NEW ISSUE **RATING:** *MOODY'S:"Aaa"*
BOOK-ENTRY ONLY (See "RATINGS" herein)

In the opinion of Hawkins, Delafield & Wood, as 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 Bonds 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 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. See "Tax Matters" herein.

$11,920,000
COMMUNITY DEVELOPMENT ADMINISTRATION
MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

$4,350,000
Multifamily Development Revenue Bonds
(Princess Anne Townhouses Project)
Series 2001 D

$7,570,000
Multifamily Development Revenue Bonds
(Waters Tower Senior Apartments Project)
Series 2001 F

Dated: November 15, 2001 **Due:** As shown on the inside cover

The above-captioned Series 2001 D Bonds and Series 2001 F Bonds (collectively, 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 denominations of $5,000 and integral multiples thereof. See "THE BONDS - DTC and Book Entry" herein. Interest on the Bonds will be payable semiannually on June 15 and December 15 of each year (each, an "Interest Payment Date"), commencing June 15, 2002.

The Series 2001 D Bonds are being issued by the Administration to provide funding for a mortgage loan (the "Series D Mortgage Loan") to be made by the Administration to New Princess Anne Townhouses Limited Partnership (the "Series D Borrower") for the purpose of financing the acquisition and rehabilitation of the multifamily rental housing project described herein (the "Princess Anne Project") located in Princess Anne, Maryland to be occupied, to the extent required by federal tax law or the Administration, by persons or families of low income. The Series 2001 F Bonds are being issued by the Administration to provide funding for a mortgage loan (the "Series F Mortgage Loan") to be made by the Administration to New Waters Tower Development Company Limited Partnership (the "Series F Borrower"), for the purpose of financing the acquisition and rehabilitation of the multifamily rental housing apartment project described herein (the "Waters Tower Project") located in Baltimore, Maryland to be occupied, to the extent required by federal tax law or the Administration, by persons or families of low income. The applicable income and rent restrictions are described more fully herein. See "THE PROJECTS AND THE PRIVATE PARTICIPANTS" herein.

The Series 2001 D Bonds are being issued pursuant to a Trust Indenture, dated as of November 15, 2001 (the "Series D Indenture"), between the Administration and Allfirst Bank, Baltimore, Maryland (the "Trustee"). The Series D Mortgage Loan will be made pursuant to a Financing Agreement, dated as of December 1, 2001 (the "Series D Financing Agreement"), among the Administration, the Trustee and the Series D Borrower. The Series 2001 F Bonds are being issued pursuant to a Trust Indenture, dated as of November 15, 2001 (the "Series F Indenture"), between the Administration and the Trustee. The Series F Mortgage Loan will be made pursuant to a Financing Agreement, dated as of December 1, 2001 (the "Series F Financing Agreement"), among the Administration, the Trustee and the Series F Borrower. Payment of the principal of and interest on the Series 2001 D Bonds and the Series 2001 F Bonds will be secured, to the extent described herein, by the Series D Mortgage Loan and the Series F Mortgage Loan, respectively, and by certain other resources and assets constituting the Trust Estate under the Series D Indenture and the Series F Indenture, as applicable, all as described herein.

FREDDIE MAC

The Federal Home Loan Mortgage Corporation ("Freddie Mac," or the "Credit Facility Provider") has agreed to provide credit enhancement for the Series D Mortgage Loan and the Series F Mortgage Loan pursuant to, and subject to, the limitations of the standby Credit Enhancement Agreements described herein. *The Series 2001 D Bonds and the Series 2001 F Bonds are separately secured by their respective Trust Estates, and are neither cross-collateralized or cross-defaulted. Concurrently with the issuance of the Bonds, the Issuer is issuing its Multifamily Development Revenue Bonds (Princess Anne Townhouses Project) Series 2001 E (the "Series 2001 E Bonds") and Multifamily Development Revenue Bonds (Waters Tower Senior Apartments Project) Series 2001 G (the "Series 2001 G Bonds"), which will have a subordinate lien on the Princess Anne Project and the Waters Tower Project, respectively. The Series 2001 E Bonds and the Series 2001 G Bonds are not being offered by means of this Official Statement. Issuance of the Series 2001 D Bonds is contingent upon the simultaneous issuance of the Series 2001 E Bonds. Issuance of the Series 2001 F Bonds is contingent upon the simultaneous issuance of the Series 2001 G Bonds.*

The Bonds are subject to optional, mandatory sinking fund and mandatory redemption prior to maturity at the times and to the extent described herein. See "THE BONDS" 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 the Trust Estate pledged therefor under the applicable Indenture. The Administration has no taxing power. The Bonds do not constitute a debt of the State of Maryland, any political subdivision thereof, the Administration or the Department, or a pledge of the faith, credit or taxing power of the State, any such political subdivision, the Administration or the Department.

THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, OR ANY AGENCY OF THE UNITED STATES OF AMERICA, OR FREDDIE MAC, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC. PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS IS NOT GUARANTEED BY FREDDIE MAC. THE OBLIGATIONS OF FREDDIE MAC UNDER EACH CREDIT ENHANCEMENT AGREEMENT ARE OBLIGATIONS SOLELY OF FREDDIE MAC AND ARE NOT BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA. SEE "FREDDIE MAC" HEREIN.

The Bonds are offered when, as and if issued and received by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of validity by Hawkins, Delafield & Wood, 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 Freddie Mac by its Legal Department and by Ballard, Spahr, Andrews & Ingersoll, LLP, Washington, D.C., for the Borrowers by Nixon Peabody LLP, Washington, D.C., McGuireWoods LLP, Baltimore, Maryland and Holland & Knight, Boston, Massachusetts; and for the Underwriters by Kutak Rock LLP, Atlanta, Georgia and the Law Offices of Joseph C. Reid, P.A., Baltimore, Maryland. 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 6, 2001.

UBS PaineWebber Inc.

Bear, Stearns & Co. Inc. **Ferris, Baker Watts** Incorporated **Legg Mason Wood Walker** Incorporated

The Chapman Company **Lehman Brothers** **Loop Capital Markets, L.L.C.**

Merrill Lynch & Co. **Salomon Smith Barney**

November 29, 2001

MATURITY SCHEDULE

Series 2001 D Bonds - Term Bonds

$ 30,000	2.25% Term Bonds Due December 15, 2002
$ 40,000	2.65% Term Bonds Due December 15, 2003
$ 80,000	3.15% Term Bonds Due December 15, 2004
$ 90,000	3.50% Term Bonds Due December 15, 2005
$ 100,000	3.80% Term Bonds Due December 15, 2006
$ 105,000	4.05% Term Bonds Due December 15, 2007
$ 110,000	4.25% Term Bonds Due December 15, 2008
$ 120,000	4.40% Term Bonds Due December 15, 2009
$ 130,000	4.50% Term Bonds Due December 15, 2010
$ 130,000	4.60% Term Bonds Due December 15, 2011
$ 145,000	4.75% Term Bonds Due December 15, 2012
$ 150,000	4.85% Term Bonds Due December 15, 2013
$ 355,000	5.10% Term Bonds Due December 15, 2016
$ 655,000	5.375% Term Bonds Due December 15, 2022
$2,110,000	5.45% Term Bonds Due December 15, 2033

PRICE OF ALL BONDS 100%
(ACCRUED INTEREST TO BE ADDED)

Series 2001 F Bonds - Term Bonds

$ 75,000	2.25% Term Bonds Due December 15, 2002
$ 85,000	2.65% Term Bonds Due December 15, 2003
$ 150,000	3.15% Term Bonds Due December 15, 2004
$ 160,000	3.50% Term Bonds Due December 15, 2005
$ 170,000	3.80% Term Bonds Due December 15, 2006
$ 185,000	4.05% Term Bonds Due December 15, 2007
$ 195,000	4.25% Term Bonds Due December 15, 2008
$ 210,000	4.40% Term Bonds Due December 15, 2009
$ 220,000	4.50% Term Bonds Due December 15, 2010
$ 235,000	4.60% Term Bonds Due December 15, 2011
$ 250,000	4.75% Term Bonds Due December 15, 2012
$ 270,000	4.85% Term Bonds Due December 15, 2013
$ 915,000	5.10% Term Bonds Due December 15, 2016
$1,305,000	5.375% Term Bonds Due December 15, 2022
$3,145,000	5.45% Term Bonds Due December 15, 2033

PRICE OF ALL BONDS 100%
(ACCRUED INTEREST TO BE ADDED)

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

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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

Freddie Mac has not provided or approved any information in this Official Statement except with respect to the description herein under the caption "FREDDIE MAC," takes no responsibility for any other information contained in this Official Statement and makes no representation as to the contents of this Official Statement (other than with respect to the description herein under the caption "FREDDIE MAC"). Without limiting the foregoing, Freddie Mac makes no representation as to the suitability of the Bonds for any investor, the feasibility or performance of the Project or compliance with any securities, tax or other laws or regulations. Freddie Mac's role is limited to providing the Credit Facilities to the Trustee.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

TABLE OF CONTENTS

Official Statement

relating to

Community Development Administration
Maryland Department of Housing and Community Development

$4,350,000	$7,570,000
MULTIFAMILY DEVELOPMENT REVENUE BONDS	MULTIFAMILY DEVELOPMENT REVENUE BONDS
(PRINCESS ANNE TOWNHOUSES PROJECT)	(WATERS TOWER SENIOR APARTMENTS PROJECT)
SERIES 2001 D	SERIES 2001 F

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 2001 D Bonds and Series 2001 F Bonds (collectively, the "Bonds"). Certain capitalized terms used in this Official Statement are summarized in APPENDIX A—"DEFINITIONS" attached hereto.

The Series 2001 D Bonds are being issued pursuant to a Trust Indenture (the "Series D Indenture"), dated as of November 15, 2001, between the Administration and Allfirst Bank, as trustee (the "Trustee"). The Series 2001 F Bonds are being issued pursuant to a Trust Indenture (the "Series F Indenture"), dated as of November 15, 2001, between the Administration and the Trustee. The Bonds are issued pursuant to Sections 2-201 through 2-208 of Article 83B of the Annotated Code of Maryland, as amended (the "Act").

The Series 2001 D Bonds are special and limited obligations of the Administration issued in connection with the acquisition and rehabilitation by New Princess Anne Townhouses Limited Partnership, a Maryland limited partnership (the “Series D Borrower”) of a 120-unit multifamily rental housing development known as Princess Anne Townhouses, located in Princess Anne, Maryland (the “Princess Anne Project”). The Series D Mortgage Loan will be made pursuant to a Financing Agreement, dated as of December 1, 2001 (the “Financing Agreement”), among the Administration, the Trustee and the Series D Borrower, and in accordance with the requirements of Freddie Mac. The Series D Mortgage Loan will be evidenced by two Multifamily Notes (collectively, the “Series D Bond Mortgage Note”), executed by the Series D Borrower. See "THE BOND MORTGAGE NOTES" herein. The Series D Bond Mortgage 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 “Series D Bond Mortgage”) from the Borrower in favor of the Administration. The Series D Bond Mortgage will encumber the Princess Anne Project. On the date of issuance and delivery of the Bonds (the “Closing Date”), the Series D Bond Mortgage Note and Series D Bond Mortgage will be assigned by the Administration to the Trustee and upon such assignment, will be part of the Trust Estate securing the Series 2001 D Bonds.

The Series 2001 F Bonds are special and limited obligations of the Administration issued in connection with the acquisition and rehabilitation by New Waters Tower Development Company Limited Partnership, a Maryland limited partnership (the “Series F Borrower”) of a 203-unit multifamily rental housing development known as Waters Tower Senior Apartments, located in Baltimore, Maryland (the “Waters Tower Project”). The Series F Mortgage Loan will be made pursuant to a Financing Agreement, dated as of December 1, 2001 (the “Financing Agreement”), among the Administration, the Trustee and the Series F Borrower, and in accordance with the requirements of Freddie Mac. The Series F Mortgage Loan will be evidenced by two Multifamily Notes (collectively, the “Series F Bond Mortgage Note”), executed by the Series F Borrower. See "THE BOND MORTGAGE NOTES" herein. The Series F Bond Mortgage 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 "Series F Bond Mortgage," collectively with the Series D Bond Mortgage, the "Bond Mortgages") from the Borrower in favor of the Administration. The Series F Bond Mortgage will encumber the Waters Tower Project. On the date of issuance and delivery of the Bonds (the "Closing Date"), the Series F Bond Mortgage Note and Series F Bond Mortgage will be assigned by the Administration to the Trustee and upon such assignment, will be part of the Trust Estate securing the Bonds.

The Series 2001 D Bonds and the Series 2001 F Bonds are separately secured by their respective Trust Estates, and are neither cross-collateralized or cross-defaulted. Concurrently with the issuance of the Bonds, the Issuer is issuing its Multifamily Development Revenue Bonds (Princess Anne Townhouses Project) Series 2001 E (the "Series 2001 E Bonds") and Multifamily Development Revenue Bonds (Waters Tower Senior Apartments Project) Series 2001 G (the "Series 2001 G Bonds"), which will have a subordinate lien on the Princess Anne Project and the Waters Tower Project, respectively. The Series 2001 E Bonds and the Series 2001 G Bonds are not being offered by means of this Official Statement. Issuance of the Series 2001 D Bonds is contingent upon the simultaneous issuance of the Series 2001 E Bonds. Issuance of the Series 2001 F Bonds is contingent upon the simultaneous issuance of the Series 2001 G Bonds.

Freddie Mac has agreed to provide credit enhancement for each Mortgage Loan pursuant to, and subject to the limitations of, a separate Credit Enhancement Agreement for each Mortgage Loan (each a "Credit Facility;" collectively, the "Credit Facilities") described herein. Under each Credit Facility, certain payments under the related Bond Mortgage Note will be secured by the Credit Facility. The obligation of each Borrower to reimburse Freddie Mac for any funds provided by Freddie Mac under the Credit Facility will be set forth in a Reimbursement and Security Agreement dated as of December 1, 2001 (each a "Reimbursement Agreement" collectively, the "Reimbursement Agreements"), between the applicable Borrower and Freddie Mac. See "SECURITY FOR THE BONDS — Credit Facility" herein.

Freddie Mac's participation in the financing of the Projects will not extend beyond the Construction Phase for such Projects (as defined in the Construction Phase Financing Agreement with respect to each Project, each dated as of December 1, 2001 (each a "Construction Phase Financing Agreement") between Freddie Mac and SunAmerica, Inc. (the "Construction Phase Credit Facility Provider") and acknowledged and agreed to by the applicable Borrower), unless the Conditions to Conversion (as described below) set forth in the applicable Construction Phase Financing Agreement are satisfied on or before the Forward Commitment Maturity Date (described below) or, to the extent not satisfied, are waived by Freddie Mac. If the Conditions to Conversion set forth in the Construction Phase Financing Agreement are satisfied on or before the Forward Commitment Maturity Date (or, to the extent not satisfied, are waived by Freddie Mac), Capri Capital Finance, LLC (the "Loan Servicer") is, on or before the Forward Commitment Maturity Date, to issue a Conversion Notice, in which event the related Mortgage Loan will convert from the Construction Phase to the Permanent Phase (as each such term is defined in the Construction Phase Financing Agreement) ("Conversion") and Freddie Mac's participation in the financing with respect to the related Project will continue. If, however, the Conditions to Conversion are not satisfied on or before the Forward Commitment Maturity Date (or, to the extent not satisfied, are not waived by Freddie Mac) with the result that the Loan Servicer fails to issue a Conversion Notice on or before the Forward Commitment Maturity Date, the related Mortgage Loan will not convert from the Construction Phase to the Permanent Phase, and the Series of Bonds financing the related Project will be subject to mandatory redemption in whole. Any such mandatory redemption will be at a redemption price equal to the principal amount of such Series of 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 Facility. Alternatively, in lieu of such redemption, the Bonds may be purchased by the Trustee for the account of the Construction Phase Credit Facility Provider. See "THE BONDS — Mandatory Redemption" herein. In either case, the Bondholders will be required to deliver their Bonds of the applicable Series for redemption or purchase, as the case may be. The Forward Commitment Maturity Date with respect to each Project is December 6, 2003; provided, however, that the Forward Commitment Maturity Date may be extended in the sole discretion of Freddie Mac.

The Conditions to Conversion include completion of construction of the Project, the achievement of a specified level of occupancy and income from the leasing of units in the Project and, if the mortgage loan amount is reduced by the Credit Facility Provider, prepayment of a portion of the loan (the "Pre-Conversion Loan Equalization Payment"). No assurance can be given that all of the 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. In addition, even if Conversion occurs, no assurance can be given that the principal amount of the Mortgage Loan, as finally determined in accordance with the Construction Phase Financing Agreement, will not be less than the original principal amount of the Mortgage Loan; if the principal amount of a Mortgage Loan, as finally determined in accordance with the Construction Phase Financing Agreement, is less than the original principal amount of the Mortgage Loan, the principal amount of the Mortgage Loan must, as a Condition to Conversion, be reduced by the Borrower's prepayment of the Mortgage Loan in part; upon such prepayment, a corresponding portion of the Series of Bonds financing such Mortgage Loan 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 such prepayment in part is required as a Condition to Conversion and is not made, Conversion will not occur and the applicable Series of Bonds will be subject to mandatory redemption in whole, as described above. See "THE BONDS—Mandatory Redemption" and "BONDHOLDERS' RISKS — Reduction in Authorized Mortgage Loan Amount" herein.

Prior to Conversion, Freddie Mac will, pursuant to the Construction Phase Credit Facility, be protected against risk of loss by the Construction Phase Credit Facility Provider through a guaranty provided on behalf of the Construction Phase Credit Facility Provider acceptable to Freddie Mac (the "Construction Phase Credit Facility"). Certain events concerning the Construction Phase Credit Facility Provider, the Construction Phase Financing Agreement and the Construction Phase Credit Facility may result in the prepayment of the Mortgage Loan and a corresponding mandatory redemption of the applicable Series of Bonds. The obligations of the Construction Phase Credit Facility Provider are unconditionally guaranteed by American International Group, Inc. ("AIG"). See "THE BONDS — Mandatory Redemption" and "Bondholders' Risks -- Construction Phase Credit Facility" herein.

Freddie Mac has designated the Loan Servicer to service the Mortgage Loan. Freddie Mac may subsequently designate another eligible servicing institution to service the Mortgage Loan or may elect to service the Mortgage Loan itself.

The interest rate on each Bond Mortgage Note (the "Mortgage Note Rate") is to be established at a rate, and the monthly payments under the Bond Mortgage Note are to be scheduled, such that the monthly payments on such Bond Mortgage Note will be sufficient, together with other money on deposit with the Trustee pursuant to the applicable Indenture, and certain Investment Income, to pay, when due, the semiannual interest and principal due on the applicable Series of Bonds and the Bond Fee Component. **Freddie Mac has not prepared, reviewed or verified, makes no representation or warranty with respect to, does not certify to, and assumes no responsibility or liability for, any calculations used to establish such schedule of payments or distributions, the assumptions used in making such calculations, their mathematical accuracy or for the sufficiency of payments on which they are based to pay the principal of and interest on the Bonds when due.**

The Trustee will accumulate and invest the monthly payments on each Mortgage Loan for application semiannually to payments of interest or principal and interest, as due, on the applicable Series of Bonds and for the payment of certain fees. See APPENDIX B—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES" attached hereto.

The Projects are 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. Each Borrower has entered into an Agreement and Declaration of Covenants and Restrictions for its Project with the Administration, dated as of December 1, 2001 (each a "Tax Regulatory Agreement;" collectively, the "Tax Regulatory Agreements") and an Extended Low-Income Housing Covenant for Low-Income Housing Tax Credits with the Administration dated as of December 1, 2001 in connection with obtaining low income housing tax credits. In addition, there will be use and occupancy restrictions applicable to the Projects under an Agreement for Interest Reduction Payments (each an "IRP Agreement," collectively, the "IRP Agreements") for each Project among the applicable Borrower, the Administration and the Secretary of Housing and Urban Development. See "THE PROJECTS AND THE PRIVATE PARTICIPANTS" herein and APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE TAX REGULATORY AGREEMENTS" attached hereto. The Projects will also be subject to certain income and rent restrictions required under State law contained in a Regulatory Agreement with respect to each Project between the applicable Borrower and the Administration.

Any failure of a Borrower to comply with the terms of the Tax Regulatory Agreement may cause interest on the applicable Series of 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. In addition, the interest rate on the Bonds will not be adjusted in the event that interest payable on the Bonds becomes includable in the gross income of the owners thereof for federal income tax purposes.

The Bonds are subject to optional, mandatory sinking fund 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 applicable Indenture, the following: (a) payments received under the related Mortgage Loan pursuant to the Financing Agreement, the Bond Mortgage Note or the Bond Mortgage, including all casualty or other insurance benefits and condemnation awards (subject to the interest of the Credit Facility Provider pursuant to the Credit Facility), (b) payments made by the Credit Facility Provider under the applicable Credit Facility, (c) the Revenues and any other moneys received by the Trustee for the payment of the principal of and interest on the Bonds, including payments received under the applicable IRP Agreement, and (d) amounts otherwise on deposit in the Funds and Accounts under the applicable Indenture (other than moneys on deposit from time to time in the Rebate Fund, the Costs of Issuance Fund and the Administration Fund) together with investment earnings thereon.

All of the foregoing property is herein referred to as the "Trust Estate" for each Series of Bonds. The Series 2001 D Bonds and the Series 2001 F Bonds are separately secured by their respective Trust Estates and are neither cross-collateralized nor cross-defaulted. 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. The Administration has no taxing power.

THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, OR ANY AGENCY OF THE UNITED STATES OF AMERICA, OR FREDDIE MAC, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC. PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS IS NOT GUARANTEED BY FREDDIE MAC. THE OBLIGATIONS OF FREDDIE MAC UNDER EACH CREDIT ENHANCEMENT AGREEMENT ARE OBLIGATIONS SOLELY OF FREDDIE MAC AND ARE NOT BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA. SEE "FREDDIE MAC" HEREIN.

Brief descriptions of the Bonds, the security for the Bonds, the Credit Facilities, the Administration, Freddie Mac, the Borrowers and the Projects are included in this Official Statement together with summaries of the Indentures, the Financing Agreements, the Tax Regulatory Agreements, the Reimbursement Agreements (as defined herein), the Intercreditor Agreements and the Disclosure Agreements. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Indentures, the Financing Agreements, the Tax Regulatory Agreements, the Reimbursement Agreements, the Disclosure Agreements, the Intercreditor Agreements, the Credit Facilities and other documents are qualified in their entirety by reference to such documents, and references herein to the Bonds are qualified in their entirety by reference to the forms thereof included in the Indentures 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

Except as otherwise noted, the descriptions in this Section entitled "THE BONDS" apply to each Series of Bonds.

General

The Bonds are issuable only as fully registered bonds, without coupons, in denominations of $5,000 or any integral multiple thereof. The Bonds are dated as of the Dated Date set forth on the cover hereof and will bear interest at the rate per annum, and mature as set forth on the inside cover of this Official Statement, subject to prior redemption as described below.

Interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months and be payable on each December 15 and June 15 of each year, commencing on June 15, 2002 (each an "Interest Payment Date") calculated from the Interest Payment Date next preceding the date of authentication of the Bond, provided that if the date of authentication is an Interest Payment Date for which interest has been paid or duly provided for, the Bonds shall bear interest from such Interest Payment Date, or unless no interest has been paid or provided for on the Bonds, in which case the Bonds shall bear interest from the Dated Date, until payment of principal of the Bond has been made or duly provided for. Notwithstanding the foregoing, if a Bond is authenticated after the Record Date, but prior to the following Interest Payment Date, the Bonds shall bear interest from such Interest Payment Date; provided further that if the date of authentication is prior to the Record Date for the first Interest Payment Date, the Bonds shall bear interest from the Dated Date of the Bonds. Notwithstanding the foregoing, if there shall be a default in the payment of interest due on such Interest Payment Date, then the Bond shall bear interest from the next preceding Interest Payment Date to which interest has previously been paid or duly provided for or, if no interest has theretofore been paid on the Bond, from the Dated Date of the Bond.

