NEW ISSUE

In the opinion of Bond Counsel, interest on the Series A Bonds is excludable from gross income for federal income tax purposes under existing laws, regulations, rulings and judicial decisions, and the Series A Bonds, their transfer, the interest payable thereon, and any income derived therefrom, including any profit realized in their sale or exchange, are exempt from taxation of every kind and nature whatsoever by the State of Maryland, or by any of its political subdivisions, municipal corporations, or public units of any kind under existing law, except that no opinion is expressed as to such exemption from Maryland franchise taxes or estate or inheritance taxes. In addition, Bond Counsel is of the opinion that interest on the Series A Bonds is not a specific item of tax preference for purposes of the alternative minimum tax provisions of the Internal Revenue Code of 1986, as amended. A discussion of the requirements for, extent of, and exclusions or exceptions to such exclusion from gross income is contained under "Tax Exemption" herein.

$8,065,000
MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
COMMUNITY DEVELOPMENT ADMINISTRATION
Infrastructure Financing Bonds
(MBIA Insured)
2000 Series A

Dated: March 1, 2000 **Due:** June 1, as shown below

The Series A Bonds are issuable only as fully registered bonds and initially will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC") which will act as securities depository for the Series A Bonds. Purchases of the Series A Bonds will be in book-entry form only, in principal amount of $5,000, or any integral multiple thereof. Interest on the Series A Bonds is payable June 1, 2000 and semiannually thereafter on June 1 and December 1 of each year by Allfirst Bank (formerly known as The First National Bank of Maryland), Baltimore, Maryland, Trustee and Registrar, to DTC. DTC will remit such payments to participating financial organizations for subsequent disbursement to beneficial owners of the Series A Bonds. Additional information is contained under the caption "The Series A Bonds" herein.

The Series A Bonds are subject to redemption prior to maturity at the time, under the conditions and at the prices set forth under "The Series A 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, payable solely from the Revenues and property of the Administration pledged therefor under the Bond Resolution providing for the issuance of the Bonds. 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.

$5,320,000 Serial Bonds

Year	Amount	Interest Rate%*	Yield%*	Year	Amount*	Interest Rate%*	Yield%*	Year	Amount	Interest Rate%*	Yield%*
2001	$250,000	5.125	4.20	2008	$355,000	5.250	5.15	2014	$190,000	5.500	5.55
2002	260,000	5.125	4.65	2009	375,000	5.250	5.20	2015	205,000	5.600	5.62
2003	280,000	5.125	4.75	2010	400,000	5.250	5.25	2016	215,000	5.600	5.67
2004	295,000	5.125	4.85	2011	165,000	5.250	5.30	2017	230,000	5.700	5.72
2005	305,000	5.250	4.95	2012	175,000	5.375	5.40	2018	245,000	5.750	5.77
2006	320,000	5.250	5.05	2013	180,000	5.400	5.48	2019	260,000	5.750	5.82
2007	340,000	5.250	5.10					2020	275,000	5.750	5.85

$1,635,000 5.750% Term Bonds due June 1, 2025 to Yield 5.92% - Price: 97.777%
$1,110,000 5.875% Term Bonds due June 1, 2030 to Yield 5.95% - Price: 98.943%

(Accrued interest to be added)

Upon issuance of the Series A Bonds, MBIA Insurance Corporation will insure the payment of the principal of and interest on the Series A Bonds when due.

The Series A Bonds are offered for delivery when, as and if issued, subject to the opinion of Miles & Stockbridge P.C., Baltimore, Maryland, Bond Counsel, as to the validity of the Series A Bonds and the excludability from gross income of interest thereon for federal income tax purposes. 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. It is expected that the Series A Bonds in definitive form will be available for delivery to DTC in New York, New York on or about March 9, 2000.

This cover page contains certain information for quick reference only. It is not a summary of this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed decision.

March 2, 2000

* Provided by the successful bidder. See "Competitive Sale" herein.

No dealer, broker, salesman or other person has been authorized by the Administration to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other 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, nor shall there be any sale of the Series A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the Administration and by other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Administration or the Local Governments since the date hereof.

TABLE OF CONTENTS

IN CONNECTION WITH THIS OFFERING THE PURCHASERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES A BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE INITIAL PUBLIC OFFERING PRICES SET FORTH ON THE COVER OF THIS OFFICIAL STATEMENT MAY BE CHANGED BY THE PURCHASERS, AND THE PURCHASERS MAY OFFER TO SELL THE SERIES A BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE OFFERING PRICE AS SET FORTH ON THE COVER PAGE.

OFFICIAL STATEMENT

of the

Maryland Department of Housing and Community Development
Community Development Administration

Relating to

$8,065,000
Infrastructure Financing Bonds
(MBIA Insured)
2000 Series A

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the Appendices, is to set forth information in connection with the sale 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 (the "State"), of its Infrastructure Financing Bonds (MBIA Insured), 2000 Series A (the "Series A Bonds"). The Administration is authorized to issue the Series A Bonds pursuant to Sections 2-201 through 2-208 of Article 83B of the Annotated Code of Maryland, as amended (the "Act"), a resolution providing for the issuance of Infrastructure Financing Bonds adopted by the Administration as of May 1, 1996 as amended by the First Supplemental Resolution, adopted by the Administration as of June 1, 1998 (the "Bond Resolution"), and appointing Allfirst Bank (formerly known as The First National Bank of Maryland), Baltimore, Maryland, as trustee (the "Trustee"), and a series resolution authorizing the issuance of the Series A Bonds which will be adopted by the Administration prior to the issuance of the Series A Bonds (the "Series Resolution"). The Bond Resolution and the Series Resolution are collectively called the "Resolutions".

The Series A Bonds are the seventh Series of Bonds issued under the Bond Resolution. The Series A Bonds, the Bonds previously issued under Bond Resolution and any Additional Bonds which the Administration may issue under the Bond Resolution (collectively called the "Bonds") are and will be on a parity, equally and ratably secured under the Bond Resolution. As of January 1, 2000, $60,995,000 principal amount of Bonds were outstanding, consisting of four Series of Bonds which financed Infrastructure Loans for 28 Local Governments, one Series of Bonds which financed infrastructure loans for three Local Governments and refunded prior issues of Bonds for 27 Local Governments, and one Series of Bonds which refunded prior issues of Bonds for five Local Governments.

The Bond Resolution authorizes the Administration to issue Bonds to provide funds to finance or refinance loans or portions of loans to, or to purchase obligations of (collectively, the "Infrastructure Loans"), Local Governments (as such term is defined in the Bond Resolution, see Appendix E - "Summary of Certain Provisions of the Bond Resolution - Certain Definitions") participating in the Administration's Infrastructure Financing Program (the "Program"). The Infrastructure Loans are to be funded with proceeds of the Bonds, for any undertaking, project or facility that is planned, acquired, owned, developed, constructed, reconstructed, rehabilitated, or improved by or on behalf of one of the State's 23 counties and Baltimore City (a "County") or a municipal corporation in Maryland subject to the provisions of Article XI-E of the Maryland Constitution (a "Municipality") in order to provide the essential physical elements that constitute the basis of the public service system (the "Infrastructure Projects") and to pay bond issuance costs. Each Infrastructure Loan must be evidenced by bonds, notes, repayment agreements, instruments or other obligations of the Local Government (the "Local Obligations") approved in writing by MBIA Insurance Corporation ("MBIA"). The Bond Resolution requires that prior to the issuance of the Bonds, the Administration obtain a policy of insurance on the Bonds (the "Policy") from MBIA.

The Series Resolution authorizes the issuance of the Series A Bonds to finance an aggregate principal amount of $8,065,000 of Infrastructure Loans for five Local Governments.

Brief descriptions of the Series A Bonds, the security for the Bonds and the Policy are included in this Official Statement. Descriptions of the Department and the Administration and the Program can be found in Appendices A and B, respectively, to this Official Statement. A list of the Local Governments and Infrastructure Projects the Administration expects to finance with the proceeds of the Series A Bonds is included in this Official Statement as Appendix C. A list of the Local Governments and Infrastructure Projects the Administration has financed with the proceeds of the Bonds previously issued under the Bond Resolution is included in this Official Statement as Appendix D. A summary of certain provisions of the Bond Resolution is included in this Official Statement as Appendix E and the proposed form of the opinion of Bond Counsel is included in this Official Statement as Appendix F. The Notice of Sale and bid proposal are included in this Official Statement as Appendix G. Audited Financial Statements of the Community Development Administrative Infrastructure Program Fund – MBIA Insured are included in this Official Statement as Appendix H. A copy of the form of the Policy is included in this Official Statement as Appendix I. **The appendices to this Official Statement constitute a part of this Official Statement and contain information which any potential investor should read in conjunction with the other parts of this Official Statement in order to make an informed investment decision.**

Certain capitalized terms are defined in Appendix E - “Summary of Certain Provisions of the Bond Resolution--Certain Definitions”. Capitalized terms not otherwise defined herein are used as defined in the Resolutions. All references herein to the Resolutions and other documents and agreements are qualified in their entirety by reference to such documents and agreements, and references herein to the Series A Bonds are qualified in their entirety by reference to the form thereof included in the Series Resolution and the information with respect thereto included in the Resolutions, documents and agreements, copies of which are available for inspection at the office of the Administration located at 100 Community Place, Crownsville, Maryland 21032-2023.

THE SERIES A BONDS

General Description

The Series A Bonds will be dated March 1, 2000. The Series A Bonds will be issuable only as fully registered bonds in denominations of $5,000 each or any integral multiple thereof. The Series A Bonds initially will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York (“DTC”) which will act as securities depository for the Series A Bonds. Purchases of the Series A Bonds will be in book-entry form only. See “DTC and Book-Entry” below for a description of DTC and the book-entry system. The Series A Bonds will mature in the years and amounts set forth on the cover page of this Official Statement and will bear interest from March 1, 2000, payable semiannually on June 1 and December 1 of each year, commencing June 1, 2000, by Allfirst Bank, Baltimore, Maryland, the Trustee, to DTC. If any such dates are not business days, then such payments will be made on the next business day. Interest will be calculated on the basis of a 360 day year consisting of twelve 30 day months.

Application of Series A Bond Proceeds

The proceeds of the sale of the Series A Bonds (exclusive of accrued interest which will be deposited in the Revenue Fund) will be applied and deposited as follows:

Infrastructure Loan Fund	$8,065,000
Total Series A Bonds	$8,065,000

The costs of issuance (including bond insurance costs) relating to the Series A Bonds will be paid from the proceeds of the Infrastructure Loans or other sources.

Redemption Provisions

Sinking Fund Redemption. The Series A Term Bonds maturing on June 1, 2025, are subject to mandatory redemption in part by lot on June 1, 2021, and on each June 1 thereafter to and including June 1, 2025, at the principal amount thereof, plus accrued interest to the redemption date, in the years and principal amounts as follows:

Year	Principal Amount	Year	Principal Amount
2021	$290,000	2024	$350,000
2022	305,000	2025(final maturity)	365,000
2023	325,000		

The Series A Term Bonds maturing on June 1, 2030, are subject to mandatory redemption in part by lot on June 1, 2026, and on each June 1 thereafter to and including June 1, 2030, at the principal amount thereof, plus accrued interest to the redemption date, in the years and principal amounts as follows:

Year	Principal Amount	Year	Principal Amount
2026	$195,000	2029	$235,000
2027	210,000	2030(final maturity)	250,000
2028	220,000		

Optional Premium Redemption. The Series A Bonds are subject to redemption, at the option of the Administration, in whole or in part at any time, on or after June 1, 2010, during the periods (both dates inclusive) and at the redemption prices (expressed as percentages of the principal amount), plus accrued interest on the principal amount thereof to the redemption date listed below:

Period	**Price**
June 1, 2010, through May 31, 2011	101 %
June 1, 2011, through May 31, 2012	100½
June 1, 2012, and thereafter	100

Special Redemption. The Series A Bonds are subject to special redemption at the principal amount thereof, plus accrued interest thereon, at the option of the Administration, in whole or in part, at any time, without premium from (1) Series A Bond proceeds deposited in the Infrastructure Fund and not used to finance an Infrastructure Loan, and (2) amounts on deposit in the Surplus Fund.

General Provisions. Any Bonds to be purchased or redeemed, except by a Sinking Fund Installment, shall be purchased or redeemed only upon receipt by the Trustee of a certificate signed by an Authorized Officer which sets forth the following: (1) the Series of Bonds to be purchased or redeemed, (2) the maturities within such Series from which Bonds are to be purchased or redeemed, (3) the principal amount and maximum price of Bonds within such maturities to be purchased or redeemed, (4) the amount, if any, to be transferred from other moneys to pay applicable redemption premiums or purchase prices, and (5) if any of the Bonds to be purchased or redeemed are Term Bonds, the years in which and amounts by which the applicable Sinking Fund Installments are to be reduced.

If more than one Series of Bonds is outstanding, the Administration may choose any outstanding Series of Bonds and maturities within such Series to be redeemed from prepayments of Infrastructure Loans or from moneys in the Surplus Fund; under such circumstances, there can be no assurance that any particular Series of Bonds or maturity within a Series of Bonds will not be called for redemption.

Not fewer than 30 days before the date fixed for redemption, notice of redemption is to be given as provided in the Bond Resolution (see Appendix E - "Summary of Certain Provisions of the Bond Resolution

- Publication of Notices"), but failure to give any such notice will not affect the validity of any proceedings for redemption of other Bonds of such Series. The Administration may provide in a Series Resolution for shorter or longer periods for the publication of redemption notice for any Series of Bonds, including, without limitation, redemption of any Series of Bonds with no prior notice to Bondholders. If fewer than all of the Bonds of a Series having the same maturity are called for redemption, the particular Bonds or units of fully registered Bonds to be redeemed are to be selected by the Trustee by lot using such method of selection as it shall deem proper pursuant to the Bond Resolution. All Bonds called for redemption will cease to accrue interest on the specified redemption date and shall no longer be considered outstanding under the Bond Resolution, provided that funds sufficient for the redemption of such Bonds are deposited with the Trustee. Upon presentation and surrender of Bonds called for redemption at the place or places of payment, together with a written instrument of transfer duly executed by the owner thereof or by the owner's attorney duly authorized in writing, such Bonds are to be paid and redeemed. See "DTC and Book-Entry" below for a description of redemption procedures under DTC's book-entry system.

The Administration has covenanted that it will not, at any time, cause Bonds to be purchased or redeemed, if this would have any material adverse effect on its ability to pay, when due, the principal of and interest on the Bonds Outstanding after such purchase or redemption. Accordingly, the Administration will select the maturities within each Series of Bonds to be purchased or redeemed (which may include maturities with the highest interest rate) in a manner which will enable the Administration to pay, when due, such principal and interest.

DTC and Book Entry

At the time of delivery of the Series A Bonds, DTC will act as securities depository for the Series A Bonds. The ownership of one fully registered Series A Bond for each maturity, in the aggregate principal amount of such maturity, initially will be registered in the name of Cede & Co., as nominee for DTC, or such other name as may be requested by an authorized representative of DTC, and deposited with DTC or its designated custodian. 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, as amended. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement of securities transactions among Participants, such as transfers and pledges, in deposited securities through electronic computerized book entry changes in 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. Certain Direct Participants, the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. own DTC. 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 (the "Indirect Participants"). The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of the Series A Bonds under the DTC system must be made by or through brokers and dealers who are Direct Participants, which will receive a credit for the Series A Bonds on DTC's records. The ownership interest of the actual purchaser of each Series A Bond (the "Beneficial Owner") is in turn to be recorded on the records of the Direct or Indirect Participants. 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 Series A Bonds are to be accomplished by entries made on the books of Participants acting on behalf of the Beneficial Owners. **Beneficial Owners will not receive physical delivery of certificates representing their ownership interest in any of the Series A Bonds, and will not be, or be considered to be, owners thereof under the Resolutions, except in the event that use of the book-entry system for any of the Series A Bonds is discontinued.**

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

The Trustee will make payments of principal of, redemption premium, if any, and interest on the Series A Bonds to DTC or its nominee, Cede & Co., or such other DTC nominee, as registered owner of the Series A Bonds. DTC's current practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records, unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Administration or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Disbursement of principal, premium (if any) and interest to Direct Participants is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners entitled thereto is the responsibility of Direct and Indirect Participants. DTC, the Trustee and the Administration are not responsible for and make no representations concerning the manner of, or any charges that may be associated with, payments by Direct Participants or Indirect Participants to Beneficial Owners.

The Trustee and the Administration, so long as a book entry system is used for the Series A Bonds, will send any notice of redemption or other notices only to DTC or its nominee as the registered owner of the Series A Bonds. Any failure on the part of DTC or failure on the part of a nominee of a Beneficial Owner (having received notice from a Direct Participant, an Indirect Participant or otherwise) to notify the Beneficial Owner of any such notice and its content or effect will not affect the validity of the redemption of any of the Series A Bonds called for redemption or of any other action premised on such notice.

Redemption of portions of any maturity of the Series A Bonds by the Administration will reduce the outstanding principal amounts of such maturity held by DTC. In the event of a redemption of less than the entire outstanding maturity of any of the Series A Bonds, DTC's current practice is to determine by lot the amount of the interest of each Direct Participant in the Series A Bonds to be redeemed, and the Direct Participants and Indirect Participants will implement a redemption of the appropriate Series A Bonds for the Beneficial Owners. Selection of any of the Series A Bonds to be redeemed will not be governed by the Resolutions and will not be conducted by the Administration or the Trustee.

DTC, Cede & Co. or such other DTC nominee will not consent or vote with respect to the Series A Bonds. Under its usual procedures, DTC mails an omnibus proxy to the Administration as soon as possible after the record date for any consent or vote. The omnibus proxy assigns Cede & Co.'s consenting or voting rights, or those of such other DTC nominee, to those Direct Participants to whose accounts the Series A Bonds are credited on the record date (identified in a listing attached to the omnibus proxy).

Neither the Administration nor the Trustee will have any responsibility or obligation to Direct Participants or the persons for whom Direct Participants act as nominees with respect to the payments or the providing of notice to Direct Participants, Indirect Participants or Beneficial Owners. The information contained in this section concerning DTC and DTC's book-entry system has been obtained from DTC. The Administration and the Trustee make no representation concerning the accuracy of the description herein of the operations of DTC, Direct Participants or Indirect Participants, but have no information that the description is inaccurate.

The Administration and the Trustee cannot give any assurances that DTC will distribute payments of principal of, redemption premium, if any, and interest on the Series A Bonds paid to DTC or its nominee, as the registered owner, or any redemption or other notices, to the Direct Participants or that they will do so on a timely basis, that Direct Participants or Indirect Participants will distribute to Beneficial Owners any payments or notices received by them or do so on a timely basis, or that DTC will serve and act in the manner described in this Official Statement.

The Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed for every transfer and exchange of any of the Series A Bonds.

DTC Year 2000 Compliance

DTC management is aware that some computer applications, systems, and the like for processing data ("Systems") that are dependent upon calendar dates, including dates before, on and after January 1, 2000, may encounter "Year 2000 problems." DTC has informed its Participants and other members of the financial community (the "Industry") that it has developed and has implemented a program so that its Systems, as the same relate to the timely payment of distributions (including principal and income payments) to security holders, book-entry deliveries, and settlement of trades within DTC ("DTC Services"), continue to function appropriately. This program includes a technical assessment and a remediation plan and a testing phase, each of which is complete.

However, DTC's ability to perform properly its services is also dependent upon other parties, including but not limited to issuers and their agents, as well as third party vendors from whom DTC licenses software and hardware, and third party vendors on whom DTC relies for information or the provision of services, including telecommunication and electrical utility services providers, among others. DTC has informed the Industry that it has contacted third party vendors from whom DTC acquires services to: (i) impress upon them the importance of such services being Year 2000 compliant; and (ii) determine the extent of their efforts for Year 2000 remediation (and, as appropriate, testing) of their services. In addition, DTC is in the process of continually developing and updating such contingency plans as it deems appropriate.

According to DTC, the foregoing information with respect to DTC has been provided to the Industry for informational purposes only and is not intended to serve as a representation, warranty, or contract modification of any kind.

Definitive Bonds

DTC (or a successor securities depository) may discontinue providing its service with respect to the Series A Bonds at any time by giving notice to the Administration or the Trustee. Under such circumstances, in the event a successor securities depository is not obtained, certificates for the Series A 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 Series A Bonds will be delivered as provided in the Resolutions, and registered in accordance with the instructions of the purchasers, and the following requirements of the Resolutions will apply. Interest on the Series A Bonds will be payable: (a) by check or draft mailed by the Trustee to the registered owner thereof, or (b) upon the request of a registered owner of any Series A Bonds having a principal amount of $1,000,000 or more, by wire transfer from the Trustee to the registered owner thereof. The principal of and redemption premium, if any, on the Series A Bonds are payable at the principal office of the Trustee, or its successor, upon presentation of any Series A Bonds on or after the date of maturity or redemption. Each exchange or transfer of any Series A Bonds may require the payment by the registered owner of any tax, fee or other charge imposed by law and a reasonable transfer fee of the Trustee. The Administration shall not be obligated to make any such exchange or transfer of Bonds of any Series during the fifteen business days next preceding an Interest Payment Date on the Bonds of such Series, or in the case of any proposed redemption of Bonds of such Series, after the giving of notice calling such Bonds or portions thereof for redemption.

SECURITY FOR THE BONDS

Pursuant to the Bond Resolution, the security for the Bonds is a pledge of and lien on:

(1) proceeds of the sale of Bonds (other than proceeds deposited in trust for the retirement of Outstanding Bonds),

(2) all Local Obligations acquired by the Administration,

(3) the Administration's right, title and interest in all Infrastructure Loans,

(4) all Revenues (primarily payments of principal of and interest on Infrastructure Loans) and Prepayments,

(5) all Pledged Funds pledged in connection with the Local Obligations, and

(6) all moneys, Permitted Investments and other assets and income held in and receivable by Funds and Accounts established by or pursuant to the Resolutions.

The pledge and security interest are subject to the power of the Administration to direct the release of amounts from such Funds and Accounts free and clear of such pledge and security interest after satisfying the then current requirements for all Funds and Accounts and certain other conditions as provided in the Resolutions.

THE BONDS ARE SPECIAL OBLIGATIONS OF THE ADMINISTRATION PAYABLE SOLELY FROM THE REVENUES AND PROPERTY OF THE ADMINISTRATION PLEDGED THEREFOR UNDER THE BOND RESOLUTION. 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 POLITICAL SUBDIVISION OF THE STATE, THE ADMINISTRATION OR THE DEPARTMENT.

The Bonds are *not* secured by the Administration's General Bond Reserve Fund, and Bondholders have no right to any of the moneys or investments held in such fund.

Local Obligations

Before the Administration makes an Infrastructure Loan, the Bond Resolution requires the Local Government to:

(1) Execute and deliver to the Administration a Local Obligation evidencing the payment obligations of the Local Government;

(2) Execute any and all other agreements, certificates or documents as the Administration may require; and

(3) Provide an opinion of counsel acceptable to counsel to the Administration and MBIA.

The Administration will not finance an Infrastructure Loan unless payments of principal and interest scheduled to be derived with respect to such Infrastructure Loan and scheduled payments of principal and interest and other payments on all other Infrastructure Loans pledged under the Bond Resolution, together with interest and other income estimated to be derived from the investment or deposit of money in Funds and Accounts, are expected to be sufficient to pay the principal of and interest on all Outstanding Bonds.

Additional and Subordinated Bonds

The Bond Resolution permits the issuance of Additional Bonds to provide funds to make or purchase Infrastructure Loans and to refund Outstanding Bonds issued under the Bond Resolution or other obligations issued to finance Infrastructure Loans, but only upon the satisfaction of certain conditions set forth in the Bond Resolution, including the requirement that the issuance of such Additional Bonds will have no material adverse effect on the ability of the Administration to pay when due the principal of, redemption premium, if any, and interest on the Outstanding Bonds. The Series A Bonds and any Additional Bonds issued under the Bond Resolution will be on a parity and will be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Bond Resolution.

