of the units in the Project is required to be occupied by persons or families whose incomes satisfy certain provisions of the Act and the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable income tax regulations issued under the Code as set forth in an Agreement and Declaration of Covenants and Restrictions for the Project, dated as of October 1, 2005, to be entered into by and between the Administration and the Borrower (the

"Tax Regulatory Agreement"). Additional limits on the income of tenants are imposed under an Extended Low Income Housing Covenant for Low-Income Housing Tax Credits and a Regulatory Agreement, each to be entered into between the Administration and the Borrower and each dated as of October 1, 2005 (collectively with the Tax Regulatory Agreement, the "Regulatory Agreements"), in connection with obtaining low-income housing tax credits, and a HOME Regulatory Agreement, Declaration of Covenants and Deed of Trust with respect to the Project in connection with the County Loan (the "County Regulatory Agreement"). The Project will also be subject to certain rent restrictions required under State law and in connection with certain subordinate financing for the Project. See "THE PROJECT AND THE PRIVATE PARTICIPANTS" herein.

**Any failure of the Borrower to comply with certain terms of the Tax Regulatory Agreement may cause interest on the Bonds to be included in the gross income of the owners thereof for federal income tax purposes, possibly retroactively as well as prospectively. See "TAX MATTERS" herein. None of the Trustee, the Administration or the Bondholders may cause an acceleration or redemption of the Bonds solely because of a default by the Borrower under the Tax Regulatory Agreement or because interest on the Bonds becomes includable in the gross income of the owners thereof for federal income tax purposes.**

The Bonds are special obligations of the Administration, an agency in the Division of Development Finance of the Department of Housing and Community Development, a principal department in the government of the State of Maryland, payable solely from and secured by, among other property comprising the Trust Estate described in the Indenture, the following: (a) payments made by the Credit Provider under the Credit Facility, (b) payments received under the Loan pursuant to the Financing Agreement, the Note or the Mortgage, and (c) amounts on deposit in the Funds and Accounts under the Indenture (other than moneys on deposit from time to time in the Fees Account, the Rebate Fund and the Costs of Issuance Deposit Account). The Administration has no taxing power. **The Bonds do not constitute a debt of the State of Maryland, any political subdivision thereof, the Administration or the Department, or a pledge of the faith, credit or taxing power of the State, any such political subdivision, the Administration or the Department. The Bonds are not, under any circumstances, payable from or secured by any other assets of the Administration not expressly pledged to payment of the Bonds, including, without limitation, the Administration's General Bond Reserve Fund.**

Brief descriptions of the Bonds, the security for the Bonds, the Administration, the Credit Provider, the Borrower and the Project are included in this Official Statement together with summaries of the Indenture, the Financing Agreement and certain related agreements, and the form of the Letter of Credit. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Indenture and other documents and agreements are qualified in their entirety by reference to such documents and agreements, and references herein to the Bonds are qualified in their entirety by reference to the forms thereof included in the Indenture and the information with respect thereto in the aforementioned documents, copies of all of which are available for inspection in the Designated Office of the Trustee.

## THE BONDS

*The Official Statement, in general, describes the Bonds only during the Weekly Variable Rate period and is not intended for use with respect to the Bonds during the Fixed Rate Period.*

### General

During any Weekly Variable Rate Period, the Bonds are issuable only as fully registered bonds, without coupons, in denominations of $100,000 or any integral multiple of $5,000 in excess of $100,000. The Bonds are dated as of their date of delivery and will mature as set forth on the cover of this Official Statement, subject to prior redemption as described under the caption "Redemption" below. During each Weekly Variable Rate period, interest on the Bonds will be paid on the 15th day of each month, commencing November 15, 2005, for the period from and including the immediately preceding Interest Payment Date to and including the day immediately preceding the current Interest Payment Date.

So long as the Bonds bear interest at the Weekly Variable Rate, one or more Credit Facilities providing credit and liquidity support for the Bonds must be in effect.

The Bonds will be delivered in fully registered form only and, when issued and delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Ownership interests in the Bonds may be purchased in book-entry form only. Ultimate purchasers of Bonds will not receive physical certificates representing their interest in the Bonds. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Bondholders or "Registered Owners" shall mean Cede & Co. and shall not mean the ultimate purchasers of the Bonds. Payments of the principal of and interest on the Bonds while under DTC's book-entry system will be made in accordance with the rules, regulations and procedures established by DTC. See Appendix E, "BOOK-ENTRY SYSTEM" herein.

### Weekly Variable Rate Mode

Except during the Fixed Rate Period, the Bonds will bear interest at the Weekly Variable Rate, determined from time to time pursuant to the Indenture. During the Weekly Variable Rate Period, interest will accrue on the basis of a 365 or 366 day year, as applicable, for the actual number of days elapsed.

During the Weekly Variable Rate Period, the Remarketing Agent will determine the Weekly Variable Rate for each Week not later than 4:00 p.m. Eastern time on Tuesday of each Week, or if such day is not a Business Day, the preceding Business Day (in any such case, a "Rate Determination Date"). The Weekly Variable Rate will be the minimum rate of interest necessary, in the professional judgment of the Remarketing Agent, taking into consideration prevailing market conditions, to enable the Remarketing Agent to remarket all of the Bonds on the applicable Rate Determination Date at par plus accrued interest on the Bonds for that Week. The Weekly Variable Rate so determined will be effective for the Week for which such rate was determined. The Remarketing Agent will provide notice of the Weekly Variable Rate before 5:00 p.m. Eastern time on the Rate Determination Date by telephone to any Beneficial Owner upon request. The Weekly Variable Rate so determined by the Remarketing Agent will be conclusive and binding upon the Bondholders.

***Failure by Remarketing Agent to Determine Weekly Variable Rate***

If the Remarketing Agent fails or refuses to determine the Weekly Variable Rate applicable for any Week, the interest rate to be borne by the Bonds during such Week will be the latest BMA Index Rate published on or before the Rate Determination Date, or, in the event such rate is no longer published, the last Weekly Variable Rate determined by the Remarketing Agent.

***Rate Mode Adjustments***

At the option of the Borrower, the interest rate on all Outstanding Bonds may be adjusted on any Interest Payment Date from the Weekly Variable Rate to a Fixed Rate, subject to satisfaction of the conditions precedent as set forth in the Indenture. Notice must be given by the Trustee not less than 30 days before the proposed date of adjustment to a Fixed Rate (an "Adjustment Date") to the effect that all Bonds are subject to mandatory tender and purchase on the Adjustment Date, whether or not the conditions set forth in the Indenture for adjustment are satisfied. In such case, the Bondholders shall not have the right to retain their Bonds.

***Maximum Interest Rate***

The interest rate on the Bonds may not exceed 12% per annum subject, however, to increase with the consent of the Credit Provider, and the Borrower, provided (i) such rate does not exceed any maximum permitted by law; (ii) Bond Counsel opines that such higher maximum rate does not adversely affect the validity of the Bonds and the exclusion of interest on the Bonds from gross income for federal tax purposes; and (iii) a new or amended Credit Facility is provided in the amount of the then Outstanding Bonds plus the Interest Requirement.

***Weekly Variable Rate Optional Tender***

During any Weekly Variable Rate Period, the Beneficial Owner may demand purchase of its Bond by delivery of a notice (a "Bondholder Tender Notice") to the Tender Agent at its Designated Office on any Business Day. The Trustee will purchase any such Bond on behalf of and as agent for the Borrower. The purchase price of any Bond tendered for purchase will be 100 percent of the principal amount of such Bond plus accrued interest, if any, to the date of purchase. Any Bondholder Tender Notice received by the Tender Agent after 3:30 p.m. Eastern time on a Business Day will be treated as received at 9:00 a.m. Eastern time on the following Business Day. The date of purchase will be the date selected by the Beneficial Owner in the Bondholder Tender Notice; provided, however, that such date is a Business Day which is at least seven days after the date of the delivery of the Bondholder Tender Notice to the Tender Agent. A Bondholder Tender

Notice properly given will be irrevocable and binding on any transferee of the Beneficial Owner of such tendered Bond and must:

(1) be accompanied by a guaranty of signature acceptable to the Tender Agent; and

(2) contain the CUSIP number of the Bond, the principal amount to be purchased (or portion of a Bond, provided that the retained portion is an Authorized Denomination), the name, address and tax identification number or social security number of the Beneficial Owner of the Bond demanding such payment and the purchase date.

The Tender Agent will determine in its sole discretion whether a Bondholder Tender Notice complies with the requirements of the Indenture and whether Bonds delivered conform in all respects to the description of the Bonds in the Bondholder Tender Notice; such determination will be binding on the Beneficial Owner of the tendered Bond.

If after delivery of a Bondholder Tender Notice the holder making such election fails to deliver any of the Bonds described in the Bondholder Tender Notice as required by the Indenture, each untendered Bond or portion of such untendered Bond ("Untendered Bond") described in such Bondholder Tender Notice will be deemed to have been tendered to the Tender Agent for purchase and, to the extent that there is on deposit in the Bond Purchase Fund on the applicable purchase date an amount sufficient to pay the purchase price of such Untendered Bond, such Untendered Bond shall, from and after such purchase date, cease to bear interest and no longer be considered to be Outstanding. Upon surrender of any Bond for purchase in part only, the Administration will execute and the Tender Agent will authenticate and deliver to the holder of such Bond a new Bond or Bonds of the same maturity and interest rate, of Authorized Denominations, in an aggregate principal amount equal to the unpurchased portion of the Bond surrendered.

Notwithstanding the above, during any period that the Bonds are in book-entry form, (i) any Bondholder Tender Notice also must (A) provide evidence satisfactory to the Tender Agent that the party delivering the notice is the Beneficial Owner of the Bond(s) or a custodian for the Beneficial Owner referred to in the notice, and (B) if the Beneficial Owner is other than a DTC Participant, identify the DTC Participant through whom the Beneficial Owner will direct transfer; (ii) on or before the purchase date, the Beneficial Owner must direct (or if the Beneficial Owner is not a DTC Participant, cause its DTC Participant to direct) the transfer of said Bond(s) on the records of DTC to the account of, or as directed by, the Trustee; (iii) Tendered Bond(s) will be purchased without physical delivery as if such Bond(s) had been so delivered; and (iv) the purchase price of such Bond(s) will be paid to DTC. See APPENDIX E, "Book-Entry System."

**Mandatory Tender**

The holders of the Bonds will be required to tender their Bonds to the Tender Agent on each Mandatory Tender Date for purchase by the Trustee acting on behalf of and as agent for the Borrower, at a purchase price equal to 100 percent of the principal amount of the Bonds plus accrued interest to the applicable Mandatory Tender Date. The Bondholders may not elect to retain their Bonds. Mandatory Tender Dates include each:

(1) date on which the interest rate on the Bonds is adjusted to a different Mode (even if a proposed change in Mode fails to occur);

(2) date on which an Alternate Credit Facility (as defined below) is to be substituted, or on which the Credit Facility or Alternate Credit Facility then in effect will expire; and

(3) a Rating Notice Date, as described below.

**Rating Notice Date**

If the rating of the Credit Provider (or any provider of an Alternate Credit Facility then in effect, as the case may be) is withdrawn, suspended, or falls below an "Aa" or equivalent rating from the Rating Agency, the Administration may, in its sole discretion, direct the Trustee to cause a Mandatory Tender of the Bonds and draw upon the applicable Credit Facility to pay the purchase price of the Bonds tendered. The Bonds will be subject to mandatory tender for purchase on the date (the "Rating Notice Date") established by the Administration.

**Untendered Bonds**

Any Untendered Bond will be deemed to have been tendered to the Tender Agent as of such Mandatory Tender Date, and, from and after such Mandatory Tender Date, will cease to bear interest and no longer will be considered to be Outstanding. The holders of Untendered Bonds will no longer be entitled to any payment (including any interest to accrue from and after the Mandatory Tender Date) other than the purchase price for such Untendered Bond. The Tender Agent will authenticate and deliver to the Remarketing Agent, for redelivery to the purchaser, a new Bond in replacement of the Untendered Bond.

**Mandatory Tender Notices**

The Trustee will give notice of such Mandatory Tender Dates not less than 10 days prior to any such date (except that in the case of mandatory tender on a proposed Adjustment Date, notice will be given not less than 30 days prior to such date) by first class mail, postage prepaid, to the Bondholders stating the information required to be set forth in the Indenture.

During any period that the Bonds are held in book-entry form, (i) any notice delivered by the Tender Agent will be given only to the entity designated in the Letter of Representations, as required by the Indenture and (ii) it will not be necessary for Bond(s) to be physically delivered on the date specified for purchase of such Bond(s), but such purchase will be made as if such Bond(s) had been so delivered, and the purchase price of such Bond(s) will be paid to DTC.

## Purchase Following Tender

The Tender Agent will make payment for Bonds purchased pursuant to an optional or a mandatory tender at or before 4:00 p.m. Eastern time on the applicable purchase date, first, from remarketing proceeds on deposit in the Bond Purchase Fund, second, from proceeds of a payment under the Credit Facility, and third, from funds provided by the Borrower.

## Redemption

The Bonds are subject to redemption prior to maturity only as set forth herein. All redemptions must be in Authorized Denominations.

***Optional Redemption***. The Bonds are subject to optional redemption in whole or in part on any Interest Payment Date within a Weekly Variable Rate Period and on any Adjustment Date at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the Redemption Date from (i) Available Moneys transferred from the Revenue Account not needed to pay principal of, interest on or the purchase price of the Bonds, (ii) as to the principal of and accrued interest on any Bond, an Advance under the Credit Facility, or (iii) as to the premium, if any, Available Moneys from a source other than the Credit Facility or funds of the Credit Provider.

***Mandatory Redemption***. The Bonds are subject to mandatory redemption on the earliest practicable Redemption Date for which timely notice of redemption can be given from an Advance under the Credit Facility at a redemption price equal to 100 percent of the principal amount of such Bonds plus accrued interest to the date of redemption in the following events:

(1) in whole or in part, in the event and to the extent that proceeds of insurance from any casualty to, or proceeds of any award from any condemnation of, or any award as part of a settlement in lieu of condemnation of, the Project are applied in accordance with the Mortgage to the prepayment of the Loan;

(2) in whole or in part to the extent that amounts on deposit in the Loan Fund are (A) not required to pay Costs of the Project not yet due and payable or which are being contested in good faith, as determined by the written direction of the Credit Provider, or (B) which are not disbursed from the Loan Fund following the exercise of the right of the Credit Provider under the Reimbursement Agreement to prevent the Borrower from being disbursed funds from the Loan Fund if such non-disbursal would, in the opinion of Bond Counsel, adversely affect the excludability from gross income, for federal income tax purposes, of the interest payable on the Bonds;

(3) in whole, upon receipt by the Trustee of written notice from the Credit Provider (or, in the case of the initial Credit Facility, the Bank) stating that an Event of Default under the Reimbursement Agreement has occurred and directing that the Bonds be subject to mandatory redemption;

(4) in whole or in part, from an Advance, to the extent amounts deposited in the Redemption Fund pursuant to the principal amortization schedule attached to the Note equal or exceed an Authorized Denomination; and

(5) in whole or in part upon any prepayment of the Note in the amount of such prepayment, including, but not limited to, a prepayment in the amount of the Stabilization Deposit made by the Borrower under the Reimbursement Agreement if the Debt Service Coverage Ratio Requirement thereunder has not been met by the Final Stabilization Date.

***Notice of Redemption***. The Trustee will give notice of redemption by first class mail, postage prepaid, not less than 10 days prior to the Redemption Date, to the Registered Owner of each Bond to be redeemed at the address of such Registered Owner as shown on the Bond Register. With respect to Bonds in book-entry form, if the Trustee sends notice of redemption to the Securities Depository pursuant to the Letter of Representations, the Trustee is not required to give the notice set forth in the immediately preceding sentence. No notice will be given in the case of a redemption following an Event of Default under the Reimbursement Agreement. In the case of an optional redemption, the notice of redemption will state that it is conditioned upon receipt by the Trustee of sufficient moneys to redeem the Bonds including Available Moneys to pay any redemption premium in full ("Conditional Redemption"), and such notice and optional redemption will be of no effect if, by no later than the scheduled redemption date, sufficient money to redeem the Bonds and sufficient Available Moneys to pay redemption premium, if any, have not been deposited with the Trustee. If notice is given as stated above, failure of any Bondholder to receive such notice, or any defect in the notice, will not affect the redemption or the validity of the proceedings for the redemption of the Bonds.