The Bonds will be delivered in fully registered form only and, when issued and delivered, will be registered in the name of CEDE & CO., as nominee of The Depository Trust Company, New York, New York ("DTC"). Ownership interests in the Bonds may be purchased in book-entry form only. Ultimate purchasers of Bonds will not receive physical certificates representing their interest in the Bonds. So long as the Bonds are registered in the name of CEDE & CO., as nominee of DTC, references herein to the Bondholders shall mean CEDE & CO. and shall not mean the ultimate purchasers of the Bonds. Payments of the principal of and interest on the Bonds while under the Book-Entry System shall be made in accordance with the rules, regulations and procedures established by DTC in connection with such Book-Entry System. See "THE BONDS — DTC and Book Entry" herein.

Optional Redemption

The Bonds are not subject to optional redemption at the option of the Borrower prior to December 15, 2011. On and after December 15, 2011, the Bonds will be subject to optional redemption in whole or in part on any date at the principal amount thereof plus accrued interest until the redemption date upon optional prepayment of the Mortgage Loan securing such Series of Bonds in accordance with the applicable Bond Mortgage Loan Documents. Notwithstanding any other provision of the Indenture to the contrary, optional redemption of the Bonds will not be permitted unless and until thirty (30) days prior to the Redemption Date, and on the Redemption Date, the Trustee has on hand Eligible Funds in an amount sufficient to pay the interest due on such Bonds from the date of prepayment of the Mortgage Loan to the Redemption Date (the "End Period Payment"). Neither the Administration, Freddie Mac nor the Loan Servicer will have any responsibility or liability to provide funds to be included in the End Period Payment.

In addition, while Bonds are registered in the name of the Borrower or Freddie Mac (or its designee) as a result of a mandatory tender for purchase as described under the heading "THE BONDS-Purchase-in-Lieu of Redemption; Special Purchase Bonds," Bonds are subject to redemption at any time at the option of Freddie Mac at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date from money constituting Eligible Funds.

Mandatory Redemption

Each Series of Bonds is subject to mandatory redemption as set forth below. Unless otherwise specified in any paragraph below, each mandatory redemption will be (a) effected on the earliest practicable Redemption Date for which timely notice of redemption can be given pursuant to the Indenture following the occurrence of the event requiring such redemption, and (b) at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest on such Bonds to the Redemption Date. Bonds subject to mandatory redemption in part will be redeemed in Authorized Denominations only. Bonds of a Series will be redeemed:

(i) in whole or in part, upon receipt by the Trustee of Net Proceeds representing casualty insurance proceeds or condemnation awards paid as a prepayment of the related Mortgage Loan, and a written direction by the Credit Facility Provider to redeem such Bonds; or

(ii) in whole, as a result of the occurrence of a default under any related Bond Mortgage Loan Document or under the related Construction Phase Credit Facility and receipt by the Trustee of a written direction by the Credit Facility Provider to redeem the Bonds; or

(iii) in whole, on the last Business Day which is not less than five days before the date of expiration of any Credit Facility unless the Trustee receives a renewal or extension of or replacement for such Credit Facility meeting the requirements of the Financing Agreement; or

(iv) in whole, upon the occurrence of a default under the related Construction Phase Credit Documents and upon receipt by the Trustee of a written direction from the Credit Facility Provider to redeem the Bonds; or

(v) in whole, on or after the Forward Commitment Maturity Date with respect to the related Project, if the Conversion Notice is not issued by the Loan Servicer prior to such Forward Commitment Maturity Date (See "BONDHOLDERS' RISK-Failure to Complete Project"); or

(vi) in part, in the event that the related Borrower elects to make a Pre-Conversion Loan Equalization Payment, in an amount equal to the amount prepaid by such Borrower; or

(vii) in part, in the event and to the extent that amounts remaining in the related Mortgage Loan Fund are transferred to the Redemption Fund pursuant to the Indenture for application to the redemption of Bonds (See "SUMMARY OF CERTAIN PROVISION OF THE INDENTURES-The Mortgage Loan Fund"); or

(viii) in whole or in part, on the next succeeding Interest Payment Date for which notice of redemption can be given, from funds transferred to the Redemption Fund from the General Account in the Revenue Fund in excess of the minimum balance required to be maintained in the General Account under the related Indenture (See APPENDIX B -"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE-The Revenue Fund").

Mandatory Sinking Fund Redemption - Series 2001 D Bonds

The Series 2001 D Bonds maturing on December of each year from December 15, 2002 through December 15, 2013, and the Series 2001 D Bonds maturing December 15, 2016, December 15, 2022 and December 15, 2033 shall be subject to mandatory sinking fund redemption in part, by lot, prior to maturity, from sinking fund installments on the dates and in the amounts set forth below. The redemption price shall be equal to 100% of the principal amount of Bonds to be redeemed (and, therefore, without premium), plus accrued interest to the Redemption Date.

Series 2001 D Term Bonds Maturing December 15, 2002 through December 15, 2013

Maturity Date (December 15)	Redemption Date (June 15)	Redemption Amount
2002	2002	$15,000
2003	2003	20,000
2004	2004	35,000
2005	2005	45,000
2006	2006	50,000
2007	2007	50,000
2008	2008	55,000
2009	2009	60,000
2010	2010	65,000
2011	2011	65,000
2012	2012	70,000
2013	2013	75,000

Series 2001 D Term Bonds Maturing December 15, 2016

Redemption Date (June 15)	Redemption Amount	Redemption Date (December 15)	Redemption Amount
2014	$80,000	2014	$85,000
2015	60,000	2015	40,000
2016	45,000	2016	45,000†

†Final Maturity

Series 2001 D Term Bonds Maturing December 15, 2022

Redemption Date (June 15)	Redemption Amount	Redemption Date (December 15)	Redemption Amount
2017	$45,000	2017	$45,000
2018	50,000	2018	50,000
2019	50,000	2019	55,000
2020	55,000	2020	55,000
2021	60,000	2021	60,000
2022	65,000	2022	65,000†

†Final Maturity

Series 2001 D Term Bonds Maturing December 15, 2033

Redemption Date (June 15)	Redemption Amount	Redemption Date (December 15)	Redemption Amount
2023	$65,000	2023	$70,000
2024	70,000	2024	75,000
2025	75,000	2025	80,000
2026	80,000	2026	85,000
2027	85,000	2027	90,000
2028	95,000	2028	95,000
2029	100,000	2029	100,000
2030	105,000	2030	110,000
2031	110,000	2031	115,000
2032	120,000	2032	125,000
2033	130,000	2033	130,000[†]

[†]Final Maturity

Mandatory Sinking Fund Redemption - Series 2001 F Bonds

The Series 2001 F Bonds maturing on December of each year from December 15, 2002 through December 15, 2013, and the Series 2001 F Bonds maturing December 15, 2016 and December 15, 2022 and December 15, 2033 shall be subject to mandatory sinking fund redemption in part, by lot, prior to maturity, from sinking fund installments on the dates and in the amounts set forth below. The redemption price shall be equal to 100% of the principal amount of Bonds to be redeemed (and, therefore, without premium), plus accrued interest to the Redemption Date.

Series 2001 F Term Bonds Maturing December 15, 2002 through December 15, 2013

Maturity Date (December 15)	Redemption Date (June 15)	Redemption Amount
2002	2002	$35,000
2003	2003	40,000
2004	2004	75,000
2005	2005	75,000
2006	2006	85,000
2007	2007	90,000
2008	2008	95,000
2009	2009	100,000
2010	2010	110,000
2011	2011	115,000
2012	2012	125,000
2013	2013	135,000

Series 2001 F Term Bonds Maturing December 15, 2016

Redemption Date (June 15)	Redemption Amount	Redemption Date (December 15)	Redemption Amount
2014	$140,000	2014	$145,000
2015	150,000	2015	155,000
2016	160,000	2016	165,000†

†Final Maturity

Series 2001 F Term Bonds Maturing December 15, 2022

Redemption Date (June 15)	Redemption Amount	Redemption Date (December 15)	Redemption Amount
2017	$170,000	2017	$175,000
2018	180,000	2018	75,000
2019	80,000	2019	80,000
2020	85,000	2020	85,000
2021	90,000	2021	90,000
2022	95,000	2022	100,000†

†Final Maturity

2001 Series 2001 F Term Bonds Maturing December 15, 2033

Redemption Date (June 15)	Redemption Amount	Redemption Date (December 15)	Redemption Amount
2023	$100,000	2023	$105,000
2024	105,000	2024	110,000
2025	115,000	2025	120,000
2026	120,000	2026	125,000
2027	130,000	2027	135,000
2028	140,000	2028	145,000
2029	145,000	2029	150,000
2030	155,000	2030	160,000
2031	165,000	2031	170,000
2032	180,000	2032	185,000
2033	190,000	2033	195,000†

†Final Maturity

If fewer than all of the Bonds of a Series are redeemed in a manner other than pursuant to a mandatory sinking fund redemption, the principal amount so redeemed shall be credited at one hundred percent (100%) of the principal amount thereof by the Trustee against the obligation of the Issuer on future mandatory sinking fund redemption installments for such Series of Bonds in a ratio equal to the total amount of such Bonds so redeemed over the total amount of all such mandatory sinking fund installments to be so credited rounded down to the nearest $5,000 denomination**.**

Notice of Redemption

Notice of redemption of any Bonds will be given by the Trustee by mail not less than 10 nor more than 60 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 books and records of the Trustee. Notwithstanding the foregoing, so long as the Book-Entry System is maintained in effect, the Trustee must give notice of redemption only to the entity designated in the Representation Letter.

Failure to give notice by mailing to the registered owner of any Bond designated for redemption or to any depository or information service shall not affect the validity of the proceedings for the redemption of any other Bond if notice of such redemption shall have been mailed as provided in the Indenture.

Any notice of redemption may be conditional upon the direction of the Credit Facility Provider or the Borrower, with the prior written consent of the Credit Facility Provider.

Redemption Payments

If a conditional notice of redemption has been provided pursuant to the terms of the Indenture and the conditions are not satisfied, such notice of redemption shall be of no force and effect and the Bondholders shall be restored to their former positions as though no such notice of redemption had been delivered. If either there were no conditions to such redemption or the conditions have been satisfied, and money for the redemption being held by the Trustee for that purpose, thereupon the Bonds so called for redemption shall become due and payable on the redemption date, and interest thereon shall cease to accrue on such date; and such Bonds shall thereafter no longer be entitled to any security or benefit under the Indenture except to receive payment of the redemption price thereof. Except during any period in which the Bonds are subject to the Book-Entry System:

(a) no payment will be made by the Trustee with respect to any Bond called for redemption until such Bond is presented for payment or cancellation or the Trustee receives the items required by the Indenture with respect to any mutilated, lost, stolen or destroyed Bond; and

(b) if less than the entire principal amount of a Bond is called for redemption, the Administration will execute, and the Trustee is to authenticate and deliver, upon the surrender of such Bond to the Trustee, without charge by the Administration or the Trustee to the Bondholder, in exchange for the unredeemed principal amount of such Bond, a new Bond or Bonds of the same interest rate, maturity and term, in any Authorized Denomination, in aggregate principal amount equal to the unredeemed balance of the principal amount of the Bond so surrendered.

During any period in which the Bonds are subject to the Book-Entry System, the rules, regulations and practices governing the Book-Entry System will govern whether and the extent to which the Trustee will make payments on any Bond called for redemption with or without surrender of the Bond (or portion of the Bond) to be redeemed, and the circumstances (if any) under which the Administration is required to execute, and the Trustee is to authenticate and deliver, a new Bond in exchange for the unredeemed portion of any Bond called for redemption in part. 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, as provided in and in accordance with the Indenture. CUSIP number identification will accompany all redemption payments.

Selection of Bonds To Be Redeemed Upon Partial Redemption of Bonds

If less than all of the Outstanding Bonds of a Series are to be called for redemption (other than from Sinking Fund Redemptions), Bonds to be redeemed shall be selected by the Trustee on a reasonably proportionate basis, in minimum amounts of $5,000, from among all the then existing maturities of such Series of Bonds Outstanding, such reasonably proportionate basis to be determined and effectuated as nearly as practicable by multiplying the total amount of money available to redeem such Bonds by the ratio which the principal amount of Bonds Outstanding of such Series in each maturity bears to the principal amount of all of the Bonds Outstanding of such Series, and within a maturity by lot or in such other manner as the Trustee shall, in its sole discretion, deem appropriate; provided that with respect to any partial redemption of Bonds, the sufficiency of the scheduled cash flow from the monthly Guaranteed Pass-Through Payments due under the Bond Mortgage Note and Investment Income with respect to the General Account to pay the principal of and interest on the Bonds and the Bond Fee Component when due and payable after such redemption, shall be established by a then current Cash Flow Projection. Notwithstanding the foregoing, so long as the Bonds remain in the Book-Entry System, the Bonds within each maturity to be redeemed shall be selected by DTC, or any successor Securities Depository, and the DTC Participant through such selection process as is applicable at such time.

Purchase in-Lieu of Redemption; Special Purchase Bonds

If all Bonds of a Series are called for redemption in whole (other than pursuant to an optional redemption by the Borrower) at any time that the Credit Facility is in effect, the Bonds may, in lieu of such redemption, be purchased ("Purchase In-Lieu Bonds") by the Trustee, at the written direction of the Credit Facility Provider to the Trustee for the account of the Credit Facility Provider. Any such purchase shall be in whole and not in part. Such purchase shall be made on the date the Bonds are otherwise scheduled to be redeemed (the "Purchase In-Lieu Date") at a price of par, plus accrued interest, if any. The payment source shall consist solely of funds to be advanced by the Credit Facility Provider under the Credit Facility. Any such Bonds to be purchased which are not delivered to the Trustee on the Purchase In-Lieu Date shall be deemed to have been so purchased and not redeemed on the Purchase In-Lieu Date and shall cease to accrue interest as to the former owner on the Purchase In-Lieu-Date. Upon the purchase of any Bond pursuant to the foregoing, the notice of redemption previously given with respect to such Bond shall be deemed to be a notice of mandatory tender of such Bond.

Subject to the option of the Credit Facility Provider to purchase the Bonds in lieu of redemption, if all Bonds of a Series Outstanding are called for redemption in whole as set forth above at any time that the Construction Phase Credit Facility is in effect, the Bonds may, in lieu of such redemption, be purchased (“Special Purchase Bonds”) by the Trustee, at the written direction of the Construction Phase Credit Facility Provider to the Trustee for the account of the Construction Phase Credit Facility Provider. Any such purchase of Bonds shall be in whole and not in part. Such purchase shall be made on the date the Bonds are otherwise scheduled to be redeemed (the “Special Purchase Date”) at a purchase price of par plus accrued interest, if any. The payment source shall consist solely of funds to be advanced by the Credit Facility Provider under the Credit Facility.

Special Purchase Bonds which are not delivered to the Trustee on the Special Purchase Date shall be deemed to have been so purchased and not redeemed on the Special Purchase Date and shall cease to accrue interest as to the former owner on the Special Purchase Date. Following such purchase, the registered owner of the Special Purchase Bonds shall 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 shall be payable solely to the registered owner of the Special Purchase Bonds. Upon the purchase of any Bond pursuant to a Special Purchase option, the notice of redemption previously given with respect to such Bond shall be deemed to be a notice of mandatory tender of such Bond.

DTC and Book Entry

The information contained in the following paragraphs of this section concerning DTC and DTC's book-entry system has been extracted from a schedule prepared by DTC, entitled “SAMPLE OFFICIAL STATEMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE.” The Administration makes no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

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 will be issued for each maturity of Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. DTC 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 securities that its participants (“Direct Participants”) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and 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 securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The Rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission.

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, but Beneficial Owners are 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 the 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 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.

Redemption notices shall be sent to CEDE & CO. If less than all of the Bonds within a maturity 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 such other DTC nominee) will consent or vote with respect to the Bonds. 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 the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

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 on the date payable 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 Trustee, or the Administration, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Administration or the Trustee under the Indenture, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

NEITHER THE ADMINISTRATION, THE TRUSTEE NOR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENT OR TIMELINESS OF PAYMENT BY DTC OR ANY PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, OR PREMIUM, IF ANY OR INTEREST ON, THE BONDS; (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS; (IV) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER; OR (V) THE SELECTION BY DTC OR ANY PARTICIPANT OR INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS.

Discontinuance of Book-Entry Registration. DTC may discontinue providing its services as the securities 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 securities depository is not obtained, definitive Bonds are required to be printed and delivered. In addition, the Administration, in its sole discretion and without the consent of any other person, may not use or may terminate the services of DTC (or a successor securities depository). Under such circumstances, the Bonds will be delivered as provided in the Indenture.

SECURITY FOR THE BONDS

Pledge of Trust Estate

For each Series of Bonds, pursuant to the applicable Indenture, the Administration has assigned, granted and pledged a security interest in the property described below to the Trustee, in its capacity as Trustee, to secure the payment of the principal of, premium, if any, and interest on such Series of Bonds when the same become due and payable and to secure Freddie Mac or any Alternate Credit Facility Provider (the "Trust Estate"):

(a) all payments received by the Trustee with respect to the Mortgage Loan pursuant to the Financing Agreement, the Bond Mortgage Note or the Bond Mortgage, including all casualty or other insurance benefits and condemnation awards paid in connection therewith (subject in all events to the interests of the Credit Facility Provider therein under the terms of the Credit Facility and the Reimbursement Agreement);

(b) payments made by the Credit Facility Provider pursuant to the Credit Facility;

(c) all moneys and securities held by the Trustee in the funds and accounts established pursuant to the related Indenture (excluding moneys or securities in the Cost of Issuance Fund, the Rebate Fund and the Administration Fund), together with all investment earnings thereon;

(d) all monies received under the IRP Agreement;

(e) all right, title and interest of the Issuer in and to the Financing Agreement (other than the Unassigned Rights), including all extensions and renewals of the terms thereof, if any, including, but without limiting the generality of the foregoing, the present and continuing right to receive, receipt for, collect or make claim for any of the moneys, income, revenues, issues, profits and other amounts payable or receivable thereunder, whether payable under the above-referenced documents or otherwise, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Issuer or any other person is or may become entitled to do under said documents; and

(f) except for amounts in the Rebate Fund, the Cost of Issuance Fund and the Administration Fund, all funds, money and securities and any and all other rights and interests in property whether tangible or intangible from time to time by delivery or by writing of any kind, conveyed, mortgaged, pledged, assigned or transferred as and for additional security under the related Indenture for the Bonds by the Issuer or by anyone on its behalf or with its written consent to the Trustee.

Credit Facility

The following is a brief summary of the Credit Enhancement Agreement for each Series of Bonds. Each Series of Bonds is separately secured by a Credit Enhancement Agreement for such Series of Bonds. The following summary is qualified in its entirety by reference to the Credit Enhancement Agreements, copies of which are on file with the Trustee, for a full and complete statement of the provisions thereof.

Freddie Mac is delivering to the Trustee a Credit Enhancement Agreement dated as of December 1, 2001 for each Series of Bonds, pursuant to which, subject to certain requirements set forth therein, Freddie Mac agrees to make payments to the Trustee related to the applicable Mortgage Loan and the annual fee of the Administration (but not the obligations of the Borrower to pay certain fees to the Trustee) and to pay the Purchase Price of the Bonds under certain circumstances, all as described below.

On or by the tenth day of each month (the "Pass-Through Payment Date"), the Loan Servicer is required to pay to the Trustee an amount equal to the Guaranteed Pass-Through Payment (as defined below) due on the Bond Mortgage Note for such month. To the extent there is a deficiency in such amount (a "Guaranteed Pass-Through Payment Deficiency") the Trustee is to notify Freddie Mac on the next business day. On the 15th day (or the next succeeding business day if the 15th day is not a business day) of any month in which Freddie Mac has timely received a notice of a Guaranteed Pass-Through Payment Deficiency, Freddie Mac will deliver or cause to be delivered to the Trustee an amount equal to the Guaranteed Pass-Through Deficiency existing on such Pass-Through Payment Date. The Guaranteed Pass-Through Payment is comprised of (i) the Interest Component, which is (x) the regularly scheduled monthly payment of interest due on the unpaid balance of the Bond Mortgage Note (less the portion of such interest attributable to the fees of the Trustee, the Loan Servicer and Freddie Mac), (y) upon a mandatory or, with the consent of Freddie Mac, an optional prepayment of the Bond Mortgage Note, all accrued and unpaid interest on the amount prepaid, and (z) on the maturity date or upon acceleration of the Bond Mortgage Note, all accrued and unpaid interest thereon; and (ii) the Principal Component, which is (x) the regularly scheduled payment of principal due on the Bond Mortgage Note for such month, (y) upon a mandatory prepayment of the Bond Mortgage Note or with the consent of Freddie Mac, an optional prepayment of the Bond Mortgage Note, the principal amount of the Bond Mortgage Note being prepaid, and (z) on the maturity date or upon acceleration of the Bond Mortgage Note, the unpaid principal balance of the Bond Mortgage Note. Freddie Mac has no obligation under any circumstance to provide for any prepayment premium or other prepayment charge payable on the Mortgage Loan. In the event of a purchase in-lieu of redemption pursuant to the Indenture, Freddie Mac will also pay to the Trustee the amount of any deficiency between the amounts held by the Trustee for such purchase and the amount due with respect to the Purchase Price of the Bonds to be so purchased. See "THE BONDS– Purchase In-Lieu of Redemption."

In no event is Freddie Mac required to pay such Guaranteed Pass-Through Payment Deficiency or the Purchase Price of Bonds with respect to Bonds registered in the name of the Borrower. Freddie Mac shall have the right to cause an acceleration of the related Series of Bonds upon a default under the Indenture, in which case Freddie Mac shall pay the principal and interest then due on such Series of Bonds. In addition, in the event of a default under the Indenture, and Freddie Mac has failed to honor its obligation to make payments under the Credit Enhancement Agreement, the Trustee may cause an acceleration of the affected Series of Bonds, in which case Freddie Mac shall pay the principal and interest then due on such Bonds. SEE APPENDIX B– "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE– Event of Default."

If all or any portion of the Borrower's monthly payments (except for the portion of such payment attributable to the fees of the Trustee, the Loan Servicer or Freddie Mac), or all or any portion of a prepayment of the principal amount of the Bond Mortgage Loan (together with accrued interest paid on the Bond Mortgage

Loan in connection with such prepayment) permitted under the terms of the Bond Mortgage Note, made by the Borrower or any other person (other than Freddie Mac) is recovered from the Trustee, the Loan Servicer or any holder of a Bond, in whole or in part, pursuant to Section 544, 547, 549 or 550 of the United States Bankruptcy Code or under the banking laws of the United States in any proceeding instituted thereunder by or against the Borrower or any other person (other than Freddie Mac) making such payment, Freddie Mac shall pay to the Trustee, within five Business Days after receiving required notice from the Trustee, a Freddie Mac Credit Enhancement Payment in an amount equal to the amount of such recovery. If the Loan Servicer is prevented from remitting to the Trustee all or any portion of the Borrower's monthly mortgage payment, or all or any portion of a prepayment of the principal amount of the Bond Mortgage Loan (together with accrued interest paid on the Bond Mortgage Loan, in connection with such prepayment) permitted under the terms of the Bond Mortgage Loan, or the Trustee is prevented from using all or any portion of such payments to pay any amount due to the Bondholders, as a result of an automatic stay imposed by the Bankruptcy Court under Section 362 of the United States Bankruptcy Code in a proceeding by or against the Borrower or any other person (other than Freddie Mac) making such payment, Freddie Mac shall pay to the Trustee, within one Business Day after receiving required notice, a Freddie Mac Credit Enhancement Payment in an amount equal to such stayed payment.

The Credit Enhancement Agreement terminates on the first to occur of (a) the date the Bonds are paid in full, (b) the date the Bonds shall have been purchased in lieu of redemption pursuant to the Indenture, (c) five days after the Maturity Date of the Bonds, (d) the date on which the Trustee, after having received sufficient funds to redeem all of the Bonds Outstanding in accordance with the terms of the Indenture, releases the Trust Estate encumbered by the Indenture and pays to Freddie Mac all amounts required to be paid under the Indenture, the Financing Agreement or the Credit Enhancement Agreement, and (e) two (2) Business Days following the effective date of any Alternate Credit Facility.

Each Borrower will enter into a Reimbursement Agreement with Freddie Mac to evidence the obligation of such Borrower to pay certain fees to Freddie Mac and the Loan Servicer and to reimburse Freddie Mac for any advances made by Freddie Mac to the Trustee under the Credit Enhancement Agreement. Defaults by the Borrower under the Reimbursement Agreement include failure to make any payment due under the Reimbursement Agreement and failure to observe any term, covenant or agreement of the Reimbursement Agreement or the Borrower Documents. Upon a default under the Reimbursement Agreement, among other remedies, including foreclosure of its Reimbursement Mortgage against the related Project, Freddie Mac may direct the Trustee to accelerate the affected Series of Bonds and cause a mandatory redemption thereof from proceeds of the Credit Facility. See APPENDIX E - "SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENTS."

