

In the opinion of Hawkins, Delafield & Wood, Bond Counsel, under existing statutes and court decisions, and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2003 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, 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. See "Tax Matters" herein.

**COMMUNITY DEVELOPMENT ADMINISTRATION
MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
\$40,000,000
Multifamily Development Revenue Bonds
(Barrington Apartments Project)
Series 2003 A**

Dated: Date of Delivery

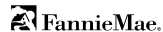
Price: 100%

Due: June 15, 2037

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 the Borrower (as defined herein), for the purpose of financing costs of acquisition, rehabilitation and equipping of the multifamily rental housing apartment project described herein (the "Project") located in Silver Spring, 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 December 1, 2003 (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. In addition, credit enhancement and liquidity support for the Bonds (other than Excluded Bonds) will initially be provided by:



pursuant to a Direct Pay Irrevocable Transferable Credit Enhancement Instrument (the "Credit Enhancement Instrument") dated the Closing Date.

The Credit Enhancement Instrument will expire on June 20, 2037, unless earlier terminated in accordance with its terms. Fannie Mae's obligations to make advances to the Trustee upon the proper presentation of documents which conform to the terms and conditions of the Credit Enhancement Instrument are absolute, unconditional and irrevocable.

The Credit Enhancement Instrument may be replaced by an Alternate Credit Facility at the option of the Borrower, which replacement will cause a mandatory tender of the Bonds. The Credit Enhancement Instrument (or an Alternate Credit Facility) will remain in effect at least throughout the Weekly Variable Rate Period initially applicable to the Bonds.

The Bonds are being issued as weekly variable rate demand obligations and will bear interest from their date of issue to and including Wednesday, December 17, 2003, 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 Legg Mason Wood Walker, Incorporated (the "Remarketing Agent"). Interest will be payable on the fifteenth day of each month, commencing January 15, 2004. Interest is also payable on the Redemption Date for any Bonds redeemed prior to maturity and on the Maturity Date. Subject to satisfaction of certain conditions in the Indenture, the Bonds may be adjusted to one of the other interest rate modes (each a "Mode") permitted by the Indenture (other permitted Modes being the Reset Rate Mode and the Fixed Rate Mode). If the interest rate on the Bonds is proposed to be adjusted to one of the other Modes, the Bonds will be subject to mandatory tender for purchase.

During the period that the Bonds bear interest at the Weekly Variable Rate, any Bond will be purchased upon demand by the 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.

Fannie Mae's credit enhancement of and liquidity support for the Bonds may be limited in duration. If the Final Conditions to Conversion (set forth in the Construction Phase Financing Agreement, dated as of December 1, 2003 (the "Construction Phase Financing Agreement")), by and among Fannie Mae, Bank of America, N.A. (the "Construction Lender") and Berkshire Mortgage Finance Limited Partnership (the "Loan Servicer"), and acknowledged, accepted and agreed to by the Borrower, and relating primarily to completion of rehabilitation of the Project and its stabilization at a specified level of occupancy) of the Loan from the Construction Phase to the Permanent Phase (as each such term is defined herein) are not satisfied (or, to the extent not satisfied, are not waived by Fannie Mae) on or before the Termination Date specified in the Construction Phase Financing Agreement, the Bonds will be subject to mandatory redemption or purchase in lieu of redemption (at the direction of the Construction Lender), in whole, at a redemption or purchase price equal to the principal amount of the Bonds to be redeemed or purchased plus accrued interest on the Bonds to the redemption or purchase date, without premium. The redemption or purchase price of any such redemption or purchase will be paid with funds provided under the Credit Enhancement Instrument. If the Final Conditions to Conversion are timely satisfied (or waived by Fannie Mae), the Bonds will not be subject to mandatory redemption for failure of Conversion (as defined herein) to occur. There can be no assurance that Conversion will occur. If the Loan is prepaid in part by the Borrower prior to and as a condition to Conversion of the Loan from the Construction Phase to the Permanent Phase to reduce the principal amount of the Loan to an amount less than the original principal amount of the Loan in order to satisfy Fannie Mae's underwriting requirements for the Loan, the Bonds will be subject to corresponding mandatory redemption, in part, in an amount equal to such prepayment, without premium. If such payment is required as a condition to Conversion and is not made by the Borrower, Conversion will not occur and the Bonds will be subject to mandatory redemption in whole.

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 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.

PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS IS NOT GUARANTEED BY FANNIE MAE. FANNIE MAE'S OBLIGATIONS WITH RESPECT TO THE BONDS ARE SOLELY AS PROVIDED IN THE CREDIT ENHANCEMENT INSTRUMENT. THE OBLIGATIONS OF FANNIE MAE UNDER THE CREDIT ENHANCEMENT INSTRUMENT WILL BE OBLIGATIONS SOLELY OF FANNIE MAE, A FEDERALLY CHARTERED STOCKHOLDER-OWNED CORPORATION, AND WILL NOT BE BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA OR ANY AGENCY OR INSTRUMENTALITY THEREOF OR OF FANNIE MAE. THE BONDS ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA.

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, 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 Fannie Mae by its Legal Department and by Arent Fox Kintner Plotkin & Kahn, PLLC, Washington, D.C., for the Borrower by Swidler Berlin Shereff Friedman, LLP, Washington, D.C., and for the Underwriter by Huntton & Williams LLP, 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 December 11, 2003.

**Legg Mason Wood Walker
Incorporated**

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AGREEMENT**

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

Relating to

\$40,000,000
Multifamily Development Revenue Bonds
(Barrington Apartments Project)
Series 2003 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 2003 A Bonds (together with any Additional Bonds that may be issued, 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 December 1, 2003, 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 2-201 through 2-208 of Article 83B of the Annotated Code of Maryland, as amended (the “Act”).

Pursuant to a commitment (the “Fannie Mae Commitment”) issued by Fannie Mae to Berkshire Mortgage Finance Limited Partnership (the “Loan Servicer”) with respect to the Loan (as defined below), Fannie Mae has agreed in connection with the Loan, but subject to the terms and conditions of the Fannie Mae Commitment, concurrently with the issuance of the Bonds, to deliver to the Trustee a Direct Pay Irrevocable Transferable Credit Enhancement Instrument (the “Credit Enhancement Instrument”) dated the date of issuance of the Bonds, a form of which is attached hereto as Appendix D. Fannie Mae will advance funds under the Credit Enhancement Instrument to the Trustee with respect to the payment of: (i) amounts sufficient to pay the principal of the Bonds when due by reason of acceleration, optional or mandatory redemption, tender, defeasance or stated maturity and (ii) up to 34 days’ interest on the Bonds (not to exceed the Maximum Rate, as defined below) in an amount sufficient to pay the interest on the Bonds when due on or prior to the maturity date of the Bonds. Fannie Mae will also advance funds under the Credit Enhancement Instrument to the Trustee up to the principal amount of the Bonds and interest thereon (not to exceed the Maximum Rate) for up to 34 days in order to pay the purchase price of Bonds tendered for purchase, and not timely remarketed, pursuant to the

Indenture. The Credit Enhancement Instrument will expire on June 20, 2037, unless terminated earlier in accordance with its terms, as provided in the Credit Enhancement Instrument. The Credit Enhancement Instrument constitutes a “Credit Facility” under the Indenture and Fannie Mae is a “Credit Provider” under the Indenture.

The Bonds are special and limited obligations of the Administration issued in connection with the acquisition, rehabilitation and equipping by Fairfield Barrington LP, a Delaware limited partnership (the “Borrower”), of a multifamily rental housing development known as Barrington Apartments, located in Silver Spring, 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 costs of the acquisition, rehabilitation and equipping of the Project. The Loan will be made pursuant to a Financing Agreement, dated as of December 1, 2003 (the “Financing Agreement”), among the Administration, the Trustee and the Borrower, and in accordance with the requirements of Fannie Mae. Pursuant to the Indenture, the Administration will assign the Financing Agreement (including all of the rights of the Administration thereunder except for the Reserved Rights), together with other property comprising the Trust Estate, to the Trustee, for the benefit of the registered owners of the Bonds, and to Fannie Mae, as their interests may appear. 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 Multifamily Note (the “Note”), executed by the Borrower. The Note will be payable to the Administration and will be secured by, among other things, a Multifamily Deed of Trust, Assignment of Rents and Security Agreement (the “Security Instrument”) from the Borrower in favor of the Administration and Fannie Mae. The Security Instrument 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.

On the Closing Date, the Administration will, pursuant to an Assignment and Intercreditor Agreement dated as of the date of the Indenture (the “Assignment”), by and among the Administration, the Trustee and Fannie Mae, and acknowledged, accepted and agreed to by the Borrower, assign the Loan, the Note, the Security Instrument and the other Loan Documents to the Trustee and Fannie Mae, as their interests may appear, without recourse. Pursuant to the Assignment, Fannie Mae will have the exclusive right, power and authority to make all decisions with respect to the Loan and to exercise all rights and remedies (other than the Reserved Rights) under the Note, the Security Instrument and all of the other Loan Documents and the Financing Agreement (collectively, the “Assigned Documents”). **The Credit Provider also has the right at any time, upon filing with the Trustee a certification reaffirming the Credit Provider’s obligations under the Credit Enhancement Instrument, to direct the Trustee to assign all of its right, title and interest in and to the Assigned Documents to the Credit Provider.**

The Borrower will enter into a Reimbursement Agreement (the “Reimbursement Agreement”), dated as of December 1, 2003, with Fannie Mae pursuant to which the Borrower will agree to reimburse Fannie Mae for all Advances made by Fannie Mae under the Credit Enhancement Instrument. Upon an event of default under the Reimbursement Agreement, Fannie Mae, at its option, may direct the mandatory tender of the Bonds or the mandatory redemption of all or a portion of the Bonds. See “THE BONDS - Redemption” and “- Mandatory Tender Upon Default.” The Reimbursement Agreement is summarized in Appendix G, “SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT.”

The Bonds will initially bear interest at the Weekly Variable Rate, to be determined weekly and as otherwise described herein by Legg Mason Wood Walker Incorporated, as remarketing agent for the Bonds (in such capacity, the “Remarketing Agent”). Under certain circumstances, and with the prior written consent of Fannie Mae, the method of calculating the interest rate borne by the Bonds may be adjusted from time to time to one of the other interest rate modes (each a “Mode”) permitted by the Indenture (the other permitted Modes being the Reset Rate Mode and the Fixed Rate Mode). See “THE BONDS - Rate Mode Adjustments.” 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, the 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. Payment of the Purchase Price of tendered Bonds that are not remarketed will be paid with amounts provided pursuant to the Credit Enhancement Instrument. **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 AND WHILE THE BONDS ARE SECURED BY THE CREDIT ENHANCEMENT INSTRUMENT. INVESTORS SHOULD NOT RELY ON THIS OFFICIAL STATEMENT IF THE INTEREST RATE ON THE BONDS IS ADJUSTED TO A RESET RATE OR TO THE FIXED RATE, OR IF THE BONDS ARE SECURED BY AN ALTERNATE CREDIT FACILITY.

Fannie Mae’s credit and liquidity support for the Bonds will not extend beyond the Construction Phase (as defined in the Construction Phase Financing Agreement, dated as of the date of the Indenture (the “Construction Phase Financing Agreement”), by and among Fannie Mae, Bank of America, N.A. (the “Construction Lender”) and the Loan Servicer, and acknowledged, accepted and agreed to by the Borrower), unless the “Final Conditions to Conversion” set forth in the Construction Phase Financing Agreement are satisfied on or before

the Termination Date set forth in the Construction Phase Financing Agreement (or, to the extent not satisfied, are waived by Fannie Mae). The Termination Date is December 15, 2006. Upon compliance with Fannie Mae's requirements, the Loan Servicer may grant one six-month extension of the Termination Date. If the Final Conditions to Conversion set forth in the Construction Phase Financing Agreement are satisfied on or before the Termination Date (or, to the extent not satisfied, are waived by Fannie Mae), the Loan will convert from the Construction Phase to the Permanent Phase (as each such term is defined in the Construction Phase Financing Agreement) ("Conversion") effective on the date specified by the Loan Servicer (the "Conversion Date"), Fannie Mae's participation in the financing will continue and the Credit Enhancement Instrument will continue in effect. If, however, the Final Conditions to Conversion are not satisfied on or before the Termination Date (or, to the extent not satisfied, are not waived by Fannie Mae), the Loan will not convert from the Construction Phase to the Permanent Phase, and the Bonds will be subject to mandatory redemption in whole. Any such mandatory redemption will be at a redemption price equal to the principal amount of the Bonds plus accrued interest to the Redemption Date. No such redemption will be made at a premium. In the event of such a mandatory redemption in whole, the redemption price is to be paid with funds provided under the Credit Enhancement Instrument. The Credit Enhancement Instrument will then terminate in accordance with its terms. Alternatively, in lieu of such redemption, the Bonds may be purchased by the Trustee for the account of the Construction Lender from amounts provided under the Credit Enhancement Instrument. See "THE BONDS—Redemption." In either case, the Bondholders will be required to deliver their Bonds for redemption or purchase, as the case may be, and the Credit Enhancement Instrument will terminate.

The Final Conditions to Conversion include, among other things, completion of rehabilitation of the Mortgaged Property and the achievement of a specified level of occupancy from the leasing of units in the Mortgaged Property. No assurance can be given that all of the Final Conditions to Conversion will be satisfied or that other events or circumstances may or may not occur as a result of which Conversion will not occur.

Even if Conversion occurs, no assurance can be given that the "Permanent Phase Loan Amount" (the principal amount of the Loan determined in accordance with the Construction Phase Financing Agreement) will not be less than the then outstanding principal amount of the Loan; if the Permanent Phase Loan Amount is less than the then outstanding principal amount of the Loan, the principal amount of the Loan must, as a Final Condition to Conversion, be reduced to the Permanent Phase Loan Amount by the Borrower's prepayment of the Loan in part (a "Pre-Conversion Loan Equalization Payment") in an amount equal to the difference between the then outstanding principal amount of the Loan and the Permanent Phase Loan Amount; upon such prepayment, a corresponding portion of the Bonds will be subject to mandatory redemption. Any such mandatory redemption will be at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the Redemption Date. No such redemption will be made at a premium. If a Pre-Conversion Loan Equalization Payment is required in order to satisfy a Final Condition to Conversion and is not made, Conversion will not occur and the Bonds will be subject to mandatory redemption in whole. See "THE BONDS—Redemption."

Prior to Conversion, Fannie Mae will, pursuant to the Construction Phase Financing Agreement, be protected against loss pursuant to a Letter of Credit issued by the Construction Lender to Fannie Mae. Certain events concerning the Construction Lender, the Construction Phase Financing Agreement and the Letter of Credit may result in the prepayment of the Loan and a corresponding mandatory redemption of the Bonds. See “THE BONDS —Redemption.” The Letter of Credit will be delivered for the sole benefit of Fannie Mae and will not secure payment of the Bonds.

The net proceeds of the Bonds, excluding that portion of the Costs of Issuance Borrower’s Deposit, if any, to be funded with Net Bond Proceeds, will be deposited in the Loan Fund. Amounts in the Loan Fund will be used to fund a portion of the costs of the Project. Pending disbursement, the proceeds of the Bonds will be invested in Permitted Investments.

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 a Regulatory Agreement and Agreement and Declaration of Covenants and Restrictions for the Project, dated as of December 1, 2003, 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 to be entered into between the Administration and the Borrower dated as of December 1, 2003 (collectively with the Tax Regulatory Agreement, the “Regulatory Agreements”) in connection with obtaining low-income housing tax credits. See “THE PROJECT AND THE PRIVATE PARTICIPANTS” herein. The Project will also be subject to certain rent restrictions required under State law and reflected in the Tax Regulatory Agreement.

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.

Fannie Mae has designated the Loan Servicer to service the Loan for Fannie Mae, beginning at Conversion, if Conversion occurs. However, Fannie Mae may subsequently designate another eligible servicing institution to service the Loan for Fannie Mae or may elect to service the Loan itself. Neither Fannie Mae nor the Loan Servicer will have any responsibility to monitor the Borrower’s compliance with the requirements of the Regulatory Agreement.

The Indenture provides for the issuance in the future of Additional Bonds. Any Additional Bonds issued pursuant to the Indenture will be secured on a parity basis with the Bonds already issued and outstanding under the Indenture. See “THE BONDS—Additional Bonds” herein.

The Bonds are subject to optional and mandatory redemption prior to maturity as described under the heading "THE BONDS - Redemption" herein.

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) the Loan, (b) the Security Instrument, (c) the Financing Agreement, (d) the Net Bond Proceeds, (e) the Revenues, and (f) all Funds, Accounts and Investments under the Indenture (but excluding moneys in the Fees Account (other than Investment Income earned on moneys therein), the Rebate Fund, and the Costs of Issuance Borrower's 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.**

PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS IS NOT GUARANTEED BY FANNIE MAE. FANNIE MAE'S OBLIGATIONS WITH RESPECT TO THE BONDS ARE SOLELY AS PROVIDED IN THE CREDIT ENHANCEMENT INSTRUMENT. THE OBLIGATIONS OF FANNIE MAE UNDER THE CREDIT ENHANCEMENT INSTRUMENT WILL BE OBLIGATIONS SOLELY OF FANNIE MAE, A FEDERALLY CHARTERED STOCKHOLDER-OWNED CORPORATION, AND WILL NOT BE BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA OR ANY AGENCY OR INSTRUMENTALITY THEREOF OR OF FANNIE MAE. THE BONDS ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA.

Brief descriptions of the Bonds, the security for the Bonds, the Administration, Fannie Mae, 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 Credit Enhancement Instrument. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Indenture, the Credit Enhancement Instrument 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 any Reset Period or the Fixed Rate Period.

General

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 “Redemption” below. During each Weekly Variable Rate period interest on the Bonds will be paid on the 15th day of each month commencing January 15, 2004.

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

The Bonds will be issued as fully registered bonds, registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York. Beneficial ownership interests in the Bonds will only be available in book entry form. Purchasers of beneficial ownership interests in the Bonds will not receive certificates representing their interests in the Bonds purchased. See “APPENDIX F – BOOK ENTRY SYSTEM.”

Principal of, premium, if any, and interest on the Bonds are payable, so long as the Bonds are in book entry form, through a securities depository as described in APPENDIX F.

Except during a Reset Period or 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 Wednesday 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 immediately 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 designated by the Borrower from the Weekly Variable Rate to (i) a Reset Rate for a Reset Period of ten years or more selected by the Borrower, or such shorter period as may be selected by the Borrower with the prior written consent of the Credit Provider, or (ii) to the Fixed Rate, in each case subject to satisfaction of the conditions precedent as set forth in the Indenture. No change in Mode to take effect prior to the Conversion Date may be made unless the Construction Lender consents to such change in writing. In each case, notice must be given by the Trustee not less than 30 days before the proposed date of adjustment to a Reset Rate or the Fixed Rate (an "Adjustment Date") to the effect that all Bonds (other than Excluded 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 will not have the right to retain their Bonds.

In the event that the Credit Provider gives written notice to the Administration and the Trustee that the Borrower has defaulted in performing certain of its obligations under the Reimbursement Agreement relating to interest rate protection, the Credit Provider will be entitled to exercise all rights of the Borrower to adjust the Mode and the Borrower will not be entitled to exercise any such rights unless and until the Borrower gives written notice, acknowledged in writing by the Credit Provider, to the Administration, the Loan Servicer and the Trustee that either (i) such default has been cured or waived or (ii) the Credit Provider has consented to the Borrower's resumption of the exercising of such rights.

Maximum Interest Rate

The interest rate on the Bonds may not exceed 12% per annum, subject, however, to increase under the conditions set forth in the Indenture.

Weekly Variable Rate Optional Tender

During any Weekly Variable Rate Period, a Beneficial Owner may demand purchase of its Bond (or a portion of a Bond, provided that the retained portion is an Authorized Denomination) 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 (or portion) tendered for purchase will be 100 percent of the principal amount of such Bond (or portion) 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 tendered portion and 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 to the Tender Agent, the Bondholder 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 will, 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 F – BOOK ENTRY SYSTEM.”

Mandatory Tender (Other Than Upon Default)

On each Mandatory Tender Date, the Bondholders must tender their Bonds to the Tender Agent 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) Adjustment Date (even if a proposed change in Mode fails to occur);
- (2) Substitution Date (even if the proposed substitution of an Alternate Credit Facility fails to occur);
- (3) Extension Date (on or prior to which the Trustee has not been furnished with an extension of the Alternate Credit Facility then in effect, together with the form of Opinion of Counsel required by the Indenture); and
- (4) Rating Notice Date (as described below under “Rating Notice Date”).