The Trustee will rescind any Conditional Redemption by notice of rescission if the requirements of the Indenture have not been met on or before the Redemption Date; notice of rescission will be given by the same means as is provided above for the giving of notice of redemption or by Electronic Means confirmed in writing. Any Bonds subject to Conditional Redemption which have been cancelled will remain Outstanding, and neither the rescission nor the failure of funds being made available in part or in whole on or before the Redemption Date will constitute an Event of Default.

If notice of redemption has been given and the conditions for such redemption, if applicable, have been met, the Bonds called for redemption will become due and payable on the date specified for redemption, interest on those Bonds will cease to accrue on the redemption date and the called Bonds will no longer be Outstanding. The holders of the Bonds so called for redemption will thereafter no longer have any security or benefit under the Indenture except to receive payment of the redemption price for such Bonds upon surrender of such Bonds to the Trustee. All moneys held by or on behalf of the Trustee for the redemption of particular Bonds will be held in trust for the account of the holders of the Bonds to be redeemed. If less than the entire principal amount of a Bond is called for redemption, the Administration will execute, and the Trustee will authenticate and deliver, upon the surrender of such Bond to the Trustee, without charge by the Administration or the Trustee to the Bondholder, in exchange for the unredeemed principal amount of such Bond, a new Bond or Bonds of the same interest rate, maturity and term, in any Authorized Denomination, in aggregate principal amount equal to the unredeemed balance of the principal amount of the Bond so surrendered.

***Selection of Bonds to be Redeemed Upon Partial Redemption***. If less than all the Outstanding Bonds are called for redemption, the Trustee will select by lot, in such manner as it determines in its discretion, the Bonds, or portions of the Bonds in Authorized Denominations, to be redeemed. In the selection process (i) any Pledged Bonds Outstanding will be called for redemption before any other Bonds are selected for redemption and (ii) if applicable, the Bonds with the highest interest rate will be called for redemption before any other Bonds are selected for redemption. For the purposes of this paragraph, Bonds which have previously been selected for redemption will not be deemed Outstanding.

***Purchase of Bonds in Whole in Lieu of Redemption***. If the Bonds are called for redemption in whole pursuant to the Indenture, all (but not less than all) of the Bonds may be purchased by the Trustee (for the account of the Credit Provider or its designee, as directed by such party, or, in the case of the initial Credit Facility, by the Bank) as described in the Indenture. Bonds so purchased for the account of the Borrower with moneys advanced under the Credit Facility will for all purposes under the Indenture constitute Pledged Bonds.

## SECURITY FOR THE BONDS

### Pledge of Trust Estate

Pursuant to the Indenture, the Administration has assigned, granted and pledged a security interest in the property described below to the Trustee, in its capacity as Trustee, and to the Credit Provider, as their interests may appear, subject to the provisions of the Assignment and the Indenture, to secure the payment of the principal of, premium, if any, and interest on the Bonds when the same become due and payable:

(a) all right, title and interest of the Issuer in and to the Loan, including the Note, the Mortgage and the other Loan Documents, and the Financing Agreement, reserving, however, the Reserved Rights;

(b) all rights to receive payments on the Note and under the other Loan Documents, including all proceeds of insurance or condemnation awards;

(c) all right, title and interest of the Issuer in and to the Net Bond Proceeds and the accrued interest, if any, derived from the sale of the Bonds, and all Funds and Accounts under this Indenture (including, without limitation, moneys, documents, securities, Investments, Investment Income, instruments and general intangibles on deposit or otherwise held by the Trustee under this Indenture) but excluding all moneys in the Fees Account, the Rebate Fund and the Costs of Issuance Fund (including within such exclusion Investment Income retained in the Costs of Issuance Fund and the Rebate Fund);

(d) any and all other rights and interests in property, whether tangible or intangible, from time to time conveyed, mortgaged, pledged, assigned or transferred by delivery or by writing of any kind to the Trustee as additional security under the Indenture for the benefit of the Bondholders; and

(e) all of the proceeds of the foregoing, including, without limitation, Investments and Investment Income (except as excluded in paragraph (c) above).

**Credit Facility**

The following is a brief summary of the Credit Facility. The following summary is qualified in its entirety by reference to Credit Facility, copies of which are on file with the Trustee, for a full and complete statement of the provisions thereof.

As security for the Series of Bonds, the Trustee will hold the Credit Facility. The initial Credit Facility consists of an unconditional, irrevocable direct pay Letter of Credit issued by the Credit Provider in an amount equal to the outstanding principal amount of the Bonds, plus interest at a rate of 12% per annum for a period of 35 days, plus an amount equal to the aggregate of the 1/12 of the Issuer's Fees and the Remarketing Agent's Fees. The Trustee is instructed under the Indenture to draw on the Letter of Credit to pay holders of the Bonds amounts when due on account of principal, interest or purchase price of the Bonds. In addition, the Trustee will draw on the Letters of Credit to pay the fees noted above.

*Investors are cautioned that the primary source for the payment of the principal of and interest on, and the purchase and redemption price of, the Bonds is the Credit Facility, and any investment decision should be made without taking into account any other source of payment.*

**Limited Obligation of the Administration**

THE BONDS ARE SPECIAL OBLIGATIONS OF THE COMMUNITY DEVELOPMENT ADMINISTRATION, AN AGENCY IN THE DIVISION OF DEVELOPMENT FINANCE OF THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT, A PRINCIPAL DEPARTMENT OF THE GOVERNMENT OF THE STATE OF MARYLAND, PAYABLE SOLELY FROM THE TRUST ESTATE PLEDGED UNDER THE INDENTURE. THE ADMINISTRATION HAS NO TAXING POWER. THE BONDS DO NOT CONSTITUTE A DEBT OF THE STATE, ANY POLITICAL SUBDIVISION THEREOF, THE ADMINISTRATION OR THE DEPARTMENT, OR A PLEDGE OF THE FAITH, CREDIT OR TAXING POWER OF THE STATE, ANY SUCH POLITICAL SUBDIVISION, THE ADMINISTRATION OR THE DEPARTMENT.

THE BONDS ARE NOT, UNDER ANY CIRCUMSTANCES, PAYABLE FROM OR SECURED BY ANY OTHER FUNDS OR ASSETS OF THE ADMINISTRATION NOT EXPRESSLY PLEDGED TO PAYMENT OF THE BONDS, INCLUDING, WITHOUT LIMITATION, THE ADMINISTRATION'S GENERAL BOND RESERVE FUND.

## ESTIMATED SOURCES AND USES OF FUNDS

The sources of funds and the uses thereof in connection with the Bonds are expected to be approximately as set forth below.

| | |
|---|---|
| **Sources:** | |
| Proceeds from Sale of the Bonds: | $14,000,000 |
| **Total Sources:** | **$14,000,000** |
| **Uses:** | |
| Loan Fund Deposit: | $14,000,000 |
| **Total Uses:** | **$14,000,000** |

Costs of issuance will be paid from other funds provided by the Borrower.

## BONDHOLDERS' RISKS

*The following is a summary of certain risks associated with the purchase of the Bonds. This summary is not intended to be a comprehensive list of the risk factors associated with the Bonds. The Bonds are to be payable from payments to be made by the Borrower under the Note. The Borrower's obligation to make such payments pursuant to the Financing Agreement and Note is nonrecourse and secured only by the Mortgage. The Borrower's ability to make such payments is subject to financial conditions applicable to the Borrower and the Project, which may change in the future to an extent that cannot be determined at this time. However, Bondholders will have recourse to the Credit Facility.*

### Creditworthiness of Credit Provider; Risks Associated with the Credit Facility

The scheduled payment of the principal of and interest on the Bonds when due will be paid from Advances under the Credit Facility. The ability of the Credit Provider to make the payments required under the Credit Facility will depend upon the creditworthiness of the Credit Provider. There can be no assurance that the Credit Provider will maintain its financial condition and will be able to honor any payments that may be required to be made under the Credit Facility.

### Bankruptcy of Borrower

The primary source of payment of principal and interest on the Bonds will be from the Credit Facility. In the event of a Wrongful Dishonor, however, the Borrower's obligation to make payments on the Loan in the amount needed to pay principal and interest on the Bonds remains as a source of payment.

In the event of a bankruptcy filing by or against the Borrower, all or a portion of any payments made to Bondholders within 91 days of the filing of such bankruptcy could be recovered from Bondholders by the order of a bankruptcy judge finding that such payments to Bondholders were "preferential" payments within the meaning of Section 547 of the United States Bankruptcy Code. Absent a Wrongful Dishonor, all payments to Bondholders will be made from an Advance under the Credit Facility.

The United States Bankruptcy Code automatically stays enforcement of any liens, such as the Mortgage, against the property of a bankrupt estate, even if such liens arose prior to the filing of the bankruptcy petition. In the event of the bankruptcy of the Borrower, the Trustee's ability to enforce the provisions of the Mortgage would be substantially impaired, absent relief by the bankruptcy court from the automatic stay.

**No Acceleration or Redemption Upon Loss of Tax Exemption**

The Borrower has covenanted and agreed to comply with the provisions of the Code relating to the exclusion from gross income for federal income tax purposes of the interest payable on the Bonds. The financing documents contain provisions and procedures designed to assure compliance with such covenant. See "TAX MATTERS" herein. However, the Borrower's covenants to comply with the requirements of the Code are nonrecourse to the Borrower, and the liability of the Borrower is limited to the revenues and assets comprising the Project. Furthermore, the Borrower's failure to comply with such provisions will not constitute a default under the Loan and will not give rise to a redemption or acceleration of the Bonds and is not the basis for an increase in the rate of interest payable on the Bonds. Consequently, interest on the Bonds may become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of the Bonds by reason of the Borrower's failure to comply with the requirements of federal tax law, and neither the Administration, the Trustee nor the Bondholders will have remedies available to them to mitigate the adverse economic effects to the Bondholders of such inclusion by reason of the Borrower's noncompliance.

**Performance of the Project**

No assurance can be given as to the future performance of the Project. The economic feasibility of the Project depends in large part upon the ability of the Borrower to attract sufficient numbers of residents and to maintain substantial occupancy throughout the term of the Bonds at sufficient rents. Occupancy of the Project may be affected by competition from existing housing facilities (including facilities that may be or may become owned by the Borrower or an affiliate of the Borrower) or from housing facilities which may be constructed in the area served by the Project (including facilities that may have been or may in the future be constructed by the Borrower or affiliates of the Borrower). The Administration has not independently reviewed the feasibility of the Project and makes no representation, direct or indirect, that the Project will be able to generate sufficient income for the Borrower to make its debt service payments under the Note or other payment obligations of the Borrowers under the Loan Documents and their operating expenses. Restrictions imposed under the Code and the Act on tenant income and the rent that can be charged could have an adverse effect on the Borrower's ability to satisfy its obligations under the Loan Documents, especially if operating expenses should increase beyond what the Borrower had anticipated. A default by the Borrower under the Reimbursement Agreement, including the failure by the Borrower to pay on the date due any amounts required to be paid by the Borrower under the Reimbursement Agreement, the Note or the Mortgage may result in a mandatory redemption or acceleration of the Bonds. No premium will be paid on the Bonds in the event of such a redemption or acceleration. See APPENDIX B - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Events of Default" and "Remedies; Rights of Bondholders" attached hereto, and "THE PROJECT AND THE PRIVATE PARTICIPANTS" herein.

**Environmental Matters**

There are potential risks relating to environmental liability associated with the ownership of any property. If hazardous substances are found to be located on a property, the owners of such property may be held liable for costs and other liabilities relating to such hazardous substances. In the event of a foreclosure of the Project or active participation in the management of the Project by the Trustee on behalf of the Bondholders, the Trustee (and, indirectly, the Bondholders) may be held liable for costs and other liabilities related to hazardous substances, if any, on the site of the Project on a strict liability basis and such costs might exceed the value of such property.

**Early Redemption**

A variety of factors described herein will result in an early redemption of the Bonds. The possibility of an early redemption could affect the ability of the Bonds to be valued or sold at a premium. Early redemption would also cause a loss of any premium otherwise owing to the holder of any Bond. See "THE BONDS - Redemption" herein.

## THE CREDIT PROVIDER

*The information presented under this caption "THE CREDIT PROVIDER" has been supplied by the Credit Provider. None of the Administration, the Trustee, the Borrower or the Underwriter has independently verified such information, and none assumes responsibility for the accuracy of such information.*

Citibank, N.A. was originally organized on June 16, 1812, and now is a national banking association organized under the National Bank Act of 1864. Citibank is an indirect wholly-owned subsidiary of Citigroup Inc. ("Citigroup"), a Delaware holding company. The obligations of Citibank under the Letter of Credit will not be guaranteed by Citigroup. As of June 30, 2005, the total assets of Citibank and its consolidated subsidiaries represented approximately 46% of the total assets of Citigroup and its consolidated subsidiaries.

Citibank is a commercial bank that, along with its subsidiaries and affiliates, offers a wide range of banking and trust services to its customers throughout the United States and the world.

As a national bank, Citibank is a regulated entity permitted to engage only in banking and activities incidental to banking. Citibank's earnings may be affected by certain monetary policies of the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"). Citibank is primarily regulated by the Office of the Comptroller of the Currency (the "Comptroller"), which also examines its loan portfolios and reviews the sufficiency of its allowance for credit losses.

Citibank's deposits at its U.S. branches are insured by the Federal Deposit Insurance Corporation (the "FDIC") and are subject to FDIC insurance assessments. The Letter of Credit is not insured by the FDIC or any other regulatory agency of the United States or any other jurisdiction.

Any FDIC-insured depository institution sharing common ownership with a failed FDIC-insured institution can be required to indemnify the FDIC for the FDIC's losses resulting from the insolvency of the failed FDIC-insured institution, even if such indemnification causes the affiliated institution also to become insolvent. As a result, Citibank may, under certain circumstances, be obligated for the liabilities of its affiliates that are FDIC-insured depository institutions. Citibank's FDIC-insured depository affiliates include: Citibank Delaware; Citibank, Federal Savings Bank; Citibank (Nevada), National Association; Citibank (South Dakota), National Association; Citibank (West), FSB; Citicorp Trust Bank, fsb; Universal Financial Corp.; Associates Capital Bank, Inc.; California Commerce Bank; Citibank USA, National Association; and Citibank Texas, N.A.

Legislation enacted as part of the Omnibus Budget Reconciliation Act of 1993 provides that deposits in U.S. offices and certain claims for administrative expenses and employee compensation against a U.S. insured depository institution which has failed will be afforded a priority over other general unsecured claims, including deposits in non-U.S. offices and claims under non-depository contracts in all offices, against such an institution in the "liquidation or other resolution" of such an institution by any receiver. Such priority creditors (including the FDIC, as the subrogee of insured depositors) of such FDIC-insured depository institution will be entitled to priority over unsecured creditors in the event of a "liquidation or other resolution" of such institution.

As conservator or receiver, the FDIC is also empowered to enforce most types of contracts, including the Letter of Credit, pursuant to their terms notwithstanding any acceleration provisions therein, and may transfer to a new obligor any of Citibank's assets or liabilities, including the Letter of Credit, without the approval or consent of Citibank's creditors.

The FDIC is authorized to settle all uninsured and unsecured claims in the insolvency of an insured bank by making a final settlement payment at a percentage rate reflecting an average of the FDIC's receivership recovery experience and constituting full payment and disposition of the FDIC's obligation to uninsured and unsecured creditors.

The Basel Committee on Banking Supervision (the "Basel Committee"), consisting of central banks and bank supervisors from 13 countries, has developed a new set of risk-based capital standards (the "New Accord"), on which it has received significant input from Citibank and other major banking organizations. The Basel Committee published the text of the New Accord on June 26, 2004, specified that parallel testing will be necessary, and designated a new implementation date of year-end 2007. The U.S. banking regulators issued an advance notice of proposed rulemaking in August 2003, and subsequently issued additional guidance in October 2004, relating to the new Basel standards. Citibank, along with other major banking organizations and associations, is continuing to provide significant input into these proposed rules. In addition, Citibank is participating in certain quantitative studies of these proposed rules, discussing the proposed rules with banking regulators and developing overall implementation plans. The final version of these new capital rules will apply to Citibank, as well as to other large U.S. banks and bank holding companies. Citibank continues to assess the impact and participate in efforts to refine these future capital standards.