FREDDIE MAC'S OBLIGATIONS WITH RESPECT TO THE BONDS ARE SOLELY AS PROVIDED IN THE CREDIT ENHANCEMENT AGREEMENTS. THE OBLIGATIONS OF FREDDIE MAC UNDER THE CREDIT ENHANCEMENT AGREEMENTS WILL BE OBLIGATIONS SOLELY OF FREDDIE MAC, A CORPORATE INSTRUMENTALITY OF THE UNITED STATES, AND WILL NOT BE BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA. FREDDIE MAC HAS NO OBLIGATION TO PURCHASE, DIRECTLY OR INDIRECTLY, ANY OF THE BONDS. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, OR ANY OTHER AGENCY THEREOF, OR OF FREDDIE MAC, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC.

Each purchaser of the Bonds should be aware that the Credit Enhancement Agreement does not guarantee payment of principal of, premium, if any, or interest on the Bonds.

Information regarding Freddie Mac is contained herein under the caption "FREDDIE MAC."

Limited Obligation of the Administration

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

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

The ability of the Administration to enforce provisions of the Bond Mortgage Documents against the Borrowers is limited under the terms of the Intercreditor Agreements. See APPENDIX F-"SUMMARY OF CERTAIN PROVISIONS OF THE INTERCREDITOR AGREEMENTS."

ESTIMATED SOURCES AND USES OF FUNDS

The Series 2001 D Bonds

The sources of funds and the uses thereof in connection with the Series 2001 D Bonds (exclusive of accrued interest) are expected to be approximately as set forth below.

Sources:	
Proceeds From Sale of the Bonds	$4,350,000
Borrower Contribution	$ 5,000
Total Sources:	$4,355,000
Uses:	
Mortgage Loan Fund Deposit	$4,350,000
Initial Debt Service Deposit	$ 5,000
Project Costs at Closing	$4,350,000
Total Uses:	$4,355,000

In addition, proceeds in the amount of $2,875,000 will be available to the Series D Borrower from proceeds of the Series 2001 E Bonds separately offered, to be applied to additional costs of the Princess Anne Project. Costs of Issuance related to the Series 2001 D Bonds are expected to be paid by the Series D Borrower.

The Series 2001 F Bonds

The sources of funds and the uses thereof in connection with the Series 2001 F Bonds (exclusive of accrued interest) are expected to be approximately as set forth below.

Sources:	
Proceeds From Sale of the Bonds	$7,570,000
Borrower Contribution	$ 5,000
Total Sources:	$7,575,000
Uses:	
Mortgage Loan Fund Deposit	$7,570,000
Initial Debt Service Deposit	$ 5,000
Project Costs at Closing	$7,570,000
Total Uses:	$7,575,000

In addition, proceeds in the amount of $4,045,000 will be available to the Series F Borrower from proceeds of the Series 2001 G Bonds separately offered, to be applied to additional costs of the Waters Tower Project. Costs of Issuance related to the Series 2001 F Bonds are expected to be paid by the Series F Borrower.

BONDHOLDERS' RISKS

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

Bankruptcy of Borrower

In the event of a bankruptcy filing by or against a Borrower, all or a portion of any payments made to Bondholders within 91 days of the filing of such bankruptcy could be recovered from Bondholders by the order of a bankruptcy judge finding that such payments to Bondholders were "preferential" payments within the meaning of Section 547 of the United States Bankruptcy Code. In the event Bondholders were ordered to return payments previously received, Bondholders' recourse, through the Trustee, would be to the obligations of Freddie Mac to the Trustee as and to the extent provided in the Credit Facility.

The United States Bankruptcy Code automatically stays enforcement of any liens, such as the Bond Mortgages, against the property of a bankrupt estate, even if such liens arose prior to the filing of the bankruptcy petition. In the event of the bankruptcy of a Borrower, the Trustee's ability to enforce the provisions of the related Bond Mortgage would be substantially impaired, absent relief by the bankruptcy court from the automatic stay. In the event of such a stay, Bondholders' recourse, through the Trustee, would be to the obligations of Freddie Mac to the Trustee as and to the extent provided in the Credit Facility.

Failure To Complete Project

Under certain circumstances, each Series of Bonds is subject to early redemption at par. Among such circumstances are failure to complete the rehabilitation of the related Project or otherwise satisfy the Conditions to Conversion (as set forth in the Construction Phase Financing Agreement) on or before the Forward Commitment Maturity Date. Prior to Conversion, upon the occurrence of a default under the Construction Phase Credit Documents (including the Construction Phase Credit Reimbursement Agreement), the Construction Phase Credit Facility Provider can direct Freddie Mac to draw on the Construction Phase Credit Facility to effect a corresponding mandatory redemption of the affected Series of Bonds in whole. No premium will be paid in connection with any such redemption. See "THE BONDS—Redemption" herein.

Reduction in Authorized Mortgage Loan Amount

The Bonds are also subject to early redemption in part if the related Mortgage Loan is prepaid in part in order to satisfy Freddie Mac's underwriting criteria for determining the final principal amount of the Mortgage Loan as of the Conversion Date. This would occur, for example, if the net income from the Project does not provide sufficient debt service coverage to support a loan amount equal to the original principal amount of the Mortgage Loan. In such event, the Borrower must, as a Condition to Conversion, prepay the Mortgage Loan in an amount sufficient to reduce the principal amount of the Mortgage Loan to the amount permissible under the Construction Phase Financing Agreement. Such prepayment of the Mortgage Loan will result in a mandatory redemption of the applicable Series of Bonds in an amount equal to the amount of the prepayment at a price of par plus accrued interest thereon. If the Borrower fails to make such prepayment, a Condition to Conversion will not have been satisfied and the applicable Series of Bonds will be subject to mandatory redemption in whole. No premium will be paid in connection with any such redemption.

No Acceleration or Redemption Upon Loss of Tax Exemption

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

Failure of Provider of the Investment Agreement To Make Payments Thereunder

Scheduled payments made under the Bond Mortgage Notes are made on a monthly basis and scheduled payments on the Bonds are made semiannually. Until applied to make payment on the Bonds, payments received on the Bond Mortgage Notes are expected to be invested with Trinity Plus Funding Company, LLC (the "Investment Agreement Provider") pending payment to Bondholders on the Interest Payment Dates pursuant to an Investment Agreement between the Investment Agreement Provider and the Trustee (the "Investment Agreement"). Failure of the Investment Agreement Provider to make payments thereunder may adversely affect the ability of the Trustee to make payments on the Bonds. In addition, a reduction in the rating of the Investment Agreement Provider or a deterioration in its financial strength may adversely affect the rating on the Bonds. See "VERIFICATION OF CASH FLOWS—Sufficiency of Cash Flow" herein.

Performance of the Projects

No assurance can be given as to the future performance of the Projects. The economic feasibility of the Projects depends in large part upon the ability of the Borrowers to attract sufficient numbers of residents and to maintain substantial occupancy throughout the term of the Bonds at sufficient rents. As referenced previously in this Official Statement, failure to meet projected net operating income at the time of Conversion could result in a redemption of the Bonds in whole or in part. See "Failure To Complete Project" herein. Occupancy of the Projects may be affected by competition from existing housing facilities (including facilities that may be or may become owned by the Borrowers or an affiliate of the Borrowers) or from housing facilities which may be constructed in the area served by the Project (including facilities that may have been or may in the future be constructed by the Borrowers or affiliates of the Borrowers). The Administration has not independently reviewed the feasibility of the Projects and makes no representation, direct or indirect, that the Projects will be able to generate sufficient income for the Borrowers to make their debt service payments under the Bond Mortgage Notes or other payment obligations of the Borrowers under the Bond Mortgage Loan Documents and their operating expenses. Restrictions imposed under the Code, the Use Agreements (defined below) and the Act on tenant income and the rent that can be charged could have an adverse effect on the Borrowers' ability to satisfy their obligations under the Bond Mortgage Loan Documents, especially if operating expenses should increase beyond what the Borrowers had anticipated. A default by the Borrower under the Financing Agreement, including the failure by the Borrower to pay on the date due any amounts required to be paid by the Borrower under the Financing Agreement, the Bond Mortgage Note, the Bond Mortgage, the Construction Phase Credit Documents or the Credit Facility Documents, may result in a mandatory redemption or acceleration of the applicable Series of Bonds. No premium will be paid on the Bonds in the event of such a redemption or acceleration. See APPENDIX B - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES — Events of Default; Preliminary Notice" and "Remedies; Rights of Bondholders" attached hereto, and "THE BORROWERS AND THE PROJECTS" herein.

Environmental Matters

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

Termination of Payments under the IRP Agreements and HAP Contracts

Each Project will receive certain interest reduction payments and housing assistance payments from HUD pursuant to the IRP Agreements and HAP Contracts. In the event HUD were to terminate subsidy payments under the IRP Agreement or housing assistance payments under and the HAP Contract, such terminated payments would not be available to pay debt service on the related Bond Mortgage Loan, which could result in a default on such Bond Mortgage Loan; however, in case of such default, Freddie Mac's obligations under the Credit Facility would remain in effect. Nevertheless, such default could result in a mandatory redemption of the applicable Series of Bonds. See "THE PROJECT AND THE PRIVATE PARTICIPANTS" herein.

Early Redemption

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

FREDDIE MAC

The information presented under this caption "FREDDIE MAC" has been supplied by Freddie Mac. None of the Issuer, the Trustee, the Borrowers nor the Underwriters has independently verified such information, and none assumes responsibility for the accuracy of such information.

Freddie Mac is a shareholder-owned government-sponsored enterprise created on July 24, 1970 pursuant to the Federal Home Loan Mortgage Corporation Act, Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§ 1451-1459 (the "Freddie Mac Act"). Freddie Mac's statutory mission is (i) to provide stability in the secondary market for residential mortgages; (ii) to respond appropriately to the private capital market; (iii) to provide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities); and (iv) to promote access to mortgage credit throughout the United States (including central cities, rural areas and underserved areas) by increasing the liquidity of mortgage financing. Neither the United States nor any agency or instrumentality of the United States is obligated, either directly or indirectly, to fund the mortgage purchase or financing activities of Freddie Mac.

Freddie Mac's principal business consists of the purchase of first-lien, conventional residential mortgages subject to certain maximum loan limits and other underwriting requirements under the Freddie Mac Act. Freddie Mac finances its mortgage purchases through the issuance of a variety of securities, primarily pass-through mortgage participation certificates ("PCs") and unsecured debt, as well as with cash and equity capital.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") established Freddie Mac's eighteen-member Board of Directors, of which 13 members are elected by the holders of Freddie Mac's common stock and the remaining five are appointed by the President of the United States. Freddie Mac is subject to regulation by three agencies of the federal government. The Department of Housing and Urban Development ("HUD") has responsibility for overseeing Freddie Mac's fulfillment of its statutory mission, including facilitating the financing of affordable housing in certain geographic areas and among certain income segments. In addition, the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 created a separate office within HUD, known as the Office of Federal Housing Enterprise Oversight ("OFHEO"), to monitor the adequate capitalization and safe operation of Freddie Mac. The director of OFHEO is appointed by the President of the United States and confirmed by the Senate for a five-year term. Finally, the Secretary of the Treasury must approve the issuance of, including interest rates of and maturities on, all notes, debentures and substantially identical types of unsecured debt obligations of Freddie Mac, as well as the issuance of types of mortgage-related securities not issued prior to FIRREA.

Freddie Mac prepares an annual Information Statement that describes Freddie Mac, its business and operations and contains Freddie Mac's audited financial statements. The most recent Information Statement prepared by Freddie Mac is dated March 26, 2001, for the year ended December 31, 2000. On a quarterly basis, and from time to time, as necessary, Freddie Mac prepares Information Statement Supplements that include unaudited financial data and other information concerning its business and operations. The most recent Information Statement Supplement prepared by Freddie Mac is dated November 14, 2001. Interested persons can obtain the most recent Information Statement and Information Statement Supplement, and any other documents prepared and made available by Freddie Mac, by writing or calling the Investor Inquiry Department at Freddie Mac, 8200 Jones Branch Drive, McLean, Virginia 22102, Telephone: 800/FREDDIE [373-3343]. Selected financial and other information can also be obtained by accessing Freddie Mac's World Wide Web site at http://www.freddiemac.com.

Freddie Mac makes no representations as to the contents of this Official Statement, the suitability of the Bonds for any investor, the feasibility of performance of any project, or compliance with any securities, tax or other laws or regulations. Freddie Mac's role is limited to discharging its obligations under the Credit Enhancement Agreement.

FREDDIE MAC'S OBLIGATIONS WITH RESPECT TO THE BONDS ARE SOLELY AS PROVIDED IN THE CREDIT ENHANCEMENT AGREEMENTS. THE OBLIGATIONS OF FREDDIE MAC UNDER THE CREDIT ENHANCEMENT AGREEMENTS WILL BE OBLIGATIONS SOLELY OF FREDDIE MAC, A CORPORATE INSTRUMENTALITY OF THE UNITED STATES OF AMERICA. FREDDIE MAC HAS NO OBLIGATION TO PURCHASE, DIRECTLY OR INDIRECTLY, ANY OF THE BONDS. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, OR ANY OTHER AGENCY THEREOF, OR OF FREDDIE MAC, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC.

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 Executive 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 its Bond Resolutions and other bond 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 or 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 Borrowers 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 Borrowers against certain costs and liabilities as set forth in the Bond Documents.

THE PROJECTS AND THE PRIVATE PARTICIPANTS

The following has been provided solely by the Series D Borrower or the Series F Borrower, as applicable. Neither the Administration, Freddie Mac, the Loan Servicer nor the Underwriters, nor any of their counsel, officers or employees, make any representations as to the accuracy or sufficiency of the following information.

The Princess Anne Project

Princess Anne Townhouses is a multifamily rental residential development located in the Town of Princess Anne, Maryland. Rehabilitation of the Princess Anne Project and initial occupancy at rents approved by Freddie Mac is expected to be completed by December, 2002. The Series D Borrower has represented that, prior to the Closing Date, it expects to have obtained all necessary approvals and permits to proceed with the rehabilitation of the Princess Anne Project as described herein. The Princess Anne Project will be comprised of 12 buildings containing a total of 120 units plus an office and a new community building to be built. The unit mix will be as follows: 60 two-bedroom units and 60 three-bedroom units.

All units will have washer hookups, dishwashers and wall-to-wall carpeting.

The Princess Anne Project has received interest reduction payments (the "Series D IRP") in conjunction with an FHA-insured mortgage pursuant to Section 236 of the National Housing Act, as amended, and regulations promulgated thereunder (the "Section 236 Program"). Under the Section 236 Program, HUD made interest reduction subsidy payments to the holder of the Section 236 mortgage with respect to the Princess Anne Project. The term of the Series D IRP is tied to the remaining term of the original FHA-insured mortgage loan on the Princess Anne Project. The remaining term of the Series D IRP is approximately 13.25 years.

The Series D Borrower intends to preserve the Princess Anne Project as affordable housing pursuant to Section 236(e)(2) of the National Housing Act, as amended, as implemented by HUD Notice H 00-8 issued on May 16, 2000 (the "236(e)(2) Program"). Under the 236(e)(2) Program, the interest reduction payment subsidy continues despite the prepayment of the FHA-insured mortgage loan and the termination of the FHA insurance. The 236(e)(2) Program requires that the Princess Anne Project be restricted to use as affordable housing for the remaining term of the Series D IRP plus five (5) years.

The Series D Borrower

The Series D Borrower is New Princess Anne Townhouses Limited Partnership, a Maryland limited partnership formed for the specific purpose of acquiring, owning and rehabilitating the Princess Anne Project. The general partner of the Series D Borrower is Princess Anne Development Company, LLC, a Maine limited liability company qualified to do business in the State of Maryland ("Series D General Partner") maintaining a 0.01% interest in the Series D Borrower. The General Partner is wholly owned by Preservation Investors LLC, a Maine limited liability company that consists of a joint venture between The Wishcamper Group LLC, a Maine limited liability company located in Portland, Maine and Silver Street Development Company II, a Maine corporation. The Series D General Partner will have general responsibility for supervising the operations of the Series D Borrower, and will be responsible for overseeing the development, rehabilitation and management of the Princess Anne Project. Principals of the General Partner have over 50 years of experience in owning and managing affordable rental projects. SunAmerica Housing Fund 985, A Nevada Limited Partnership with its principal business office in Los Angeles, California and a local office in Rockville, Maryland will be the limited partner of the Series D Borrower with a 99.99% interest in the Series D Borrower.

The Contractor - Princess Anne Project

The general contractor will be Harkins Builders, Inc., a Maryland corporation ("Harkins"). Harkins has built over 500 projects in the mid-Atlantic region and provides residential and commercial construction through its office in Silver Spring, Maryland.

The Waters Tower Project

Waters Tower Senior Apartments is a multifamily residential development located in Baltimore, Maryland. Rehabilitation of the Waters Tower Project and initial occupancy at rents approved by Freddie Mac is expected to be completed by December, 2002. The Series F Borrower has represented that, prior to the Closing Date, it expects to have obtained all necessary approvals and permits to proceed with the rehabilitation of the Waters Tower Project as described herein. The Waters Tower Project is comprised of a single apartment building containing a total of 203 units. All of the units are one-bedroom units.

All apartments will have wall-to-wall carpeting, gas stoves and a full bath. The Project also provides an onsite beauty parlor, community rooms and 52 parking spaces.

The Waters Tower Project has received interest reduction payments (the "Series F IRP") in conjunction with an FHA-insured mortgage pursuant to Section 236 Program. Under the Section 236 Program, HUD made interest reduction subsidy payments to the holder of the Section 236 mortgage with respect to the Waters Tower Project. The term of the Series F IRP is tied to the remaining term of the original FHA-insured mortgage loan on the Waters Tower Project. The remaining term of the Series F IRP is approximately 16.5 years.

The Series F Borrower intends to preserve the Waters Tower Project as affordable housing pursuant to the 236(e)(2) Program. Under the 236(e)(2) Program, the interest reduction payment subsidy continues despite the prepayment of the FHA-insured mortgage loan and the termination of the FHA insurance. The 236(e)(2) program requires that the Waters Tower Project be restricted to use as affordable housing for the remaining term of the Series F IRP plus five (5) years.

The Series F Borrower

The Series F Borrower is New Waters Tower Development Company Limited Partnership, a Maryland limited partnership formed for the specific purpose of acquiring, owning and rehabilitating the Waters Tower Project. The General Partner of the Series F Borrower is Waters Tower Development Company, LLC, a Maine limited liability company qualified to do business in the State of Maryland (the

"Series F General Partner") maintaining a 0.01% interest in the Series F Borrower. The General Partner is wholly owned by Preservation Investors LLC, a Maine limited liability company that consists of a joint venture between The Wishcamper Group LLC, a Maine limited liability company located in Portland, Maine and Silver Street Development Company II, a Maine corporation. The Series F General Partner will have general responsibility for supervising the operations of the Series F Borrower, and will be responsible for overseeing the development, rehabilitation and management of the Waters Tower Project. Principals of the Series F General Partner (who are the same as the principals of the Series D General Partner) have over 50 years of experience in owning and managing affordable rental projects. SunAmerica Housing Fund 986, A Nevada Limited Partnership with its principal office in Los Angeles, California and a local office in Rockville, Maryland will be the limited partner of the Series F Borrower with a 99.99% interest in the Series F Borrower.

The Contractor - Waters Tower Project

The general contractor will be Struever Bros. Eccles & Rouse ("Struever"). Struever has provided residential and commercial construction through its office in Baltimore, Maryland since 1974.

The Managing Agent

The Projects will be managed by Preservation Management Inc. (formerly Woodcock Management Inc.) (the "Managing Agent"), an affiliate of the Series D Borrower and the Series F Borrower, formed in 1990 to manage investment real estate holdings of The Wishcamper Group. The principal office of the Managing Agent is located in Portland, Maine, where it handles all functions associated with full-service property management. The Managing Agent manages over 30 properties in five states.

Borrowers' Liability Generally

The Borrowers have no substantial assets other than their respective Projects and do not intend to acquire any other substantial assets or to engage in any substantial business activities other than those related to the ownership of their respective Projects. However, the general partners of the Borrowers and the principals thereof are engaged in and will continue to engage in the acquisition, development, ownership and management of similar types of housing projects. The general partners of the Borrowers and the principals thereof may be financially interested in, as officers, partners or otherwise, and devote substantial amount of time to, business and activities that may be inconsistent or competitive with the interests of the Projects. The obligations and liabilities of each Borrower under the Bond Mortgage Note and Bond Mortgage are of a nonrecourse nature (subject to certain exceptions to nonrecourse liability set forth in the Bond Mortgage Note and Bond Mortgage) and are limited to the applicable Project and moneys derived from the operation of such Project. Neither the Borrowers nor their partners have any personal liability for payments on the Bond Mortgage Notes to be applied to pay the principal of and interest on the Bonds. Furthermore, no representation is made that the Borrowers have substantial funds available for the Projects. Accordingly, neither the Borrowers' financial statements nor those of their partners are included in this Official Statement.

The Section 236 Decoupling Program

Under the Section 236(e)(2) Program (also known as the "Decoupling Program"), interest reduction payments may continue being paid for the benefit of a project after the original mortgage is prepaid if the property is preserved as affordable housing. HUD has approved the Borrowers' proposals to preserve the Projects and continue the interest reduction payments to the Administration and will allow the Administration to assign its rights and interests in the interest reduction payments to the Trustee as part of the new financing.

Simultaneously with the acquisition of the Projects by the Borrowers, HUD will enter into a new Agreement for Interest Reduction Payments (the "IRP Agreement") with each Borrower and the Administration under which HUD will be obligated to make such interest reduction payments to the Administration for the benefit of the respective Project for the remaining term of the original FHA-insured mortgage unless the Borrower defaults under the terms of the IRP Agreement.

In the event HUD were to terminate subsidy payments under an IRP Agreement, such terminated payments would not be available to pay debt service on the related Mortgage Loan, which could result in a default on such Mortgage Loan; however, in case of such default, Freddie Mac's obligations under the Credit Facility would remain in effect. Nevertheless, such default could result in a mandatory redemption of the applicable Series of Bonds. See "THE BONDS - MANDATORY REDEMPTION." herein.

Regulatory Agreements

Described below are multiple agreements governing the use, leasing, rent levels and occupancy restrictions applicable to the Projects (collectively, the "Regulatory Agreements").

The Administration and each Borrower will enter into an Agreement and Declaration of Covenants and Restrictions (each a "Tax Regulatory Agreement;" collectively the "Tax Regulatory Agreements") in connection with the issuance of the Bonds. The Tax Regulatory Agreements impose certain requirements on the Borrowers with respect to the tax-exempt status of the Bonds under the Code, which include, among other requirements, a requirement that at least 40% of the units 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. See APPENDIX C - "SUMMARY OF CERTAIN PROVISIONS OF THE TAX REGULATORY AGREEMENTS" herein for a description of the requirements affecting the operation of the Projects in order to assure compliance with the Code.

The Projects will also be encumbered by an Extended Low-Income Housing Covenant for Low-Income Housing Tax Credits between the applicable Borrower and the Administration required by Section 42 of the Code, which will, among other things, (a) restrict the income levels of 100% of the tenants in the Waters Tower Project to amounts not greater than 60% of area median income adjusted for family size, and in the Princess Anne Project restrict the income levels of 104 units and (b) restrict the portion of the rent that is paid by the tenant for occupancy of units in the Projects to an amount that is not more than 30% of 60% of area median income, adjusted for family size.

Each Borrower will enter into a Section 236 Use Agreement with HUD (each a "Use Agreement") which will be recorded as a prior covenant against the applicable Project, in which the Borrower covenants to maintain the affordability restrictions applicable to the Project under the Section 236 Program and any other federal programs (including the Section 8 Program) for a period of five years beyond the expiration of the applicable IRP Agreement. Under the Use Agreement and the IRP Agreement, units in the Project receiving Section 236 assistance will be restricted to tenants with certain income levels for a period of approximately 18 years in the case of the Princess Anne Project and approximately 21 years in the case of the Waters Tower Project.