The Bond Resolution also authorizes the issuance of Subordinated Bonds for the purpose of refunding or advance refunding of any Series of outstanding Bonds or obtaining funds to acquire, design, construct, reconstruct, equip, improve, finance or refinance one or more Infrastructure Projects. Subordinated Bonds may be secured by the proceeds of any Series of Subordinated Bonds, any Revenues from any Infrastructure Loan financed with the proceeds of a Series of Subordinated Bonds, and any Pledged Funds received with respect to an Infrastructure Project financed by such Infrastructure Loan. Payment of the principal or redemption price of and interest on, and the purchase price of, each Series of Subordinated Bonds, shall be secured by the pledge of the funds and accounts described in the foregoing sentence, subordinate, however, to the pledge securing Bonds which were not issued as Subordinated Bonds. Subordinated Bonds are not required to be secured by a municipal bond insurance policy.

BOND INSURANCE

On the date of delivery of the Series A Bonds, the Administration expects to receive the Policy from MBIA (See "The Insurer") which states that MBIA is required to make timely payment of principal of and interest on the Series A Bonds when due, as more fully described below. A copy of the form of the Policy is contained in Appendix I to this Official Statement.

Set forth below is a brief summary of certain information concerning the terms of the Policy and MBIA. Information with respect to MBIA and the Policy has been supplied by MBIA. No representations or assurances are made herein by the Administration as to the accuracy or adequacy of such information or as to the absence of material and adverse changes in such information subsequent to the date hereof. Capitalized terms not otherwise defined in this Section of this Official Statement are used as defined in the Policy.

The Administration has not verified the financial condition of MBIA independently, but has relied upon information supplied by MBIA. The Administration is making no representation herein and giving no assurance as to the financial condition of MBIA, its ability to comply with covenants relating to this financing, or to the ratings assigned to the Series A Bonds.

The Policy

The Policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the Issuer to the Trustee or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Series A Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the Policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the Series A Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (a "Preference").

The Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Series A Bond. The Policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Series A Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. The Policy also does not insure against nonpayment of principal of or interest on the Series A Bonds resulting from the insolvency, negligence or any other act or omission of the Trustee or any other paying agent for the Series A Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by MBIA from the Trustee or any owner of a Series A Bond the payment of an insured amount for which is then due, that such required payment has not been made, MBIA on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A. in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Series A Bonds or presentment of such other proof of ownership of the Series A Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Series A Bonds as are paid by MBIA, and appropriate instruments to effect the appointment of MBIA as agent for such owners of the Series A Bonds in any legal proceeding related to payment of insured amounts on the Series A Bonds, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners or the Trustee payment of the insured amounts due on such Series A Bonds, less any amount held by the Trustee for the payment of such insured amounts and legally available therefor.

The Insurer

MBIA is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the "Company"). The Company is not obligated to pay the debts of or claims against MBIA. MBIA is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. MBIA has two European branches, one in the Republic of France and the other in the Kingdom of Spain. New York has laws prescribing minimum capital requirements, limiting classes and concentrations of investments and requiring the approval of policy rates and forms. State laws also regulate the amount of both the aggregate and individual risks that may be insured, the payment of dividends by MBIA, changes in control and transactions among affiliates. Additionally, MBIA is required to maintain contingency reserves on its liabilities in certain amounts and for certain periods of time.

As of December 31, 1998 MBIA had admitted assets of $6.5 billion (audited), total liabilities of $4.2 billion (audited), and total capital and surplus of $2.3 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of September 30, 1999, MBIA had admitted assets of $6.9 billion (unaudited), total liabilities of $4.5 billion (unaudited), and total capital and surplus of $2.4 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

Furthermore, copies of MBIA's year end financial statements prepared in accordance with statutory accounting practices are available without charge from MBIA. A copy of the Annual Report on Form 10-K of the Company is available from MBIA or the Securities and Exchange Commission. The address of MBIA is 113 King Street, Armonk, New York 10504. The telephone number of MBIA is 914-273-4545.

Moody's Investors Service, Inc. rates the financial strength of MBIA "Aaa".

Standard & Poor's Rating Group, a division of The McGraw-Hill Companies, Inc., rates the financial strength of MBIA "AAA".

Fitch IBCA, Inc. rates the financial strength of MBIA "AAA".

Each rating of MBIA should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of MBIA and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds. MBIA does not guaranty the market price of the Bonds nor does it guaranty that the ratings on the Bonds will not be revised or withdrawn.

MBIA's Year 2000 Readiness Disclosure

The Company is actively managing a high-priority Year 2000 (Y2K) program addressing the issue of whether its computer systems can correctly distinguish between the years 1900 and 2000. The Company has established an independent Y2K testing lab in its Armonk office, with a committee of business unit managers overseeing the project. The Company has a budget of $1.13 million for its 1998-2000 Y2K efforts. As of September 30, 1999, the Company has spent $949,000 on the project. A recent review of efforts at certain subsidiaries has indicated the need to spend an additional $1.03 million this year on remediation. As of September 30, 1999, the Company has spent $568,000 of this additional amount. However, this increase will not have a material effect on the Company's financial results.

The Company has initiated a comprehensive Y2K plan which includes the following phases: assessment – completed in the second quarter of 1998; remediation – completed in the fourth quarter of 1998; testing – completed in the second quarter of 1999; and contingency planning – completed in the third quarter of 1999, subject to final approval by senior management and any need for revision that might arise in the future. This plan covers "mission-critical" internally developed systems, vendor software, hardware and certain third-party entities through which the Company conducts its business. Testing to date indicates that functions critical to the financial guarantee business, both domestic and international, were Y2K ready as of December 31, 1998.

TAX EXEMPTION

Federal Law

In the opinion of Miles & Stockbridge P.C., Baltimore, Maryland, Bond Counsel, to be delivered at the time of issuance of the Series A Bonds, under existing laws, regulations, rulings and judicial decisions, interest on the Series A Bonds (including any original issue discount properly attributable to a holder thereof) is excludable from gross income for federal income tax purposes. The Internal Revenue Code of 1986, as amended (the "Code"), imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal tax purposes of interest on obligations such as the Series A Bonds. The Administration and each of the Local Governments have made certain representations with respect to matters solely within their knowledge and have covenanted to comply with certain restrictions designed to assure that interest on the Series A Bonds will not become includible in gross income. If the representations should be determined to be inaccurate or incomplete or if the Administration or the Local Governments should fail to comply with these covenants, interest on the Series A Bonds may be included in gross income from the date of issue of the Series A Bonds, regardless of the date on which the event causing such taxability occurs. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants.

In addition, Section 148 of the Code sets forth, as a condition to the exclusion of interest on governmental obligations, such as the Series A Bonds, from gross income for federal income tax purposes, certain restrictions regarding the investment of the "gross proceeds" of such obligations. These "arbitrage" provisions set forth limitations on the yield of investments acquired with "gross proceeds" of the Series A Bonds and also provide for a periodic rebate to the Internal Revenue Service of specified portions of the arbitrage profit derived from such investments. The Local Governments may be exempt from the rebate requirement based upon either of two exemptions. One exemption is available to governmental units having general taxing powers in instances where the governmental unit issued its bonds for local governmental activities and reasonably expects to issue no more than $5,000,000 of such bonds in any calendar year. Another exemption is available for bonds issued to finance construction of property owned by a governmental unit where such governmental unit spends the proceeds within a two-year period. If the governmental unit fails to spend specified portions of the bond proceeds within such two-year period it must rebate any arbitrage profits to the United States unless it elected to pay a penalty in place of rebating arbitrage profits. Failure to comply with such arbitrage requirements at any time could cause interest on the Series A Bonds to be included in gross income for federal income tax purposes from the date of issue of the Series A Bonds, regardless of the date on which the event causing such taxability occurs. The Administration and each of the Local Governments have covenanted to comply with the requirements of Section 148 of the Code. In addition, under the Series Resolution, the Administration has covenanted to comply with a No Arbitrage Certificate and Letter of Instructions to the Trustee that set forth limitations regarding the investment of Series A Bond proceeds and rebate to the federal government which, if complied with, will satisfy Section 148 of the Code. Bond Counsel assumes no responsibility for, and will not monitor, compliance with the covenants and agreements set forth in such documents.

The following provisions of law may affect the exclusion from gross income for federal income tax purposes of interest on the Series A Bonds with regard to certain taxpayers:

(a) Property and casualty insurance companies are required, for taxable years beginning after December 31, 1986, to reduce the amount of their deductible underwriting losses by 15% of the amount of tax-exempt interest received or accrued during the taxable year on certain obligations, including the Series A Bonds, acquired after August 7, 1986. If the amount of its reduction exceeds the amount otherwise deductible as losses incurred, such excess may be included in income.

(b) Banks, thrift institutions and other taxpayers who are deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations are unable to deduct that portion of their interest cost allocable to certain tax-exempt obligations, including the Series A Bonds, acquired after August 7, 1986. Such provision applies to interest costs incurred in taxable years ending after December 31, 1986.

(c) Interest on the Series A Bonds does not represent a specific item of tax preference for purposes of the computation of the alternative minimum tax applicable to individuals and corporations.

(d) Although interest on the Series A Bonds is not a "specific item of tax preference" directly subject to the alternative minimum tax, interest on the Series A Bonds is included in the "adjusted current earnings" (*i.e.*, alternative minimum taxable income as adjusted for certain items including those items that would be included in the calculation of a corporation's earnings and profits under Subchapter C of the Code) of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporation's adjusted current earnings over its alternative minimum taxable income (determined without regard to this adjustment and before reduction for certain net operating losses).

(e) Certain recipients of social security and railroad retirement benefits are required to include a portion of such benefits within gross income by reason of receipt of interest on tax-exempt obligations, including the Series A Bonds.

(f) For foreign corporations with operating branches in the United States, Section 884 of the Code imposes a branch-level tax on certain earnings and profits in tax years beginning after December 31, 1986. Interest on tax-exempt obligations, such as the Series A Bonds, may be included in the determination of such domestic branch taxable base on which this tax is imposed.

(g) If during a taxable year an S corporation has subchapter C earnings and profits at the close of its taxable year and more than 25% of the gross receipts of the S corporation are passive investment income, which includes interest on tax-exempt obligations such as the Series A Bonds, the interest on the Series A Bonds may be subject to federal income taxation under Section 1375 of the Code. Holders of the Series A Bonds which are S corporations should consult their tax advisor as to whether the interest on the Series A Bonds will be taxable under Section 1375 of the Code.

The above summary of possible indirect tax consequences may not be exhaustive. All purchasers of Series A Bonds should consult their tax advisors regarding the possible federal income tax consequences of ownership of the Series A Bonds. Bond Counsel will not express any opinion regarding any indirect tax consequences.

The opinion referred to herein as to the treatment of interest borne by the Series A Bonds for federal income tax purposes is based upon laws, regulations, rulings and decisions in effect as of the date of such opinion. There can be no assurance that legislation will not be introduced or enacted after the issuance and delivery of the Series A Bonds so as to adversely affect the exclusion from gross income of interest on the Series A Bonds for federal income tax purposes. Under such circumstances,

the Administration has no obligation to redeem or to increase the rate of interest paid on the Series A Bonds. Each purchaser of the Series A Bonds should consult his or her own tax advisor regarding any pending or proposed federal tax legislation. Bond Counsel will not express any opinion regarding any pending or proposed federal tax legislation.

Tax Treatment of Original Issue Discount

The difference between the initial public offering price, as set forth on the cover page hereof, of the Series A Bonds maturing June 1, 2011 through June 1, 2020, June 1, 2025 and June 1, 2030 (the "OID Bonds") and their principal payable at maturity constitutes original issue discount.

In the case of an owner of an OID Bond, the amount of original issue discount which is treated as having accrued with respect to such OID Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such OID Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such OID Bond which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semi-annually, at a rate determined by reference to the yield to maturity of each individual OID Bond bearing original issue discount, on days which are determined by reference to the maturity of such OID Bond. The amount treated as original issue discount on such OID Bond for a particular semiannual accrual period is equal to (i) the product of (a) the yield to maturity for such OID Bond (determined by compounding at the close of each accrual period) and (b) the amount which would have been the tax basis of such OID Bond at the beginning of the particular accrual period if held by the original purchaser, (ii) less the amount of any payments on such OID Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such OID Bond the sum of the amounts which would have been treated as original issue discount for such purposes during all prior periods. If such OID Bond is sold between semiannual compounding dates, original issue discount which would have accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period. Owners of OID Bonds should consult their own tax advisors with respect to the determination for federal income tax purposes of original issue discount accrued with respect to OID Bonds, as of any date, with respect to the accrual of original issue discount for such OID Bonds purchased in the secondary markets and with respect to the state and local tax consequences of owning OID Bonds.

Tax Treatment of Premium

The Bonds maturing on June 1, 2001 through June 1, 2009 (the "Premium Bonds"), will be reoffered at a price in excess of the principal amount thereof. Under the Code, the difference between the principal amount of a Premium Bond and the cost basis of such Premium Bond to an owner thereof is "bond premium." Under the Code, bond premium is amortized over the term of a Premium Bond (*i.e.*, the maturity date of a Premium Bond or its earlier call date) for federal income tax purposes. An owner of a Premium Bond is required to decrease his or her basis in such Premium Bond by the amount of the amortizable bond premium attributable to each taxable year (or portion thereof) he or she owns such Premium Bond. The amount of the amortizable bond premium attributed to each taxable year is determined on an actuarial basis at a constant interest rate determined with respect to the yield on a Premium Bond compounded on each interest payment date. The amortizable bond premium attributable to a taxable year is not deductible for federal income tax purposes. Owners of Premium Bonds (including purchasers of Premium Bonds in the secondary market) should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of bond premium upon sale, redemption or other disposition of Premium Bonds and with respect to the state and local consequences of owning and disposing of Premium Bonds.

State and Local Tax Exemption

In the opinion of Bond Counsel, the Series A Bonds, their transfer, the interest payable thereon and any income derived therefrom, including any profit realized from their sale or exchange, are exempt from taxation of every kind and nature whatsoever by the State, or by its political subdivisions, municipal corporations or public units of any kind under existing law, except that no opinion is expressed as to such exemption from Maryland franchise taxes or estate or inheritance taxes. Interest on the Series A Bonds may be subject to state or local income taxes in jurisdictions other than the State under applicable state or local tax laws. All purchasers of the Series A Bonds should consult their tax advisors regarding the taxable status of the Bonds in a particular state or local jurisdiction other than the State.

Taxable Bonds

The Administration may issue in the future one or more Series of Additional Bonds the interest on which, at the time of issuance, is not intended by the Administration to be excludable from gross income for federal income tax purposes.

FINANCIAL INFORMATION RELATED TO THE PROGRAM

The Administration prepares annual financial statements for each fiscal year (which ends on June 30), which are audited currently by Arthur Andersen LLP, independent public accountants. Audited financial statements as of June 30, 1999 of the Community Development Administration Infrastructure Program Fund - MBIA Insured, which are included in Appendix H to this Official Statement, have been audited by Arthur Anderson LLP, as indicated in its reports with respect thereto, and are included herein in reliance upon the authority of such firm as an expert in giving the report. As indicated in the report of the auditors, the financial statements are currently prepared in accordance with generally accepted accounting principles and audited in accordance with generally accepted auditing standards.

LITIGATION

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

LEGAL MATTERS

The authorization, issuance and delivery of the Series A Bonds are subject to receipt of the opinion of Miles & Stockbridge P.C., Baltimore, Maryland, Bond Counsel, which will be in substantially the form set forth in Appendix F, with respect to the excludability from gross income of interest thereon for federal income tax purposes. Certain legal matters pertaining to the Administration will be passed upon by an Assistant Attorney General of the State as Counsel to the Department.

LEGALITY FOR INVESTMENT

Under the Act, the Series A Bonds are securities in which all public officers and public units of the State and its political subdivisions and all State banks, trust companies, savings and loan associations, investment companies, and others carrying on a banking business, all insurance companies, insurance associations, and others carrying on an insurance business, all State personal representatives, guardians, trustees, and other fiduciaries and all other persons, may legally and properly invest funds, including capital in their control or belonging to them. The Series A Bonds are securities which may properly and legally be deposited with and received by any State or municipal officer or any unit or political subdivision of the State for any purpose for which the deposit of bonds or other obligations of the State is authorized by law.

COMPETITIVE SALE

The Series A Bonds were offered by the Administration at a competitive sale on February 24, 2000, in accordance with the Notice of Sale, the form of which is included as a part of Appendix G to this Official Statement. The interest rates shown on the cover of the Official Statement are the interest rates resulting from the award of the Series A Bonds at competitive sale. The yields or prices shown on the cover page of the Official Statement are based on information supplied to the Administration by the successful bidder. The initial public offering prices set forth on the cover of the Official Statement may be changed by the successful bidder and the successful bidder may offer to sell the Series A Bonds to certain dealers and others at prices lower than the offering price set forth on the cover page. Any other information concerning the terms of reoffering the Series A Bonds, if any, including yields or prices, should be obtained from the successful bidder and not from the Administration. See Appendix G - "Notice of Sale for Series A Bonds".

RATINGS

Moody's Investors Service, Inc. and Fitch IBCA, Inc. are expected to assign their municipal bond ratings of "Aaa" and "AAA", respectively, to the Series A Bonds based on the understanding that prior to the issuance of the Series A Bonds the Policy insuring payment when due of the principal of and interest on the Series A Bonds will be issued by MBIA. Such ratings reflect only the views of Moody's Investors Service, Inc. and Fitch IBCA, Inc. and an explanation of the significance of those ratings may be obtained only from Moody's Investors Service, Inc. and Fitch IBCA, Inc., respectively. There is no assurance that such ratings (or either of them), once assigned, will continue for any period of time or that either or both of such ratings will not be revised, reduced or withdrawn. The Administration has not agreed to maintain such ratings, to notify the owners of the Bonds of any proposed or threatened change or withdrawal of such either or both such ratings (other than actual material rating changes within the scope of the Administration's secondary market disclosure undertaking described below) or to oppose any proposed or threatened change or withdrawal of such rating. Any reduction or withdrawal of either or both such ratings would have an adverse effect upon the market price of the Bonds.

Neither the Administration nor the Local Governments applied to any rating service for a credit rating on the Infrastructure Loans expected to be financed with the proceeds of the Series A Bonds. The Administration makes no representations concerning any credit rating which bonds or notes of the Local Governments may have received from any rating service.

SECONDARY MARKET DISCLOSURE

Annual Information. The Administration has agreed, in accordance with the provisions of Rule 15c2-12 (the "Rule"), adopted by the Securities and Exchange Commission (the "Commission") under the Securities and Exchange Act of 1934, to provide to each nationally recognized municipal securities information repository ("NRMSIR") and to the appropriate state information depository ("SID"), if any, for the State (as of the date of this Official Statement no SID has been designated for the State), in each case as designated by the Commission in accordance with the Rule, when and if available, but in any event within nine months after the end of each fiscal year of the Administration, the following annual financial information and operating data:

1. a copy of the annual financial statements of the Administration's Infrastructure Program Fund - MBIA Insured prepared in accordance with generally accepted accounting principles and audited by a certified public accountant;

2. a copy of the annual financial statement of each Local Government having, as of the end of such fiscal year, an aggregate outstanding unpaid principal balance of Infrastructure Loans under the Program equal to or greater than 10% of the outstanding principal amount of all Infrastructure Loans financed under the Program (and, if such Infrastructure Loans are guaranteed by a County or Municipality, the annual financial statement of the County or Municipality), prepared and audited in accordance with law (which currently requires that such statements be prepared in accordance with generally accepted accounting principles and audited by a certified public accountant); and

3. an update of the financial information in this Official Statement contained in Appendix C - "LOCAL GOVERNMENTS AND LOCAL OBLIGATIONS" for each Local Government meeting the criteria described in paragraph 2 immediately above.

The Administration may, at its option, satisfy the foregoing obligations by either: (i) providing an official statement for one or more Series of Bonds or by specific reference, in accordance with the Rule, to one or more official statements provided previously, or (ii) to the extent permitted by the Rule, by filing (or requiring Local Governments to file) and incorporating by reference the annual audited financial statements of, or the Uniform Financial Report (Forms F-65(MD-2) or F-65(MD-2A) or any substitute or successor reports) prepared and filed with the Maryland State Department of Fiscal Services by, in either case, each County or Municipality receiving an Infrastructure Loan (or guaranteeing an Infrastructure Loan to one of its agencies or instrumentalities) made from the proceeds of the Series A Bonds that meets the requirements of paragraph 2 above, for so long as the Infrastructure Loan is outstanding. The Administration may, at its option, but is not obligated to, provide information about other Local Governments receiving an Infrastructure Loan or guaranteeing an Infrastructure Loan to one of its agencies or instrumentalities. See Appendix C - "LOCAL GOVERNMENTS AND LOCAL OBLIGATIONS - Financial Information of Local Governments" for a description of the Uniform Financial Report.

The Administration is under no obligation to provide any financial information with respect to MBIA; owners of the Series A Bonds must obtain this information from MBIA or other sources. See the heading "BOND INSURANCE - The Insurer" in this Official Statement for the current address from which information about MBIA may be obtained.

Event Information. The Administration has also agreed to provide, in a timely manner, to (i) each NRMSIR or to the Municipal Securities Rulemaking Board ("MSRB") and (ii) the SID, if any, notice of the occurrence of any of the following events with respect to any of the Series A Bonds, if material:

1. principal and interest payment delinquencies,
2. non-payment related defaults,
3. unscheduled draws on debt service reserves reflecting financial difficulties,
4. unscheduled draws on credit enhancements, if any, reflecting financial difficulties,
5. substitution of credit or liquidity providers, if any, or their failure to perform,
6. adverse tax opinions or events affecting the tax-exempt status of any of the Series A Bonds,
7. modifications to rights of Bondholders,
8. bond calls,
9. defeasances,
10. release, substitution, or sale of property securing repayment of any of the Series A Bonds, or
11. rating changes.

The events numbered 3 and 5 above may not be applicable because, respectively: (i) no debt service reserve fund has been established with respect to the Series A Bonds, and (ii) there is no provision for substitution or replacement of the Policy issued by MBIA.

Additional Agreements and Limitations. In a timely manner, the Administration will give to each NRMSIR or to the MSRB, and to the SID, if any, notice of any failure by the Administration or a Local Government to provide any information described under the headings "Annual Information" or "Event Information" on or before the dates specified therein.

The Administration has reserved the right to modify from time to time the specific types of information provided and the format of the presentation of such financial information, to the extent necessary or appropriate in the judgment of the Administration. The Administration has agreed that any such modification will be undertaken in a manner consistent with the Rule.

The Administration has reserved the right to terminate its obligation to provide financial information and notices of material events, as described above, as to any Series of Bonds or the owners thereof if and when the Administration no longer remains an obligated person with respect to such Series of Bonds within the meaning of the Rule.

The Administration has agreed that its undertaking pursuant to the Rule described herein is intended to be for the benefit of any holder or beneficial owner of any of the Series A Bonds. Such holder's and beneficial owner's right to enforce the provisions of this undertaking is limited to a right to obtain specific enforcement of the Administration's obligations with respect thereto. The undertaking further provides that the venue for any legal proceeding to enforce the undertaking shall be in a court within the State. Any failure by the Administration to comply with the provisions of its undertaking will not be an event of default with respect to the Bonds under the Bond Resolution or under any Series Resolution.

The provisions of the undertaking with respect to the Rule described above may be amended, without the consent of the holders or any beneficial owners of any of the Series A Bonds, to the extent required or permitted by any amendment to the Rule becoming effective after the date hereof.

MISCELLANEOUS

Summaries and Descriptions in this Official Statement

The summaries and explanation of, or references to, the Act, the Program financing documents, the Resolutions and the Series A Bonds included in this Official Statement do not purport to be comprehensive or definitive; such summaries, references and descriptions are qualified in their entirety by reference to each such document, copies of which are on file at the offices of the Administration. This Official Statement speaks only as of its date and the information contained herein is subject to change.

Financial Advisor

Caine Mitter & Associates, Incorporated, New York, New York serves as financial advisor to the Administration. Columbia Equity Financial Corp., Lanham, Maryland has assisted Caine Mitter & Associates, Incorporated in serving as financial advisor to the Administration in connection with the sale of the Series A Bonds. Columbia Equity Financial Corp. assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring, issuance, insurance and sale of the Series A Bonds. Columbia Equity Financial Corp. has not undertaken to make an independent verification of or to assume responsibility for the accuracy or completeness of the information contained in this Official Statement and the appendices hereto.