Citibank does not publish audited financial statements. However, Citigroup publishes audited financial statements which include certain data relevant to Citibank and its consolidated subsidiaries, including an audited balance sheet of Citibank and its consolidated subsidiaries. Citibank's earnings may differ significantly from those of Citigroup. The activities carried on by subsidiaries of Citigroup other than Citibank and its subsidiaries generally include certain consumer lending activities in the United States (including the credit card business, some residential mortgage lending, and secured and unsecured personal loans) and certain overseas banking operations, as well as investment banking services and securities brokerage activities around the world.

The Annual Report on Form 10-K of Citicorp and its subsidiaries for the year ended December 31, 2004 (the "2004 10-K"), and the Quarterly Report on Form 10-Q of Citigroup and its subsidiaries for the quarter ended June 30, 2005 (the "June 2005 10-Q"), sets forth certain data relative to the consolidated financial position of Citibank and its subsidiaries as of June 30, 2005, and December 31, 2004.

Although Citicorp was merged into Citigroup Inc. on August 1, 2005, Citicorp's historical financials are still available on the SEC's website at http://www.sec.gov. Citibank was a wholly-owned subsidiary of Citicorp prior to such merger. The Consolidated Balance Sheets of Citibank as of December 31, 2004, and as of December 31, 2003, are set forth on page 52 of the Annual Report on Form 10-K of Citicorp and its subsidiaries for the year ended December 31, 2004, and as of June 30, 2005, and December 31, 2004, are set forth on page 68 of the June 2005 10-Q. Consolidated Balance Sheets of Citibank subsequent to June 30, 2005, will be included in the Form 10-Q's (quarterly) and Form 10-K's (annually) subsequently filed by Citigroup with the

Securities and Exchange Commission (the "SEC"), which will be filed not later than 40 days after the end of the calendar quarter or 60 days after the end of the calendar year to which the report relates, or on Form 8-K with respect to certain interim events. For further information regarding Citibank, reference is made to the June 2005 10-Q and to any subsequent reports on Forms 10-K, 10-Q or 8-K filed by Citigroup with the SEC, which are incorporated herein by reference. Copies of such material may be obtained, upon payment of a duplicating fee, by writing to the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at (800) SEC-0330 for further information on the operation of the public reference rooms. In addition, such reports are available at the SEC's web site (http://www.sec.gov).

In addition, Citibank submits quarterly to the Comptroller certain reports called "Consolidated Reports of Condition and Income for a Bank With Domestic and Foreign Offices" ("Call Reports"). The Call Reports are on file with and publicly available at the Comptroller's offices at 250 E Street, S.W., Washington, D.C. 20219 and are also available on the web site of the FDIC (http://www.fdic.gov). Each Call Report consists of a Balance Sheet, Income Statement, Changes in Equity Capital and other supporting schedules at the end of and for the period to which the report relates. The Call Reports are prepared in accordance with regulatory instructions issued by the Federal Financial Institutions Examination Council. While the Call Reports are supervisory and regulatory documents, not primarily accounting documents, and do not provide a complete range of financial disclosure about Citibank, the reports nevertheless provide important information concerning the financial condition and results of operations of Citibank. Citibank's Call Report as of the close of business on June 30, 2005, is incorporated herein by reference. Any subsequent Call Reports filed by Citibank with the Comptroller are incorporated herein by reference.

Any of the above reports incorporated herein by reference are available upon request, without charge, by writing or calling Citigroup Document Services, 140 58th Street, Brooklyn, New York 11220, (718) 765-6514.

## THE ADMINISTRATION

The Administration is an agency in the Division of Development Finance of the Department, which is a principal department of the government of the State.

The Bonds are not, under any circumstances, payable from or secured by any other funds or assets of the Administration not expressly pledged to payment of the Bonds, including, without limitation, the Administration's General Bond Reserve Fund.

### General Information

The Administration was created in 1970 as a division of the Department of Economic and Community Development to meet the shortage of adequate, safe and sanitary housing in the State, particularly for persons or families of limited incomes. Chapter 311 of the Acts of Maryland 1987, effective July 1, 1987, abolished the Department of Economic and Community Development, created the Department and assigned the Administration as an agency in the Division of Development Finance of the Department.

The Secretary of Housing and Community Development (the "Secretary") is the head of the Department and is appointed by the Governor with the advice and consent of the Senate. The Department consists of five divisions: the Division of Development Finance, the Division of Credit Assurance, the Division of Finance and Administration, the Division of Neighborhood Revitalization, and the Division of Information Technology.

The Division of Development Finance is the lending and bond issuing division of the Department, originating loans under the Department's various lending programs and providing underwriting services for loans to the Department and its other divisions and agencies. The Administration is an agency within the Division of Development Finance.

The Secretary, with the approval of the Governor, appoints the Director of the Administration, and the Director of the Administration, with the approval of the Secretary, appoints the Deputy Directors of the Administration and the other senior staff members of the Administration. The Act establishes a Housing Finance Review Committee (the "Review Committee") which has the responsibility to review and to give recommendations to the Secretary regarding loans or categories of loans and the investment and project financing policies of the Administration. The Review Committee consists of seven members appointed by the Governor, including three members of the public and three members of the Department and one member of the Executive Branch not employed by the Department. When urgent action is required, the Secretary may approve a specific loan request without receiving the recommendation of the Review Committee.

The Division of Credit Assurance, the insuring division of the Department, provides certain asset management, monitoring and workout related services to the Department and its divisions and agencies, including the Administration.

The Division of Finance and Administration under the direction of the Chief Financial Officer of the Department provides budget, accounting, auditing and administrative services to the Department. In addition, the Administration has a finance office which handles finance and accounting for lending and bond activities and insurance activities, under the direction of the Chief Financial Officer of the Department who reports to the Director of the Administration with respect to its financial functions.

The Division of Information Technology develops and maintains information systems and trains Departmental staff in the use of computer resources.

The Department has established a Revenue Bond Advisory Board (the "Board"). The Board provides independent advice and expertise to the Department with respect to issuance of revenue bonds, including the Bonds. The Board consists of seven members appointed by the

Secretary, including the Deputy Secretary (who chairs the Board), one other representative of the Department, two representatives of other agencies of State government (one from an agency which issues revenue bonds), one representative of the State Treasurer's Office, and two members of the public. The Board reviews and makes recommendations to the Secretary with respect to each issuance of bonds. The Secretary has the final authority to approve each issuance after receipt of the Board's recommendation. When urgent action is required, the Secretary may approve an issuance of bonds without action by the Board or may vary the terms of the Board's recommendation. In addition, the Board advises the Department on procedures for issuing bonds and on selection and performance of financial advisors, underwriters, and accountants.

The Administration pays costs and expenses of operating its programs from earnings received from its programs financed by the Indenture and other bond resolutions and indentures of the Administration in excess of the amounts required to pay principal of and interest on its bonds and notes.

The office of the Administration is located at 100 Community Place, Crownsville, Maryland 21032. Inquiries for documents or concerning this Official Statement should be directed to Anne P. Konrad, Director, Finance, at (410) 514-7326, konrad@dhcd.state.md.us.

**Limited Involvement of the Administration**

The Administration has no obligation to review, control or oversee the activities of the Trustee or the Borrower or the compliance by either of them with any covenants or provisions of any related documents, including (without limitation) any covenants that relate to the excludability from gross income of interest on the Bonds.

The ability of the Administration to enforce provisions of the Loan Documents and the Regulatory Agreements against the Borrower is limited under the terms of the Assignment. See "THE LOAN" herein.

The Administration is indemnified by the Borrower against certain costs and liabilities as set forth in the Bond Documents.

## THE LOAN

The Loan is to be evidenced by the Note, which will be (i) in an aggregate principal amount equal to the outstanding principal amount of the Bonds, (ii) executed by the Borrower in favor of the Administration and (iii) secured by the Mortgage. The Loan is a non-recourse obligation of the Borrower.

Pursuant to the Assignment, the Administration will assign, with the exception of Reserved Rights, all of the its right, title and interest in and to (i) the Note, the Mortgage, each of the other Loan Documents and the Financing Agreement, (ii) all the real and personal property described in such documents and (iii) all proceeds, products, substitutions, additions and replacements of any collateral mortgaged, assigned or pledged under any such documents to the Credit Provider and the Trustee.

## THE PROJECT AND THE PRIVATE PARTICIPANTS

*The following has been provided solely by the Borrower. Neither the Administration, the Trustee, the Credit Provider nor the Underwriter, nor any of their counsel, officers or employees, make any representations as to the accuracy or sufficiency of the following information.*

*Except for the information herein under "THE PROJECT AND THE PRIVATE PARTICIPANTS" and "LITIGATION" (but only with respect to the Borrower), the Borrower has not provided any information contained in this Official Statement.*

### The Project

The Bonds are being issued to finance a mortgage loan to the Borrower for the purpose of paying a portion of the costs of acquiring, rehabilitating and equipping The Fort Washington Manor Senior Apartments (the "Project"), and certain other costs related thereto. The Project is a 150-unit multifamily residential development located on Indian Head Highway in Fort Washington, Prince George's County, Maryland. The property consists of approximately ten acres on a roughly rectangular shaped tract of land and will be improved with 2 three-story brick and vinyl sided frame garden-style apartment buildings. Units will be either one or two bedrooms and contain a living room, dining area and kitchen area. Laundry facilities are located throughout the Project. Air conditioning is provided by a combination of window and wall units.

The units consist of the following:

| Unit Type | Number of Units | Square Footage Per Unit | Total Square Footage |
|---|---|---|---|
| 1BR/1BA | 3 | 624 | 1,872 |
| 1BR/1BA | 10 | 624 | 6,240 |
| 1BR/1BA | 30 | 594 | 17,820 |
| 1BR/1BA | 8 | 791 | 6,328 |
| 2BR/1BA | 9 | 850 | 7,650 |
| 2BR/1BA | 34 | 790 | 26,860 |
| 2BR/1BA | 10 | 872 | 8,720 |
| 2BR/2BA | 36 | 844 | 30,384 |
| 2BR/2BA | 3 | 1,103 | 3,309 |
| 1BR/1BA | 3 | 624 | 1,872 |
| 2BR/1BA | 4 | 911 | 3,644 |
| **Total** | **150** | **765** | **114,699** |

The Borrower expects to spend approximately $14 million for construction of the Project. Construction of the Project is expected to commence in October 2005 and be completed by May 2007.

The property on which the Project will be constructed was purchased by the Borrower on June 29, 2005.

The Borrower will receive a subordinate mortgage loan from the Administration in the amount of $950,000 (the "CDA Loan"), the proceeds of which will be used to pay additional costs of construction of the Project. The CDA Loan will be funded from the Elderly Rental Housing Program. The CDA Loan will bear no interest during the construction period and bear interest at a rate of 4% per annum during the 40-year permanent loan period. The entire outstanding principal balance of, and all accrued but unpaid interest on, the CDA Loan will be due and payable on April 1, 2047, the maturity date thereof.

The Borrower will receive a subordinate mortgage loan from the County in the amount of $550,000 (the "County Loan"), the proceeds of which will be used to pay additional costs of construction of the Project. The County Loan will be funded from the County's HOME funds. The County Loan will bear interest at a rate of 3.58% during the stipulated 21-month construction period and bear interest at a rate of 4.02% per annum during the 40-year permanent loan period. The entire outstanding principal balance of, and all accrued but unpaid interest on the County Loan will be due and payable forty-one years from the end of the construction period.

The Project will be subject to separate regulatory agreements with respect to requirements imposed in conjunction with the Bond financing, the CDA Loan, the County Loan and the allocation of low income housing tax credits as described below.

The Administration and the Borrower will enter into a Regulatory Agreement (the "State Bond Regulatory Agreement") and an Agreement and Declaration of Covenants and Restrictions (the "Tax Regulatory Agreement") with respect to the Project in connection with the issuance of the Bonds. The Tax Regulatory Agreement imposes certain requirements on the Borrower with respect to the tax exempt status of the Bonds under the Code, which include, among other requirements, that at least 40% of the units in the Project be set aside for rental to persons or families having incomes at or below 60% of area median gross income, adjusted for family size and determined in accordance with Section 142(d) of the Code and (b) restriction on the rents which may be charged for occupancy of such units in the Project to not more than 30% of 60% of area median income, adjusted for family size. The State Bond Regulatory Agreement contains additional, more restrictive covenants, affecting tenant incomes pursuant to State law, requiring at least 3 units in the Project be occupied by tenants whose incomes do not exceed 50% of area median income and at least 147 units in the Project be occupied by families whose incomes do not exceed 60% of area median income. See "TAX MATTERS - Low Income Set-Aside Requirements Under the Code" below.

The Administration and the Borrower will also enter into a Regulatory Agreement with respect to the Project in connection with the CDA Loan (the "ERHP Regulatory Agreement"). The ERHP Regulatory Agreement requires that at least 3 units in the Project be occupied by families whose incomes do not exceed 50% of area median income and at least 147 units in the Project be occupied by families whose incomes do not exceed 60% of area median income and that all units be occupied by elderly tenants.

The County and the Borrower will also enter into the County Regulatory Agreement. The County Regulatory Agreement requires that all units must be rented to an individual or household, with one member who is sixty-two (62) years old or older or is physically handicapped and would qualify as elderly under the applicable Federal Housing Programs for a period of thirty (30) years after completion of the project or for so long as the HOME Loan is outstanding, whichever is greater. Of the 150 units, eleven (11) are designated as HOME units, with eight (8) HOME units to be rented to households whose incomes are equal to or less than sixty percent (60%) of the area median and three (3) of the HOME units that are to be rented to households whose incomes are equal to or less than fifty percent (50%) of area median income. All HOME units are rent restricted and subject to further restrictions under the Federal HOME Investment Partnerships Program.

The Project will also be encumbered by an Extended Low Income Housing Covenant for Low Income Housing Tax Credits entered into between the Administration and the Borrower pursuant to Section 42 of the Code, which will, among other things, (a) restrict the income levels of the tenants in at least 40% of the residential units in the Project to amounts not greater than 60% of area median income adjusted for family size, and (b) restrict the rents which may be charged for occupancy of units in the Project to not more than 30% of 60% of area median income, adjusted for family size.

*In those cases where the various Regulatory Agreements impose differing rent and occupancy restrictions, the Regulatory Agreement with the most restrictive requirements will govern.*

The Project has entered into a Payment in Lieu of Taxes Agreement (the "PILOT") with the County, under which the Borrower will pay, in lieu of County taxes, an amount equal to $50,000 per year plus a percentage of surplus cash. The PILOT requires compliance with the Regulatory Agreements and certain other state requirements.

Due to the inherent uncertainty of future events and conditions, including without limitation general interest rate levels, no assurance can be given that revenues generated by the Project will be sufficient to pay debt service on the Loan, operating expenses of the Project, Citibank's fees, the Construction Lender's fees, the Remarketing Agent's fees, and fees owed to the Administration. The ability of the Borrower to generate sufficient revenues will be affected by a variety of factors including, but not limited to, the completion of the construction of the Project, the achievement and maintenance of a sufficient level of occupancy, the level of rents prevailing in the market for those units not subject to regulatory restrictions, the ability to achieve increases in rent to cover debt service and operating expenses, the level of operating expenses, Project management, adverse changes in applicable laws and regulations, general economic conditions and other factors in the surrounding area of the Project. Adverse changes may occur from time to time with respect to any of these factors which may have a negative impact on the occupancy level and rental income of the Project. For more information, see "Security FOR THE BONDS" and "THE CREDIT PROVIDER."

**The Borrower**

The Borrower is Fort Washington Manor Limited Partnership, a Maryland limited partnership formed for the specific purpose of acquiring, constructing and operating the Project. The Borrower is not engaged in any business operations other than the Project and has no material assets other than its interest in the Project. Accordingly, it is expected that the Borrower will not have any source of funds to make payments on the Loan other than revenues generated by the Project.