100% of the units in the Waters Tower Project and 54 of the units in the Princess Anne Project are covered under Housing Assistance Payments Contracts (the "HAP Contracts") between the applicable Borrower and HUD, pursuant to which HUD makes rental subsidy payments on behalf of qualifying tenants equal to the difference between the basic rent for such unit (as defined in the Section 236 Program) and 30% of the tenant's adjusted income. The HAP Contract is subject to cancellation by HUD if the Borrower defaults in its obligations thereunder. Such obligations include maintaining the Project in a decent, safe and sanitary condition and in good repair, and observing federally imposed restrictions on leasing of units and affordability of rents.

In addition to the 54 units covered by the HAP Contract for the Princess Anne Project, the remaining 56 units in the Princess Anne Project are to be rented to tenants who receive tenant-based subsidies from HUD under HUD's Section 8 enhanced voucher program. These units will be permitted to be rented to tenants with no federal or state rent subsidy in the event an existing tenant that receives an enhanced voucher moves from the Project.

Finally, each Borrower will also enter into a Regulatory Agreement with the Administration in order to comply with state law with respect to the occupancy and leasing of the Project (the "State Regulatory Agreement").

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

Other Liens Against the Projects

In addition to the respective Bond Mortgages, each Project will be subject to the lien of (i) a Reimbursement Mortgage between the applicable Borrower and Freddie Mac, which secures the Reimbursement Agreement (the "Reimbursement Mortgage"), which will be a second priority lien on such Project; (ii) a Construction Phase Credit Facility Mortgage between the applicable Borrower and the Construction Phase Credit Facility Provider to secure the obligation of the such Borrower to the Construction Phase Credit Facility Provider under the Construction Phase Credit Facility Reimbursement Agreement, which will be a third priority lien on such Project and which will be released if and when the related Project converts to the Permanent Phase; and (iii) a lien given to secure, on a subordinate basis, the Series E Bonds (in the case of the Princess Anne Project) and the Series G Bonds (in the case of the Waters Tower Project) (collectively, the "Subordinate Loan Mortgages") in favor of the Administration and assigned to Trustee for the Series 2001 E Bonds or Series 2001 G Bonds, as applicable, and SunAmerica, Inc. as the Subordinate Lender, as their interests may appear.

The Credit Facility Provider, the Administration, the Construction Phase Credit Facility Provider, the Subordinate Lender and the Trustee shall enter into an Intercreditor Agreement with respect to the Projects pursuant to which each such party will agree as to the exercise of remedies under their respective liens on each Project by the other lien holders, as further described in APPENDIX F - "SUMMARY OF CERTAIN PROVISIONS OF THE INTERCREDITOR AGREEMENTS."

Construction Phase Credit Facility

The Construction Phase Credit Facility Provider and Freddie Mac will enter into a Construction Phase Financing Agreement dated as of December 1, 2001 with respect to each Project, which governs the rights of the Construction Phase Credit Facility Provider and Freddie Mac during the period from the date of issuance of the related Bonds to the earlier of (i) the Conversion Date or (ii) the Forward Commitment Maturity Date (such period being the “Construction Phase”).

On the date of issuance of the Bonds, the Construction Phase Credit Facility Provider will deliver a Construction Phase Credit Facility to Freddie Mac for each Project. Upon the occurrence of (i) a payment default by the Borrower under its Bond Mortgage Note or (ii) receipt by Freddie Mac of any notice from the Trustee demanding payment under the Credit Enhancement Agreement, Freddie Mac has the right to draw against the Construction Phase Credit Facility if such default is not cured within 5 Business Days following notice from Freddie Mac to the Construction Phase Credit Facility Provider of the occurrence of such Borrower default. Freddie Mac also has the right to draw on the Construction Phase Credit Facility if the conditions to Conversion with respect to the related Project are not satisfied prior to the Forward Commitment Maturity Date. Upon any such draw on the Construction Phase Credit Facility and receipt by Freddie Mac of payment in full under such draw, Freddie Mac will direct the Trustee to accelerate the related Mortgage Loan and redeem the related Series of Bonds (or upon direction of the Construction Phase Credit Facility Provider, purchase such Bonds in lieu of redemption). During the Construction Phase, the Construction Phase Credit Facility Provider shall have the right to enforce certain provisions of its Reimbursement Agreement with the Borrower provided that the conditions set forth in the Construction Phase Financing Agreement and Intercreditor Agreement are satisfied.

Upon the occurrence of voluntary or involuntary bankruptcy or certain other designated events of insolvency with respect to the Construction Phase Credit Facility Provider, Freddie Mac will have the right to draw upon the Construction Phase Credit Facility and to direct the Trustee to accelerate the related Bond Mortgage Loans and call the Bonds for mandatory redemption or purchase in lieu thereof.

The obligations of the Construction Phase Credit Facility Provider are unconditionally guaranteed by AIG (the "AIG Guarantee").

Bondholders will have no interest in, will have no rights under, and are not third-party beneficiaries of the Construction Phase Credit Facility or the AIG Guarantee. The Construction Phase Credit Facility and the AIG Guarantee are solely for the benefit of Freddie Mac.

THE BOND MORTGAGE NOTES

Each Mortgage Loan will be evidenced by two Bond Mortgage Notes. The two Bond Mortgage Notes will be nonrecourse obligations of the applicable Borrower (subject to certain enumerated exceptions to nonrecourse liability) to repay its respective Bond Mortgage Loan and both will be secured on a co-equal basis by a Bond Mortgage on the applicable Project. One of the Bond Mortgage Notes for each Project will be payable in installments of principal and interest from the date of closing until the termination of payments by HUD under the related IRP Agreement (approximately 13.25 years in the case of the Princess Anne Project and approximately 16.5 years in the case of the Waters Tower Project). The other Bond Mortgage Note for each Project will be payable monthly, interest only, in arrears, to and including December 1, 2003, and thereafter will be due and payable in monthly installments of principal and interest (computed at the Mortgage Note Rate set forth below) beginning on January 1, 2004 until the entire indebtedness evidenced by the Mortgage Note is paid in full, provided that any remaining indebtedness, if not sooner paid, will be due and payable on December 1, 2033. The Mortgage Notes are subject to prepayment at the times, in the manner and on the terms set forth therein.

The Series D Mortgage Note will bear interest at 6.11% per annum through November 30, 2003, and thereafter at 6.36% per annum, and the Series F Note will bear interest at 6.05% per annum through November 30, 2003, and thereafter at 6.30% per annum (each the respective “Mortgage Note Rate”), which will be a rate sufficient to pay when due the interest on the related Series of Bonds, the Bond Fee Component and the fees of the Servicer and Freddie Mac.

FREDDIE MAC AND SERVICING FEES

Effective on the Closing Date, Freddie Mac will receive a fee (the “Credit Enhancement Fee”) for providing credit enhancement for the Mortgage Loans. Expressed as a percentage, the Credit Enhancement

Fee is .35% per annum payable monthly, through November 30, 2003; thereafter the Credit Enhancement Fee is .60% per annum, payable monthly, of the outstanding principal balance of the Mortgage Loan. The Credit Enhancement Fee accrues from and including the date of issuance of the Bonds to, but not including, the date the Bond Mortgage Note is paid in full.

The Loan Servicer will receive a Construction Monitoring Fee of .125% per annum of the outstanding principal balance of the Mortgage Loans for servicing the Mortgage Loans and for monitoring the rehabilitation of the Projects during the Construction Phase, and a Servicing Fee of .125% per annum of the outstanding principal balance of the Mortgage Loans for servicing the Mortgage Loans during the Permanent Phase.

Freddie Mac is also entitled to retain late charges or, in certain cases, to share with the Loan Servicer late charges, assumption fees, interest float on advance payments, and similar charges to the extent they are collected from the Borrower. Failure to pay fees due Freddie Mac or the Loan Servicer are a default under the Credit Facility Documents and may result in an acceleration and mandatory redemption of Bonds if directed by the Credit Facility Provider.

ENFORCEABILITY OF REMEDIES

The remedies available to the Trustee, the Administration and the Owners of the Bonds upon an Event of Default under the Indentures 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 Agreements, the Tax Regulatory Agreements and the Indentures 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 Agreements, the Tax Regulatory Agreements and the Indentures 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

Federal Tax Exemption

In the opinion of Hawkins, Delafield & Wood, as 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 Bonds 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 Borrowers in connection with the Bonds, and Bond Counsel has assumed compliance by the Administration and Borrowers 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 imposes certain significant ongoing requirements that must be met after the issuance and delivery of the Bonds in order to assure that the interest on the Bonds will be and will remain excluded from gross income for Federal income tax purposes. These requirements include, but are not limited to, requirements relating to use and expenditure of proceeds, low-income occupancy targeting, yield and other restrictions on investments of proceeds, and the arbitrage rebate requirement that certain excess earnings on investments of gross proceeds of the Bonds be rebated to the Federal Government. Noncompliance with such requirements may cause interest on the Bonds to become includable in gross income for Federal income tax purposes retroactive to their issue date, regardless of the date on which such noncompliance occurs or is discovered. The Administration has covenanted in the Indentures that it shall do and perform all acts permitted by law that are necessary or desirable to assure that interest on the Bonds will be and will remain excluded from gross income for Federal income tax purposes. 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 will require the Borrowers to make certain covenants in the Bond Mortgage Loan 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 Freddie Mac and the Construction Loan Credit Facility Provider under the Credit Facility Documents and the enforcement of such covenants will be subject to Freddie Mac approval.

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 briefly described 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 first occupied, (ii) the first day on which no tax-exempt private activity bonds issued with respect to the applicable Project remain outstanding, or (iii) the date upon which any assistance provided under Section 8 of the United States Housing Act of 1937, as amended, terminates. A Project generally will meet the continuing low income set-aside requirement so long as a tenant's income does not increase to more than 140% of the applicable income limitation. Generally, upon an increase of a tenant's income over 140% of the applicable income limitation, the next available unit of comparable or smaller size in the applicable 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 a 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 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.

Possible Government Action

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

LITIGATION

There is no pending litigation of any nature restraining or enjoining or seeking to restrain or enjoin the issuance, sale or delivery of any of the Bonds or in any way contesting or affecting the validity of any of the Bonds, the Indentures, 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 Indentures, 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, as Bond Counsel. A complete copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix H.

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 Borrowers by Nixon Peabody LLP, Washington, D.C., McGuireWoods LLP, Baltimore, Maryland and Holland & Knight, Boston, Massachusetts; for Freddie Mac by its Legal Department and by Ballard, Spahr, Andrews & Ingersoll, LLP, Washington, D.C.; and for the Underwriters by their counsel, Kutak Rock LLP, Atlanta, Georgia, and the Law Offices of Joseph C. Reid, P.A., Baltimore, Maryland. 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 Indentures or Financing Agreements 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 Indentures and the Financing Agreements may not be readily available or may be limited.

CONTINUING DISCLOSURE

Each Borrower will enter into a Continuing Disclosure Agreement dated as of December 1, 2001 (the "Disclosure Agreement") with the Trustee, acting as the Dissemination Agent, obligating each Borrower to send, or cause to be sent, certain financial information with respect to its Project to certain information repositories annually and to provide notice, or cause notice to be provided, to the Municipal Securities Rulemaking Board and a state information repository, if any, of certain enumerated events for the benefit of the Beneficial Owners and Holders of any of the Bonds, pursuant to the requirements of Section (b)(5)(i) of Securities Exchange Commission Rule 15c2-12 (the "Rule"). See APPENDIX G— "FORM OF CONTINUING DISCLOSURE AGREEMENT" attached hereto.

A failure by the Borrower to comply with the provisions of the Disclosure Agreement will not constitute a default under the related Indenture or Financing Agreement (although Bondholders will have any available remedy at law or in equity for obtaining necessary disclosures). Nevertheless, such a failure to comply must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the affected Series of Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the affected Series of Bonds.

VERIFICATION OF CASH FLOWS

UBS PaineWebber Inc., on behalf of the Administration, has prepared certain cash flow projections with respect to the Bonds (the "Initial Cash Flow Projection") based on information and assumptions provided by the Borrowers, which are believed by the Borrowers to be reasonable. Such Initial Cash Flow Projection has been based upon certain assumptions and information provided by the related Borrower, which the Borrower believes to be reasonable. UBS PaineWebber Inc. expresses no opinion with respect to the information or assumptions provided by the Borrower.

The mathematical accuracy of certain computations included in the schedules in the Initial Cash Flow Projection relating to the computation of the cash flows for the projected payments of principal and interest on the Mortgage Loans and the sufficiency of such payments together with certain amounts held under the applicable Indenture for the payment of the principal of and interest on the applicable Series of Bonds and certain fees will be verified by Caine Mitter & Associates Incorporated, the Administration's financial advisor (the "Verification Agent"). The Verification Agent has restricted its procedures to verifying the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information on which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions or the achievability of the projected outcome.

Sufficiency of Cash Flow

Freddie Mac does not guarantee the payment of the principal of, premium, if any, or interest on, the Bonds or the return on any investment. The interest rate on each Mortgage Loan has been established at a rate such that payments on the Mortgage Loan (and any interest earned on such payments during the period they are on deposit with the Trustee) are expected by the Borrowers, on the basis of the Initial Cash Flow Projection prepared by UBS PaineWebber Inc. and verified by the Verification Agent, to be sufficient to pay the principal of and interest on the related Series of Bonds and the Bond Fee Component (to the extent included in the Mortgage Note Rate). While the Initial Cash Flow Projection has been prepared under the assumption that no investment earnings are received with respect to amounts on deposit in the Mortgage Loan Fund, such Initial Cash Flow Projection has assumed that monthly payments on the Bond Mortgage Notes are invested under the Investment Agreement (see "BONDHOLDER'S RISKS - Failure of Provider of the Investment Agreement to Make Payments Thereunder").

In the event that the investment earnings on the Investment Agreement are less than the return anticipated in the Initial Cash Flow Projection or if there is an error in the Initial Cash Flow Projection, there may not be sufficient amounts available to pay the principal of and interest on the Bonds. This could result in a payment default on the Bonds even though there is no default under the related Mortgage Loan or under the Credit Facility. The remedies of the Trustee are limited in this event.

Freddie Mac has not prepared, reviewed or verified, makes no representation or warranty with respect to, does not certify to, and assumes no responsibility or liability for, any Cash Flow Projection or Verification Report, the calculations used in any Cash Flow Projection, the assumptions used in making such calculations, the mathematical accuracy of such calculations or the sufficiency of any payments based on any Cash Flow Projection to pay the principal of and interest on the Bonds when due, any fees, including the Bond Fee Component, when due, or any other amounts at any time.

RATINGS

Moody's Investors Services ("Moody's") has assigned 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 Underwriters, Freddie Mac, the Loan Servicer nor the Borrowers 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; however, pursuant to the Disclosure Agreements, each Borrower is obligated to provide notice of any rating change to each nationally recognized municipal securities information repository.

UNDERWRITING

The Bonds are being purchased on a negotiated basis by UBS PaineWebber Inc., Bear, Stearns & Co. Inc., Ferris, Baker Watts Incorporated, Legg Mason Wood Walker, Incorporated, The Chapman Company, Lehman Brothers, Loop Capital Markets, L.L.C., Merrill Lynch & Co. and Salomon Smith Barney (the “Underwriters”). The Underwriters have agreed to purchase the Bonds at a price equal to 100% of the principal amount thereof, plus accrued interest. The Underwriters will receive a fee of $144,361.93 relating to their purchase of the Bonds, from which the Underwriters will pay certain expenses. The Purchase Contract provides that the Underwriters will purchase all but not less than all of the Bonds. The Underwriters’ obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel and certain other conditions. The initial public offering prices of the Bonds may be changed, from time to time by the Underwriters. The Underwriters may offer and sell any of the Bonds to certain dealers (including dealers depositing such Underwritten Bonds into investment trusts) and certain dealer banks and banks acting as agents at prices lower than the public offering prices stated on the inside cover page hereof.

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.

COMMUNITY DEVELOPMENT ADMINISTRATION
MARYLAND DEPARTMENT OF HOUSING AND
COMMUNITY DEVELOPMENT

By: /s/ Harry D. Sewell
Harry D. Sewell
Director

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APPENDIX A
DEFINITIONS

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

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

"Administration's Fee" means the annual fee payable to the Administration in the amount of .25% of the outstanding balance of the Mortgage Loan.

"Administration Fund" means the Administration Fund established by the Trustee pursuant to each of the Indentures.

"Alternate Credit Facility" means a Credit Facility (other than the Credit Enhancement Agreement, including, without limitation, a letter of credit, surety bond, insurance policy, standby purchase agreement, guaranty, mortgage-backed security or other credit facility, collateral purchase agreement or similar agreement) issued by a financial institution (including without limitation Freddie Mac) which provides security for payment of (i) the principal of and interest on the Bonds (but in no case less than all of the Outstanding Bonds when due) or (ii) the Bond Mortgage Loan in an amount not less than the Guaranteed Pass-Through Payment, which Alternate Credit Facility is provided in accordance with the Financing Agreement.

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

"Authorized Denomination" means $5,000 principal amount or any integral multiple thereof.

"Authorized Officer" means (i) when used with respect to the Issuer, the Secretary, the Deputy Secretary of Housing and Community Development, the Deputy Directors of the Issuer, the Director of the Administration, and any Director of any program or division of the Secretary or any other person duly authorized by the Secretary to perform such act or discharge such duty, and such additional person or persons, if any, duly designated by the Issuer in writing to act on its behalf, (ii) when used with respect to the Trustee, any authorized signatory of the Trustee, or any person who is authorized in writing to take the action in question on behalf of the Trustee, or (iii) when used with respect to the Credit Facility Provider, a Vice President, or any person who is authorized in writing to take the action in question on behalf of the Credit Facility Provider.

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

"Bond Counsel" means Hawkins, Delafield & Wood, or after the Closing Date, any law firm selected by the Issuer and acceptable to the Credit Facility 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, (i) with respect to the Series D Bonds, the Series D Indenture, the Series D Bonds, the Series D Bond Mortgage Loan Documents and the Tax Certificates and any other agreements and documents relating to the Series D Bonds, and (ii) with respect to the Series F Bonds, the Series F Indenture, the Series F Bonds, the Series F Bond Mortgage Loan Documents and the Tax Certificates and any other agreements and documents relating to the Series F Bonds.

"Bond Fee Component" means the Administration Fee and the Ordinary Trustee's Fees and Expenses, expressed in terms of a percentage of the principal amount of the Bond Mortgage Loan on an annual basis.

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

"Bondholder" or "Holder" or "Owner of the Bond[s]" means any person who shall be the registered owner of any Outstanding Bond or Bonds of a Series.

"Bond Mortgage" means, (i) with respect to the Series D Bonds, the Multifamily Deed of Trust, Assignment of Rents and Security Agreement dated as of December 1, 2001 together with all riders and addenda thereto, from the Series D Borrower to the Issuer, securing payment of the Series D Bond Mortgage Loan, as such Bond Mortgage may from time to time be amended, modified or supplemented, and as such Bond Mortgage has been assigned by the Issuer to the Trustee, and (ii) with respect to the Series F Bonds, the Multifamily Deed of Trust, Assignment of Rents and Security Agreement dated as of December 1, 2001 together with all riders and addenda thereto, from the Series F Borrower to the Issuer, securing payment of the Series F Bond Mortgage Loan, as such Bond Mortgage may from time to time be amended, modified or supplemented, and as such Bond Mortgage has been assigned by the Issuer to the Trustee.

"Bond Mortgage Loan" means the Series D Bond Mortgage Loan or the Series F Bond Mortgage Loan, as applicable.

"Bond Mortgage Loan Documents" means the Series D Bond Mortgage Loan Documents or the Series F Bond Mortgage Documents, as applicable.

"Bond Mortgage Note" means the Series D Bond Mortgage Note or the Series F Bond Mortgage Note, as applicable.

"Bonds" means, collectively, the Series D Bonds and the Series F Bonds.

"Borrower" means the Series D Borrower or the Series F Borrower, as applicable.

"Borrower's Documents" means, with respect to each Borrower, its respective Bond Mortgage Loan Documents, the Mortgage Loan Documents and any other documents executed by the Borrower in connection with its reimbursement obligations to Freddie Mac under the Reimbursement Agreement.

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

"Business Day" means any day other than (i) a Saturday, (ii) a Sunday, (iii) a day on which the Federal Reserve Bank of New York (or other agent acting as the Credit Facility Provider's fiscal agent identified to the Trustee) is authorized or obligated by law or executive order to remain closed, (iv) a day on which the permanent home office of the Credit Facility Provider (and, during the Construction Phase, the Construction Phase Credit Facility Provider) is closed or (v) a day on which (a) banking institutions in the City of New York or in the city in which the principal corporate trust office of the Trustee or the Principal Office of the Credit Facility Provider (and, prior to the Conversion Date, the Construction Phase Credit Facility Provider) is located are closed or (b) the New York Stock Exchange is authorized or obligated by law or executive order to be closed.

"Cash Flow Projection" means a cash flow projection prepared by an independent firm of certified public accountants, a financial advisory firm or other independent third party qualified and experienced in the preparation of cash flow projections for mortgage loans, designated by the applicable Borrower and acceptable to Freddie Mac, the Issuer and the Rating Agency, establishing the sufficiency of (a) the scheduled Guaranteed Pass-Through Payments due under the Bond Mortgage Note (together with and after taking into account the amounts deposited by the Borrower, if any) and (b) Investment Income with respect to the General Account, to pay the principal of and interest on the Bonds, the Bond Fee Component and the fees of the Credit Provider and the Loan Servicer, in each instance, when due and payable, including, without limitation, any cash flow projection prepared in connection with (A) the initial issuance and delivery of the Bonds, or (B) a partial prepayment of the Bond Mortgage Loan and a corresponding partial redemption of Bonds pursuant to the Indenture.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"Completion Date" means the date on which the Project is completed, in accordance with the Credit Facility Provider's requirements, as evidenced by a certification of the Loan Servicer delivered to the Issuer, the Trustee, the Credit Facility Provider, the Construction Phase Credit Facility Provider and the Borrower.

"Conditions to Conversion" means the Conditions to Conversion set forth in the commitment of Freddie Mac relating to the Project, which include completion of construction of the Project, the achievement of a specified level of occupancy and income from the leasing of units in the Project and, if the mortgage loan amount is reduced by Freddie Mac, prepayment of a portion of the loan (the "Pre-Conversion Loan Equalization Payment").

"Construction Phase" means the period prior to Completion.

"Construction Phase Credit Documents" means, individually and collectively, with respect to each Project, the applicable Construction Phase Financing Agreement, the Construction Phase Credit Facility, the Construction Phase Credit Reimbursement Agreement and all other documents evidencing, securing or otherwise relating to the applicable Construction Phase Credit Facility, including all amendments, modifications, supplements and restatements of such documents.

"Construction Phase Credit Facility" means the guarantee given on behalf of the Construction Phase Credit Facility Provider or any replacement construction phase credit facility acceptable to the Credit Facility Provider.

"Construction Phase Credit Facility Provider" means the provider of the Construction Phase Credit Facilities, initially SunAmerica, Inc., and its successors and assigns.

"Construction Phase Credit Reimbursement Agreement" means the reimbursement agreement between the applicable Borrower and the Construction Phase Credit Facility Provider, as each such agreements may be amended, modified, supplemented or restated from time to time.

"Construction Phase Financing Agreement" means, with respect to each Project, the Construction Phase Financing Agreement by and between the Credit Facility Provider and the Construction Phase Credit Facility Provider, as such agreement may be amended, modified, supplemented or restated from time to time.

"Conversion" means the conversion of the Bond Mortgage Loan from the Construction Phase to the Permanent Phase.

"Conversion Date" means the first day of the month following the month in which the Conversion Notice is issued by the Loan Servicer or such other date as is approved by Freddie Mac.

"Conversion Notice" means a written notice by the Loan Servicer to the Issuer, the Trustee, the applicable Borrower, the Construction Phase Credit Facility Provider and the Credit Facility Provider given prior to the Forward Commitment Maturity Date (a) stating that each of the Conditions to Conversion has been satisfied prior to the Forward Commitment Maturity Date or, if any Condition to Conversion has not been satisfied prior to the Forward Commitment Maturity Date, has been waived in writing by the Credit Facility Provider prior to the Forward Commitment Maturity Date and (b) specifying the Conversion Date.