Selection and Compensation of Professionals

The Administration selects its independent auditor through a competitive process in accordance with State procurement law. Compensation of the auditor is not contingent on the sale of the Series A Bonds. The Administration's financial advisor is selected by the Administration periodically through a process of solicitation of proposals. Compensation of the financial advisor is not contingent on the sale of the Series A Bonds. Bond Counsel was selected by the Office of the Attorney General of the State through a process of review of responses to a request for proposals. Compensation of Bond Counsel is not contingent on the sale of the Series A Bonds.

Trustee's Year 2000 Disclosure

The Trustee experienced no significant computer disruptions as a result of the Year 2000 date change and has had no disruption since then. The Trustee believes that it has taken the necessary remedial action so that its computer systems will continue to operate without disruption. The Trustee does, however, recognize that some computers may still experience post Year 2000 disruptions.

* * * * *

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

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

MARYLAND DEPARTMENT OF HOUSING AND
COMMUNITY DEVELOPMENT
COMMUNITY DEVELOPMENT ADMINISTRATION

By: /s/ Frank B. Coakley, *Director*

March 2, 2000

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APPENDIX A

THE DEPARTMENT AND THE ADMINISTRATION

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 Laws 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 Department consists of six divisions: the Division of Development Finance, the Division of Credit Assurance, the Division of Neighborhood Revitalization, the Division of Historical and Cultural Programs, the Division of Finance and Administration and the Division of Information Technology. 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 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 loan underwriting services to the Department and its other divisions and agencies. The Administration is responsible for managing all aspects of the Program.

The Division of Finance and Administration, under the direction of a chief financial officer, 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, 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 provides data processing, information collecting and reporting and portfolio management services to the Department.

The Secretary, with the approval of the Governor, appoints the Director of the Administration. The Director of the Administration, with the approval of the Secretary, appoints the Deputy Executive Directors and 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 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, 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 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 Governor, 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 office of the Administration is located at 100 Community Place, Crownsville, Maryland 21032-2023. Inquires for documents or concerning this Official Statement should be directed to Anne P. Konrad, Director, Finance at 410-514-7326.

Principal Executive Officers

Certain principal executive officers of the Department, the Administration are briefly described below.

Raymond A. Skinner was appointed by the Governor as Secretary effective December 17, 1998, pending advice and consent of the Senate. From 1995 until his appointment as Secretary, Mr. Skinner served as Deputy Secretary of the Department. From January, 1991, until his appointment as Deputy Secretary, Mr. Skinner served as the Director of the Department of Housing and Community Development of Prince George's County, Maryland, and as Executive Secretary to the Board of Commissioners of the Housing Authority of Prince George's County. Previously, he was the Executive Director of the District of Columbia Office of Business and Economic Development. In all, Mr. Skinner has over 20 years of experience in housing and community development, having held positions with the Department of Housing and Urban Development, the City of Philadelphia, Pennsylvania, and the City of Baltimore, Maryland. He holds a Bachelor of Science degree from the Pennsylvania State University and a Master of City Planning degree from the University of Pennsylvania.

Margaret L. Wolf was appointed by the Secretary as Deputy Secretary of the Department effective December 30, 1998. From 1989 until her appointment as Deputy Secretary, Ms. Wolf served as City Administrator for the City of Hyattsville, Maryland. Between 1973 and 1984, Ms. Wolf was General Manager of the Applied Institute for Manpower Management and Manager of Grants and Subcontracts for the Baltimore Metropolitan Manpower Consortium. Ms. Wolf holds a Bachelor's Degree in Business Administration from the University of Maryland.

Frank B. Coakley was appointed by the Secretary with the approval of the Governor effective February 25, 1995, to be Assistant Secretary of the Department responsible for the Administration and Director of the Administration. From 1989 until joining the Department, Mr. Coakley served as the Executive Vice President of the Baltimore Community Development Financing Corporation. Previously, he served as a manager and Vice President of NationsBank (formerly Maryland National Bank). He has over 20 years' experience in commercial banking. He is a graduate of Morgan State College.

Stephen D. Silver was appointed on January 15, 1994 by the Secretary as the Chief Financial Officer of the Department, the Administration and the Maryland Housing Fund. Mr. Silver is a Certified Public Accountant, was granted a B.S. degree in accounting in 1981 and received his M.B.A. degree from the University of Baltimore in 1991. Prior to his appointment as Chief Financial Officer, Mr. Silver served in various financial capacities with the Department including Director of the Department's Division of Finance and Administration, Director of Accounting for the Division of Finance and Administration and Director of Finance for the Maryland Housing Fund. Prior to joining the Department, Mr. Silver worked briefly with a public accounting firm in Baltimore, Maryland.

Senior Staff of the Administration

Certain information relating to the senior staff who have primary responsibility for the Program is provided below.

Roy A. Westlund was appointed Deputy Executive Director, Bond Finance, effective as of January, 1996. Since joining the Administration in January, 1989, he had served as the Administration's Director of Finance. Mr. Westlund has been active in the field of housing finance since 1980, including serving as Manager of Financial Operations for the Wisconsin Housing and Economic Development Authority. Mr. Westlund is a Certified Public Accountant and holds a B.B.A. degree from the University of Wisconsin, Madison.

Peter Engel was appointed Deputy Executive Director for Community Development and Director of Housing Development Programs in August, 1996. For the previous five years, Mr. Engel served as an

Assistant Attorney General in the Maryland Office of the Attorney General, where he provided advice in connection with the Department's multi-family housing programs. Prior to his service with the State, Mr. Engel was an attorney in private practice. Mr. Engel holds a J.D. degree from the Harvard Law School, and a B.S. degree from The Johns Hopkins University.

Richard L. Hillman, Manager, Infrastructure Program, has been with the Department since March, 1987, managing the Program and the Administration's other infrastructure bond programs. Before joining the Department, Mr. Hillman held positions as Mayor of the City of Annapolis and County Solicitor for Anne Arundel County, Maryland. Mr. Hillman holds a J.D. degree from the University of Maryland School of Law and a B.A. degree from The Johns Hopkins University.

Other Programs of the Department

In addition to the Program, which is financed with the proceeds of the Bonds (see Appendix B - "THE PROGRAM"), the staff of the Administration is also responsible for a broad range of housing, community revitalization and other financing programs operated by the Department. The proceeds of Bonds and other funds held under the Bond Resolution are not used to support the Department's housing and other financing programs. Revenues generated by and assets held under such other programs are not subject to the lien of the Bond Resolution or available to pay principal of or interest on the Bonds. However, the executive officers of the Department and the Administration and certain senior staff members who are responsible for the Program also are responsible for the Department's other programs; therefore, under certain circumstances these other programs may compete with the Program for administrative and policy priority.

Infrastructure Financing Programs. Between 1988 and 1995, the Administration issued eight series of bonds in the original principal amount of $55,075,000 (of which $19,713,067 of the Infrastructure Financing Bonds (AMBAC Insured) remains outstanding as of January 1, 2000) for the purpose of financing loans to 34 Local Governments under its infrastructure financing programs (excluding the Program). Seven series of these bonds were insured and one series was uninsured. $22,611,090 of prior series of bonds were refunded in 1998. Such bonds have been issued under separate bond resolutions and series resolutions from the Resolutions. **These infrastructure loans and the assets and revenues held under these bond and series resolutions are not subject to the lien of the Bond Resolution and are not available to pay principal of or interest on the Bonds.**

Homeownership Programs. Through the Maryland Mortgage Program financed by Single Family Program Bonds the Administration provides reduced-interest mortgage loans to eligible homebuyers. Under this program, the Administration purchases loans originated by private lending institutions and makes loans directly for the purchase of newly constructed, substantially rehabilitated or existing homes.

The Administration's homeownership staff also operates single family homeownership programs which are funded with State appropriations. These programs, which may or may not be funded at varying levels from year to year, provide low interest mortgages to low-income home buyers, refinance existing loans for homeowners under hardship circumstances, assist low-income homeowners who suffer temporary involuntary loss of income to avoid mortgage default through deferred loans, provide reverse equity mortgages for elderly homeowners and provide settlement expense loans for low and moderate income homebuyers.

Housing Development Programs. The Department has a number of finance programs which support the production and preservation of affordable rental housing, including the following:

The Administration's multi-family housing revenue bond program provides financing for rental developments required to set aside certain percentages of available units for families of low or moderate income.

The Rental Housing Fund consists of rental housing finance programs funded with State appropriations which provide low-interest mortgages, interest rate write-downs and operating subsidies to increase the supply of new rental housing and to upgrade, maintain and rehabilitate existing rental housing for the elderly and low income families.

The Partnership Rental Housing Program provides funding from State appropriations and general obligation bonds to local governments to assist in financing the construction and rehabilitation of low income housing. The local governments provide the land and own and manage the properties. The properties are intended to remain low income housing in perpetuity and the State moneys are required to be repaid only if the local governments no longer enforce the low income requirements.

Special Loan Programs. The Special Loan Fund programs, which are funded with State appropriations, provide rehabilitation loans for installation of indoor plumbing, abatement of asbestos and radon gas, reduction of lead paint, and creation of accessory shared and sheltered housing for low and moderate income households. These programs also provide loans to nonprofit organizations and individuals to purchase or construct group housing for low-income persons with special needs.

Housing Subsidy Programs. The Administration administers the rental subsidies provided under Section 8 of the United States Housing Act of 1937, as amended, in 21 subdivisions of the State. The housing subsidy staff also administers a Rental Allowance Program, which is funded with State appropriations. This program is administered through local governments and provides fixed monthly rental assistance payments for up to 12 months, subject to extension by the Secretary, to lower income households who cannot be served by federal or other state programs and are either homeless or have critical and emergency housing needs.

Historic Preservation Programs. The Department, through agencies other than the Administration, administers a broad range of programs relating to historic preservation. The Maryland Historical Trust, an agency of the Department, provides funding for acquisition and rehabilitation of historic property, administers tax credits for historic property rehabilitation, administers archaeology programs, and provides grants to historic and cultural museums. The Department's Division of Historic and Cultural Programs also operates museums and cultural commissions and administers historic preservation easements.

Neighborhood Revitalization Programs. The Department operates neighborhood revitalization programs through its Division of Neighborhood Revitalization. The Division administers a number of federally and state financed community development programs, including the Neighborhood Business Development Program, which provides gap financing to small businesses and non-profit organizations that are locating or expanding in communities designated for revitalization by local governments.

Outstanding Bonds of Other Programs of the Administration

Since 1976, the Administration has issued bonds to finance its various housing and other programs. As of January 1, 2000, the Administration had housing bonds outstanding of $2,534,423,213, with an original principal amount of $2,945,227,669. As of January 1, 2000, the Administration had Infrastructure Financing Bonds (AMBAC Insured) outstanding of $19,713,067 with an original principal amount of $30,175,000. Revenues generated by and assets held under these other bond issues are not subject to the lien of the Bond Resolution or available to pay principal of or interest on the Bonds.

Department's Year 2000 Compliance

The Administration is an agency within the Division of Development Finance of the Maryland Department of Housing and Community Development (the "Department"). Year 2000 issues have been approached on a Department-wide basis.

The Department has experienced no problems with its internal hardware or software, or embedded chips. The Department will continue to monitor data and reports to verify over the next several months that programs are functioning correctly. In addition, the Department has experienced no Year 2000 problems with data or payments received from servicers, property managers, or other third parties. The Department will continue to evaluate data and loan payments received from servicers, property managers and other third parties, and monitor payments received from the federal government (including funds relating to grant and housing subsidy programs). The Department has received no reports from property owners or managers of any Year 2000 problems from other significant third parties including the Department's bond trustees, the Depository Trust Company, investment providers, local governments, and credit enhancers.

In preparation for the Year 2000, the Department took the following steps: completed an inventory of internal systems (including computer software and hardware and embedded chips); with the assistance of an outside consultant, assessed necessary remediation measures and developed remediation plans; completed remediation and testing for all internal critical systems; installed and tested remediation programs for custom software packages used in connection with bond finance; remediated and tested in-house applications; monitored disclosure of significant third parties, including the Department's bond trustees, the Depository Trust Company, investment providers, loan servicers, property managers, local governments, and credit enhancers; tested data interfaces with servicers; and developed contingency plans for critical business processes.

Approximately $3 million of funds from the Department's budget and State Year 2000 funds were used for computer hardware and software upgrades and replacements, identifying critical business processes, developing, testing and implementing contingency plans. The need for additional funds will be assessed if any unanticipated problems arise.

Failure of significant internal systems or significant third parties to complete remediation could have a material negative impact on the Administration's ability to collect payments due to it and remit funds to bondholders on a timely basis. The Department has developed a business continuity plan and has assessed critical business processes and alternatives that may be pursued in the event of a disruption to internal or external systems.

To the extent applicable, this statement constitutes a "Year 2000 Readiness Disclosure" within the meaning of Public Law 105-271 (the "Year 2000 Information and Readiness Disclosure Act") enacted into law by the United States Congress. The Year 2000 Readiness Disclosure may be updated from time to time on the Department's website at http://www.dhcd.state.md.us.

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THE PROGRAM

The State of Maryland created the Program to provide an additional, accessible and uncomplicated mechanism to finance the public infrastructure maintained by Local Governments in order to promote sound community development, improve the quality of the environment, strengthen the economy and otherwise promote the health, safety and welfare of the citizens of the State. The Series A Bonds are the seventh Series of Bonds issued under the Bond Resolution. The Series A Bonds, the Bonds previously issued under Bond Resolution and any Additional Bonds which the Administration may issue under the Bond Resolution (collectively called the "Bonds") are and will be on a parity, equally and ratably secured under the Bond Resolution. As of January 1, 2000, $60,995,000 principal amount of Bonds were outstanding, consisting of four Series of Bonds which financed Infrastructure Loans for 28 Local Governments, one Series of Bonds which financed infrastructure loans for three Local Governments and refunded prior issues of Bonds for 27 Local Governments, and one Series of Bonds which refunded prior issues of Bonds for five Local Governments. Under three separate bond resolutions (other than the Bond Resolution), the Administration has issued other series of bonds under its infrastructure financing programs to finance Infrastructure Projects of Local Governments. See APPENDIX A - "THE DEPARTMENT AND THE ADMINISTRATION - Other Programs of the Department - *Infrastructure Financing Programs*". None of the infrastructure loans financed from these other series of bonds, or the assets or revenues held under the bond and series resolutions relating to such bonds, are subject to the lien of the Bond Resolution or available to pay principal of or interest on the Bonds. None of the Infrastructure Loans to be made from the proceeds of the Bonds or any assets or revenues held under the Resolutions are available to pay principal of or interest on any of these other series of bonds.

Appendix C sets forth information on each Local Government and Infrastructure Loan expected to be financed with the proceeds of the Series A Bonds. Appendix D sets forth information on each Infrastructure Loan financed with the proceeds of prior series of Bonds. The Administration may issue Additional Bonds from time to time under the Bond Resolution to finance additional Infrastructure Loans.

General

Under the Program, a Local Government may file an application for an Infrastructure Loan with the Administration when the Local Government (1) has defined and engineered a capital improvement project to the point where a reasonably reliable estimate of its costs is available and the Local Government is prepared to proceed with construction, or (2) plans the acquisition of or refinancing of existing indebtedness for a project eligible under the Program. A project is eligible for financing or refinancing through the Program if it is an undertaking or facility that is planned, acquired, owned, developed, constructed, reconstructed, rehabilitated, or improved by or on behalf of a County or Municipality in order to provide the essential physical elements that constitute the basis of the public service system. Such projects include, but are not limited to, any of the following: water production, treatment, storage and distribution systems; sewer collection and treatment facilities; solid waste transfer, conversion and disposal facilities; storm water control and drainage facilities; bulkheads, piers, wharves and ramps; bridges, streets, and roads; facilities for police, fire, transportation, education, culture, health, recreation, maintenance and other facilities for the delivery of public services; street lighting, landscaping and other public space improvements. The project may not include any facilities for which the Local Obligations to be purchased by the Administration would be "private activity bonds" within the meaning of Code §141 for which a volume cap allocation under Code §146 would be required. The amount of the Infrastructure Loan may include the costs of preparing studies, surveys and plans and specifications; architectural, engineering and other professional services; acquisition of land and buildings thereon; site preparation and development; acquisition of machinery, equipment and furnishings, and financing costs.

The Department has promulgated regulations governing the operation of its infrastructure financing programs, including the Program. These regulations set forth standards for determining the eligibility of projects and costs to be financed under the Program, and describe the general terms and conditions required by the Administration for the Infrastructure Loans. The regulations also provide procedures for approval of the Infrastructure Loans, and set forth certain other general requirements of the Administration as to Infrastructure Loans and Infrastructure Projects, some of which are described below. The regulations are subject to amendment and revision. Particular provisions of the regulations may be waived or varied by the Secretary to the extent that the waiver is not inconsistent with the Act or contrary to the provisions of the Bond Resolution or any applicable Series Resolution if: (i) adherence to the requirements of any federal, State, or local program used in connection with a project necessitates waiver or variance of a regulation; or (ii) in the determination of the Secretary, the application of a regulation in a specific case or in an emergency situation would be inequitable or contrary to the purposes of the Act.

After receiving an application, the Program staff reviews the application for completeness. The Administration does not review or monitor the ability of the Local Government to repay the Infrastructure Loan, the plans and specifications of the Infrastructure Project, any testing or surveys of or with respect to any part of the Infrastructure Project, any required permits or approval, construction in progress, payment of contractors, disputes or pending or threatened litigation affecting the Infrastructure Project. Each Local Government is responsible for obtaining all licenses, permits and approvals, undertaking any necessary or appropriate tests or surveys (including environmental or hazardous or toxic waste surveys) and acquiring, constructing, operating, maintaining and managing the Infrastructure Project and any related services and providing for its continued availability and use. The Local Government must certify that the Infrastructure Project is consistent with the local comprehensive plan or warranted by extraordinary circumstances with no reasonably feasible alternative in accordance with State law. The Department is required to determine that the Infrastructure Project is consistent generally with the State Economic Growth, Resource Protection, and Planning Policy.

If the Administration does not finance all of the Infrastructure Loans expected to be financed with funds made available from the issuance of the Series A Bonds, then the Administration may finance other qualified Infrastructure Loans subject to the approval of MBIA. No assurance can be given that any Infrastructure Loans will be available for substitution, and certain factors including interest rate changes and the availability of other financing options may adversely affect the ability of the Administration to make any such substitutions. In such event, the Series Resolution provides that unexpended proceeds of the Series A Bonds may be used for the redemption of the Series A Bonds.

The Administration pays Program operating costs and certain costs of issuance of bonds under the Program (including the Series A Bonds) from earnings received from its programs financed by its bond resolutions, certificates and indentures (including the Bond Resolution) in excess of amounts required to pay debt service on its bonds. The costs of issuing the Series A Bonds will be divided between the Local Governments whose Infrastructure Loans will be financed from the proceeds of the Series A Bonds and the Administration. The aggregate share of these costs paid by the Local Governments is $243,931, of which $198,033 is financed by the Infrastructure Loans, and the share of the Administration is $77,700. In past bond issues under the Administration's infrastructure financing programs, the share of costs paid by the Administration has varied among each series of bonds and this variation in the share of costs paid by the Administration may continue in the future.

Infrastructure Loans

Terms of Infrastructure Loans. The term of the Infrastructure Loan may not exceed the lesser of the useful life of the Infrastructure Project or 30 years, the final term being at the discretion of the Administration, taking into consideration the applicable requirements of the Bond Resolution and applicable Series Resolution. In the case of any county transportation facility financed by an Infrastructure Loan and secured by a pledge of a county's share of State highway user revenues, the term may not exceed 15 years. Infrastructure Loans may be made in any amounts that are necessary to finance eligible costs of an Infrastructure Project, but may not exceed 100 percent of the eligible costs of the Infrastructure Project.

Disbursements. On the date of closing of a Series of Bonds, the entire proceeds of each Infrastructure Loan to be financed by such Series are deemed to be lent to the Local Government; however, pursuant to a Repayment Agreement, the Administration will disburse the proceeds of an Infrastructure Loan only upon receipt of a requisition by the Local Government which includes an itemization of the costs for which the Local Government requests payment. The Administration will have ten business days within which to fund each requisition. Upon receipt of any funds, the Local Government must immediately apply such funds to the payment of development costs of Infrastructure Projects. The Administration will not be responsible or liable in any event to any person other than the Local Government for the disbursement of or failure to disburse Infrastructure Loan proceeds, or any part thereof, and neither the general contractor for the project, if any, nor any subcontractor nor material or equipment supplier will have any contractual right or claim against the Administration under the Repayment Agreement.

Payments. Pursuant to the Repayment Agreement, the Local Government is required to make scheduled payments on the Infrastructure Loan on May 1 and November 1 of each year during the term of the Infrastructure Loan.

Events of Default Under the Repayment Agreement. "Events of default" under the Repayment Agreement include (1) failure by the Local Government to pay, on the date on which such amount is due and payable, (a) the principal of, premium, if any, or interest or any other charges or sums on or under the Local Obligation (whether upon maturity, on any installment payment date, after acceleration, after notice of prepayment, or otherwise), or (b) any other payment required by the Repayment Agreement or any of the other documents relating to the Program; (2) default by the Local Government in the due and punctual observance or performance of any other term, covenant or agreement contained in the Repayment Agreement, including failure by the Local Government to levy taxes or appropriate funds pursuant to the requirements of the Repayment Agreement, or with respect to any other of the Local Government's payment requirements, which default remains unremedied for 30 days (or such other cure period as may be specified in the Repayment Agreement or in any of the other documents relating to the Program) after notice to the Local Government; provided, however, that if such default cannot be corrected within 30 days (or such other cure period as may be specified in the Repayment Agreement), it will not be an "event of default" if the Local Government is taking appropriate corrective action to cure the default; (3) the occurrence of an Act of Bankruptcy with respect to the Local Government, or the Local Government becoming generally unable to pay its debts as they become due; or (4) the occurrence of an "event of default" under any of the other documents relating to the Program.

Whenever any "event of default" has occurred, the Administration or the Trustee, may: (1) bring legal proceedings against the Local Government to enforce the Administration's rights under the Repayment Agreement and to require the Local Government to carry out its agreements and perform its duties under the Repayment Agreement; (2) bring suit upon the Repayment Agreement; (3) sue to enjoin any acts or things which are unlawful or violate the rights of the Administration or the Trustee; or (4) take necessary action to collect the payments and other amounts then or thereafter due or to exercise any rights or remedies under the Repayment Agreement.

Security for Infrastructure Loans

General Obligation Pledge of Local Governments. The Local Obligations issued to provide for repayment of each Infrastructure Loan financed with the proceeds of the Series A Bonds will be secured by the full faith and credit of the applicable Local Government or, where the Local Obligation is issued by an agency or instrumentality of a County or Municipality, such County or Municipality will guaranty the Local Obligation of its agency or instrumentality, which guaranty will be secured by the full faith and credit of the County or Municipality. A Local Obligation secured by full faith and credit requires that annual debt service payments be made from the collection of *ad valorem* taxes if other sources of funds or revenues of the Local Government are insufficient to pay debt service on the Local Obligation.

Revenue Pledge of Local Government or Infrastructure Project; Local Obligations Subject to Annual Appropriations. The Bond Resolution does not require Local Governments to pledge their full faith and credit as security for Infrastructure Loans made with the proceeds of a Series of Bonds. The Administration may in the future permit Local Governments to secure Infrastructure Loans by either (i) a pledge of certain revenues or assets of the Local Government, or (ii) revenues derived from or assets consisting of the Infrastructure Project. In addition, Local Obligations may be payable from general funds of the Local Government which are subject to annual appropriations; in such cases the primary remedies upon non-appropriation of funds to pay the Local Obligation would be to repossess the property financed and sell it, or exercise remedies under the Pledge Agreement of the kind described below. The Series A Bonds and any

Additional Bonds will be secured equally and ratably under the terms of the Bond Resolution even if Infrastructure Loans financed with the proceeds of a subsequent Series of Bonds are not secured by a pledge of the full faith and credit of a Local Government or of a County or Municipality guaranteeing the Infrastructure Loan.