The general partners of the Borrower are AHD Fort Washington, LLC, a Maryland limited liability company ("AHD"), and TRG MD, LLC a Maryland limited liability company ("TRG"). The limited partner of the Borrower will be either U.S.A. Institutional Tax Credit Fund XLII L.P. or TRGHT, Inc., affiliates of The Richman Group Affordable Housing Corporation, a national tax credit investor.

AHD is a privately held developer/operator of multifamily housing providing acquisition, development, and management. The principals of AHD specialize in the acquisition/rehabilitation of tax credit, bond-financed apartment projects. Those principals have been in the multifamily real estate business since 1989 and have developed in excess of 3,000 apartment units.

The principals of the TRG specialize in the acquisition, development and rehabilitation of tax credit, bond-financed apartment projects and have participated in over $1 billion of bond financed or tax credit projects as principals. The principals of TRG have been in the multifamily real estate business since 1975 and has developed in excess of 11,500 apartment units in 12 states. TRG and its affiliates employ approximately 95 individuals in 9 offices.

**The Managing Agent**

The Project will be managed by AHD/Equity Management Joint Venture (the "Managing Agent"), which is an affiliate of AHD. The principals of the Managing Agent are responsible for property management of all properties owned and controlled by AHD and currently manage approximately 2,500 apartment units.

**The General Contractor**

The general contractor is Hamel Builders, Inc.

## ENFORCEABILITY OF REMEDIES

The remedies available to the Trustee, the Administration and the owners of the Bonds upon an Event of Default under the Indenture are in many respects dependent upon regulatory and judicial actions, which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under the Financing Agreement, the Regulatory Agreements, the Credit Facility, the Loan Documents and the Indenture may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds, the Financing Agreement, the Regulatory Agreements and the Indenture may be qualified as to enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, by equitable remedies and proceedings generally, by common law and statutes affecting enforceability of contractual obligations generally and by principles of public policy concerning, affecting or limiting the enforcement of remedies against governmental entities such as the Administration.

## TAX MATTERS

**Opinion of Bond Counsel**

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to such exclusion of interest on any Bond for any period during which the Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed with the proceeds of the Bond or a "related person" and (ii) interest on the Bonds, however, is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code.

In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Administration and the Borrower in connection with the Bonds, and Bond Counsel has assumed compliance by the Administration and the Borrower with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel, under existing statutes, the Bonds, their transfer, the interest payable thereon, and any income derived therefrom, including any profit realized on the sale or exchange thereof, is exempt from taxation of every kind and nature whatsoever by the State of Maryland, except that no opinion is expressed with respect to any exemption from Maryland franchise taxes or estate or inheritance taxes.

Bond Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Bonds, or under state and local tax law.

**Certain Ongoing Federal Tax Requirements and Covenants**

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds will be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal Government. Noncompliance with such requirements may cause interest on the Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Administration has covenanted that it shall do and perform all acts necessary or desirable to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code. The Administration will deliver its Tax Certificate concurrently with the issuance of the Bonds which will contain provisions relating to compliance with the requirements of the Code. The Administration also has or will require the Borrower to make certain covenants in the Loan program documents relating to compliance with the requirements of the Code. No assurance can be given, however, that in the event of a breach of any such covenant, the remedies available to the Administration or the owners of the Bonds can be enforced judicially in a manner to assure compliance with the Code and therefore to prevent the loss of the exclusion from gross income of the interest on the Bonds for Federal income tax purposes.

**Low Income Set-Aside Requirements under the Code**

The Bonds are subject to the low income set-aside and other requirements for qualified residential rental projects under the Code which are described briefly in this subsection. The Code requires that at least 95 percent of the net proceeds of exempt facility bonds under Section 142(a)(7) (after reduction for amounts applied to fund a reasonably required reserve fund) be used to provide "qualified residential rental projects." The Code defines a residential rental project as a project containing units with separate and complete facilities for living, sleeping, eating, cooking, and sanitation that are available to the general public and are to be used on other than a transient basis. Section 142(d) of the Code requires that either (i) at least 20% of the completed units in a project to be financed with the proceeds of the Bonds be continuously occupied during the "qualified project period" by individuals and families whose annual adjusted income does not exceed 50% of the area median income (with adjustments for family size), or (ii) at least 40% of the completed units in a project to be financed with the proceeds of the Bonds be continuously occupied during the qualified project period by individuals and families whose annual adjusted income does not exceed 60% of the area median income (with adjustments for family size). The Administration will make elections on the applicable low income set-aside requirements with respect to the Project expected to be financed with the proceeds of the Bonds prior to the issuance date thereof. In addition, all of the units in the Project must be rented or available for rental on a continuous basis throughout the applicable qualified project period. The Code defines the "qualified project period" as the period beginning on the first day upon which 10% of the units in a project are occupied and ending on the latest of (i) the date that is 15 years after the date upon which 50% of the residential units in such project are occupied, (ii) the first day on which no tax-exempt private activity bond issued with respect to the Project is outstanding, or (iii) the date upon which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937, as amended, terminates. A Project generally will meet the continuing low income set aside requirement so long as a tenant's income does not increase to more than 140% of the applicable income limitation. Generally, upon an increase of a tenant's income over 140% of the applicable income limitation, the next available unit of comparable or smaller size in the Project must be rented to a tenant whose income does not exceed the applicable income limitation. The Code requires annual certifications to be made to the Secretary of the Treasury regarding compliance with the applicable income limitations.

**Certain Collateral Federal Tax Consequences**

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of an Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Bonds.

Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S Corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security or railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

**Possible Government Action**

Legislation affecting municipal bonds is regularly under consideration by the United States Congress. In addition, the Internal Revenue Service has established an expanded audit program for tax-exempt bonds. There can be no assurance that legislation enacted or proposed or an audit initiated by the Internal Revenue Service involving either the Bonds or other tax-exempt bonds will not have an adverse effect on the tax-exempt status or market price of the Bonds. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status or market price of the Bonds.

## LITIGATION

There is no pending litigation of any nature restraining or enjoining or seeking to restrain or enjoin the issuance, sale or delivery of any of the Bonds or in any way contesting or affecting the validity of any of the Bonds, the Indenture or other proceedings of the Secretary of Housing and Community Development taken with respect to the authorization, issuance or sale of the Bonds, or the pledge or application of any moneys under the Indenture, or the existence or powers of the Administration.

On the date of delivery of the Bonds, the Borrower will deliver a certificate to the effect that there are no legal proceedings against the Borrower pending or, to the Borrower's knowledge, threatened, against the Borrower to restrain or enjoin the issuance, sale or delivery of the Bonds or the payment, collection or application of the proceeds thereof or of the revenues or other moneys and securities pledged or to be pledged under the Indenture or in any way contesting or affecting any authority for or the validity of the Bonds or the Indenture.

## CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving opinion of Hawkins Delafield & Wood LLP, Washington, D.C., as Bond Counsel. A complete copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix D.

Certain legal matters will be passed upon for the Administration by an Assistant Attorney General of the State of Maryland as Counsel to the Department; for the Borrower by Swidler Berlin LLP, Washington, D.C., and Meyers, Rodbell & Rosenbaum, P.A., Riverdale, Maryland; for the Credit Provider by Hunton & Williams, Washington, D.C.; and for the Underwriter by its counsel, the Law Offices of Thomas K. Slattery, P.L.L.C., Washington, D.C. Fees and expenses of certain of the above-mentioned counsel are contingent upon issuance of the Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State of Maryland and the United States of America and bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon or of the future performance of parties to such transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

The remedies available to the Bondholders upon a default under the Indenture, the Loan Documents, the Letter of Credit and the Financing Agreement are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the federal bankruptcy code), the remedies provided in the Indenture, the Loan Documents, the Letter of Credit and the Financing Agreement may not be readily available or may be limited.

## RATINGS

Moody's has assigned the ratings set forth on the cover hereof to the Bonds. Such ratings express only the views of Moody's. An explanation of the significance of the ratings may be obtained from Moody's at 99 Church Street, New York, New York 10007. There is no assurance that such rating will continue for any given period of time or will not be revised or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision in or withdrawal of such rating may have an adverse effect on the market price of the Bonds. Neither the Administration, the Underwriter, the Credit Provider, nor the Borrower has undertaken any responsibility to bring to the attention of the holders of the Bonds any proposed downward revision or withdrawal of the rating of the Bonds, or to oppose any such proposed downward revision or withdrawal.

## UNDERWRITING

The Underwriter identified on the cover page hereof has agreed, subject to certain conditions, to purchase the Bonds from the Administration at a price of par. The Underwriter will be paid an underwriter's fee of $65,000, from which the Underwriter will pay certain expenses.

The obligation of the Underwriter to purchase the Bonds is subject to certain terms and conditions set forth in the Purchase Contract entered into among the Underwriter, the Borrower and the Administration. The Bonds may be offered and sold to certain dealers, banks and others at prices lower than the initial offering prices, and such initial offering prices may be changed, from time to time, by the Underwriter.

## MISCELLANEOUS

This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, as a whole or in part, for any other purpose. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement among the Administration and the purchasers or owners of any of the Bonds. The use of this Official Statement has been duly approved by the Administration.

* * * * * * *

The execution and delivery of this Official Statement and the incorporation of the Appendices hereto by the Administration have been duly authorized by the Secretary of Housing and Community Development.

COMMUNITY DEVELOPMENT ADMINISTRATION
MARYLAND DEPARTMENT OF HOUSING AND
COMMUNITY DEVELOPMENT

By: /s/ Mary A. Burkholder.

Mary A. Burkholder, Director
Community Development Administration

## APPENDIX A

## DEFINITIONS

*The terms used in this Official Statement (except as herein otherwise expressly provided or unless the context otherwise requires) are defined in the Indenture. The following terms have the respective meanings specified below:*

**"Act"** means Sections 4-101 through 4-255 of the Housing and Community Development Article of the Annotated Code of Maryland, as amended (previously Sections 2-201 through 2-208 of Article 83B of the Annotated Code of Maryland).

**"Account"** means an account established within a Fund.

**"Act of Bankruptcy"** means any proceeding instituted under the Bankruptcy Code or other applicable insolvency law by or against the Issuer, a Borrower or the Credit Provider.

**"Adjustment Date"** means any date on which the interest rate on the Bonds is adjusted to a different Mode. An Adjustment Date may only occur on an Interest Payment Date or, if such date is not a Business Day, the following Business Day. The Fixed Rate Adjustment Date is an Adjustment Date.

**"Advance"** means a payment made by a Credit Provider under its Credit Facility.

**"Affiliate"** as applied to any person, means any other person directly or indirectly controlling, controlled by, or under common control with, that person. For the purposes of this definition, "control" (including with correlative meanings, the terms "controlling", "controlled by" an "under common control with"), as applied to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that person, whether through the ownership of voting securities, partnership interests or by contract or otherwise.

**"Alternate Credit Facility"** means a letter of credit (whether or not so named), surety bond, insurance policy, standby bond purchase agreement, credit enhancement instrument, collateral purchase agreement, mortgage backed security or similar agreement, instrument or facility (other than the initial Credit Facility) provided in accordance with the Financing Agreement and which satisfies the requirements of the Indenture.

**"Alternate Credit Provider"** means the provider of an Alternate Credit Facility.

**"Assignment"** means the Assignment and Intercreditor Agreement, dated as of October 1, 2005, among the Issuer, the Trustee and the Credit Provider, as their interests may appear, pursuant to which certain rights of Issuer in and to the Financing Agreement, the Note, and the Mortgage have been assigned to the Trustee and the Credit Provider, as their interests may appear, as it may be amended, supplemented or restated from time to time.

**"Authorized Denomination"** means, during any Weekly Variable Rate Period, $100,000 or any integral multiple of $5,000 in excess of $100,000.

**"Authorized Officer"** means the Secretary, the Deputy Secretary, the Director, the Deputy Directors, any Director of any program or division of the Administration or any other person duly authorized by the Secretary to perform such act or discharge such duty, and such additional person or persons, if any, duly designated by the Administration in writing to act on its behalf.

**"Available Moneys"** means, as of any date of determination, any of (i) the proceeds of the Bonds, (ii) remarketing proceeds received from the Remarketing Agent or any purchaser of Bonds (other than funds provided by the Borrower, the Issuer, any Affiliate of either the Borrower or Issuer, any general partner of the Borrower or any guarantor of the Loan), (iii) moneys received by the Trustee pursuant to the Credit Facility, (iv) any other amounts, including the proceeds of refunding bonds, for which, in each case, the Trustee has received an Opinion of Counsel acceptable to each Rating Agency to the effect that the use of such amounts to make payments on the Bonds would not violate Section 362(a) of the Bankruptcy Code (or that relief from the automatic stay provisions of such Section 362(a) would be available from the bankruptcy court) or be avoidable as preferential payments under Section 544, 547 or 550 of the Bankruptcy Code should the Issuer or the Borrower become a debtor in proceedings commenced under the Bankruptcy Code, and (v) Investment Income derived from the investment of moneys described in clause (i), (ii), (iii) or (iv).

**"Bankruptcy Code"** means Title 11 of the United States Code entitled "Bankruptcy," as now and hereafter in effect, or any successor statute.

**"Beneficial Owner"** means, for any Bond which is held by a nominee, the beneficial owner of such Bond.

**"BMA Index Rate"** means the rate published in The Bond Market Association Municipal Swap Index, produced by Municipal Market Data, a Thomson Financial Services Company, or its successors.

**"Bond Counsel"** means (i) on the Closing Date, Hawkins Delafield & Wood LLP or (ii) after the Closing Date, any law firm selected by the Issuer and acceptable to the Credit Provider of nationally recognized standing in matters pertaining to the excludability from gross income, for federal income tax purposes, of the interest payable on bonds issued by states and political subdivisions.

**"Bond Documents"** means the Assignment, the Bonds, the Bond Purchase Agreement, the Credit Facility, the Financing Agreement, the Indenture, the Regulatory Agreements (and any other agreement relating to rental restrictions on the Project), the Remarketing Agreement, the Tax Certificate, any Tender Agent Agreement, and all other documents, instruments and agreements executed and delivered in connection with the issuance, sale, delivery and/or remarketing of such Bonds, as each such agreement or instrument may be amended, supplemented or restated from time to time.

**"Bond Fund"** means the Bond Fund established by the Trustee pursuant to the Indenture.

**"Bondholder," "holder," "Owner," "owner," "Registered Owner"** or **"registered owner"** means, with respect to any Bond, the owner of the Bond as shown on the Bond Register.

**"Bondholder Tender Notice"** means a written notice meeting the requirements of the Indenture.

**"Bond Purchase Agreement"** means the Purchase Contract among the Underwriter, the Issuer and the Borrower pursuant to which the Bonds are sold.

**"Bond Purchase Fund"** means the Bond Purchase Fund created under the Indenture.

**"Bond Register"** means the Bond Register maintained by the Trustee pursuant to the Indenture.

**"Bonds"** means the Issuer's Multifamily Development Revenue Bonds (Fort Washington Manor Senior Housing) Series 2005 A.

**"Book-Entry Bonds"** means that part of the Bonds for which a securities depository or its nominee is the Bondholder.

**"Book-Entry System"** means an electronic system in which the clearance and settlement of securities transactions is made through electronic book-entry changes.

**"Borrower"** means Fort Washington Manor Limited Partnership, a Maryland limited partnership.

**"Borrower's Tax Certificate"** means the Borrower's Tax Certificate relating to the Project, relating to the use of proceeds with respect to the Bonds executed and delivered by the Borrower, including all exhibits and other attachments thereto.

**"Business Day"** means any day other than a Saturday, Sunday, legal holiday or a day on which banking institutions in New York, New York are authorized or required to close.

**"Closing Date"** means the date on which the Bonds are issued and delivered to or upon the order of the Underwriter.

**"Code"** means the Internal Revenue Code of 1986, as amended; each reference to the Code is deemed to include (i) any successor internal revenue law and (ii) the applicable regulations whether final, temporary or proposed under the Code or such successor law. Any reference to a particular provision of the Code is deemed to include any successor provision of any successor internal revenue law and applicable regulations whether final, temporary or proposed under such provision or successor provision.

**"Conditional Redemption"** means a redemption with respect to which a notice of redemption has been given to Bondholders and in which notice the Trustee has stated that the redemption is conditioned upon a deposit of funds as further described in the Indenture.