"Cost," "Costs" or "Costs of the Project" means, with respect to each Project, the costs chargeable to such Project in accordance with generally accepted accounting principles, including, but not limited to, the costs of acquisition, construction, rehabilitation, reconstruction, restoration, repair, alteration, improvement and extension (in any of such events, "construction") of any building, structure, facility or other improvement; stored materials for work in progress; the cost of machinery and equipment; the cost of the Land, rights-in-lands, easements, privileges, agreements, franchises, utility extensions, disposal facilities, access roads and site development necessary or useful and convenient for the Project; financing costs, including, but not limited to, certain costs in connection with the issuance of the Bonds, engineering and inspection costs; fees paid to the developer of the Project; organization, administrative, insurance, legal, operating, letter of credit and other expenses of the Borrower actually incurred prior to and during construction; and all such other expenses as may be necessary or incidental to the financing, acquisition, construction or completion of the Project or any part of it, including, but not limited to, the amount of interest expense incurred with respect to the Bond Mortgage Loan incurred prior to the Completion Date; and insurance premiums payable by the Borrower and taxes and other governmental charges levied on the Project.

"Costs of Issuance Deposit" means, with respect to each Series of Bonds, the deposit to be made by the Borrower with the Trustee on the Delivery Date to pay certain costs in connection with the issuance of such Bonds.

"Cost of Issuance Fund" means the Cost of Issuance Fund established by the Trustee pursuant to each Indenture.

"Credit Enhancement Agreement" means, with respect to each Series of Bonds, the Standby Credit Enhancement Agreement dated as of December 1, 2001 hereof between Freddie Mac and the Trustee, as such Credit Enhancement Agreement may from time to time be amended or supplemented.

"Credit Facility" means the Credit Enhancement Agreement or any Alternate Credit Facility at the time in effect with respect to a Series of Bonds.

"Credit Facility Provider" means, so long as the Credit Enhancement Agreement is in effect, Freddie Mac, or so long as any Alternate Credit Facility is in effect, the Credit Facility Provider then obligated under the Alternate Credit Facility.

"Dated Date" means November 15, 2001.

"Deficiency Notice" means a notice from the Trustee to the Credit Facility Provider that an amount is due for payment by the Credit Facility Provider to the Trustee under the Credit Enhancement Agreement provided in conformity with the provisions of the Credit Enhancement Agreement.

"Delivery Date" means December 6, 2001, the date of initial delivery of the Bonds to the initial purchasers thereof against payment therefor.

"Department" means the Department of Housing and Community Development of the State of Maryland.

"Director" means the Director of the Issuer.

"Disclosure Agreement" means, with respect to each Project, the Continuing Disclosure Agreement between the applicable Borrower, the dissemination agent and the Trustee.

"DTC" means The Depository Trust Company, New York, New York, as securities depository for the Bonds.

"Eligible Funds" means (i) proceeds of the Bonds, (ii) proceeds received pursuant to the Credit Facility, (iii) proceeds from the investment or reinvestment of moneys described in clauses (i) and (ii) above, or (iv) moneys delivered to the Trustee and accompanied by a written opinion of counsel experienced in bankruptcy matters acceptable to the Rating Agency to the effect that if the Borrower, any general partner, member or guarantor of the Borrower, or the Issuer were to become a debtor in a proceeding under the Bankruptcy Code: (a) payment of such moneys to holders of the Bonds would not constitute a voidable preference under Section 547 of the Bankruptcy Code and (b) the automatic stay provisions of Section 362(a) of the Bankruptcy Code would not prevent application of such moneys to the payment of the Bonds, together with a certificate of the Borrower to the same effect.

"End Period Payment" means, with respect to any optional redemption of Bonds pursuant to the Indenture for a Series of Bonds, the interest due on the such Bonds from the date of prepayment of the related Bond Mortgage Loan to the Redemption Date.

"Event of Default" means, with respect to the Indentures:

(a) failure to pay the principal of, premium, if any, or interest on any Bond when due, whether at the stated maturity thereof, or on proceedings for redemption thereof, or on the maturity thereof by acceleration or otherwise; or

(b) failure to observe or perform any of the covenants, agreements or conditions on the part of the Borrower (other than those set forth in subparagraph (a) above) in the Indenture or in the Bonds and the continuance thereof for a period of thirty (30) days after written notice to the Issuer from the Trustee or the Holders of more than 51% of the Bonds then Outstanding at such time specifying such default and requiring the same to be remedied; provided, that the Credit Facility Provider shall have directed in writing that the same shall have constituted an Event of Default.

"Extraordinary Services" means and includes, but not by way of limitation, services, actions and things carried out and all expenses incurred by the Trustee in respect of or to prevent default under the applicable Indenture and the applicable Bond Mortgage Loan Documents, including any attorneys' fees and other litigation costs that are entitled to reimbursement under the terms of the Financing Agreement, and other actions taken and carried out which are not expressly set forth in the Indenture.

"Extraordinary Servicing Fees and Expenses" means all fees and expenses of the Loan Servicer under the Servicing Agreement during any Bond Year in excess of Ordinary Servicing Fees and Expenses.

"Extraordinary Trustee's Fees and Expenses" means all those fees, expenses and disbursements earned or incurred by the Trustee during any Bond Year for Extraordinary Services.

"Financing Agreement" means, with respect to each Series of Bonds, the Financing Agreement, among the applicable Borrower, the Issuer and the Trustee, as such Financing Agreement may from time to time be amended or supplemented.

"Forward Commitment Maturity Date" means December 6, 2003, unless extended by Freddie Mac in its sole discretion.

"Freddie Mac" means the Federal Home Loan Mortgage Corporation, a shareholder-owned government-sponsored enterprise organized and existing under the laws of the United States, and its successors and assigns.

"Freddie Mac Credit Enhancement Fee" means an amount equal to 0.35% (35 basis points) of the outstanding principal balance of the applicable Bond Mortgage Note per annum until November 30, 2003, and 0.60% (60 basis points) per annum of the outstanding principal balance of the applicable Bond Mortgage Note thereafter.

"Freddie Mac Credit Enhancement Payment" means the amount required to be paid by Freddie Mac to the Trustee with respect to (i) any Guaranteed Pass-Through Payment Deficiency; (ii) any recovered of stayed payment of a Required Mortgage Payment as a result of a bankruptcy filing by or against the Borrower; or (iii) any Guaranteed Payment Deficiency.

"Freddie Mac Reimbursement Amount" means the amount to be reimbursed by the Trustee to Freddie Mac under the Credit Enhancement Agreement, which shall be the amount equal to the sum of all

Freddie Mac Credit Enhancement Payments made by Freddie Mac and not previously reimbursed to Freddie Mac by the Trustee.

"Guaranteed Pass-Through Payment" means the sum of the applicable Interest Component and the applicable Principal Component.

"Guaranteed Pass-Through Payment Deficiency" means, with respect to any Pass-Through Payment Date, the amount, if any, by which (i) the Guaranteed Pass-Through Payment coming due on such Pass-Through Payment Date exceeds (ii) the amount of the Pass-Through Payment received by the Trustee from the Borrower, prior to Conversion, and from the Loan Servicer, following Conversion, with respect to such Pass-Through Payment Date.

"Guaranteed Payment Deficiency" means the amount by which (A) (i) the redemption price for the Bonds that become subject to mandatory redemption pursuant to the Indenture, or, with the consent of Freddie Mac, become subject to optional redemption pursuant to the Indenture, (ii) the Purchase Price, or (iii) principal and interest on the Bonds due upon acceleration exceeds (B) moneys held by the Trustee under the Indenture for such purpose.

"Highest Rating Category" means an S&P rating category of "A-1+ " for instruments having a term of one year or less and "AAA" for instruments having a term greater than one year, and a Moody's rating category of "P-1" for instruments having a term of one year or less and "Aaa" for instruments having a term greater than one year.

"HUD" means the U.S. Department of Housing and Urban Development, and its successors.

"Indenture" means the Series D Indenture or the Series F Indenture, as applicable.

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

"Interest Component" means (i) the regularly scheduled monthly payment of interest due on the unpaid principal balance of the Bond Mortgage Note, adjusted for prepayments, and (ii) upon mandatory prepayment, or, with the consent of Freddie Mac, optional prepayment of the Bonds Mortgage Note, all accrued and unpaid interest on the amount prepaid, and (iii) on the maturity date or upon acceleration of the Bond Mortgage Note, all accrued and unpaid interest thereon.

"Interest Payment Date" means December 15 and June 15 of each year, so long as the Bonds remain Outstanding, commencing on June 15, 2002.

"Interest Reduction Payment" means the monthly amount paid by HUD to the Trustee under the Series D IRP Agreement or the Series F IRP Agreement, as applicable.

"Investment Agreement" means an investment agreement that meets the requirements of clause (f) in the definition of Qualified Investments.

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

"IRP Account" means the IRP Account of the Revenue Fund created under each Indenture.

"IRP Agreement" means the Series D IRP Agreement or the Series F IRP Agreement, as applicable.

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

"Loan Servicer" means the eligible servicing institution designated by Freddie Mac from time to time (which may be Freddie Mac if Freddie Mac elects to service the Bond Mortgage Loan), or its successor, as servicer of the Bond Mortgage Loan. Initially, the Loan Servicer shall be Capri Capital Finance, LLC, a Delaware limited liability company.

"Moody's" means Moody's Investors Service, its successors and assigns.

"Mortgage Loan Fund" means the Mortgage Loan Fund established by the Trustee pursuant to each Indenture.

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

"Net Proceeds" when used with respect to any insurance or condemnation award, means the proceeds from the insurance or condemnation award with respect to which that term is used remaining after payment of all reasonable expenses incurred in the collection of gross insurance proceeds or a condemnation award, including reasonable attorney's fees.

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

"Ordinary Servicing Fees and Expenses" means the ordinary fees payable to the Servicer in connection with the servicing of the Bond Mortgage Loan under the Servicing Agreement, payable monthly in arrears on the first day of each month, commencing on the date provided in the Servicing Agreement, in an amount equal to one-twelfth (1/12) of 0.125% of the principal balance of the Bond Mortgage Loan outstanding on the day before such payment is due.

"Ordinary Trustee's Fees and Expenses" means those fees, expenses and disbursements payable to the Trustee with respect to each Series of Bonds (exclusive of Extraordinary Trustee's Fees and Expenses) which are payable semiannually in advance in an amount equal to $3,250 per annum.

"Outstanding" when used with respect to the "Bonds" or "Bonds Outstanding" means, as of any date, all Bonds that have been duly authenticated and delivered by the Trustee under the Indenture, except:

(a) Bonds surrendered and replaced upon exchange or transfer, or canceled because of payment or redemption, at or prior to such date;

(b) Bonds for the payment, redemption or purchase for cancellation of which sufficient money has been deposited prior to such date with the Trustee (whether upon or prior to the maturity, amortization or redemption date of any such Bonds), or which are deemed to have been paid and discharged pursuant to the Indenture; and

(c) Bonds in lieu of which others have been authenticated (or payment, when due, of which is made without replacement);

and also except that for the purpose of determining whether the holders of the requisite amount of Bonds Outstanding have made or concurred in any notice, request, demand, direction, consent, approval, order, waiver, acceptance, appointment or other instrument or communication under or pursuant to the Indenture, Bonds owned by or for the account of the Borrower or any person owned, controlled by, under common control with or controlling the Borrower shall be disregarded and deemed to be not outstanding;

"Pass-Through Payment" means, with respect to any Required Mortgage Payment, the portion of such amount, if any, actually paid by the Loan Servicer to the Trustee.

"Pass-Through Payment Date" means the tenth day (or if such tenth day is not a Business Day, the first Business Day following such tenth day) of each month for so long as the Bonds are outstanding, commencing January 10, 2002.

"Permanent Phase" means the period of time from and after the Conversion Date.

"Pre-Conversion Loan Equalization Payment" means a partial prepayment of the Bond Mortgage Loan required to be paid by the Borrower to redeem the related Series of Bonds as a condition to Conversion.

"Principal Component" means (i) the regularly scheduled monthly payment of principal due on the Bonds Mortgage Note for the corresponding Mortgage Payment Date (as adjusted for any prepayments), (ii) upon mandatory prepayment, or, with the consent of Freddie Mac, optional prepayment of the Bond Mortgage Note, the principal amount of the Bond Mortgage Note being prepaid, and (iii) on the maturity date of the Bond Mortgage Note or upon acceleration of the Bond Mortgage Note, the unpaid principal balance of the Bond Mortgage Note.

"Project" means the Series D Project or the Series F Project, as applicable.

"Purchase In-Lieu Bonds" means Bonds with respect to which the Credit Facility has exercised its option to purchase in lieu of a redemption in whole of the Bonds following certain mandatory redemption events under the Indenture.

"Purchase In-Lieu Date" the date on which Bonds which are purchased pursuant to the Indenture as Purchase In-Lieu Bonds are otherwise scheduled to be redeemed.

"Purchase Price" with respect to any Bond required to be purchased pursuant to the Indenture means the principal amount of such Bond plus any redemption premium due thereon plus interest accrued thereon to the date of purchase.

"Qualified Investments" means any of the following if and to the extent permitted by law: (a) direct and general obligations of the United States of America; (b) obligations of any agency or instrumentality of the United States the payment of the principal of and interest on which are unconditionally guaranteed by the full faith and credit of the United States of America; (c) senior debt obligations of Freddie Mac rated in the highest rating category of the Rating Agency; (d) senior debt obligations of the Federal National Mortgage Association rated in the highest rating category of the Rating Agency; (e) demand deposits or time deposits with, or certificates of deposit issued by, the Trustee or its affiliates or any bank organized under the laws of the United States or any state or the District of Columbia which has combined capital, surplus and undivided profits of not less than $50,000,000; provided that the Trustee or such other institution has been rated at least P-1 by Moody's which deposits or certificates are fully insured by the Federal Deposit Insurance Corporation; (f) investment agreements ("Investment Agreements") with Freddie Mac or a bank or any insurance company or other financial institution which has a rating assigned by the Rating Agency to its outstanding long-term unsecured debt which is the highest rating (as defined below) for long-term unsecured debt obligations assigned by the Rating Agency, and which are approved by the Credit Facility Provider (and, prior to the Conversion Date, the Construction Phase Credit Facility Provider) and which further meet the requirements set forth below; or (g) shares or units in any money market mutual fund (including any proprietary mutual fund of the Trustee or an affiliate of the Trustee for which the Trustee or an affiliate of the Trustee serves as an investment advisor or provides other services to such fund and receives reasonable compensation therefor) registered under the Investment Company Act of 1940, as amended, whose investment portfolio consists solely of direct obligations of the United States government, and which fund has been rated Aaa or the equivalent by the Rating Agency. For purposes of this definition, the "highest rating" shall mean a rating of at least P-1 or the equivalent for obligations with a maturity of 3 years or less; at least Aa3 or the equivalent for obligations with a maturity greater than three years. Qualified Investments must be limited to instruments that have a predetermined fixed-dollar amount of principal due at maturity that cannot vary or change and interest, if tied to an index, shall be tied to a single interest rate index plus a single fixed spread, if any, and move proportionately with such index.

In order to be a "Qualified Investment," any Investment Agreement must also include the following restrictions;

(A) with respect to an Investment Provider other than Freddie Mac:

(1) the invested funds shall be available for withdrawal without penalty or premium at any time that (a) the Trustee is required to pay moneys from the Fund(s) established under the Indenture or (b) any Rating Agency indicates that it will lower, suspend or withdraw 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 Investment Agreement;

(2) the Investment Agreement shall be the unconditional and general obligation of, and shall not be subordinated to any other obligation of, the provider and, if applicable, the guarantor or insurer, of the Investment Agreement;

(3) the Trustee shall receive an Opinion of Counsel that the Investment Agreement is legal, valid, binding and enforceable upon the provider of the Investment Agreement in accordance with its terms and, if applicable, an Opinion of Counsel that any guaranty, insurance policy or other facility provided by a guarantor, insurer or other provider is legal, valid, binding and enforceable upon the guarantor, insurer or other provider in accordance with its terms;

(4) the Investment Agreement shall provide that if during its term the rating of the Qualified Financial Institution providing, guaranteeing or insuring, as applicable, the Investment Agreement, by either S&P or Moody's is withdrawn or suspended or falls below the Highest Rating Category, the provider must, at the written direction of the Trustee (given after receipt of written notice of such rating withdrawal, suspension or downgrade), within 10 days following receipt of such direction, either: (a) collateralize the Investment Agreement (if the Investment Agreement is not already collateralized) with Permitted Investments described in paragraph (i) or (ii) above by depositing such collateral with the Trustee or a third party custodian, such collateralization to be effected in a manner and in an amount sufficient to maintain (1) the integrity of the Cash Flow Projection most recently provided with respect to the Bonds and (2) the then current rating of the Bonds, or, if the Investment Agreement is already collateralized, increase the collateral with Permitted Investments described in paragraph (i) or (ii) above by depositing such collateral with the Trustee or a third party custodian, such collateralization to be effected in a manner and in an amount sufficient to maintain (3) the integrity of the Cash Flow Projection most recently provided with respect to the Bonds and (4) the then current rating of the Bonds, (b) transfer the Investment Agreement and the rights and obligations of the Qualified Financial Institution under the Investment Agreement to a Qualified Financial Institution whose unsecured long-term obligations are rated in the Highest Rating Category of S&P and of Moody's, 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 of S&P and of Moody's, (c) deliver a guarantee from a Qualified Financial Institution whose unsecured long-term obligations are rated in the Highest Rating Category of S&P and of Moody's or (d) unless waived by the Trustee, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Trustee unless required by law (the choice of (a), (b) or (c) versus (d) shall be that of the Trustee); and

(5) the Investment Agreement must be collateralized at 102% with Permitted Investments described in paragraph (i) or (ii) above, and such collateral must be deposited with a Trustee or a third party custodian and marked-to-market on a weekly basis; or

(B) with respect to an Investment Agreement provided by Freddie Mac, be collateralized with Permitted Investments described in paragraph (a) or (b) above, and such collateral must be deposited with a Trustee or a third party custodian and marked-to-market on a weekly basis.

"Rating Agency" means each national rating agency then maintaining a rating on the Bonds, or any successor or assign thereof.

"Rebate Analyst" or "Arbitrage Consultant" means a certified public accountant, financial analyst or bond counsel, or any firm of the foregoing, or financial institution (which may include the Trustee) experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code.

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

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

"Record Date" means the 15th day preceding any Interest Payment Date.

"Redemption Fund" means the Redemption Fund established by the Trustee pursuant to each Indenture.

"Reimbursement Agreement" means, with respect to each Project, the Reimbursement and Security Agreement, dated as of December 1, 2001, between the applicable Borrower and Freddie Mac, as such Reimbursement Agreement may be amended or supplemented from time to time, and upon the effectiveness of any Alternate Credit Facility, any similar agreement between such Borrower and the Alternate Credit Facility Provider pursuant to which such Borrower agrees to reimburse the Alternate Credit Facility Provider for payments made under the Alternate Credit Facility, as such agreement may be amended or supplemented.

"Reimbursement Mortgage" means, with respect to each Project, the Second Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Financing Statement dated as of December 1, 2001 from the applicable Borrower to Freddie Mac, as the same may be amended or supplemented from time to time.

"Required Mortgage Payment" means the applicable Interest Component and the applicable Principal Component.

"Revenue Fund" means the Revenue Fund established by the Trustee pursuant to Section 4.01 hereof.

"Revenues" means (i) all payments received by the Trustee with respect to the applicable Bond Mortgage Loan pursuant to the Financing Agreement, the Bond Mortgage Note or the Mortgage, including all casualty or other insurance benefits and condemnation awards paid in connection therewith (subject in all events to the interests of the Credit Facility Provider therein under the terms of the Credit Facility and the Reimbursement Agreement), (ii) payments made by the Credit Facility Provider pursuant to the Credit Facility, (iii) all moneys and securities held by the Trustee in the funds and accounts established pursuant to the applicable Indenture (excluding moneys or securities in the Cost of Issuance Fund, the Rebate Fund and the Administration Fund), together with all investment earnings thereon, and (iv) all monies received under the applicable IRP Agreement.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors and assigns.

"Secretary" means the Secretary of the Department.

"Securities Depositories" means (a) The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax: (516) 227-4039 or 4190; or (b) such other securities depositories as the Issuer may designate in a certificate of the Issuer delivered to the Trustee and the Credit Facility Provider.

"Series D Bond Mortgage Loan" means the loan of the proceeds of the Bonds made to the Borrower pursuant to the applicable Bond Mortgage Loan Documents.

"Series D Bond Mortgage Loan Documents" means the applicable Bond Mortgage, the Series D Bond Mortgage Note, the applicable Financing Agreement, the Tax Regulatory Agreement, any Custodial Escrow Agreement, the applicable Credit Enhancement Agreement, the applicable Reimbursement Agreement, the applicable Reimbursement Mortgage, the applicable Intercreditor Agreement, the applicable IRP Agreement and any and all other instruments and other documents evidencing, securing, or otherwise relating to the Series D Bond Mortgage Loan or any portion thereof and to the Series D Borrower's reimbursement obligations to the Credit Facility Provider.

"Series D Bond Mortgage Note" means, collectively, the Mortgage Note dated December 1, 2001 executed by the Series D Borrower in favor of the Issuer in the principal amount of $3,560,000 and the Mortgage Note dated as of December 1, 2001 executed by the Series D Borrower in favor of the Issuer in the principal amount of $790,000, together with all riders and addenda thereto, evidencing the Series D Bond Mortgage Loan, as from time to time amended, modified or supplemented, as such Bond Mortgage Note has been assigned by the Issuer to the Trustee.

"Series 2001 D Bonds" means the Issuer's Multifamily Development Revenue Bonds (Princess Anne Townhouses Project) Series 2001 D.

"Series D Borrower" means New Princess Anne Townhouses Limited Partnership, a Maryland limited partnership, or any of its permitted successors or assigns as owner of the Project.

"Series D Indenture" means the Trust Indenture dated as of November 15, 2001, as the same may have been from time to time amended or modified, together with any other indentures supplemental hereto.

"Series D IRP Agreement" means the Agreement for Interest Reduction Payments among the Issuer, the Series D Borrower and HUD.

"Series D Project" means the land and 120 residential multifamily rental apartment units, and related fixtures, equipment, furnishings and site improvements known as the Princess Anne Townhouses located at Princess Anne, Maryland.

"Series 2001 E Bonds" means the Issuer's Multifamily Development Revenue Bonds (Princess Anne Townhouses Project) Series 2001 E, issued simultaneously with the Bonds.

"Series 2001 E Credit Provider" means, initially, Bank of America, N.A. and its successors and assigns or any successor to Bank of America, N.A. as provider of credit enhancement for the Series 2001 E Bonds.

"Series F Bond Mortgage Loan" means the loan of the proceeds of the Bonds made to the Borrower pursuant to the applicable Bond Mortgage Loan Documents.

"Series F Bond Mortgage Loan Documents" means the applicable Bond Mortgage, the Series F Bond Mortgage Note, the applicable Financing Agreement, the Tax Regulatory Agreement, any Custodial Escrow Agreement, the applicable Credit Enhancement Agreement, the applicable Reimbursement Agreement, the applicable Reimbursement Mortgage, the applicable Intercreditor Agreement, the applicable IRP Agreement and any and all other instruments and other documents evidencing, securing, or otherwise relating to the Series F Bond Mortgage Loan or any portion thereof and to the Series F Borrower's reimbursement obligations to the Credit Facility Provider.

"Series F Bond Mortgage Note" means, collectively, the Mortgage Note dated December 1, 2001 executed by the Series F Borrower in favor of the Issuer in the principal amount of $5,340,000and the Mortgage Note dated as of December 1, 2001 executed by the Series F Borrower in favor of the Issuer in the principal amount of $2,230,000, together with all riders and addenda thereto, evidencing the Series F Bond Mortgage Loan, as from time to time amended, modified or supplemented, as such Bond Mortgage Note has been assigned by the Issuer to the Trustee.

"Series 2001 F Bonds" means the Issuer's Multifamily Development Revenue Bonds (Waters Tower Senior Apartments Project) Series 2001 F.

"Series F Borrower" means New Waters Tower Development Company Limited Partnership, a Maryland limited partnership, or any of its permitted successors or assigns as owner of the Project.

"Series F Indenture" means the Trust Indenture dated as of November 15, 2001, as the same may have been from time to time amended or modified, together with any other indentures supplemental hereto.

"Series F IRP Agreement" means the Agreement for Interest Reduction Payments among the Issuer, the Series F Borrower and HUD.