Rating Notice Date

The Borrower is obligated, pursuant to the Financing Agreement, to request, on each January 1 and July 1, advice in writing from the Administration as to whether the Bonds bear a rating from Moody’s Investors Service, Inc. (“Moody’s”) of not less than the highest short-term rating from Moody’s while the Bonds bear interest at the Weekly Variable Rate. The Administration will advise the Borrower, the Trustee and the Credit Provider in writing within two weeks of the date that the Administration receives the Borrower’s written request as to whether the Bonds bear such rating as of the date of the written response. If the Administration advises that such rating is satisfied as of the date of the written response, then no further action is required. If the Administration advises that such rating is not satisfied as of the date of the written response, then the Bonds will be subject to mandatory tender for purchase on the Mandatory Tender Date established by the Administration and the Credit Provider that is not more than six months subsequent to the date of the Administration’s letter regarding the rating. In such case, Bondholders will not have the right to elect to retain their Bonds.

Mandatory Tender Upon Default

The Bonds will be subject to mandatory tender for purchase at a purchase price equal to 100 percent of the principal amount of the Bonds plus accrued interest to the Mandatory Tender Date upon receipt by the Trustee of written notice from the Credit Provider stating that an Event of Default under the Reimbursement Agreement has occurred and directing that the Bonds be subject to mandatory tender for purchase. In such event, Bonds are required to be tendered on the Mandatory Tender Date specified in such notice and the Bondholders will not have the right to elect to retain their Bonds.

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.

Notices

The Trustee will give notice of 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 an Advance under the Credit Enhancement Instrument, and third, from funds provided by the Borrower, except that in the event that the Bonds are subject to mandatory tender upon the occurrence of an Event of Default under the Reimbursement Agreement, payment will be made first, from proceeds of an Advance under the Credit Enhancement Instrument, and second, from funds provided by the Borrower.

Redemption

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

Optional Redemption. The Bonds are subject to optional redemption in whole or in part upon optional prepayment of the Loan by the Borrower on any Interest Payment Date within a Weekly Variable Rate Period and on any Adjustment Date (if the Trustee does not receive written notice from the Borrower directing an optional redemption of all of the Bonds, the Bonds not to be redeemed on any Adjustment Date will be subject to mandatory tender (in lieu of optional redemption) on such Adjustment Date) at a redemption price equal to 100% of the principal

amount redeemed plus accrued interest to the Redemption Date. The principal of and accrued interest on any Bond being so redeemed will be paid from an Advance under the Credit Enhancement Instrument. Optional redemption of the Bonds will not be permitted unless, on or before the Redemption Date, the Trustee has on-hand Available Moneys (which will be from a source other than the Credit Enhancement Instrument and from a party other than the Credit Provider) in an amount sufficient to pay the premium, if any, on the Redemption Date.

Mandatory Redemption. The Bonds are subject to mandatory redemption, in whole or in part, on the earliest practicable Redemption Date for which timely notice of redemption can be given from an Advance under the Credit Enhancement Instrument at a redemption price equal to 100% of the principal amount of such Bonds plus accrued interest to the Redemption Date 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 to the prepayment of the Loan;
- (2) in whole or in part at the written direction of the Credit Provider (and in the amount specified by the Credit Provider if the redemption is in part) requiring that the Bonds be redeemed following any Event of Default under the Reimbursement Agreement. In no event will such redemption occur later than two Business Days prior to the date, if any, that the Credit Enhancement Instrument terminates on account of the Credit Provider's giving of direction to the Trustee pursuant to this subsection to redeem the Bonds in whole. If the Credit Provider directs that the Bonds be redeemed in part, the Credit Provider may further direct on one or more occasions that the Bonds be redeemed in whole or in part or that the Bonds be subject to mandatory tender;
- (3) in whole or in part on each Adjustment Date in an amount equal to the amount that has been transferred from the Principal Reserve Fund on such Adjustment Date to the Redemption Account pursuant to the Indenture;
- (4) in whole or in part, on any Interest Payment Date in an amount equal to the amount that has been transferred from the Principal Reserve Fund on such Interest Payment Date to the Redemption Account pursuant to the Indenture;
- (5) in part in the event that the Borrower makes a Pre-Conversion Loan Equalization Payment. The principal amount of Bonds to be redeemed will be equivalent to the amount prepaid by the Borrower;
- (6) in whole if the Credit Provider notifies the Trustee that (i) the Final Conditions to Conversion have not been satisfied on or before the Termination Date, (ii) a Borrower Default has occurred or (iii) the Construction Lender has directed the Credit Provider to

draw on the Letter of Credit due to an event of default by the Borrower under one or more Construction Phase Credit Documents; or

(7) in whole or in part to the extent that amounts on deposit in the Loan Fund are not required to pay Costs of the Project.

Notice of Redemption. The Trustee will give notice of redemption by first class mail, postage prepaid, not less than ten days prior to the specified 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. Notice will be given immediately 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 conditional upon receipt by the Trustee of sufficient moneys to redeem the Bonds including sufficient Available Moneys to pay any redemption premium in full (“Conditional Redemption”), and such notice and optional redemption will be of no effect (i) if by no later than the scheduled Redemption Date, sufficient moneys to redeem the Bonds and Available Moneys, from a source other than the Credit Provider, sufficient to pay in full any redemption premium have not been deposited with the Trustee, or if moneys deposited with the Trustee to pay any redemption premium are not Available Moneys or (ii) the Trustee, at the written direction of the Credit Provider rescinds such notice on or prior to the scheduled Redemption Date. 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 notice of Conditional Redemption by notice of rescission if the requirements of the Indenture have not been met on or before the Redemption Date, or the Trustee has received a direction from the Credit Provider to cancel the Conditional Redemption; 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 that have been canceled will remain Outstanding, and neither the rescission nor the failure of funds being made available in part or in whole on or before the proposed Redemption Date will constitute an Event of Default. Notwithstanding notice of redemption having been given in the manner provided above, any optional redemption of Bonds will be canceled with the consent of or at the direction of the Credit Provider if the Credit Provider has notified the Trustee that an Event of Default under the Reimbursement Agreement has occurred.

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 Redemption Date, interest on those Bonds will cease to accrue on and after 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 series, 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 of 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, to be redeemed such that the Bonds remaining Outstanding are in Authorized Denominations. In the selection process (i) any Pledged Bonds Outstanding will be selected for redemption before any other Bonds are selected for redemption and (ii) if applicable, the Bonds with the highest interest rate will be selected for redemption before any other Bonds are selected for redemption.

Purchase of Bonds in Lieu of Redemption. If the Bonds are called for redemption in whole or in part, the Bonds called for redemption may be purchased in lieu of redemption. Purchase in lieu of redemption will be available for all of the Bonds called for redemption or for such lesser portion of such Bonds as constitute Authorized Denominations. The Credit Provider or the Borrower with the written consent of the Credit Provider may direct the Trustee to purchase all or such lesser portion of the Bonds so called for redemption. In no event will Fannie Mae in its capacity as Credit Provider purchase Bonds for its own account in lieu of redemption without the prior written consent of the General Counsel to Fannie Mae. Any such direction to the Trustee will:

- (1) be in writing;
- (2) state either that all of the Bonds called for redemption are to be purchased or, if less than all of the Bonds called for redemption are to be purchased, identify those Bonds to be purchased by maturity date and outstanding principal amount in Authorized Denominations; and
- (3) be received by the Trustee no later than 12:00 noon one Business Day prior to the Redemption Date.

If so directed, the Trustee will purchase such Bonds for the account of the Credit Provider or its designee, or the Borrower or its designee, on the date which otherwise would be the Redemption Date. Any of the Bonds called for redemption that are not purchased in lieu of redemption will be redeemed as otherwise required by this Indenture on the Redemption Date.

On or prior to the scheduled redemption date, any direction given to the Trustee or any consent given by the Credit Provider to such a direction may be withdrawn by written notice to

the Trustee. Subject generally to the Indenture, should a direction to purchase or the consent of the Credit Provider be withdrawn, the scheduled redemption of such Bonds will occur.

If the purchase is directed by the Credit Provider, the purchase will be made for the account of the Credit Provider or its designee. If the purchase is directed by the Borrower with the consent of the Credit Provider, the purchase will be made for the account of the Borrower or its designee.

The purchase price of the Bonds will be equal to the outstanding principal of, accrued and unpaid interest on, and the redemption premium, if any, which would have been payable on such Bonds on the Redemption Date had Bonds been redeemed. To pay the purchase price of such Bonds, the Trustee will use such funds, if any, in:

- (1) the Credit Facility Account to pay the principal and interest components of the purchase price; and
- (2) the Redemption Account to pay the redemption premium component of the purchase price;

that the Trustee would have used to pay the outstanding principal of, accrued and unpaid interest on, and the redemption premium, if any, that would have been payable on, the redemption of such Bonds on the Redemption Date. Otherwise, the Trustee will pay the purchase price only from Available Moneys. The Trustee will not purchase the Bonds if by no later than the Redemption Date, sufficient moneys have not been deposited with the Trustee, or even though such moneys are deposited with the Trustee, such moneys are not Available Moneys.

No notice of the purchase in lieu of redemption will be required to be given to the Bondholders (other than the notice of redemption otherwise required under the Indenture).

Special Purchase in Lieu of Redemption

If all Bonds Outstanding are called for redemption in whole following a failure of Conversion or a default under the Reimbursement Agreement at any time that the Letter of Credit is in effect (or the Credit Provider holds funds drawn under the Letter of Credit pursuant to the Construction Phase Financing Agreement), the Bonds may, in lieu of such redemption, be purchased ("Special Purchase Bonds") by the Trustee, at the written direction of the Construction Lender to the Trustee, for the account of the Construction Lender. Any such purchase of Bonds will be in whole and not in part. Such purchase will be made on the date the Bonds are otherwise scheduled to be redeemed ("Special Purchase Date"). The purchase price of the Special Purchase Bonds ("Special Purchase Price") will be equal to the principal amount of the Special Purchase Bonds, plus accrued interest, if any, on the Special Purchase Bonds to the Special Purchase Date. The payment source will consist solely of funds to be advanced by the Credit Provider under the Credit Enhancement Instrument. If the Construction Lender exercises its option to make such a

purchase, any then existing Pledged Bonds will be transferred to, and registered in the name of, the Construction Lender or its designee.

Bonds to be purchased in lieu of redemption that are not delivered to the Trustee on the Special Purchase Date will be deemed to have been so purchased and not redeemed on the Special Purchase Date and will cease to accrue interest as to the former owner on the Special Purchase Date. Special Purchase Bonds will be registered in the name of the Construction Lender or any third party designated in writing by the Construction Lender and approved by the Administration and will be delivered to the party designated in writing by the Construction Lender. If delivery of the Bonds is not possible, the Trustee will deliver a written entitlement order to the applicable financial intermediaries on whose records ownership of the Special Purchase Bonds is reflected directing the intermediaries to credit the security entitlement to the Special Purchase Bonds to the account of the Construction Lender. Following such purchase, the Registered Owner of the Special Purchase Bonds will be the owner of such Bonds for all purposes under this Indenture and interest accruing on such Bonds from and after the Special Purchase Date will be payable solely to the Registered Owner of the Special Purchase Bonds.

In no event will the Credit Enhancement Instrument (or any funds advanced under the Credit Enhancement Instrument) directly or indirectly secure, or provide a source of payment of amounts due from time to time with respect to, the Special Purchase Bonds. In no event will Fannie Mae be deemed to be the owner of any Special Purchase Bond.

SECURITY FOR THE BONDS

Pledge of Trust Estate

Pursuant to the Indenture, the Administration has assigned and pledged the property described below to the Trustee and its successors in trust, for the benefit of the Bondholders, to secure the payment of the principal of, premium, if any, interest on and purchase price of the Bonds when the same become due and payable and to secure, on a parity basis, the Credit Provider (the "Trust Estate"):

- (a) all right, title and interest of the Administration in and to the Loan, including the Note, the Security Instrument and the other Loan Documents, and in and to 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 Administration in and to the Net Bond Proceeds (to the extent not disbursed to the Borrower) and the accrued interest, if any, derived from the sale of the Bonds, the Revenues and all Funds, Accounts and Investments under the

Indenture (including, but not limited to, moneys, documents, securities, Investment Income, instruments and general intangibles on deposit, or otherwise held by the Trustee under the Indenture), but excluding all moneys in the Fees Account (other than Investment Income earned on moneys on deposit in the Fees Account), the Rebate Fund and the Costs of Issuance Borrower's Deposit Account (including within such exclusion Investment Income earned on amounts on deposit in the Costs of Issuance Borrower's Deposit Account and the Rebate Fund);

(d) all rights and interests in property, whether tangible or intangible, from time to time conveyed, mortgaged, pledged, assigned or transferred as and for additional security under the Indenture to the Trustee for the Bonds for the benefit of the Bondholders and the Credit Provider; and

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

Pursuant to the Indenture and the Assignment, the Administration will assign and deliver to Fannie Mae and the Trustee, as their interests may appear, subject to the reservation of certain rights by the Administration, all of its right, title and interest in and to the Loan and the Loan Documents. Under the Assignment, Fannie Mae will exercise all of the "Assigned Rights," *i.e.* rights in respect of the Loan and the Loan Documents, so long as there is no Wrongful Dishonor under the Credit Enhancement Instrument.

Credit Enhancement Instrument

The Credit Enhancement Instrument constitutes a "Credit Facility" under the Indenture, and Fannie Mae constitutes a "Credit Provider" under the Indenture. The form of the Credit Enhancement Instrument is attached as APPENDIX D.

The Trustee is required to timely present Certificates (as defined in the Credit Enhancement Instrument) to Fannie Mae as required by and in accordance with the Credit Enhancement Instrument in order to receive Advances under, and as and to the extent provided in and permitted by, the Credit Enhancement Instrument, to enable the Trustee make timely payments to Bondholders on any date such payments are due or to purchase Bonds on any date such purchase is required under the Indenture, and for which the Credit Enhancement Instrument provides coverage, provided that in no event may the Trustee present a Certificate for payment of any amount due in respect of any Excluded Bonds. The amount available to be drawn under the Credit Enhancement Instrument consists of a Principal Portion equal to the unpaid principal balance of the Bonds Outstanding and an Interest Portion for the payment of up to 34 days of interest actually accrued on the Bonds (not to exceed a maximum rate of interest on the Bonds of 12% per annum) calculated on the basis of a 365 or 366-day year, as applicable, for the actual number of days elapsed.

Alternate Credit Facility

The Credit Enhancement Instrument may be replaced with various other forms of credit enhancement (each an “Alternate Credit Facility” except as described below; the Credit Enhancement Instrument or Alternate Credit Facility being herein referred to as the “Credit Facility”). So long as the Bonds bear interest at the Weekly Variable Rate, one or more Credit Facilities providing credit support for the Loan or the Bonds (other than Excluded Bonds) and liquidity support for the Bonds (other than Excluded Bonds) must be in effect.

The Trustee will accept any Alternate Credit Facility if, among other things, the Trustee receives certain opinions as to, among other things, the effect of such replacement on the tax status of the Bonds and the legality, validity and enforceability of the Alternate Credit Facility.

Upon replacement of the Credit Enhancement Instrument with an Alternate Credit Facility, the Bonds are subject to mandatory tender as described above under the caption “THE BONDS - Mandatory Tender (Other Than Upon Default).”

Principal Reserve Fund

The Principal Reserve Fund is established pursuant to the Indenture and is to be held by the Trustee.

Pursuant to the Indenture, there is to be deposited into the Principal Reserve Fund all of the monthly payments made by the Borrower in accordance with the Reimbursement Agreement and Investment Income earned on amounts on deposit in the Principal Reserve Fund. In addition to transfers to effect a redemption of Bonds as described above, the Trustee will pay, apply or transfer amounts on deposit in the Principal Reserve Fund as follows:

- (i) at the written direction of the Credit Provider, to the Credit Provider to reimburse the Credit Provider for any unreimbursed Advance under the Credit Facility and to pay any other amounts required to be paid by the Borrower under the Loan Documents, the Bond Documents or the Credit Facility Documents (including any amounts required to be paid to the Credit Provider);
- (ii) at the written direction of the Credit Provider, with the written consent of the Borrower (so long as an Event of Default has not occurred and is not continuing under any of the Credit Facility Documents), to the Credit Provider or the Borrower, as the Credit Provider elects, to make improvements or repairs to the Mortgaged Property;
- (iii) at the written direction of the Credit Provider, if a default has occurred under the Credit Facility Documents, any Loan Document or any Bond Document, to the Credit Provider for any use approved in writing by the General Counsel of the Credit Provider;

(iv) at the written direction of the Credit Provider, if a new mortgage and mortgage note have been substituted for the Security Instrument and the Note in accordance with the Loan Documents, or if the Borrower otherwise consents in writing, for any use approved in writing by the General Counsel of the Credit Provider;

(v) on each Adjustment Date, to the Redemption Account;

(vi) during a Weekly Variable Rate Period, if the aggregate amount on deposit in the Principal Reserve Fund on the tenth day of any month is at least \$100,000 greater than the Principal Reserve Amount, then all amounts on deposit in the Principal Reserve Fund (rounded downward to the nearest multiple of \$100,000) in excess of the Principal Reserve Amount will be transferred, on the next earliest Interest Payment Date for which notice of redemption can be given pursuant to the Indenture, to the Redemption Account to be applied to the redemption of Bonds; and

(vii) on the Interest Payment Date following receipt by the Trustee of Investment Income on moneys in the Principal Reserve Fund, pay such Investment Income to the Borrower, provided that there is no deficiency in the Interest Account, the Redemption Account, the Principal Reserve Fund, the Fees Account or the Rebate Fund, and that no default or Event of Default exists under the Credit Facility Documents, any Loan Document or any Bond Document; if a deficiency exists in the Interest Account, the Redemption Account, the Principal Reserve Fund, the Fees Account or the Rebate Fund, the Trustee will transfer such Investment Income to the Interest Account, the Redemption Account, the Principal Reserve Fund, the Fees Account and/or the Rebate Fund, in that order of priority, prior to any payment to the Borrower.

See “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Principal Reserve Fund.”

Additional Bonds

The Administration may, on or before the Conversion Date and only with the written consent of the Credit Provider (and, unless issued on the Conversion Date, the Construction Lender), issue additional bonds (“Additional Bonds”) on a parity with the Bonds. If issued, Additional Bonds will be (i) in an amount such that the aggregate amount of Outstanding Bonds (including the Additional Bonds) does not exceed \$43,000,000, (ii) of the same maturity and in an interest rate mode that is the same as then in effect with respect to the Outstanding Bonds, (iii) rated in the Highest Rating Category by Moody’s and (iv) credit enhanced by a Credit Facility.

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources:

Proceeds from Sale of the Bonds: \$40,000,000

Total Sources: \$40,000,000

Uses:

Loan Fund Deposit: \$40,000,000

Total Uses: \$40,000,000

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

LIMITED LIABILITY

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.

FANNIE MAE

The information presented under this caption "FANNIE MAE" has been supplied by Fannie Mae. 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.

Fannie Mae is a federally chartered and stockholder-owned corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. 1716 et seq. It is the largest investor in home mortgage loans in the United States with a net portfolio of \$921 billion of mortgage loans as of September 30, 2003. Fannie Mae was originally established in 1938 as a United States government agency to provide supplemental liquidity to the mortgage market and became a stockholder-owned and privately managed corporation by legislation enacted in 1968.

Fannie Mae purchases, sells, and otherwise deals in mortgages in the secondary market rather than as a primary lender. It does not make direct mortgage loans but acquires mortgage loans originated by others. In addition, Fannie Mae issues mortgage-backed securities ("MBS"), primarily in exchange for pools of mortgage loans from lenders. Fannie Mae receives guaranty fees for its guarantee of timely payment of principal of and interest on MBS certificates.

Fannie Mae is subject to regulation by the Secretary of Housing and Urban Development ("HUD") and the Director of the independent Office of Federal Housing Enterprise Oversight within HUD. Approval of the Secretary of Treasury is required for Fannie Mae's issuance of its debt obligations and MBS. Five of the eighteen members of Fannie Mae's Board of Directors are appointed by the President of the United States, and the other thirteen are elected by the holders of Fannie Mae's common stock.

The securities of Fannie Mae are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any agency or instrumentality thereof other than Fannie Mae.

As of September 30, 2003, Fannie Mae's core capital¹ was \$32.75 billion. Information on Fannie Mae and its financial condition is contained in Fannie Mae's most current annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K that are filed with the SEC. The SEC filings are available at the SEC's website at www.sec.gov. The periodic reports filed by Fannie Mae with the SEC are also available on Fannie Mae's web site at www.fanniemae.com/ir/sec.

Fannie Mae makes no representation as to the contents of this Official Statement, the suitability of the Bonds for any investor, the feasibility of performance of the Project, or compliance with any securities, tax or other laws or regulations. Fannie Mae's role with respect to the Bonds is limited to issuing and discharging its obligations under the Credit Enhancement Instrument and exercising the rights reserved to it in the Indenture and the Reimbursement Agreement.

¹ Core Capital is the sum of (a) the stated value of outstanding common stock, (b) the stated value of outstanding noncumulative perpetual preferred stock, (c) paid-in capital, and (d) retained earnings.