Pledge of State Assistance to Local Government. Each Local Government receiving an Infrastructure Loan financed with the proceeds of the Series A Bonds will enter into a Pledge Agreement with the Administration pledging certain moneys the Local Government is entitled to receive, if any, from the State ("Shared Revenues"). A Local Government which is an agency or instrumentality of a County or Municipality may not be entitled to receive any Shared Revenues from the State, and in that case Shared Revenues could be pledged only if a County or Municipality entitled to receive Shared Revenues guarantees the Local Government's Local Obligation and enters into a Pledge Agreement. If the Administration does not receive scheduled payments on an Infrastructure Loan financed with the proceeds of any Series of Bonds, the Administration may give notice of the amount remaining unpaid to the Comptroller or the Treasurer of the State. The Comptroller or the Treasurer, upon receipt of such notice, has agreed to pay or cause to be paid to the Administration such unpaid amount from any available Shared Revenues that the Local Government is entitled to receive from the State. Such Shared Revenues, however, may not be sufficient to pay amounts due and unpaid on the Infrastructure Loan.

Local Governments receiving Infrastructure Loans made with the proceeds of subsequent Series of Bonds or Counties or Municipalities guaranteeing the Local Obligation of a Local Government may not be required to enter into a Pledge Agreement with the Administration. The Series A Bonds and any Additional Bonds will be secured equally and ratably under the Bond Resolution, even though Infrastructure Loans financed with the proceeds of Bonds may or may not be subject to a Pledge Agreement between the Local Government and the Administration relating to Shared Revenues.

Loans to Finance County Transportation Facilities. If the Infrastructure Loan finances a county transportation facility secured by a pledge of a county's share of State highway user revenues, the county shall execute a participation agreement which shall:

(1) constitute a pledge of a county's share of State highway user revenues to the Administration in an amount sufficient to repay the Bonds, and the interest payable thereon, in 15 years;

(2) authorize the State Comptroller to withhold and deposit a county's share of State highway user revenues into a sinking fund maintained to pay the principal of and interest on the Bonds due on the next payment date under the applicable Series Resolution; and

(3) require a county to use the proceeds of the Infrastructure Loan solely for activities permitted by Transportation Article, §§8-401 - 8-413, of the Annotated Code of Maryland.

See "Factors Affecting Infrastructure Loans or the Bonds" below for a discussion of possible limitations upon the enforcement of and other factors affecting Local Obligations.

Factors Affecting Infrastructure Loans or the Bonds

The timely payment by the Administration of the principal of and interest on the Series A Bonds and all other Bonds issued under the Bond Resolution may be adversely affected by: (1) failure of Local Governments to make timely payment on the Local Obligations, (2) failure by MBIA to make timely payment on the Policy or to otherwise comply with the terms of the Policy, and (3) the ability of the Administration to enforce, and the availability of Shared Revenues under, the Pledge Agreement.

If one or more Local Governments fail to make timely payment on their Local Obligations, sufficient moneys may not be available to pay principal of and interest on the Bonds. The failure of a Local Government to make timely payment on its Local Obligations or the occurrence of an event of default with respect to a Local Obligation does not constitute a default with respect to any other Local Obligation. Similarly, the occurrence of an Event of Default under the Bond Resolution does not, of itself, constitute an event of default with respect to any Local Obligation. Under such circumstances, neither the Administration nor the Trustee have the right to demand payment of or to accelerate payment of any Local Obligation not in default.

Local Obligations. The Local Governments which participate in the Program may have limited staff and resources. In the case of Local Obligations backed by a pledge of the full faith and credit of a Local Government, there can be no assurance that the Local Government will timely pay the Local Obligations. The Administration maintains no debt service reserve fund or other funds, except the Funds and Accounts created under the Bond Resolution and the Surplus Fund, to pay debt service on the Bonds should any Local Government fail to timely pay the principal of and interest on its Local Obligation. The Administration requires, however, that payments of principal and interest on Local Obligations be made 30 days prior to the date on which payment is due on the Bonds. Despite the risk of non-payment by Local Governments, there has never been an occurrence where a delay in payment by Local Governments participating in the Administration's infrastructure financing programs has resulted in a default in payment on bonds issued pursuant to such programs; however, there can be no assurance that such a delay will not result in a default in the future.

If the Infrastructure Loan constitutes a pledge of the full faith and credit of the Local Government, upon an "event of default" the Administration or the Trustee may sue and obtain a judgment against the Local Government. Nevertheless, upon obtaining such a judgment, it may be necessary to seek additional relief, such as mandamus against officials of the Local Government, to compel the Local Government to levy and collect such taxes or to set and collect fees as may be necessary to provide funds from which such judgment may be paid. The efficacy of such relief may depend upon the cooperation of the Local Government and its officials. Enforcement of the claim for payment of principal and interest on a defaulted Infrastructure Loan may be subject to the provisions of Chapter IX of the United States Bankruptcy Code or statutes hereinafter enacted which extend the time of payment or impose constraints upon enforcement.

The ability of the Administration or the Trustee to enforce their respective rights or exercise remedies upon default under an Infrastructure Loan is dependent upon legal and procedural requirements and judicial actions which may be subject to discretion and delay. Under existing law and judicial decisions (including laws relating to bankruptcy), the remedies provided for under the Infrastructure Loan documents may not be readily available or may be limited. There is no direct authority under Maryland law permitting a levy upon the property of Local Governments for the payment of their debts or judgments against them.

The Policy. MBIA shall issue the Policy upon the issuance of the Series A Bonds. Under the terms of the Policy, MBIA guarantees full and complete payment of the principal of and interest on the Bonds as such payments become due but are not paid (except in the event of acceleration by reason of mandatory or optional redemption, default or otherwise) and the reimbursement of any such payment which is subsequently determined to constitute an avoidable preference within the meaning of any applicable bankruptcy law. Payments shall be made on the due date thereof or within one business day after receipt of notice of nonpayment, whichever is later. The Administration can make no assurance as to the ability of MBIA to continue to meet its obligations under the Policy throughout the terms of the Series A Bonds or, under circumstances where MBIA is making principal and interest payments on the Bonds, what effect, if any, such payments would have on the market value of the Bonds. For a more detailed description of the terms of the Policy see "The Policy" under the heading "BOND INSURANCE" in the Official Statement and the form of the Policy in Appendix I to the Official Statement.

The Pledge Agreement. The Administration may, on default in the payment of the principal of and interest on a Local Obligation, exercise its rights under the Pledge Agreement (if any) with the Local Government to require payment of Shared Revenues due the Local Government from the State directly to the Administration. The Administration's ability to enforce the Pledge Agreement or to obtain any such Shared Revenues of the Local Government from the State in accordance with the Pledge Agreement may be subject to the availability of such funds, to court proceedings, the timing and outcome of which are uncertain, and to other uncertainties. In addition, Shared Revenues may be pledged to secure other loans from or amounts due to the Administration, other agencies of the State, or other creditors. The Comptroller and the Treasurer of the State have not established any system to determine the priority of such pledges. Accordingly, there can be no assurance as to the priority, if any, of any such pledge, or of the availability of funds from any such pledge to pay the amounts due on an Infrastructure Loan financed with the proceeds of any Series of Bonds. Certain Shared Revenues may be dedicated to specific uses or purposes, such as education or transportation, and, accordingly, may not be available to pay debt service on the Local Obligations.

Enforcement of Pledges of Revenues or Other Assets. Under the Bond Resolution a Local Obligation may be a special, limited or revenue obligation of the Local Government secured by a pledge of revenues, proceeds, payments, rents, charges and other income derived from an Infrastructure Project or any other facilities of a Local Government or by a lien on assets of the Local Government. Upon the occurrence of an "event of default" under such a Local Obligation, the remedies of the Administration available under the Infrastructure Loan documents may not be readily available or may be limited. For example, the Administration may not as a practical matter be able to foreclose upon mortgaged assets of the Local Government and would be required to seek a receiver for such assets. A receiver might be required to continue to operate the asset and revenues derived from such asset may be available only to pay the Local Obligation after payment of all expenses.

The Bond Resolution also permits a Local Obligation to be subject to annual appropriation of principal and interest by the Local Government. In the event the Local Government failed to appropriate principal and interest, the remedies of the Administration may be limited to repossessing and selling the assets financed by the Local Obligation.

Failure of Local Government to Comply with Covenants Relating to Tax-Exemption of Bonds. The Administration and each of the Local Governments have covenanted to comply with certain restrictions designed to assure that interest on the Series of Bonds which financed the Infrastructure Loan will not become includible in gross income. Failure to comply with these covenants may result in interest on the Series of Bonds which financed the Infrastructure Loan being included in gross income from the date of issue of such Series of Bonds regardless of the date on which the event causing such taxability occurs. In such event, enforcement remedies available to the Administration may be inadequate to prevent the loss of tax exemption of interest on a Series of Bonds retroactive to the date of issuance of such Series. In such event, there is no provision for either acceleration or redemption of such Series of Bonds or to increase the rate of interest paid on any of the Bonds, and owners of such Series of Bonds may be required to hold such Bonds bearing taxable interest until maturity.

LOCAL GOVERNMENTS AND LOCAL OBLIGATIONS

The Series A Bonds, together with any Additional Bonds issued under the Bond Resolution in the future, rank on a parity and are equally and ratably secured under the Bond Resolution. Under the Bond Resolution all bonds issued and outstanding thereunder are payable from payments made on Local Obligations by Local Governments. All Local Obligations (regardless of when they were entered into or from what series of Bonds the Infrastructure Loan was made) and the payments made thereon are pledged to pay debt service on all Bonds issued under the Bond Resolution. Therefore, full and timely payment by each Local Government is required to provide sufficient Revenues with which to make payments on the Series A Bonds as well as all Additional Bonds issued and outstanding under the Bond Resolution.

This Appendix C provides information concerning the Local Governments which are expected to receive Infrastructure Loans from the proceeds of the Series A Bonds.

Infrastructure Loans Expected to be Financed with the Proceeds of the Series A Bonds

Local Government	Location (by County)	Amount of Loan ($)	Loan Term (in years)	Purpose
Aberdeen	Harford	3,610,700	30	Construct city hall
Emmitsburg	Frederick	764,100	10	Refinance bank loan
		128,900	10	Rehab sewer lines
Havre de Grace	Harford	1,500,000	25	Construct city hall additions & public works facility
Hyattsville	Prince George’s	1,030,000	10	Resurface streets
North Beach	Calvert	1,031,300	25	Reconstruct streets & sidewalks
	TOTAL	**$8,065,000**		

Financial Information of Local Governments

Each County, Municipality and special district in the State is required (i) to maintain the uniform system of financial reporting provided by the State’s Department of Legislative Services; (ii) pursuant to Article 19, §40 of the Annotated Code of Maryland, to have its books, accounts, records and reports examined at least once each fiscal year by a certified public accountant and to file a copy of the audit report with the Legislative Auditor, and (iii) pursuant to Article 19, §37 of the Annotated Code of Maryland, to file with the State Department of Legislative Services not later than November 1 of each year the Uniform Financial Report (Forms F-65(MD-2) or F-65(MD-2A)) for the fiscal year ending on the immediately preceding June 30. The State Department of Legislative Services extracts information from the Uniform Financial Reports and publishes such information annually in a report to the Governor and General Assembly of Maryland.

The Uniform Financial Reports and the annual report of the Department of Legislative Services are available for public inspection in the offices of the Department of Legislative Services, 90 State Circle, Annapolis, Maryland. Copies of the Uniform Financial Reports or the annual report of the Department of Legislative Services may be obtained by writing to the State Department of Legislative Services, 90 State Circle, Room 226, Annapolis, Maryland 21401 or calling 410- 841-3761.

The following information on each Local Government which will receive an Infrastructure Loan from the proceeds of the Series A Bonds, was extracted from the Uniform Financial Reports submitted by each Local Government. This information does not represent all of the information contained in the Uniform Financial Reports, which are available as noted in the preceding paragraph. The Administration makes no representation as to the accuracy or completeness of the information on the following pages or the financial condition of any Local Government or County or Municipality (if any) guaranteeing the Local Obligations of its agency or instrumentality described in this Appendix.

City of Aberdeen

Description and Location: The City of Aberdeen is located in Harford County adjacent to the Army's Aberdeen Proving Ground along the I-95 corridor.

Population: 13,087 (1990 Census)

The following General Fund information is as of June 30 of the applicable fiscal year. All amounts shown below are in dollars.

Revenues

	Total Local Taxes	Total Licenses & Permits	Total Intergov-ernmental Revenues	Total Service Charges	Total Fines & For-feitures	Total Misc.	Long Term Debt Proceeds	Total Revenues
1999	5,073,600	83,565	1,319,072	0	5,280	325,097	0	6,806,614
1998	4,206,130	73,235	1,142,839	0	5,840	778,956	259,000	6,466,000
1997	3,920,135	61,608	1,026,256	0	11,150	261,296	0	5,280,445
1996	3,576,364	107,750	965,864	0	10,139	270,696	159,400	5,090,213
1995	3,616,429	62,398	981,435	0	4,015	277,342	305,476	5,247,095

Expenditures

	Total General Gov't	Total Public Safety	Total Public Works	Total Parks Recreation and Culture	Total Com. Dev. & Public Housing	Total Ec. Dev. & Oppor-tunity	Total Debt Service	Total Miscel-laneous	Total Expendi-tures
1999	993,509	2,170,495	1,460,440	102,858	0	0	332,101	1,036,425	6,095,828
1998	882,002	2,216,488	1,311,717	92,079	0	0	195,183	1,045,607	5,743,076
1997	709,674	2,025,383	1,284,955	63,773	0	0	223,738	716,936	5,024,459
1996	647,982	1,950,851	1,409,875	60,394	0	0	222,950	672,210	4,964,262
1995	930,373	1,917,462	1,334,290	43,199	0	0	158,151	628,466	5,011,941

Assets and Liabilities

	1999	1998	1997	1996	1995
Cash and Investments	2,116,140	1,708,414	624,515	657,544	336,225
TOTAL ASSETS	13,078,346	11,386,301	8,719,602	7,305,673	1,736,697
TOTAL LIABILITIES	10,005,048	9,023,789	7,080,014	5,922,071	463,429
TOTAL FUND BALANCE	3,073,298	2,362,512	1,639,588	1,383,602	1,273,268
Unreserved/Undesignated Fund Balance	1,307,091	639,267	717,618	610,137	514,429

Property Taxes and Taxes Receivable

	Total assessed value of taxable property	General tax rate/$100	Actual tax levy*	Amount Collected*	Current Year Balance of Taxes Receivable
1999	289,026,250	1.28	3,687,735	3,605,111	82,624
1998	272,722,578	1.28	3,479,412	3,422,998	**
1997	251,807,714	1.28	3,217,296	3,176,875	**
1996	229,229,108	1.28	2,903,388	2,899,064	**
1995	225,341,614	1.30	2,929,441	2,878,093	**

* A small percentage of the tax levy and amount collected is based on a semiannual rate of one-half of the annual rate
** Balance of taxes receivable for all prior years is $44,784

Town of Emmitsburg

Description and Location: The Town of Emmitsburg, the seat of Mount St. Mary's College, is located in Frederick County, ten miles southwest of Gettysburg, Pennsylvania.

Population: 1,688 (1990 Census)

The following General Fund information is as of June 30 of the applicable fiscal year. All amounts shown below are in dollars.

Revenues

	Total Local Taxes	Total Licenses & Permits	Total Intergov-ernmental Revenues	Total Service Charges	Total Fines & For-feitures	Total Misc.	Long Term Debt Proceeds	Total Revenues
1999	329,265	10,029	162,108	755,732	5,185	59,601	0	1,321,919
1998	263,301	16,293	138,411	614,295	6,917	59,200	0	1,098,417
1997	261,974	23,884	126,066	757,659	5,577	34,375	0	1,209,535
1996	233,027	22,119	123,475	792,491	5,838	59,447	0	1,236,397
1995	232,841	17,894	116,426	825,110	0	37,551	719,728	1,949,550

Expenditures

	Total General Gov't	Total Public Safety	Total Public Works	Total Parks Recreation and Culture	Total Com. Dev. & Public Housing	Total Ec. Dev. & Oppor-tunity	Total Debt Service	Total Miscel-laneous	Total Expendi-tures
1999	137,831	139,152	529,706	111,780	0	0	172,387	75,862	1,166,718
1998	141,726	121,023	549,829	113,239	0	0	199,401	0	1,125,218
1997	150,552	126,780	614,720	80,966	0	0	191,314	0	1,164,332
1996	122,802	123,744	604,408	114,187	0	0	167,876	0	1,133,017
1995	123,757	116,532	568,327	155,077	0	0	944,585	0	1,908,278

Assets and Liabilities

	1999	1998	1997	1996	1995
Cash and Investments	31,771	44,580	62,210	118,509	113,390
TOTAL ASSETS	514,388	480,786	525,871	630,900	598,534
TOTAL LIABILITIES	448,153	569,753	333,244	387,336	338,788
TOTAL FUND BALANCE	66,235	(88,967)	192,627	243,564	239,746
Unreserved/Undesignated Fund Balance	62,298	(94,931)	186,490	237,829	239,746

Property Taxes and Taxes Receivable

	Total assessed value of taxable property	General tax rate/$100	Actual tax levy	Amount Collected	Current Year Balance of Taxes Receivable
1999	33,381,322	.61	203,021	193,727	9,294
1998	31,358,130	.61	190,943	189,720	*
1997	32,322,155	.53	170,545	158,186	*
1996	29,330,790	.53	154,848	153,270	*
1995	29,651,200	.53	156,713	147,501	*

* Balance of taxes receivable for all prior years is $2,665

City of Havre de Grace

Description and Location: Havre de Grace is located in Harford County on the western shore of the Susquehanna River at the mouth of the Susquehanna River 32 miles northeast of Baltimore along the I-95 corridor.

Population: 8,952 (1990 Census)

The following General Fund information is as of June 30 of the applicable fiscal year. The information is excerpted from annual uniform financial reports on file with the Maryland Department of Fiscal Services. All amounts shown below are in dollars.

Revenues

	Total Local Taxes	Total Licenses & Permits	Total Intergov-ernmental Revenues	Total Service Charges	Total Fines & For-feitures	Total Misc.	Long Term Debt Proceeds	Total Revenues
1999	3,457,503	161,587	794,153	0	9,071	293,125	105,000	4,820,439
1998	3,300,295	121,637	723,119	0	33,614	262,420	0	4,441,085
1997	3,133,939	181,885	679,508	0	7,806	158,846	0	4,161,984
1996	3,078,353	162,618	634,072	0	3,814	581,453	0	4,460,310
1995	2,729,652	157,394	676,445	21,927	2,309	524,936	0	4,112,663

Expenditures

	Total General Gov't	Total Public Safety	Total Public Works	Total Parks Recreation and Culture	Total Com. Dev. & Public Housing	Total Ec. Dev. & Oppor-tunity	Total Debt Service	Total Miscel-laneous	Total Expendi-tures
1999	1,377,439	1,647,641	2,526,657	116,922	0	0	0	142,658	5,811,317
1998	901,207	1,521,858	1,356,490	74,223	0	0	0	162,380	4,016,158
1997	873,037	1,592,720	1,229,466	58,544	0	0	104,155	91,625	3,949,547
1996	765,471	1,872,541	1,274,684	76,514	0	0	135,537	54,511	4,179,258
1995	574,202	1,685,870	1,117,590	48,700	0	0	159,747	77,871	3,663,980

Assets and Liabilities

	1999	1998	1997	1996	1995
Cash and Investments	1,749,750	2,529,173	2,062,642	1,849,923	1,770,162
TOTAL ASSETS	3,559,399	3,904,110	3,279,525	2,731,772	2,306,332
TOTAL LIABILITIES	434,450	136,809	263,677	290,267	145,879
TOTAL FUND BALANCE	3,124,949	3,767,301	3,015,848	2,441,505	2,160,453
Unreserved/Undesignated Fund Balance	2,731,208	3,354,385	2,563,422	1,946,683	1,691,493

Property Taxes and Taxes Receivable

	Total assessed value of taxable property	General tax rate/$100	Actual tax levy	Amount Collected	Current Year Balance of Taxes Receivable
1999	196,861,670	1.55	3,180,172	2,944,480	235,692
1998	189,804,070	1.55	2,811,609	2,778,494	*
1997	192,494,380	1.55	2,786,630	2,612,273	*
1996	173,183,140	1.55	2,519,595	2,449,918	*
1995	166,020,280	1.55	2,426,314	2,339,154	*

* Balance of taxes receivable for all prior years is $32,415

City of Hyattsville

Description and Location: Hyattsville is located in Prince George's County astride U.S. Route 1, two miles northeast of Washington, D.C.

Population: 13,864 (1990 Census)

The following General Fund information is as of June 30 of the applicable fiscal year. The information is excerpted from annual uniform financial reports on file with the Maryland Department of Fiscal Services. All amounts shown below are in dollars.

Revenues

	Total Local Taxes	Total Licenses & Permits	Total Intergov-ernmental Revenues	Total Service Charges	Total Fines & For-feitures	Total Misc.	Long Term Debt Proceeds	Total Revenues
1999	4,537,945	315,734	848,779	133,918	65,535	347,157	0	6,249,068
1998	4,423,072	228,735	809,788	111,074	72,376	392,059	0	6,037,104
1997	4,404,467	236,453	698,938	97,483	72,872	413,325	0	5,923,538
1996	4,288,608	257,195	656,351	99,142	71,248	402,649	0	5,775,193
1995	4,261,302	209,131	565,704	231,418	87,153	428,783	0	5,783,491

Expenditures

	Total General Gov't	Total Public Safety	Total Public Works	Total Parks Recreation and Culture	Total Com. Dev. & Public Housing	Total Ec. Dev. & Oppor-tunity	Total Debt Service	Total Miscel-laneous	Total Expendi-tures
1999	967,945	1,951,268	1,289,730	336,248	0	10,429	412,139	1,247,054	6,219,117
1998	819,844	1,784,242	1,316,585	286,405	0	17,000	443,064	1,144,195	5,811,335
1997	835,354	1,718,042	1,183,836	312,844	0	18,840	442,401	1,084,619	5,595,936
1996	850,594	1,597,623	1,340,195	327,422	0	0	444,780	1,121,941	5,682,555
1995	849,751	1,672,768	1,369,200	365,315	0	0	501,400	1,086,823	5,845,257

Assets and Liabilities

	1999	1998	1997	1996	1995
Cash and Investments	1,404,213	1,455,422	1,481,526	1,213,063	1,525,776
TOTAL ASSETS	1,763,329	2,213,920	1,869,506	1,652,288	1,826,735
TOTAL LIABILITIES	453,670	311,526	171,861	209,915	326,911
TOTAL FUND BALANCE	1,309,659	1,092,394	1,697,645	1,442,373	1,499,824
Unreserved/Undesignated Fund Balance	1,209,659	1,799,336	1,694,587	1,374,373	1,499,824

Property Taxes and Taxes Receivable

	Total assessed value of taxable property	General tax rate/$100	Actual tax levy	Amount Collected	Current Year Balance of Taxes Receivable
1999	310,579,106	1.25	3,852,736	3,717,407	135,329
1998	292,834,431	1.25	3,631,021	3,580,760	50,261
1997	292,260,484	1.25	3,625,189	3,603,921	21,268
1996	288,552,602	1.25	3,577,203	3,535,480	41,723
1995	282,852,558	1.25	3,510,744	3,651,058	(140,314)

Town of North Beach

Description and Location: North Beach is located at the northern tip of Calvert County on the west bank of the Chesapeake Bay 30 miles east of Washington, D.C.

Population: 1,173 (1990 Census)

The following General Fund information is as of June 30 of the applicable fiscal year. The information is excerpted from annual uniform financial reports on file with the Maryland Department of Fiscal Services. All amounts shown below are in dollars.