"Series F Project" means the land and 203 residential multifamily rental apartment units, and related fixtures, equipment, furnishings and site improvements known as the Waters Tower Senior Apartments located at Baltimore, Maryland.

"Series 2001 G Bonds" means the Issuer's Multifamily Development Revenue Bonds (Waters Tower Senior Apartments Project) Series 2001 G, issued simultaneously with the Bonds.

"Series 2001 G Credit Provider" means, initially, Bank of America, N.A. and its successors and assigns or any successor to Bank of America, N.A. as provider of credit enhancement for the Series 2001 G Bonds.

"Servicing Agreement" means the Servicing Agreement, dated as of the date hereof, between the Servicer and Freddie Mac in respect of the Bond Mortgage Loan.

"Special Purchase Bonds" means Bonds with respect to which the Construction Phase Credit Facility Provider has exercised its option to require the Credit Facility to purchase in lieu of a redemption in whole of the Bonds following certain mandatory redemption events under the Indenture.

"Special Purchase Date" means the date on which Bonds which are purchased pursuant to the Indenture as Special Purchase Bonds are otherwise scheduled to be redeemed.

"State" means the State of Maryland.

"Subordinate Mortgage Loan" means, with respect to the Series 2001 E Bonds, the loan from the Issuer to Series D Borrower of the proceeds of the Series 2001 E Bonds, and, with respect to the Series 2001 G Bonds, the loan from the Issuer to the Series F Borrower of the proceeds of the Series 2001 G Bonds.

"Subordinate Mortgage Loan Documents" means the documents executed by the Series D Borrower or the Series F Borrower, as applicable, in favor of the Issuer or SunAmerica, Inc., which evidence such Borrower's obligations under the Series 2001 E Bonds or the Series 2001 G Bonds, as applicable, and to repay certain amounts to SunAmerica, Inc. in connection with the Series 2001 E Bonds and the Series 2001 G Bonds, as applicable

"Substitution Date" means the date established for the delivery to the Trustee of an Alternate Credit Facility.

"Tax Certificates" means, collectively with respect to each Project, the Federal Tax Certificate executed by the Issuer and the Borrower's Tax Certificate executed by the Borrower on the Delivery Date.

"Tax Regulatory Agreement" means the Agreement and Declaration of Covenants and Restrictions, dated as of the date hereof by and between the applicable Borrower and the Issuer, together with all supplements thereto.

"Trustee" means Allfirst Bank, and its successors in trust hereunder.

"Unassigned Rights" means (a) all of the Issuer's right, title and interest in and to all reimbursement rights of the Issuer, (b) all rights of the Issuer to receive fees and expenses, (c) the right to receive notices and to make any determination and to grant any approval or consent to anything in the Indenture or any Bond Mortgage Document requiring the determination, consent or approval of the Issuer, (d) all rights of the Issuer to enforce the representations, warranties, covenants and agreements of the Borrower set forth in the Tax Regulatory Agreement, the Borrower's Tax Certificate and in the tax credit extended use agreement relating to the Project, (e) any and all rights, remedies and limitations of liability of the Issuer set forth in the Indenture or any Bond Mortgage Loan Document regarding (1) the negotiability, registration and transfer of the Bonds, (2) the loss or destruction of the Bonds, (3) the limited liability of the Issuer as provided in the Act and in the Indenture or any Bond Mortgage Loan Document, (4) the maintenance of insurance by the Borrower, (5) no liability of the Issuer to third parties, (6) no warranties of suitability or merchantability by the Issuer and (7) the Issuer's rights to indemnification from the Borrower as provided in the Financing Agreement, and (f) all rights of the Issuer in connection with any amendment to or modification of the Indenture or any Bond Mortgage Loan Document. The Unassigned Rights of the Issuer will not be secured by the Mortgage.

"Underwriters" means, collectively, UBS PaineWebber Inc., Bear Stearns & Co. Inc., Ferris, Baker Watts, Incorporated, Legg Mason Wood Walker Incorporated, The Chapman Company, Lehman Brothers, Loop Capital Markets, L.L.C., Merrill Lynch & Co. and Salomon Smith Barney.

"Wrongful Dishonor" means the failure of the Credit Facility Provider to honor a draw made in strict conformance with the terms of the Credit Facility.

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APPENDIX B
SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES

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

Establishment of Funds and Accounts

The Trustee will establish and hold in trust the following funds and accounts:

(a) Mortgage Loan Fund;

(b) Revenue Fund, and within the Revenue Fund, a General Account, a Credit Facility Account, an IRP Account and an Advanced Payment Account;

(c) Bond Fund;

(d) Redemption Fund;

(e) Administration Fund;

(f) Cost of Issuance Fund; and

(g) Rebate Fund.

The Mortgage Loan Fund

The Trustee will deposit all or a portion of the proceeds of the Bonds into the Mortgage Loan Fund as provided in the Indenture. Amounts on deposit in the Mortgage Loan Fund will be disbursed from time to time by the Trustee for the sole purpose of paying Costs of the Project that are approved by the Construction Phase Credit Facility Provider pursuant to the terms, conditions and provisions of the Construction Phase Credit Documents or are for the purpose of paying interest on the Bonds and the Freddie Mac Credit Enhancement Fees.

Amounts on deposit in the Mortgage Loan Fund will be invested in Qualified Investments. All Investment income earned on amounts on deposit in the Mortgage Loan Fund will be retained in and credited to and become a part of the amounts on deposit in the Mortgage Loan Fund. The Trustee will make disbursements from the Mortgage Loan Fund for Costs of the Project only upon receipt of requisitions therefor.

Any amount remaining on deposit in the Mortgage Loan Fund upon the earlier of (a) the Conversion Date and not required to pay Costs of the Project not yet due and payable or being contested in good faith, in each case determined in accordance with the Construction Phase Credit Documents, or (b) the Forward Commitment Maturity Date, whichever occurs first, shall be transferred to the Redemption Fund and applied to the redemption of Bonds.

The Revenue Fund

All Revenues other than amounts paid under the Credit Facility will be deposited by the Trustee to the General Account of the Revenue Fund, except (i) the proceeds of the Bonds received by the Trustee on the Delivery Date, which will be deposited into the Mortgage Loan Fund, (ii) as otherwise specifically provided in the Indentures with respect to certain deposits into the Redemption Fund, (iii) as otherwise specifically provided in the Indentures with respect to deficiencies in the Administration Fund, (iv) with respect to investment earnings to the extent required under the terms of the Indentures to be retained in the Funds and Accounts to which they are attributable, (v) with respect to amounts required to be transferred between Funds and Accounts as provided in the Indentures, and (vi) amounts representing IRP Payments will be deposited into the IRP Account. There will be deposited in the Credit Facility Account all amounts paid pursuant to the Credit Facility.

On the last Business Day prior to each Interest Payment Date, the Trustee will, out of moneys in the General Account and the IRP Account of the Revenue Fund, credit the following amounts to the following Funds, but only to the extent moneys in the General Account and the IRP Account of the Revenue Fund are then available and only within the limitations hereinafter indicated with respect thereto and only after the Trustee has made the required payment within such limitation into every Fund prior in order as mentioned in the following enumeration:

FIRST: To the Bond Fund, an amount when added to amounts on deposit in the Bond Fund will equal the sum of (i) the interest on the Bonds becoming due and payable on such Interest Payment Date, plus (ii) the principal on the Bonds becoming due and payable on such Interest Payment Date (in each case excluding principal amounts applicable to mandatory sinking fund redemption); provided that if at any time the amount on deposit in the Bond Fund is equal to the sum of the principal of and interest on the Bonds becoming due and payable on such Interest Payment Date, no additional deposit to the Bond Fund will be required with respect to such Interest Payment Date;

SECOND: To the Redemption Fund, in addition to such other deposits as may be made pursuant to the Indentures, an amount equal to the principal of the Bonds becoming subject to mandatory sinking fund redemption, if any, on such Interest Payment Date; and

THIRD: To the Administration Fund, an amount sufficient to pay all amounts accrued to be paid therefrom.

No amounts from the IRP Account will be applied to the Administration Fund and all amounts in the IRP Account will be applied prior to the application of amounts in the General Account.

On the Business Day following each June 15 and December 15 any amounts remaining in the General Account of the Bond Fund in excess of any minimum balance required under the Indenture will be transferred by the Trustee first to the Administration Fund pay any deficiency therein, and then to the Redemption Fund to be applied to the redemption of Bonds.

Should the amount in the Bond Fund and in the Redemption Fund, as the case may be, be insufficient to pay the amount due on the Bonds on any given payment date, the Trustee will transfer amounts in the Credit Facility Account to the Bond Fund and the Redemption Fund for such purpose. Should the amount in the Bond Fund and in the Redemption Fund, as the case may be, be insufficient to pay the amount due on the Bonds after the transfers from the Credit Facility Account, the Trustee will credit to the Bond Fund the amount of such deficiency by charging the following Funds and Accounts in the following order of priority: (1) the IRP Account; (2) the General Account; (3) the Administration Fund; and (4) the Redemption Fund, except no such charge to the Redemption Fund will be made from moneys to be used to effect a redemption for which notice of redemption has been provided for or from moneys which are held for payment of Bonds which are no longer Outstanding under the Indenture.

If the Trustee will receive moneys in respect of any Pass-Through Payment prior to the corresponding Pass-Through Payment Date, the Trustee will deposit said moneys to the credit of the Advanced Payment Account of the Revenue Fund. Amounts on deposit in the Advanced Payment Account of the Revenue Fund will be transferred to the General Account of the Revenue Fund on the Pass-Through Payment Dates corresponding to such amounts.

In addition to amounts required to be deposited to the Redemption Fund under the paragraph entitled SECOND above, the Trustee will deposit directly to the Redemption Fund (i) Net Proceeds representing casualty insurance proceeds or condemnation awards paid as a prepayment of the Bond Mortgage Loan as permitted or required under the Bond Mortgage Loan to be applied to the extraordinary mandatory redemption of all or a portion of the Bonds; (ii) amounts paid to the Trustee by Freddie Mac pursuant to the Credit Enhancement Agreement to be applied to the redemption of all or a portion of the Bonds pursuant to an optional or mandatory redemption of Bonds; (iii) optional prepayments of the Bond Mortgage Loan permitted by the Credit Facility Provider to be applied to the optional redemption of all or a portion of the Bonds; and (iv) Eligible Funds paid to the Trustee to be applied to the optional redemption of all or a portion of the Bonds.

From time to time as requested by HUD, the Trustee will pay to HUD from amounts on deposit in the IRP Account that amount determined by HUD, which determination must be confirmed by the Issuer, to be in excess of the amount that should have been paid by HUD in accordance with the terms of the IRP Agreement.

The Bond Fund

The Trustee will charge the Bond Fund, on each Interest Payment Date, an amount equal to the unpaid interest and principal due on the Bonds on such Interest Payment Date, and will cause the same to be applied to the payment of such interest and principal when due. Any moneys remaining in the Bond Fund on any Interest Payment Date after application as provided in the preceding sentence may, to the extent there will exist any deficiency in the Redemption Fund to redeem Bonds called for mandatory sinking fund redemption, if any, on such Interest Payment Date, be transferred to the Redemption Fund to be applied for such purpose. Any balance remaining in the Bond Fund on the Business Day immediately succeeding an Interest Payment Date will be transferred to the General Account of the Revenue Fund.

Income realized from the investment or deposit of moneys in the Bond Fund will be deposited by the Trustee upon receipt thereof in the General Account of the Revenue Fund.

The Redemption Fund

Any moneys credited to the Redemption Fund and not otherwise restricted will be applied:

FIRST, to make up any deficiency in the Bond Fund on any Interest Payment Date, to the extent required by the Indenture; provided that no moneys to be used to effect a redemption for which notice of redemption has been provided or moneys which are held for payment of Bonds which are no longer Outstanding hereunder will be so transferred to the Bond Fund; and

SECOND, to be applied to the redemption price of the Bonds called for mandatory redemption, in accordance with the Indenture and provisions therein with respect to the order for application of payments for mandatory or optional redemption, including mandatory sinking fund redemptions. On or before each Interest Payment Date, the income realized from the investment of moneys in the Redemption Fund will be credited by the Trustee to the General Account of the Revenue Fund.

The Administration Fund

Amounts in the Administration Fund will be withdrawn or maintained, as appropriate, by the Trustee and used:

FIRST, to make up any deficiency in the Bond Fund on any Interest Payment Date;

SECOND, to pay to the Trustee the Ordinary Trustee's Fees and Expenses on each Interest Payment Date;

THIRD, to pay when due the reasonable fees and expenses of a Rebate Analyst (not in excess of the Rebate Analyst Fees) in connection with the computations relating to arbitrage rebate required under the Indenture and the Financing Agreement;

FOURTH, to pay to the Issuer the Administration's Fee on each Interest Payment Date;

FIFTH, to pay, immediately upon moneys becoming available and without demand or request from Freddie Mac, any Freddie Mac Reimbursement Amounts then due and owing but unpaid;

SIXTH, to pay to Freddie Mac any unpaid portion of the Freddie Mac Credit Enhancement Fee, as certified in writing by Freddie Mac to the Trustee;

SEVENTH, to pay to the Trustee any Extraordinary Trustee's Fees and Expenses due and payable from time to time;

EIGHTH, to pay to the Loan Servicer any unpaid portion of the Ordinary Servicing Fees and Expenses and any Extraordinary Servicing Fees and Expenses due and owing from time to time;

NINTH, to pay to the Issuer any extraordinary expenses it may incur in connection with the Bonds or the Indenture; and

TENTH, to make up any deficiency in the Redemption Fund on any redemption date of Bonds, to the extent moneys then available in the Redemption Fund are insufficient to redeem Bonds called for redemption on such redemption date.

Investment of Funds

Any moneys attributable to each of the funds and accounts hereunder will be invested by the Trustee in Qualified Investments which mature on the earlier of (i) six months from the date of investment and (ii) the date such moneys are needed; provided, that if the Trustee will have entered into any investment agreement requiring investment of moneys in any fund or account hereunder in accordance with such investment agreement and if such investment agreement constitutes a Qualified Investment, such moneys will be invested in accordance with such requirements; and, provided further, that all funds derived from draws on the Credit Facility will be invested only in investments described in clauses (a) and (b) of the definition of Qualified Investments. All such Qualified Investments purchased with money in any fund or account hereunder will mature, or will be subject to redemption or withdrawal without discount or penalty at the option of the Trustee, prior to such Interest Payment Date. The Trustee may purchase from or sell to itself or an affiliate, as principal or agent, securities herein authorized. The Trustee will not be liable or responsible for any loss resulting from any investment made in accordance herewith.

The Rebate Fund

There will be deposited by the Borrower, at the direction of the Arbitrage Consultant, in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate to the extent required to pay rebatable arbitrage to the United States of America. All amounts on deposit in the Rebate Fund will be held by the Trustee in trust, and neither the Issuer, the Borrower nor the Holders of any Bonds will have any rights in or claim to such money. Moneys in the Rebate Fund may be separately invested and reinvested by the Trustee, at the request of and as directed in writing by the Borrower, in Qualified Investments, subject to the Code.

The Cost of Issuance Fund

The Trustee will use moneys on deposit to the credit of the Cost of Issuance Fund, if any, to pay the costs of issuance on the Delivery Date or as soon as practicable thereafter in accordance with written instructions to be given to the Trustee by the Borrower, upon delivery to the Trustee of appropriate invoices for such expenses. Amounts remaining on deposit in the Cost of Issuance Fund six (6) months after the Delivery Date will be transferred to the Borrower.

Payments Under Bond Mortgage Loan

Pursuant to the Credit Enhancement Agreement, the Loan Servicer will pay the Freddie Mac Credit Enhancement Fee, the Freddie Mac Reimbursement Amount, the Ordinary Servicing Fees and Expenses, the Administration's Fee and the Ordinary Trustee's Fees and Expenses from payments made by the Borrower.

The Credit Facility Account; Drawings Under Credit Facility

The Credit Facility will be held by the Trustee and drawn upon in accordance with the terms and the provisions of the Indenture and the Credit Facility. Moneys derived from draws upon the Credit Facility will be deposited in the Credit Facility Account of the Revenue Fund and applied by the Trustee to pay the principal of and interest on the Bonds and the Administration's Fee in accordance with the Indenture and the Credit Facility.

To the extent that there will exist a Guaranteed Pass-Through Payment Deficiency on any Pass-Through Payment Date, the Trustee will draw moneys under the Credit Facility in accordance with the terms thereof in an amount equal to such Guarantee Pass-Through Payment Deficiency. The Trustee will draw moneys under the Credit Facility at all other times set forth in the Credit Enhancement Agreement.

Provision of Alternate Credit Facility

The Borrower, pursuant to the Financing Agreement, is permitted with the consent of the Issuer and the Credit Facility Provider (and without the consent of Bondholders) to provide an Alternate Credit Facility to replace the then outstanding Credit Facility on any Interest Payment Date occurring after the Bonds may first be optionally redeemed at a price of not greater than par plus accrued interest to the redemption date. In addition, without the consent of the Borrower (and without the consent of Bondholders), the Credit Facility Provider may provide any other form of "credit support" which would constitute an Alternate Credit Facility issued by the Credit Facility Provider in substitution for the Credit Enhancement Agreement (or any successor Credit Facility Agreement) if (i) the requirements of the Financing Agreement are met in connection with the substitution of "credit support" and (ii) such substitute "credit support" does not increase the amounts required to be paid by, or other obligations of, the Borrower. The Trustee will give notice to the owners of the Bonds, by first class mail on the Substitution Date specifying: (i) the Substitution Date; (ii) the Alternate Credit Facility; and (iii) that the rating then assigned to the Bonds will not be adversely affected by such substitution.

The existing Credit Facility will remain in effect until the effective date of the Alternate Credit Facility.

To permit the substitution of an Alternate Credit Facility, the Trustee must receive at least fifteen (15) days prior to the Substitution Date (except as otherwise provided): (i) an Alternate Credit Facility meeting the requirements of the Financing Agreement, (ii) written approval of the Issuer, (iii) written confirmation by the close of business on the day preceding the Substitution Date from the Rating Agency that such substitution of the Alternate Credit Facility will not adversely affect the then current rating on the Bonds, (iv) an opinion of Bond Counsel to the effect that the substitution of the Alternate Credit Facility is authorized or permitted by the Indenture and will not adversely affect the exclusion of interest on the Bonds from gross income of the Borrowers thereof for federal income tax purposes, and (v) such other opinions and certificates of counsel to the Alternate Credit Facility Provider and the Borrower as are requested by the Trustee and the Issuer with respect to the due authorization, execution, delivery and enforceability of the Credit Facility and the Bond Mortgage Loan Documents.

Rights of the Credit Facility Provider

Notwithstanding anything contained in the Indenture to the contrary, in no event will the Credit Facility (or any funds advanced under the Credit Facility) directly or indirectly secure, or provide a source of payment of amounts due from time to time with respect to, the Purchase In-Lieu Bonds or Special Purchase Bonds.

Issuer Covenants

The Issuer covenants, among other things, (i) not to incur any additional indebtedness prior to or on a parity with the lien of the Indenture, (ii) to do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid on the Bonds will be excluded from income for federal income tax purposes, (iii) neither make nor cause to be made any investment or other use of the proceeds of the Bonds that would cause the Bonds to be arbitrage bonds under section 148 of the Code and the regulations thereunder or otherwise cause the interest on the Bonds to become included in gross income for federal income tax purposes.

Events of Default

Each of the following will be an "event of default" with respect to the Bonds (an "Event of Default") under the Indenture:

(a) failure to pay the principal of, premium, if any, or interest on any Bond when due, whether at the stated maturity thereof, or on proceedings for redemption thereof, or on the maturity thereof by acceleration or otherwise; or

(b) failure to observe or perform any of the covenants, agreements or conditions on the part of the Issuer (other than those set forth in subparagraph (a) above) in the Indenture or in the Bonds and the continuance thereof for a period of thirty (30) days after written notice to the Issuer from the Trustee or the Holders of more than 51% of the Bonds then Outstanding at such time specifying such default and requiring the same to be remedied; provided, that the Credit Facility Provider will have directed in writing that the same will have constituted an Event of Default.

No default under the terms of the Indenture will be construed as resulting in a default under the Bond Mortgage Note, the Mortgage or any other Bond Mortgage Loan Document, unless such event also constitutes a default thereunder.

Remedies Upon Event of Default

Upon the occurrence of an Event of Default as described in subparagraph (a) above, the Trustee will, but so long as no Wrongful Dishonor has occurred and is then continuing under the Credit Enhancement Agreement, only upon receipt from the Credit Facility Provider of a notice directing such acceleration (which notice may be given in the sole discretion of the Credit Facility Provider), by notice in writing delivered to the Issuer, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest will thereupon become and be immediately due and payable. Upon the occurrence of an Event of Default as described in subparagraph (b) above, the Trustee may, but so long as no Wrongful Dishonor has occurred and is then continuing under the Credit Facility, only upon receipt of the written consent of the Credit Facility Provider (which consent may be given in the sole discretion of the Credit Facility Provider), by notice in writing delivered to the Issuer, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest will thereupon become and be immediately due and payable. The payment on the Bonds resulting from a declaration of acceleration on the Bonds as the result of an Event of Default occurring under subparagraphs (a) or (b) above will be made from the Credit Facility.

Upon the happening and continuance of an Event of Default, the Trustee in its own name and as trustee of an express trust, on behalf and for the benefit and protection of the Holders of all Bonds with respect to which such an Event of Default has occurred and of the Credit Facility Provider (if no Wrongful Dishonor has occurred and is continuing under the Credit Facility), may also proceed to protect and enforce any rights of the Trustee and, to the full extent that the Holders of such Bonds themselves might do, the rights of such Bondholders under the laws of the State or under the Indenture by such of the following remedies as the Trustee will deem most effectual to protect and enforce such rights; provided that, so long as no Wrongful Dishonor has occurred and is then continuing under the Credit Facility, the Trustee may undertake any such remedy only upon the receipt of the prior written consent of the Credit Facility Provider (which consent may be given in the sole discretion of the Credit Facility Provider):

(1) by mandamus or other suit, action or proceeding at law or in equity, to enforce the payment of the principal of, premium, if any, or interest on the Bonds then Outstanding, or for the specific performance of any covenant or agreement contained herein or in the Credit Facility, the Financing Agreement or the Regulatory Agreement, or to require the Issuer to carry out any other covenant or agreement with Bondholders and to perform its duties under the Act;

(2) by pursuing any available remedies under the Financing Agreement, the Tax Regulatory Agreement or the Credit Facility;

(3) by realizing or causing to be realized through sale or otherwise upon the security pledged hereunder; and

(4) by action or suit in equity, to enjoin any acts or things that may be unlawful or in violation of the rights of the Holders of Bonds as may be necessary or advisable in the opinion of the Trustee in order to have the respective claims of the Bondholders against the Issuer allowed in any bankruptcy or other proceeding.

Rights of Bondholders

If (i) an Event of Default and (ii) a Wrongful Dishonor under the Credit Facility, will have occurred and is then continuing, and if requested in writing so to do by the Holders of more than 51% of the Bonds then Outstanding with respect to which there is a default, and if indemnified to its satisfaction, the Trustee will exercise one or more of the rights and powers conferred by this Article as the Trustee, being advised by counsel, will deem most expedient in the interest of the affected Bondholders. If (i) an Event of Default and (ii) a Wrongful Dishonor under the Credit Facility, will have occurred and is then continuing, the Holders of more than 51% of the Bonds then Outstanding with respect to which an Event of Default has occurred will have the right to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Credit Facility, or for the appointment of a receiver or any other proceedings hereunder, in accordance with the provisions of law and of the Indenture.

Application of Moneys After Default

In the event that at any time the moneys available for the payment of interest or principal then due with respect to the Bonds will be insufficient for such payment, such moneys (other than moneys held for the payment or redemption of particular Bonds) will be applied as follows and in the following order of priority:

(a) For payment of all amounts due to the Trustee incurred in performance of its duties under the Indenture.

(b) So long as no Wrongful Dishonor has occurred and is continuing, for the payment of the Credit Facility Provider of all amounts then due and unpaid under the Reimbursement Agreement (including, with respect to Freddie Mac, all Freddie Mac Credit Enhancement Fees and Freddie Mac Reimbursement Amounts).