THE LOAN SERVICER

The information under this heading has been provided by the Loan Servicer and has not been independently verified by the Administration, the Trustee, the Borrower, the Underwriter, Fannie Mae or the Construction Lender or any of their respective counsel. No representation whatsoever as to the accuracy, adequacy or completeness of such information is made by the Administration, the Trustee, the Borrower, the Underwriter, Fannie Mae or the Construction Lender or any of their respective counsel.

Commencing on the Conversion Date, the Loan Servicer will provide certain servicing functions on behalf of Fannie Mae with respect to the Loan pursuant to applicable Fannie Mae requirements and will be paid a fee for its services.

The selection of the Loan Servicer is in the sole and absolute discretion of Fannie Mae. The servicing arrangements between the Loan Servicer and Fannie Mae can be amended or terminated without the consent of the Administration, the Trustee or the Borrower, and none of the Administration, the Trustee or the Borrower has any rights under, and none is a third party beneficiary of, the servicing arrangements between the Loan Servicer and Fannie Mae.

Berkshire Mortgage Finance Limited Partnership, the initial Loan Servicer, has its headquarters in Boston, Massachusetts. It is an approved DUS Lender under Fannie Mae's Delegated Underwriting and Servicing product line.

The Loan Servicer makes no representation as to the contents of this Official Statement, the suitability of the Bonds for any investor, the feasibility of performance of the Project or compliance with any securities, tax or other laws or regulations. The Loan Servicer's role is limited to underwriting and servicing the Loan.

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 six divisions: the Division of Development Finance, the Division of Credit Assurance, the Division of Finance and Administration, the Division of Neighborhood Revitalization, the Division of Historical and Cultural Programs 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 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 Security Instrument. Pursuant to the terms of the Indenture and the Assignment, the Administration will assign and deliver to Fannie Mae and the Trustee, as their interests may appear, subject to the reservation of the Reserved Rights, all of its right, title and interest in and to the Loan and the Loan Documents, including the Note and the Security Instrument. Under the Assignment, Fannie Mae has the right to direct the Trustee to assign the Trustee's interest in the Mortgage Note and Security Instrument to Fannie Mae, to hold for the benefit of Bondholders.

Failure of the Borrower to make payments when due under the Loan will result in an event of default under the Loan and the Reimbursement Agreement and may, at the option of the Credit

Provider, result in a mandatory tender or redemption of all or a portion of the Bonds. See “THE BONDS - Mandatory Tender Upon Default” and “Redemption” herein.

The Loan is a non-recourse obligation of the Borrower.

THE PROJECT AND THE PRIVATE PARTICIPANTS

The following has been provided solely by the Borrower. Neither the Administration, Fannie Mae, the Loan Servicer nor the Underwriter, nor any of their counsel, officers or employees, make any representations as to the accuracy or sufficiency of the following information.

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 Barrington Apartments (the “Project”), and certain other costs related thereto. The Project is a 416-unit multifamily residential development located on East-West Highway near downtown Silver Spring, in Montgomery County, Maryland. The property consists of approximately 14.76 acres on a roughly rectangular shaped tract of land and is improved with 15 three-story brick-over-block frame garden-style apartment buildings containing 212 units, and 25 three-story brick-over-block townhouse apartment buildings containing 204 rental units. Units are either one, two or, three bedrooms and contain a living room, dining area and kitchen area. Laundry facilities are located throughout the Project. The Project has gas-fueled boilers, and gas is used for cooking. 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	5	688	3,440
1BR/1BA	22	694	15,268
1BR/1BA	16	766	12,256
1BR/1BA TH	68	905	61,540
2BR/1BA	103	805	82,915
2BR/1BA	66	844	55,704
2BR/1BA TH	68	1,034	70,312
<u>3BR/1BA TH</u>	<u>68</u>	<u>1,178</u>	<u>80,104</u>
Total	416	917	381,539

The Project is currently in poor condition and Montgomery County, Maryland (the “County”) has condemned certain of the buildings and units. The Borrower expects to spend

approximately \$19.5 million for rehabilitation of the Project. The rehabilitation will include, but not be limited to, window replacement, boiler system repairs, installation of new carpeting and other flooring, painting, installation of new cabinets and appliances, and construction of a new clubhouse and leasing center. The rehabilitation will be undertaken in phases on a building-by-building basis, and tenants will be relocated internally during the rehabilitation. Rehabilitation of the Project is expected to be completed by December 2006.

The Project was purchased by the Borrower on October 24, 2003. In anticipation of the rehabilitation of the Project, the Borrower is not currently leasing vacant units. The Project is currently approximately 85% occupied.

The Borrower is entitled to receive rental subsidies under a housing assistance payments contract with respect to one hundred forty-three (143) of the units pursuant to Section 8 of the United States Housing Act of 1937, as amended. At the time of the Borrower's acquisition of the Project, the Borrower entered into a 90-day contract to provide for the continuation of Section 8 assistance while a renewal contract is being processed. The Borrower expects to enter into a one-year renewal contract shortly to replace the 90-day contract. Under HUD policies, such a renewal contract may be renewed for two successive one-year terms. In conjunction with the completion of rehabilitation the Borrower intends to seek a renewal contract with a term of at least five years at rents not exceeding comparable market rents under HUD's "Mark-Up-to-Market" procedure. In the event the Borrower is unable to obtain a renewal contract at comparable market rents, the Borrower may elect to opt out of the Section 8 program. In such case, under current law, eligible tenants in the Project could apply for enhanced vouchers under the Section 8 program, which would provide rental subsidies at rents not exceeding the comparable market rents for the assisted units.

The Borrower will receive a subordinate mortgage loan from the County in the amount of \$3,000,000 (the "County Loan"), the proceeds of which will be used to pay additional costs of rehabilitation of the Project. The County Loan will be funded from the County's Housing Initiative Fund. The County Loan will bear no interest during the rehabilitation period and bear interest at a rate of 3% per annum during the 30-year permanent loan period. Until the maturity date, payments of principal and interest will be payable out of 75% of net Project operating income remaining after the payment of all Project operating expenses, contributions to reserves and escrows, and debt service payments (including all required fees) on all senior Project debt. The entire outstanding principal balance of, and all accrued but unpaid interest on, the County Loan will be due and payable on August 15, 2037, the maturity date thereof.

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

The Administration and the Borrower will enter into a Regulatory Agreement and 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 Regulatory Agreement contains additional, more restrictive covenants, affecting tenant incomes pursuant to State law, requiring at least 85% of the units in the Project to be rented to tenants with incomes at or below 60% of median area income and an additional 10% of the units in the Project to be rented to tenants with incomes at or below 50% of median area income. See "TAX MATTERS - Low Income Set-Aside Requirements Under the Code" below.

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.

The Project has entered into a Payment in Lieu of Taxes Agreement with the County, under which the Borrower will pay, in lieu of County and special area taxes, an amount equal to the total of such County and special area taxes less an amount equal to the average State of Maryland homeowner's tax credit multiplied by the number of units in the Project occupied by tenants with incomes of 60% of median area income or less.

The Project is also subject to restrictions under the terms of the Section 8 contract and the regulatory agreement entered into in connection with the County Loan.

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, Fannie Mae'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 rehabilitation 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.

The Borrower

The Borrower is Fairfield Barrington LP, a Delaware limited partnership formed for the specific purpose of acquiring, rehabilitating 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 partner of the Borrower is FF Barrington LLC, a Delaware limited liability company (the “General Partner”). The limited partners of the Borrower are affiliates of Paramount Financial Group, a national tax credit investor.

The principals of the General Partner (“Fairfield”) specialize in the acquisition/rehabilitation of tax credit, bond-financed apartment projects and have participated in over \$500 million of bond financed or tax credit projects as principals. Fairfield has been in the multifamily real estate business since 1983 and has developed in excess of 55,000 apartment units in fourteen states. Fairfield is a privately held, fully integrated developer/operator of multifamily housing providing acquisition, construction, management, capital market and disposition services for institutional investors. Fairfield employs approximately 2,000 individuals in offices in more than 26 metropolitan areas. To date Fairfield has developed multifamily housing developments valued at more than two billion dollars.

The Managing Agent

The Project is managed by FF Properties LP (the “Managing Agent”), which is an affiliate of the General Partner of the Borrower. The Managing Agent is responsible for property management of all properties owned and controlled by Fairfield and currently manages approximately 44,000 apartment units nationally.

The General Contractor

The general contractor is FF Development L.P. (the “Contractor”). The Contractor is an affiliate of the General Partner and provides all general contracting services for properties developed by, purchased by, or operated by any of the Fairfield companies.

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 Tax Regulatory Agreement 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 Tax Regulatory Agreement 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, 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. Furthermore, such Federal tax compliance covenants will be subordinate to the rights of Fannie Mae under the Loan Documents and the enforcement of such covenants will be subject to Fannie Mae approval. Because of these Fannie Mae restrictions, enforcement remedies available to the Administration or any other mortgagee may be inadequate to prevent the loss of tax exemption of 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 Projects expected to be financed with the proceeds of the Bonds prior to the

issuance date thereof. In addition, all of the units in the Projects 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 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 to 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 certain foreign corporations), financial institutions, property and casualty insurance 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 not included in 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 after the date of issuance of the Bonds 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.

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.

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, 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 Shereff Friedman, LLP; for Fannie Mae by its Legal Department and by Arent Fox Kintner Plotkin & Kahn, PLLC; and for the Underwriter by its counsel, Hunton & Williams LLP. 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 or 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 and the Financing Agreement may not be readily available or may be limited.

RATINGS

Moody's is expected to assign the rating set forth on the cover hereof to the Bonds. Such rating expresses only the views of such rating agency. An explanation of the significance of the rating may be obtained from such rating agency 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, Fannie Mae, the Loan Servicer 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 a 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 a fee of \$141,733.36, 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 between 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 and the Borrower.

* * * * *

This Official Statement is not to be construed as a contract or agreement between the Administration and the owners of any of the Bonds.

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/ Stephen D. Silver
Stephen D. Silver, Acting Director
Community Development Administration

FAIRFIELD BARRINGTON LP, A DELAWARE LIMITED PARTNERSHIP

By: FF Barrington LLC, a Delaware limited liability
company, its General Partner

By: FF Properties, Inc. a Delaware Corporation,
its Manager

By: /s/Stanley P. Herskovitz
Stanley P. Herskovitz
Vice President

APPENDIX A

DEFINITIONS

“Account” means an account established within a Fund.

“Act” means Sections 2-201 to 2-208, inclusive, of Article 83B of the Annotated Code of Maryland, as amended.

“Act of Bankruptcy” means any proceeding instituted under the Bankruptcy Code or other applicable insolvency law by or against the Administration.

“Adjustment Date” means any date on which the interest rate on the Bonds is adjusted to a different Mode or to a different Reset Rate. An Adjustment Date may only occur on an Interest Payment Date or, if such date is not a Business Day, the following Business Day. Any Reset Date and the Fixed Rate Adjustment Date are Adjustment Dates.

“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.

“Administration’s Fee” means the Administration’s annual fee in an amount equal to 0.25 percent per annum of the outstanding principal amount of the Loan payable by the Borrower monthly, in arrears, in accordance with the Financing Agreement.

“Advance” means an advance made under the 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” and “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 December 1, 2003, among the Administration, the Trustee, the Loan Servicer and Fannie Mae, and acknowledged, accepted and agreed to by the Borrower, 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.

“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 Administration, any Affiliate of either the Borrower or the Administration, or any guarantor of the Loan), (iii) moneys received by the Trustee pursuant to an Advance, (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 the 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 Administration or the Borrower become a debtor in proceedings commenced under the Bankruptcy Code; (v) moneys paid by the Credit Provider for the purchase of Bonds in lieu of redemption; and (vi) Investment Income derived from the investment of moneys described in clause (i), (ii), (iii) (iv) or (v).

“Bankruptcy Code” means Title 11 of the United States Code entitled “Bankruptcy,” as in effect now and in the future, 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” or “Bonds” means, collectively, the Administration’s Multifamily Development Revenue Bonds (Barrington Apartments Project) Series 2003 A and any Additional Bonds, if issued.

“Bond Counsel” means (i) on the Closing Date, the law firm or law firms delivering the approving opinion(s) with respect to the Bonds or (ii) after the Closing Date, any law firm selected by the Administration 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 Disclosure Agreement, if any, the Financing Agreement, the Indenture, the Tax Regulatory Agreement (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 the Bonds, as each such document, agreement or instrument may be amended, supplemented or restated from time to time. Any Forward Commitment Deposit Fee Instrument (as defined in the Reimbursement Agreement) is not a Bond Document.

“Bond Purchase Agreement” means the Purchase Contract among the Underwriter, the Administration and the Borrower.

“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.

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

“Bondholder Tender Notice” means a written notice meeting the requirements of the Indenture.

“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 Fairfield Barrington LP, a Delaware limited partnership.

“Borrower Documents” means (i) the Bond Documents to which the Borrower is a party, (ii) the Credit Facility Documents to which the Borrower is a party, (iii) the Construction Phase Credit Documents to which the Borrower is a party, (iv) the Loan Documents and (v) all other documents to which the Borrower is a party and which are being executed and delivered by the Borrower in connection with the transactions provided for in the Transaction Documents. Any Forward Commitment Deposit Fee Instrument (as that term is defined in the Reimbursement Agreement) is not a Borrower Document.

“Business Day” means any day other than (i) a Saturday or a Sunday, (ii) any day on which banking institutions located in the City of New York, New York are required or authorized by law or executive order to close, (iii) any day on which banking institutions located in the city or cities in which the Designated Office of the Trustee or the Loan Servicer is located are required or authorized by law or executive order to close, (iv) prior to the Fixed Rate Adjustment Date, a day on which the New York Stock Exchange is closed or any day on which banking institutions located in the city in which the Designated Office of the Remarketing Agent is located are required or authorized by law or executive order to close, (v) so long as a Credit Facility is in effect, any day on which the Credit Provider is closed.

“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.

“Construction Lender” means Bank of America, N.A.

“Construction Phase” means the period beginning on the date of closing of the Bonds and continuing until the Conversion Date.

“Construction Phase Credit Facility” means the Letter of Credit.

“Construction Phase Financing Agreement” means the Construction Phase Financing Agreement, dated as of December 1, 2003, by and among the Credit Provider, the Loan Servicer and the Construction Lender, and acknowledged, accepted and agreed to by the Borrower, as amended, supplemented or restated from time to time.

“Construction Reimbursement Agreement” means the Reimbursement Agreement dated as of December 1, 2003, between the Borrower and the Construction Lender, as amended, modified, supplemented or restated from time to time.

“Conversion” means the conversion of the Loan from the Construction Phase to the Permanent Phase.

“Conversion Date” means the effective date of Conversion pursuant to the terms and conditions of the Construction Phase Financing Agreement.

“Costs of Issuance” includes (a) the fees, costs and expenses (excluding ongoing fees, costs and expenses) of the Administration, the Administration’s counsel, the Administration’s financial advisor, if any, to the extent not otherwise provided for, 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), the Underwriter’s counsel, Bond Counsel, the Trustee, the Trustee’s counsel, the Loan Servicer, the Loan Servicer’s counsel, the Credit Provider, the Credit Provider’s counsel, the Borrower’s counsel and the Borrower’s financial advisor, if any, the Rating Agency, (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 to the Loan Servicer in connection with the origination of the Loan.

“Costs of Issuance Borrower’s Deposit Account” means the Costs of Issuance Borrower’s Deposit Account of the Costs of Issuance Fund.

“Costs of Issuance Borrower’s Deposit” means the deposit to be made by the Borrower with the Trustee on the Closing Date as required by the Financing Agreement, to be

deposited into the Costs of Issuance Borrower's Deposit Account 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 Direct Pay Irrevocable Transferable Credit Enhancement Instrument, dated the Closing Date issued by Fannie Mae to the Trustee, or any Alternate Credit Facility in effect at the time, as any such facility may be 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 Reimbursement Agreement, the Certificate of Borrower, all Collateral Agreements (as that term is defined in the Security Instrument), the Construction Phase Financing Agreement, the Hedge Documents, the Hedge Security Agreement, the Hedge Reserve Escrow Account and Security Agreement, the Pledge Agreement and all other agreements and documents securing the Credit Provider or otherwise relating to the provision of the Credit Facility, as any such agreement may be amended, supplemented or restated from time to time. Any Forward Commitment Deposit Fee Instrument (as that term is defined in the Reimbursement Agreement) is not a Credit Facility Document.

"Credit Provider" means, so long as the initial Credit Facility is in effect, Fannie Mae, or so long as any Alternate Credit Facility is in effect, the Alternate Credit Provider then obligated under the Alternate Credit Facility.

"Designated Office" of the Trustee, the Tender Agent, the Remarketing Agent or the Loan Servicer means, respectively, the office of the Trustee, the Tender Agent, the Remarketing Agent or the Loan Servicer at the respective address set forth in the Indenture or at such other address as may be specified in writing by the Trustee, the Tender Agent, the Remarketing Agent or the Loan Servicer, as applicable, as provided in the Indenture.

"DTC" means The Depository Trust Company and any successor to it or any nominee of it.

"Event of Default" means, as used in any Transaction Document, any event described in that document as an Event of Default. Any "Event of Default" as described in any Transaction Document is not an "Event of Default" in any other Transaction Document unless that other Transaction Document specifically so provides.

"Excluded Bonds" means, collectively, any Bonds which are not Outstanding and any Bonds which at any time constitute Pledged Bonds or Obligor Bonds.

"Extension Date" means, with respect to an Alternate Credit Facility, the date which is five Business Days prior to the expiration date of the 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, including reasonable fees and expenses of counsel to the Trustee.

“Facility Fee” means the monthly fee owed to the Credit Provider by the Borrower pursuant to the Reimbursement Agreement.

“Fannie Mae” means Fannie Mae, a corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C., § 1716 et seq., and its successors and assigns.

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

“Final Conditions to Conversion” means the conditions required to be met in order for the Loan to convert to the Permanent Phase as set forth in the Construction Phase Financing Agreement.

“Financing Agreement” means the Financing Agreement, dated as of December 1, 2003, among the Administration, the Trustee and the Borrower, as amended, 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 or a Reset 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.

“Highest Rating Category” has, with respect to an Investment, the following meanings: If the Bonds are rated by a Rating Agency, the term “Highest Rating Category” means, with respect to an Investment, that the Investment is rated by each Rating Agency in the highest rating 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 “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 the highest rating given by that rating agency for that general category of security. By way of example, the Highest Rating Category for tax-exempt municipal debt established by S&P is “A-1+” for debt with a term of one year or less and “AAA” for a term greater than one year, with corresponding ratings by Moody’s of “MIG-1” (for fixed rate) or “VMIG-1” (for variable rate) for one year or less and “Aaa” for greater than one year. If at any time (i) the Bonds are not rated, (ii) both S&P and Moody’s rate an Investment and (iii) one of those ratings is below the Highest Rating Category, then such Investment will, nevertheless, be deemed to be rated in the Highest Rating Category if the lower rating is no more than one rating

category below the highest rating category of that rating agency. For example, an Investment rated “AAA” by S&P and “Aa3” by Moody’s is rated in the Highest Rating Category. If, however, the lower rating is more than one full rating category below the Highest Rating Category of that rating agency, then the Investment will be deemed to be rated below the Highest Rating Category. For example, an Investment rated “AAA” by S&P and “A1” by Moody’s is not rated in the Highest Rating Category.

“Indenture” means the Trust Indenture between the Administration and the Trustee, dated as of December 1, 2003, as amended, supplemented or restated from time to time.

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

“Interest Payment Date” means (i) during any Weekly Variable Rate Period, the 15th day of each calendar month commencing January 15, 2004; (ii) during any Reset Period and during the Fixed Rate Period each June 15 and December 15 following the Adjustment Date, provided that the first Interest Payment Date during any such period may only occur on a date which is at least 30 days after the Adjustment Date; (iii) each Adjustment Date; (iv) for Bonds subject to redemption in whole or in part on any date, the applicable Redemption Date, (v) the Maturity Date and (vi) for all Bonds any date determined pursuant to the Indenture.

“Interest Requirement” means (i) during the Weekly Variable Rate Period, 34 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, and (ii) during a Reset Period or the Fixed Rate Period, 210 days interest on the Bonds at, respectively, the Reset Rate or the Fixed Rate, as the case may be, on the basis of a year of 360 days of twelve 30-day months; or, in the case of either clause (i) or (ii), such other number of days as may be required by the Rating Agency in writing.

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

“Investment Agreement” means a Permitted Investment described in paragraph (g) of the definition of the term “Permitted Investments.”

“Investment Income” means the earnings, profits and accreted value derived from the investment of moneys.

“Letter of Credit” means, individually or collectively, as the context may require, the letter of credit to be issued and delivered by or on behalf of the Construction Lender pursuant to, and which satisfies all requirements of, the Construction Phase Financing Agreement, and any amendment to the letter of credit, any replacement Letter of Credit, and any confirmation of the letter of credit, in each case issued and delivered in accordance with the Construction Phase Financing Agreement.