**"Costs of Issuance"** means:

(a) the fees, costs and expenses of (i) the Issuer, the Issuer's counsel and the Issuer's financial advisor, if any, (ii) the Underwriter (including discounts to the Underwriter or other purchasers of the Bonds, other than original issue discount, incurred in the issuance and sale of the Bonds) and the Underwriter's counsel, (iii) Bond Counsel, (iv) the Trustee and the Trustee's counsel, (v) the Credit Provider and the Credit Provider's counsel, (vi) the Borrower's counsel and the Borrower's financial advisor, if any, and (vii) the Rating Agency, provided that ongoing fees payable after the Closing Date are not included in any of the foregoing;

(b) costs of printing the offering documents relating to the sale of the Bonds; and

(c) all other fees, costs and expenses directly associated with the authorization, issuance, sale and delivery of the Bonds, including printing costs, costs of reproducing documents, filing and recording fees, and any fees, costs and expenses required to be paid in connection with the origination of the Loan.

**"Costs of Issuance Deposit"** means the deposit to be made by the Borrower with the Trustee on or before the Closing Date as required by the Financing Agreement, to be deposited into the Costs of Issuance Fund and applied to pay Costs of Issuance.

**"Costs of Issuance Fund"** means the Costs of Issuance Fund created under the Indenture.

**"Credit Facility"** means the Letter of Credit, any extension thereof, or any Alternate Credit Facility in effect at the time, as amended, supplemented or restated from time to time.

**"Credit Facility Account"** means the Credit Facility Account of the Revenue Fund.

**"Credit Facility Documents"** means the Certificate of Borrower, the Reimbursement Agreement and all other agreements and documents securing the Credit Provider, as any such agreement may be amended, supplemented or restated from time to time.

**"Credit Provider"** means (i) so long as the initial Credit Facility is in effect, Citibank, N.A., and (ii) so long as any Alternate Credit Facility is in effect, the Alternate Credit Provider then obligated under the Alternate Credit Facility.

**"Department"** means the Department of Housing and Community Development, a principal department of the government of the State of Maryland.

**"Director"** means the Director of the Issuer.

**"DTC"** means The Depository Trust Company, New York, New York, as securities depository for the Bonds and any successor to it or any nominee.

**"Extension Date"** means the date which is five Business Days prior to the expiration date of the Credit Facility or any Alternate Credit Facility.

**“Extraordinary Items”** means, with respect to the Trustee, reasonable compensation for extraordinary services and/or reimbursement for reasonable extraordinary costs and expenses.

**“Fees”** means the Issuer’s Fee and the Remarketing Agent’s Fee.

**“Fees Account”** means the Fees Account of the Revenue Fund.

**“Financing Agreement”** means the Financing Agreement among the Borrower, the Issuer and the Trustee, as such Financing Agreement may from time to time be amended or supplemented or restated from time to time.

**“Fixed Rate”** means the rate of interest borne by the Bonds as determined in accordance with the Indenture at a rate fixed to the maturity of the Bonds.

**“Fixed Rate Adjustment Date”** means the date on which the interest rate on the Bonds adjusts from the Weekly Variable Rate to the Fixed Rate pursuant to the Indenture.

**“Fixed Rate Period”** means the period beginning on the Fixed Rate Adjustment Date and ending on the Maturity Date.

**“Fund”** means any fund created under the Indenture.

**“Government Obligations”** means direct obligations of, and obligations on which the full and timely payment of principal and interest is unconditionally guaranteed by, the full faith and credit of the United States of America.

**“HUD”** means the U.S. Department of Housing and Urban Development, and its successors.

**“Information Services”** means any of the following services: Bloomberg Municipal Repositories, P.O. Box 840, Princeton, NJ 08542-0840; DPC Data Inc., One Executive Drive, Fort Lee, NJ 07024; Interactive Data, Attn: Repository, 100 Williams Street, New York, New York 10038; Standard & Poor’s J.J. Kenny Repository, 55 Water Street, 45th Floor, New York, New York 10041; or such other services providing information with respect to called bonds as the Issuer may designate in a certificate of the Issuer delivered to the Trustee.

**“Interest Account”** means the Interest Account of the Revenue Fund.

**“Interest Payment Date”** means (i) during any Weekly Variable Rate Period, the 15$^{th}$ day of each calendar month commencing November 15, 2005, (ii) each Adjustment Date; (iii) for Bonds subject to redemption in whole or in part on any date, the date of such redemption, and (iv) the Maturity Date.

**“Interest Requirement”** means during the Weekly Variable Rate Period, 35 days interest on the Bonds at the Maximum Rate on the basis of a 365-or 366-day year, as applicable, for the actual number of days elapsed or such other number of days as may be required by the Rating Agency.

**"Investment"** means any Permitted Investment and any other investment held under the Indenture that does not constitute a Permitted Investment.

**"Investment Agreement"** means any investment agreement with respect to amounts on deposit in any Fund or Account, as described in paragraph (g) of the definition of Permitted Investments.

**"Investment Income"** means the earnings, profits and accreted value derived from the investment of moneys pursuant to the Indenture.

**"Issuer"** or the "**Administration**" means Community Development Administration, an agency in the Division of Development Finance of the Department of Housing and Community Development, a principal department of the government of the State of Maryland, and its successors and assigns.

**"Issuer's Fee"** means the Issuer's annual fee equal to 0.25 percent per annum of the outstanding principal amount of the Note, payable by the Borrower monthly in advance in accordance with the Note in arrears for deposit into the Fees Account, and payable to the Issuer on each February 15, May 15, August 15 and November 15, beginning November 15, 2005.

"**Letter of Credit**" means the unconditional, irrevocable Letter of Credit issued by the Credit Provider for the Bonds.

**"Loan"** means the loan of the proceeds of the Bonds made to the Borrower pursuant to the Loan Documents.

**"Loan Documents"** means the Financing Agreement, the Note, the Mortgage and all other documents, agreements and instruments evidencing, securing or otherwise relating to the Loan, as each such document, agreement or instrument may be amended, supplemented or restated from time to time.

**"Loan Fund"** means the Loan Fund created under the Indenture.

**"Mandatory Tender Date"** means any date on which Bonds are required to be tendered for purchase pursuant to the Indenture, including any Adjustment Date (including any proposed Adjustment Date), Substitution Date, Rating Notice Date, or Extension Date.

**"Maturity Date"** means November 15, 2038.

**"Maximum Rate"** means 12 percent per annum; provided, however, that the Maximum Rate may be increased if the Trustee receives (i) the written consent of the Credit Provider and the Borrower to a specified higher Maximum Rate not to exceed the lesser of the maximum rate permitted by law to be paid on the Bonds and the maximum rate chargeable on the Loan, (ii) an opinion of Bond Counsel to the effect that such higher Maximum Rate is permitted by law and will not adversely affect either the validity of the Bonds or the exclusion of the interest payable on such Bonds from gross income for federal income tax purposes, (iii) a new or amended Credit Facility in an amount equal to the sum of (A) the then outstanding principal amount of such Bonds and (B) the new Interest Requirement calculated using the new Maximum Rate and (iv) confirmation from the Rating Agencies that such increase will not reduce or result in a withdrawal of the then current rating on the Bonds.

**"Mode"** means the Weekly Variable Rate more or the Fixed Rate mode.

**"Moody's"** means Moody's Investors Service, Inc., a Delaware corporation, and its successors and assigns, or if it is dissolved or no longer assigns credit ratings, then any other nationally recognized statistical rating agency, designated by the Issuer, as assigns credit ratings.

**"Mortgage"** means the Deed of Trust, Security Agreement and Assignments of Rents, dated as of October 1, 2005, together with all riders and exhibits, securing the Note and the obligations of the Borrower to the Issuer, executed by the Borrower with respect to the Project, as amended, supplemented or restated from time to time, or any Mortgage executed in substitution therefor, as such substitute Mortgage may be amended, supplemented or restated from time to time.

**"Net Bond Proceeds"** means the total proceeds derived from the issuance, sale and delivery of the Bonds, representing the total purchase price of such Bonds, including any premium paid as part of the purchase price of such Bonds but excluding any accrued interest paid by the initial purchaser(s) thereof.

**"Note"** means the Mortgage Note dated as of October 1, 2005, executed by the Borrower in favor of the Issuer, together with all riders and addenda thereto, evidencing the Loan.

**"Official Statement"** means this Official Statement relating to the sale and issuance of the Bonds, as the same may be supplemented or amended.

**"Outstanding"** means, when used with reference to the Bonds at any date as of which the amount of Outstanding Bonds is to be determined, all Bonds which have been authenticated and delivered under this Indenture except:

(a) Bonds canceled or delivered for cancellation at or prior to such date;

(b) Bonds deemed to be paid in accordance with the Indenture; and

(c) Bonds in lieu of which others have been authenticated.

In determining whether the owners of a requisite aggregate principal amount of Outstanding Bonds have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of the Indenture, Bonds which are owned or held by or for the account of the Borrower and Pledged Bonds will be disregarded and deemed not to be Outstanding under the Indenture for the purpose of any such determination unless all Bonds are Pledged Bonds, Bonds owned or held by or for the account of the Borrower or a combination of Pledged Bonds and Bonds owned by or held for the account of the Borrower. In determining whether the Trustee will be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which are registered in the name of or known by the Trustee to be held for the account of the Borrower, including Pledged Bonds, will be disregarded.

**"Permitted Investments"** means, to the extent authorized by law for investment of moneys of the Issuer:

(a) Government Obligations.

(b) Direct obligations of, and obligations on which the full and timely payment of principal and interest is unconditionally guaranteed by, any agency or instrumentality of the United States of America (other than the Federal Home Loan Mortgage Corporation) or direct obligations of the World Bank, which obligations are rated in the Second Highest Rating Category.

(c) Obligations, in each case rated in the Second Highest Rating Category, of (i) any state or territory of the United States of America, (ii) any agency, instrumentality, authority or political subdivision of a state or territory, (iii) any public benefit or municipal corporation the principal of and interest on which are guaranteed by such state or political subdivision or (iv) any state or territory of the United States of America or any agency, instrumentality, authority, or political subdivision of a state or territory which have been advance refunded and which are secured by Government Obligations.

(d) Any written repurchase agreement entered into with a Qualified Financial Institution whose unsecured long-term and short-term obligations are rated in the Second Highest Rating Category.

(e) Commercial paper rated in the Second Highest Rating Category.

(f) Interest-bearing negotiable certificates of deposit, interest-bearing time deposits, interest-bearing savings accounts and bankers' acceptances, issued by a Qualified Financial Institution if the Qualified Financial Institution's unsecured long-term and short-term obligations are rated in the Second Highest Rating Category.

(g) An agreement held by the Trustee for the investment of moneys at a guaranteed rate (an "Investment Agreement") with (i) the Credit Provider or (ii) a Qualified Financial Institution whose unsecured long-term obligations are rated in the Second Highest Rating Category, or whose obligations are unconditionally guaranteed or insured by a Qualified Financial Institution whose unsecured long-term obligations are rated in the Second Highest Rating Category; provided that (A) the Investment Agreement is in a form acceptable to the Issuer and the Credit Provider, (B) notice of the Investment Agreement is provided to the Rating Agency prior to its execution and delivery, and (C) such agreement includes the following restrictions:

(1) the invested funds will be available for withdrawal without penalty or premium, at any time;

(2) the Investment Agreement, and if applicable the guarantee or insurance, is an unconditional and general obligation of the Qualified Financial Institution providing and, if applicable, the Qualified Financial Institution guaranteeing or insuring, the Investment Agreement, and ranks pari passu with all other unsecured unsubordinated obligations of the Qualified Financial Institution providing, and if

applicable, the Qualified Financial Institution guaranteeing or insuring, the Investment Agreement;

(3) the Trustee receives an Opinion of Counsel, which may be subject to customary qualifications, that the Investment Agreement is legal, valid, binding and enforceable in accordance with its terms upon the Qualified Financial Institution providing the Investment Agreement and, if applicable, an Opinion of Counsel that any guaranty or insurance policy provided by a Qualified Financial Institution guaranteeing or insuring the Investment Agreement is legal, valid, binding and enforceable in accordance with its terms upon such Qualified Financial Institution; and

(4) the Investment Agreement provides that if during its term the rating of the Qualified Financial Institution providing, guaranteeing or insuring, as applicable, the Investment Agreement is withdrawn or suspended by any rating agency or falls below the Second Highest Rating Category, such Qualified Financial Institution will, within ten (10) days following the withdrawal, suspension or downgrade, either: (A) (1) collateralize the Investment Agreement (if the Investment Agreement is not already collateralized) with Permitted Investments described in paragraph (a) or (b) above by depositing such collateral with the Trustee or a third party custodian, such collateralization to be effected in a manner and in an amount sufficient to maintain the then-current rating of the Bonds, or, if the Investment Agreement is already collateralized, increase the collateral with Permitted Investments described in paragraph (a) or (b) above by depositing such collateral with the Trustee or a third party custodian, such collateralization to be effected in a manner and in an amount sufficient to maintain the then-current rating of the Bonds, (2) transfer the Investment Agreement and the rights and obligations of the Qualified Financial Institution under the Investment Agreement to a Qualified Financial Institution whose unsecured long-term obligations are rated in the Second Highest Rating Category or whose obligations are unconditionally guaranteed or insured by a Qualified Financial Institution whose unsecured long-term obligations are rated in the Second Highest Rating Category or (3) deliver a guarantee from a Qualified Financial Institution whose unsecured long-term obligations are rated in the Second Highest Rating Category or (B) at the direction of the Trustee and the Issuer, following the failure of the Qualified Financial Institution to take one or more of the actions described in the foregoing clauses (A)(1)-(3), repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Trustee unless required by law (the Investment Agreement may provide that the Qualified Financial Institution providing the Investment Agreement shall have the right to elect among the actions described in clauses (A)(1), (A)(2) and (A)(3), but shall not have the right to elect the action described in clause (B) as an alternative to the actions described in clauses (A)(1), (A)(2) and (A)(3));

(h) Subject to the ratings requirements set forth in this definition, shares in any money market mutual fund (including those maintained by the Trustee or any of its affiliates for which the Trustee or an affiliate thereof serves as an investment adviser or provides other services and receives reasonable compensation therefor) registered under the Investment Company Act of 1940, as amended, that have been rated AAAm-G or AAAm by S&P or Aaa by Moody's, so long as the portfolio of such money market mutual fund is limited to Government Obligations and agreements to repurchase Government Obligations. If approved in writing by the Issuer and the Credit Provider, a money market mutual fund portfolio may also contain obligations and agreements to repurchase obligations described in paragraphs (b) or (c). If the Bonds are rated by a Rating Agency, the money market mutual fund must be rated AAAm-G or AAAm by S&P, if S&P is a Rating Agency, or Aaa by Moody's, if Moody's is a Rating Agency. If at any time the Bonds are not rated (and, consequently, there is no Rating Agency), then the money market mutual fund must be rated AAAm-G or AAAm by S&P or Aaa by Moody's. If at any time (i) the Bonds are not rated, (ii) both S&P and Moody's rate a money market mutual fund and (iii) one of those ratings is below the level required by this paragraph, then such money market mutual fund will, nevertheless, be deemed to be rated in the Second Highest Rating Category if the lower rating is no more than one rating category below the Second Highest Rating Category of that rating agency.

(i) Any other investment authorized by the laws of the State, if such investment is approved in writing by the Credit Provider, the Issuer and Moody's.

Permitted Investments shall not include any of the following:

(1) Except for any investment described in the next sentence, any investment with a final maturity or any agreement with a term greater than one year from the date of the investment. This exception (1) shall not apply to any obligation that provides for the optional or mandatory tender, at par, by the holder of such obligation at least once within one year of the date of purchase, Government Obligations irrevocably deposited with the Trustee for payment of Bonds pursuant to the Indenture, and Permitted Investments listed in paragraphs (g) and (i).

(2) Except for any obligation described in paragraph (a) or (b), any obligation with a purchase price greater or less than the par value of such obligation.

(3) Any asset-backed security, including mortgage-backed securities, real estate mortgage investment conduits, collateralized mortgage obligations, credit card receivable asset-backed securities and auto loan asset-backed securities.

(4) Any interest-only or principal-only stripped security.

(5) Any obligation bearing interest at an inverse floating rate.