Revenues

	Total Local Taxes	Total Licenses & Permits	Total Intergov-ernmental Revenues	Total Service Charges	Total Fines & For-feitures	Total Misc.	Long Term Debt Proceeds	Total Revenues
1999	732,662	17,843	167,203	150,322	235	126,504	0	1,194,769
1998	640,693	29,349	165,300	150,064	650	32,789	0	1,018,845
1997	707,513	17,885	173,458	148,147	1,221	56,090	150,000	1,254,314
1996	435,959	16,299	365,334	136,850	1,199	33,737	0	989,378
1995	358,374	28,636	341,837	147,841	532	20,095	33,000	930,315

Expenditures

	Total General Gov't	Total Public Safety	Total Public Works	Total Parks Recreation and Culture	Total Com. Dev. & Public Housing	Total Ec. Dev. & Oppor-tunity	Total Debt Service	Total Miscel-laneous	Total Expendi-tures
1999	331,768	165,407	200,429	26,391	0	76,944	117,599	107,608	1,026,146
1998	298,256	193,881	221,580	17,477	0	17,848	130,578	96,358	975,978
1997	297,078	221,398	245,973	5,371	0	23,096	135,546	170,877	1,099,339
1996	325,365	169,735	243,060	229,194	0	31,172	127,077	88,388	1,213,991
1995	265,926	181,567	247,938	10,257	0	19,812	127,606	99,566	952,672

Assets and Liabilities

	1999	1998	1997	1996	1995
Cash and Investment	1,125	59,423	113,580	261,818	33,831
TOTAL ASSETS	85,480	163,745	234,567	391,438	150,716
TOTAL LIABILITIES	116,143	334,956	387,425	692,023	296,460
TOTAL FUND BALANCE	(30,663)	(171,211)	(152,858)	(300,585)	(145,744)
Unreserved/Undesignated Fund Balance	(30,663)	(171,211)	(152,858)	(300,585)	(145,744)

Property Taxes and Taxes Receivable

	Total assessed value of taxable property	General tax rate/$100	Actual tax levy	Amount Collected	Current Year Balance of Taxes Receivable
1999	32,088,167	1.91	612,884	594,858	18,026
1998	30,739,479	1.92	590,198	548,536	41,662
1997	29,854,456	1.94	578,827	542,595	36,232
1996	31,560,727	1.10	347,168	277,291	69,877
1995	25,274,721	1.15	290,659	230,125	60,534

INFRASTRUCTURE LOANS FINANCED WITH THE PROCEEDS OF PRIOR SERIES OF BONDS

The Series A Bonds, together with any Additional Bonds issued under the Bond Resolution in the future, rank on a parity and are equally and ratably secured under the Bond Resolution. Under the Bond Resolution all bonds issued and outstanding thereunder are payable from payments made on Local Obligations by Local Governments. All Local Obligations (regardless of when they were entered into or from what series of Bonds the Infrastructure Loan was made) and the payments made thereon are pledged to pay debt service on all Bonds issued under the Bond Resolution. Therefore, full and timely payment by each Local Government is required to provide sufficient Revenues with which to make payments on the Series A Bonds as well as all Additional Bonds issued and outstanding under the Bond Resolution.

This Appendix D provides information concerning the Local Governments which received Infrastructure Loans from the proceeds of prior series of Bonds.

Financial information concerning Local Governments which received Infrastructure Loans financed with proceeds of prior series of Bonds is contained in the Annual Information provided by the Administration with respect to the Bonds under SEC Rule 15c2-12. The most recent Annual Information for the fiscal year ended June 30, 1998, was filed on March 31, 1999, and the next Annual Information for the fiscal year ended June 30, 1999, is expected to be filed on or before March 31, 2000. Copies of these reports may be obtained from Anne P. Konrad, Director, Finance, of the Administration (Telephone: 410-514-7326; Telecopier: 410-987-8763).

Infrastructure Loans Financed with the Proceeds of Prior Series of Bonds

Local Government	Location (by County)	Series Of Bonds	Prior Bonds+	Outstanding Amount of Loan($)	Remaining Loan Term (in years)	Purpose
Aberdeen	Harford	1998 B	1990 A	243,136	6	Firehouse addition
Aberdeen	Harford	1996 A	N/A	487,420	12	Refinance FmHA* water system loan
Berlin	Worcester	1998 B	1988 A	1,745,000	19	Electric substation
Berlin	Worcester	1998 B	1990 A	1,322,906	11	Reconstruct electric distribution facility
Berlin	Worcester	1998 B	1991 A	616,942 930,000	12 22	Electric system improvements Construct wastewater treatment system
Berlin	Worcester	1997 A	N/A	1,434,939	28	Water & wastewater improvements
Berlin	Worcester	1998 B	N/A	2,410,000 930,000 100,000 65,000	29 9 19 4	Electric System: power plant modernization & imps.; emergency outage restoration imps.; & generator replacement Reconstruct streets Refurbish town hall Purchase vehicles
Berlin	Worcester	1999A	N/A	1,858,700 196,300	30 15	Repl./upgrade el. sys. generation capacity Enhance emergency outage restoration sys.
Berwyn Heights	Prince George's	1998 B	1990 A	27,881	1	Construct garage & town office addition
Berwyn Heights	Prince George's	1996 A	N/A	704,371	12	Street improvements
Boonsboro	Washington	1998 C	1990 I	291,960	22	Water utility improvements
Brentwood	Prince George's	1998 B	1990 A	19,656	1	Renovate town hall
Brunswick	Frederick	1998 B	1989 A	910,000	20	Wastewater improvements
Brunswick	Frederick	1997 A	N/A	703,050	13	Refinance FmHA * loan
Caroline County	Caroline	1998 C	1990 I	620,000 79,975	7 2	School addition Land acquisition
Caroline County	Caroline	1997 A	N/A	649,400 476,007	13 8	Road improvements School improvements
Caroline County	Caroline	1997 A	N/A	910,283 256,860	28 18	Reconstruct Ridgely Elementary School Denton street improvements
Caroline County	Caroline	1998 A	N/A	807,575 385,881 94,405 735,179 196,048 117,628 1,624,256	19 19 9 14 14 14 14	N. Caroline H.S. renovation & addition Federalsburg Elem. School improvements School improvements Construct health & public srvcs bldg Animal control facility improvements Courthouse improvements Maintain & improve roads & bridges
Charlestown	Cecil	1999 A	N/A	928,700	30	Refinance FmHA* loan

(Continued on following page)

Local Government	Location (by County)	Series Of Bonds	Prior Bonds+	Outstanding Amount of Loan($)	Remaining Loan Term (in years)	Purpose
Crisfield	Somerset	1998 B	1989 A	113,000 290,000 113,000	20 20 5	Sewer and water line extensions Wastewater treatment plant Curb, gutter and sidewalk upgrade
Crisfield	Somerset	1997 A	N/A	790,472 197,550	28 13	Street improvements Refinance FmHA* loan
District Heights	Prince George’s	1997 A	N/A	463,370	8	Street improvements
Dorchester County	Dorchester	1998 B	1991 A	570,000	7	Bridge reconstruction
Elkton	Cecil	1998 C	1990 I	240,026	2	Refinance water utility loans
Emmitsburg	Frederick	1998 B	1988 A	733,000	19	Street & wastewater treatment imps.
Frostburg	Allegany	1998 B	N/A	6,160,000	29	Refinance FmHA* Piney Dam loan
Glenarden	Prince George’s	1998 B	1991 A	145,000	2	Resurface streets
Glenarden	Prince George’s	1998 A	N/A	158,994 51,006	4 4	Refinance bank loans Purchase equipment
Grantsville	Garrett	1999 A	N/A	220,700	15	Refinance water system loan
Greensboro	Caroline	1999 A	N/A	147,000	20	Water system improvements
Havre de Grace	Harford	1998 B	1992 A	800,000	23	Construct city hall
Hyattsville	Prince George's	1998 B	1989 A	2,091,000	10	Construct municipal building
Indian Head	Charles	1999 A	N/A	584,900	20	Refinance bank loan
La Plata	Charles	1998 B	1988 A	582,000 227,000	9 9	Construct town hall Water & sewer improvements
La Plata	Charles	1996 A	N/A	611,111 433,889	17 17	Construct water well Construct Centennial Street
Leonardtown	St. Mary's	1998 B	1989 A	119,000 138,000	15 15	Refinance of FmHA loan Deep well & pump station imps.
Leonardtown	St. Mary’s	1998 C	1990 I	629,999	12	Water tank & water main improvements
Manchester	Carroll	1998 A	N/A	386,544	19	Water system improvements
Middletown	Frederick	1997 A	N/A	1,315,593	18	Construct water tank
Mount Airy	Carroll & Frederick	1998 B	1990 A	553,094	13	Refinance sewer bond
Mount Rainier	Prince George’s	1996 A	N/A	305,000	27	Refinance municipal building loan
Mount Rainier	Prince George’s	1997 A	N/A	701,733	28	Construct police station
New Carrollton	Prince George's	1998 B	1991 A	738,058	12	Construct public works facility
New Carrollton	Prince George's	1997 A	N/A	210,622	8	Sidewalk & street improvements
North Beach	Calvert	1998 B	1992 A	880,000	18	Streetscape improvements
North East	Cecil	1998 A	N/A	981,888	14	Road improvements
Perryville	Cecil	1998 B	1990 A	110,864	6	Construct parking lot
Pittsville	Wicomico	1998 B	N/A	410,000	24	Refinance FmHA* water system loan
Pocomoke City	Worcester	1997 A	N/A	420,361	18	Street & storm drain improvements
Prince George’s Co.	Prince George’s	1999 A	N/A	1,217,800	20	Refinance bank loans & purchase ladder truck on behalf of Accokeek VFD
Princess Anne	Somerset	1998 B	1990 A	5,863 5,584 54,603 91,160 102,323 93,021	1 1 21 21 21 21	Purchase refuse truck Construct storm drains Reconstruct street Improve Division Street Improve Elm Street Install street lighting
Queenstown	Queen Anne's	1998 B	1990 A	21,284	1	Construct water tank
Ridgely	Caroline	1998 A	N/A	435,595	9	Refinance water system loan
St. Mary’s County Metropolitan Com’n	St. Mary’s	1996 A	N/A	775,000	22	Water & sewer improvements
St. Mary’s County Metropolitan Com’n	St. Mary’s	1999 A	N/A	1,830,900	29	Relocate utility lines in MD 235 & Wicomico Shrs Phse II water & sewer improvements
St. Michaels	Talbot	1997 A	N/A	332,574	28	Water system improvements
Snow Hill	Worcester	1998 B	1990 A	1,440,893	21	Water system improvements
Snow Hill	Worcester	1997 A	N/A	267,186	18	Refinance MDE** loan
Sykesville	Carroll	1998 B	1989 A	57,000 111,000 33,000	20 20 20	Parking lot Storm drain Pole shed

(Continued on following page)

Local Government	Location (by County)	Series Of Bonds	Prior Bonds+	Outstanding Amount of Loan($)	Remaining Loan Term (in years)	Purpose
Sykesville	Carroll	1997 A	N/A	55,000	3	Refinance bank loan
Takoma Park	Montgomery	1998 B	1990 A	42,160	1	Road Improvements
				10,749	1	Construct leaf mulch plant
				12,006	1	Renovate library
				4,886	1	Replace public works boiler
				2,932	1	Replace roof on public works facility
Taneytown	Carroll	1998 C	1990 I	490,252	22	Acquisition of land for park
Thurmont	Frederick	1998 B	1988 A	1,094,000	19	Sewer main improvements
Thurmont	Frederick	1996 A	N/A	3,375,000	27	Construct electric system substation
				140,000	7	Purchase vehicles
University Park	Prince George’s	1996 A	N/A	933,209	12	Street & sidewalk improvements
Walkersville	Frederick	1998 B	1989 A	365,000	5	Construct water storage tank
TOTAL				**$59,903,212**		

* Farmers Home Administration, U.S. Department of Agriculture

** Maryland Department of the Environment, Water Quality Financing Administration

\+ Indicates the series of bonds which financed the Loan originally. Each series of bonds shown in this column was defeased with funds from the proceeds of the 1998 Series B Bonds or the 1998 Series C Bonds.

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

The following is a brief summary of certain provisions of the Bond Resolution, and such summary is qualified in its entirety by reference to the Bond Resolution.

Certain Definitions

"Authorized Officer" means the Secretary and the Deputy Secretary of Housing and Community Development, the Director of the Administration, and the Deputy Executive Director for Bond Finance, any program director within the Administration or any other person duly authorized by the regulations of the Administration or by the Secretary to perform such act or discharge such duty.

"Authorized Denomination" or "Authorized Denominations" means the denomination or denominations for each Series of Bonds set forth in the Series Resolution for such Series of Bonds.

"Cash Flow Certificate" means a certificate by an Authorized Officer demonstrating that the sum of:

(a) the Revenues scheduled to be derived with respect to all Infrastructure Loans pledged under the Bond Resolution,

(b) any other payments on such Infrastructure Loans,

(c) interest and other income estimated by the Administration to be derived from the investment or deposit of money available therefor in any fund or account created by or pursuant to the Bond Resolution (which estimate shall be based upon the investments or deposits made at the time of such certificate or, for any period of time covered by such certificate for which there are no investments, an assumed reinvestment rate reasonably determined by the Administration compounded no more frequently than monthly), and

(d) any other moneys or funds pledged to the payments of the Bonds

will be sufficient to pay the principal of and interest on all Outstanding Bonds.

"Cost of Issuance" means all items of expense payable or reimbursable directly or indirectly by the Administration and related to the authorization, sale and issuance of Bonds and the financing of Infrastructure Loans.

"County" means the twenty-three counties of the State and Baltimore City.

"Federal Obligations" means direct obligations of (including obligations issued or held in book entry form on the books of) the Department of Treasury of the United States of America.

"Fiscal Year" means the period of twelve calendar months commencing on July 1 in any calendar year and ending on June 30 in the following calendar year or such other period of twelve calendar months as determined by the Administration.

"Interest Payment Date" means each date on which interest on any Series of Bonds is required to be paid under the applicable Series Resolution.

"Loan Account" means an account so designated which may be established pursuant to the Bond Resolution.

"Local Government" means a County or Municipality, or any of their agencies or instrumentalities, or any other entity which may now or hereafter be authorized to participate in the Program.

"Municipality" means a municipal corporation in Maryland subject to the provisions of Article XI-E of the Maryland Constitution.

"Outstanding" or "Bonds Outstanding" means all Bonds or portions thereof which have been delivered under the Bond Resolution, except:

(a) Bonds surrendered to the Trustee for cancellation after purchase in the open market or because of payment at or redemption before maturity;

(b) Bonds or portions thereof for the payment or redemption of which cash funds or Federal Obligations or any combination thereof shall have been theretofore deposited with the Trustee (whether upon or before the maturity or redemption date of any such Bonds); provided that, if such Bonds are to be redeemed before the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee; and

(c) Bonds in lieu of which other Bonds have been transferred, exchanged, executed, authenticated and delivered under the Bond Resolution unless proof satisfactory to the Trustee is presented that such bond is held by a bona fide holder in due course.

"Permitted Investments" means any of the following investments which at the time are legal investments for moneys of the Administration which are then proposed to be invested therein:

(1) Federal Obligations;

(2) Bonds, debentures, notes or other evidences of indebtedness issued by any federal agency, instrumentality or public corporation the obligations of which represent or are guaranteed by the full faith and credit of the United States of America, including (without limitation): Farmers Home Administration; General Services Administration; U.S. Maritime Administration; Small Business Administration; Government National Mortgage Association (GNMA); and U.S. Department of Housing & Urban Development (HUD);

(3) Bonds, notes or other evidences of indebtedness rated in the highest investment grade rating by any national rating agency issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;

(4) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase in the two highest ratings of any nationally recognized rating agency and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

(5) Commercial paper which is rated at the time of purchase in the single highest rating classification of any nationally recognized rating agency and which matures not more than 270 days after the date of purchase;

(6) Investments in a money market fund rated in the single highest rating classification of any nationally recognized rating agency;

(7) Pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which

irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (A) which are rated, based on the escrow, in the highest rating category of any nationally recognized rating agency; or (B) (i) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Federal Obligations, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which fund is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate;

(8) Investment agreements with any financial institution or other entity with debt rated in the highest rating category of any nationally recognized rating agency;

(9) Contracts for the purchase and sale of obligations described in clauses (1) through (7) of this definition, provided that: (i) if the parties with which such contracts are made are not members of the Federal Reserve System or if such parties (including members of the Federal Reserve System) are not required to set aside and otherwise identify obligations described in clauses (1) through (7) above to such contracts as security or reserve therefor, such obligations shall be delivered to and held by a fiduciary during the term of such contracts, and (ii) such obligations shall be continuously maintained at a market value at least equal to 100% of the face value of each such contract;

(10) Investments in any mutual fund the portfolio of which is limited to Permitted Investments, including, without limitation, any proprietary mutual fund of the Trustee for which the Trustee or an affiliate is investment advisor or provides other services to such mutual fund and receives reasonable compensation for such services (and if such mutual fund consists solely of Federal Obligations, then such fund shall constitute “Federal Obligations” for the purposes of the Bond Resolution); and

(11) Other forms of investments approved in writing by MBIA.

“Pledged Funds” means any and all revenues, proceeds, payments, rents, charges and other income derived from an Infrastructure Project or any other facilities of a Local Government and pledged to secure payment of a Local Obligation.

“Prepayment” means any money received from a payment of principal on an Infrastructure Loan in excess of the scheduled payments of principal then due or from the sale of an Infrastructure Loan.

“Redemption Fund” means the fund so designated which is established under the Bond Resolution.

“Revenue Fund” means the fund so designated which is established under the Bond Resolution.

“Revenues” means all payments, proceeds, rents, charges and other cash income derived by or for the account of the Administration from or related to the Program, including, without limitation, the payments of principal of and interest on Infrastructure Loans (whether paid by or on behalf of the Local Government), but not including Prepayments or investment income in any funds and accounts, and not including any financing, commitment or similar fees or charges of the Administration in connection with the financing of an Infrastructure Loan (unless expressly pledged as security for the Bonds).

“Series” or “Series of Bonds” means all Bonds delivered on original issuance in a simultaneous transaction pursuant to a Series Resolution, regardless of variations in maturity, interest rate or other provisions, and any Bond thereafter delivered in lieu of or in substitution for any of such Bonds pursuant to the Bond Resolution.

“Surplus Fund” means the fund so designated which is established under the Bond Resolution.

"Sinking Fund Installment" means any amount of money required by or pursuant to a Series Resolution to be paid on a specified date by the Administration toward the retirement of any particular Term Bonds before maturity.

"Term Bonds" means Bonds so designated in a Series Resolution.

Contract with Trustee and Bondholders

As provided in the Act and in consideration of the acceptance by the Trustee of the trusts created under the Bond Resolution and of the purchase and acceptance of Bonds of any Series issued thereunder by any who shall from time to time be holders thereof:

(a) The provisions of the Bond Resolution and applicable Series Resolutions shall be a contract of the Administration with the Trustee and the holders of the Bonds.

(b) The Administration covenants that it will cause to be paid to and deposited with the Trustee all proceeds of Bonds and all payments of Infrastructure Loans financed from such proceeds and all income and receipts therefrom.

(c) The Administration pledges to the Trustee for the payment of the principal of, premium, if any, and interest on the Bonds, at the times and in the manner provided in the Bond Resolution and applicable Series Resolutions, and grants a security interest in, (i) all proceeds of the sale of Bonds (other than proceeds deposited in trust for the retirement of Outstanding Bonds), (ii) all Local Obligations acquired by the Administration, (iii) the Administration's right, title and interest in all Infrastructure Loans, (iv) all Revenues and Prepayments, (v) all Pledged Funds pledged in connection with the Local Obligations and (vi) all moneys, Permitted Investments and other assets and income held in and receivable by funds and accounts established by or pursuant to the Bond Resolution and applicable Series Resolutions; all subject to the power of the Administration to direct withdrawals of amounts from these funds and accounts upon the conditions set forth in the Bond Resolution.

(d) The pledge made and security interests granted in the Bond Resolution and the covenants and agreements therein set forth, to be performed by and on behalf of the Administration, shall be for the equal benefit, protection and security of holders of all such Bonds without preference, priority or distinction of any Bond over any other, except as expressly provided or permitted in the Bond Resolution. Subordinated Bonds shall not be of equal rank with the Bonds issued pursuant to the Bond Resolution which are not issued as Subordinated Bonds and shall be entitled to the preferences and priorities provided in the Series Resolution authorizing the issuance of Subordinated Bonds.

(e) Neither the Secretary nor any other person executing the Bonds shall be liable or accountable personally on the Bonds by reason of the issuance thereof. The Bonds of the Administration shall not be a debt of, and do not pledge the faith, credit or taxing power of the State, the Department, the Administration or any political subdivision, and shall be payable solely from the Revenues and property provided for in the Bond Resolution and in the Act.

Additional Obligations

The Administration expressly reserves the right to adopt one or more additional bond or note resolutions and reserves the right to issue bonds, notes or other obligations for any lawful purpose or program so long as they are not secured by a charge or lien prohibited by the Bond Resolution.

Temporary Accounts

Each Series Resolution may establish a Capitalized Interest Account to provide funds for the payment of interest to accrue on such Series of Bonds before Revenues are estimated to be available and sufficient for that purpose.

Each Series Resolution may establish a Cost of Issuance Account to provide funds to pay the Cost of Issuance of such Series of Bonds. Upon receipt of a certificate of an Authorized Officer stating that the Cost of Issuance has been fully paid, the Trustee shall transfer any remaining balance in such account to the Loan Account established by such Series Resolution or to the Revenue Fund as directed in a certificate of an Authorized Officer.

Loan Fund and Loan Accounts

Each Series Resolution shall establish a separate Loan Fund to be held by the Trustee, to record the receipt and disbursement of any proceeds of the Series of Bonds therein authorized for the financing of Infrastructure Loans, or for the financing of Infrastructure Loans previously financed by the Administration. Within the Loan Fund, the Trustee shall establish a Loan Account for each Infrastructure Loan.

The Trustee shall, from time to time, pay out money in any Loan Account held for the purpose of making or purchasing Infrastructure Loans or reimbursing the Administration for payments made by it from other funds for that purpose, upon receipt by the Trustee of the following:

(1) upon the first disbursement with respect to a particular Infrastructure Loan a certificate of an Authorized Officer:

(i) stating that the Infrastructure Loan is made in accordance with the provisions of the Bond Resolution and the applicable Series Resolution;

(ii) assigning an identification number to the Infrastructure Loan;

(iii) stating the principal amount of the Infrastructure Loan, the name of the Local Government, the interest rate on the Infrastructure Loan, the term of the Infrastructure Loan and the amount and sources of any portion of the principal amount of the Infrastructure Loan to be provided from sources other than Bond proceeds; and

(iv) a Cash Flow Certificate, if either (A) a new Infrastructure Loan is to be made or an existing Infrastructure Loan is to be increased from Prepayments deposited into the Redemption Fund, or (B) the Infrastructure Loan is being made in lieu of an Infrastructure Loan identified in a previous Cash Flow Certificate, and, in either case, the terms of the Infrastructure Loan materially differ from the terms of the Infrastructure Loan which was prepaid or so identified.

(2) Upon each disbursement with respect to a particular Infrastructure Loan, a certificate of an Authorized Officer stating:

(i) the Loan Account from which the payment is to be made;

(ii) the draw number of the payment;

(iii) the name of the person to, and Infrastructure Loan for, which the payment is to be made;

(iv) the amount to be paid and the manner of the payment; and

(v) that this amount, together with all prior disbursements from the Loan Account and all prior advances made by the Administration to the Local Government on account of the

Infrastructure Loan, will not exceed in the aggregate the authorized amount of the Infrastructure Loan.

(3) On or before the first disbursement with respect to a particular Infrastructure Loan or upon any increase in the amount of a particular Infrastructure Loan, evidence that MBIA has approved such Infrastructure Loan or such increase.

As soon as possible after the closing of the financing of each Infrastructure Loan, the Administration shall transmit to the Trustee a certificate of an Authorized Officer stating the due dates and amounts of scheduled payments of principal and interest thereon and the principal balance remaining after each payment.

All interest and other income received from the deposit and investment of money in Loan Accounts shall be transferred by the Trustee, as received, to the Revenue Fund. The Administration may direct the Trustee to transfer amounts in any Loan Account to the Redemption Fund.

Deposit into Funds and Accounts

The Administration will collect and deposit with the Trustee all Revenues and Prepayments receivable from Local Governments on the date of receipt or as soon thereafter as practicable. All such moneys and any other moneys that the Trustee receives on account of any Infrastructure Loan shall be paid into and credited on the books of the Trustee as follows:

(1) Revenues to the Revenue Fund; and

(2) Prepayments to the Redemption Fund.