“Loan” means the loan made by the Administration to the Borrower pursuant to the Financing Agreement for the purpose of providing funds to the Borrower to finance Costs of the acquisition, construction or rehabilitation and equipping of the Project.

“Loan Documents” means, collectively, the Note, the Security Instrument 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. Neither the Financing Agreement nor the Regulatory Agreement is a Loan Document and neither document is secured by the Security Instrument.

“Loan Fund” means the Loan Fund created by the Indenture.

“Loan Servicer” means the multifamily mortgage loan servicer designated from time to time by the Credit Provider. The initial Loan Servicer is Berkshire Mortgage Finance Limited Partnership.

“Mandatory Tender Date” means any date on which Bonds are required to be tendered pursuant to the Indenture, including (i) any Adjustment Date (further including any proposed Adjustment Date), (ii) any Substitution Date (further including any proposed Substitution Date), (iii) any Extension Date (on or prior to which the Trustee has not been furnished with an extension of the Credit Facility then in effect, together with the form of Opinion of Counsel required by the Indenture) and (iv) the date specified by the Trustee as provided in the Indenture (v) any Rating Notice Date.

“Maturity Date” means June 15, 2037, or in the event the Bonds are adjusted to the Fixed Rate Mode and a Sinking Fund Schedule is established, the maturity date of all serial Bonds, if any.

“Maximum Rate” means twelve 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 the Bonds from gross income for federal income tax purposes, and (iii) a new or amended Credit Facility in an amount equal to the sum of (A) the then outstanding principal amount of the Bonds and (B) the new Interest Requirement calculated using the new Maximum Rate.

“Mode” means any of the Weekly Variable Rate, the Reset Rate and the Fixed Rate.

“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 Credit Provider, as assigns credit ratings.

“Mortgaged Property” means the real property described in the Security Instrument, together with all improvements, fixtures and personal property (to the extent of the Borrower’s interest in all such property) and located on such real property.

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

“Note” means the Multifamily Note (together with all addenda), dated as of December 1, 2003, executed by the Borrower in favor of the Administration, evidencing the Loan, as it may be amended, supplemented or restated from time to time or any note executed in substitution therefor in accordance with the Bond Documents, as such substitute note may be amended, supplemented or restated from time to time.

“Note Interest” means the interest payable on the Loan as defined in the Note.

“Obligor Bond” means any Bond registered in the name, or held for the account, of the Administration, any Affiliate of the Administration, the Borrower, any Affiliate of the Borrower, or any guarantor or any Affiliate of any guarantor.

“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 the 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 under the Indenture.

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, Excluded Bonds shall be disregarded and deemed not to be Outstanding under the Indenture for the purpose of any such determination unless all Bonds are Excluded Bonds. 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 known by the Trustee to be Excluded Bonds shall be disregarded.

“Permanent Phase” means the period beginning on the Conversion Date through the maturity of the Loan.

“Permitted Investments” means, to the extent authorized by law for investment of moneys of the Administration:

- (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 Highest Rating Category.
- (c) Obligations, in each case rated in the 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 short-term obligations are rated in the Highest Rating Category.

(e) Commercial paper rated in the 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 either (i) the Qualified Financial Institution's unsecured short-term obligations are rated in the Highest Rating Category or (ii) such deposits, accounts or acceptances are fully insured by the Federal Deposit Insurance Corporation.

(g) An agreement held by the Trustee for the investment of moneys at a guaranteed rate with (i) the Credit Provider or (ii) a Qualified Financial Institution whose unsecured long-term obligations are rated in the Highest Rating Category or 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 Highest Rating Category or the Second Highest Rating Category; provided that such agreement is in a form acceptable to the Credit Provider; and provided further that such agreement includes the following restrictions:

(1) the invested funds are available for withdrawal without penalty or premium, at any time that (i) the Trustee is required to pay moneys from the Fund(s) established under the Indenture to which the agreement is applicable, or (ii) any Rating Agency indicates that it will lower or actually lowers, suspends or withdraws the rating on the Bonds on account of the rating of the Qualified Financial Institution providing, guaranteeing or insuring, as applicable, the agreement;

(2) the agreement, and if applicable the guarantee or insurance, is an unconditional and general obligation of the provider and, if applicable, the guarantor or insurer of the agreement, and ranks *pari passu* with all other unsecured unsubordinated obligations of the provider, and if applicable, the guarantor or insurer of the agreement;

(3) the Trustee receives an Opinion of Counsel, which may be subject to customary qualifications, that such agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and, if applicable, an Opinion of Counsel that any guaranty or insurance policy provided by a guarantor or insurer is legal, valid, binding and enforceable upon the guarantor or insurer in accordance with its terms; and

(4) the agreement provides that if during its term the rating of the Qualified Financial Institution providing, guaranteeing or insuring, as applicable, the agreement, is withdrawn or suspended by any Rating Agency or falls below the Second Highest Rating Category, the provider must, within 10 days, either: (i) collateralize the agreement (if the agreement is not already collateralized) with Permitted Investments described in paragraph (a) or (b) by depositing 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 agreement is already collateralized, increase the collateral with Permitted Investments described in paragraph (a) or (b) by depositing collateral with the Trustee or a third party custodian, so as to maintain the then current rating of the Bonds, (ii) at the request of the Trustee or the

Credit Provider, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium unless required by law or (iii) transfer the agreement, guarantee or insurance, as applicable, to a replacement provider, guarantor or insurer, as applicable, then meeting the requirements of a Qualified Financial Institution and whose unsecured long-term obligations are then rated in the Highest Rating Category or the Second Highest Rating Category. The agreement may provide that the downgraded provider may elect which of the remedies to the downgrade (other than the remedy set out in clause (ii)) to perform.

Notwithstanding anything else in this paragraph (g) to the contrary and with respect only to any agreement described in this paragraph or any guarantee or insurance for any such agreement which is to be in effect for any period after the Conversion Date, any reference in this paragraph to the “Second Highest Rating Category” will be deemed deleted so that the only acceptable rating category for such an agreement, guarantee or insurance for such period will be the Highest Rating Category.

(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 Credit Provider, a money market mutual fund portfolio may also contain obligations and agreements to repurchase obligations described in paragraph (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 Highest Rating Category if the lower rating is no more than one rating category below the 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 Construction Lender, the Credit Provider and each Rating Agency.

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 agreement relating to the investment.

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

“Pledge Agreement” means the Pledged Bonds Custody and Security Agreement, dated as of December 1, 2003, among the Borrower, the Trustee, as collateral agent for the Credit Provider, and the Credit Provider, as such agreement may be amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

“Pledged Bond” means any Bond during the period from and including the date of its purchase by the Trustee on behalf of and as agent for the Borrower with the proceeds of an Advance, to, but excluding, the date on which the amount of the Pledged Bonds Advance made by the Credit Provider on account of such Pledged Bond is reinstated under the Credit Facility.

“Pre-Conversion Loan Equalization Payment” means a partial prepayment of the Loan made by the Borrower to reduce the Loan amount on or before the Conversion Date.

“Principal Amount” means the aggregate of (i) \$40,000,000, the original principal amount of the Bonds on the Closing Date and (ii) the principal amount of any Additional Bonds.

“Principal Reserve Amount” means an amount equal to 20% of the aggregate principal amount of the Bonds Outstanding on the Conversion Date.

“Principal Reserve Fund” means the Principal Reserve Fund created under the Indenture.

“Principal Reserve Schedule” means the Schedule of Deposits to Principal Reserve Fund attached to the Reimbursement Agreement as of the Conversion Date, as such schedule may be amended, supplemented or restated from time to time.

“Qualified Financial Institution” means any: (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, (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 and (vii) any other entity which is acceptable to the Credit Provider and, prior to the Conversion Date, the Construction Lender. With respect to an entity which provides an agreement held by the Trustee for the investment of moneys at a guaranteed rate as set out in paragraph (g) of the definition of the term “Permitted Investments” or an entity which guarantees or insures, as applicable, the 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.

“Rate Determination Date” means (i) with respect to the Weekly Variable Rate, Wednesday of each week, or if such Wednesday is not a Business Day the first Business Day before such Wednesday; provided, however, that upon any adjustment to the Weekly Variable Rate Mode from a Reset Rate, the first Rate Determination Date shall be the Business Day prior to the Adjustment Date, and (ii) with respect to any Reset Rate and the Fixed Rate, the date selected by the Remarketing Agent which date must be a Business Day not less than five Business Days prior to the Adjustment Date.

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

“Rating Notice Date” means that date established by the Administration and the Credit Provider on which the Bonds are subject to mandatory tender for purchase due to a reduction in the rating on the Bonds in accordance with the Indenture.

“Rebate Analyst” means a Person that is (i) qualified and experienced in the calculation of rebate payments under Section 148 of the Code and in 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 Fund” means the Rebate Fund created by 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.

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

“Registered Owner” means, with respect to any Bond, the registered owner of the Bond as shown on the Bond Register.

“Regulatory Agreement” means, collectively, the Tax Regulatory Agreement and the Extended Low Income Housing Covenant for Low Income Housing Tax Credits between the Administration and the Borrower, as it may be amended, supplemented or restated from time to time.

“Reimbursement Agreement” means the Reimbursement Agreement, dated as of December 1, 2003, between the Credit Provider and the Borrower, as amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

“Remarketing Agent” means Legg Mason Wood Walker Incorporated or any successor as Remarketing Agent designated in accordance with the Indenture.

“Remarketing Agreement” means the Remarketing Agreement by and among the Administration, the Borrower, the Trustee and the Remarketing Agent, as amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

“Reserved Rights” means (i) those certain rights of the Administration under the Financing Agreement to indemnification to payment of the Administration’s Fee and to payment or reimbursement of other fees and expenses of the Administration, (ii) 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 of the Mortgaged Property, its right to collect attorneys’ fees and related expenses, its right to specifically enforce the Borrower’s covenant to comply with applicable federal tax law and State law (including the Act and the rules and regulations of the Administration, if any), and its right to give or withhold consent to amendments, changes, modifications and alterations to the Financing Agreement relating to the Reserved Rights and (iii) the Completion Assurance Agreement, dated as of December 1, 2003, by and between the Administration and the Borrower and the related letter of credit securing such agreement issued by Bank of America, N.A.

“Reset Date” means any date upon which the Bonds begin to bear interest at a Reset Rate for the Reset Period then beginning.

“Reset Period” means each period of ten years or more selected by the Borrower, or such shorter period as may be selected by the Borrower with the prior written consent of the Credit Provider, during which the Bonds bear interest at a Reset Rate.

“Reset Rate” means the rate of interest borne by the Bonds during a Reset Period.

“Revenue Fund” means the Revenue Fund created by 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 Principal Reserve Fund, the Rebate Fund and the Costs of Issuance Borrower’s Deposit Account, but including Investment Income earned on moneys on deposit in the Costs of Issuance Bond Proceeds Account and Investment Income on such Investment Income) and (iii) payments made under the Note.

“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.

“Security Instrument” means the Multifamily Deed of Trust, Assignment of Rents and Security Agreement, dated as of December 1, 2003, together with all riders and exhibits, securing the Note and the obligations of the Borrower to the Credit Provider under the Credit Facility Documents, executed by the Borrower with respect to the Mortgaged Property, as it may be amended, supplemented or restated from time to time, or any security instrument executed in substitution therefor, as such substitute security instrument may be amended, supplemented or restated from time to time.

“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 Credit Provider, 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, which date must be (i) an Interest Payment Date during a Weekly Variable Rate Period or an Adjustment Date which immediately follows a Reset Period and (ii) a date on which the Credit Facility for which substitution is being made is available to be accessed or drawn upon.

“Tax Certificate” means the Borrower’s Tax Certificate, dated the Closing Date executed the Borrower.

“Tax Regulatory Agreement” means the Regulatory Agreement and Agreement and Declaration of Covenants and Restrictions relating to the Project between the Administration and the Borrower, as it may be amended, supplemented or restated from time to time.

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

“Tender Agent Agreement” means any Tender Agent Agreement entered into by the Administration, 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 any (i) Mandatory Tender Date or (ii) 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 for purchase pursuant to the Indenture.

“Termination Date” means December 15, 2006, as the same may be extended with the consent of the Credit Provider.

“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 Administration to the Trustee and the Credit Provider, as those interests may appear, pursuant to the Assignment.

“Trustee” means Manufacturers and Traders Trust Company, or its successors or assigns, or any other corporation or association resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at any time serving as successor trustee under the Indenture.

“Underwriter” means the underwriter listed on the cover of this Official Statement.

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

(a) the first Week will begin on the Closing Date and end on and include Wednesday, December 10, 2003;

(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 Wednesday;

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

(d) the final Week will begin on a Thursday 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.

“Weekly Variable Rate Period” means the period commencing on the Closing Date or an Adjustment Date on which the interest rate on the Bonds is adjusted from the Reset Rate to the Weekly Variable Rate 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 a Certificate under the Credit Facility which conforms to the terms and conditions of the Credit Facility.

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 Administration's Fee;

(b) the Credit Facility shall provide for payment in immediately available funds to the Trustee upon receipt of the Trustee's request for such payment with respect to any Interest Payment Date, purchase date (if applicable) or Redemption Date pursuant to the Indenture;

(c) if the Credit Facility is provided to secure Bonds during a Reset Period, the Credit Facility shall provide an expiration date no earlier than the earliest of (i) the day following the Adjustment Date immediately succeeding the Reset Period; (ii) ten days after the Trustee receives notice from the Credit Provider of an Event of Default under the Reimbursement Agreement and a direction to redeem all Outstanding Bonds; (iii) the date on which all Bonds are paid in full and the Indenture is discharged in accordance with its terms; and (iv) the date on which the Bonds become secured by an Alternate Credit Facility in accordance with the terms of the Indenture and the Credit Facility;

(d) unless waived by the Administration in its sole discretion, the Credit Facility shall result in Bonds receiving a short-term rating in the Highest Rating Category of each Rating Agency or a long-term rating from Moody's of not less than the "Aa" category, or both, as applicable for the Mode then in effect. The failure to maintain such rating shall result in the Bonds being subject to mandatory tender for purchase on each Rating Notice Date; and

(e) if the Credit Facility in effect is an Alternate Credit Facility, the Credit Facility satisfies the following additional requirements:

(i) the Alternate Credit Facility meets the requirements described in paragraphs (a) through (d) above;

(ii) the Substitution Date for the Alternate Credit Facility is an Interest Payment Date during a Weekly Variable Rate Period or an Adjustment Date which immediately follows a Reset Period;

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

(iv) the Trustee receives on or prior to the effective date of the Alternate Credit Facility (A) an Opinion of Counsel to the Credit Provider issuing the Alternate Credit Facility, in form and substance satisfactory to the Administration and the Trustee, relating to the due authorization and issuance of the Alternate Credit Facility and its enforceability and (B) 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.

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;
- (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 and within the Costs of Issuance Fund, the Costs of Issuance Borrower's Deposit Account and the Costs of Issuance Bond Proceeds Account;
- (d) the Rebate Fund;
- (e) so long as any Bonds are Outstanding and have not been adjusted to the Fixed Rate, the Bond Purchase Fund; and
- (f) the Principal Reserve Fund.

Loan Fund

(a) *Disbursements from the Loan Fund.* The Trustee shall disburse amounts on deposit in the Loan Fund as provided in this subsection for the sole purpose of paying Costs. Upon the final disbursement of all amounts on deposit in the Loan Fund, the Trustee shall close the Loan Fund.

(1) The Trustee shall make disbursements from the Loan Fund from time to time for the sole purpose of paying Costs only upon the receipt of Requisitions, each in the form attached to the Indenture, signed by an Authorized Borrower Representative and countersigned by an Authorized Construction Lender Representative. The Trustee shall have no duty to determine whether any requested disbursement from the Loan Fund complies with the Construction Phase Credit Documents. The countersignature of the Authorized Construction Lender Representative on a Requisition shall be deemed a certification and, solely insofar as the Trustee and the Administration are concerned (and not insofar as the Borrower is concerned), constitute conclusive evidence, that all of the terms, conditions and requirements of the Construction Phase Credit Documents applicable to the disbursement have been fully satisfied or

waived. The Trustee shall, immediately upon each receipt of a completed Requisition signed by the Authorized Borrower Representative and countersigned by an Authorized Construction Lender Representative, initiate procedures with the provider of the Investment Agreement applicable to the Loan Fund, if any, to make withdrawals under that Investment Agreement as necessary to fund the Requisition.

(2) If a Requisition signed by the Authorized Borrower Representative and countersigned by an Authorized Construction Lender Representative is received by the Trustee by noon, prevailing Eastern time, on any given Business Day, the Trustee shall pay the requested disbursement within two Business Days (for this purpose, including in the definition of “Business Day” only clauses (i) and (iii) of such definition), or, if an Investment Agreement is in effect with respect to such funds, within two Business Days after funds are received by the Trustee from the provider of the relevant Investment Agreement. If a Requisition signed by the Authorized Borrower Representative and countersigned by an Authorized Construction Lender Representative is received by the Trustee after noon, prevailing Eastern time, on any given Business Day, the Trustee shall pay the requested disbursement within three of the above counted Business Days.

(b) *Transfers to Effect Certain Mandatory Redemptions of Bonds.* On or before the Conversion Date (and, if applicable, from time to time after the Conversion Date) the Trustee shall transfer to the Redemption Account the amount remaining on deposit in the Loan Fund, excluding from such transfer such amounts as the Loan Servicer, and prior to the Conversion Date, the Construction Lender, determine are not required to pay Costs that are not yet due and payable or which are being contested in good faith. The Trustee shall apply any amounts so transferred to the redemption of Bonds from amounts in the Loan Fund not required to pay Costs of the Mortgaged Property.

(1) If the Credit Provider notifies the Trustee that either (i) the Final Conditions to Conversion have not been satisfied on or before the Termination Date or (ii) a Borrower Default has occurred or (iii) the Construction Lender has directed Fannie Mae to draw on the Letter of Credit due to an event of default by the Borrower under any Construction Phase Credit Document, then:

(A) the Trustee shall not make any further disbursement from the Loan Fund in accordance with subsection (b)(1) above; and

(B) the Trustee shall transfer any amounts remaining on deposit in the Loan Fund to the Redemption Account three Business Days prior to the Redemption Date determined for the redemption of the Bonds upon a failure of Conversion to occur.

(2) The Trustee shall apply any amounts so transferred to the Redemption Account to the redemption of Bonds upon a failure of Conversion to occur. If, however, the Trustee purchases the Bonds for the account of the Construction Lender pursuant to the Indenture, the Trustee shall make the transfer described in clause (B) above on such later date as the Construction Lender shall specify, but in any event not later than three years after the Closing Date. Immediately prior to any mandatory redemption of the Bonds in whole upon the use of insurance proceeds to prepay the Loan or upon a transfer from the Principal Reserve Fund

pursuant to the Indenture, any amounts then remaining in the Loan Fund shall, at the written direction of the Credit Provider, 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:

- (i) moneys provided by or on behalf of the Borrower relating to an interest payment, including any prepayment, under the Note whether paid pursuant to the Assignment or otherwise;
- (ii) moneys provided by or on behalf of the Borrower for the payment of the Facility Fee to the Credit Provider under the Reimbursement Agreement whether paid pursuant to the Assignment or otherwise;
- (iii) all Investment Income on the Funds and Accounts (except that Investment Income earned on amounts on deposit in the Accounts of the Loan Fund, the Rebate Fund, the Costs of Issuance Borrower's Deposit Account and the Principal Reserve Fund shall be credited to and retained in those respective Funds or Accounts); and
- (iv) 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:

- (i) On each (A) Interest Payment Date on or prior to the Conversion Date, (B) Interest Payment Date after the Conversion Date during any Reset Period or Fixed Rate Period, (C) Redemption Date and (D) date of acceleration of the Bonds, the Trustee shall disburse to the Credit Provider the amount of any Advance relating to the payment of interest on the Bonds unless the Credit Provider is Fannie Mae and Fannie Mae has been or is being reimbursed by the Loan Servicer for the amount of such Advance;
- (ii) 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;
- (iii) On each Interest Payment Date on or before the Conversion Date, to the Credit Provider the amount of its Facility Fee;
- (iv) If the Credit Provider or the Loan Servicer gives a written notice to the Trustee at any time to the effect that there is any unreimbursed Advance or any other amount required to be paid by the Borrower to the Credit Provider under the Loan Documents, the Bond Documents or the Credit Facility Documents remains unpaid, then

the Trustee shall transfer any Investment Income earned on or transferred to the Interest Account from and after the preceding Interest Payment Date or the Closing Date, as applicable, to the Credit Provider but not in an amount which exceeds the amount stated as unpaid by the Credit Provider in its notice to the Trustee; and

(v) Unless there is (A) a deficiency in the Principal Reserve Fund, the Fees Account or the Rebate Fund or (B) other than as described in paragraph (iii) above, 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 the Interest Account from and after the preceding Interest Payment Date or the Closing Date, as applicable; if a deficiency exists in the Principal Reserve Fund, the Fees Account or the Rebate Fund, such Investment Income shall be transferred to the Principal Reserve Fund, 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:

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

(ii) moneys transferred from the Loan Fund to effect certain mandatory redemptions of Bonds;

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

(iv) moneys transferred from the Principal Reserve Fund; and

(v) 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, date of acceleration of the Bonds and Maturity Date, the Trustee shall disburse from the Redemption Account (i) to the Credit Provider, the amount of any Advance relating to the payment of principal on the Bonds unless the Credit Provider is Fannie Mae and Fannie Mae has been or is being reimbursed by the Loan Servicer 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.