(6) Any investment which may be prepaid or called at a price less than its purchase price prior to stated maturity.

(7) Any investment the interest rate on which is variable and is established other than by reference to a single index plus a fixed spread, if any, and which interest rate moves proportionately with that index.

(8) Any investment described in paragraph (d) or (g) with, or guaranteed or insured by, a Qualified Financial Institution described in clause (iv) of the definition of Qualified

Financial Institution if such institution does not agree to submit to jurisdiction, venue and service of process in the United States of America in the Investment Agreement.

(9) Any investment to which S&P has added an "r" or "t" highlighter.

**"Pledged Bond"** means any Bond purchased with the proceeds of a Liquidity Drawing, as that term is defined in the Credit Facility, until such Bond is remarketed pursuant to the Indenture.

**"Project"** means the land and residential multifamily rental apartment units, and related fixtures, equipment, furnishings and site improvements known as the Fort Washington Manor Senior Housing located in Prince George's County, Maryland.

**"Qualified Financial Institution"** means any of the following entities if specifically approved by the Issuer: (i) bank or trust company organized under the laws of any state of the United States of America, (ii) national banking association, (iii) savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any state of the United States of America, (iv) federal branch or agency pursuant to the International Banking Act of 1978 or any successor provisions of law or a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, (v) government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, and (vi) securities dealer approved in writing by the Credit Provider the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation. With respect to an entity which provides an Investment Agreement or an entity which guarantees or insures, as applicable, the Investment Agreement, a "Qualified Financial Institution" may also be a corporation or limited liability company organized under the laws of any state of the United States of America.

**"Rating Agency"** means any nationally recognized statistical rating agency then maintaining a rating on the Bonds.

**"Rate Determination Date"** means with respect to the Weekly Variable Rate, Tuesday of each week, or if such Tuesday is not a Business Day, the preceding Business Day.

**"Rating Notice Date"** means that date established by the Issuer and the Credit Provider pursuant to the Indenture on which the Bonds are subject to mandatory tender for purchase following a notice from the Issuer that the rating of the Credit Provider has been suspended, terminated or downgraded below "Aa" or equivalent rating.

**"Rebate Analyst"** means a Person that is (i) qualified and experienced in the calculation of rebate payments under Section 148 of the Code and compliance with the arbitrage rebate regulations promulgated under the Code, (ii) chosen by the Borrower and (iii) engaged for the purpose of determining the amount of required deposits, if any, to the Rebate Fund.

**"Rebate Analyst Fees"** means the fees and expenses payable to the Rebate Analyst.

**"Rebate Fund"** means the Rebate Fund established by the Trustee pursuant to the Indenture.

**"Record Date"** means, with respect to any Interest Payment Date, if the Bonds bear interest at the Weekly Variable Rate, the Business Day before the Interest Payment Date.

**"Redemption Account"** means the Redemption Account of the Revenue Fund created under the Indenture.

**"Redemption Date"** means any date upon which Bonds are to be redeemed pursuant to the Indenture.

**"Regulatory Agreements"** means, collectively, the Agreement and Declaration of Covenants and Restrictions dated October 1, 2005, the Extended Low Income Housing Covenant for Low Income Housing Tax Credits dated October 1, 2005, and the Multifamily Bond Program Regulatory Agreement dated October 1, 2005, each between the Issuer and the Borrower, as such agreements may be amended and supplemented.

**"Remarketing Agent"** means Ferris, Baker Watts, Incorporated or any successor as Remarketing Agent designated in accordance with the Indenture.

**"Remarketing Agent's Fee"** means the fee in the amount of .07% per annum of the outstanding principal amount of the Bonds, payable by the Borrower monthly in accordance with the provisions of the Note in arrears for deposit into the Fees Account, and payable to the Remarketing Agent on each February 15, May 15, August 15 and November 15, beginning November 15, 2005.

**"Remarketing Agreement"** means each of the Remarketing Agreements, by and among the Issuer, the Borrower and the Remarketing Agent, as amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor with respect to the Bonds.

**"Reserved Rights"** means those certain rights of the Issuer under the Financing Agreement and the Regulatory Agreements to indemnification and to payment or reimbursement of fees and expenses of the Issuer, its right to give and receive notices and to enforce notice and reporting requirements, its right to inspect and audit the books, records and premises of the Borrower and the Project, its right to collect attorneys' fees and related expenses, its right to specifically enforce such Borrower's covenant to comply with applicable federal tax law and State law (including the Act and the rules and regulations of the Issuer, if any), and its rights to give or withhold consent to amendments, changes, modifications and alterations to the Financing Agreement and the Regulatory Agreements.

**"Revenue Fund"** means the Revenue Fund created under the Indenture.

**"Revenues"** means all (i) payments made under the Credit Facility, (ii) Investment Income (excluding Investment Income earned from moneys on deposit in the Rebate Fund, the Fees Account and the Costs of Issuance Fund) and (iii) payments made under the Note.

**“Second Highest Rating Category”** has, with respect to an Investment, the following meanings: If the Bonds are rated by a Rating Agency, the term “Second Highest Rating Category” means, with respect to an Investment, that the Investment is rated by each Rating Agency in one of the two highest rating categories (without regard to modifiers) given by that Rating Agency for that general category of security. If at any time the Bonds are not rated (and, consequently, there is no Rating Agency), then the term “Second Highest Rating Category” means, with respect to an Investment, that the Investment is rated either by Moody’s (if only Moody’s rates such Investment) or by both S&P and Moody’s (if both Moody’s and S&P rate such Investment) in one of the two highest ratings given by that rating agency for that general category of security.

**“Securities Depository”** means, initially, The Depository Trust Company, New York, New York, and its successors and assigns, and any replacement securities depository appointed under the Indenture.

**“Security”** means the Trust Estate and the Credit Facility.

**“Secretary”** means the Secretary of the Department.

**“Sinking Fund Payment”** means, as of any particular date of calculation, the amount required to be paid by the Issuer on a single future date for the retirement of Outstanding Bonds which mature after such future date, as set forth in a Sinking Fund Schedule in the Indenture but excluding any amount payable by the Issuer by reason of the maturity of a Bond or by optional redemption at the election of the Issuer.

**“Sinking Fund Payment Date”** means any of the dates on which any of the Bonds mature or are subject to redemption through the application of Sinking Fund Payments as set out in the Sinking Fund Schedule in the Indenture.

**“Sinking Fund Schedule”** means a schedule of principal amounts of Bonds to mature or be subject to redemption through the application of Sinking Fund Payments on the dates specified in the Indenture.

**“S&P”** means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors and assigns, or if it is dissolved or no longer assigns credit ratings, then any other nationally recognized statistical rating agency, designated by the Issuer, as assigns credit ratings.

**“State”** means the State of Maryland.

**“Substitution Date”** means the date upon which an Alternate Credit Facility is to be substituted for the Credit Facility then in effect with respect to the Bonds, which date must be an Interest Payment Date during a Weekly Variable Rate Period.

**“Tax Certificate”** means the Federal Tax Certificate executed by the Issuer and the Borrower’s Tax Certificate executed by the Borrower on the Closing Date.

**“Tax Regulatory Agreement”** means the Agreement and Declaration of Covenants and Restrictions, dated as of October 1, 2005, by and between the Borrower and the Issuer, together with all supplements thereto.

**“Tender Agent”** means Manufacturers and Traders Trust Company or its successor as Tender Agent under the Indenture.

**“Tender Agent’s Fees”** means the fees and expenses of the Tender Agent payable as set forth in the Financing Agreement.

**“Tender Agent Agreement”** means any Tender Agent Agreement entered into by the Issuer, the Trustee and the Tender Agent in the event that the Trustee does not serve as Tender Agent under the Indenture, as such agreement may be amended, supplemented or restated from time to time.

**“Tender Date”** means (i) any Mandatory Tender Date or (ii) any other date on which Bondholders are permitted under the Indenture to tender their Bonds for purchase.

**“Tendered Bond”** means any Bond which has been tendered or deemed tendered for purchase pursuant to the Indenture.

**“Third Party Fees”** means the fees of the Trustee, the Tender Agent and the Rebate Analyst.

**“Trust Estate”** means the property, interests, rights, money, securities and other amounts pledged and assigned pursuant to the Indenture and the property, rights, money, securities and other amounts pledged and assigned by the Issuer to the Trustee and the Credit Provider, as their interests may appear, pursuant to the Assignment.

**“Trustee”** means Manufacturers and Traders Trust Company, and its successors in trust hereunder.

**“Trustee’s Fee”** means the Trustee’s ordinary servicing fee in the amount of $4,250 per annum.

**“Underwriter”** means Ferris, Baker Watts, Incorporated.

**“Week”** means any seven-day period during a Weekly Variable Rate Period beginning on Wednesday and ending on and including the following Tuesday; except that:

(a) the first Week will begin on the Closing Date and end on and include October 18, 2005;

(b) the first Week of a Weekly Variable Rate Period immediately following an Adjustment Date will begin on such Adjustment Date and end on and include the following Tuesday;

(c) any Week ending immediately before an Adjustment Date will begin on a Wednesday and end on the day before such Adjustment Date;

(d) the final Week will begin on a Wednesday and end on the earlier of an Adjustment Date or the Maturity Date; and

(e) the first and last Weeks of a Weekly Variable Rate Period may consist of more (but not more than 13) or less than 7 days.

**"Weekly Variable Rate"** means the variable rate of interest per annum for the Bonds determined from time to time during the Weekly Variable Rate Period in accordance with the Indenture.

**"Weekly Variable Rate Period"** means the period commencing on the Closing Date and ending on the day preceding the following Adjustment Date or the Maturity Date.

**"Wrongful Dishonor"** means an uncured failure by the Credit Provider to make an Advance to the Trustee upon proper presentation of documents which conform to the terms and conditions of the Credit Facility.

[THIS PAGE INTENTIONALLY LEFT BLANK]

## APPENDIX B

## SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

*The following is a summary of certain provisions of the Indenture. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Indenture, a copy of which is on file with the Trustee.*

### Additional Provisions concerning the Bonds and the Credit Facility

Each Credit Facility shall satisfy the following requirements:

(a) the Credit Facility shall be in an amount equal to the aggregate principal amount of the Bonds Outstanding from time to time plus the Interest Requirement and the amount of the Fees;

(b) the Credit Facility shall provide for payment to the Trustee upon receipt of a conforming draw in accordance with the terms of the Credit Facility for such payment with respect to any Interest Payment Date, purchase date or redemption date pursuant to the Indenture or date for payment of any Fees;

(c) unless waived by the Issuer in its sole discretion, the Credit Facility shall result in Bonds receiving a rating in the Second Highest Rating Category of each Rating Agency. The failure to maintain such rating shall result in the Bonds being subject to the mandatory tender for purchase on a Rating Notice Date; and

(d) if the Credit Facility is an Alternate Credit Facility, the Credit Facility satisfies the following additional requirements:

(i) the Substitution Date for the Alternate Credit Facility is an Interest Payment Date;

(ii) the Alternate Credit Facility is effective on and from the Substitution Date for such Alternate Credit Facility; and

(iii) the Trustee receives on or prior to the effective date of the Alternate Credit Facility (i) an Opinion of Counsel to the Credit Provider issuing the Alternate Credit Facility, in form and substance satisfactory to the Issuer and the Trustee, relating to the due authorization and issuance of the Alternate Credit Facility and its enforceability and (ii) an opinion of Bond Counsel to the effect that the substitution of such Alternate Credit Facility will not adversely affect the exclusion from gross income, for federal income tax purposes, of the interest payable on the Bonds; and

(iv) moneys sufficient to pay all costs of such substitution are on deposit with the Trustee prior to the effective date of the Alternate Credit Facility.

On the Substitution Date, the Trustee shall, if necessary, request an Advance under the Credit Facility being replaced and shall not surrender such Credit Facility until all requests thereon have been honored.

**Creation of Funds and Accounts**

The Indenture creates the following Funds and Accounts:

(a) the Loan Fund, and, within the Loan Fund, the Project Account and the Capitalized Interest Account;

(b) the Revenue Fund, and, within the Revenue Fund, the Interest Account, the Credit Facility Account, the Redemption Account and the Fees Account;

(c) the Costs of Issuance Fund;

(d) the Rebate Fund; and

(e) so long as any Bonds are Outstanding and have not been adjusted to the Fixed Rate, the Bond Purchase Fund.

**Loan Fund**

Amounts on deposit in the Loan Fund shall be disbursed by the Trustee from time to time in accordance for the sole purpose of paying certain costs of the Project. Upon final disbursement of all amounts on deposit in the Loan Fund, the Trustee shall close the Loan Fund.

***Transfers to Effect Certain Mandatory Redemptions of Bonds***. The Trustee shall transfer to the Redemption Account any amounts (A) remaining on deposit in the Loan Fund which are not required to pay Costs of the Project not yet due and payable or which are being contested in good faith, as determined by the written direction of the Credit Provider, or (B) which are not disbursed from the Loan Fund following the exercise of the right of the Credit Provider under the Reimbursement Agreement to prevent the Borrower from being disbursed funds from the Loan Fund if such non-disbursal would, in the opinion of Bond Counsel, adversely affect the excludability from gross income, for federal income tax purposes, of the interest payable on the Bonds. The Trustee shall apply any amounts so transferred to the redemption of Bonds.

Immediately prior to any mandatory redemption of the Bonds in whole as a result of an optional prepayment of the Bonds or an Event of Default under the Reimbursement Agreement, any amounts then remaining in the Loan Fund shall be transferred to the Redemption Account to be applied to the redemption of Bonds pursuant to the applicable provision.

**Revenue Fund - Interest Account**

***Deposits into the Interest Account***. The Trustee shall deposit each of the following amounts into the Interest Account:

(1) moneys provided by or on behalf of the Borrower relating to an interest payment, including any prepayment, under the Note;

(2) moneys transferred from the Capitalized Interest Account pursuant to the Indenture;

(3) all Investment Income on the Funds and Accounts (except that Investment Income earned on amounts on deposit in the Loan Fund, the Rebate Fund or the Costs of Issuance Fund shall be credited to and retained in those respective Funds or Accounts); and

(4) any other moneys made available for deposit into the Interest Account from any other source.

***Disbursements from the Interest Account***. The Trustee shall disburse or transfer, as applicable, moneys on deposit in the Interest Account at the following times and apply such moneys in the following manner and in the following order of priority:

(1) on each Interest Payment Date, Redemption Date and date of acceleration of the Bonds, the Trustee shall disburse to the Credit Provider the amount of any Advance under the Credit Facility relating to the payment of interest on the Bonds or Fees, unless the Credit Provider has been timely reimbursed by the Borrower for the amount of such Advance;

(2) in the event of a Wrongful Dishonor until such Wrongful Dishonor is cured, the Trustee shall disburse to the Bondholders on each Interest Payment Date, an amount equal to the interest due on the Bonds on such date; and

(3) unless (A) there is a deficiency in the Redemption Account, the Fees Account or the Rebate Fund or (B) an Event of Default under the Reimbursement Agreement or any Bond Document or a default under any Loan Document has occurred and is continuing, on each Interest Payment Date the Trustee shall disburse to the Borrower the Investment Income earned on or transferred to the Interest Account from and after the preceding Interest Payment Date or the Closing Date, as applicable; provided, however, that, prior to completion of construction all amounts which would otherwise be paid to Borrower under this subparagraph (3) shall instead be retained in the Interest Account. If a deficiency exists in the Redemption Account, the Fees Account or the Rebate Fund, such Investment Income shall be transferred to the Redemption Account, the Fees Account and/or the Rebate Fund, in that order of priority, prior to any payment to the Borrower.

**Revenue Fund - Redemption Account**

***Deposits into the Redemption Account***. The Trustee shall deposit each of the following amounts into the Redemption Account:

(1) Available Moneys provided by or on behalf of the Borrower to fund the premium payable on Bonds in connection with a redemption of such Bonds, which amounts shall be held in a segregated subaccount in the Redemption Account;

(2) moneys transferred from the Loan Fund pursuant to the Indenture;

(3) moneys provided by or on behalf of the Borrower relating to a principal payment, including any prepayment under the Note;

(4) monthly payments made by the Borrower in accordance with the amortization schedule attached to the Note as such schedule may be amended in writing in accordance with its terms; and

(5) any other amount received by the Trustee and required by the terms of the Indenture or the Financing Agreement to be deposited into the Redemption Account.