(c) Unless the principal of all Bonds will have become or have been declared due and payable:

FIRST, to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available is not sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

SECOND, to the payment to the persons entitled thereto of the unpaid principal of any Bonds which will have become due, whether at maturity or by call for redemption, in the order in which they became due and payable, and, if the amount available is not sufficient to pay in full all the principal of the Bonds so due on any date, then to the payment of principal ratably, according to the amounts due on such date, to the persons entitled thereto, without any discrimination or preference.

(d) If the principal of all of the Bonds will have become or have been declared due and payable, to the payment of the principal of and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due, respectively, for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any differences in the respective rates of interest specified in the Bonds.

(e) If a Wrongful Dishonor has occurred and is then continuing under the Credit Facility, for the payment to the Credit Facility Provider of all amounts then due and unpaid under the Reimbursement Agreement to the date of such Wrongful Dishonor.

Rights of the Credit Facility Provider

So long as no Wrongful Dishonor has occurred and is then continuing under the Credit Facility, in the case of an Event of Default, the Credit Facility Provider will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee.

Remedies of Bondholders

No Holder of any Bond will have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust hereunder or for the appointment of a receiver or any other remedy hereunder, unless (a) a default will have occurred of which the Trustee will have been notified as provided herein; (b) a Wrongful Dishonor will have occurred of which the Trustee will have been notified as provided herein; (c) the Holders of more than 51% of the Bonds then Outstanding will have made written request to the Trustee and will have offered reasonable opportunity to the Trustee either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (d) such Holders will have offered to the Trustee indemnity as provided in the Indenture; and (e) the Trustee will within sixty (60) days thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding; it being understood and intended that no one or more Holders of the Bonds will have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Indenture or the rights of any other Holders of Bonds or to obtain priority or preference over any other Holders or to enforce any right under the Indenture, except in the manner herein provided with respect to the equal and ratable benefit of all holders of Bonds with respect to which there is a default. Nothing contained in the Indenture will, however, affect or impair the right of any Bondholder to enforce the payment of the principal of, the premium, if any, and interest on any Bond at the maturity thereof or the obligation of the Issuer to pay the principal of, premium, if any, and interest on the Bonds issued under the Indenture to the respective holders thereof, at the time, in the place, from the sources and in the manner expressed in said Bonds.

Concerning the Trustee

The Trustee, prior to an Event of Default and after the curing of all such events which may have occurred, will perform such duties and only such duties as are specifically set forth in the Indenture. The Trustee, during the existence of any such Event of Default (which will not have been cured), will exercise such rights and powers vested in it by the Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person' s own affairs. In the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee by the person or persons authorized to furnish the same. The Trustee will be under no obligation to exercise those rights or powers vested in it by the Indenture, other than such rights and powers which it will be obliged to exercise in the ordinary course of its trusteeship under the terms and provisions of the Indenture, at the request of any of the Bondholders unless such Bondholders will have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in the compliance with such request or direction. The Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of more than 51% of the Bonds then Outstanding (or such lesser or greater percentage as is specifically required or permitted by the Indenture) relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture.

In the administration of the trusts of the Indenture, the Trustee may execute any of the trusts or powers hereby granted directly or through its agents or attorneys, and the Trustee may consult with counsel (who may be counsel for the Issuer, the Servicer or the Credit Facility Provider) and the opinion or advice of such counsel will be full and complete authorization and protection in respect of any action taken or permitted by it hereunder in good faith and in accordance with the opinion of such counsel.

None of the provisions contained in the Indenture will require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers. The Trustee or any of its affiliates may act as advisor or sponsor with respect to any Qualified Investments.

The Trustee will be entitled to its Ordinary Trustee's Fees and Expenses in connection with the services rendered by it. The Trustee will be entitled to Extraordinary Trustee's Fees and Expenses in connection with any Extraordinary Services performed consistent with its duties under the Indenture; provided, the Trustee will not incur any Extraordinary Trustee's Fees and Expenses without the consent of the Credit Facility Provider and, prior to the Conversion Date, the Construction Phase Credit Facility Provider. The Trustee will also be indemnified by the Borrower for, and held harmless against, any loss, liability, expense or advance incurred or made without negligence or willful misconduct on the part of the Trustee, arising out of or in connection with the acceptance of this trust. The Issuer will have no liability for Trustee's fees, costs or expenses.

Resignation by the Trustee; Removal of the Trustee

The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving written notice to the Issuer, the Borrower, the Credit Facility Provider and, prior to the Conversion Date, the Construction Phase Credit Facility Provider, and by giving notice by certified mail or overnight delivery service to each Holder of the Bonds then Outstanding. The Trustee will not resign until a successor Trustee has been appointed by the Issuer.

The Trustee may be removed at any time, by an instrument in writing signed by the Issuer with the consent of the Credit Facility Provider, and if an Event of Default will have occurred and be continuing, by an instrument or concurrent instruments in writing signed by the Holders of more than 51% of the Bonds then Outstanding and delivered to the Trustee, the Issuer, the Borrower and the Credit Facility Provider. The Trustee may also be removed for cause, at the direction of the Credit Facility Provider, with the consent of the Issuer, which consent will not be unreasonably withheld. The Trustee may not be removed until a successor Trustee has been appointed.

Appointment of Successor Trustee

In case the Trustee hereunder will resign or be removed, or be dissolved, or will be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it will be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Issuer with the approval of the Credit Facility Provider, or if the Issuer is then in default hereunder, by the Holders of more than 51% of the Bonds then Outstanding, with the approval of the Credit Facility Provider; provided, nevertheless, that in case of vacancy the Issuer may appoint a temporary Trustee to fill such vacancy until a successor Trustee will be appointed by such Bondholders. Every such Trustee appointed pursuant to the provisions of the Indenture will be a trust company or bank organized under the laws of the United States of America or any state thereof and which is in good standing, within or outside the State, having a reported capital and surplus of not less than $50,000,000 willing, qualified and able to accept the trust upon reasonable or customary terms.

Supplemental Indentures Not Requiring Consent of Bondholders

The Issuer and the Trustee may without the consent of, or notice to, any of the Bondholders, but with the prior written consent of the Credit Facility Provider and, prior to the Conversion Date, the

Construction Phase Credit Facility Provider, enter into an indenture or indentures supplemental to the Indenture as will not be inconsistent with the terms and provisions hereof or materially adverse to the Holders of the Bonds for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission herein;

(b) 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 either of them;

(c) to subject to the lien and pledge of the Indenture additional revenues, properties or collateral;

(d) to modify, amend or supplement the Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under any state blue sky laws;

(e) in connection with any other change in the Indenture which will not adversely affect the interest of the Trustee or the Bondholders;

(f) to insert such provisions as are, in the opinion of Bond Counsel, necessary to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds;

(g) to modify or amend the Indenture as necessary to maintain the then current rating on the Bonds, except no change may be made that will adversely affect the interests of the Bondholders;

(h) to modify, alter, amend or supplement the Indenture in connection with the delivery of any Alternate Credit Facility.

Supplemental Indentures Requiring Consent of Bondholders

With the prior written consent of the Credit Facility Provider and, prior to the Conversion Date, the Construction Phase Credit Facility Provider, the Holders of more than 51% of the Bonds then Outstanding will have the right, from time to time, to consent to and approve the execution by the Issuer and the Trustee of such indenture or indentures supplemental hereto as will be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture; provided, however, that nothing in this Section contained will permit, or be construed as permitting, (a) an extension of the time for payment of, or an extension of the stated maturity or reduction in the principal amount or reduction in the rate of interest on or extension of the time of payment, of interest on, or reduction of any premium payable on the redemption of, any Bonds, or a reduction in the Borrower' s obligation on the Bond Mortgage Note, without the consent of the Holders of all of the Bonds then Outstanding, or (b) the creation of any lien prior to or on a parity with the lien of the Indenture, or (c) a reduction in the aforesaid percentage of the principal amount of Bonds which is required in connection with the giving of consent to any such supplemental indenture, without the consent of the Holders of all of the Bonds then Outstanding, or (d) the modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee, or (e) a privilege or priority of any Bond over any other Bonds, or (f) any action that results in the interest on the Bonds becoming included in gross income for federal income tax purposes.

Unless the Borrower will then be in default of any of its obligations under the Financing Agreement, the Reimbursement Agreement, the Regulatory Agreement, the Bond Mortgage Note or the Mortgage, a supplemental indenture under the Indenture which affects any rights of the Borrower will not become effective unless and until the Borrower will have expressly consented in writing to the execution and delivery of such supplemental indenture.

Notwithstanding any other provision of the Indenture, the Issuer and the Trustee may consent to any supplemental indenture upon receipt of the consent of the Credit Facility Provider and of the Holders of all Bonds then Outstanding, and as applicable, the Borrower.

Amendments to Financing Agreement

The Trustee will, without the consent of, or notice to, the Bondholders, but with the consent of the Issuer, the Borrower, the Credit Facility Provider and, prior to the Conversion Date, the Construction Phase Credit Facility Provider, consent to any amendment, change or modification of the Financing Agreement as follows:

(a) as may be required by the provisions of the Credit Enhancement Agreement, by the Financing Agreement or by the Indenture;

(b) to cure any ambiguity or formal defect or omission in the Financing Agreement;

(c) in connection with any other change in the Financing Agreement which will not materially adversely affect the interest of the Trustee or the Bondholders;

(d) to modify or amend the Financing Agreement as necessary to maintain the then current rating on the Bonds;

(e) to make such additions, deletions or modifications as may be necessary, in the opinion of Bond Counsel delivered to the Issuer, the Trustee and the Credit Facility Provider to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds; or

(f) to modify, alter, amend or supplement the Financing Agreement in connection with the delivery of an Alternate Credit Facility to the extent such modification, alteration, amendment or supplement will not materially adversely affect the interest of the Borrower.

Except for the amendments, changes or modifications of the Financing Agreement as provided above, neither the Issuer nor the Trustee will consent to any other amendment, change or modification of the Financing Agreement without the consent of the Credit Facility Provider, the Borrower and, prior to the Conversion Date, the Construction Phase Credit Facility Provider, and without the giving of notice and the written approval or consent of the Holders of at least 51% of the Bonds then Outstanding.

Amendments to the Credit Facility

The Trustee, the Borrower and the Issuer may, without the consent of, or notice to, any of the Bondholders, enter into any amendment, change or modification of the Credit Facility (a) as may be required by the provisions of the Credit Facility, (b) to cure any ambiguity or formal defect or omission in the Credit Facility, (c) in a manner which is not prejudicial to the interests of the Bondholders (which will be conclusively evidenced by an opinion of counsel delivered to the Trustee and the Issuer or by a written confirmation from the Rating Agency of the then existing rating on the Bonds delivered to the Trustee and the Issuer), or (d) as may be required to maintain the then current rating on the Bonds. Except for the amendments, changes and modifications permitted pursuant to the preceding sentence, neither the Trustee, the Borrower nor the Issuer will enter into any amendment, change or modification of the Credit Enhancement Agreement without the giving of notice and the written approval or consent of the Holders of more than 51% of the Bonds then Outstanding.

Satisfaction and Discharge of Indenture

If the Issuer will pay or cause to be paid to the Holders of the Bonds the principal, interest and premium, if any, to become due thereon at the times and in the manner stipulated therein and herein, in any one or more of the following ways:

(a) by the payment of the principal of (including redemption premium, if any) and interest on all Bonds outstanding; or

(b) by the deposit or credit to the account of the Trustee, in trust, of money or securities in the necessary amount to pay the principal, redemption price and interest, whether by redemption or otherwise; or

(c) by the delivery to the Trustee, for cancellation by it, of all Bonds outstanding

and will have paid all amounts due and owing to the Credit Facility Provider, the Trustee, the Loan Servicer and the Construction Phase Credit Facility Provider, and if the Issuer will keep, perform and observe all and singular the covenants and promises in the Bonds and in the Indenture expressed as to be kept, performed and observed by it or on its part, then the Trustee will cancel and discharge the lien of the Indenture and reconvey to the Issuer the Trust Estate, except for any amounts held by the Trustee for the payment of principal of, interest and premium, if any, on the Bonds, the payment of any amounts owed to the United States or the Credit Facility Provider.

Any Outstanding Bond will prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section if, under circumstances which do not render interest on the Bonds subject to inclusion in the Holders' gross income for purposes of federal income taxation, the following conditions will have been fulfilled: (a) in case such Bond is to be redeemed on any date prior to its maturity, the Trustee will have given to the Bondholder irrevocable notice of redemption of such Bond on said date; (b) there will be on deposit with the Trustee either money or direct obligations of the United States of America in an amount, together with anticipated earnings thereon (but not including any reinvestment of such earnings), which will be sufficient to pay, when due, the principal or redemption price, if applicable, and interest due and to become due on such Bond on the redemption date or maturity date thereof, as the case may be; and (c) the Trustee will have received an opinion of nationally recognized bankruptcy counsel that payments from such moneys are not subject to Sections 544, 547 or 550 of the United States Bankruptcy Code or any other applicable bankruptcy provisions.

Notwithstanding any provisions of the Indenture, any moneys deposited with the Trustee in trust for the payment of the principal of, or interest on any Bonds remaining unclaimed after the principal of all the outstanding Bonds, or any interest thereon, has become due and payable, will be held by the Trustee until disbursed in accordance with the laws of the State and the Holders of such Bonds will thereafter be entitled to look only to the State for payment thereof.

Payments Due on Non-Business Days

In any case where a date of payment with respect to any Bonds will be a day other than a Business Day, then such payment need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on such date, and no interest will accrue for the period after such date providing that payment is made on such next succeeding Business Day.

Construction Phase Credit Facility Provider

Prior to the Conversion Date, and subject to the applicable terms and conditions of the Construction Phase Financing Agreement, the Construction Phase Credit Facility Provider may, by assignment from the Credit Facility Provider, succeed to the interests of the Credit Facility Provider under the Bond Documents and the Bond Mortgage Loan Documents with the authority to exercise the rights otherwise granted to the Credit Facility Provider under the Bond Documents and the Bond Mortgage Loan Documents. Any references in the Indenture to amounts owed to the Credit Facility Provider under the Credit Facility Agreement will, on and after the effective date of the assignment referred to in the immediately preceding sentence, be deemed to refer to amounts owed to the Construction Phase Credit Facility Provider under the Construction Phase Credit Documents. All references in the Indenture to the Construction Phase Credit Facility Provider will be of no further force or effect and will be disregarded for all purposes of the Indenture from and after the Conversion Date.

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APPENDIX C
SUMMARY OF CERTAIN PROVISIONS OF
THE TAX REGULATORY AGREEMENTS

Each Borrower will enter into a Tax Regulatory Agreement with the Issuer. The following is a summary of certain provisions of the Tax Regulatory Agreements. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Tax Regulatory Agreements, copies of which are on file with the Trustee.

Residential Rental Property

Under the Tax Regulatory Agreement, the Borrower or any subsequent owner of the Project agrees, among other things, that (a) none of the Regulated Units (as defined below) in the Project shall at any time be used on a transient basis, none of the Regulated Units in the Project shall ever be leased or rented for a period of less than 30 days, and no part of the Project shall ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, nursing home, sanitarium, rest home, or trailer park or court; (b) all of the units in the Project shall be rented or available for rental on a continuous basis to members of the general public, and the Borrower shall not give preference in renting units to any particular class or group of persons except as may be required in order to comply with the restrictions contained in the Tax Regulatory Agreement; (c) the Project will not be owned or leased by a cooperative housing corporation; (d) the Borrower will permit the Issuer, the Trustee, or any monitoring agent appointed by the Issuer or any of their respective officers, agents, or employees, after prior notice and at reasonable intervals during normal business hours, to inspect the Project, and to inspect the books and records of the Borrower pertaining to the occupancy of the Project and any certifications relating thereto; and (e) neither the Borrower nor any employee of the Borrower will occupy any unit in a building that has fewer than five units.

The Tax Regulatory Agreement provides that the foregoing requirements will be complied with during the period beginning on the first day on which at least 10% of the units in the Project were first occupied following issuance of the Bonds, and ending on the latest of (i) the date which is 15 years after the date on which 50% of the units in the Project were first occupied following issuance of the Bonds, (ii) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937 terminates, or (b) the first day on which no tax-exempt bond issued with respect to the Project is outstanding (the "Qualified Project Period").

Lower Income Tenants and Occupancy Requirements

In order to satisfy the requirement of Section 142 of the Code that 40% or more of the units in the Project are occupied by individuals having incomes of 60% or less of the area median gross income, and in order to provide for compliance with certain of the conditions and requirements imposed by the Issuer as conditions precedent to its issuance of the Bonds, the Borrower will agree that at all times during the Qualified Project Period at least 40% of the units in the Project (the "Regulated Units") shall be rented to and occupied by individuals or families whose income is 60% or less of the area median gross income, adjusted for family size ("Lower Income Tenants"). For purposes of satisfying this covenant, increases in a Lower Income Tenant's income of up to 140% of the applicable limit will not result in disqualification. If the Lower Income Tenant's income increases to a level of more than 140% of the applicable limit, the Lower Income Tenant may no longer be counted among the 40% of units that satisfy the requirement unless thereafter the next units of comparable or smaller size which become available are rented to Lower Income Tenants until the Project is again in compliance.

Tax-Exempt Status of Bonds

The Borrower covenants that all of the proceeds of the Bond Mortgage Loan will be used to finance buildings and equipment that qualify as a qualified residential rental project within the meaning of Section 142(d) of the Code.

Covenants to Run With Land

Each grantee accepting a deed of the Project agrees to be bound by the restrictions set forth in the Tax Regulatory Agreement, which shall be deemed covenants running with the land on which the Project is situated.

Duration, Termination and Modification

Unless terminated sooner as provided in the Tax Regulatory Agreement, the covenants and restrictions shall continue in full force and effect during the Qualified Project Period or so long as the Bonds are outstanding, whichever is longer.

The provisions, restrictions and covenants of the Tax Regulatory Agreement will automatically terminate in the event of involuntary non-compliance caused by condemnation, fire, seizure, requisition, foreclosure, transfer of title by a deed in lieu of foreclosure, change in a federal law or action of a federal agency after the Bonds are issued which prevents compliance with the covenants and restrictions, but only if, within a reasonable period, either (i) the Bonds are redeemed and paid in full, or (ii) amounts received as a consequence of such event are used to provide a project which meets the requirements of Section 142(d) of the Code.

Remedies; Enforceability

In the event of a violation of, non-compliance with or default under any of the restrictions, covenants or provisions of the Tax Regulatory Agreement, the Issuer or person acting on its behalf may bring any action or proceeding at law or in equity to abate, prevent or enjoin any such violation. However, enforcement of the Tax Regulatory Agreement shall not result in any claim against the Project, proceeds of the Bond Mortgage Loan or rents or other income from the Project without the consent of the Credit Facility Provider pursuant to the provisions of the Intercreditor Agreement.

Rights of Freddie Mac

The Credit Provider will have contractual rights in the Tax Regulatory Agreement and will be entitled (but not obligated) to enforce, separately or jointly with the Issuer, or to cause the Issuer to enforce, the terms of the Tax Regulatory Agreement. In addition, the Credit Provider is intended to be and will be a third-party beneficiary of the Tax Regulatory Agreement and will have the right (but not the obligation) to enforce the terms of the Tax Regulatory Agreement insofar as the Tax Regulatory Agreement sets forth obligations of the Borrower.

All provisions relating to the rights of the Credit Provider will be of no force and effect if there is no Credit Facility in effect and all amounts owing to the Credit Provider under the Reimbursement Agreement have been paid. See APPENDIX F - "SUMMARY OF CERTAIN PROVISIONS OF THE INTERCREDITOR AGREEMENTS."

APPENDIX D
SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENTS

The Issuer, the Trustee and each Borrower will enter into a Financing Agreement. The following statements are a brief summary of certain provisions of the Financing Agreement that have not been described elsewhere in this Official Statement. The summary does not purport to be complete, and reference is made to the Financing Agreements, copies of which are on file with the Trustee, for a full and complete statement of the provisions thereof.

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

Payments Under the Bond Mortgage Note; Independent Obligation of Borrower

The Borrower agrees to pay amounts due under the Bond Mortgage Note in the amounts and at the times necessary to enable the Trustee, on behalf of the Issuer, to pay when due all amounts payable with respect to the Bonds when due, whether at maturity or by redemption or acceleration, or otherwise. The obligation of the Borrower to make the payments set forth in the Financing Agreement will be an independent and separate obligation of the Borrower from its obligation to make payments under the Bond Mortgage Note, provided that in all events payments made by the Borrower under and pursuant to the Bond Mortgage Note will be credited against the Borrower's obligations under the Financing Agreement. In addition, payments made under the applicable IRP Agreement will also be credited to the Borrower's obligations under the Bond Mortgage Note and the Financing Agreement.

The obligations of the Borrower to repay the Bond Mortgage Loan, to perform all of its respective obligations under the Bond Mortgage Loan Documents, to provide indemnification pursuant to the Financing Agreement, to pay costs, expenses and charges pursuant to the Financing Agreement and to make any and all other payments required by the Financing Agreement, the Indenture or any other documents contemplated by the Financing Agreement or by the Bond Mortgage Loan Documents will be absolute and unconditional and will not be subject to diminution by set-off, recoupment, counterclaim, abatement or otherwise.

Prepayment of the Bond Mortgage Loan

The Borrower will have the option to prepay the Bond Mortgage Loan in full or in part prior to the payment and discharge of all the Outstanding Bonds only on or after December 1, 2011 in accordance with the provisions of the Indenture and the Financing Agreement and, only with the prior written consent of the Credit Facility Provider. The Bonds are subject to redemption in accordance with the terms and conditions set forth in the Indenture. The Borrower will be obligated to prepay the Loan in each case that Bonds are required to be redeemed pursuant to the Indenture. In connection with any prepayment, whether optional or mandatory, in addition to all other payments required under the Bond Mortgage Note, the Borrower will pay, or cause to be paid to the Loan Servicer or other party as directed by the Credit Facility Provider (or, if no Credit Facility is then in effect, to the Trustee), an amount sufficient to pay the redemption price of the Bonds to be redeemed, including principal, interest and premium (if any), and further including any interest to accrue with respect to the Bond Mortgage Loan and such Bonds between the prepayment date and the redemption date, together with a sum sufficient to pay all fees, costs and expenses in connection with such redemption and, in the case of redemption in whole, to pay all other amounts payable under the Financing Agreement, under the Indenture and the Reimbursement Agreement.

Borrower's Obligations Upon Redemption

In the event of any redemption of Bonds, the Borrower will timely pay, or cause to be paid, (i) directly to the Trustee (on or prior to Conversion) or (ii) through the Servicer (subsequent to Conversion) to the Trustee, an amount equal to the principal amount of such Bonds or portions thereof called for redemption, together with interest accrued to the redemption date and premium, if any, at the times and in the amounts specified in the Indenture. The Borrower will timely pay all fees, costs and expenses associated with any redemption of Bonds.

Alternate Credit Facility

With the prior written consent of the Credit Facility Provider (provided there has been no Wrongful Dishonor) but without the consent of Bondholders) the Borrower may, on any day (but no later than seventeen (17) days prior to the expiration date of the Credit Facility unless a commitment to extend the existing Credit Facility has been delivered to the Trustee satisfying the requirements of the Indenture, if applicable), and, subject to the terms of the existing Credit Facility and Reimbursement Agreement, arrange for the delivery to the Trustee of an Alternate Credit Facility in substitution for the Credit Facility then in effect. Without the consent of the Borrower (and without the consent of the Bondholders), the Credit Facility Provider may provide any other form of "credit support" or "liquidity support" (or combination thereof) qualifying as an Alternate Credit Facility to be issued by the Credit Facility Provider in substitution for the Credit Facility (or any successor Credit Facility Agreement). The Borrower acknowledges that it is required to pay Freddie Mac an amount calculated in accordance with the provisions of the Reimbursement Agreement upon the delivery of an Alternate Credit Facility. In connection with the delivery of an Alternate Credit Facility (i) the conditions required under the Indenture must be satisfied, (ii) the Rating Agency must confirm in writing that such substitution will not adversely affect the then existing rating of the Bonds, (iii) the new Credit Facility Provider must deliver to the Issuer and the Trustee an Opinion of Counsel and an Opinion of Bond Counsel satisfying the requirements set forth in the Financing Agreement and described below in paragraph (b) and (iv) in the case of an Alternate Credit Facility which is being delivered by the Credit Facility Provider such substitute "credit support" or "liquidity support" (or combination thereof) must not increase the amounts required to be paid by, or other obligations of, the Borrower.