Disbursements from the Redemption Account for Sinking Fund Payments.

(i) Application of Moneys. Provided that no notice of optional redemption has been sent to Bondholders on or before the 30th day preceding a Sinking Fund Payment Date, at the written instruction of the Administration (acting through an Authorized Officer), at the direction of the Borrower and with the prior written consent of the Credit Provider, the Trustee shall apply any Available Moneys accumulated in the Redemption Account on or before the 30th day preceding such Sinking Fund Payment Date to the purchase of Bonds of the same series and maturity for which such Sinking Fund Payment was established at prices (including any brokerage and other charges) not exceeding the redemption price for such Bonds plus accrued and unpaid interest to the date of purchase, such purchase to be made in such manner as the Trustee (after consultation with the Administration, the Borrower and the Credit Provider) determines. The Borrower shall provide a copy of such direction to the Loan Servicer concurrently with delivery to the Trustee.

(ii) Credit Toward Sinking Fund Payment. Upon the purchase of any Bond on a Sinking Fund Payment Date, such Bond shall be cancelled by the Trustee and an amount equal to the principal amount of the Bond so purchased will be credited toward the Sinking Fund Payment next due with respect to the Bonds of such maturity. In the event the Trustee is able to purchase Bonds at a price less than the redemption price at which such Bonds were to be redeemed, then, presuming no notice of redemption has been sent to Bondholders, after payment by the Trustee of the purchase price of such Bonds and after payment of any other amounts due on the due date of such Sinking Fund Payment, the Trustee shall pay an amount not greater than the difference between the amount of such purchase price and the amount of such redemption price to, or at the written direction of, the Borrower.

(iii) Redemption. As soon as practicable after the 30th day preceding the due date of any such Sinking Fund Payment, and otherwise as provided in the Indenture, the Trustee shall give notice of redemption of Bonds in such amount as is necessary to complete the retirement of a principal amount of Bonds equal to the unsatisfied balance of such Sinking Fund Payment. The Trustee shall call such Bonds for redemption whether or not it then has moneys in the Redemption Account sufficient to pay the applicable redemption price of the Bonds to be redeemed on the Redemption Date. The Trustee shall pay the amount required for the redemption of the Bonds so called for redemption from the Funds specified in the Article of the Indenture summarized in this paragraph, in the order of priority indicated, and such amount will be applied by the Trustee to such redemption.

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 the Administration's Fee and Pledged Bond Advances. 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. The Credit Facility Account shall be closed at such time as the Credit Provider has no continuing liability under the Credit Facility.

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 the Third Party Fees, (ii) payments made by the Borrower under the Financing Agreement attributable to the Fees and Expenses and (iii) amounts, if any, derived from the Credit Facility for the payment of the Administration's Fee. On any date on which any amounts are required to pay any Third Party Fees, such amounts shall be withdrawn by the Trustee from the Fees Account for payment of such Third Party Fees to the appropriate party, provided, however, that amounts derived from the Credit Facility and deposited into the Fees Account will be used only to pay the Administration's Fee when due.

Costs of Issuance Fund

On or before the Closing Date the Borrower shall deliver the Costs of Issuance Borrower's Deposit to the Trustee. On the Closing Date, the Trustee shall deposit or transfer, as applicable, the Costs of Issuance Borrower's Deposit into the Costs of Issuance Borrower's Deposit Account. On the Closing Date, the Trustees shall deposit any Bond Proceeds received to pay Costs of Issuance into the Costs of Issuance Bond Proceeds Account.

The Trustee shall disburse moneys on deposit in the Costs of Issuance Fund, pursuant to requisitions signed by an Authorized Borrower Representative, to pay Costs of Issuance. Moneys on deposit in the Costs of Issuance Borrower's Deposit Account 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 Borrower's Deposit Account 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.

Bond Purchase Fund

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

- (i) remarketing proceeds received upon the remarketing of Tendered Bonds to any person;
- (ii) Pledged Bond 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 paragraph (i) are insufficient on any date to pay the purchase price of Tendered Bonds,

which amounts the Trustee shall transfer to the Tender Agent on or before 3:00 p.m. Eastern time on each Tender Date, and

(iii) moneys received from the Borrower to the extent that moneys obtained pursuant to paragraphs (i) and (ii) are insufficient on any date to pay the purchase price of Tendered Bonds.

Subject to the 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. Amounts held to pay the purchase price for more than two years shall be applied in the same manner as provided in the Indenture with respect to unclaimed payments of principal and interest.

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 pursuant to the Indenture.

Principal Reserve Fund

Deposits into the Principal Reserve Fund. The Trustee shall deposit into the Principal Reserve Fund all of the monthly payments made by the Borrower in accordance with the Principal Reserve Schedule, as such schedule may be amended in writing in accordance with the Reimbursement Agreement. Investment Income earned on amounts on deposit in the Principal Reserve Fund shall be retained in the Principal Reserve Fund;

The Trustee may rely upon the Schedule of Deposits to Principal Reserve Fund attached to the Reimbursement Agreement provided to it as of the Conversion Date until it is furnished an amended schedule by the Credit Provider or the Loan Servicer.

Disbursements from the Principal Reserve Fund. The Trustee shall pay, apply or transfer amounts on deposit in the Principal Reserve Fund as follows:

(i) at the written direction of the Credit Provider, to the Credit Provider to reimburse the Credit Provider for any unreimbursed Advance under the Credit Facility and to pay any other amounts required to be paid by the Borrower under the Loan Documents, the Bond Documents or the Credit Facility Documents (including any amounts required to be paid to the Credit Provider);

(ii) at the written direction of the Credit Provider, with the written consent of the Borrower (so long as an Event of Default has not occurred and is not continuing under any of the Credit Facility Documents), to the Credit Provider or the Borrower, as the Credit Provider elects, to make improvements or repairs to the Mortgaged Property;

(iii) at the written direction of the Credit Provider, if an Event of Default has occurred under the Credit Facility Documents, any Loan Document or any Bond

Document, to the Credit Provider for any use approved in writing by the General Counsel of the Credit Provider;

(iv) at the written direction of the Credit Provider, if a new mortgage and mortgage note have been substituted for the Security Instrument and the Note in accordance with the Loan Documents, or if the Borrower otherwise consents in writing, for any use approved in writing by the General Counsel of the Credit Provider;

(v) on each Adjustment Date, to the Redemption Account;

(vi) during a Weekly Variable Rate Period, if the aggregate amount on deposit in the Principal Reserve Fund on the tenth day of any month is at least \$100,000 greater than the Principal Reserve Amount, then all amounts on deposit in the Principal Reserve Fund (rounded downward to the nearest multiple of \$100,000) in excess of the Principal Reserve Amount shall be transferred, on the next earliest Interest Payment Date for which notice of redemption can be given under the Indenture, to the Redemption Account to be applied to the redemption of Bonds; and

(v) on the Interest Payment Date following receipt by the Trustee of Investment Income on moneys in the Principal Reserve Fund, pay such Investment Income to the Borrower, provided that there is no deficiency in the Interest Account, the Redemption Account, the Principal Reserve Fund, the Fees Account or the Rebate Fund, and that no default exists under the Credit Facility Documents, any Loan Document or any Bond Document; if a deficiency exists in the Interest Account, the Redemption Account, the Principal Reserve Fund, the Fees Account or the Rebate Fund, the Trustee shall transfer such Investment Income to the Interest Account, the Redemption Account, the Principal Reserve Fund, the Fees Account and/or the Rebate Fund, in that order of priority, prior to any payment to the Borrower.

Nonpresentment of Bonds

In the event any Bond is not presented for payment when the principal of such Bond becomes due, either at maturity or at the date fixed for redemption of such Bond or otherwise, if amounts sufficient to pay such Bond have been deposited with the Trustee for the benefit of the owner of the Bond and have remained unclaimed for two years after such principal has become due and payable, such amounts, to the extent amounts are owed to the Credit Provider as set forth in a written statement of the Credit Provider addressed to the Trustee, shall be paid to the Credit Provider, with any excess to be paid to the Borrower. Upon such payment, all liability of the Administration and the Trustee to the holder of any Bond for the payment of such Bond will cease and be completely discharged, provided, however, that the Trustee, before being required to make any such payment to the Credit Provider or the Borrower, shall cause to be published once in a financial newspaper or journal of general circulation in New York, New York, notice that such moneys remain unclaimed and that, after a date specified in such notice, which will not be less than 30 days from the date of such publication, any unclaimed balance of such moneys then remaining will be paid to the Credit Provider or the Borrower.

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 transferred, 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, the Costs of Issuance Deposit Borrower's Deposit Account and the Principal Reserve Fund, upon receipt, shall be deposited into the Interest Account. Investment Income from moneys held in the Loan Fund, the Rebate Fund, the Costs of Issuance Borrower's Deposit Account and the Principal Reserve 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 ceases to be valid and binding on the Credit Provider for any reason, or 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.

References to Credit Provider When No Credit Facility is in Effect

All provisions of the Indenture relating to the rights of the Credit Provider shall be of no force or effect if there is no Credit Facility in effect and there are no Pledged Bonds and all amounts owing to the Credit Provider under the Credit Facility Documents have been paid. In such event, all references to the Credit Provider shall have no force or effect.

Credit Provider to Control Insolvency Proceedings

Each Bondholder, by its purchase of Bonds, the Trustee and the Administration agree that the Credit Provider may at any time during the continuation of an insolvency proceeding of the Administration or the Borrower direct all matters relating to the Bonds in any such proceeding, including, without limitation, (i) all matters relating to any Preference Claim, (ii) the direction of any appeal of any order relating to any Preference Claim and (iii) the posting of any surety, supersedeas or performance bond pending any such appeal.

Rights of Construction Lender

The Administration and the Trustee acknowledge that, prior to the Conversion Date, but subject to the applicable terms and conditions of the Construction Phase Financing Agreement, the Construction Lender may, by assignment from the Credit Provider, succeed to the interests of the Credit Provider under the Bond Documents and the Loan Documents with the authority to exercise the rights otherwise granted to the Credit Provider under the Bond Documents and the Loan Documents.

Discharge of Lien and Security Interest

Upon satisfaction of the conditions set out in the paragraph below, the Trustee shall (i) cancel and discharge the Indenture and the pledge and assignment of the Security, (ii) execute and deliver to the Administration such instruments in writing prepared by the Administration or its counsel and provided to the Trustee and the Credit Provider as may be required to cancel and discharge the Indenture and the pledge and assignment of the Trust Estate, (iii) reconvey, assign and deliver to the Administration so much of the Trust Estate as may be in its possession or subject to its control (except for (A) moneys and Government Obligations held for the purpose of paying Bonds and (B) moneys and Investments held in the Rebate Fund for payment to the United States Government) who shall, in turn, convey, assign and deliver the remaining Trust Estate to the Borrower and (iv) return the Credit Facility to the Credit Provider.

The conditions precedent to the cancellation and discharge of the Indenture and the other actions described above 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 Administration stating that all amounts owed to the Administration in respect of Reserved Rights have been fully paid, (vi) if discharge is to occur prior to the Conversion Date, receipt by the Trustee of a written statement from the Construction Lender stating that all amounts owing to Construction Lender have been paid in full and (vii) receipt by the Trustee of an Opinion of Counsel, at the expense of the Borrower, 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:

- (i) default in the payment when due and payable of any interest due on any Bond (other than an Excluded Bond) or, unless the Construction Lender specifies otherwise by written notice to the Trustee, on any Special Purchase Bond;
- (ii) default in the payment when due and payable of (i) the principal of or any redemption premium on any Bond (other than an Excluded Bond) or, unless the Construction Lender specifies otherwise by written notice to the Trustee, Special Purchase Bond at maturity or upon any redemption, or (ii) the purchase price of any Tendered Bond (other than an Excluded Bond);

(iii) written notice to the Trustee from the Credit Provider (with a copy to the Loan Servicer and the Construction Lender (prior to the Conversion Date)) of a default by the Administration in the observance or performance of any covenant, agreement, warranty or representation on the part of the Administration included in the Indenture or in the Bonds (other than an Event of Default set forth in paragraph (i) or (ii) above) and the continuance of such default for a period of 30 days after the Trustee receives such notice;

(iv) written notice to the Trustee from the Credit Provider of an Event of Default under the Reimbursement Agreement;

(v) written notice to the Trustee from the Credit Provider of an Act of Bankruptcy; or

(vi) 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 Owners of the Bonds, including any violation of any provision of the Regulatory Agreement or any of the other Bond Documents, shall not (i) directly or indirectly constitute an Event of Default under the Indenture or permit any party (other than the Credit Provider) to accelerate, or require acceleration of, the Loan or any of the Bonds, unless the Credit Provider provides written notice to the Trustee that such Tax Event constitutes a default under the Reimbursement Agreement, or (ii) give rise to a mandatory redemption of any of the Bonds, or (iii) give rise to the payment to the Owners of the Bonds 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 the provisions of the Indenture summarized 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 Administration or the Trustee, by notice in writing to the Construction Lender, the Credit Provider, the Loan Servicer, the Owners of the Bonds and the Remarketing Agent, shall state that a Tax Event has occurred and whether the Tax Event has been cured, is curable within a reasonable period or is incurable. Notwithstanding the availability of the remedy of specific performance to cure a Tax Event that is curable within a reasonable period, neither the Administration 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 Security Instrument, to accept a deed to the Mortgaged Property in lieu of foreclosure, or to effect any other comparable conversion of the Loan.

Remedies

Acceleration. The Bonds shall be subject to acceleration upon:

(i) the occurrence and during the continuance of a Wrongful Dishonor, the Trustee may, and, upon the written request of Bondholders (of Bonds other than Excluded Bonds) owning not less than 51 percent in aggregate principal amount of Bonds

(other than Excluded Bonds) then Outstanding, must, by written notice to the Administration, the Borrower, the Construction Lender, the Credit Provider and the Loan Servicer, declare the principal of all Bonds (other than Excluded Bonds) and the interest accrued, and to accrue, on the Bonds (other than Excluded Bonds) to the date of payment immediately due and payable; or

(ii) the occurrence of any other Event of Default under the Indenture, the Trustee may, upon receiving the prior written consent of the Credit Provider, and shall, upon the written direction of the Credit Provider requiring that the Bonds (other than Excluded Bonds) be accelerated pursuant to this subsection, by written notice to the Administration, the Borrower, the Credit Provider, the Construction Lender and the Loan Servicer, declare the principal of all Bonds (other than Excluded Bonds) and the interest accrued, and to accrue, on the Bonds (other than Excluded Bonds) to the date of declaration immediately due and payable.

Upon any decision to accelerate payment of the Bonds (other than Excluded Bonds), the Trustee shall notify the Construction Lender and the Bondholders (other than the holders of Excluded Bonds) of the declaration of acceleration, that, in the event of acceleration, 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. Such notice shall be sent by registered mail or overnight delivery service, postage or charges prepaid, or, at the Trustee's option, may be given by Electronic Means to each Registered Owner of Bonds (other than Excluded Bonds) at such Registered Owner's last address appearing in the Bond Register. Any defect in or failure to give notice of such declaration will not affect the validity of such declaration.

Other Remedies. Upon the occurrence and continuance of an Event of Default under the Indenture, the Trustee may, with or without acceleration, but only with the prior written consent of the Credit Provider, pursue any of the following remedies:

(i) 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 (other than Excluded Bonds), (B) for the specific performance of any covenant or agreement contained in the Indenture, the Financing Agreement or the Regulatory Agreement or (C) to require the Administration to carry out any other covenant or agreement with Bondholders (other than the holders of Excluded Bonds) and to perform its duties under the Act;

(ii) the liquidation of the Trust Estate; or

(iii) 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 (other than the holders of Excluded Bonds) 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 (other than the holders of Excluded Bonds) against the Administration allowed in any bankruptcy or other proceeding.

Waiver. Subject to the conditions precedent set out below, (i) the Trustee may waive, (ii) the Trustee shall waive if directed to do so by the Credit Provider and the Construction Lender in writing, and (iii) Bondholders owning not less than 51 percent in aggregate principal amount of Bonds (other than Excluded 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:

(i) unless the waiver is directed by the Credit Provider and the Construction Lender, the Credit Provider and the Construction Lender must consent to such waiver in writing;

(ii) the principal and interest on the Bonds (other than Excluded 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 must be paid or provided for by the Borrower or the Credit Provider; and

(iii) 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 Excluded Bonds) plus the Interest Requirement, provided, that if the Credit Facility will not remain in effect after the waiver, such waiver will be permitted only if (i) the Administration consents to the waiver, (ii) the Rating Agency then rating the Bonds is notified of the waiver and that the Credit Facility will not remain in effect after the waiver, (iii) the Trustee gives written notice to the Bondholders that after the waiver no Credit Facility will be in effect and that the ratings on the Bonds may be reduced or withdrawn upon the occurrence of such waiver and (iv) 100% of the Bondholders (other than the holders of Excluded Bonds) give their written consent to the waiver.

Upon any such waiver, the default or Event of Default shall be deemed cured and shall cease to exist for all purposes and the Administration, the Borrower, the Trustee and the Bondholders shall 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 arising as a result of such default or Event of Default.

Rights of the Credit Provider and the Bondholders to Direct Proceedings

Rights to Direct Proceedings. Notwithstanding anything contained in the Indenture to the contrary, the Credit Provider itself or Bondholders owning not less than 51 percent in aggregate principal amount of Bonds (other than Excluded Bonds) then Outstanding, but only with the prior written consent of the Credit Provider, and, prior to the Conversion Date, the Construction Lender, 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 shall 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 (except for actions required under the Indenture).

Limitations on Bondholders' Rights. No Bondholder has or shall have the right to enforce the provisions of the Indenture, the Financing Agreement, the Regulatory Agreement or any other Transaction Document or to institute any proceeding in equity or at law for the enforcement of the Indenture, the Financing Agreement, the Regulatory Agreement or any other Transaction Document or to take any action with respect to an Event of Default under, and as respectively defined in, the Indenture, the Financing Agreement, the Regulatory Agreement or any other Transaction Document, or to institute, appear in or defend any suit or other proceeding with respect to the Indenture, the Financing Agreement, the Regulatory Agreement or any other Transaction Document upon any default or Event of Default unless (i) such default or Event of Default is a Wrongful Dishonor, (ii) such Bondholder has given the Trustee, the Administration, the Credit Provider, the Construction Lender, the Loan Servicer and the Borrower written notice of the Event of Default, (iii) the holders of not less than 51% in aggregate principal amount of Bonds (other than Excluded 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 in this subsection, no Bondholder has or 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.

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.

Resignation or Removal of Trustee. The Trustee may resign only upon giving 60 days prior written notice to the Administration, the Credit Provider, the Construction Lender, the Loan Servicer, the Borrower and to each Registered Owner of Bonds then Outstanding as shown on the Bond Register. The Trustee may be removed at any time upon 30 days prior written notice to the Trustee, (i) by the Administration, with the prior written consent of the Construction Lender and the Credit Provider, (ii) by the owners of not less than 51 percent in aggregate principal amount of Bonds (other than Excluded Bonds) then Outstanding, which written instrument shall designate a successor Trustee approved by the Construction Lender and the Credit Provider, or (iii) by the Credit Provider, with the prior written consent of the Administration, which consent shall not be unreasonably withheld. Such resignation or removal shall not be effective until a successor Trustee satisfying the requirements the Indenture is appointed and has accepted its appointment.

Tender Agent

The Tender Agent will designate to the Trustee, the Administration, the Remarketing Agent and the Credit Provider its Designated Office and signify its acceptance of the duties and obligations imposed upon it under the Indenture by a written instrument of acceptance delivered to the Trustee under which such Tender Agent will agree particularly to:

- (i) act as agent for the Trustee for the purpose of authenticating, accepting delivery of and delivering Bonds in accordance with the Indenture relating to authentication and delivery of Bonds;
- (ii) 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;
- (iii) deliver authenticated and registered Bonds to or to the order of the persons in whose names such Bonds are registered;
- (iv) 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
- (v) 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 shall be entitled to the same protections, immunities and limitations from liability afforded the Trustee under the Indenture. The Administration shall cooperate with the Trustee, the Borrower and the Credit Provider to cause the necessary arrangements to be made and to be continued by which amounts from the sources specified in the Indenture and in the Financing Agreement shall be made available for the purchase of Bonds presented at the Designated Office of the Tender Agent, and by which Bonds, executed by the Administration and to be authenticated by the Tender Agent, shall be made available to the Tender Agent to the extent necessary for delivery pursuant to the Indenture.