***Disbursements from the Redemption Account***. On each Redemption Date, on the date of acceleration of the Bonds and on the Maturity Date, the Trustee shall disburse from the Redemption Account (i) to the Credit Provider, the amount of any Advance under the Credit Facility relating to the payment of principal on the Bonds unless the Credit Provider has been timely reimbursed by the Borrower for the amount of such Advance or (ii) in the event of a Wrongful Dishonor, to the Bondholders, an amount equal to the principal due on the Bonds on such date. In addition, on any date on which premium payable on Bonds in connection with a redemption of such Bonds is due, the Trustee shall disburse to the Bondholders, from the segregated subaccount in the Redemption Account, Available Moneys in an amount sufficient to pay such premium.

**Revenue Fund - Credit Facility Account**

***Deposits into the Credit Facility Account***. The Trustee shall deposit into the Credit Facility Account all Advances under the Credit Facility, except for Advances on account of Third Party Fees and Advances required to be deposited into the Bond Purchase Fund. No other moneys will be deposited into the Credit Facility Account and the Credit Facility Account shall be maintained as a segregated account and moneys in it shall not be co-mingled with any other moneys held under the Indenture.

***Transfers from the Credit Facility Account***. Amounts deposited into the Credit Facility Account will be applied on the date payment is due to the payments for which the Advance was made pursuant to the Credit Facility.

**Revenue Fund - Fees Account**

The Trustee shall deposit into the Fees Account the (i) payments made by the Borrower under the Financing Agreement attributable to Third Party Fees and (ii) amounts, if any, derived from the Credit Facility for the payment of the Fees. On any date on which any amounts are required to pay any Third Party Fees or Fees, such amounts shall be withdrawn by the Trustee from the Fees Account for payment of such Third Party Fees or Fees to the appropriate party.

**Costs of Issuance Fund**

On the Closing Date, the Trustee shall deposit or transfer, as applicable, the Costs of Issuance Deposit (if any) into the Costs of Issuance Fund. The Trustee shall disburse moneys on deposit in the Costs of Issuance Fund, if any, pursuant to requisitions signed by an Authorized Borrower Representative, to pay Costs of Issuance. Moneys on deposit in the Costs of Issuance Fund shall not be part of the Trust Estate and shall be used solely to pay Costs of Issuance. Any moneys remaining in the Costs of Issuance Deposit Account of the Costs of Issuance Fund six months after the Closing Date and not needed to pay still unpaid Costs of Issuance will be returned to the Borrower.

**Rebate Fund**

The Trustee shall hold and apply the Rebate Fund as provided in the Tax Certificate from funds provided by the Borrower. Moneys on deposit in the Rebate Fund shall not be part of the Trust Estate.

**Bond Purchase Fund**

***Deposits into Bond Purchase Fund***. The Trustee shall deposit each of the following into the Bond Purchase Fund:

(1) Remarketing proceeds received upon the remarketing of Tendered Bonds to any person;

(2) Advances under the Credit Facility to enable the Trustee to pay the purchase price of Tendered Bonds to the extent that moneys obtained pursuant to subparagraph (1) above are insufficient on any date to pay the purchase price of Tendered Bonds; and

(3) Available Moneys from the Borrower to the extent that moneys obtained pursuant to subparagraphs (1) and (2) above are insufficient on any date to pay the purchase price of Tendered Bonds.

Subject to provisions of the Indenture permitting reimbursement of amounts owed to the Credit Provider, moneys in the Bond Purchase Fund shall be held uninvested and exclusively for the payment of the purchase price of Tendered Bonds.

***Disbursements from the Bond Purchase Fund***. The Trustee shall transfer to the Tender Agent on or before 3:00 p.m. Eastern time on each Tender Date amounts on deposit in the Bond Purchase Fund to pay the purchase price of Tendered Bonds. The Tender Agent shall apply such amounts to pay the purchase price of Bonds purchased under the Indenture to the former owners of such Bonds upon presentation of the Bonds to the Tender Agent.

**Investment Limitations**

Moneys held as part of any Fund or Account shall be invested and reinvested in Permitted Investments. Permitted Investments shall have maturities corresponding to, or shall be available for withdrawal without penalty no later than, the dates upon which such moneys shall be needed for the purpose for which such moneys are held. Moneys on deposit in the (i) Interest Account shall be invested only in investments described in paragraphs (a), (b), (c), and (h) of the definition of Permitted Investments, (ii) Redemption Account shall be invested only in investments described in paragraph (a) of the definition of Permitted Investments, with a term not exceeding the earlier of 30 days from the date of investment of such moneys or the date or dates that such moneys are anticipated to be required for redemption, (iii) Credit Facility Account and Bond Purchase Fund shall be held uninvested and (iv) Costs of Issuance Fund, until disbursed or returned to the Borrower shall be invested only in investments described in paragraph (h) of the definition of Permitted Investments. All Investment Income from moneys held in all Funds and Accounts other than the Loan Fund, the Rebate Fund and the Costs of Issuance Fund, upon receipt, shall be deposited into the Interest Account. Investment Income from moneys held in the Loan Fund, the Rebate Fund and the Costs of Issuance Fund shall remain in the respective Fund where earned.

**Limitations on Rights of Credit Provider**

All provisions in the Indenture regarding consents, approvals, directions, waivers, appointments, requests or other actions by the Credit Provider shall be deemed not to require or permit such consents, approvals, directions, waivers, appointments, requests or other actions and shall be read as if the Credit Provider were not mentioned in such provisions (i) if a Wrongful Dishonor has occurred and is continuing, or (ii) after the Credit Facility is declared to be null and void by final judgment of a court of competent jurisdiction; provided, however, that the Credit Provider's right to notices and the payment of amounts due to the Credit Provider shall continue in full force and effect.

**Discharge of Lien and Security Interest**

Upon satisfaction of the conditions set forth below, the Trustee shall cancel and discharge the Indenture, and the pledge and assignment of the Security.

The conditions precedent to the cancellation and discharge of the Indenture are: (i) payment in full of the Bonds, (ii) payment of the Trustee's Annual Fee and the Trustee's ordinary costs and expenses under the Indenture, (iii) receipt by the Trustee of a written statement from the Credit Provider stating that all obligations owed to the Credit Provider under the Credit Facility Documents have been fully paid, (iv) payment of all Extraordinary Items, (v) receipt by the Trustee of a written statement from the Issuer stating that all amounts owed to the Issuer in respect of Reserved Rights have been fully paid, and (vi) receipt by the Trustee of an opinion of counsel stating that all conditions precedent to the satisfaction and discharge of the Indenture have been satisfied.

**Events of Default**

Each of the following constitutes an Event of Default under the Indenture:

(1) default in the payment when due and payable of any interest due on any Bond (other than a Pledged Bond);

(2) default in the payment when due and payable of (A) the principal of or any redemption premium on any Bond (other than a Pledged Bond) or (B) the purchase price of any Tendered Bond (other than a Pledged Bond);

(3) default in the observance or performance of any covenant, agreement, warranty or representation on the part of the Issuer included in the Indenture or in the Bonds (other than an Event of Default set forth in subparagraphs (1) or (2) above) and the continuance of such default for a period of 30 days after written notice of the default from the Trustee to the Issuer, the Credit Provider, or the Borrower; or

(4) a Wrongful Dishonor.

**Non-Default and Prohibition of Mandatory Redemption Upon Tax Event**

The occurrence of any event ("**Tax Event**") which results in the interest payable on the Bonds being includable, for federal income tax purposes, in the gross income of the Bondholders, including any violation of any provision of the Regulatory Agreements or any of the other Bond Documents, shall not (i) directly or indirectly constitute an Event of Default under this Indenture or permit any party (except the Credit Provider, to the extent that the Credit Provider has determined such event to create an event of default under the Reimbursement Agreement) to accelerate, or require acceleration of, the Loan or the Bonds, or (ii) give rise to a mandatory redemption of the Bonds, or (iii) give rise to the payment to the Bondholders of any amount, denoted as "supplemental interest," "additional interest," "penalty interest," "liquidated damages," "damages" or otherwise, in addition to the amounts payable to the owners of the Bonds prior to the occurrence of the Tax Event. Nothing contained in this paragraph will be deemed to amend or supplement the terms of the Loan Documents. Promptly upon determining that a Tax Event has occurred, the Issuer or the Trustee, by notice in writing to the Credit Provider shall state that a Tax Event has occurred and whether the Tax Event is cured, curable within a reasonable period or incurable. Notwithstanding the availability of the remedy of specific performance to cure a Tax Event that is curable within a reasonable period, neither the Issuer nor the Trustee shall have, upon the occurrence of a Tax Event, any right or obligation to cause or direct acceleration of the Bonds or the Loan, to enforce the Note or to foreclose the Mortgage, to accept a deed to the Project in lieu of foreclosure, or to effect any other comparable conversion of the Loan.

**Remedies**

***Acceleration***. Upon the occurrence and during the continuance of an Event of Default, the Trustee may, and, upon the written request of Bondholders owning not less than 51 percent in aggregate principal amount of Bonds then Outstanding, must, by written notice to the Issuer, the Borrower, and the Credit Provider declare the principal of all Bonds and the interest accrued, and to accrue, on the Bonds to the date of payment immediately due and payable.

Upon any decision to accelerate payment of the Bonds, the Trustee shall notify the Bondholders of the declaration of acceleration, and that, in the event of acceleration pursuant to subparagraph (2) above, interest on the Bonds will cease to accrue upon such declaration, and payment of the Bonds will be made upon presentment of the Bonds at the designated office of the Trustee. Immediately upon acceleration of the Bonds, the Trustee shall request an Advance under the Credit Facility in accordance with its terms.

***Other Remedies***. Upon the occurrence and continuance of an Event of Default under the Indenture, the Trustee may, with or without acceleration, pursue any of the following remedies:

(1) an action in mandamus or other suit, action or proceeding at law or in equity (A) to enforce the payment of the principal of and interest and any premium on the Bonds, (B) for the specific performance of any covenant or agreement contained in the Indenture, the Financing Agreement or the Tax Regulatory Agreement or (C) to require the Issuer to carry out any other covenant or agreement with Bondholders and to perform its duties under the Act;

(2) the liquidation of the Trust Estate; or

(3) an action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders and to execute any other papers and documents and do and perform any and all such acts and things as may be necessary or advisable in the opinion of the Trustee in order to have the respective claims of the Bondholders against the Issuer allowed in any bankruptcy or other proceeding.

***Waiver***. Subject to the conditions precedent set forth below, (i) the Trustee may waive, (ii) the Trustee will waive if directed to do so by the Credit Provider in writing and (iii) Bondholders owning not less than 51 percent in aggregate principal amount of Bonds then Outstanding may waive, by written notice to the Trustee, any Event of Default under the Indenture and its consequences and rescind any declaration of acceleration of maturity of principal. The conditions precedent to any waiver are:

(a) unless the waiver is directed by the Credit Provider, the Credit Provider must consent to such waiver in writing;

(b) the principal and interest on the Bonds in arrears, together with interest thereon (to the extent permitted by law) at the applicable rate or rates of interest borne by the Bonds must be paid or provided for by the Borrower in Available Moneys or by the Credit Provider and all fees and expenses of the Trustee have been paid or provided for by the Borrower or the Credit Provider; and

(c) after the waiver, the Credit Facility must remain in effect in an amount equal to the aggregate principal amount of the Bonds Outstanding (other than Pledged Bonds) plus the Interest Requirement.

Upon any such waiver, the default or Event of Default shall be deemed cured and shall cease to exist for all purposes and the Issuer, the Borrower, the Trustee and the Bondholders will be restored to their former positions and rights under the Indenture. No waiver of any default or Event of Default shall extend to or affect any subsequent default or Event of Default or shall impair any right or remedy consequent thereto.

**Rights of the Credit Provider and the Bondholders to Direct Proceedings**

The Credit Provider itself or Bondholders owning not less than 51 percent in aggregate principal amount of Bonds then Outstanding, but only with the prior written consent of the Credit Provider, shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or any other proceedings under the Indenture, provided, that such direction will not be otherwise than in accordance with the provisions of law and of the Indenture, and provided that the Trustee will be indemnified to its reasonable satisfaction.

No Bondholder shall have the right to enforce the provisions of the Indenture or the Financing Agreement, or to institute any proceeding in equity or at law for the enforcement of the Indenture or the Financing Agreement, or to take any action with respect to an Event of Default under the Indenture or an Event of Default under the Financing Agreement, or to institute, appear in or defend any suit or other proceeding with respect to the Indenture or the Financing Agreement upon an Event of Default unless (i) such Event of Default is a Wrongful Dishonor, (ii) such Bondholder has given the Trustee, the Issuer , the Credit Provider and the Borrower written notice of the Event of Default, (iii) the holders of not less than 51 percent in aggregate principal amount of Bonds then Outstanding have requested the Trustee in writing to institute such proceeding, (iv) the Trustee has been afforded a reasonable opportunity to exercise its powers or to institute such proceeding, (v) the Trustee has been offered reasonable indemnity, where required, and (vi) the Trustee has thereafter failed or refused to exercise such powers or to institute such proceeding within a reasonable period of time. No Bondholder has or shall have any right in any manner whatever to affect, disturb or prejudice the pledge of revenues or of any other moneys, Funds, Accounts or securities under the Indenture. Except as provided above, no Bondholder shall have the right, directly or indirectly, individually or as a group, to seek to enforce, collect amounts available under, or otherwise realize on, the Credit Facility.

**Application of Moneys**

If the principal of all the Bonds has become or been declared due and payable, payments shall be applied first, to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably according to the amounts due respectively for principal and interest to the persons entitled to payment, until all such principal and interest has been paid; second, to pay the Credit Provider amounts owed to it under the Credit Facility Documents and the Loan Documents; and third, to any other amounts due and payable under the Indenture.

**The Trustee**

***Qualification of Trustee.*** The Trustee and any successor Trustee shall at all times be a bank or trust company organized under the laws of the United States of America or any state, authorized under such laws to exercise corporate trust powers, having a combined capital stock, surplus and undivided profits of at least $50,000,000 (or an affiliate of a corporation or banking association meeting that requirement which guarantees the obligations and liabilities of the Trustee) and subject to supervision or examination by federal or state banking authority.

***Removal of Trustee***. The Trustee may be removed at any time upon 30 days prior written notice to the Trustee and the Credit Provider, (i) by the Issuer, or (ii) by the owners of not less than 51 percent in aggregate principal amount of Bonds then Outstanding, which written instrument shall designate a successor Trustee approved by the Credit Provider. Such removal shall not be effective until a successor Trustee satisfying the requirements of the Indenture is appointed.

**Tender Agent**

The Tender Agent will agree to:

(a) act as agent for the Trustee for the purpose of authenticating, accepting delivery of and delivering Bonds in accordance with the Indenture;

(b) forward to the Trustee immediately after completion of such authentication the names, addresses, taxpayer identification numbers or social security numbers of all persons in whose names the Bonds are to be registered;

(c) deliver authenticated and registered Bonds to or to the order of the persons in whose names such Bonds are registered;

(d) act as agent for the Trustee, hold all moneys delivered to it for the purchase of Bonds in trust in the Bond Purchase Fund for the account of the person who delivered such moneys until the Bonds purchased with such moneys have been registered, authenticated and delivered to or to the order of such person; and

(e) hold all Bonds delivered to it for purchase in trust for the owner of such Bonds until such owner has received the purchase price for such Bonds.

The Tender Agent may resign by giving no less than 30 days prior written notice to the Borrower, the Trustee, the Credit Provider, and the Issuer. The Tender Agent may be removed by the Issuer by an instrument signed by the Issuer stating the reason for such removal filed with the Tender Agent, the Trustee, the Credit Provider and the Issuer. The Trustee is authorized, with the prior written approval of the Issuer to remove the Tender Agent and appoint a successor. No removal of the Tender Agent shall be effective until a successor Tender Agent has been appointed and has accepted such appointment. Failing such appointment by the Issuer prior to the effective date of the Tender Agent's resignation, the Credit Provider shall have the right to appoint a successor Tender Agent acceptable to the Issuer. Any successor Tender Agent shall be a trust company or bank having trust powers and in good standing, within or without the State, having trust powers. The provisions of this paragraph shall apply if the resignation of the Tender Agent is due to the fact that the Tender Agent no longer exists. In no event shall the resignation or removal of the Tender Agent take effect prior to the date a successor Tender Agent has been appointed and is serving under this Indenture and the Tender Agent Agreement. Upon the appointment of a successor Tender Agent, the previous Tender Agent shall transfer any funds held by it under the Indenture to such successor Tender Agent.