Funds and Accounts

Revenue Fund. On or before each Interest Payment Date with respect to a Series of Bonds, or on or before each date on which Bonds mature or are to be redeemed and on such other date as directed by an Authorized Officer, the Trustee shall withdraw moneys in the Revenue Fund and, except as otherwise provided in the Series Resolution, apply the amounts withdrawn in the following order of priority:

(1) On each Interest Payment Date, an amount equal to the unpaid interest due and payable on the Bonds on that date shall be applied to the payment of said interest when due, or transmitted to one or more paying agents on each Interest Payment Date, who shall apply such amount to such payment on such date;

(2) On a date on which Bonds are to be redeemed, an amount equal to the accrued and unpaid interest on the Bonds to be redeemed on such date shall be applied to the payment of said interest or shall be transmitted to one or more paying agents who shall apply it to such payment;

(3) On a date on which the Bonds are to (A) mature, an amount equal to the principal amount of the Outstanding Bonds, if any, shall be applied to the payment of the principal of said Bonds when due or transmitted to one or more paying agents who shall apply it to such payment on such date, and (B) be redeemed, an amount equal to the Sinking Fund Installment, if any, due on that date shall be applied to the redemption of a like principal amount of Term Bonds to be redeemed or transmitted to one or more paying agents who shall apply it to such redemption;

(4) To the Trustee and any registrar or co-registrar or any paying agent or agents their reasonable and necessary fees and expenses, if any, as determined by the Administration;

(5) The remainder to the Surplus Fund.

On or before the 35th day, but not earlier than the 50th day, unless the Administration otherwise directs, before each such Interest Payment Date on which a Sinking Fund Installment is due, the Trustee shall proceed to select for redemption from all Outstanding Bonds subject to redemption from such Sinking Fund Installment a principal amount of such Bonds, equal to the aggregate principal amount of such Bonds redeemable with such Sinking Fund Installment, and shall call such Bonds for redemption from such Sinking Fund Installment on the next succeeding Interest Payment Date, and give notice of such call. On or before the 35th day next preceding any Interest Payment Date on which a Sinking Fund Installment is due, the Administration, by a certificate of an Authorized Officer, may (l) deliver to the Trustee for cancellation Bonds which are subject to redemption from such Sinking Fund Installment, or portions thereof (in any Authorized Denominations), in an aggregate principal amount desired or (2) receive a credit in respect of its Sinking Fund Installment obligation for any such Bonds, which before said date have been delivered to the Trustee for cancellation or redeemed (otherwise than through redemption from a Sinking Fund Installment) and canceled by the Trustee and not theretofore applied as a credit against any Sinking Fund Installment obligation. Each Bond or portion thereof so delivered or previously redeemed shall be credited by the Trustee at the principal amount thereof on the obligation of the Administration with respect to such Sinking Fund Installments as the certificate of an Authorized Officer shall direct and the principal amount of such Bonds to be redeemed by such Sinking Fund Installment shall be accordingly reduced.

On or before the 35th day preceding each Interest Payment Date on which a Sinking Fund Installment is due, the Trustee, if directed by a certificate of an Authorized Officer, shall apply moneys in the Revenue Fund held for such Sinking Fund Installment to the purchase of Outstanding Bonds subject to redemption from such Sinking Fund Installment in the manner hereinafter provided, and upon such purchase such Bonds shall be canceled and the amount of such Sinking Fund Installment shall thereupon be reduced by the principal amount of such Bonds so purchased and canceled, provided that no such Bonds shall be so purchased within the 35 days next preceding the Interest Payment Date on which such Sinking Fund Installment is to be used to redeem Bonds. The price paid by the Trustee (excluding accrued interest, but including any brokerage and other charges) for any Bond purchased pursuant to this paragraph shall not exceed 100% of the principal amount thereof, plus interest accrued to the date of such purchase. The Trustee shall purchase Bonds at such times, for such prices, in such amounts and in such manner as directed by an Authorized Officer and as may be possible with the amount of money available in the Revenue Fund.

The Administration reserves the right to transfer any amount from other legally available funds to the Trustee for credit to the Revenue Fund in payment and satisfaction of a corresponding amount of the scheduled principal or interest payments on any Infrastructure Loan or to advance such money to cure or avert a default on any Infrastructure Loan, or to make any payment of principal, premium, interest or Sinking Fund Installment with respect to any or all of the Bonds, including, without limitation, proceeds of refunding Bonds. The Administration shall be entitled to recover from the Local Government any amounts so advanced, together with interest thereon at the rate payable on the Infrastructure Loan, or to enforce its right to such recovery under the Infrastructure Loan.

Redemption Fund. The Trustee shall credit to the Redemption Fund all Prepayments which shall be used and applied, as directed by a certificate of an Authorized Officer, either (i) to provide additional funds to a Loan Account for an increase in the amount of an Infrastructure Loan authorized by the Administration or for new Infrastructure Loans to be financed by the Administration, (ii) for the establishment of one or more Loan Accounts for new Infrastructure Loans to be financed by the Administration, (iii) for the purchase or redemption of Outstanding Bonds, (iv) for transfer to the Revenue Fund of amounts included in a Prepayment representing interest on a Infrastructure Loan, or (v) if a sufficient amount of Bonds are not redeemable within said period and cannot be purchased at or below their principal amount or the redemption price applicable on their next ensuing redemption date, then any amount not so applied during said period shall be used and applied for one or more of the purposes authorized in clauses (i), (ii) or (iii) of this paragraph as soon thereafter as possible; provided that on the first day of each month while any Prepayment or amount transferred from a Loan Account is held in the Redemption Fund, the Trustee shall, unless otherwise directed by the Administration, transfer from the Redemption Fund to the Revenue Fund the scheduled monthly payment of principal of the Infrastructure Loan with respect to which the Prepayment was received or to which the Infrastructure Loan was to be made. Such Prepayments shall be so used and applied within six months after the receipt of such Prepayments, except that such six-month period may be extended if the Administration files with the Trustee a Cash Flow Certificate based upon the scheduled investment earnings on such Prepayments, the scheduled Revenues to be received, if any, from any new Infrastructure Loans to be financed or amounts of any Infrastructure Loans to be increased, or upon the redemption of such Bonds, as applicable.

The Administration may authorize the increase of any Infrastructure Loan or the financing of a new Infrastructure Loan, as contemplated in the preceding paragraph, and for such purpose, may appropriate any money at the time available in or transferred to the Redemption Fund in accordance with the provisions of the Bond Resolution, except as provided in the preceding paragraph, to one or more designated Loan Accounts for disbursement. Upon filing with the Trustee of a certificate of an Authorized Officer, the Trustee shall withdraw from the Redemption Fund and deposit the amount authorized in each Loan Account designated in the certificate.

Upon receipt of the certificate of an Authorized Officer, the Trustee shall apply money in the Redemption Fund not otherwise applied in accordance with the two preceding paragraphs to the purchase or redemption of Bonds designated in the certificate. Bonds not purchased may be redeemed at a redemption price determined by the Series Resolution. Bonds shall not be purchased pursuant to this paragraph after notice is sent to Bondholders of the redemption of Bonds.

Interest and other income from the investment or deposit of amounts in the Redemption Fund shall be transferred by the Trustee to the Revenue Fund upon receipt thereof. Notwithstanding the foregoing sentence, the Administration may transfer moneys held in the Redemption Fund credited to or derived from any Series of Bonds being refunded to any other Series of Bonds, including, without limitation, refunding Bonds.

Surplus Fund. The Trustee shall credit to the Surplus Fund any amounts remaining after satisfying the requirements of all other funds and accounts under the Bond Resolution, and any other amounts as may be provided in a Series Resolution.

Subject to the provisions of the Bond Resolution and any Series Resolution, amounts in the Surplus Fund may be withdrawn and applied by the Trustee from time to time upon receipt by the Trustee of a certificate of an Authorized Officer:

(1) for deposit to any fund or account established or created pursuant to the Bond Resolution or any Series Resolution; or

(2) free and clear of any lien or pledge created by the Bond Resolution or any Series Resolution, for any lawful purpose of the Administration.

If there is not a sufficient amount in the Revenue Fund to provide for the payment next due of principal of and interest on the Bonds and any Sinking Fund Installments, the Trustee shall withdraw from the Surplus Fund and pay into the Revenue Fund the amount of the deficiency then remaining. The Trustee shall notify the Administration in writing before any such withdrawal from the Surplus Fund.

Investment of Funds and Accounts

The Administration may direct the Trustee to, and in the absence of direction the Trustee shall, invest moneys in the funds and accounts held by the Trustee in Permitted Investments, the maturity or redemption date (at the option of the Administration or the Trustee) of which shall coincide as nearly as practicable with the times at which moneys in said fund or account will be required for the purposes provided in this Bond Resolution.

Obligations purchased as an investment of moneys in any fund or account held by the Trustee under the provisions of the Bond Resolution shall be deemed at all times to be a part of such fund or account, and except as otherwise expressly provided in the Bond Resolution, the income or interest earned by, or the increment to, a fund or account due to the investment thereof shall be transferred to the Revenue Fund as received.

Except as otherwise provided in a Series Resolution, the amount in any fund or account held by the Trustee under the provisions of the Bond Resolution shall be determined as of the end of each month as follows:

(i) the bid and asked prices of investments as published by a nationally recognized pricing service on or the date immediately preceding the date of determination, or the average bid price at the time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments;

(ii) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and

(iii) as to any investment not specified above: the value thereof established by prior agreement among the Administration, the Trustee and MBIA.

The Trustee shall sell at the best price obtainable, as determined by the Administration, or present for redemption, any obligation purchased by it as an investment whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the fund or account for which such investment was made. The Trustee shall advise the Administration in writing, on or before the last day of each calendar month, of the details of all cash and investments held for the credit of, and transactions in, each fund or account in its custody under the provisions of this Bond Resolution as of the end of the preceding month.

Discharge of Lien of Bond Resolution

If the Administration shall pay or cause to be paid, or there shall otherwise be paid or provision for payment made, to the holders of the Bonds the principal of, premium, if any, and interest due or to become due thereon at the times and in the manner stipulated therein, then unless there shall be delivered to the Trustee a certificate of an Authorized Officer to the contrary, the pledge, estate and rights granted under the Bond Resolution shall cease, determine and be void, whereupon the Trustee shall cancel and discharge the lien of the Bond Resolution, and execute and deliver to the Administration such instruments in writing as shall be requisite to release the lien thereof, and reconvey, release, assign and deliver to the Administration any and all the estate, right, title and interest in and to any and all rights or property assigned or pledged to the Trustee or otherwise subject to the lien of the Bond Resolution, except cash held by the Trustee or any paying agent for the payment of the principal of, premium, if any, and interest on the Bonds.

Any Bond shall be deemed to be paid for all purposes of the Bond Resolution when payment of the principal of, premium, if any, and interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment (A) moneys sufficient to make such payment or (B) Federal Obligations maturing as to principal and interest in such amount and at such time as will ensure the availability of sufficient moneys to make such payment. At such times as a Bond shall be deemed to be paid under the Bond Resolution, as aforesaid, it shall no longer be secured by or entitled to the benefits of the Bond Resolution, except for the purposes of any such payment from such moneys or Federal Obligations.

If the principal or interest due on the Bonds shall be paid by MBIA pursuant to the Policy, the Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Administration, and the assignment and pledge of the trust estate created by the Bond Resolution and all covenants, agreements and other obligations of the Administration to the holders of the Bonds shall continue to exist and shall run to the benefit of MBIA, and MBIA shall be subrogated to the rights of such holders.

Events of Default

Each of the following shall constitute an event of default under the Bond Resolution and is herein called an "Event of Default":

(a) Interest on any of the Bonds is not paid when the same shall become due, or the principal or redemption price of any Bonds is not paid at maturity or at a redemption date at which the Bonds have been called for redemption, or a Sinking Fund Installment is not paid when due;

(b) If there is a default in the performance or observance of any other covenants, agreements or conditions on the part of the Administration contained in the Bond Resolution, a Series Resolution or the Bonds, and such default is not remedied after notice thereof to the Administration and the expiration of a cure period of at least 60 days;

(c) If the Administration shall file a petition seeking a composition of indebtedness under the federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State.

Remedies; Rights of Bondholders

Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy under the Act, at law or in equity to enforce the payment of the principal and interest on the Bonds then Outstanding. Upon the occurrence of such Event of Default the Trustee may, and at the direction of MBIA, shall, declare the principal of all Bonds Outstanding and the interest accrued thereon to be immediately due and payable, whereupon such principal and interest shall thereupon become immediately due and payable.

If an Event of Default shall have occurred and, if notified and requested so to do by MBIA or the holders of no less than 25% in aggregate principal amount of Bonds then Outstanding with the consent of MBIA and if indemnified as provided in the Bond Resolution, the Trustee shall be obligated to exercise one or more of the rights and powers conferred by the Bond Resolution, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bondholders. Notwithstanding any other provision of the Bond Resolution, in determining whether the rights of the Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of the Bond Resolution, the Trustee shall consider the effect on the Bondholders as if there were no Municipal Bond Insurance Policy.

Except as provided in the Bond Resolution, the holders of a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Bond Resolution, or for the appointment of a receiver or any other proceedings under the Bond Resolution; provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Bond Resolution.

No holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of the Bond Resolution or for the execution of any trust thereof or for the appointment of a receiver or any other remedy under the Bond Resolution, unless (1) a default has occurred of which the Trustee has been notified as provided in the Bond Resolution, or of which it is deemed to have notice, (2) such default shall have become an Event of Default and the owners of not less than 25% in aggregate principal amount of Bonds then Outstanding shall have made written notice to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers granted under the Bond Resolution or to institute such action, suit or proceeding in their own name or names, (3) they have offered to the Trustee indemnity, and (4) the Trustee shall thereafter fail or refuse to exercise the powers granted under the Bond Resolution, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are in every case at the option of the Trustee conditions precedent to the execution of the powers and trusts of the Bond Resolution, and to any action or cause of action for the enforcement of the Bond Resolution, or for the appointment of a receiver or for any other remedy thereunder; it being understood and intended that no one or more holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Bond Resolution by such holder's action or to enforce any right thereunder except in the manner therein provided, and that all proceedings at law or in equity shall be instituted, had and maintained for the equal and ratable benefit of the holders of all Bonds then Outstanding (other than owners of Subordinated Bonds, who shall be entitled to the priority established for the applicable Series of Subordinated Bonds). However, nothing contained in the Bond Resolution shall affect or impair the right of any Bondholders to enforce the payment of the principal of and interest on any Bond at and after the maturity thereof, or the obligation of the Administration to pay the principal of and interest on each of the Bonds issued under the Bond Resolution to the respective holders thereof at the time, place, from the source and in the manner expressed in the Bonds.

The Trustee may at its discretion waive any Event of Default under the Bond Resolution and its consequences, and shall do so upon the written request of the holders of (1) more than $66^{2}/_{3}$% in aggregate principal amount of all the Bonds then Outstanding in respect of which default in the payment of principal or interest, or both, exists, or (2) more than 50% in aggregate principal amount of all Bonds then Outstanding in the case of any other default; provided, however, that there shall not be waived (a) any Event of Default in the payment of the principal of any Outstanding Bonds at the date of maturity or sinking fund redemption date specified therein, or (b) any default in the payment when due of the interest on any such Bonds unless, before such waiver or rescission, all arrears of interest or all arrears of payments of principal when due, as the case may be, with interest on overdue principal at the rate borne by the Bonds, and all expenses of the Trustee in connection with such default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceedings taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Administration, the Trustee and the Bondholders shall be restored to their former positions and rights under the Bond Resolution, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Anything in the Bond Resolution to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default and so long as MBIA continues to honor its obligations under the Municipal Bond Insurance Policy, MBIA shall be entitled to control and direct the enforcement of all rights and remedies granted to the Bondholders or the Trustee for the benefit of the Bondholders under the Bond Resolution, including, without limitation, acceleration of the principal of the Bonds as described in the Bond Resolution and the right to annul any declaration of acceleration. MBIA shall also be entitled to approve all waivers of events of default.

Supplemental Bond Resolutions

The Bond Resolution may be supplemented at any time upon filing with the Trustee of a copy of such supplement certified by an Authorized Officer, shall be fully effective in accordance with its terms:

(1) to close the Bond Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Bond Resolution on, the issuance in the future of Bonds;

(2) to add to the covenants or agreements of the Administration in the Bond Resolution, other covenants or agreements to be observed by the Administration which are not contrary to or inconsistent with the Bond Resolution as theretofore in effect;

(3) to add to the limitations, restrictions or provisions in the Bond Resolution, other limitations, restrictions or provisions to be observed by the Administration which are not contrary to or inconsistent with the Bond Resolution as theretofore in effect;

(4) to surrender any right, power or privilege reserved to or conferred upon the Administration by the Bond Resolution;

(5) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Bond Resolution, of the Revenues or any other money, Infrastructure Loans, fund or accounts; or

(6) to specify, determine or authorize by Series Resolution any and all matters and things relative to the Bonds of a Series or the proceeds thereof which are not contrary to or inconsistent with the Bond Resolution as theretofore in effect.

A resolution of the Administration amending or supplementing the Bond Resolution may be adopted upon: (i) filing with the Trustee of a copy thereof certified by an Authorized Officer, and (ii) filing with the Administration of an instrument in writing made by the Trustee consenting to such resolution, for the following purposes:

(1) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Bond Resolution;

(2) to insert such provisions clarifying matters or questions arising under the Bond Resolution as are necessary or desirable and are not contrary to or inconsistent with the Bond Resolution as theretofore in effect; or

(3) to amend the Bond Resolution in any respect which, in the opinion of the Trustee, is not materially adverse to the interests of the Bondholders.

Except as provided above, the Bond Resolution or any supplemental resolution may be amended or supplemented by the holders of not less than two-thirds in aggregate principal amount of the Bonds then Outstanding for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Bond Resolution or in any supplemental resolutions. However, no such amendment or supplement shall permit, without the consent of the holders of all Outstanding Bonds: (a) an extension of the maturity or mandatory sinking fund redemption date of the principal of or the interest on any Bond, (b) a reduction in the principal amount of any Bond or the rate of interest, or sinking fund redemption requirements, thereon, (c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, (d) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Resolution, (e) the creation of any lien other than a lien ratably securing all of the Bonds at any time Outstanding hereunder (except in the case of Subordinated Bonds), or (f) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee without the written consent of the Trustee.

Any provision of the Bond Resolution expressly recognizing or granting rights in or to MBIA may not be amended in any manner which affects the rights of MBIA hereunder without the prior written consent of MBIA. MBIA's consent shall be required in addition to Bondholder consent, when required, for the initiation or approval of any action which requires Bondholder consent.

Trustee

Under the terms of the Bond Resolution, the Trustee or any successor Trustee shall be a bank, trust company or national banking association having trust powers and a combined capital and surplus of not less than $50,000,000. The Trustee has accepted the trusts created under the Bond Resolution and has agreed to perform the duties required of it under the terms and conditions thereof. The Trustee shall be under no obligation or duty to perform any act which would involve it in expense or liability, to institute or defend any action or suit in respect of the Bond Resolution or Bonds, or to advance any of its own moneys, unless properly indemnified. The Trustee shall not be liable in connection with the performance of its duties under the Bond Resolution, except for its own negligence or default.

The Trustee may become the owner of or may deal in Bonds as fully and with the same rights it would have if it were not the Trustee. To the extent permitted by law, the Trustee may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or the Bond Resolution, whether or not any such committee shall represent the holders of a majority in aggregate principal amount of the Bonds Outstanding.

The Trustee, or any successor thereof, may at any time resign and be discharged of its duties and obligations created by the Bond Resolution by giving not less than 60 days' written notice to the Administration and MBIA and publishing notice thereof, specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. Such resignation shall take effect upon the day specified in such notice, unless previously a successor shall have been appointed by the Administration or Bondholders, in which event such resignation shall take effect immediately on the appointment of such successor.

The Trustee, or any successor thereof, may be removed at any time by the Administration (so long as the Administration is not in default under the Bond Resolution), in its sole discretion by notice given to the Trustee by the Administration, or by the holders of a majority in aggregate principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Administration.

If the Trustee, or any successor Trustee, shall resign, be removed, become incapable of acting, or be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property shall be appointed, or if any public office shall take charge or control of the Trustee or of its property or affairs, a successor may be appointed by the holders of a majority in aggregate principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Administration. Pending such appointment, the Administration shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee shall be appointed by Bondholders. Notwithstanding any other provision of the Bond Resolution, no removal, resignation or termination of the Trustee shall take effect until a successor shall be appointed. The Administration shall, within 20 days after such appointment, publish notice of any such appointment. Any successor Trustee appointed by the Administration shall, immediately and without further act, be superseded by a Trustee appointed by Bondholders. If in a proper case, no appointment of a successor Trustee shall be made pursuant to the foregoing provisions within 45 days after the Trustee shall have given written notice of resignation or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Bondholder may apply to any court of competent jurisdiction to appoint a successor.

The Administration reserves the right to approve, in its sole discretion, any successor Trustee if any Trustee is merged or converted or consolidated or if any Trustee sells or transfers all or substantially all of its corporate trust business.

The Administration, in its sole discretion, reserves the right, in the future and from time to time, to undertake to obtain competitive bids from financial and trust institutions for the performance of the services of Trustee under the Bond Resolution. The Trustee has agreed that in the event it is not the successful bidder for trustee services in the future, it shall resign as Trustee upon request of the Administration. Alternatively, at the option of the Administration, the failure of the Trustee to be the successful bidder for trustee services in the future, shall constitute sufficient reason for removal of the Trustee under the Bond Resolution by the Administration.

Publication of Notices

Whenever the Administration or the Trustee is required or permitted to publish notice of any event or occurrence under the Bond Resolution, such notice shall be published in such manner and by such means as the Administration or the Trustee, as the case may be, shall determine to be appropriate. Such publication may be by (but is not limited to) any of the following means: (1) publication in one or more newspapers or trade journals selected by the Administration or the Trustee, as the case may be; (2) publication by or through one or more financial information reporting services; (3) delivery to one or more "nationally recognized municipal securities information repositories" (as such terms is defined in Securities and Exchange Commission Rule 15c2-12) or any successor repository or entity fulfilling a substantially similar or like role; or (4) by mailing a copy of such notice by first class mail, postage prepaid, to the person entitled to receive the notice at such person's address as shown on the records of the Administration or the Trustee.

APPENDIX F

PROPOSED FORM OF OPINION OF BOND COUNSEL

Letterhead of Miles & Stockbridge P.C., Baltimore, Maryland

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

$8,065,000
Maryland Department of Housing and Community Development
Community Development Administration
Infrastructure Financing Bonds
(MBIA Insured)
2000 Series A

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance and sale 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 (the "State"), of $8,065,000 aggregate principal amount of its Infrastructure Financing Bonds (MBIA Insured), 2000 Series A (the "2000 Series A Bonds"). With the proceeds of the 2000 Series A Bonds, the Administration will make funds available to finance loans (the "Loans") to counties and municipalities or their agencies or instrumentalities ("Local Governments") in order to finance infrastructure projects of such Local Governments.

The 2000 Series A Bonds are being issued under and pursuant to (1) Sections 2-201 through 2-208 of Article 83B of the Annotated Code of Maryland, as amended (the "Act"), (2) the Resolution Providing for the Issuance of Infrastructure Financing Bonds (MBIA Insured) of the Community Development Administration, adopted as of May 1, 1996, as amended by the First Supplemental Resolution, adopted by the Administration as of June 1, 1998 (the "Bond Resolution"), duly adopted by the Administration and accepted by Allfirst Bank, as trustee (the "Trustee"), and (3) the Series Resolution Providing for the Issuance and Sale of $8,065,000 Community Development Administration Infrastructure Financing Bonds, (MBIA Insured) 2000 Series A, adopted as of March 1, 2000, (the "Series Resolution") pursuant to which the 2000 Series A Bonds are authorized to be issued. The Bond Resolution and the Series Resolution are referred to collectively as the Resolutions.