Resignation or Removal of Tender Agent. The Tender Agent may resign by giving no less than 30 days prior written notice to the Borrower, the Trustee, the Credit Provider, the Loan Servicer and the Administration. The Tender Agent may be removed by the Administration with the prior written consent of the Credit Provider, by an instrument signed by the Administration stating the reason for such removal filed with the Tender Agent, the Trustee, and the Credit Provider. The Trustee or the Credit Provider is authorized, with the prior written consent of the Administration and the Credit Provider or the Trustee, as applicable, to remove the Tender Agent. No removal of the Tender Agent shall be effective until a successor Tender Agent has been appointed by the Administration with the prior written consent of the Credit Provider and has accepted such appointment. Failing such appointment by the Administration, the Credit Provider shall have the right to appoint a successor Tender Agent acceptable to the Administration. 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

the Indenture summarized in 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 the Indenture and the Tender Agent Agreement. The Trustee, when acting as Tender Agent, may transfer the Tender Agent's duties to any related affiliate without further act or approval (other than the provision of notice to the Administration, the Credit Provider, the Borrower and the Remarketing Agent).

Supplemental Indentures Not Requiring Bondholder Consent

The Administration and the Trustee, without the consent of or notice to any Bondholder, may enter into an indenture or indentures supplemental to the Indenture for one or more of the following purposes:

(i) 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;

(ii) 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;

(iii) 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;

(iv) to modify, amend or supplement the Indenture or any supplemental indenture in such manner as to permit qualification of the Indenture or any supplemental indenture 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 of America;

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

(vi) 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;

(vi) to make any changes in the Indenture or in the terms of the Bonds necessary or desirable in order to maintain the then current rating awarded to the Bonds by the Rating Agency or otherwise to comply with requirements of any Rating Agency then rating the Bonds;

(vii) 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;

(viii) to modify, alter, amend or supplement the Indenture in any other respect, including amendments which would otherwise be described in “Supplemental Indentures Requiring Bondholder Consent” below, (A) 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 pursuant to the Indenture;

(ix) 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; or

(x) to authorize the issuance of Additional Bonds.

If the Trustee has received written confirmation from the Rating Agency to the effect that such supplemental indenture will not result in the suspension, withdrawal or reduction of the then current rating on the Bonds and all conditions precedent in the Indenture have been satisfied, the Trustee shall join the Administration in the execution of any such supplemental indenture. The Trustee promptly shall furnish a copy of any such supplemental indenture to the Credit Provider, the Construction Lender, the Remarketing Agent, the Tender Agent, the Loan Servicer and the Borrower.

Supplemental Indentures Requiring Bondholder Consent

Exclusive of supplemental indentures described in “Supplemental Indentures Not Requiring Bondholder Consent” above, the Administration and the Trustee may, with the consent of Bondholders owning not less than 51% in aggregate principal amount of Bonds (other than Excluded 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 Section of the Indenture summarized in this paragraph shall be construed as permitting:

(i) 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 owner of such Bond (other than the owners of any Excluded Bonds);

(ii) a reduction in the principal amount of, or the rate of interest on, any Bond, without the consent of the owner of such Bond (other than the owner of Excluded Bonds);

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

(iv) the creation of a lien prior to or on parity with the lien of the Indenture (other than the parity lien in connection with issuance of Additional Bonds), without the consent of the owners of all of the Bonds (other than Excluded Bonds) then Outstanding;

(v) 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 (other than Excluded Bonds) then Outstanding;

(vi) 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 (other than Excluded Bonds) then Outstanding;

(vii) 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 (other than Excluded Bonds) then Outstanding;

(viii) 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 (other than Excluded Bonds) then Outstanding; or

(ix) the amendment of the provisions of the Indenture summarized in this paragraph, without the consent of the holders of all of the Bonds (other than Excluded Bonds) then Outstanding.

The Trustee shall promptly furnish a copy of any such supplemental indenture to the Credit Provider, the Construction Lender, the Remarketing Agent, the Tender Agent, the Loan Servicer and the Borrower. Notice of any amendment pursuant to provisions of the Indenture summarized in this paragraph shall be given to the Bondholders promptly following the execution of such amendment.

No Bondholder Consent Required for Amendment to Loan Documents

Unless a Wrongful Dishonor has occurred and is continuing, the Credit Provider alone (with the concurrence of the Construction Lender, unless the change is required by law or will only take effect from or after the Conversion Date, in which case no concurrence of the Construction Lender shall be required) may consent to any amendment to the Loan Documents and no consent of the Bondholders is required; 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 Credit Facility may only be amended, supplemented or otherwise changed in accordance with the following:

(a) *Replacement Credit Facility.* At the request of the Credit Provider, the Trustee shall exchange the Credit Facility with the Credit Provider for a new Credit Facility (a “Replacement Credit Facility”) issued by the Credit Provider, provided that there is delivered to the Trustee (i) a written confirmation from the Rating Agency to the effect that such exchange

shall not adversely affect the rating then in effect for the Bonds and (ii) a written opinion of Bond Counsel to the effect that such exchange will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes. No such exchange shall require the approval of the Administration, the Trustee or any of the Bondholders or constitute or require a modification or supplement to the Indenture.

(b) *Amendment of the Credit Facility.* The Trustee may consent, without the consent of the owners of the Bonds, to any amendment of the Credit Facility not addressed in paragraph (a) above which does not prejudice in any material respect the interests of the Bondholders.

(c) *Other Amendments of the Credit Facility.* Except as provided in paragraphs (a) and (b) above, the Credit Facility may be amended only with the consent of the Trustee and the owners of a majority of the owners of all Outstanding Bonds (other than Excluded Bonds). 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; provided, 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.

General

The Borrower agrees under the Financing Agreement to cause credit enhancement for the Loan or the Bonds and liquidity support for the Bonds to be in effect in the amounts and during the periods as required by the Indenture.

If any Tendered Bond is not remarketed on any Tender Date and a sufficient amount is not available in the Bond Purchase Fund for the purpose of paying the purchase price of such Bond, the Borrower agrees to cause to be paid to the Trustee pursuant to the Credit Facility or otherwise pay, by the applicable times provided in the Indenture, an amount equal to the principal amount of all Bonds tendered and not remarketed, together with interest accrued on such Bonds to the Tender Date.

Personal Liability of the Borrower

The obligations of the Borrower under the Note are secured by the Security Instrument and are non-recourse obligations, with certain exceptions. The obligations of the Borrower under the Financing Agreement and under the Regulatory Agreements shall be (i) general obligations of the Borrower with recourse to the Borrower personally and (ii) subordinate and junior in priority, right of payment and all other respects to any and all obligations of the Borrower under the Loan Documents and to the Credit Provider under or in respect of the Credit Facility Documents.

Covenants of the Borrower

The Borrower will comply with all laws, ordinances, regulations and requirements of all duly constituted public authorities which may be applicable to the Mortgaged Property and all recorded lawful covenants and agreements relating to or affecting the Mortgaged Property, including all laws, ordinances, regulations, requirements and covenants pertaining to health and safety, construction of improvements on the Mortgaged Property, fair housing, zoning and land use, and Leases (as such term is defined in the Security Instrument). The Borrower also will comply with all applicable laws that pertain to the maintenance and disposition of tenant security deposits. The Borrower will at all times maintain records sufficient to demonstrate compliance with these covenants. The Borrower will take appropriate measures to prevent, and will not engage in or knowingly permit, any illegal activities at the Mortgaged Property that could endanger tenants or visitors, result in damage to the Mortgaged Property, result in forfeiture of the Mortgaged Property, or otherwise materially impair the lien created by the Security Instrument. The Borrower represents and warrants that no portion of the Mortgaged Property has been or will be purchased with the proceeds of any illegal activity.

The Borrower will maintain its existence, continue to be duly qualified to do business in the State and will not terminate or dissolve. Subject to compliance with the Regulatory Agreement, the Borrower may, with the prior written consent of the Administration, consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it, but subject to the satisfaction of the following conditions: (i) the entity resulting from or surviving such merger or consolidation (if other than the Borrower) (“Surviving Entity”) is duly organized and existing in good standing and qualified to do business in the State, (ii) if the Borrower does not survive the consolidation or merger, the Surviving Entity expressly assumes in writing all of the Borrower's obligations under the Financing Agreement and the other Borrower Documents and (iii) the Borrower delivers an opinion of Bond Counsel to the effect that such consolidation or merger will not cause interest on the Bonds to be included in gross income for federal income tax purposes.

Subject to reasonable notice, the Administration and the Trustee and the respective duly authorized agents of each have the right, during normal business hours, to enter the Mortgaged Property and any location containing records relating to any of the Borrower, the Mortgaged Property, the Loan and the Transaction Documents, to inspect, audit and make copies of the Borrower's records or accounts pertaining to the Borrower, the Mortgaged Property, the Loan, the Transaction Documents, and the Borrower's compliance with the Transaction Documents, and to require the Borrower, at the Borrower's sole expense, to furnish such documents to the Administration and the Trustee, as the Administration or the Trustee from time to time deem necessary in order to determine that the Borrower is in compliance with the Transaction Documents. The Borrower will make available to the Administration and the Trustee such other information concerning the Borrower, the Mortgaged Property, the Loan and the Transaction Documents as any of them may reasonably request.

The Borrower will file such certificates and other reports with the Administration and the Trustee as are required by the Transaction Documents. The Borrower will provide to the Administration all information necessary to enable the Administration to complete and file all forms and reports required by the laws of the State and the Code in connection with the Mortgaged Property and the Bonds.

The Borrower covenants that it will comply with the requirements and conditions of the Tax Certificate and the Tax Regulatory Agreement. Without limiting the foregoing and notwithstanding anything to the contrary in the Financing Agreement, the Borrower will not take, or permit to be taken on its behalf, any action which would cause interest on the Bonds to be included in gross income for federal income tax purposes and will take such reasonable action as may be necessary to continue such exclusion from gross income, including the following:

- (i) the Borrower will not use the proceeds of the Bonds, or any other funds which may be deemed to be proceeds of the Bonds pursuant to Section 148 of the Code, in any manner which will cause the Bonds to be “arbitrage bonds” within the meaning of such Section, and will comply with the requirements of such Section throughout the term of the Bonds;
- (ii) the Borrower will prepare and file any statements required to be filed by it in order to maintain such exclusion; and

(iii) the Borrower will pay to the United States any amount required to be paid by the Administration or the Borrower pursuant to Section 148(f) of the Code, at the times, in the amounts and at the places required in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

The Borrower irrevocably authorizes and directs the Administration, the Trustee and any other agent designated by the Administration to make payment of such amounts from funds of the Borrower, if any, held by the Administration, the Trustee, or any agent of the Administration or the Trustee. The Borrower further covenants and agrees that, pursuant to the requirements of Treasury Regulation Section 1.148-1(b), it (or any related person contemplated by such regulations) will not purchase Bonds in an amount related to the amount of the Loan, other than Pledged Bonds.

The Borrower will advise the Administration and the Trustee promptly in writing of the occurrence of any default by the Borrower in the performance or observance of any covenant, agreement, representation, warranty or obligation of the Borrower set forth in the Financing Agreement or in any of the other Borrower Documents, or of any Event of Default or Potential Default under the Financing Agreement or any of the other Borrower Documents known to it or of which it has received notice, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect to such default. Such notice shall be given promptly, and in no event more than ten Business Days after the Borrower receives notice or has knowledge of the occurrence of any such event. The Borrower further agrees, that it will give prompt written notice to the Trustee if insurance proceeds or condemnation awards are received with respect to the Mortgaged Property.

The Borrower shall proceed with reasonable dispatch to complete the rehabilitation and equipping of the Mortgaged Property. If amounts on deposit in the Loan Fund are not sufficient to pay the costs of completion, the Borrower shall pay such costs or cause the same to be paid from other sources. By reason of any such payment of costs relating to the Mortgaged Property from sources other than the Loan Fund, the Borrower shall not be entitled to any reimbursement from the Administration, the Trustee, the Credit Provider, the Loan Servicer or the holders of the Bonds in respect of such payment or to any diminution or abatement in the repayment of the Loan. Neither the Administration nor the Credit Provider shall be liable to the Borrower, the holders of the Bonds or any other person if for any reason the rehabilitation of the Mortgaged Property is not completed or if the proceeds of the Loan are insufficient to pay all costs of the Mortgaged Property.

The Borrower shall, on each January 1 and July 1, request advice in writing from the Administration as to whether the Bonds bear a rating from Moody's as described in the Indenture.

Events of Default and Remedies

The occurrence of any one or more of the following events shall constitute an Event of Default under the Financing Agreement:

(i) The Borrower fails to pay when due any amount payable by the Borrower under the Financing Agreement.

(ii) The Borrower fails to observe or perform any covenant or obligation in the Financing Agreement on its part to be observed or performed for a period of 30 days after receipt of written notice from the Administration specifying such failure and requesting that it be remedied, provided, however, that if the failure cannot be corrected within such period, it shall not constitute an Event of Default if the failure is correctable without material adverse effect on the validity or enforceability of the Bonds or on the exclusion from gross income, for federal income tax purposes, of the interest on the Bonds, and if corrective action is instituted by the Borrower within such period and diligently pursued until the failure is corrected, and provided further that any such failure is cured within 90 days of receipt of notice of such failure.

(iii) The Credit Provider provides written notice to the Trustee of an Event of Default under the Financing Agreement by reason of the occurrence of an Event of Default under the Reimbursement Agreement. No Event of Default under the Reimbursement Agreement shall constitute a default under the Financing Agreement unless specifically declared to be so by the Credit Provider. The Credit Provider shall make such declaration by written notice to the Trustee.

Subject to the Assignment, whenever any Event of Default occurs and is continuing under the Financing Agreement, the Administration may take one or any combination of the following remedial steps:

(i) by written notice to the Borrower, declare all amounts then due and payable on the Note to be immediately due and payable;

(ii) exercise any of the rights and remedies provided in the Loan Documents; and

(iii) take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and afterward to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under the Financing Agreement.

References to the Credit Provider

All provisions in the Financing Agreement 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 (i) if a Wrongful Dishonor has occurred and is continuing, or (ii) from and after the date on which the Credit Facility is declared to be null and void by final judgment of a court of competent jurisdiction; provided, however, that the payment of any amounts due to the Credit Provider pursuant to the Financing Agreement shall continue in full force and effect. The foregoing shall not affect any other rights of the Credit Provider. All provisions in the Financing Agreement relating to the rights of the Credit Provider shall be of no force and effect if the Credit Facility has terminated or expired in accordance with its terms and there are no Pledged Bonds or Bonds in which the Credit Provider has a security interest and all amounts owing to the Credit Provider under the Reimbursement Financing Agreement have been paid.

APPENDIX D
FORM OF CREDIT ENHANCEMENT INSTRUMENT
DIRECT PAY
IRREVOCABLE TRANSFERABLE
CREDIT ENHANCEMENT INSTRUMENT

(Barrington Apartments)

December 11, 2003
U.S. \$40,497,124
Relating to Loan No. _____

Manufacturers and Traders Trust Company
Corporate Trust Department
25 South Charles Street, 16th Floor
Baltimore, MD 21201

At the request of Fairfield Barrington LP (the “**Borrower**”), Fannie Mae (“**Fannie Mae**”) issues this Direct Pay Irrevocable Transferable Credit Enhancement Instrument (the “**Credit Enhancement Instrument**”) to Manufacturers and Traders Trust Company, as trustee (the “**Trustee**”), not in its individual or corporate capacity, but solely as Trustee for the owners of the \$40,000,000 Community Development Administration Maryland Department of Housing and Community Development Multifamily Development Revenue Bonds (Barrington Apartments Project) Series 2003 A (the “**Bonds**”) issued pursuant to the Trust Indenture (the “**Indenture**”), dated as of December 1, 2003, between the Community Development Administration (the “**Issuer**”), 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 the Trustee. The principal amount of the Bonds Outstanding as of the date stated above is \$40,000,000.

1. Definitions. Capitalized terms used in this Credit Enhancement Instrument have the meanings given to those terms in this Section 1 or elsewhere in this Credit Enhancement Instrument or in the Indenture.

“**Advance**” means a Principal Advance, an Interest Advance, a Pledged Bonds Advance or an Issuer’s Fee Advance as such terms are defined in Section 3.

“**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” and “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.

“Amount Available” has the meaning given that term in Section 2.

“Business Day” means any day other than:

- (a) a Saturday or a Sunday;
- (b) any day on which banking institutions located in the City of New York, New York are required or authorized by law or executive order to close;
- (c) any day on which banking institutions located in the city or cities in which the Designated Office (as that term is defined in the Indenture) of the Trustee or the Loan Servicer is located are required or authorized by law or executive order to close;
- (d) prior to the Fixed Rate Adjustment Date, any day on which the New York Stock Exchange is closed or any day on which banking institutions located in the city in which the Designated Office of the Remarketing Agent is located are required or authorized by law or executive order to close; or
- (e) so long as this Credit Enhancement Instrument is in effect, any day on which Fannie Mae is closed.

“Certificate” means any written certificate in the form attached to this Credit Enhancement Instrument as an Exhibit or in such other form as is provided for in Section 3. If the certificate is submitted to Fannie Mae by personal delivery or by telecopy, the certificate must be signed by one who purports to be an authorized officer of the Trustee. If the certificate is submitted to Fannie Mae in any other medium (such as e-mail or a web based medium), the certificate must be authenticated as provided in the related Presentation Protocol.

“Credit Enhancement Instrument” means this Direct Pay Irrevocable Transferable Credit Enhancement Instrument as the same may be amended, supplemented or restated from time to time.

“Excluded Bond” means any Bond which is not Outstanding (as that term is defined in the Indenture), any Obligor Bond or any Pledged Bond.

“Expiration Date” means the Expiration Date stated in Section 7.

“Financing Agreement” means the Financing Agreement, dated as of December 1, 2003, among the Borrower, the Trustee and the Issuer, as such agreement may be amended, supplemented or restated from time to time.

“Interest Portion” has the meaning given that term in Section 2.

“Issuer’s Fee” means the Issuer’s annual fee equal to .25% per annum of the outstanding principal balance of the Loan, payable by the Borrower monthly, in arrears, as provided in Section 2.5(b)(1) of the Financing Agreement.

“Issuer’s Fee Portion” has the meaning given that term in Section 2.

“Loan” means the loan made by the Issuer to the Borrower pursuant to the Financing Agreement for the purpose of providing funds to the Borrower to finance costs of the acquisition, rehabilitation and equipping of the Mortgaged Property (as defined in the Indenture).

“Loan Servicer” means Berkshire Mortgage Finance Limited Partnership, a Massachusetts limited partnership, or any other entity approved by Fannie Mae in its discretion as the servicer of the Loan, and any permitted successors or assigns.

“Note” means the Multifamily Note (together with all addenda), dated as of December 1, 2003, executed by the Borrower in favor of the Issuer, as the same may be amended, supplemented or restated from time to time or any note executed in substitution therefor, as such substitute note may be amended, supplemented or restated from time to time.

“Obligor Bond” means any Bond registered in the name, or held for the account, of the Issuer, any Affiliate of the Issuer, the Borrower, any Affiliate of the Borrower (as defined in the Indenture), any guarantor or any Affiliate of any guarantor.

“Pledged Bond” means any Bond during the period from and including the date of its purchase by the Trustee on behalf of and as agent for the Borrower with the proceeds of an Advance under this Credit Enhancement Instrument, to, but excluding, the date on which the Pledged Bonds Advance made by the Credit Provider on account of such Pledged Bond is reinstated under this Credit Enhancement Instrument or the Pledged Bond is cancelled.

“Presentation Protocol” means an agreement between Fannie Mae and the Trustee regarding one or more media through which the Trustee may present Certificates to Fannie Mae under this Credit Enhancement Instrument, as such agreement may be amended, supplemented or restated from time to time.

“Principal Portion” has the meaning given that term in Section 2.

“Reimbursement Agreement” means the Reimbursement Agreement, dated as of December 1, 2003, between Fannie Mae and the Borrower, as such agreement may be amended, supplemented or restated from time to time.

“Remarketing Agent” means the remarketing agent under the Indenture.

“Reset Rate” means the rate of interest borne by the Bonds for a period of ten or more years (or such shorter period as consented to by Fannie Mae) as determined in accordance with the Indenture.

“Tender Agent” means the tender agent under the Indenture.

“Termination Date” means, subject to Section 7(d), the date on which this Credit Enhancement Instrument terminates in accordance with Section 7(b).

“Trustee” means Manufacturers and Traders Trust Company, a New York banking corporation with trust powers having a designated corporate trust office in Baltimore, Maryland, as Trustee under the Indenture, not in its individual or corporate capacity, but solely as trustee under the Indenture, or any permitted successor trustee under the Indenture.