**No Sales After Wrongful Dishonor; No Purchase After Acceleration**

Notwithstanding anything in the Indenture to the contrary, no Bonds shall be remarketed if the Trustee has given notice to the Remarketing Agent that a Wrongful Dishonor has occurred and is continuing. No Bonds shall be purchased if the Trustee has given notice to the Remarketing Agent that there has occurred and is continuing an acceleration of the Bonds.

**Supplemental Indentures Not Requiring Bondholder Consent**

The Issuer and the Trustee, without the consent of or notice to any Bondholder, but subject in each case to the consent of the Credit Provider, may enter into an indenture or indentures supplemental to the Indenture for one or more of the following purposes:

(a) to cure any ambiguity or to correct or supplement any provision contained in the Indenture or in any supplemental indenture which may be defective or inconsistent with any other provision contained in the Indenture or in any supplemental indenture;

(b) to amend, modify or supplement the Indenture in any respect if, in the judgment of the Trustee, such amendment, modification or supplement is not materially adverse to the interests of the Bondholders;

(c) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee, or to grant or pledge to the Trustee for the benefit of the Bondholders any additional security other than that granted or pledged under the Indenture;

(d) to modify, amend or supplement the Indenture in such manner as to permit qualification under the Trust Indenture Act of 1939, as amended, or any similar federal statute then in effect, or to permit the qualification of the Bonds for sale under the securities laws of any of the States of the United States;

(e) to appoint a successor trustee, separate trustee or co-trustee, or a separate Tender Agent, Bond Registrar or Paying Agent;

(f) to make any change requested by the Credit Provider which, in the judgment of the Trustee, is not materially adverse to the interests of the Bondholders, including, but not limited to, provision of a Credit Facility other than or in substitution for the initial Credit Facility, provided that the provision of such other Credit Facility does not adversely affect the rating then in effect for the Bonds;

(g) to make any changes in the Indenture or in the terms of the Bonds necessary or desirable in order to maintain the rating of "Aa1/VMIG-1" or equivalent rating awarded to the Bonds by the Rating Agency or otherwise to comply with requirements of any Rating Agency then rating the Bonds;

(h) to comply with the Code and the regulations and rulings issued with respect to the Code, to the extent determined as necessary in the Opinion of Bond Counsel;

(i) (A) to modify, alter, amend or supplement the Indenture in any other respect, including amendments which would otherwise require the consent of Bondholders, as described below, if such amendments will take effect on a Mandatory Tender Date following the purchase of Tendered Bonds or (B) if notice of the proposed supplemental indenture is given to Bondholders (in the same manner as notices of redemption are given) at least 30 days before the effective date of such amendment, modification, alteration or supplement and, on or before such effective date, the Bondholders have the right to demand purchase of their Bonds; or

(j) to change any of the time periods for provision of notice relating to the remarketing of Bonds or the determination of the interest rate on the Bonds.

**Supplemental Indentures Requiring Bondholder Consent**

The Issuer and the Trustee may, with the consent of Bondholders owning not less than 51 percent in aggregate principal amount of Bonds then Outstanding, from time to time, execute indentures supplemental to the Indenture for the purpose of modifying or amending any of the provisions of the Indenture provided, however, that nothing in the Indenture shall be construed as permitting, without the consent of Bondholders owning not less than 100% in aggregate principal amount of Bonds then Outstanding:

(a) an extension of the maturity of the principal of or interest on, or the mandatory redemption date of, any Bond, without the consent of the owners of all of the Bonds then Outstanding;

(b) a reduction in the principal amount of, or the rate of interest on, any Bond, without the consent of the owner of such Bond;

(c) a preference or priority of any Bond or Bonds over any other Bond or Bonds, without the consent of the owners of all such Bonds;

(d) the creation of a lien prior to or on parity with the lien of the Indenture, without the consent of the owners of all of the Bonds then Outstanding;

(e) a change in the percentage of Bondholders necessary to waive an Event of Default under the Indenture or otherwise approve matters requiring Bondholder approval under the Indenture, including consent to any supplemental indenture, without the consent of the owners of all the Bonds then Outstanding;

(f) a transfer, assignment or release of the Credit Facility (or modification of the provisions of the Indenture governing such transfer, assignment or release), other than as permitted by the Indenture or the Credit Facility, without the consent of the owners of all of the Bonds then Outstanding;

(g) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture, without the consent of the holders of all of the Bonds then Outstanding;

(h) the creation of any lien other than a lien ratably securing all of the Bonds at any time Outstanding under the Indenture, without the consent of the holders of all of the Bonds then Outstanding; or

(i) the amendment of the foregoing, without the consent of the holders of all of the Bonds then Outstanding.

**No Bondholder Consent Required for Amendment to Loan Documents**

Unless a Wrongful Dishonor has occurred and is continuing, the Loan Documents may be amended subject to the consent of the Credit Provider and no consent of the Bondholders is required with respect to such amendment; provided, however, that any amendment or substitution of the Note shall occur only following written confirmation of the Rating Agency that such amendment or substitution will not result in a reduction or withdrawal of the rating on the Bonds.

**Amendments to the Credit Facility**

The Trustee, the Credit Provider, the Trustee and the Issuer may consent, without the consent of the owners of the Bonds, to any amendment to the Credit Facility which does not prejudice in any material respect the interests of the Bondholders. Except for such amendments, the Credit Facility may be amended only with the consent of the Trustee, the Credit Provider, the Issuer and the owners of a majority of principal amount of all Outstanding Bonds; provided, however, no amendment may be made to the Credit Facility which would reduce the amounts required to be paid under the Credit Facility or change the time for payment of such amounts; and provided further, however, that any such amounts may be reduced without such consent solely to the extent that such reduction represents a reduction in any fees payable from such amounts.

## APPENDIX C

## SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT

*The following is a summary of certain provisions of the Financing Agreement. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Financing Agreement, a copy of which is on file with the Trustee.*

Pursuant to the terms of the Financing Agreement, the Issuer will agree to issue the Bonds to fund the Loan to the Borrower and the Borrower will agree, among other things, to make all payments under the Financing Agreement when due and to abide by the provisions of the Financing Agreement and the other Bond Documents and Loan Documents.

Under the Financing Agreement, the Issuer agrees to loan to the Borrower the proceeds of the Bonds to finance a portion of the costs of the Project and the Borrower agrees to repay such funds in accordance with the terms of the Note and the Financing Agreement. The Financing Agreement constitutes a general obligation of the Borrower secured by the Mortgage, for the benefit of the bondholders.

As security for its obligation to make the Note payments required under the Financing Agreement and the Note, the Borrower agrees to cause the Letter of Credit to be delivered to the Trustee. In the event that the Rating Agency's rating of the Credit Provider falls below the Second Highest Rating Category, the Borrower shall, within sixty (60) days of such event or such longer period to which the Issuer may consent, cause an Alternate Credit Facility to be provided by an Alternate Credit Provider whose Rating Agency rating is in the Second Highest Rating Category.

Payments made under the Letter of Credit are credited against the Borrower's obligations to make payments under the Note. Under the Financing Agreement, payments of interest on or principal of the Bonds due under the Indenture and Fees shall be paid first from an Advance on the Credit Facility. Any Note payments shall be deposited to the Interest Account or the Redemption Account, as applicable, in accordance with the Indenture.

In addition to all other payments under the Financing Agreement and the Note, the Borrower agrees to pay the following:

(a) to the Trustee, within 30 days of its written demand therefor, it's Trustee Fees and Extraordinary Items;

(b) to the Issuer, within 30 days of a written demand therefor, all reasonable fees and charges of its counsel, agents or consultants and all reasonable costs, fees and expenses incurred by it relating to the Bonds not otherwise specifically required hereunder or under the Note or Mortgage to be paid by the Borrower (including, but not limited to, any fees or expenses related to the removal of the Trustee, the appointment of a successor Trustee or Tender Agent, the procurement of an Alternate Credit Facility or the conversion of the Bonds to bear interest at a Fixed Rate);

(c) to the Trustee, for deposit into the Fees Account of the Revenue Fund, the fees and expenses of the Tender Agent;

(d) to the Trustee, (i) for deposit into the Rebate Fund, the amount determined by the Rebate Analyst to be necessary for the payment of the next Rebate payment due; and (ii) for deposit into the Fees Account, the Rebate Analyst's fees and expenses;

(e) to the Trustee, for payment to each Rating Agency, the fees of such Rating Agency.

Notwithstanding anything in the Financing Agreement to the contrary, as long as a Wrongful Dishonor or an Act of Bankruptcy of the Credit Provider has not occurred, neither the Issuer nor the Trustee, upon the occurrence of an Event of Default under the Financing Agreement or an event of default under the Loan Documents, will take any action to accelerate or otherwise enforce payment or seek other remedies with respect to the Loan; provided, that this prohibition shall not be construed to limit the rights of the Issuer or the Trustee to specifically enforce the Regulatory Agreements in order to provide for operation of the Project in accordance with the Code, the regulations of HUD and the Act.

The Financing Agreement also contains certain agreements by the Borrower to indemnify the Issuer and the Trustee from liability to third parties in connection with the Project or the Bonds and to comply on behalf of the Issuer with the requirements of the Code with respect to arbitrage rebate. The Borrower in addition agrees to take such steps as are necessary to prevent the Bonds from becoming "arbitrage bonds," within the meaning of Section 148 of the Code.

Each of the following events is an Event of Default under the Financing Agreement:

(a) The Borrower shall fail to make any payment of the principal of, the premium, if any, and interest on the Note when and as the same shall become due and payable, whether at maturity, by proceedings for redemption, by acceleration or otherwise, in accordance with the terms thereof.

(b) The Borrower shall fail duly to observe or perform any material covenant or agreement on its part under the Financing Agreement or under the Regulatory Agreements for a period of thirty (30) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Borrower by the Issuer or the Trustee, or to the Borrower, the Issuer and the Trustee by the holders of at least a majority in aggregate principal amount of the Bonds then Outstanding. If the breach of covenant or agreement is one which cannot be completely remedied within the thirty (30) days after written notice has been given, it shall not be an Event of Default as long as the Borrower has taken active steps within the thirty (30) days after written notice has been given to remedy the failure and is diligently pursuing such remedy.

(c) If there occurs any Event of Default under, and as defined in, the Indenture.

Subject to the Rights of the Credit Provider, provided no Wrongful Dishonor has occurred and is continuing, upon the occurrence and during the continuance of any Event of Default, the Trustee on behalf of the Issuer, at its option, may take such action as it deems necessary or appropriate to the extent permitted under the Assignment to collect amounts due under the Financing Agreement, to enforce performance and observance of any obligation or agreement of the Borrower under the Financing Agreement or to protect the interests securing the same. The Issuer may, without limiting the generality of the foregoing, exercise any or all rights and remedies under the Mortgage or available under the Financing Agreement or given by or available under any other instrument of any kind securing the Borrower's performance hereunder. The Trustee shall have the absolute right to draw on the Credit Facility to the extent required or permitted by the Indenture to pay debt service on the Bonds and the Fees, regardless of any other rights the Trustee may have against the Borrower or the Project hereunder or under the Mortgage.

The Financing Agreement may be amended, changed or modified only as provided in the Indenture.

[THIS PAGE INTENTIONALLY LEFT BLANK]

# APPENDIX D

## FORM OF BOND COUNSEL OPINION

[Closing Date]

Community Development Administration
Maryland Department of Housing and
Community Development
100 Community Place
Crownsville, Maryland 21032

**$14,000,000**
**COMMUNITY DEVELOPMENT ADMINISTRATION**
**MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**
**MULTIFAMILY DEVELOPMENT REVENUE BONDS**
**(Fort Washington Manor Senior Housing)**
**Series 2005 A**

Ladies and Gentlemen:

We have acted as Bond Counsel to the Community Development Administration (the "Administration"), an agency in the Division of Development Finance of the Department of Housing and Community Development (the "Department"), a principal department of the government of the State of Maryland (the "State"), in connection with the issuance and sale of $13,085,000 aggregate principal amount of its Multifamily Development Revenue Bonds (Fort Washington Manor Senior Housing), Series 2005 A (the "Bonds").

The Bonds are being issued under and pursuant to Sections 4-101 through 4-255 of the Housing and Community Development Article of the Annotated Code of Maryland, as amended (previously Sections 2-201 through 2-208 of Article 83B of the Annotated Code of Maryland) (the "Act") and in accordance with the terms and provisions of a Trust Indenture dated as of October 1, 2005 (the "Indenture"), by and between the Administration and Manufacturers and Traders Trust Company, as Trustee. The Director of the Administration determined, pursuant to Section 4-245(a) of the Act, that the issuance of the Bonds is necessary to achieve one or more purposes of the Administration, and such determination was approved by the Secretary of Housing and Community Development. Capitalized terms used in this opinion and not otherwise defined in this opinion shall have the meanings set forth in the Indenture or the Act.

Applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code") establish certain requirements which must be met subsequent to the delivery of the Bonds in order to assure that interest on the Bonds will be and will remain excludable from gross income for Federal income tax purposes under the Code. The Administration has covenanted in the Indenture to at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest on the Bonds will be and will remain excludable from gross income for Federal income tax purposes. The Administration has also delivered a certificate dated the date of this opinion containing representations, provisions, and procedures relating to compliance with the requirements of the Code. Noncompliance by the Administration with such provisions and procedures may require the inclusion of interest on the Bonds in gross income for Federal income tax purposes retroactive to the date of issuance, regardless of when such noncompliance occurs or is discovered. In rendering this opinion, we have assumed compliance by the Administration with the aforementioned covenant and representations, provisions, and procedures set forth in the aforementioned certificate.

Based upon the foregoing, we are of the opinion that:

(1) Under the Constitution and laws of the State, the Act is valid and the Administration has been duly created and validly exists as an agency in the Division of Development Finance of the Department with such political and corporate powers as set forth in the Act and with good, right and lawful authority, among other things, to issue the Bonds to provide funds to refinance the Projects and to perform its obligations under the terms and conditions of the Indenture.

(2) The Indenture has been duly authorized, executed and delivered by the Administration and, assuming due authorization, execution and delivery by the Trustee, constitutes the valid and legally binding limited obligation of the Administration enforceable against the Administration in accordance with its terms.

(3) The Bonds are valid and legally binding limited obligations of the Administration, payable solely from the Trust Estate pledged therefor under the Indenture. The Indenture creates the valid pledge of and the valid lien which it purports to create upon the Trust Estate, subject only to the provisions of the Indenture permitting the use and payment thereof for or to the purposes and on the terms and conditions set forth in the Indenture.

(4) Under existing law, interest on the Bonds is excludable from gross income for Federal income tax purposes pursuant to Section 103 of the Code, except that no opinion is expressed as to such exclusion of interest on any Bond for any period during which such Bond is held by a person who is a "substantial user" of the facilities financed with the Bond proceeds or a "related person", both within the meaning of Section 147(a) of the Code. In addition, interest on the Bonds is treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations.

(5) Under existing law, the Bonds, their transfer, the interest payable thereon, and any income derived therefrom, including any profit realized on the sale or exchange thereof, are exempt from taxation of every kind and nature whatsoever by the State

of Maryland, except, that no opinion is expressed with respect to any exemption from Maryland franchise taxes or estate or inheritance taxes.

The foregoing opinion is qualified only to the extent that the enforceability of the Bonds and the Indenture may be limited by bankruptcy, moratorium, insolvency, or other laws affecting creditors' rights or remedies generally and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Very truly yours,

## APPENDIX E

## BOOK ENTRY SYSTEM

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial

Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Administration as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Administration or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Administration or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Administration or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Administration or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bonds certificates are required to be printed and delivered.

The Administration may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds certificates will be printed and delivered.

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Administration believes to be reliable, but neither the Administration nor the Underwriter takes responsibility for the accuracy thereof.*

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]