(a) The Alternate Credit Facility will (i) be in an amount equal to the aggregate principal amount of the Bonds Outstanding from time to time plus an amount of interest equal to the amount required by the Rating Agency; (ii) provide for payment in immediately available funds to the Trustee upon receipt of the Trustee's request for such payment with respect to interest and principal (including sinking fund installments) on any Interest Payment Date pursuant to the Indenture; (iii) provide an expiration date no earlier than the earliest of (A) ten (10) days after the Trustee receives notice from the Credit Facility Provider of an Event of Default under the Financing Agreement or a default under and as defined in the reimbursement agreement applicable to such Alternate Credit Facility and a direction to redeem all Outstanding Bonds; (B) the date on which all Bonds are paid in full and the Indenture is discharged in accordance with its terms; or (C) the date on which the Bonds become secured by an Alternate Credit Facility in accordance with the terms of the Indenture;

(b) In connection with the delivery of an Alternate Credit Facility, the Trustee must receive (i) an Opinion of Counsel to the Credit Facility Provider issuing the Alternate Credit Facility, in form and substance satisfactory to the Issuer and the Trustee, relating to the due authorization and issuance of the Alternate Credit Facility, its enforceability, that the statements made relating to the Alternate Credit Facility and related reimbursement agreement contained in any disclosure document related to the Bonds are true and correct, that the Credit Facility is not required to be registered under the Securities Act of 1933, as amended and if applicable, that payments made by the Credit Facility Provider pursuant to the Credit Facility will not be voidable under Section 547 of the Bankruptcy Code and would not be prevented by the automatic stay provisions of Section 362(a) of the Bankruptcy Code, in the context of a case or proceeding by or against the Borrower, a general partner of the Borrower or by the Issuer under the Bankruptcy Code; and (ii) an Opinion of Bond Counsel to the effect that the substitution of such Alternate Credit Facility will not adversely affect the exclusion from gross income, for federal income tax purposes, of the interest payable on the Bonds.

Tax Compliance

In the Financing Agreement, the Borrower has covenanted and made representations that it has taken and caused to be taken, and covenants that it will take and cause to be taken, all actions that may be required of it, alone and in conjunction with the Issuer, for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes, and represents that it has not taken or permitted to be taken on its behalf, and covenants that it will not take or permit to be taken on its behalf, any actions that would adversely affect such exclusion under the provisions of the Code.

Events of Default

The following will be "Events of Default" under the Financing Agreement and the terms "Events of Default" or "default" will mean, whenever they are used in the Financing Agreement, one or all of the following events:

(a) Failure by the Borrower to pay any amounts due under the Financing Agreement, the Bond Mortgage Note or the Bond Mortgage at the times and in the amounts required by the Financing Agreement, the Bond Mortgage Note or the Bond Mortgage;

(b) The Borrower's failure to observe and perform any of its other covenants, conditions or agreements contained in the Financing Agreement, other than as referred to in clause (a) above, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given by the Issuer or the Trustee to the Borrower; provided, however, that if the failure will be such that it can be corrected but not within such period, the Issuer and the Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Borrower within such period and diligently pursued until the failure is corrected; or

(c) The occurrence of a default under the Reimbursement Agreement will at the discretion of the Credit Facility Provider constitute an Event of Default under the Financing Agreement. The occurrence of a default under the Financing Agreement will in the discretion of the Credit Facility Provider constitute a default under the Bond Mortgage Loan Documents and the Reimbursement Agreement.

Remedies on Default

Whenever any Event of Default under the Financing Agreement shall have happened and be existing, any one or more of the following remedial steps may be taken; provided that in no event will the Issuer be obligated to take any step which in its opinion will or might cause it to expend time or money or otherwise incur liability unless and until a satisfactory indemnity bond has been furnished to it:

(a) In the event any of the Bonds will at the time be outstanding and not paid and discharged in accordance with the provisions of the Indenture, the Issuer or the Trustee may have access to and inspect, examine and make copies of the books and records and any and all accounts, data and income tax and other tax returns of the Borrower.

(b) The Issuer may, without being required to give any notice (other than to the Trustee), except as provided in the Financing Agreement, pursue all remedies of a creditor under the laws of the State, as supplemented and amended, or any other applicable laws.

(c) The Issuer or Trustee may take whatever action at law or in equity may appear necessary or desirable to collect the payments due under the Financing Agreement then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under the Financing Agreement.

Any amounts collected pursuant to the Financing Agreement and any other amounts which would be applicable to payment of principal of and interest on the Bonds collected pursuant to action taken after default will be applied in accordance with the provisions of the Indenture.

APPENDIX E
SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENTS

Each Borrower will enter into a Reimbursement and Security Agreement with Freddie Mac. The following is a brief summary of certain provisions of the Reimbursement Agreements. The summary is qualified in its entirety by reference to the Reimbursement Agreements, copies of which are on file with the Trustee, for a full and complete statement of the provisions thereof.

Under the Reimbursement Agreement, the Borrower promises to repay Freddie Mac all sums of money Freddie Mac has advanced to the Trustee under the Credit Enhancement Agreement. The Reimbursement Agreement also provides that the Borrower will pay to Freddie Mac the Freddie Mac Credit Enhancement Fee and provide for various other third-party fees and expenses.

Defaults by the Borrower under the provisions of the Reimbursement Agreement include (i) the Borrower fails to pay when due any amount payable by the Borrower under the Reimbursement Agreement, including, without limitation, any fees, costs or expenses; (ii) an Advance is made; (iii) the Borrower fails to observe or perform any other term, covenant, condition or agreement set forth in any of the other Borrower Documents or there will otherwise occur an "Event of Default" under the Mortgage or an event of default by the Borrower under any of the other Borrower Documents (taking into account any applicable cure period); (iv) any representation or warranty made by or on behalf of the Borrower in the Reimbursement Agreement, in any other Borrower Document or in any certificate delivered by the Borrower to Freddie Mac or to the Servicer pursuant to the Reimbursement Agreement or any other Borrower Document will be inaccurate or incorrect in any material respect when made or deemed made; (v) HUD fails to make a scheduled payment under the IRP Agreement; (vi) the Borrower fails to perform its obligations pursuant to the IRP Agreement and the Section 236 Use Agreement; (vii) the Borrower fails to observe or perform any other term, covenant, condition or agreement set forth in the Reimbursement Agreement; and (viii) a default by the Borrower under the Subordinate Mortgage Loan Documents. Upon an Event of Default, Freddie Mac may declare all obligations of the Borrower under the Reimbursement Agreement and the Bond Mortgage Note immediately due and payable and take any other action at law or equity to protect its rights against the Borrower in the Project, including foreclosing against the Project subject to the Bond Mortgage. The obligations of the Borrower under the Reimbursement Agreement will be secured by a deed of trust (which is subordinate to the applicable Bond Mortgage) and other collateral security documents executed by the Borrower and certain rights of subrogation to the rights of the Bondholders under the Bond Mortgage Documents.

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APPENDIX F
SUMMARY OF CERTAIN PROVISIONS OF THE INTERCREDITOR AGREEMENTS

The Issuer, the Credit Provider, the Trustee and SunAmerica will enter into an Intercreditor Agreement with respect to each Mortgage Loan. The following is a brief summary of certain provisions of the Intercreditor Agreements. The summary is qualified in its entirety by reference to the Intercreditor Agreements, copies of which are on file with the Trustee, for a full and complete statement of the provisions thereof.

The Issuer, the Trustee, Freddie Mac, SunAmerica, Inc., in its capacity as subordinate lender and SunAmerica, Inc., in its capacity as Construction Phase Credit Facility Provider (collectively, "SunAmerica") have agreed upon their respective rights arising from an Event of Default under the Bond Documents, in an Intercreditor Agreement dated as of December 1, 2001 (the "Intercreditor Agreement"). Under the terms of the Intercreditor Agreement, the Issuer, the Trustee, Freddie Mac and SunAmerica have agreed, among other things, that, until either (a) Freddie Mac fails to honor a draw properly presented in accordance with the terms of the Credit Enhancement Agreement or (b) the Credit Enhancement Agreement terminates in accordance with its terms, certain of the rights and remedies of the Issuer, the Trustee, Freddie Mac and SunAmerica, under the Bond Documents, including (without limitation) certain of the rights and remedies of the mortgagee under the Bond Mortgage and certain of the rights and remedies of the mortgagee under the mortgage given to secure the Series 2001 E Bonds or Series 2001 G Bonds as applicable (the "Subordinate Bonds") may be exercised solely at the direction of Freddie Mac, in its sole discretion, including (without limitation) certain of the right to waive certain terms and conditions of certain of the Bond Documents pertaining to the Borrower. During the Construction Phase, provided that the conditions set forth in the Intercreditor Agreement and the Construction Phase Financing Agreement are satisfied, SunAmerica has certain enforcement and consent rights with respect to the Bond Mortgage.

Notwithstanding anything to the contrary contained in the Financing Agreement and pursuant to the Intercreditor Agreement, as long as Freddie Mac is not in default of its obligations under the Credit Enhancement Agreement, neither the Issuer, the Trustee, nor any other person will, upon the occurrence of an Event of Default under the Financing Agreement or any event of default under the Bond Mortgage Loan or the Subordinate Mortgage Loan, take any action to accelerate or otherwise enforce payment or seek other remedies with respect to the Bond Mortgage Loan Documents or the Subordinate Mortgage Loan Documents, except at the direction of Freddie Mac; provided that this prohibition will not be construed to limit the rights of the Issuer or the Trustee to specifically enforce the Regulatory Agreement in order to provide for operation of the Project in accordance with the 1986 Code and the Act; except, that upon receipt of proper notice, Freddie Mac may, but is not obligated to, cure a default by Borrower; and provided further that this prohibition will not be construed to limit the indemnification rights of the Issuer, the Trustee, the Loan Servicer, Freddie Mac or any other indemnified party under the Financing Agreement to enforce its rights against the Borrower under the Financing Agreement by mandamus or other suit, action or proceeding at law or in equity where such suit, action or proceeding does not seek any remedies under or with respect to the Bond Mortgage Loan or the Subordinate Mortgage Loan.

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APPENDIX G

FORM OF THE CONTINUING DISCLOSURE AGREEMENTS

Community Development Administration
Maryland Department of Housing and Community Development
Multifamily Development Revenue Bonds
(___________________ Project)
Series 2001 _____

THIS CONTINUING DISCLOSURE AGREEMENT dated as of December 1, 2001 (this "Disclosure Agreement") is executed and delivered by applicable Borrower, a Maryland limited partnership (the "Borrower"), and Allfirst Bank, Baltimore Maryland, in its capacity as Dissemination Agent hereunder and in its capacity as trustee (the "Trustee"), for the holders of the above-captioned bonds (the "Bonds") under the Trust Indenture dated as of November 15, 2001 (the "Indenture") between the Community Development Administration (the "Issuer") and the Trustee. The Borrower, the Dissemination Agent and the Trustee covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Borrower, the Dissemination Agent and the Trustee for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with, and constitutes the written undertaking of the Borrower for the benefit of the Bondholders required by, Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 C.F.R. § 240.15c2-12) (the "Rule").

The Borrower, as an "obligated person" within the meaning of the Rule, undertakes to provide the following information as provided in this Disclosure Agreement:

(1) Annual Financial Information;

(2) Audited Financial Statements, if any; and

(3) Material Event Notices.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms will have the following meanings:

"*Annual Financial Information*" means, in the case of the Borrower, the financial information or operating data with respect to the Project, provided at least annually, of the type included in Exhibit A hereto, which Annual Financial Information may, but is not required to, include Audited Financial Statements.

"*Audited Financial Statements*" means, in the case of the Borrower, the annual audited financial statements, if any.

"*Beneficial Owners*" means any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories.

"*Dissemination Agent*" means Allfirst Bank, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Borrower and which has filed with the Trustee and any Disclosure Required Obligor a written acceptance of such designation.

"*Holders*" means either the registered owners of the Bonds, or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in its depository system.

"*Material Event*" means any of the following events with respect to the Bonds, if material:

(i) Principal and interest payment delinquencies;

(ii) Non-payment related Events of Default under and as defined in the Indenture;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;

(vii) Modifications to rights of Bondholders;

(viii) Bond calls (other than mandatory sinking fund redemptions);

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the Bonds; and

(xi) Rating changes.

"*Material Event Notice*" means written or electronic notice of a Material Event.

"*NRMSIR*" means a nationally recognized municipal securities information repository, as recognized from time to time by the Securities and Exchange Commission for the purposes referred to in the Rule. The current list of NRMSIRs approved by the Securities and Exchange Commission is available at http://www.sec.gov.

"*Participating Underwriters*" means the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Project*" means the project financed with proceeds of the Bonds.

"*SID*" means a state information depository as operated or designated by the State of Maryland as such for the purposes referred to in the Rule. As of the date of this Disclosure Agreement, there is no SID operated or designated by the State of Maryland as such for the purposes referred to in the Rule.

Section 3. Provision of Annual Reports.

(a) While any Bonds are outstanding with respect to the Project, the Borrower will, or upon written direction will cause the Dissemination Agent to, provide the Annual Financial Information on or before June 1 of each year (the "Report Date"), beginning on or before June 1, 2003 to each then existing NRMSIR, the SID, if any, and the Issuer. If the Dissemination Agent is to provide the Annual Financial Information, not later than 15 Business Days prior to said date (the "Borrower Report Date"), the Borrower will provide the Annual Financial Information to the Dissemination Agent. The Borrower will include with each such submission of Annual Financial Information to the Dissemination Agent a written representation addressed to the Dissemination Agent, upon which the Dissemination Agent may conclusively rely, to the effect that the Annual Financial Information is the Annual Financial Information required to be provided by it pursuant to this Disclosure Agreement and that it complies with the applicable requirements of this Disclosure Agreement. In each case, the Annual Financial Information may be submitted as a single document or as a set of documents, and all or any part of such Annual Financial Information may be provided by specific cross-reference to other documents previously provided to each NRMSIR and the SID, if any, or filed with the Securities and Exchange Commission and, if such a document is a final official statement within the meaning of the Rule, available from the Municipal Securities Rulemaking Board, as provided in the definition of Annual Financial Information. The Audited Financial Statements, if any, may, but are not required to be, provided as a part of the Annual Financial Information.

If not provided as part of the Annual Financial Information, the Borrower will, or, upon furnishing such Audited Financial Statements to the Dissemination Agent will cause the Dissemination Agent to, provide Audited Financial Statements when and if available while any Bonds are Outstanding with respect to the Project to each then existing NRMSIR, the SID, if any, and the Issuer.

If the Dissemination Agent has not received a copy of the Annual Financial Information by the Borrower Report Date, the Dissemination Agent will contact the Borrower to give notice that the Dissemination Agent has not received the Annual Financial Information and that such information must be provided to the NRMSIRS and SID, if any, by the applicable Report Date.

The Dissemination Agent will:

(i) determine prior to the Borrower Report Date the name and address of each NRMSIR and each SID, if any; and

(ii) to the extent the Borrower has provided the Annual Financial Information to the Dissemination Agent and required such information be sent to each NRMSIR or SID, file a report with the Borrower certifying that the Annual Financial Information has been provided by the Dissemination Agent to each NRMSIR and SID, if any, pursuant to this Disclosure Agreement, stating the date it was provided and listing each then existing NRMSIR and the SID, if any, to which it was provided.

If the Dissemination Agent does not receive the Annual Financial Information from the Borrower required by clause (a) of this Section by the applicable Report Date, the Dissemination Agent will, without further direction or instruction from the Borrower, provide to the Municipal Securities Rulemaking Board and to the SID, if any, notice of any such failure to provide to the Dissemination Agent Annual Financial Information by the applicable Report Date. For the purposes of determining whether information received from the Borrower is Annual Financial Information, the Dissemination Agent will be entitled conclusively to rely on the written representation made by the Borrower pursuant to this Section.

Section 4. Reporting of Significant Events.

(a) (i) If a Material Event occurs while any Bonds are Outstanding, the Borrower will provide a Material Event Notice in a timely manner to the Dissemination Agent and instruct the Dissemination Agent to provide such Material Event Notice in a timely manner to the Municipal Securities Rulemaking Board, the SID, if any, and the Issuer. Each Material Event Notice will be so captioned and will prominently state the date, title and CUSIP numbers of the Bonds.

(ii) The Trustee will promptly advise the Borrower of the occurrence of any event with respect to the Bonds of which the Trustee has actual knowledge which, if material, would constitute a Material Event. For purposes of this Disclosure Agreement, "actual knowledge" of such event will mean knowledge by a Responsible Officer of the Trustee at the Principal Corporate Trust Office of the existence of such event. Notwithstanding anything to the contrary herein, the Trustee will have no duty to determine the materiality of any such event.

(b) Whenever the Borrower obtains knowledge of the occurrence of an event which, if material, would constitute a Material Event, whether because of a notice from the Trustee pursuant to subsection (a) or otherwise, the Borrower will as soon as reasonably possible determine if such event would constitute material information for Bondholders and is, therefore, a Material Event.

If the Borrower provides to the Dissemination Agent information relating to the Borrower or the Bonds, which information is not designated as a Material Event Notice, and directs the Dissemination Agent to provide such information to NRMSIRs, the Dissemination Agent will provide such information in a timely manner to the NRMSIRs or the Municipal Securities Rulemaking Board and the SID, if any.

Section 5. Termination of Reporting Obligation. The Borrower's, the Dissemination Agent's and the Trustee's obligations under this Disclosure Agreement will automatically terminate once the Bonds are no longer outstanding or, with respect to the Trustee or the Dissemination Agent, as appropriate, upon the resignation or removal of the Trustee or the Dissemination Agent.

Section 6. Dissemination Agent. The Borrower may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent upon notice to the Dissemination Agent and the Issuer. The Dissemination Agent may resign at any time by providing 30 days' written notice to the Borrower and the Issuer. The initial Dissemination Agent will be Allfirst Bank.

Section 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Borrower, the Dissemination Agent and the Trustee may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived by the parties hereto, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, acceptable to the

Borrower and the Trustee, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule, provided that the Borrower will have provided notice of such delivery and of the amendment to each then existing NRMSIR or the MSRB and the SID, if any, provided that neither the Trustee nor the Dissemination Agent will be obligated to agree to any amendment that modifies the duties or liabilities of the Dissemination Agent or the Trustee without their respective consent thereto. Any such amendment will satisfy, unless otherwise permitted by the Rule, the following conditions:

(a) The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the obligated person or type of business conducted;

(b) This Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of Beneficial Owners and Holders of any of the Bonds, as determined either by parties unaffiliated with the Borrower (such as counsel expert in federal securities laws), or by approving vote of Bondholders pursuant to the terms of the Indenture at the time of the amendment. The initial Annual Financial information after the amendment will explain, in narrative form, the reasons for the amendment and the effect of the change, if any, in the type of operating data or financial information being provided.

Section 8. Additional Information. Nothing in this Disclosure Agreement will be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Financial Information or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Agreement. If the Borrower chooses to include any information in any Annual Financial Information or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Agreement, the Borrower will have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Financial Information or notice of occurrence of a Material Event.

Section 9. Default. In the event of a failure of the Borrower, the Dissemination Agent or the Trustee to comply with any provision of this Disclosure Agreement, the Trustee, at the written direction of a Participating Underwriter or the Holders of at least 25% in aggregate principal amount of Outstanding Bonds, will, but only to the extent the Trustee receives indemnification to its satisfaction, or any Beneficial Owner or Holder of any of the Bonds may, seek mandate or specific performance by court order, to cause the Borrower, the Dissemination Agent or the Trustee, as the case may be, to comply with its obligations under this Disclosure Agreement; provided that none of the Borrower, the Dissemination Agent or the Trustee will be liable for monetary damages or any other monetary penalty or payment for breach of any of its obligations under this Section or unless, in the case of the Borrower, such breach will have been willful or reckless. A default under this Disclosure Agreement will not be deemed an Event of Default under the Indenture or the Financing Agreement, and the rights and remedies provided by the Indenture and the Financing Agreement upon the occurrence of an "Event of Default" will not apply to any such failure. The sole remedy under this Disclosure Agreement in the event of any failure of the Borrower, the

Dissemination Agent or the Trustee to comply with this Disclosure Agreement will be an action to compel performance.

Section 10. **Duties, Immunities and Liabilities of Trustee and Dissemination Agent**. Article VII of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture and the Dissemination Agent will be entitled to the benefits, protections and provisions thereof to the same extent as the Trustee. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) and the Trustee will have only such duties as are specifically set forth in this Disclosure Agreement, and the Borrower agrees to indemnify and save the Dissemination Agent and the Trustee and their officers, directors, employees and agents harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's or Trustee's respective negligence or willful misconduct. The Dissemination Agent and Trustee will be paid compensation by the Borrower for its services provided hereunder and all expenses, legal fees and advances made or incurred by the Dissemination Agent hereunder. The Dissemination Agent and Trustee will have no duty or obligation to review any information provided to it by the Borrower hereunder and will not be deemed to be acting in a fiduciary capacity for the Borrower, the Holders or Beneficial Owners of the Bonds or any other party. The obligations of the Borrower under this Section will survive resignation or removal of the Dissemination Agent or Trustee and payment of the Bonds.

Section 11. **Beneficiaries**. This Disclosure Agreement will inure solely to the benefit of the Borrower, the Trustee, the Dissemination Agent, the Participating Underwriters and the Beneficial Owners and Holders of any Bonds and will create no rights in any other person or entity.

Section 12. **Interpretation**. It being the intention of the Borrower that there be full and complete compliance with the Rule, this Disclosure Agreement will be construed in accordance with the written guidance and no-action letters published from time to time by the Securities and Exchange Commission and its staff with respect to the Rule.

Section 13. **Governing Law**. This Disclosure Agreement will be governed by the laws of the State of Maryland.

Section 14. **Counterparts**. This Disclosure Agreement may be executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

[SIGNATURES]

EXHIBIT A

ANNUAL DISCLOSURE REPORT
[BOND CAPTION]
Report For Period Ending ______________________________

THE PROJECT
Name:
Address:

Occupancy
Number of Units
Number of Units Occupied as of Report Date

Operating History of the Project

The following table sets forth a summary of the operating results of the Project for fiscal year ended , as derived from the Borrower's [un]audited financial statements.

Revenues
Operating Expenses[1]
Net Operating Income
Debt Service on the Loan[2]
Net Operating Income/(Loss)
After Debt Service

[1]Excludes depreciation and other non-cash expenses, includes management fee.
[2]Interest and scheduled principal payments on the Loan during the period indicated.

The average occupancy of the Project for the fiscal year ended [ ] was [ ]%.

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APPENDIX H
FORM OF BOND COUNSEL OPINION

[Closing Date]

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

COMMUNITY DEVELOPMENT ADMINISTRATION
MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

$4,350,000 Multifamily Development Revenue Bonds (Princess Anne Townhouses Project) Series 2001 D	$7,570,000 Multifamily Development Revenue Bonds (Waters Tower Senior Apartments Project) Series 2001 F

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 $4,350,000 aggregate principal amount of its Multifamily Development Revenue Bonds (Princess Anne Townhouses Project), Series 2001 D (the "Series 2001 D Bonds") and $7,570,000 aggregate principal amount of its Multifamily Development Revenue Bonds (Waters Tower Senior Apartments Project), Series 2001 F (the "Series 2001 F Bonds," and, collectively with the Series 2001 D Bonds, 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, in the case of the Series 2001 D Bonds, the Series 2001 D Trust Indenture dated as of November 15, 2001 (the "Series 2001 D Indenture") and, in the case of the Series 2001 F Bonds, the Series 2001 F Trust Indenture dated as of November 15, 2001 (the "Series 2001 F Indenture," and, collectively with the Series 2001 D Indenture, the "Indentures"), each by and between the Administration and Allfirst Bank, 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 Indentures or the Act.

Applicable Federal tax law establishes 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 Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). The Administration has covenanted in the Indentures 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 with good, right and lawful authority, among other things, to issue the Bonds to provide funds to finance the Project and to perform its obligations under the terms and conditions of the Indentures.

2) The Indentures have been duly authorized, executed and delivered by the Administration and, assuming due authorization, execution and delivery by the Trustee, constitute the valid and legally binding limited obligations of the Administration enforceable against the Administration in accordance with their respective terms.

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

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" to such a substantial user, 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 Indentures 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).

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