The 2000 Series A Bonds are issuable as fully registered bonds without coupons in the denominations of $5,000 each or any integral multiple thereof. Interest on the 2000 Series A Bonds will be paid by check or draft mailed by the Trustee, or, at the request of any owner of at least $1,000,000 in principal amount of the 2000 Series A Bonds, by wire transfer, to the persons in whose names the 2000 Series A Bonds are registered on the registration books of the Administration maintained by the Trustee. Principal of and premium, if any, on the 2000 Series A Bonds will be payable at the principal corporate trust office of the Trustee.

The 2000 Series A Bonds mature on June 1 of the years and in the principal amounts and bear interest, if any, at the rates per annum set forth below:

Year	Principal Amount	Interest Rate%	Year	Principal Amount	Interest Rate%	Year	Principal Amount	Interest Rate%
2001	250,000	5.125	2009	375,000	5.250	2015	205,000	5.600
2002	260,000	5.125	2010	400,000	5.250	2016	215,000	5.600
2003	280,000	5.125	2011	165,000	5.250	2017	230,000	5.700
2004	295,000	5.125	2012	175,000	5.375	2018	245,000	5.750
2005	305,000	5.250	2013	180,000	5.400	2019	260,000	5.750
2006	320,000	5.250	2014	190,000	5.500	2020	275,000	5.750
2007	340,000	5.250				2025	1,635,000	5.750
2008	355,000	5.250				2030	1,110,000	5.875

The 2000 Series A Bonds maturing on June 1, 2025 and June 1, 2030 are subject to mandatory sinking fund redemption prior to maturity. All of the 2000 Series A Bonds are subject to special redemption prior to maturity, as provided in the Resolution.

The 2000 Series A Bonds are special obligations of the Administration payable solely from the Revenues (as defined in the Bond Resolution) and property of the Administration pledged for the payment thereof pursuant to the Resolutions. The Administration has no taxing power. The 2000 Series A Bonds do not constitute a debt of the State, any political subdivision thereof, the Administration or Department, or a pledge of the faith, credit or taxing power of the State, any such political subdivision, the Administration or the Department.

In connection with the issuance of the 2000 Series A Bonds, we have examined the following:

A. A certified copy of the Act.

B. Executed copies of the Resolutions.

C. A specimen of the 2000 Series A Bonds.

D. Such other opinions, documents, certificates and letters as we deem relevant in rendering this opinion.

From such examination we are of the opinion that:

1. The Administration was duly created and validly exists under the provisions of the Act as an agency in the Division of Development Finance of the Department with full power to issue the 2000 Series A Bonds for the purpose of financing the Loans.

2. The Resolutions have been duly adopted and executed by the Administration, are valid and binding upon the Administration, are in full force and effect and are enforceable in accordance with their terms. The 2000 Series A Bonds are entitled to the benefits and security of the Resolutions for the payment thereof in accordance with the terms of the Resolutions.

3. The 2000 Series A Bonds have been duly authorized, executed and issued in accordance with the Constitution and the laws of the State, including the Act, now in force and represent valid and binding special obligations of the Administration, enforceable in accordance with their terms and the terms of the Resolutions except to the extent enforcement may be limited by general principles of equity which may permit the exercise of judicial discretion, the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally, now or hereafter in effect. The 2000 Series A Bonds are payable from the Revenues, as defined in the Bond Resolution, and other funds of the Administration pledged therefor pursuant to the Resolutions.

4. Assuming the accuracy of certain representations and compliance with certain covenants of the Administration and the Local Governments intended to assure compliance with Section 103 and

Sections 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code"), under laws, regulations, rulings and judicial decisions existing on the date hereof, except as set forth in the next paragraph, interest on the 2000 Series A Bonds (including any original issue discount properly attributable to a holder thereof) is excludable from the gross income of the owners thereof for federal income tax purposes and is not a specific item of tax preference directly subject to the alternative minimum tax. The 2000 Series A Bonds, their transfer, the interest payable thereon and any income derived therefrom, including any profit realized in their sale or exchange, are exempt from taxation of every kind and nature whatsoever by the State or by its political subdivisions, municipal corporations or public units of any kind under existing law, except that no opinion is expressed as to such exemption from Maryland franchise taxes or estate or inheritance taxes or any other taxes not levied or assessed directly on the Bonds.

Although, in our opinion, as set forth above, interest on the 2000 Series A Bonds is not a "specific item of tax preference" directly subject to the alternative minimum tax, interest on the 2000 Series A Bonds is included in the "adjusted current earnings" (*i.e.*, alternative minimum taxable income as adjusted for certain items including those items that would be included in the calculation of a corporation's earnings and profits under Subchapter C of the Code) of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporation's adjusted current earnings over its alternative minimum taxable income (determined without regard to this adjustment and before reduction for certain net operating losses).

The accrual or receipt of interest on the 2000 Series A Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S Corporations and foreign corporations operating branches in the United States), property and casualty insurance companies, banks, thrifts or other financial institutions, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations are advised to consult their tax advisors as to the tax consequences of purchasing or holding the Bonds.

The opinion we have expressed herein as to the treatment of the interest borne by the 2000 Series A Bonds for federal income tax purposes is based upon laws, regulations, rulings and decisions in effect on the date hereof. Each purchaser of the 2000 Series A Bonds should consult his or her own tax advisor regarding any pending or proposed federal tax legislation.

In rendering the foregoing opinions, we have assumed the accuracy and truthfulness of all public records and of all certifications, documents and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities and have not verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing upon such public records, certifications, documents and proceedings.

Very truly yours,

MILES & STOCKBRIDGE P.C.

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NOTICE OF SALE

$8,075,000
Maryland Department of Housing and Community Development
Community Development Administration
Infrastructure Financing Bonds (MBIA Insured)
2000 Series A

SEALED BIDS for the purchase of all (but not less than all) of $8,075,000 principal amount of Maryland Department of Housing and Community Development, Community Development Administration Infrastructure Financing Bonds (MBIA Insured) 2000 Series A (the "Series A Bonds") will be received by the Community Development Administration (the "Administration") as provided herein on the date and at the time and place shown below:

Date and Time: **Thursday, February 24, 2000**
11:00 a.m. Eastern Standard Time

Place: Corporate Trust Department
Allfirst Bank
25 South Charles Street, 16th Floor
Baltimore, Maryland 21201

at which time and place the sealed bids will be opened.

The Bid Date may be postponed by issuance of a notice of postponement to be communicated through the Munifacts News Service or other similar information services no later than noon, Eastern Standard Time on the day preceding the current designated Bid Date. The Administration reserves the right to modify or amend this Notice of Sale, but any such modifications or amendments shall not be made after 4:00 p.m., Eastern Standard Time, on the day prior to the Bid Date and shall be communicated through the Munifacts News Service or other similar information services.

Proposals for the purchase of the Series A Bonds must be made on the "Bid Proposal For Bonds", a copy of which is attached to this Notice of Sale. Each proposal is subject to, and shall incorporate by reference, the terms and conditions set forth below.

TERMS AND CONDITIONS

I. THE SERIES A BONDS

The Series A Bonds: Amount, Maturity and Structure

The Series A Bonds will be issued in the aggregate principal amount of $8,075,000, will be dated March 1, 2000 and will bear interest first payable on June 1, 2000 and semi-annually thereafter on June 1 and December 1 in each year until maturity at such rates as are fixed by the bid proposal accepted by the Administration.

The Series A Bonds will mature (or be subject to mandatory redemption on or after June 1, 2010 as hereinafter described) on June 1 in the years and amounts set forth below:

Year	Amount	Year	Amount	Year	Amount
2001	$250,000	2011	$165,000	2021	$290,000
2002	260,000	2012	175,000	2022	310,000
2003	280,000	2013	180,000	2023	325,000
2004	295,000	2014	190,000	2024	350,000
2005	305,000	2015	205,000	2025	365,000
2006	320,000	2016	215,000	2026	195,000
2007	340,000	2017	230,000	2027	210,000
2008	355,000	2018	245,000	2028	220,000
2009	380,000	2019	260,000	2029	235,000
2010	400,000	2020	275,000	2030	250,000

Optional Term Bonds

Bidders have the option of specifying that the principal amount of the Series A Bonds payable in any two or more consecutive years may, in lieu of maturing in each of such years, be combined into a term bond to mature in the final year of such consecutive serial maturities and be subject to mandatory sinking fund redemption at par in the amounts and in the years as scheduled above. Bidders may elect to structure multiple term bonds. No Series A Bonds maturing prior to June 1, 2010 may be included in a term bond.

Redemption

Optional Redemption. The Series A Bonds maturing before June 1, 2010 are not subject to optional redemption prior to maturity. The Series A Bonds maturing on or after June 1, 2010 shall be subject to redemption at the option of the Administration, in whole or in part at any time, on or after June 1, 2010 during the periods (both dates inclusive) and at the redemption prices (expressed as percentages of the principal amount) set forth below, together with accrued interest to the redemption date.

Redemption Period (dates inclusive)	Optional Redemption Price
June 1, 2010, to May 31, 2011	101 %
June 1, 2011, to May 31, 2012	100½
June 1, 2012, and thereafter	100

Special Redemption. The Series A Bonds are subject to special redemption at the principal amount thereof, plus accrued interest thereon, at the option of the Administration, in whole or in part, at any time, without premium from (1) 2000 Series A Bond proceeds not used to finance Infrastructure Loans (as defined in the hereinafter described Bond Resolution), and (2) amounts on deposit in the Surplus Fund created under the Bond Resolution.

Mandatory Sinking Fund Redemption

Consecutive maturities combined by bidders to form term bonds shall be subject to mandatory redemption in part on each June 1 commencing with the first year of the consecutive maturities so combined, at the principal amount set forth in the maturity schedule above plus accrued interest to the redemption date.

Form and Payment

One bond representing each maturity of the Series A Bonds will be issued to and registered in the name of Cede & Co. as nominee of the Depository Trust Company, New York, New York ("DTC") as registered owner of the Series A Bonds, and each such bond shall be immobilized in the custody of DTC. DTC will act as securities depository for the Series A Bonds. Individual purchases will be made in book-entry form only. Purchasers will not receive physical delivery of certificates representing their interest in the Series A Bonds purchased. The successful bidder(s) shall pay all fees, costs and expenses payable to DTC with respect to the Series A Bonds.

Allfirst Bank (formerly known as The First National Bank of Maryland), Baltimore, Maryland will act as Trustee and Paying Agent for the Series A Bonds. Principal of, premium if any, and interest on the Series A Bonds will be paid to DTC so long as Cede & Co. is the registered owner of the Series A Bonds. The Series A Bonds will be payable at the corporate trust office of Allfirst Bank, Baltimore, Maryland as Trustee and Paying Agent for the Series A Bonds. Interest on the Series A Bonds will be paid (i) by check or draft mailed by the Paying Agent to the registered owners thereof, or (ii) upon the request of any registered owner of Series A Bonds having an aggregate principal amount of $1,000,000 or more, by wire transfer made on the interest payment date (or if such date is not an interest payment date, the next succeeding business day) in immediately available funds from the Paying Agent to the bank and account number specified by such owner in writing to the Paying Agent.

Authority for Issuance

The Series A Bonds will be issued pursuant to the authority of Sections 2-201 through 2-208 of Article 83B of the Annotated Code of Maryland, as amended (the "Act"), a Resolution Providing for the Issuance of Infrastructure Financing Bonds of the Community Development Administration adopted by the Administration as of May 1, 1996, as amended by the First Supplemental Resolution, adopted by the Administration as of June 1, 1998 (the "Bond Resolution"), and a Series Resolution Authorizing the Issuance and Sale of $8,075,000 Principal Amount of Infrastructure Financing Bonds (MBIA Insured) Series A Bonds, which will be adopted by the Administration as of March 1, 2000 (the "Series Resolution").

Bond Insurance

Timely payment of the principal of and interest on the Series A Bonds will be insured by MBIA Insurance Corporation ("MBIA").

CUSIP Numbers

It is anticipated that CUSIP identification numbers will be printed on the Series A Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder to accept delivery of and make payment for the Series A Bonds. The successful bidder(s) shall pay all fees for obtaining CUSIP numbers for the Series A Bonds.

Credit Rating

It is anticipated that the Series A Bonds will be rated by Moody's Investors Service, Inc. and Fitch IBCA, Inc. based upon the insurance policy to be issued by MBIA.

Additional Information

For more details regarding the Series A Bonds, the Administration and the security for the Series A Bonds (including the insurance policy to be issued by MBIA), reference is made to the Preliminary Official Statement dated February 9, 2000. The Preliminary Official Statement is provided for informational purposes only and is not a part of this Notice of Sale. Bid forms and copies of the Preliminary Official Statement may be obtained from Roy A. Westlund, Deputy Executive Director, Bond Finance, of the Administration (Telephone: 410-514-7411; Telecopier: 410-987-8763).

II. BIDDING SPECIFICATIONS

Bid proposals shall be irrevocable from 11:00 a.m. Eastern Standard Time (or, in the case of a bid proposal submitted by facsimile transmission, from the time of receipt) until 3:00 p.m. Eastern Standard Time on the Bid Date and shall be subject to acceptance by the Administration during that period.

Proposal Submissions

All bid proposals shall be submitted on the form **"Bid Proposal for Infrastructure Financing Bonds"** attached to this Notice of Sale. Each bid proposal hand delivered or presented in person must be enclosed in a sealed envelope addressed to **Roy A. Westlund, Deputy Executive Director, Bond Finance, Community Development Administration, c/o Corporate Trust Department, Allfirst Bank, 25 South Charles Street, 16th Floor, Baltimore, Maryland 21201** and marked on the outside **"Bid Proposal for Infrastructure Financing Bonds."**

Bid proposals may also be submitted by facsimile transmission to the Corporate Trust Department, Allfirst Bank, at the following telephone numbers: 410-244-3725 or 410-244-4236, addressed to "Roy A. Westlund, Deputy Executive Director, Bond Finance, Community Development Administration - Bid Proposal for Infrastructure Financing Bonds". Proposals submitted by facsimile transmission must be preceded by a signed blank bid proposal, submitted in the form and manner described in the preceding paragraph, accompanied by a good faith deposit, as described below, followed by a completed bid proposal submitted by facsimile transmission. The bid proposal received by facsimile transmission will be attached to the previously submitted signed blank bid proposal and the two will together constitute a bid proposal under the terms of this Notice of Sale. A bid proposal submitted by facsimile transmission must be received by 11:00 a.m. Eastern Standard Time on the Bid Date as shown by the time recorded by the receiving facsimile equipment. The capability to submit proposals by facsimile transmission is being made available as a convenience to bidders. The failure to submit a timely or accurate bid proposal by facsimile transmission for any reason, including but not limited to the malfunction or unavailability of the receiving equipment, is entirely the responsibility of the bidder and not of the Administration. Any person submitting a bid proposal by facsimile transmission assumes all risks of transmission, legibility, receipt, loss or failure to make timely delivery.

Each bid proposal shall be accompanied by a list of syndicate members. Each bidder is responsible for the clarity and legibility of its bid proposal, and the interpretation of any ambiguous or illegible terms (including interest rates) by the Administration shall be binding upon the bidder.

The Administration encourages each bidder for the Series A Bonds to make a good faith effort to include minority business enterprises in the syndicate purchasing the Series A Bonds.

The successful bidder will be required to submit on the Bid Date a listing of representative offices, if any, located in the State of Maryland, with telephone numbers, where the Series A Bonds will be available for sale to the public.

Interest Rates and Bidding Details

Each bid shall specify the interest rate *per annum* due on each maturity. No more than one interest rate for each maturity date shall be specified, and each interest rate *per annum* shall be a multiple of one-eighth ($^1/_8$) or one-twentieth ($^1/_{20}$) of one percent. The highest interest rate specified on any 2000 Series A Bond shall not exceed the lowest specified rate by more than 3%. A zero rate may not be named for any maturity. Each rate of interest specified for Bonds of any maturity shall not be less than the rate of interest specified for any earlier maturity. Bidders may designate in their proposal two or more consecutive annual principal payments as a term bond which matures on the maturity date of the last annual principal payment of the sequence. One or two sequences of annual principal payments may be designated as term bonds. To elect to structure a term bond, bidders should strike out the years, principal amount(s) and interest rates per annum for those maturities to be designated as terms bonds and designate the first year(s) of sinking fund redemption, year(s) of term bond maturity, and interest rates for term bonds in the space provided on the Bid Form. Any term bond so designated shall be subject to mandatory sinking fund redemption in each year on the principal payment date and in the entire principal amount for each annual principal payment designated for inclusion in such term bond.

The amount bid for the Series A Bonds (exclusive of accrued interest) shall not be less than $7,994,250 (or 99.00%).

The Administration reserves the right to adjust the principal amount of each maturity subsequent to acceptance of a bid in order to achieve level annual debt service. Such adjustment shall not reduce or increase the aggregate principal amount of the Series A Bonds or any annual principal maturity of the Series A Bonds by more than 10% from the amount specified herein (as may be amended before the Bid Date). The successful bidder may not withdraw its bid or change the interest rates bid or the initial reoffering prices to the public as a result of any change in the principal amount of the Bonds within these limits. The dollar amount bid for principal by the successful bidder will be adjusted proportionately to reflect any reduction or increase in the aggregate principal amount of the Series A Bonds. The interest rates specified by the successful bidder for each maturity in its bid for the Series A Bonds will not change.

Good Faith Deposit

As a condition precedent to the consideration of any bid proposal, each bidder shall provide with its proposal a good faith deposit in the amount of $80,750 (the “Deposit”). The Deposit shall be in the form of (i) a certified, cashier’s or treasurer’s check drawn on a responsible financial institution payable to the order of the Administration, or (ii) a financial surety bond naming the Administration as beneficiary.

If a financial surety bond is to be provided, it must be from an insurance company whose claims paying ability is rated AAA by Standard & Poor’s Rating Group, A Division of The McGraw-Hill Companies, Inc. or Aaa by Moody’s Investors Service, Inc., and which is licensed to issue such a bond in the State of Maryland, and shall name the Administration as beneficiary (such bond is herein referred to as a “Financial Surety Bond”). In addition, the proposed form of any Financial Surety Bond, including the identity of the insurance company, must be provided to Miles & Stockbridge P.C. (Attention: N. Gordon Knox), Bond Counsel to the Administration, by facsimile transmission to 410-385-3700 not later than 3:00 p.m. Eastern Standard Time on the business day immediately preceding the Bid Date. The Financial Surety Bond must identify the bidder whose Deposit is guaranteed by the Financial Surety Bond. If the Series A Bonds are awarded to a bidder utilizing a Financial

Surety Bond, then that purchaser is required to submit the amount of the Deposit to the Administration by wire transfer as instructed by the Administration not later than noon Eastern Standard Time on the next business day following the award. If such Deposit is not received by that time, the Financial Surety Bond may be drawn by the Administration to satisfy the Deposit requirement.

If the successful bidder does not carry out the terms of its proposal to purchase, the Administration will be damaged in an amount difficult or impossible to ascertain or estimate, and consequently the Administration may then retain the entire amount of such bidder's Deposit as stipulated and liquidated damages. Any Deposit of unsuccessful bidders in the form of a check will be returned upon the award of the Series A Bonds. No interest will be paid upon the Deposit made by any bidder.

Basis of the Award

The Series A Bonds may be awarded by the Administration to the responsible bidder whose bid results in the lowest true interest cost to the Administration. The lowest true interest cost will be determined as that rate which, when used in computing the present value as of the dated date of the Series A Bonds of all payments of principal and interest to be paid on the Series A Bonds, compounded semi-annually from the date of the Series A Bonds, produces an amount equal to the purchase price of the Series A Bonds exclusive of accrued interest. For the purpose of calculating the true interest cost, the principal amount of Series A Bonds scheduled for mandatory sinking fund redemption as a part of a term bond shall be treated as a serial maturity in each year. In the event of an error in the true interest cost calculations, the interest rates set forth in the Bid Form for each maturity will be considered the correct bid. Bidders are requested (but not required) to supply an estimate of the yield resulting from their bids, computed as prescribed above, which shall be considered as informative only and not binding on either the bidder or the Administration. The judgment of the Secretary of Housing and Community Development of the State of Maryland (the "Secretary") or his designee shall be final and binding upon all bidders with respect to the form and adequacy of any proposal received and as to its conformity to the terms of this Notice of Sale.

Notice of Reoffering Prices

As promptly as reasonably practicable after the bid proposals are opened, the Administration will notify the bidder to whom the Series A Bonds will be awarded, if and when such award is made. The successful bidder, within one-half hour after receipt of such notice, shall advise the Administration and its Financial Advisor by facsimile transmission to 410-987-8763 (Attention: Roy A. Westlund) and to 301-552-1956 (Attention: Sophia Green-Robinson), respectively, of the initial reoffering price to the public, expressed as a percentage of par, of each maturity of the Series A Bonds (the "Reoffering Prices").

Rejection of Bids

The Administration reserves the right, in its sole discretion, to reject any and all bids or to waive any irregularity or informality with respect to any bid. Award of Series A Bonds or rejection of bids will be made on the Bid Date.

III. OFFICIAL STATEMENT

The Preliminary Official Statement is in a form "deemed final" as of its date by the Administration as permitted in SEC Rule 15c2-12(b)(1), subject to revision, amendment and completion in the final Official Statement.

Within seven business days following the Bid Date (but in no event later than the date of delivery of the Series A Bonds) the Administration will authorize the Official Statement, which presently is expected to be substantially in the form of the Preliminary Official Statement. The Administration also will authorize and issue any supplement to the Official Statement that may be necessary between the date of the authorization of the Official Statement and the date of delivery of and payment for the Series A Bonds. The successful bidder shall be responsible to the Administration and its officials for the Reoffering Prices furnished by such bidder, which will be included in the Official Statement.

In order to assist bidders in complying with SEC Rule 15c2-12(b)(5), the Administration will execute and deliver a continuing disclosure agreement on or before the date of issuance of the Series A Bonds pursuant to which it will undertake to provide certain information annually and notices of certain events. A description of this agreement is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

The successful bidder will also be furnished, without cost, up to 350 copies of the Official Statement (and any amendments or supplements thereto).

IV. DELIVERY OF THE BONDS

The closing of the sale of the Series A Bonds will be held at the offices of Allfirst Bank, Baltimore, Maryland, at or before noon, Eastern Standard Time, on or before March 9, 2000, or on such late date as may be agreed upon by the Administration and the successful bidder (the “Closing Date”). The obligation of the successful bidder to accept and pay for the Series A Bonds shall be irrevocable. At the closing, **the successful bidder shall pay the purchase price for the Series A Bonds together with accrued interest to the delivery date less the good faith deposit, in same day funds**, and the Administration shall deliver the Series A Bonds through the facilities of DTC in New York, New York.

V. CONDITIONS TO CLOSING

The obligation of the successful bidder to accept and pay for the Series A Bonds on the Closing Date shall be subject to the satisfaction of the conditions set forth in (a) below. The manager of the successful bidder shall provide to the Administration the documents described in (b) below.

(a) At or prior to the delivery of the Series A Bonds, the manager of the successful bidder shall have received each of the following documents:

(1) The approving opinion, dated the Closing Date, of Miles & Stockbridge P.C., as Bond Counsel to the Administration, in substantially the form attached as Appendix F to the Preliminary Official Statement.

(2) A certificate of the Secretary and the Director of the Administration, dated the Closing Date, to the effect that, to the best of their knowledge and belief: (i) the Official Statement (other than any pricing or other information with respect to the terms of the reoffering of the Series A Bonds, information regarding DTC and DTC’s book-entry system provided by DTC, information regarding MBIA and its insurance policy, and the financial and other information contained on pages C-2 through C-6 of Appendix C, as to which no representation will be made) as of its date did not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in any material respect, and (ii) no event affecting the Administration has occurred since the date of the Official Statement which should be disclosed in the Official Statement in order to make the statements and information therein not misleading in any material respect.