2. Amount Available. Subject to the terms and conditions of this Credit Enhancement Instrument, Fannie Mae irrevocably authorizes the Trustee to draw on Fannie Mae, from time to time, from and after the date of this Credit Enhancement Instrument to, and including, the earlier of the Expiration Date or the Termination Date, a maximum aggregate amount not exceeding \$40,497,124 (as such amount may be reduced or reinstated from time to time in accordance with Section 8, **“the Amount Available”**), of which:

(a) up to \$40,000,000 (the **“Principal Portion”**) may be drawn with respect to the unpaid principal of the Bonds or, as the case may be, the principal portion of the purchase price of the Bonds;

(b) up to \$447,124 (the **“Interest Portion”**), or 34 days of interest on the Bonds (calculated at an assumed rate on the Bonds of 12% per annum on the basis of a year of 365 days), may be drawn with respect to interest actually accrued on the Bonds or, as the case may be, the interest portion of the purchase price of the Bonds; and

(c) up to \$50,000 (**“Issuer’s Fee Portion”**), representing one-half of the Issuer’s Fee, may be drawn with respect to the Issuer’s Fee.

3. Advances. Each demand for an Advance shall be made by the Trustee's presentation to Fannie Mae of a Certificate:

(a) in the form of Exhibit A to pay principal of the Bonds (other than Excluded Bonds) due as a result of the acceleration, defeasance or redemption of the Bonds or at the stated maturity of the Bonds (a **“Principal Advance”**);

(b) in the form of Exhibit B to pay interest on the Bonds (other than Excluded Bonds) on or prior to their stated maturity date (an **“Interest Advance”**);

(c) in the form of Exhibit C to pay principal of, plus accrued interest on, Bonds tendered for purchase pursuant to the Indenture (a **“Pledged Bonds Advance”**); and

(d) in the form of Exhibit D to pay the Issuer’s Fee if not paid when due (an **“Issuer’s Fee Advance”**).

Any Certificate submitted to Fannie Mae by the Trustee shall have all blanks appropriately completed and shall be signed by one who states in the Certificate that he or she is an authorized officer of the Trustee. Fannie Mae's obligation to honor any demand for an Issuer’s Fee

Advance is a standby obligation, payable if the Issuer's Fee is not otherwise paid, and Fannie Mae's obligation to honor any demand for all other Advances is a direct pay obligation, without regard to whether the Borrower has made any such payment.

Neither demands for, nor Advances, may be made under this Credit Enhancement Instrument to pay (i) principal of, interest on or the purchase price of, any Excluded Bond, (ii) premium that may be payable upon the redemption of any of the Bonds or (iii) interest that may accrue on any Bond on or after the maturity of such Bond.

Fannie Mae may amend the form of any Certificate or delete any of the information, statements and certifications set out in the form of any Certificate to accommodate the sending of such Certificate by a medium pursuant to a Presentation Protocol. No such amendment may (i) require any additional information, statement or certification than that required by such form of certificate attached to this Credit Enhancement Instrument on the date of issuance, (ii) modify the timing for the presentation of such Certificate or the timing for the payment of the requested Advance or (iii) require personal delivery with respect to the presentation of any Certificate with respect to which payment is to be made on the same Business Day.

4. Presentation of Certificates. Each Certificate must be given to Fannie Mae by:

(a) personal delivery at 3900 Wisconsin Avenue, Washington, D.C. 20016, Attention: Vice President, Multifamily Services; or

(b) telecopy to phone number 202-752-8374, immediately followed by telephonic notice to the Vice President, Multifamily Services at telephone number 202-752-7869.

(c) such other medium as Fannie Mae and the Trustee may agree in a Presentation Protocol from time to time.

A Presentation Protocol may provide that the Trustee may not submit a Certificate by telecopy after a stated date or may only submit Certificates by telecopy after a certain date with the prior written permission of Fannie Mae, in which case subsection (b) shall be automatically deemed amended to that effect.

Fannie Mae will notify the Trustee in writing of any change in address or telecopy number to which all Certificates must be delivered or of any change relating to the person to be called for telephonic notices confirming telecopy communications. Any such written notice shall be effective upon receipt by the Trustee.

5. Fannie Mae's Engagement. Upon due receipt by Fannie Mae of a Certificate conforming to the terms and conditions of this Credit Enhancement Instrument, Fannie Mae will honor payment of the amount specified in such Certificate if presented as specified below on or before the earlier of the Expiration Date or the Termination Date:

(a) If a presentation in respect of a Principal Advance, an Interest Advance or a Pledged Bonds Advance relating to a mandatory tender pursuant to Section 4.2(b) of the Indenture is made:

(1) at or prior to 12:00 noon Eastern time on a Business Day, payment shall be made to the Trustee of the amount specified no later than 1:00 p.m. Eastern time on the next following Business Day.

(2) after 12:00 noon Eastern time on a Business Day, payment shall be made to the Trustee of the amount specified no later than 1:00 p.m. Eastern time on the second following Business Day.

(b) If a presentation in respect of a Pledged Bonds Advance (other than a Pledged Bonds Advance relating to a mandatory tender pursuant to Section 4.2(b) of the Indenture) is made:

(1) at or prior to 10:30 a.m. Eastern time on a Business Day, payment shall be made to the Trustee of the amount specified no later than 1:30 p.m. Eastern time on the same Business Day.

(2) after 10:30 a.m. Eastern time on a Business Day, payment shall be made to the Trustee of the amount specified no later than 1:30 p.m. Eastern time on the next following Business Day.

(c) If a presentation in respect of an Issuer's Fee Advance is made:

(1) at or prior to 5:00 p.m. Eastern time on a Business Day, payment shall be made to the Trustee of the amount specified no later than 1:00 p.m. Eastern time on the fifth Business Day following such presentation.

(2) after 5:00 p.m. Eastern time on a Business Day, payment shall be made to the Trustee of the amount specified no later than 1:00 p.m. Eastern time on the sixth Business Day following such presentation.

All Advances made under this Credit Enhancement Instrument will be made with Fannie Mae's own funds and in immediately available funds.

6. **Nonconforming Tender.** If a demand for payment under this Credit Enhancement Instrument made by the Trustee does not conform to the terms and conditions of this Credit Enhancement Instrument, Fannie Mae will notify the Trustee of such lack of conformity within a reasonable time after delivery of such demand for payment, such notice to be promptly confirmed in writing to the Trustee, and Fannie Mae shall hold all documents at the Trustee's disposal or, at the Trustee's option, return the same to the Trustee.

7. **Expiration and Termination.**

(a) **Expiration.** This Credit Enhancement Instrument shall expire at 4:00 p.m. Eastern time on June 20, 2037 (the "**Expiration Date**").

(b) **Termination Before Expiration Date.** This Credit Enhancement Instrument shall automatically terminate prior to the Expiration Date on the first to occur of: (i) the honoring by Fannie Mae of an Advance which automatically and permanently reduces the Principal Portion to zero, (ii) 4:00 p.m. Eastern time on the day following the last day of any period during which the Bonds bear interest at a Reset Rate unless Fannie Mae has notified the Trustee prior to such date that it elects to waive such termination, and (iii) Fannie Mae's receipt of a Certificate in the form of Exhibit G (which shall be conclusive evidence of the matters set forth therein). The date determined in the preceding sentence is the "**Termination Date**."

(c) **Delivery.** Upon the Expiration Date or the Termination Date, whichever first occurs, the Trustee shall deliver this Credit Enhancement Instrument to Fannie Mae for cancellation.

(d) **Business Day Convention.** In the event that any date on which this Credit Enhancement Instrument would otherwise expire or terminate is not a Business Day, this Credit Enhancement Instrument shall continue in effect and shall not expire or terminate until 4:00 p.m. Eastern time on the next Business Day.

8. **Reduction and Reinstatement of Amount Available.** The Amount Available shall be reduced or reinstated from time to time in accordance with this Section.

(a) **Automatic Reduction on Making any Advance.** The Amount Available shall be reduced automatically by the amount of each Advance paid by Fannie Mae, notwithstanding any act or omission, whether authorized or unauthorized, of the Trustee or any officer, director, employee or agent of the Trustee in connection with any Advance or the proceeds of such Advance or otherwise in connection with this Credit Enhancement Instrument. Such reduction shall be applied to the Principal Portion, the Interest Portion and the Issuer's Fee Portion as appropriate for the Advance to which the reduction relates.

(b) **Permanent Reduction for each Principal Advance.** The Principal Portion, the Interest Portion and the Issuer's Fee Portion shall be reduced automatically and permanently upon the making of any Principal Advance as follows:

(1) the Principal Portion will be reduced by the amount of the Principal Advance;

(2) the Interest Portion will be reduced by an amount equal to 34 days of interest (calculated at the rate of 12% per annum on the basis of a year of 365 days) on the amount of the related permanent reduction of the Principal Portion; and

(3) the Issuer's Fee Portion will be reduced in an amount equal to .25% multiplied by the amount of the related permanent reduction of the Principal Portion.

(c) **Permanent Reduction on Notice from the Trustee.** The Amount Available shall be reduced automatically and permanently by the amounts specified in any Certificate in the form of Exhibit E which is delivered to Fannie Mae. Such reduction shall be applied to the Principal Portion, the Interest Portion and the Issuer's Fee Portion as set out in the Certificate.

(d) **Reinstatement of Interest Portion for Interest Advance.** Except for a permanent reduction of the Interest Portion under subsection (b)(2), the amount of the Interest Portion reduced by an Interest Advance shall be reinstated immediately and automatically.

(e) **Reinstatement of Pledged Bonds Advance.** The Principal Portion and the Interest Portion shall be reinstated after each Pledged Bonds Advance upon receipt by Fannie Mae of money equal to the amount by which the Trustee requests Fannie Mae to increase the Principal Portion and the Interest Portion in a Certificate of Reinstatement in the form of Exhibit F.

(f) **Reinstatement of Issuer's Fee Advance.** Except for a permanent reduction of the Issuer's Fee Portion under subsection (b)(3), the amount of the Issuer's Fee Portion reduced by an Issuer's Fee Advance shall be reinstated immediately and automatically.

Upon any permanent reduction of the Amount Available, Fannie Mae may deliver to the Trustee a substitute Credit Enhancement Instrument in exchange for this Credit Enhancement Instrument, in an amount available equal to the then current Amount Available, but otherwise having terms identical to this Credit Enhancement Instrument.

9. Discharge of Obligations. Only the Trustee may demand an Advance under this Credit Enhancement Instrument. Upon payment to the Trustee of the amount specified in any Certificate presented under this Credit Enhancement Instrument, Fannie Mae shall be fully discharged of its obligation under this Credit Enhancement Instrument with respect to such Certificate and Fannie Mae shall not thereafter be obligated to make any further payment to the Trustee or any other person (including the Issuer, with respect to payment of the Issuer's Fee) in respect of such Certificate for payment of principal of, purchase price of, or interest on any Bond, or for payment of the Issuer's Fee.

10. Nature of Fannie Mae's Obligations. Fannie Mae's obligation to make Advances to the Trustee upon the proper presentation of documents which conform to the terms and conditions of this Credit Enhancement Instrument is absolute, unconditional and irrevocable, shall be fulfilled strictly in accordance with this Credit Enhancement Instrument, and shall not be affected by any right of set-off, recoupment or counterclaim Fannie Mae might otherwise have against the Issuer,

right of set-off, recoupment or counterclaim Fannie Mae might otherwise have against the Issuer, the Trustee, the Tender Agent, the Remarketing Agent, the Borrower, the Loan Servicer or any other person.

Fannie Mae's obligations under this Credit Enhancement Instrument are primary obligations and shall not be affected by the performance or non-performance by the Issuer under the Indenture or the Bonds or by the Borrower under the Note or the Reimbursement Agreement or by the performance or non-performance of any party under any other agreement between or among any of the Issuer, the Trustee, the Borrower or Fannie Mae.

11. Transfer. This Credit Enhancement Instrument may be successively transferred in whole only, to each successor Trustee under the Indenture. Any such transfer shall be effective upon receipt by Fannie Mae of a signed copy of the instrument effecting such transfer signed by the transferor and by the transferee in the form attached as Exhibit H (which shall be conclusive evidence of such transfer). In each such case, the transferee instead of the transferor shall, without the necessity of further action, be entitled to all the benefits of and rights under this Credit Enhancement Instrument in the transferor's place.

12. Notices and Deliveries. All documents, directions, approvals, consents, notices and other communications, other than Certificates, shall be in writing and personally delivered to Fannie Mae at the address (and to the attention of the party) set out in Section 4(a) or may be sent to Fannie Mae by telecopy immediately followed by telephonic notice as set out in Section 4(b), as such address, telephone and telecopy numbers and parties to whom such notices are sent are changed by Fannie Mae pursuant to Section 4.

13. Governing Law. This Credit Enhancement Instrument shall be governed by the laws of the District of Columbia, including the Uniform Commercial Code as in effect in the District of Columbia.

14. Entire Credit Enhancement Instrument. This Credit Enhancement Instrument sets forth in full the terms of Fannie Mae's undertaking and shall not in any way be amended, amplified or limited by reference to any document, instrument or agreement referred to in this Credit Enhancement Instrument (including, without limitation, the Bonds) or in which this Credit Enhancement Instrument is referred to or to which this Credit Enhancement Instrument relates, except for (i) the Exhibits referred to in this Credit Enhancement Instrument and (ii) any Presentation Protocol, all of which shall be deemed fully incorporated into this Credit Enhancement Instrument as if fully set forth in this Credit Enhancement Instrument.

FANNIE MAE

By: _____

Name: _____

Title: _____

Signed December ____, 2003; effective as
of the Closing Date.

Exhibit A

CERTIFICATE FOR “PRINCIPAL ADVANCE”

DIRECT PAY

Fannie Mae
3900 Wisconsin Avenue, N.W.
Washington, D.C. 20016

Attention: Director, Multifamily Services

Re: Credit Enhancement Instrument relating to Loan No. _____ (“Credit Enhancement Instrument”)

\$40,000,000 Community Development Administration Maryland Department of Housing and Community Development Multifamily Development Revenue Bonds (Barrington Apartments Project) Series 2003 A

Barrington Apartments

The undersigned, a duly authorized officer of the Trustee named below (“Trustee”), certifies to Fannie Mae, with reference to the Credit Enhancement Instrument, that:

(1) **Demand for Advance.** The Trustee demands an Advance in the amount of \$_____ under the Principal Portion of the Amount Available to be used to pay principal of the Bonds due as a result of the acceleration, defeasance, redemption or stated maturity of the Bonds pursuant to the Indenture.

(2) **When the Advance Must be Made.** If this demand for Advance is made:

(a) at or prior to 12:00 noon Eastern time on a Business Day, you must pay the Advance no later than 1:00 p.m. Eastern time on the next following Business Day.

(b) after 12:00 noon Eastern time on a Business Day, you must pay the Advance no later than 1:00 p.m. Eastern time on the second following Business Day.

(3) **Where the Advance Must be Made.** Please pay the Advance demanded by this Certificate to the Trustee at _____[specify account].

(4) **Amount Available.** Upon the payment of the Advance:

(a) **Reduction of Amount Available.** The Amount Available shall be reduced automatically and permanently by \$[insert amount of reduction] of which:

(1) \$_____ is attributable to the Principal Portion;

(2) \$_____ is attributable to the Interest Portion; and

(3) \$_____ is attributable to the Issuer's Fee Portion (computed at a rate of 0.25% multiplied by the outstanding principal amount of the Note).

(b) **New Amount Available.** The Amount Available will be \$_____, of which:

(1) \$_____ will be the Principal Portion;

(2) \$_____ will be the Interest Portion; and

(3) \$_____ will be the Issuer's Fee Portion (computed at a rate of 0.25% multiplied by the outstanding principal amount of the Note).

(5) **Other Matters.**

(a) The Trustee is the Trustee under the Indenture for the holders of the Bonds.

(b) The principal of the Bonds (other than Excluded Bonds) that is due on [Trustee: **complete this blank using the first Business Day after the date of this Certificate**] is \$_____. The amount of the Advance demanded in Paragraph 1 does not exceed such amount of principal.

(c) The amount of the Advance (i) does not exceed the Principal Portion of the Amount Available on the date of this Certificate and (ii) was computed in accordance with the Bonds and the Indenture.

(d) Upon the payment referred to in Paragraph 1, the aggregate principal amount of all Bonds outstanding (other than Excluded Bonds) will be \$_____.

(e) Upon receipt by the Trustee of the Advance, (i) the Trustee will apply the same directly for the purpose specified in Paragraph 1, and (ii) no portion of said amount shall be applied by the Trustee for any purpose other than as set forth in Paragraph 1.

(f) The proceeds of the Advance demanded by this Certificate will not be applied to any payment on any Excluded Bonds.

(g) The aggregate principal amount of all Excluded Bonds outstanding is \$_____.

(h) The amount of interest (computed at the Maximum Interest Rate (as that term is defined in the Indenture), which currently is _____^{*} percent per annum) on the basis of the actual number of days elapsed over a year of 365 or 366 days, as applicable), accruing on the Bonds referred to in subparagraph (d) above in any period of _____^{**} days is \$_____.

Any capitalized, but undefined, term used in this Certificate has the meaning given that term in the Credit Enhancement Instrument.

The Trustee has executed and delivered this Certificate as of the _____ day of _____, _____.

_____,
as Trustee

By: _____
Authorized Officer

^{*} Trustee: Fill in current Maximum Interest Rate.

^{**} Trustee: Fill in number of days of interest coverage required to be supplied by the Interest Portion.

Exhibit B

CERTIFICATE FOR "INTEREST ADVANCE"

DIRECT PAY

Fannie Mae
3900 Wisconsin Avenue, N.W.
Washington, D.C. 20016

Attention: Director, Multifamily Services

Re: Credit Enhancement Instrument relating to Loan No. _____ ("Credit Enhancement Instrument")

\$40,000,000 Community Development Administration Maryland Department of Housing and Community Development Multifamily Development Revenue Bonds (Barrington Apartments Project) Series 2003 A

Barrington Apartments

The undersigned, a duly authorized officer of the Trustee named below ("Trustee"), certifies to Fannie Mae, with reference to the Credit Enhancement Instrument, that:

(1) **Demand for Advance.** The Trustee demands an Advance in the amount of \$_____ under the Interest Portion of the Amount Available to be used to pay interest on the Bonds (other than Excluded Bonds) on or prior to the stated maturity of the Bonds.

(2) **When the Advance Must be Made.** If this demand for Advance is made:

(a) at or prior to 12:00 noon Eastern time on a Business Day, you must pay the Advance no later than 1:00 p.m. Eastern time on the next following Business Day.

(b) after 12:00 noon Eastern time on a Business Day, you must pay the Advance no later than 1:00 p.m. Eastern time on the second following Business Day.

(3) **Where the Advance Must be Made.** Please pay the Advance demanded by this Certificate to the Trustee at _____[specify account].

(4) **Other Matters.**

(a) The Trustee is the Trustee under the Indenture for the holders of the Bonds.

(b) The amount of the Advance referred to in Paragraph 1 was computed in accordance with the Bonds and the Indenture and does not exceed the amount of interest that is

(i) due on the Business Day following the date of this Certificate on the Bonds and (ii) the Interest Portion of the Amount Available on the date of this Certificate.

(c) Upon receipt by the Trustee of the amount demanded by this Certificate, (i) the Trustee will apply the same directly for the purpose specified in Paragraph 1 and (ii) no portion of such amount shall be applied by the Trustee for any purpose other than as set forth in Paragraph 1.

(d) The proceeds of the Advance demanded by this Certificate will not be applied to any payment on any Excluded Bonds.

Any capitalized, but undefined, term used in this Certificate has the meaning given that term in the Credit Enhancement Instrument.

The Trustee has executed and delivered this Certificate as of the ____ day of _____, ____ .

_____,
as Trustee

By: _____
Authorized Officer

Exhibit C

CERTIFICATE FOR “PLEDGED BONDS ADVANCE”

DIRECT PAY

Fannie Mae
3900 Wisconsin Avenue, N.W.
Washington, D.C. 20016

Attention: Director, Multifamily Services

Re: Credit Enhancement Instrument relating to Loan No. _____ (“Credit Enhancement Instrument”)

\$40,000,000 Community Development Administration Maryland Department of Housing and Community Development Multifamily Development Revenue Bonds (Barrington Apartments Project) Series 2003 A

Barrington Apartments

The undersigned, a duly authorized officer of the Trustee named below (“Trustee”), certifies to Fannie Mae, with reference to the Credit Enhancement Instrument, that:

(1) **Demand for Advance.** The Trustee demands an Advance in the amount of \$_____, consisting of (i) \$_____ under the Principal Portion of the Amount Available to be used to pay the principal portion of the purchase price of Bonds and (ii) \$_____ under the Interest Portion of the Amount Available to be used to pay the interest portion of the purchase price of Bonds purchased pursuant to Section 4.1(a), 4.2(a) or 4.2(b) of the Indenture (“**Tendered Bonds**”).