(3) A certificate of the Secretary and the Director of the Administration, dated the Closing Date, to the effect that no controversy or litigation of any nature, which, if determined adversely, would materially and adversely affect the operations of the Administration relating to the Series A Bonds or to the application of the proceeds thereof, is now pending for which the Administration has received service of process, or, to their knowledge, threatened in any court, either state or federal, or before any governmental or administrative authority, agency, body or tribunal: (i) restraining or enjoining, or seeking to restrain or enjoin, the issuance, sale, execution or delivery of the Series A Bonds or the collection and application of Revenues (as defined in the Bond Resolution) or assets pledged under the Bond Resolution; or (ii) in any way contesting or affecting (a) the authority for the issuance or the validity of the Series A Bonds or the validity of the Bond Resolution or the Series Resolution, (b) any proceedings of or on behalf of the Administration taken with respect to the issuance or sale of the Series A Bonds, (c) the execution or adoption of the Bond Resolution and the Series Resolution, (d) the pledge effected by the Bond Resolution, (e) the existence or powers of the Administration or the Department, (f) the title of the Secretary or the officers of the Administration, to their respective offices, or (g) the existence or powers of the Administration to implement the “The Program” as described in the Official Statement and the Offering Memorandum; or (iii) in any manner questioning (a) the proceedings or authority for the issuance of the Series A Bonds, (b) any provision made or authorized for the payment of the Series A Bonds, (c) the existence or operations of the Administration, or (d) the power of the Administration to finance Infrastructure Loans (as defined in the Bond Resolution) listed in the Official Statement or to undertake any

other transactions contemplated by the Official Statement.

(b) At or prior to the delivery of the Series A Bonds, the manager of the successful bidder shall furnish to the Administration each of the following documents:

(1) A certificate acceptable to Bond Counsel stating (i) the Reoffering Prices to the public of the Series A Bonds; (ii) that the successful bidder has made a *bona fide* public offering of the Series A Bonds at the Reoffering Prices; and (iii) that a substantial amount of the Series A Bonds were sold to the public (excluding bond houses, brokers and other intermediaries) at such initial Reoffering Prices. Bond Counsel advises that [a] such certificate must be made on the best knowledge, information, and belief of the successful bidder; [b] the sale to the public of 10% or more in par amount of the Series A Bonds of each maturity at the initial Reoffering Prices would be sufficient to certify as to the sale of a substantial amount of the bonds; and [c] reliance on other facts as a basis for such certification would require evaluation by Bond Counsel to assure compliance with the statutory requirement to avoid the establishment of an artificial price for the Series A Bonds.

(2) A certificate from each member of the successful bidding group stating that: (i) such member does not have any contract or direct or indirect financial or business relationship, other arrangement or understanding with the Administration's auditors, financial advisors, trustee or bond counsel that relates to or could be considered material in connection with the process of offering and selling the Bonds, except as has been disclosed to the Administration; (ii) such member does not have any contract or direct or indirect financial or business relationship, other arrangement or understanding with any "Local Government" described in the Official Statement in connection with an "Infrastructure Loan" to be financed with the proceeds of the Series A Bonds that relates to, could be considered material in connection with, or would result in less than an arm's length transaction relating to, the process of offering and selling the Bonds, except as has been disclosed to the Administration; (iii) the only compensation that such member is receiving in connection with the issuance and sale of the Series A Bonds is a portion of the amount of the discount set forth in the bid proposal; (iv) such member has not made any contribution to any candidate for political office in Maryland that violates Rule G-37 of the Municipal Securities Rulemaking Board; (v) any consulting arrangement entered into by such member relating to the Administration is in compliance with Rule G-38; and (vi) such member will comply with the provisions of Article 33, Sections 30-1 through 30-4 of the Annotated Code of Maryland, to the extent applicable.

(3) A receipt or other evidence acceptable to the Administration establishing that a copy of the Official Statement has been filed with all "nationally recognized municipal securities information repositories", in accordance with the requirements of SEC Rule 15c2-12.

VI. MISCELLANEOUS

The Administration will bear the cost of printing the Series A Bonds, the Preliminary Official Statement and 350 copies of the Official Statement, and the fees and expenses of Bond Counsel, Counsel to the Administration, and the Financial Advisor to the Administration. All other expenses incurred by the successful bidder in connection with its public offering and distribution of the Series A Bonds shall be borne by such bidder.

The Administration reserves the right to withdraw the Series A Bonds from sale at any time up to 10:00 a.m. Eastern Standard Time on the Bid Date, without notice, and at any time to reject any and all bids and waive any irregularity or informality with respect thereto.

COMMUNITY DEVELOPMENT ADMINISTRATION

By: Frank B. Coakley, *Director*

Dated: February 9, 2000

BID PROPOSAL FOR INFRASTRUCTURE FINANCING BONDS

Roy A. Westlund, Deputy Executive Director, Bond Finance
Community Development Administration
c/o Corporate Trust Department
Allfirst Bank
25 South Charles Street, 16th Floor
Baltimore, Maryland 21201
Fax Numbers: 410-244-3725
410-244-4236

$8,075,000
Maryland Department of Housing and Community Development
Community Development Administration
Infrastructure Financing Bonds (MBIA Insured)
2000 Series A

Subject to the conditions and in accordance with the terms of the attached Notice of Sale dated February 9, 2000 (the "Notice of Sale"), which is hereby made a part of this bid proposal, we offer to purchase all (but not less than all) of the above referenced bonds (the "Series A Bonds") of the Community Development Administration (the "Administration") described in the Notice of Sale, in accordance with the following terms:

For $8,075,000 Series A Bonds described as having maturities or sinking fund redemption on June 1 in the amounts and years indicated below and bearing interest at the respective rates per annum indicated below:

Year	**Amount**	**Interest Rate**	**Year**	**Amount**	**Interest Rate**	**Year**	**Amount**	**Interest Rate**
2001	$250,000	________	2011	$165,000	________	2021	$290,000	________
2002	260,000	________	2012	175,000	________	2022	310,000	________
2003	280,000	________	2013	180,000	________	2023	325,000	________
2004	295,000	________	2014	190,000	________	2024	350,000	________
2005	305,000	________	2015	205,000	________	2025	365,000	________
2006	320,000	________	2016	215,000	________	2026	195,000	________
2007	340,000	________	2017	230,000	________	2027	210,000	________
2008	355,000	________	2018	245,000	________	2028	220,000	________
2009	380,000	________	2019	260,000	________	2029	235,000	________
2010	400,000	________	2020	275,000	________	2030	250,000	________

(CROSS OUT YEAR, PRINCIPAL AMOUNT AND INTEREST RATES
BEING PURCHASED AS TERM BONDS)

We are designating the following years as term bonds maturing June 1 of the years specified and to bear interest at the rates per annum indicated:

First Year of Mandatory Sinking Fund Redemption	**Year of Term Bond Maturity**	**Annual Interest Rate**
________________________	________	________%
________________________	________	________%

(LEAVE BLANK IF NO TERM BONDS ARE SPECIFIED)

We will pay $______________ (not less than $7,994,250 or 99.00%) plus accrued interest on the Series A Bonds from the date of the Series A Bonds to their date of delivery and will accept delivery in accordance with the Notice of Sale.

We enclose with this offer either: (i) a certified, cashier's or treasurer's check drawn on a responsible financial institution payable to the order of the Administration, or (ii) the Financial Surety Bond (as defined in the Notice of Sale) in the amount of $80,750 as the Deposit mentioned in the Notice of Sale, which Deposit is to be retained or returned as provided in the Notice of Sale. In the event the Deposit is in the form of a Financial Surety Bond and the Administration accepts this offer, we shall submit the amount of the Deposit to the Administration by wire transfer as instructed by the Administration not later than noon Eastern Standard Time on the next business day following the award. If such Deposit is not received by that time, the Financial Surety Bond may be drawn by the Administration to satisfy the Deposit requirement.

We represent that we have full and complete authority to submit this bid on behalf of our bidding group (the members of which are listed in Exhibit A on the bottom of this "Bid Proposal For Bonds") and that the undersigned will serve as the manager for the group if the Series A Bonds are awarded pursuant to this bid. By submitting this bid proposal, each member of the bidding group, if successful, agrees with the Administration that all offers and sales of the Series A Bonds by the successful bidder(s) shall be in accordance with all federal and state securities laws and applicable rules and regulations.

In the event this bid proposal is submitted by facsimile transmission, we hereby: (i) acknowledge that this bid shall be irrevocable from the time of receipt until 3:00 p.m. Eastern Standard Time on the date bids are required to be received by the Administration, (ii) assume all risks of transmission, legibility, receipt, loss or failure to make timely delivery, and (iii) further agree that, by submitting a bid proposal by facsimile transmission, the signature on such copy shall be legal, valid and binding upon us.

Name of Bidder: ____

Address: ____

____

Name of person to contact:____

Telephone and Telecopier Numbers:____

By: ____

By:____
Authorized Agent for Bidder(s)

Accepted.

COMMUNITY DEVELOPMENT ADMINISTRATION

By:____

* * * * * *

The following is our computation of the true interest cost rate on the above Series A Bonds, made as provided in the Notice of Sale but not constituting any part of the foregoing proposal:

Gross Interest	$____________
Less Discount	$____________
Plus Premium	$____________
True Interest Cost Rate	$____________

EXHIBIT A

$8,075,000
Maryland Department of Housing and Community Development
Community Development Administration
Infrastructure Financing Bonds (MBIA Insured)
2000 Series A

Members of the Bidding Group

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COMMUNITY DEVELOPMENT ADMINISTRATION
INFRASTRUCTURE PROGRAM FUND - MBIA INSURED

FINANCIAL STATEMENTS
AS OF JUNE 30, 1999 AND 1998
TOGETHER WITH REPORT OF
INDEPENDENT PUBLIC ACCOUNTANTS

ARTHUR ANDERSEN LLP

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Office of the Secretary of the
Department of Housing and Community Development:

We have audited the accompanying balance sheets of the Community Development Administration Infrastructure Program Fund - MBIA Insured (the Fund) as of June 30, 1999 and 1998, and the related statements of revenues, expenses and changes in fund equity and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Development Administration Infrastructure Program Fund - MBIA Insured as of June 30, 1999 and 1998, and the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

The Year 2000 supplementary information on page 5 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board (GASB), and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because disclosure criteria specified by GASB Technical Bulletin 98-1 as amended are not sufficiently specific to permit meaningful results from the prescribed procedures. In addition, we do not provide assurance that CDA is or will become Year 2000 compliant, that CDA's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which CDA does business are or will be Year 2000 compliant.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Change in Fair Value of Investments Held on June 30, 1999 supplementary information on page 6 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on it.

Arthur Andersen LLP

Baltimore, Maryland,
September 22, 1999

COMMUNITY DEVELOPMENT ADMINISTRATION

INFRASTRUCTURE PROGRAM FUND - MBIA INSURED

BALANCE SHEETS

AS OF JUNE 30, 1999 AND 1998
(in thousands)

	1999	1998
ASSETS:		
Cash on deposit with trustees	$ 9,500	$ 8,205
Community facilities loans	59,903	23,870
Accrued interest and other receivables	1,759	130
Total assets	$ 71,162	$ 32,205
LIABILITIES AND FUND EQUITY:		
Accrued interest payable	$ 248	$ 184
Accounts payable	-	333
Other liabilities	9,210	7,685
Bonds payable	61,300	23,870
Total liabilities	70,758	32,072
COMMITMENTS AND CONTINGENCIES		
Fund equity	404	133
Total liabilities and fund equity	$ 71,162	$ 32,205

The accompanying notes are an integral part of these balance sheets.

COMMUNITY DEVELOPMENT ADMINISTRATION

INFRASTRUCTURE PROGRAM FUND - MBIA INSURED

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY

FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

(in thousands)

	1999	1998
REVENUES:		
Interest on mortgage loans	$ 2,835	$ 1,094
Interest on cash deposits	40	19
Total revenues	2,875	1,113
EXPENSES:		
Interest on bonds payable	2,842	1,076
Total expenses	2,842	1,076
Net income	33	37
Transfers of funds, net, at CDA's discretion, in accordance with the General Certificate of Revenue Bond authorization and the certificate of General Authorization	238	-
FUND EQUITY, beginning of period	133	96
FUND EQUITY, end of period	$ 404	$ 133

The accompanying notes are an integral part of these statements.

COMMUNITY DEVELOPMENT ADMINISTRATION

INFRASTRUCTURE PROGRAM FUND - MBIA INSURED

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

(in thousands)

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 33	$ 37
Adjustments to reconcile net income to net cash used in operating activities-		
Purchase and origination of mortgage loans	(17,275)	(6,319)
Interest on investments	(40)	-
Repayment of mortgage loans	2,562	525
Loans transferred	(21,320)	-
Increase in accrued interest and other receivables	(1,629)	(11)
(Decrease) increase in accounts payable	(333)	333
Increase (decrease) in other liabilities	1,525	(1,696)
Transfer of funds	238	-
Interest expense	2,842	1,076
Net cash used in operating activities	(33,397)	(6,055)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	40	-
Net cash provided by investing activities	40	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Proceeds from the sale of bonds	40,150	6,320
Principal payments	(2,720)	(525)
Interest payments	(2,778)	(1,045)
Net cash provided by noncapital financing activities	34,652	4,750
Net increase (decrease) in cash on deposit with trustees	1,295	(1,305)
CASH ON DEPOSIT WITH TRUSTEES, beginning of period	8,205	9,510
CASH ON DEPOSIT WITH TRUSTEES, end of period	$ 9,500	$ 8,205

The accompanying notes are an integral part of these statements.

COMMUNITY DEVELOPMENT ADMINISTRATION

INFRASTRUCTURE PROGRAM FUND - MBIA INSURED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1999 AND 1998
(in thousands)

1. PROGRAM DESCRIPTION:

The Community Development Administration (CDA) was created in 1970 by Sections 266 DD-1 to 266 DD-8 of Article 41 of the Annotated Code of Maryland to meet the shortage of adequate, safe and sanitary housing in the State of Maryland, particularly for persons or families of limited income. CDA is a division of the Department of Housing and Community Development (DHCD) of the State of Maryland.

The accompanying financial statements only include CDA's Infrastructure Program Fund - MBIA Insured (the Fund), which was established on May 1, 1996. CDA's other programs are not included. The Fund was established to issue bonds to provide funds for construction and permanent financing to local governments for public facilities. Bonds issued under this Fund require a policy of insurance from MBIA Insurance Corporation (MBIA).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation

The Fund is set up primarily in accordance with CDA's enabling legislation and the various note and bond certificates. The Fund is an enterprise fund of the State of Maryland and uses the accrual basis of accounting.

Administrative Support

In addition to expenses incurred directly by the Fund, CDA receives certain support services from other divisions of DHCD. The cost of these services are allocated to CDA's General Bond Reserve Fund based on the size and level of activity of all of CDA's Revenue Obligation Funds relative to the other programs of CDA and DHCD. The General Bond Reserve Fund records these expenses as invoiced by DHCD for the fiscal year.

For the years ended June 30, 1999 and 1998, the allocation to CDA's General Bond Reserve Fund was:

	1999	1998
Salaries and related costs	$ 5,952	$ 5,510
General and administrative expenses	2,245	2,240
	$ 8,197	$ 7,750

The employees of CDA are covered by the Maryland State Retirement and Pension System (the System). Additional information about the System is presented in the State of Maryland's Comprehensive Annual Financial Report and in the Consolidated Annual Report of the Maryland State Retirement and Pension Systems.

The retirement benefit cost of employees is included in the salaries and related costs allocation discussed above. This allocation includes the Fund's total liability, relating to the system, as of June 30, 1999 and 1998.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains and losses during the reporting periods. While actual results could differ from these estimates, management believes that actual results will not be materially different from amounts provided in the accompanying financial statements.

3. CASH ON DEPOSIT WITH TRUSTEES:

Proceeds from bonds are invested in authorized investments as defined in the respective indentures until required for financing projects, redemption of outstanding bonds and notes, and funding program expenses. Authorized investments include obligations of the U.S. Treasury, U.S. Government agencies and corporations, political subdivisions of the U.S., bankers acceptances, repurchase agreements, corporate debt securities and certificates of deposit with foreign or domestic banks.

As of June 30, 1999 and 1998, the Fund did not have any proceeds invested.

4. COMMUNITY FACILITIES LOANS:

Community facilities loans are secured by the full faith and credit of the applicable local government. As such, no allowance for loan losses was necessary as of June 30, 1999 and 1998. Interest rates on such loans range from 4.00% to 5.81%, with maturities ranging up to 30 years.

5. BONDS PAYABLE:

The bonds issued by CDA are special obligations of CDA and are payable from the revenues and special funds of the applicable program. These bonds and notes do not constitute debt of and are not guaranteed by the State of Maryland, any other program or any political subdivision. The outstanding debt of the Fund, as of June 30, 1999 and 1998, consisted of the following:

Infrastructure Program Fund - 1999

1996 Series A dated May 1, 1996. $4,885 due serially from 2000 to 2014, with interest rates of 4.7% to 5.85%; $1,200 term bonds due June 1, 2019, with interest at 5.9%; $1,680 term bonds due June 1, 2026, with interest at 5.9%	$ 7,765
1997 Series A dated April 15, 1997. $6,260 due serially from 2000 to 2015, with interest rates of 5.0% to 5.625%; $1,435 term bonds due June 1, 2021, with interest at 5.75%; $1,490 term bonds due June 1, 2027, with interest at 5.625%	9,185
1998 Series A dated February 15, 1998 $5,975 due serially from 2000 to 2018, with interest rates of 4.0% to 5.0%	5,975
1998 Series B dated June 1, 1998. $18,140 due serially from 2000 to 2013, with interest rates of 3.9% to 4.9%; $4,125 term bonds due June 1, 2017, with interest at 5.125%; $3,615 term bonds due June 1, 2022, with interest at 5.15%, $2,940 term bonds due June 1, 2028, with interest at 5.2%.	28,820
1998 Series C dated June 1, 1998. $2,045 due serially from 1999 to 2010, with interest rates of 3.75% to 4.7%; $525 term bonds due December 1, 2020, with interest at 5.15%.	2,570
1999 Series A dated March 1, 1999. $4,640 due serially from 2000 to 2019, with interest rates of 4.125% to 5.00%; $1,020 term bonds due June 1, 2024, with interest at 5.00%; $1,325 term bonds due June 1, 2029, with interest at 5.00%.	6,985
Total	$ 61,300

Infrastructure Program Fund - 1998

1996 Series A dated May 1, 1996. $5,140 due serially from 1999 to 2014, with interest rates of 5.0% to 5.85%; $1,200 term bonds due June 1, 2019, with interest at 5.9%; $1,680 term bonds due June 1, 2026, with interest at 5.9%	$	8,020
1997 Series A dated April 15, 1997. $6,605 due serially from 1999 to 2015, with interest rates of 5.0% to 5.625%; $1,435 term bonds due June 1, 2021, with interest at 5.75%; $1,490 term bonds due June 1, 2027, with interest at 5.625%		9,530
1998 Series A dated February 15, 1998 $6,320 due serially from 1999 to 2018, with interest rates of 4.0% to 5.0%		6,320
Total	$	23,870

As of June 30, 1999, the required principal payments including mandatory sinking fund payments for each of the next five years are as follows:

	For the Year Ended June 30,				
	2000	2001	2002	2003	2004
Required payments	$ 2,820	$ 2,795	$ 2,780	$ 2,930	$ 2,975

All outstanding bonds are subject to redemption at the option of CDA, as a whole at any time after certain dates or in part on any interest payment date, as specified in the respective series certificates. The prescribed redemption prices range from 100% to 101% of the principal amount.

6. REDEMPTION OF BONDS:

The provisions of the bond certificates require or allow for the redemption of bonds through the use of unexpended bond proceeds and excess funds accumulated primarily through prepayment of mortgage loans. No bonds were redeemed during the years ended June 30, 1999 and 1998.

7. PENSION AND OTHER POSTRETIREMENT BENEFITS:

Eligible employees of CDA and employees of the State of Maryland are covered under the retirement plans of the State Retirement and Pension System of Maryland (System) and are also entitled to certain healthcare benefits upon retirement. CDA's only liability for retirement and postemployment benefits is its required annual contribution, which it has fully funded during the years ended June 30, 1999 and 1998. The System prepares a separate audited Comprehensive Annual Financial Report which can be obtained from the State Retirement and Pension System of Maryland, 301 West Preston Street, Baltimore, Maryland 21201.

COMMUNITY DEVELOPMENT ADMINISTRATION

INFRASTRUCTURE PROGRAM FUND - MBIA INSURED

SUPPLEMENTAL DISCLOSURE OF YEAR 2000 COMPLIANCE

JUNE 30, 1999
(Unaudited)

CDA is an agency within the division of Development Finance of the Maryland Department of Housing and Community Development (the Department). Year 2000 issues are being approached on a Department-wide basis. The Department has completed an inventory of its internal systems (including computer software and hardware and embedded chips) in an effort to identify systems that may be affected by Year 2000 issues. Using this inventory, the Department worked with an outside consultant to assess necessary remediation measures. Based on the consultant's report, the Department has developed and implemented remediation plans. The Department is in the process of completing remediation work and testing computer hardware and software. The Department expects to continue working on implementation and testing throughout 1999.

As part of this process, the Department has identified systems with particular significance to the process of payment of bonds issued by CDA. In this regard, the Department's major outside vendor has provided remediated programs for customer software packages used in connection with bond finance. In addition, in-house applications developed by the Department are being tested. Departmental testing for the custom software packages is under way and will continue throughout 1999. The process of assessing the impact of the Year 2000 issue with respect to other significant parties, including the Department's bond trustees, the Depository Trust Company, investment providers, loan servicers, property managers, local governments and credit enhancers is in progress. The Department also is in the process of testing data interfaces with servicers. In addition, the Department is assessing the impact of the Year 2000 issue on the receipt and payment of funds received from the federal government, internal systems or such third parties to complete remediation could have a material negative impact on CDA's ability to collect payments due to it and remit funds to bondholders on a timely basis. The Department has developed a business continuity plan and has critical business processes and alternatives that may be pursued in the event of a disruption to internal or external systems. The business continuity plan will be refined throughout 1999 as needed.

To date, the Department has expended approximately $1 million of its budgeted funds on remediation (including upgrade of computer hardware and software). In addition, on a statewide basis, the State of Maryland appropriated funds for fiscal years 1998 and 1999 to provide additional Year 2000 funds to State agencies where approved through the State's Year 2000 Program Management Office ("PMO"). The PMO has paid approximately $100,000 thus far towards the Department's assessment efforts, and has approved additional funds of approximately $1.5 million for remediation of computer hardware and software. In addition, the PMO has approved a contract for approximately $373,000 to assist the Department in identifying critical business processes and developing and testing contingency plans. Additional funds may be needed in the future to continue remediation and risk management activities.

To the extent applicable, this statement constitutes a "Year 2000 Readiness Disclosure" within the meaning of Public Law 105-271 (the "Year 2000 Information and Readiness Disclosure Act") enacted into law by the United States Congress. The Year 2000 Readiness Disclosure may be updated from time to time on the Department's website at http://www.dhcd.state.md.us.

COMMUNITY DEVELOPMENT ADMINISTRATION

SUPPLEMENTAL DISCLOSURE OF CHANGE IN FAIR VALUE OF INVESTMENTS

SUPPLEMENTAL DISCLOSURE OF YEAR 2000 COMPLIANCE

JUNE 30, 1999
(Unaudited)

During fiscal year 1997, the Administration adopted the provisions of The Government Accounting Standards Board (GASB) Statement No. 31. This statement requires the financial statements of the Administration to reflect investments in fair value. Accordingly, the Administration adjusted beginning equity in the financial statements for the year ended June 30, 1997, to reflect changes in fair value through June 30, 1996. For each year ending June 30 , 1997, and later, the increase or decrease in fair value was included in net income on the statement of revenues, expenses and change in fund equity. For investments held by CDA as of June 30, 1999, the following schedule summarizes the differences between fair value and amortized costs attributable for each of these years:

Cumulative FY 1996 and prior periods	$	39
FY 1997		2
FY 1998		25
FY 1999		(66)
Cumulative total	$	-

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FORM OF MBIA INSURANCE POLICY

MBIA

FINANCIAL GUARANTY INSURANCE POLICY

MBIA Insurance Corporation
Armonk, New York 10504

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [PAYING AGENT/TRUSTEE] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[PAR]
[LEGAL NAME OF ISSUE]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

MBIA Insurance Corporation

SPECIMEN

President

Attest: ______________________

Assistant Secretary

STD-R-6
4/95

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