(2) **When the Advance Must be Made.** (Trustee: check applicable box)

☐ The Advance relates to a mandatory tender of Bonds pursuant to Section 4.2(b) of the Indenture. Accordingly, if this demand for Advance is made:

(i) at or prior to 12:00 noon Eastern time on a Business Day, you must pay the Advance no later than 1:00 p.m. Eastern time on the next following Business Day.

(ii) after 12:00 noon Eastern time on a Business Day, you must pay the Advance no later than 1:00 p.m. Eastern time on the second following Business Day.

☐ The Advance does not relate to a mandatory tender of Bonds pursuant to Section 4.2(b) of the Indenture. Accordingly, if this demand for Advance is made:

(i) at or prior to 10:30 a.m. Eastern time on a Business Day, you must pay the Advance no later than 1:30 p.m. Eastern time on the same Business Day.

(ii) after 10:30 a.m. Eastern time on a Business Day, you must pay the Advance no later than 1:30 p.m. Eastern time on the next following Business Day.

(3) **Where the Advance Must be Made.** Please pay the Advance demanded by this Certificate to the Trustee at _____[specify account].

(4) **Other Matters.**

(a) The Trustee is the Trustee under the Indenture for the holders of the Bonds.

(b) The amount demanded pursuant to Paragraph 1 does not exceed the amount necessary, at the time of the presentation of this Certificate to Fannie Mae, to pay the purchase price of the Tendered Bonds which the Remarketing Agent has not remarketed or for which the Remarketing Agent has not received sufficient remarketing proceeds to pay the purchase price of the Tendered Bonds.

(c) The principal component of the aggregate purchase price of the Tendered Bonds that is due on the date of this Certificate is \$_____, and the amount of the Advance relating to the Principal Portion referred to in Paragraph 1 does not exceed such amount of principal. The aggregate accrued interest component of the purchase price of the Tendered Bonds that is due on the date of this Certificate is \$_____ and the amount of the Advance relating to the Interest Portion referred to in Paragraph 1 does not exceed such amount.

(d) On the date of this Certificate, (i) the principal portion of the Advance does not exceed the Principal Portion of the Amount Available and (ii) the interest portion of the Advance does not exceed the Interest Portion of the Amount Available. The amount of the Advance was computed in accordance with the Bonds and the Indenture.

(e) Upon receipt by the Trustee of the Advance demanded by this Certificate, (i) the Trustee will apply the same directly for the purpose specified in Paragraph 1 and (ii) no portion of said amount shall be applied by the Trustee for any purpose other than as set forth in Paragraph 1

(f) The proceeds of the Advance demanded by this Certificate will not be applied to defease, redeem or pay (whether at stated maturity or by acceleration) any Excluded Bond.

(g) Bonds in a principal amount equal to the Principal Portion of the Advance made under this Certificate will be delivered to [**Custodian**]* or if, and only if, delivery of the Bonds is not possible, a written entitlement order will be delivered to the applicable financial intermediaries on whose records ownership of the Pledged Bonds is reflected directing the intermediaries to credit the security entitlement to the Pledged Bonds to the account of

* Fill in name of Custodian under the Pledge Agreement.

[Custodian]* for the benefit of Fannie Mae and a written confirmation of such credit will be delivered to the **[Custodian]***.

Any capitalized, but undefined, term used in this Certificate has the meaning given that term in the Credit Enhancement Instrument.

The Trustee has executed and delivered this Certificate as of the ____ day of _____, ____.

_____,
as Trustee

By:_____
Authorized Officer

* Fill in name of Custodian under the Pledge Agreement.

Exhibit D

CERTIFICATE FOR “ISSUER’S FEE ADVANCE”

STAND-BY

Fannie Mae
3900 Wisconsin Avenue, N.W.
Washington, D.C. 20016

Attention: Director, Multifamily Services

Re: Credit Enhancement Instrument relating to Loan No. _____ (“**Credit Enhancement Instrument**”)

\$40,000,000 Community Development Administration Maryland Department of Housing and Community Development Multifamily Development Revenue Bonds (Barrington Apartments Project) Series 2003 A

Barrington Apartments

The undersigned, a duly authorized officer of the Trustee named below (“**Trustee**”), certifies to Fannie Mae, with reference to the Credit Enhancement Instrument, that:

(1) **Demand for Advance.** The Trustee demands an Advance in the amount of \$_____ under the Issuer’s Fee Portion of the Amount Available to be used to pay the Issuer’s Fee.

(2) **When the Advance Must be Made.** If this demand for Advance is made:

(a) at or prior to 5:00 p.m. Eastern time on a Business Day, you must pay the Advance no later than 1:00 p.m. Eastern time on the fifth Business Day following such presentation.

(b) after 5:00 p.m. Eastern time on a Business Day, you must pay the Advance no later than 1:00 p.m. Eastern time on the sixth Business Day following such presentation.

(3) **Where the Advance Must be Made.** Please pay the Advance demanded by this Certificate to the Trustee at _____[specify account].

(4) **Other Matters.**

(a) The Trustee is the Trustee under the Indenture for the holders of the Bonds.

(b) The Borrower has failed to pay the Issuer’s Fee by [date of annual, semi-annual, quarterly or monthly payment].

(c) The amount of the Advance demanded (i) does not exceed the Issuer's Fee Portion of the Amount Available and (ii) was computed in accordance with the terms and conditions of the Financing Agreement, dated as of December 1, 2003, among the Issuer, the Trustee and the Borrower.

(d) Upon receipt by the Trustee of the Advance (i) the Trustee will apply the same directly for the purpose specified in Paragraph 1 and (ii) no portion of said amount shall be applied by the Trustee for any purpose other than as set forth in Paragraph 1.

Any capitalized, but undefined, term used in this Certificate has the meaning given that term in the Credit Enhancement Instrument.

The Trustee has executed and delivered this Certificate as of the ____ day of _____, ____.

_____,
as Trustee

By: _____
Authorized Officer

Exhibit E

CERTIFICATE OF REDUCTION

Fannie Mae
3900 Wisconsin Avenue, N.W.
Washington, D.C. 20016

Attention: Director, Multifamily Services

Re: Credit Enhancement Instrument relating to Loan No. _____ (“Credit Enhancement Instrument”)

\$40,000,000 Community Development Administration Maryland Department of Housing and Community Development Multifamily Development Revenue Bonds (Barrington Apartments Project) Series 2003 A

Barrington Apartments

The undersigned, a duly authorized officer of the Trustee named below (“Trustee”), certifies to Fannie Mae, with reference to the Credit Enhancement Instrument, as follows:

- (1) The Trustee is the Trustee under the Indenture for the holders of the Bonds.
- (2) The aggregate principal amount of Bonds outstanding has been reduced to \$_____.
- (3) Effective on [insert date]:
 - (a) the Amount Available shall be reduced by \$_____, of which (i) \$_____ is a reduction of the Principal Portion, (ii) \$_____ is a reduction of the Interest Portion and (iii) \$_____ is a reduction of the Issuer’s Fee Portion;
 - (b) after such reduction, the Amount Available will be \$_____, of which (i) \$_____ will be the Principal Portion, (ii) \$_____ will be the Interest Portion and (iii) \$_____ will be the Issuer’s Fee Portion; and
 - (c) after such reduction, the Amount Available will be not less than the aggregate unpaid principal amount of the Bonds Outstanding (as that term is defined in the Indenture).

By its execution of this Certificate, Fairfield Barrington LP (“Borrower”) certifies to Fannie Mae that the Trustee is authorized to deliver this Certificate to Fannie Mae. The Borrower and the Trustee further certify that the amounts specified in paragraph 3 have been determined in accordance with the terms and conditions of the Indenture and the Reimbursement Agreement.

Any capitalized, but undefined, term used in this Certificate has the meaning given that term in the Credit Enhancement Instrument.

The Trustee and the Borrower have executed and delivered this Certificate as of the ____ day of _____, ____.

_____,
as Trustee

By: _____
Authorized Officer

FAIRFIELD BARRINGTON LP,
a Delaware limited partnership

By: FF Barrington LLC, a Delaware limited
liability company, its General Partner

By: FF Properties, Inc., a Delaware
corporation, its Manager

By: _____
Stanley P. Herskovitz
Vice President

Exhibit F

CERTIFICATE OF REINSTATEMENT

Fannie Mae
3900 Wisconsin Avenue, N.W.
Washington, D.C. 20016
Attention: Director, Multifamily Services

Re: Credit Enhancement Instrument relating to Loan No. _____ (“Credit Enhancement Instrument”)

\$40,000,000 Community Development Administration Maryland Department of Housing and Community Development Multifamily Development Revenue Bonds (Barrington Apartments Project) Series 2003 A

Barrington Apartments

The undersigned, a duly authorized officer of the Trustee named below (“Trustee”), certifies to Fannie Mae, with reference to the Credit Enhancement Instrument, as follows:

- (1) The Trustee is the Trustee under the Indenture for the holders of the Bonds.
- (2) The Trustee has received notification from the Tender Agent that Bonds pledged to Fannie Mae by the Borrower which were acquired with the proceeds of a Pledged Bonds Advance under the Credit Enhancement Instrument are to be remarketed or sold. In connection with a Pledged Bonds Advance, the Trustee has received and is transferring to Fannie Mae the amount set forth in paragraph 3.
- (3) Upon receipt by Fannie Mae of this Certificate the Amount Available will be increased as follows:
 - (a) the Principal Portion of the Amount Available will be increased by \$_____, but such increase shall not cause the Principal Portion to exceed the original Principal Portion less the sum of (i) all Principal Advances paid by Fannie Mae in accordance with the Credit Enhancement Instrument and (ii) the aggregate of all reductions of the Principal Portion pursuant to any Certificate of the Trustee in the form of Exhibit E; and
 - (b) the Interest Portion of the Amount Available will be increased by \$_____, but such increase shall not cause the Interest Portion to exceed the original Interest Portion less the aggregate of (i) all Interest Advances for interest which have not been reinstated in accordance with the Credit Enhancement Instrument, subject to the reinstatement of such amounts as set forth in the Credit Enhancement Instrument, (ii) all reductions of the Interest Portion due to any permanent reduction of the Principal Portion of the Amount

Available and (iii) to the extent not addressed in (ii), all reductions of the Interest Portion pursuant to any Certificate of the Trustee in the form of Exhibit E.

(4) Fannie Mae shall promptly release or direct Fannie Mae's custodian in writing to release the Pledged Bonds to the Tender Agent in a principal amount corresponding to the Principal Portion identified in paragraph 3 or, if such release is not possible, Fannie Mae shall be deemed to consent to the delivery of a written entitlement order to the applicable financial intermediary on whose records ownership of such Pledged Bonds is reflected to credit the ownership entitlement to such Bonds to the account as directed by the Trustee. Such release or deemed consent shall be conclusive evidence of the reinstatement of the Principal Portion and Interest Portion as described in paragraph 3.

Any capitalized, but undefined, term used in this Certificate has the meaning given that term in the Credit Enhancement Instrument.

The Trustee has executed and delivered this Certificate as of the ____ day of _____, ____.

_____,
as Trustee

By: _____
Authorized Officer

Exhibit G

NOTICE OF TERMINATION

Fannie Mae
3900 Wisconsin Avenue, N.W.
Washington, D.C. 20016
Attention: Director, Multifamily Services

Re: Credit Enhancement Instrument relating to Loan No. _____ (“Credit Enhancement Instrument”)

\$40,000,000 Community Development Administration Maryland Department of Housing and Community Development Multifamily Development Revenue Bonds (Barrington Apartments Project) Series 2003 A

Barrington Apartments

The undersigned, a duly authorized officer of the undersigned Trustee (“Trustee”), certifies to Fannie Mae, with respect to the Credit Enhancement Instrument, that the Trustee is authorized to file this notice pursuant to the Indenture. Any capitalized, but undefined, term used in this Certificate is used as defined in the Credit Enhancement Instrument.

The undersigned certifies to Fannie Mae: *

_____ (a) None of the Bonds are Outstanding under the Indenture.

_____ (b) The Trustee has received an Alternate Credit Facility (as such term is defined in the Indenture) as permitted by the Indenture and the Reimbursement Agreement.

* Trustee: Check applicable paragraph

Pursuant to the Indenture we enclose the Credit Enhancement Instrument for cancellation.

Very truly yours,

_____,
as Trustee

By: _____
Authorized Officer

Dated: _____

By its execution of this Notice of Termination, Fairfield Barrington LP (“Borrower”) certifies to Fannie Mae that all conditions precedent to the cancellation of the Credit Enhancement Instrument and substitution of an Alternate Credit Facility set forth in the Indenture and the Reimbursement Agreement have been satisfied and hereby joins in the Trustee’s instructions to Fannie Mae may cancel the same.

FAIRFIELD BARRINGTON LP,
a Delaware limited partnership

By: FF Barrington LLC, a Delaware limited
liability company, its General Partner

By: FF Properties, Inc., a Delaware
corporation, its Manager

By: _____
Stanley P. Herskovitz
Vice President

Exhibit H

CERTIFICATE FOR SUCCESSOR TRUSTEE

Fannie Mae
3900 Wisconsin Avenue
Washington, D.C. 20016

Attention: Director, Multifamily Services

Re: Credit Enhancement Instrument relating to Loan No. _____ (“Credit Enhancement Instrument”)

\$40,000,000 Community Development Administration Maryland Department of Housing and Community Development Multifamily Development Revenue Bonds (Barrington Apartments Project) Series 2003 A

Barrington Apartments

The undersigned is a duly authorized officer of the Trustee under the Indenture for the holders of the Bonds.

The Trustee transfers all rights in the Credit Enhancement Instrument to _____, subject to the terms and conditions of the Credit Enhancement Instrument. The Trustee certifies that the transferee is the successor Trustee under the Indenture referred to in the Credit Enhancement Instrument and such successor Trustee has been approved in writing by Fannie Mae. The transferee acknowledges below that it is the successor Trustee. Such successor Trustee has entered into a written agreement to be bound by the terms of the (i) Assignment made by the Issuer to the Trustee, dated as of December 1, 2003, and acknowledged, accepted and agreed to by the Borrower, and (ii) Assignment and Intercreditor Agreement, dated as of December 1, 2003, between Fannie Mae, and the Trustee, joined in by the Issuer, and acknowledged, accepted and agreed to by the Borrower.

By this transfer, all rights of the undersigned Trustee in the Credit Enhancement Instrument are transferred to the transferee and the transferee shall have the sole rights as the beneficiary, including sole rights relating to any amendments, whether increases or extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised direct to the transferee without necessity of any consent of or notice to the undersigned.

Dated: _____

_____,
as Trustee

By: _____
Authorized Officer

The above signature of an officer or other authorized representative conforms to that on file with us. That officer or representative is authorized to sign for the Trustee.

By: _____
Authorized Officer

_____ acknowledges that it is the successor to _____,
as Trustee under the Indenture.

By: _____
Authorized Officer

APPENDIX E

FORM OF BOND COUNSEL OPINION

[Closing Date]

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

\$40,000,000

**COMMUNITY DEVELOPMENT ADMINISTRATION
MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
MULTIFAMILY DEVELOPMENT REVENUE BONDS
(Barrington Apartments Project)
Series 2003 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 \$40,000,000 aggregate principal amount of its Multifamily Development Revenue Bonds (Barrington Apartments Project), Series 2003 A (the “Bonds”).

The Bonds are being issued under and pursuant to Sections 2-201 through 2-208 of Article 83B of the Annotated Code of Maryland, as amended (the “Act”) and in accordance with the terms and provisions of a Trust Indenture dated as of December 1, 2003 (the “Indenture”), by and between the Administration and Manufacturers and Traders Trust Company, as Trustee. The Director of the Administration determined, pursuant to Section 2-206(c) 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 F

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 the Administration takes no responsibility for the accuracy thereof.

APPENDIX G

SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT

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

On the Closing Date, if it occurs, the Credit Facility will be issued; such issuance will be pursuant to the Reimbursement Agreement which will obligate the Borrower, among other things, to reimburse Fannie Mae for funds advanced by Fannie Mae under the Credit Facility and to pay various fees and expenses, in each case as provided in the Reimbursement Agreement.

The Reimbursement Agreement will set forth various affirmative and negative covenants of the Borrower, including certain financial and operational requirements, some of which are more restrictive with respect to the Borrower than similar covenants in the Financing Agreement. The Borrower's obligations to Fannie Mae under the Reimbursement Agreement are secured by the Security Instrument.

The parties to the Reimbursement Agreement can amend the Reimbursement Agreement at any time, without the consent of, or notice to, the Issuer, the Trustee or the holders of the Bonds.

Events of Default

The occurrence of any one or more of the following events constitutes an event of default under the Reimbursement Agreement:

(a) the Borrower fails to pay when due any amount payable by the Borrower under the Reimbursement Agreement, the Note, the Financing Agreement, the Security Instrument or any other Transaction Document (as defined in the Reimbursement Agreement); or

(b) the occurrence of a Borrower Default under the Construction Phase Financing Agreement; or

(c) the occurrence of any Event of Default under any Transaction Document other than the Reimbursement Agreement beyond any cure period set forth in that Transaction Document; or

(d) fraud or material misrepresentation or material omission by the Borrower or any of its officers, directors, trustees, general partners or managers, the Key Principal (as defined in the Reimbursement Agreement) or any guarantor: (i) contained in the Reimbursement Agreement, the Certificate of Borrower or any other Borrower Document or any certificate delivered by the Borrower to Fannie Mae or the Loan Servicer pursuant to the Reimbursement Agreement or any other Borrower Document; or (ii) in connection with (A) the application for or creation of the Loan or the credit enhancement or liquidity for the Bonds provided by the Credit Enhancement Instrument, (B) any financial statement, rent roll, or other report or information provided to Fannie Mae or the Loan

Servicer during the term of the Reimbursement Agreement or the Loan, or (C) any request for Fannie Mae's consent to any proposed action, including a request for disbursement of funds under any Collateral Agreement or contained in the Reimbursement Agreement, the Certificate of Borrower or any other Borrower Document or any certificate delivered by Borrower to Fannie Mae or to the Loan Servicer pursuant to the Reimbursement Agreement or any other Borrower Document; or

(e) a Tax Event (as that term is defined in the Indenture) occurs; or

(f) any failure by the Borrower to perform or observe any of its obligations under the Reimbursement Agreement (other than as set forth in subsections (a) through (d) above), as and when required, which continues for a period of 30 days after notice of such failure by Fannie Mae or the Loan Servicer to the Borrower, but no such notice or grace period will apply in the case of any such failure which could, in Fannie Mae's or the Loan Servicer's judgment, absent immediate exercise by Fannie Mae of a right or remedy under the Reimbursement Agreement, result in harm to Fannie Mae, impairment of the Note, the Reimbursement Agreement, the Security Instrument or any other security given under any other Transaction Document; or

(g) written notice from Fannie Mae to the Borrower that Pledged Bonds have not been remarketed within one year following the purchase of such Bonds by the Trustee on behalf of the Borrower and that the Borrower has not reimbursed Fannie Mae in full for the Advance and the Activity Fee; or

(h) the (i) Borrower fails to pay when due or within any applicable grace period any amount payable by the Borrower under any Hedging Arrangement, or (ii) occurrence of any other default or event of default, however described, by the Borrower under any Hedging Arrangement.

Remedies Upon an Event of Default

Upon the occurrence of an Event of Default under the Reimbursement Agreement, the Obligations (as defined in the Reimbursement Agreement) and all amounts owing under the Reimbursement Agreement may be declared by Fannie Mae to become immediately due and payable without presentment, demand, protest or notice of any kind, including notice of default, notice of intent to accelerate or notice of acceleration. In addition, Fannie Mae will have the right to take such action at law or in equity, without notice or demand, as it deems advisable to protect and enforce the rights of Fannie Mae against the Borrower and/or in and to the Mortgaged Property, including, but not limited to, any one or more of the following actions:

(a) deliver to the Trustee written notice that an Event of Default has occurred under the Reimbursement Agreement and direct the Trustee to take such action pursuant to the Transaction Documents as Fannie Mae may determine, including a request that the Trustee declare the principal of all or a portion of the Bonds then Outstanding and the interest accrued thereon to be immediately due and payable in accordance with the terms and conditions of the Indenture;

(b) demand cash collateral or Permitted Investments in an amount equal to the maximum liability of Fannie Mae under the Credit Enhancement Instrument, whether or not then due and payable by Fannie Mae; and

(c) exercise any rights and remedies available to Fannie Mae under the Transaction Documents.

Waiver

Fannie Mae has the right, in its discretion, to waive any Event of Default under the Reimbursement Agreement. Unless such waiver expressly provides to the contrary, any waiver so granted will extend only to the specific event or occurrence which gave rise to the Event of Default so waived and not to any other similar event or occurrence which occurs subsequent to the date of such waiver.

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